



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

**MEETING MINUTES
THURSDAY, JUNE 2, 2016**

Present Directors

Matthew T. Brown, Chairman
Nicholas A. Majett, Prince George's County
Ellen O. Boardman, District of Columbia
Timothy Firestine, Montgomery County
James Patteson, Fairfax County
Howard Gibbs, Alternate for Vacant Principal, District of Columbia
Elisabeth Feldt, Montgomery County

Present Alternate Directors

Adam Ortiz, Prince George's County
Rev. Kendrick Curry, District of Columbia
David Lake, Montgomery County
Ana Harvey, District of Columbia
Sarah Motsch, Fairfax County

DC Water Staff

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

Chairman Brown called the 221st Meeting of the District of Columbia Water and Sewer Authority's Board of Directors to order at 9:36 a.m. Ms. Manley called the roll and a quorum was established.

Approval of the May 5, 2016 Minutes

Chairman Brown asked for a motion to approve the May 5, 2016 minutes. The motion to approve the May 5, 2016 minutes was moved, seconded, and unanimously approved by the Board of Directors.

Chairman's Overview

Chairman Brown stated that it was of significance that former Board members were in attendance at the meeting. He indicated that they had been invited by the General Manager to also participate in a tour of many of the projects they approved when they were on the Board that are now constructed and operational. He then recognized the former Board members by name and asked them to stand. They were Alexis Roberson, District of Columbia; James Caldwell, Montgomery County; David Byrd, Prince George's County; Rodney Newman, District of Columbia; Loretta Caldwell, District of Columbia; Howard Croft, District of Columbia; David Bardin, District of Columbia; and Joseph Cotruvo, District of Columbia. Chairman Brown said that he hoped they were proud of the work the current Board is continuing to do and thanked them for their work at D.C. Water. He mentioned the Cambi Project which was an enormously expensive project and is now reducing the plant's power use by one third. This project led to the Bloom biosolids product which comes from the waste and will be used locally.

The rate hearings were also mentioned by Chairman Brown in his overview because he feels they are an important part of the budget process which allows for an investment in the infrastructure. He stated that it is important to residents that D.C. Water consider the impact the rate increases have on them. A June 9th special meeting of the Retail Rates Committee was announced and all District of Columbia Board members were asked to attend. He reported that he put some questions to the CFO and General Manager regarding the Rate Stabilization Fund and other questions that he wanted answered to ensure that there is adequate opportunity for infrastructure investment, that wasted spending is curtailed, and that the impact on residents is considered.

Human Resources and Labor Relations Committee

Reported by: Ellen Boardman

Ms. Boardman indicated that the Committee met on May 11, 2016 with the union presidents—Barry Carry, AFSCME 2091; Michelle Hunter, NAGE; Barbara Milton, AFGE 631; Jonathan Shanks, AFGE 872; and Calvert Wilson, AFGE 2553. The meeting provided an opportunity to discuss matters of significance and concern to the bargaining unions. At the start of the meeting Committee Chairman Frome and Chairman Brown reiterated that the purpose of the meetings with the unions is not to review individual grievances or specific items that are in bargaining agreement but to set governance and policy under the current collective bargaining agreement. The first question was about the proposed early out incentive for civil service employees. Chairman Brown stated that it was a proposed program which never took root. There is no plan at the moment for an early out.

The second question concerned a layoff and recall issue involved with the Clean River Program, and Chairman Brown indicated that the issue was discussed and referred to Mustafa Dozier, Chief of Staff.

The third question related to the commercial driver license requirement. There had previously been a Board request for information about the demographic impact of the requirement on bargaining units. Chairman Brown asked that the information provided by Charles Kiely, Assistant General Manager for Customer Care and Operations, be forwarded to the bargaining unit representatives. The Board and unions also discussed specific CDL requirements including the impact of them on individuals who have health issues and whether there is a grandfathering provision or ability to accommodate them.

Lastly there was a lot of discussion of statements made about a poor relationship between D.C. Water and the unions. Chairman Brown believes that following discussion there was an agreement reached on both sides that efforts to improve communications were in order and would be made.

An Executive Session was held and upon return to the open session, the Committee recommended the successor agreement on working conditions between D.C. Water and AFGE 872 be approved by the full Board in the June meeting.

Environmental Quality and Sewerage Services Committee

Reported by: James Patteson, Chair

Mr. Patteson indicated that the Committee met on Thursday, May 19, 2016. Aklile Tesfaye, Assistant General Manager for Wastewater Treatment, provided an update on the Advanced Wastewater Treatment Plant performance. He stated that with regards to suspended solids everything is excellent, with 100 percent compliance. Dissolved oxygen, E. coli, and pH were significantly within or below permit limits. Overall plant performance was excellent, with 100 percent permit compliance.

Mr. Patteson reported that the Committee was informed that the Enhanced Nitrogen Removal Facility was performing well, producing low total nitrogen concentration below three milligrams per liter. It is on target to meet all permit limits for 2016.

