



**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

**BOARD OF DIRECTORS  
257<sup>th</sup> MEETING  
THURSDAY, OCTOBER 3, 2019**

**MINUTES**

**Present Directors**

Tommy Wells, Chairman, District of Columbia  
Floyd Holt, Prince George's County  
Ellen Boardman, District of Columbia  
Adam Ortiz, Montgomery County  
Krystal Brumfield, District of Columbia  
Randy Bartlett, Fairfax County  
David Franco, District of Columbia  
Major Riddick, Prince George's County  
Emile Thompson, District of Columbia  
Fariba Kassiri, Montgomery County  
Rachna Bhatt, District of Columbia

**Present Alternate Directors**

Howard Gibbs, District of Columbia  
Lavinia A. Baxter, Prince George's County  
Ivan Frishberg, District of Columbia  
Sarah Motsch, Fairfax County  
Anthony Giancola, District of Columbia  
Adriana Hochberg, Montgomery County  
Jed Ross, District of Columbia  
Stephen Shofar, Montgomery County  
Rev. Kendrick Curry, District of Columbia

**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 257<sup>th</sup> meeting of the District of Columbia Water and Sewer Authority's Board of Directors to order at 9:50 a.m. He announced that the Mayor would be joining the meeting later. Ms. Manley called the roll and a quorum was established.

### **Approval of the September 5, 2019 Minutes and September 27, 2019, 18<sup>th</sup> Special Meeting Minutes**

Chairperson Wells asked for a motion to approve September 5, 2019 minutes and September 27, 2019, 18<sup>th</sup> Special meeting minutes. The motion to approve the September 5, 2019 minutes and September 27, 2019, 18<sup>th</sup> Special Meeting Minutes was moved, seconded, and unanimously approved by the Board of Directors.

The Chairperson's Overview was put in abeyance and they moved to the committee reports.

### **Governance Committee**

Reported by: Ellen Boardman, Chairperson

Ms. Boardman stated that the Committee met on Wednesday, September 11, 2019 and the sole agenda item was a report from Alan Heymann, President, Blue Drop, on its status and activities. As of September 30, 2019, D.C. Water was at the end of the three year pilot program of Blue Drop. Mr. Heymann provided a full report on all activities. CEO Gadis announced that as of November 1, 2019 Mr. Heymann would be leaving his position. On behalf of the Committee, Ms. Boardman extended their very deep gratitude to Mr. Heymann and his staff for all their efforts. He assured them that activities would continue with the staff which includes Kim Marshall and Francesca Valente, both Vice Presidents, and April Thompson, Director of Bloom Marketing. Also, Mr. Heymann reported that Saul Kinter, a D.C. Water employee, has been instrumental in the marketing of Bloom. Since Blue Drop now resides in the Headquarters Building there should be more engaged with other department's staff.

Mr. Heymann reminded the Board of Blue Drop's governance structure, an independent, non-profit entity of D.C. Water. There is a nine member board and the Chief Executive Officer/General Manager of D.C. Water serves as the Chairperson. Mr. Heymann summarized the structure and provided additional information about staffing vacancies, current Blue Drop Board members, and responsibilities of the Board which include reviewing and approving the annual budget, and evaluating the President's performance.

Blue Drop's activities, business lines, and revenue streams were updated. Activities include administration and collection of payments on D.C. Water's Intellectual Property contracts, marketing D.C. Headquarters building for event rentals, and tours of the Blue Plains facilities to key industry groups, including Maryland Builder's Association's landscaping along highways, and the Landscape Architect Association. Additionally, the Inaugural Joint Congressional Black Caucus event hosted by the National Forum for Black Public Administrators was booked for September 11, 2019. Blue Drop has a goal of booking fifty events in FY 2020.

Mr. Heymann reported that in FY 2020 there will be a greater focus on the sale of cured, bagged and blended Bloom as a value-added product to maximize the amount of revenue generated by Blue Drop. The bulk of Bloom is going to farm application in Maryland. Retail has been small in terms of consumption sales by hardware stores.

Mr. Heymann reported that the Pipe Sleuth device (intellectual property) is a technology co-invented by D.C. Water's Information Technology and Engineering departments and WIPRO, a commercial company in the United Kingdom. They are now recruiting to hire a sales person to market the device in the United States.

