



**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

**BOARD OF DIRECTORS  
256<sup>th</sup> MEETING  
THURSDAY, SEPTEMBER 5, 2019**

**MINUTES**

**Present Directors**

Tommy Wells, Chairman, District of Columbia  
Lavinia A. Baxter, Alternate for Floyd Holt, Prince George's County  
Adam Ortiz, Montgomery County  
Krystal Brumfield, District of Columbia  
Randy Bartlett, Fairfax County  
David Franco, District of Columbia (via telephone)  
Major Riddick, Prince George's County  
Emile Thompson, District of Columbia (via telephone)  
Fariba Kassiri, Montgomery County  
Rachna Bhatt, District of Columbia

**Present Alternate Directors**

Howard Gibbs, District of Columbia  
Ivan Frishberg, District of Columbia  
Sarah Motsch, Fairfax County  
Anthony Giancola, District of Columbia  
Adriana Hochberg, Montgomery County  
Jed Ross, District of Columbia  
Rev. Kendrick Curry, District of Columbia  
Steve Shofar, Montgomery County

**DC Water Staff**

David Gadis, CEO and General Manager  
Matthew Brown, Executive Vice President for Finance and Procurement  
Gregory Hope, Interim Executive Vice President, Legal Affairs  
Linda R. Manley, Board Secretary

Chairperson Wells called the 256<sup>th</sup> meeting of the District of Columbia Water and Sewer Authority's Board of Directors to order at 9:34 a.m. Ms. Manley called the roll and a quorum was established.

Chairperson Wells stated that he would be leaving the Board meeting early to attend a meeting with the states and D.C. about the Chesapeake Bay. He asked that an agenda item be moved up to make it possible for him to be present for the Governance Committee report and the discussion and adoption of proposed changes to the bylaws. The item was on the consent agenda but he wanted to highlight the changes.

### **Approval of the July 11, 2019 Minutes and August 1, 2019, 17<sup>th</sup> Special Meeting Minutes**

Chairman Wells asked for a motion to approve the July 11, 2019 minutes and August 1, 2019, 17<sup>th</sup> Special meeting minutes. The motion to approve the July 11, 2019 minutes and August 1, 2019, 17<sup>th</sup> Special Meeting Minutes was moved, seconded, and unanimously approved by the Board of Directors.

### **Governance Committee**

Reported by: Lavinia Baxter

Ms. Baxter stated that the Committee met on July 17, 2019 and received a presentation from Gregory Hope, Interim Executive Vice President for Legal Affairs, on proposed changes to the Board's bylaws. He indicated that there were some non-substantive housekeeping changes, which included the clarification of the numbering of principal and alternate Board members. Other changes included clarifying the number of days that approved meeting minutes and copies of the full record of meetings are to be made available for public inspection; normalizing the nomenclature of the term chairperson; and correct grammatical and clerical changes. It was proposed that chair and chairman be changed to chairperson throughout the bylaws. The General Counsel title was proposed to be changed to Executive Vice President for Legal Affairs.

Mr. Hope reported that Article 3, Meetings, Section 3.02, Regular Meetings, and 3.06(b) and (d), Notice of Meetings to the Public, the location of the Board and Committee meetings will be changed from Blue Plains Wastewater Treatment to D.C. Water's new and current Headquarters, 1385 Canal Street, S.E., Washington, D.C. 20003.

Article 4, Officers of the Board, Section 4.01, Appointment, Board Officers, will consist of the chairperson, first vice chairperson, second vice chairperson, and vice chairperson and alternate vice chairperson for each participating jurisdiction. He also described the manner in which the officers of the Board are initially appointed and recommended. Effective September 5, 2019 the initial appointment of the first vice chairperson and second vice chairperson will be nominated by the chairperson and by a resolution approved by the Board. Thereafter, these officers will be nominated by the Executive Committee and approved by the Board through a resolution. The appointment of alternates for the vice chairpersons were also addressed. Mr. Hope reported that the manner in which vice chairperson and alternate vice chairperson are appointed would be by nomination from members of their respective jurisdictions and by resolution approved by the Board. Other than the Executive Committee whose members consist of the Board Officer's , other committee members are appointed by the chairperson and members of standing and ad hoc committees of the Board, as recommended by the Executive Committee.