Mr. Tesfaye informed the Committee that April biosolids production was 423 wet tons and that most of the production is going to land application. An exception is the loads used by Waste Management to demonstrate the usability of the Blue Plains generated biosolids product as landfill daily cover. All biosolids generated were Class A biosolids that meet exceptional quality standards.

For the Combined Heat and Power Facility the commissioning acceptance and optimization activities continued through April. It generated an average of 171 megawatts, making up 28 percent of the total energy consumed at Blue Plains. The overall goal is to get to 33 percent and Mr. Tsefaye reported that they expect to get there as the commissioning activities are completed.

Mr. Patteson indicated that the Committee received an update from Carlton Ray, Director of the Clean Rivers Project. Mr. Ray provided an outline of where the tunnel lines run, areas completed, and progress on lines running throughout the Combined Sewer Overflow Project. The Blue Plains Tunnel was completed in December 2015. Mr. Ray also provided highlights and innovations of the project. These included Division D, Potomac Outfall Sewers, is 27 percent complete; Division Z, Poplar Point Pumping Station, is 23 percent complete; Main Pumping Station is 40 percent; Anacostia River Tunnel Project is 56 percent complete; Kennedy

Center CSO 21 Diversion Facility just started and is 4 percent complete; the First Street Tunnel is 82 percent complete with a past completion date of April 1; design work for the Kansas Avenue Park and the Kennedy Street Green Infrastructure Project are 90 percent and 100 percent complete, respectively. Additional highlights and innovations can be reviewed on the website with the meeting minutes and materials.

Mr. Patteson stated that there was also an update on the Green Infrastructure Program. The Certification Program and the first technical training will occur in later 2016 and certification examinations will begin in early 2017.

The Committee recommended Board approval of three joint use action items.

Mr. Patteson reported that the Quarterly Capital Improvement Program (CIP) update was provided by Liliana Maldonado, Director of the Department of Engineering and Technical Services. The status of the key performance indicators (KPI) and the CIP going into the second quarter were presented. One KPI was achieved early, four on time, and one was achieved late. The key indicator for construction, substantial completion of the biosolids Combined Heat and Power Facility was late due to the commissioning that is ongoing.

Mr. Hawkins provided an update on the Headquarters Building which is part of the Revised 2013 Non-Process Facilities Master Plan. The Plan called for the continuing long-term use of existing facilities, their upgrading and maintenance and alignment with the new Master Plan that required creating a world-class utility and included optimizing of all the land and the efficient use of the land for future projected needs at all sites. The Headquarters Building will contribute to the reduction of risk by ensuring that central personnel with industrial experience will remain housed at Blue Plains. It will also free up approximately one acre of land now used for trailers.

Mr. Holman, Sustainability Chief, reported that there are two key components that address sustainability and resilience of the new Headquarters Building. The first is the ground floor which will be built above the 500-year flood plan, thereby minimizing risk to the facility and surrounding community for flooding. The second is the fact that they will use an innovative head recovery system that will heat and cool the facility by transferring energy to and from the sewage flowing through the pump station. General Manager Hawkins added that other sophisticated energy modeling will be used to reduce energy consumption by utilizing some types of window glazing and sun shades.

The Committee raised questions on whether there would be an educational component in the facility and was told that even though it was a secure facility, there will be opportunities for tours and school trips.

Mr. Patterson reported that the Headquarters Facility is now ready for construction and they have obtained all of the permits. The completion date is scheduled for November 2017. He stated that Lennie Benson, Chief Engineer, provided an overview on construction costs. Mr. Benson indicated that following some changes, the revised guaranteed maximum price is \$75.6 million on the Design-Bid-Build project and this will be presented to the Board's Finance Committee. He summarized the proposed Headquarters construction schedule as follows: Hopefully approval during this meeting; notice to proceed to Skanska by June 9, 2016; construction to start on June 20, 2016; and substantial completion in November 2017.

Chairman Brown thanked him for reporting on the Clean Rivers Project which is the largest project ever undertaken by D.C. Water. It is paid entirely from the Impervious Area Charge from

District residents. Chairman Brown also stated that the project is the major driver for the increase in rates and the Board will continue to closely monitor the project. He concluded by stating that even though the project is paid by District residents, suburban members of the Board have taken as active an interest in overseeing its progress and it is a testament to the way the Board works together as a regional body.

Water Quality and Water Services Committee

Reported by: Howard Gibbs, Vice Chair

Mr. Gibbs stated that the Committee met on Thursday, May 19, 2016. Mr. Kiely, Assistant General Manager for Customer Care and Operations, reported that there were zero positive Total Coliform testing in April and as of the May 19 meeting. This was expected during spring cleaning of the system which has now been completed.

Mr. Kiely also informed the Committee that Lead and Copper Rule monitoring has been completed early and they think it is because of the water quality situation in Flint, Michigan. The current levels were 4 parts per billion which is very low. Mr. Gibbs stated that this level is probably as low as it has been since he came on the Board a few years ago.

The Fire Hydrant Upgrade Program was shut down during the summer months so that they can concentrate on other priorities. The Service Line Inspection Program which includes replacements was started in March 2016. All lead service line replacements are being done by staff in-house as opposed to contractors. Mr. Gibbs stated that there are 32 fire hydrants out of service currently, which is 0.32 percent of public hydrants, below the Board target of 1 percent.