Committee members inquired about the impact of event rentals on D.C. Water operations, for such items as extra staffing costs for events, including security. Ms. Marshall reported that non-profit groups and organizations are charged depending on the type of event. Individuals are charged \$750 per hour, and a modest wedding costs around \$12,000 for six hours.

A financial update was provided by Mr. Heymann. Blue Drop is working with CFO Brown and his team on reporting, lines of revenue, and how money interacts with D.C. Water and Blue Drop. Blue Drop's audit under D.C. Water's audit scheduled and has been clean for the past two years. Inquiries by Board members included D.C. Water receiving \$649,000 from Blue Drop; D.C. Water's contributions to Blue Drop varies based on an established budget approved by the Board; and an explanation of the expectations for support by D.C. Water beginning October 1 and what contributed to the increase in Blue Drop revenue in terms of program services. Mr. Heymann stated that for FY 2020 projections it is anticipated that Blue Drop will require no cash contribution from D.C. Water to fund FY 2020 operations with the generation of an additional \$780,000 through its activities. Mr. Heymann stated that the Board should have confidence that Blue Drop is going to be self-sustaining and not bolstered by D.C. Water.

Chairperson Wells asked for additional questions related to Blue Drop. Board Member Franco asked if the Board was planning to recommend moving forward with Blue Drop in that the three-year pilot was soon expiring. Chairperson Boardman replied that they will, after the General Manager and Mr. Heymann's replacement review everything and come to the Board with the recommendation. Chairperson Wells stated that the main issue is to reassure the Board that they are paying close attention to tracking Blue Drop and determining if it is a financial asset or liability. He stated that the committee structure is accomplishing that, and he thanked them.

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

Reported by: Emile Thompson

Mr. Thompson stated that the Committee met on September 11, 2019. There was a motion to move into Executive Session to discuss legal, confidential, and privileged matters and it was seconded and approved. After discussion, the Committee reconvened.

Keith Lindsey, Acting Executive Vice President of People and Talent, made a presentation on performance and metrics based on feedback from the employee engagement surveys, managerial conversations, and road shows with CEO Gadis. He shared the tools and training programs established in the past year to align with the organizational strategic initiatives. Mr. Lindsey elaborated on development and implementation of performance management sources such as Advancing Blue, Leaders Teaching Leaders, Leading Blue, Line of Sight for Supervisors and Managers, and the Succession Plan Pilot which has been launched for critical positions and high performers. He also spoke about tuition for rising leaders and assessing compensation and benefit packages. The wellness and engagement programs now being implemented for employees were also shared. People and Talent is now moving forward by being progressive, collaborative, strategically aligned, and sustainable. Mr. Gadis applauded Mr. Lindsey and his team for moving from the transactional to established strategic guidelines.

Mr. Thompson reported that the union presidents were encouraged to share any comments or issues they wanted to bring to the attention of the Board and discuss with the Committee.

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

Reported by: Ivan Frishberg,

Mr. Frishberg indicated that the Committee met on September 30, 2019 and immediately went into Executive Session. Upon returning to open session, Aklile Tesfaye, Vice President for Wastewater Operations, reported on the performance of the Blue Plains Wastewater Treatment Plant. The effluent quality was well within permit levels. The Wet Weather Treatment Facility is performing well and captured a higher percentage of water treatment than projected, 89 versus 80 percent.

Mr. Tesfaye indicated that the biosolids process had overcome the problems experienced in April and since May, Class A exceptional quality requirements have been met. The annual goal of 40,000 tons marketed has been met. In response to prior Committee questions regarding the April suspension of marketing, Christina De Barbadillo, Director of Clean Water Technology, provided the Committee with additional information on the efforts to identify the causes of the problem. She reported that after significant inquiry, there was no clear explanation of the problems. Ms. De Barbadillo noted that they were able to identify several new steps to improve the production and monitor the process. The Committee thanked them for their efforts.

Mr. Frishberg stated that the Committee received an update from Paul Guttridge, Program Controls Manager, on the Capital Improvement Program (CIP). Through FY 2019 CIP disbursements were \$376,403,000. Disbursements through the third quarter are \$59,451,000, below baseline but Mr. Guttridge reported that much of that will be made up with remaining spending that is committed to construction projects.

Out of the 17 Key Performance Indicators (KPI) due in 2019, 8 have been completed and 6 are expected to be completed within the 90-day threshold. Mr. Guttridge will notify the Board in the end of year report the details of why it is taking longer for the others.