Mr. Hope reported that in Section 4.03 of the bylaws the term period of an officer's term is one year and the dates of that term commences upon approval of the Board beginning on January 1 and terminating December 31<sup>st</sup> of each calendar year, unless the officer resigns or is removed.

Article 5, Committees, Section 5.01(Establishment), establishes the Executive Committee which consists of officers of the Board. The Strategic Planning Committee includes all Board members.

Ms. Baxter stated that the changes were summarized and discussed at the Committee meeting on July 17, 2019 and recommended by the Committee for full Board approval.

Chairperson Wells noted that the main change he wanted to highlight was that there had not been an Executive Committee in the past and in the Board bylaws. He stated that there had been times in the past when he could have used the counsel of other Board members. Rather than being on an ad hoc basis, Chairperson Wells indicated that he preferred the formalizing of the joint endeavor that they all agreed to. He reported that he is therefore creating an Executive Committee. The Executive Committee is not taking on Board authority but will mainly provide advice and support on issues in between Board meetings or provide advice to Chairperson Wells when he has to make a decision. Examples of the work of the Executive Committee include providing recommendations to the Board regarding Board organizational directions, strategic planning, general affairs, nominating the first vice chairperson and second vice chairperson as provided in the bylaws, providing recommendations to the Chairperson for committee chairpersonships, thus actually functioning as a nominating committee so that there is more representation from the other jurisdictions rather than the Chairperson making all those decisions. Chairperson Wells then asked for questions.

Board member Giancola stated that he supported the initiative but thought it necessary primarily for coordination of activities that the Chairperson develop the agenda for meetings and flesh out some issues before they are brought to the Board.

Chairperson Wells thanked him. He stated that this was a resolution on the consent agenda and that the Board could handle it as such and adopt it immediately without further discussion. Chairperson Wells asked for a motion to adopt the amended bylaws. Board Member Ortiz so moved and it was seconded. Chairperson Wells called for all in favor to say aye and it was unanimously approved.

Chairperson Wells asked Board Member Brumfield to be the Acting First Vice Chairperson to chair the meeting when he leaves to attend another meeting. Chairperson Wells moved the Board meeting on to the agenda and committee reports.

#### **Environmental Quality and Operations Committee**

Reported by: Adam Ortiz, Chairperson

Chairperson Ortiz stated that the Committee met on Thursday, July 18, 2019. Aklile Tesfaye, Vice President for Wastewater Operations, noted that the Blue Plains Wastewater Treatment Plant's performance was excellent, with effluent quality requirements well below or within permit limits.

The Wet Weather Treatment Facility performed well also, capturing nearly 6,000 million gallons, from March 2018 to June 2019. It also performed well during the July 8, 2019 wet weather event. The Committee inquired about what liabilities would be present related to the consent

decree, based on the increased interest in the frequency and severity of storms from climate change. Messrs. Tesfaye and Carlton Ray, Director of the Clean Rivers Project, reported that the Wet Weather Facility, including diversion structures and the tunnel, were designed with a safety factor of approximately 20 percent. The Facility was designed to be expandable if an additional CSO control is needed. Chairperson Ortiz reported that those factors provide flexibility to meet performance objectives despite climate change.

The Committee also received a report on biosolids, Class A quality. They wanted to receive more information on the root causes of elevated levels of fecal coliform in March and April 2019 and the first week of May 2019, and implemented controls to prevent a recurrence. It was reported that in June 2019 more than 5,000 tons of Bloom were marketed and that it is anticipated that marketing goals for the fiscal year will be achieved.

Mr. Tesfaye also reported on the recently conducted Workforce Development and Training for the employees of the Wet Weather Facility. Alligon Kalimore, Acting Director of the Department of Wastewater Engineering, provided an overview on its mission, functions, objectives, and projects.