Mr. Kiely also updated on the Automated Meter Reading (AMR) Project. It is now time to replace the 2002 Fixed Network AMR System which is now comprised of approximately 76,000 of the original residential meters. He reported that they are running a pilot for the new project. The contracts are going out soon and they are working with the union to get suggestions on how to handle the installation since D.C. Water does not have the staff to install all of the meters in the desired time frame of 36 months.

Mr. Gibbs stated that the next agenda item was a report from Maureen Schmelling on lead service line inventory. There are approximately 16,000 service lines that they have no information on. Ms. Schmelling reported that they are now working to make available a map on the website where customers can enter their addresses and learn what kind of information D.C. Water has on their service lines.

Currently there is an established budget of \$500,000 for lead service line replacements. In the past this amount covered the replacements. Mr. Gibbs stated that they believe the requests for replacements have increased as a result of the Flint, Michigan water crisis. When customers decide to replace the part of the service line on their property, D.C. Water replaces the public part of the service line. The Committee recommended Board approval of an action item to increase the budgeted amount. Chairman Brown added that the increase in the budget for lead service line replacement will pay for 100 percent of the demand anticipated. He stated that recently he has been concerned about having sufficient funds to honor all the requests made to D.C. Water.

Finance and Budget Committee

Reported by: Timothy Firestine, Chair

Mr. Firestine reported that the Committee met and received the April 2016 Financial Report and preliminary year-end fiscal projections. With 58 percent of the fiscal year completed, financials are on track with budgetary expectations. Revenue is at \$334.9 million, or 58 percent of the budget. Operating expense is at \$266.6 million, or 49 percent of the budget. Capital disbursement is at \$343.3 million, or 63 percent of the budget. For preliminary full year projects, operating revenues are projected to be slightly below the budget by two-tenths of a percent, primarily due to collection timing for the new Water System Replacement Fee.

Mr. Firestine reported that operating expenditures are projected to be 8.3 percent below budget, with savings largely driven by the Digester with less spending in chemicals, electricity, and hauling. Capital disbursements are projected to be below the budget by 1.5 percent, with overspending in capital projects offset by underspending in capital equipment.

First round projection for the year shows that the surplus, unexpected surplus, would be about \$17 million, and recommendations for the use of the surplus will be presented at the June meeting.

Mr. Firestine reported that they received an update on insurance renewal on property and excess liability insurance coverage and the Committee is recommending approval of renewal for \$2.875 million.

Lastly, Mr. Firestine said that they received an update on the new Headquarters Building project and the Committee recommended approval of a contract amendment increase of \$60 million for the construction and commissioning of the new building.

General Manager's Report

Reported by: George Hawkins, CEO/General Manager

Mr. Hawkins welcomed the past Board members. He stated that this was D.C. Water's 20th year and that they would consider doing something to recognize it as raised by Mr. Gibbs. Mr. Hawkins believes that D.C. Water has performed at a high level because of its governing body, the Board of Directors. The skill, strength, depth of knowledge, commitment, and how well everyone works together as a regional enterprise contributes to the Board being like a Super Bowl Team. Mr. Hawkins said that they were delighted to have the former Board members come back and looked forward to showing them around on the tour so that they can see the results of their work. He pointed to the Enhanced Nitrogen Removal Facility, the Digester Project, the gigantic tunneling project, the successful Fire Hydrant Upgrade Project, and the Bloom Soil Project where Blue Plains super Grade A biosolids product is marketed and branded, as the result of the former Boards successful efforts.

General Manager Hawkins pointed to several recent instances where D.C. Water has been recognized as noteworthy and more. The Metropolitan Washington Minority Companies Association recently gave D.C. Water an award for being the best water utility company for minority businesses in the Maryland/Washington metropolitan area. He pointed out that D.C. Water is continuing to give a lot of testimony on the Hill before Congress on the subjects of infrastructure investment, drinking water and the clean water side and the wastewater treatment side. D.C. Water is recognized as being an enterprise for providing advice at the top levels of government and as an example of what can be accomplished.

Mr. Hawkins introduced the following two new members of the leadership Team: John Sellman hired as Program Manager for Wastewater Treatment and Liquid Processing and Sterling Clark promoted to Foreman in the Department of Wastewater Treatment

Consent Items (Joint Use)

Chairman Brown asked for a motion to approve joint use contract action items. Mr. Firestine moved to approve Resolutions No. 16-40 through 16-45, and it was seconded. The motion to approve Resolutions No. 16-40 through 16-45 was unanimously approved by the members of the Board.

Consent Items (Non-Joint Use)

Chairman Brown asked for a motion to approve non-joint use action items. Ms. Boardman moved to approve Resolutions No. 16- through 16- , and it was seconded. The motion to approve Resolutions No. 16- through 16- was unanimously approved by the District of Columbia members of the Board.

Chairman Brown 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 10:23 a.m. The public meeting was resumed.

There being no further business, the meeting was adjourned by Chairman Brown.


Secretary to the Board of Directors