Mr. Frishberg indicated that the Committee delayed consideration of a report on the biosolids curing pad until it comes up for contract consideration and also an action item for heavy duty fleet vehicles until a future meeting.

### **Joint Meeting of the Environmental Quality and Operations Committee and the Finance and Budget Committee**

Reported by: Major Riddick, Chairperson

Mr. Riddick reported that the Committees met on September 26, 2019. The Manager for Revenue Assurance Sheena Robinson made a presentation on the Advanced Metering Infrastructure Replacement (AMI) Project. She stated that Phase I was closed out in 2019 and she provided updates on the remaining meters. Ms. Robinson sought a joint committee recommendation on the selection for the additional installations.

Phase I resulted in installation of 85,534 meters and meter transmission units, increasing AMI transmission from 70 percent to 92.4 percent. The goal is eventually getting to 98 percent, the industry benchmark, with additional installation. Ms. Robinson reported that the next phase will include a replacement of 11,000 meters and transmission units, using both internal and external installer resources. Internal staff installers would install 2,782 meters indoor and outdoor meters

at restricted buildings and external vendors will install 7,884 outdoor meters for commercial, residential and multifamily customers. They can be scheduled between September 2019 and April 2020.

Mr. Riddick reported that Ms. Robinson provided a breakdown of the \$2.9 million budget and that \$1.92 million was for the selected vendor. The remaining contract will be used for program management of \$.68 million, as well as, internal staff installation, internal VC crews at \$.428 million. Following questions and discussion with Committee members, it was recommended that the \$2.9 million which included the \$1.92 million contract award be approved by the full Board.

### **Finance and Budget Committee**

Reported by: Major Riddick, Chairperson

Chairperson Riddick stated that an overview of the monthly Financial Report was provided by Budget Director Oyeyemi. Consistent with trends and with 92 percent of the fiscal year complete, D.C. Water expenditures and revenues were on track. Operating revenues were \$6.2 million, or 95.6 percent of the budget. Operating expenditures were \$489.6 million, or 84 percent of budget. Capital disbursements were \$354.6 million, or 80.0 percent of budget. Ms. Oyeyemi reported that the operating reserve accounts balance was \$173.8 million, as compared to the operating reserve level of \$140 million for fiscal year 2019.

Ms. Oyeyemi informed the Committee that development of a 2021 operating budget and a 10-year budget request, are in the early stages, with budget adoption in March 2020. They are currently preparing the FY 2019 year-end closeout and financial audit activities.

Dan Bae, Vice President for Procurement and Compliance, made a presentation to the Committee on the details and an update on the Enterprise Resource Planning (ERP) Project and the selection of the Oracle Cloud ERP contractor for the financial software that is before the Board for approval. Mr. Bae, presented some of the benefits and reasons for selection of Oracle: user friendly, best functionality for D.C. Water, true single cloud solution, does not require managed service which will result in lower annual costs, stored in one central database, and in the new system it will be the automation and development of the CAFR and the third-party solution for Treasury.

Next on the agenda was a discussion and request by CFO Matthew Brown for Board approval of \$2.9 million of the surplus for the AMI. He talked about the support for the ERP and indicated that \$17 million surplus was forecasted during the mid-year review process. They had already transferred \$6 million to the Rate Stabilization Fund during that process. The Board allocated an additional \$2 million to the ERP Project. With the \$2.9 for the AMI Project, this leaves \$6.9 million projected cash.

CFO Brown spoke about the bond funding and refunding, the 2019D bonds. He stated that the 2019 refunding is actually the refunding of the 2013A bonds, \$300 million bond refunding for callable bonds that will result in a savings for D.C. Water of \$80 million and annualized savings of \$3 million, approximately 10 percent of the present value savings. CFO Brown stated that this is the result of the current market conditions.

Mr. Riddick reported that the action out of the Committee was to recommend approval of the ERP software, approval of the allocation of \$2.9 million for the AMI, approval for the bond

resolutions, preliminary official statement, the authorizing resolution, the 26 Supplemental Indenture Bond Purchases Agreement and Escrow Agreement.

Chairperson Wells asked for questions. Board Member Franco asked if they will get an update in any of the committees regarding the \$6 million transfer from the Rate Stabilization Fund on D.C. Water's Customer Assistant Programs outreach efforts to ensure that there was and is a need for assistance through Customer AP. He stated that he knew they were disappointed with the take rate last year and that there was an effort to improve the outreach program. CEO Gadis indicated that the update would be provided at the Retail Rates Committee.