Chairperson Ortiz reported that the Committee received an update on water quality monitoring from Jason Hughes, Senior Director of Water Operations. A total of 255 samples were collected for coliform testing, and 2 samples tested positive in the first round of testing. Repeated testing resulted in negative results. For the lead and copper rule testing, he reported that January to June 2019 lead testing occurred for 109 residences in the 90th percentile and were 2 parts per billion on the first draw and 4 parts per billion on the second draw.

Chairperson Ortiz stated that Mr. Hughes reported that out of approximately 9,802 public service fire hydrants, 42 were out of service as of July 2, 2019. The out of service hydrants included 26 hydrants being operationally defective and 16 out of service due to nearby repairs or construction activities.

#### **D.C. Retail Water and Sewer Rates Committee**

Reported by: Rachna Bhatt, Chairperson

Chairperson Bhatt stated that the Committee met on Tuesday, July 23, 2019. April Bingham, Customer Service Manager, Meter and Field Services, provided the Committee an update on the Automated Meter Infrastructure (AMI) Project. The Project's stated goal is to successfully replace 85,000 of D.C. Water's 126,000 meters and meter-transmitting units to improve timely and accurate billing. The criteria used to select the 85,000 units included devices near the end of their useful life, first-time generation meters, devices in which the batteries have stopped transmitting usage, and meters that were estimated over a specific period. Chairperson Bhatt indicated that Ms. Bingham notified them that there is a second phase in planning for 11,000 meters which are hard to reach because of logistical challenges.

Ms. Bingham discussed the accomplishments of the Project which included increased overall AMI transmission from 70 percent to 92.4 percent, reduced estimated bills from project start date, and improved transmission and redundancy efforts through upgraded data collection units. Ms. Bingham also explained how the High Usage Notification Application (HUNA) works, including an enhanced customer experience which allows viewing hourly, daily, and monthly usage and the ability to download detailed read data for offline analysis.

Chairperson Bhatt indicated that Ms. Bingham reported lessons learned and achievements of the project, including advanced planning, executive oversight, program management, and adequate customer outreach efforts.

Chairperson Bhatt noted that John Lisle, Vice President of Marketing and Communications, provided a detailed update on the CAP Expansion implementation to the Committee. He explained the customer outreach method beginning with a history of the program and the outreach efforts. Mr. Lisle reported that the multiple outreach methods that D.C. Water pursued, as well as the new methods that are being considered and added to the outreach plan. He also addressed the communication gap between the customer care group and the selected vendor regarding the distribution of the CAP inserts. Graphic depictions of the enrollment statistics for CAP 2 and CAP 3 programs. Chairperson Bhatt reported that the Committee voiced their concerns about ongoing low enrollment. Mr. Lisle provided the objectives and key messages of the expanded marketing and outreach plan and new creative ideas from his team and other major collaborators.

Matthew Brown, Executive Vice President for Finance and Procurement, updated the Committee on the work plan. He reported that D.C. Water is on target to implement the rates on October 1, 2019. As required by law, responses have been provided to the Office of People's Counsel regarding the proposed and new rates.

A Special Meeting of the Committee by phone was held on August 27, 2019 to get a recommendation to extend CAP 2 and to amend the retail ground-water sewer rates. Board members asked questions about the extensions of CAP 3 and the CRIAC Nonprofit Relief Program, and the outreach plan, among other questions. The Committee recommended the extensions to the full Board for approval

### **Audit Committee**

Reported by: Anthony Giancola,

Mr. Giancola indicated that the Committee met on July 26, 2019. He reported that the importance of the Audit Committee is that it provides an opportunity for the Board to get involved with how the operation of D.C. Water is doing, not only from a policy point of view but also from a performance point of view.

D.C. Water's Internal Auditors, RSM, presented the Fiscal Year 2019 Internal Audit Plan status update. All outstanding audits are on track to be completed by September 30, 2019 and will be reported to the Committee at the October meeting. Ms. Tomeo of RSM provided the status on prior audit report meetings on findings, open Fiscal Year 2016.