**Remarks by Mayor Muriel Bowser**

Chairperson Wells announced that Mayor Bowser had arrived and invited her to come forward and provide some words of encouragement. Mayor Bowser stated that she was delighted to join the Board of Directors and D.C. Water employees, and to provide a brief update. She indicated that she visits the independent agencies during the summer when there are not as many public meetings to see what they can do to provide assistance. This was their ninth visit to an independent agency.

Mayor Bowser thanked Chairperson Wells for his leadership of the Board and for the great work that he was doing at the Department of Energy and the Environment. She also acknowledged Steve Walker who leads Talent and Appointments. Mayor Bowser noted that she has made 1,700 appointments to boards and commissions who make serious decisions as governing boards and advisory committees. She thanked the D.C. Water Board members for volunteering and serving.

The Mayor reported that D.C. Water's General Manager had participated in executive sessions with her infrastructure leaders from fellow agencies and in quarterly cabinet meetings. She stated that her Administration would make available to provide agency directors and their staffs to assist with human resource, procurement, and other issues.

Mayor Bowser indicated that they are very proud of the work D.C. Water was doing and for being known around the nation for innovation, sustainability, and improving D.C.'s waterways. She goes out around the world and talks about the fishable, swimmable, and recreational Anacostia and Potomac Rivers. Mayor Bowser asked that they give themselves a round of applause.

The Mayor pointed to the great work and great investments of D.C. on issues and programs that include the following: D.C. Water's efforts to keep water affordable for residents; the Clean Rivers Project and its costs, and the possibility of having the federal government become a larger partner; everyone's efforts with economic development projects and D.C. road projects and the push on alley and roadway infrastructure, for example, the 2015 Alley Palooza Project, and D.C. Pave; efforts to coordinate roadway digs by different agencies to avoid repeated digs on the same roadways, the DC Regulatory Agency process and coordination with other permitting and inspection agencies; and D.C. Government's Green Book that lists D.C. agencies construction plans for the upcoming year and their invitation that all independent agencies, including D.C. Water, participate, and the Mayor's desire to continue to increase the amount of D.C.'s construction work done by small and local businesses and her desire to add D.C. Water's construction dollars. Mayor Bowser thanked D.C. Water for its interest in the D.C. Infrastructure Academy that they launched a couple of years ago and the billions of dollars in work that is being done which provides opportunities to small and local businesses and D.C. residents seeking jobs.

Mayor Bowser concluded by stating that the city is doing well and that revenues have been in excess of what they expected. Bond ratings are increasing for the city and D.C. Water and the resulting savings allow for more investments in the workforce and training, and savings to ratepayers. She stated that all of the efforts help D.C. attract new residents and businesses, and to retain its residents.

Chairperson Wells asked for another round of applause for the Mayor. He then opened the floor for questions to the Mayor.

Board Member Franco thanked the Mayor for her support with the Customer Assistance Program and her efforts to ensure affordability for ratepayers.

Board Member Ortiz expressed his appreciation for her designating Kingman Island as a conservation and education area. He stated that it was a remarkable gem in the Anacostia watershed, a green space, and recreational space, and that her efforts were courageous.

CEO Gadis stated that they wanted to present the Mayor a token of their appreciation. Everyone applauded the Mayor.

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

Reported by: David Gadis, CEO and General Manager

CEO Gadis stated that before getting to his report, he wanted to make a few announcements. The first was the leadership update. He welcomed and introduced everyone to Rudy Gonzalez who is the recently hired Director of Procurement Engineering and Construction Services, Department of Procurement.

Next was CEO Gadis' announcement about the new D.C. Water Apprenticeship Program which has been established as part of D.C. Water's workforce development strategy to hire, train, and prepare District residents for careers at D.C. Water. The apprentices will receive job training and work experience under the direction and oversight of capable and experienced journey workers, coupled with classroom training necessary for successful completion of the apprenticeship. Apprentices are paid employees, working 2,000 hours of on-the-job training, and 144 hours of in-class training.

CEO Gadis reported that there are 15 apprentices working in one of four trades to ensure proper training and safety. There is one apprentice to every two journey workers. Two are in HVAC, two in Plumbing, two in Quality Assurance, two are Utility Services Workers, and seven are Wastewater Operators. CEO Gadis announced the employees and asked them to come forward for a picture with him and Chairperson Wells. CEO Gadis also asked Corey Gray, to come forward for the picture and thanked him for his hard work.