Mr. Giancola posed the question of why the contract was sole source, and the Committee went into Executive Session to discuss the issue.

Ms. Reyes from RSM presented an overview of the Permit Operations Reimbursement projects. She detailed the scope of the audit which included reviewing and assessing the design and the Authority's processes for collecting project fees and dispersing, distributing disbursements, and reimbursements, and reviewing existing policies and procedures related to reimbursement projects. Management brought the issue of the process to the Internal Auditor's attention. Contractors are required to pay deposits for certain projects and then they are reimbursed for the deposit following project closeout.

Matthew Brown, CFO, provided an overview of Management's progress to enhance the process for reimbursement projects. He established an Executive Committee beginning in September which will review the process. Forfeiture clauses have been added to each invoice issued by the Permits Department which states that after two years of inactivity, the funds will become the property of D.C. Water. Board Member Howard Gibbs wanted to know how inactivity will be determined. Mr. McDermott, Director of Permit Operations, explained that the Maximo system will be used to track the status of each permitted project.

Ms. Tomeo provided an update on the Purchasing Card Program. The evaluation testing period was from October 2017 to March 2019. This evaluation included reviewing and assessing policies and procedures, the adequacy of program administration oversight, and evaluating the appropriateness of P-cards (purchasing) and T-card (travel) purchases. Ms. Tomeo provided details regarding the one high-risk observation on the P-card audit related to noncompliance with existing policies, Management's plan to roll out P-card/T-card refresher training, updating exceptions and requirements, meal food requirements, and automating approval in reporting processes. The Procurement Department is in the process of digitizing the records and making the reconciliation process automated.

Board Member Ross asked if Management action is realistic with the estimated date of the second half of 2020. Mr. Bae, Vice President, Procurement and Compliance, indicated that the date is an accurate schedule time frame. The Oracle ERP System has been selected to allow for electronic tracking.

An update was provided by Mr. Bickford on the Hotline. Since the last Committee meeting there are seven cases open. Four calls were received in the last three months, with one being fraud related and three related to other issues. Eight cases were closed and one required corrective action. Three cases remain open and are being investigated by Procurement.

Mr. Giancola reported that the Committee then went into Executive Session to discuss the sole source procurement and reconvened into open session to adjourn the meeting.

### **Finance and Budget Committee**

Reported by: Major Riddick, Chairperson

Mr. Riddick stated that the Committee met on July 25, 2019, and EVP Matthew Brown provided an overview of the Financial Report and pointed to changes in expenditures and revenue. Mr. Brown indicated that with 75 percent of the fiscal year completed, revenues totaled \$508 million or 76 percent of the budget. Expenditures totaled \$399.1 million or 68 percent of the budget. Capital disbursements totaled \$288 million or 65.7 percent of the budget.

Mr. Brown pointed out several highlights, including the fact that the fifth rating agency surveillance discussion was held on August 5, 2019. D.C. Water has received good bond ratings from Standard & Poor's and Moody's in the past year and was scheduled to release their ratings on September 4, 2019. With regard to that surveillance, on August 20, 2019, for the first time Fitch increased their D.C. Water's rating from AA to AA+ for the senior lien bonds and for the subordinate lien public utility revenue and funding bond from AA- to AA. Mr. Riddick indicated that he wanted to update everyone on this action even though it was not provided at the July 25, 2019 Committee meeting.

Dan Hartman with PFC was brought forward to provide a report and an overview of the 2019 bond transaction. He indicated that the bond rates were at a historic low in terms of the long

term and short yield curve because of the 2017 tax law where advanced refunding and refinancing to debt were lowered. Also, the volume in the market was lowered. Mr. Hartman stated that that particular occurrence made it really attractive for refunding and the Finance and Budget Committee may consider it.

D.C. Water's intent is to issue \$300 million in proceeds for the 2019 bond transaction on the subordinate lien and \$200 million Series 20 1980 bonds long-term fixed rate debt. Mr. Hartman reported that the general capital and Clean Rivers projects, \$100 million in Series 2019 C bonds, long term available rate debt, and general capital projects. D.C. Water anticipates also getting the affirmation on the Moody's and Standard & Poor's ratings.

Mr. Riddick then reported on both revenues and expenditures. Operating expenditures are in a favorable position and it is anticipated to be \$10 million under budget by year-end, primarily in personnel services. Revenues and expenditures are at below-budget levels and there is also a consumption reduction.

The Committee also reported on some performance in terms of the tunnels being built and also the rain fall. The IMA partners' suburban share of the cost of Blue Plains has declined by an estimated \$3.3 million.

Mr. Riddick reported that the Committee recommended six action items for approval by the full Board.

Acting First Vice Chairperson Brumfield asked that it be reflected on the record that she arrived a little tardy but was present at the meeting. Chairperson Wells also stated for the record that Board Member Emile Thompson also joined the meeting and Board Member David Franco joined by phone.

Chairperson Wells stated that the Board would take the six bond items as part of the consent agenda items.

Chairperson Wells indicated that he wanted to highlight part of Mr. Riddick's report. He stated that the extraordinarily successful and award winning Clean Rivers Project was the largest capital investment for the city. He acknowledged D.C. Water's team for their incredible movement on lowering the cost through improved bond ratings. This was the right message for the Board and ratepayers of stewardship of funds at the highest level. Chairperson Wells asked for a round of applause.

Board Member Gibbs asked that given the recent changes to the Board's membership, he thought it was time for D.C. Water to have a retreat so that everyone can get together and come up with a plan for moving forward as a unit. Chairperson Wells said that he would take it under advisement and that everyone shares his interest. It will be placed in the work plan of leadership going forward into the next year.

Chairperson Wells called for the General Manager's Report and relinquished the gavel to Ms. Brumfield.

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

Reported by: David Gadis, Chief Executive Officer and General Manager

Mr. Gadis provided a leadership update including a couple of promotions. Mr. Gadis announced that part of the whole movement forward at D.C. Water is to create savings in the organization

and that the Procurement Department does a fantastic job of sourcing and creating those savings. Millions of dollars are saved on a day-to-day basis under the leadership of Dan Bae, Vice President for Procurement and Compliance, and CFO and Executive Vice President Matt Brown. Mr. Gadis stated that their efforts are very important to D.C. Water and its ratepayers in keeping rates low and affordable for ratepayers.

Mr. Gadis reported on some individuals within D.C. Water who were caught doing the right thing. He stated that he likes to catch them and reward them. Mr. Gadis called Kendrick St. Louis to come forward to read the employees names and to invite them to come forward. The employees are with the DOP Maintenance Operations team who were tasked to make major repairs at the First and D storm station instead of using a contractor who submitted an estimate of \$91,684 plus the costs for a crane truck and materials estimated at approximately \$11,500. David Peeler reassessed the task, weight, and challenges, and proposed that his team perform the work in-house. They accepted the challenge using D.C. Water's resources and ordered \$23,000 of materials. The repair was done ahead of schedule and under budget. Mr. Gadis stated that the savings for the job were \$79,557. He wants employees to be empowered to do this on a day-to-day basis.

Next, Mr. Gadis called Aklile Tesfaye, Vice President, Wastewater Operations, to come forward and read the names of some of his employees. Mr. Gadis announced that D.C. Water has received a Peak Performance Award from the National Association of Clean Water Agencies (NACWAS). The Platinum 7 Award recognized the Blue Plains Advanced Wastewater Treatment Plant for exceptional effluent quality and 100 percent compliance with all NPDES permit limits during the last seven consecutive years. The award was received at the NACWAS Utility Leadership Conference on July 18, 2019 in Minneapolis. Mr. Gadis stated that the award is a testament to the commitment of the staff who work diligently to produce an exceptional quality effluent and maintain an environmentally and economically sustainable Chesapeake Bay Watershed. Only a few of the Blue Plains staff were present. The employees were applauded for their efforts.

Mr. Gadis asked Gian Cossa, Vice President of the Tri-Association Conference, to come forward. Mr. Cossa stated that he was privileged to chair the recent Tri-Association Conference in Ocean City. The Conference is made up of the local chapters of the American Waterworks Association, the Water Environment Federation, and the Water and Waste Operators Association. He stated that in October 2019 the Tri-Association would reconstitute and begin planning for their next conference.

Mr. Gadis announced that Management and the five local unions comprising Compensation Unit 31 reached a tentative agreement last month on a successful master agreement on compensation. He stated that the four-year deal best positions the Authority to move forward and focus on his three P's which are people, place, and pay. Mr. Gadis indicated that the unions are currently going through the ratification process and hopefully D.C. Water will know soon whether it has been ratified by membership. He was told that this is the earliest that an agreement has been reached due to all of the hard work and professionalism on everyone's part. He thanked the following people for their efforts: George Spears, Director of Labor Relations; Calvert Wilson, President of 2553; Barry Carey, President of 2091; Jonathan Shanks, President of 872; Michelle Hunter, President of R306; and Barbara Milton, President of 631.

Next in his General Manager's Report Mr. Gadis indicated that especially on the East Coast, communities are very concerned about lead service lines. He has met with the local lead advocacy group on a number of occasions and is planning to meet with them again in the future.



They will be meeting with them again in September and with D.C. Water's Stakeholder Alliance group. In October they will be ready to handle the funds that are coming from the Mayor's Office regarding partial lead service lines and also CIP projects as they move forward to help those customers out in replacing their lead service lines as D.C. Water is replacing lead service lines.

Mr. Gadis noted that the Environmental Quality and Operations Committee will receive a presentation regarding second source. The Washington Aqueduct is D.C. Water's only source of water but they believe there should be another source. A second source has been identified but will not come online until 2050 which is too long in the future.

Mr. Gadis wanted to mention the Fitch rating upgrade to AA+. He congratulated Matthew Brown and his team and others with the Authority for all their hard work. Mr. Gadis reported that he had been involved in meetings with Moody's and Standard & Poor's and that their presentation was great. They showed them that D.C. Water is a good steward from a financial standpoint and that there is a great leadership group leading the organization forward. The Authority is deserving of the ratings it currently has and deserves an upgrade. He asked Matthew Brown if he wanted to add comments. Mr. Brown thanked him for acknowledging the Fitch upgrade. He stated that they will go to the market to issue bonds in October and that he was surprised at the really good words that the rating agencies said about D.C. Water, its stewardship of funds, and its Management. Mr. Brown thinks the rating agencies left with a lot of confidence in D.C. Water and what is being done in the District.

Acting First Vice Chairperson Brumfield echoed Mr. Gadis' acknowledgment of the D.C. Water team. It takes really great teamwork and leadership to accomplish all that it does. She commended Messrs. Bowman and Coit on their promotions. Acting First Vice Chairperson Brumfield stressed that leadership and teamwork does not just take place because of one person but happens because of the collective. She thanked Matthew Brown, Gregory Hope, and David Gadis for all their hard work, as well as the rest of the team.

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

Acting First Vice Chairperson Brumfield asked for a motion to approve joint use action items. It was moved to approve Resolution Nos. 19-47 through 19-50, and it was seconded. The motion to approve Resolution Nos. 19-47 through 19-50 was unanimously approved by the members of the Board.

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

Acting First Vice Chairperson Brumfield asked for a motion to approve non-joint use action items. It was moved to approve Resolution Nos. 19-51 through 19-56 and it was seconded. The motion to approve Resolution Nos. 19-51 through 19-56 was unanimously approved by the District members of the Board.

There being no further business before the Board, Acting First Vice Chairperson Brumfield adjourned the meeting at 10:35 a.m.

  
Linda Manley, Board Secretary