CEO Gadis spoke about the road shows he has held at D.C. Water facilities with employees did and the feedback from employees that they wanted a team-building exercise so that they could add something of theirs to the culture. They put out a survey to the employees and a number of items were suggested by the employees. They included bowling and basketball, a talent show, and other activities. The first activity undertaken was the inaugural Wellness Basketball League, which included eight weeks of great basketball. Employees indicated that this was an excellent opportunity to meet other employees. CEO Gadis thanked all the volunteers who

have assisted. He then asked the basketball team to come forward for recognition and a picture.

In May 2019 D.C. Water launched the Cool Arts and Clean Rivers Contest which encouraged District residents to create designs that communicate the importance of infrastructure and waterways and keeping them safe. CEO Gadis reported that this is a contest where winners are invited to paint their designs on storm drains throughout the city. This contest highlights the vital role of the Clean Rivers Program. Five contest winners got \$500 prizes. A similar activity is being planned for next year. The winning artists from Eastern High School were Mark Garrett, MacKenzie Mathers, Sierra Koker, Mark Walker, and Yahnae Riddick.

D.C. Water recently attended and actively participated in the Water Environment Foundation (WEFTEC) where D.C. Water was voted the highest ranked utility of influence. Twenty D.C. Water employees made podium presentations and they conducted three technical workshops and moderated nine technical sessions.

CEO Gadis reminded the Board and audience that he and the unions will sign the Master Agreement following the Board meeting. He thanked the unions and D.C. Water's representative George Spears for working so well together. This showed the improvements in team work. He asked the audience to give the union leadership a round of applause.

The next item was CEO Gadis' announcement concerning the Procurement Department led by Dan Bae. They had another fantastic year and were able to save \$7.9 million. CEO Gadis encouraged Procurement to continue doing what they have been doing and indicated that he wants to spread their methods and repeat their successes across the organization.

CEO Gadis reported that they recently took more than 100 citizens and ratepayers down into the tunnel to meet Chris. This was done as part of the campaign to demonstrate what ratepayers are getting for their money. The tour was well received. By the end of the year they are planning to take two more groups into the tunnel. CEO Gadis welcomed those in attendance to join them.

Customer Service had a great month and CEO Gadis commended Armon Curd and Carolyn MacKool for their leadership. They had the best months in D.C. Water history, collecting 3.6 million CCFs. They recently contracted with Calltracks to gather survey information immediately from callers and use it as a training tool.

CEO Gadis stated that there are three mussel hatcheries nearby, one outside of Headquarters and two at Blue Plains. D.C. Water contributed \$10,000 to the effort. This shows the improving health and prosperity within the Anacostia. The Washington Post recently pointed out some sightings of dolphins in the Potomac. CEO Gadis pointed out that the birth of dolphins shows how D.C. Water contributes and impacts D.C.'s waterways.

An invitation was extended to Board members to attend on November 21, 2019 D.C. Water's Stars of Water event where employees will be recognized for their noteworthy efforts. The Board will receive additional information in advance. It will be held at the MGM Grand. Chairperson Wells encouraged the Board members to attend.



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

Chairperson Wells stated that the first joint-use action item was a governance change. He thanked Board Member Boardman for working with him to create an Executive Committee. Chairperson indicated that there have been times when he needed an Executive Committee to provide feedback on issues of importance to all stakeholders. He announced that Krystal Brumsfield will be the First Vice Chairperson and that Major Riddick from Prince George's, Fariba Kassiri from Montgomery County, and Randy Bartlett from Fairfax County would make up the Executive Committee. He reminded everyone that the Committee would not supplant the Board's authority in any way but will guide him as Chairperson and make recommendations to the full Board.

Chairperson Wells asked for a motion to approve joint use contract action items. Ms. Boardman moved to approve Resolution Nos. 19-59 through 19-65, and it was seconded. The motion to approve Resolution Nos. 19-59 through 19-65 was unanimously approved by the members of the Board.

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

Chairperson Wells asked for a motion to approve non-joint use action items. Ms. Boardman moved to approve Resolution Nos. 19-66 and 19-67 and it was seconded. The motion to approve Resolution Nos. 19-66 and 19-67 was unanimously approved by the D.C. members of the Board.

### **Executive Session**

Chairperson Wells asked for a motion to move into Executive Session pursuant to the Open Meetings Amendment Act of 2010, to discuss legal, confidential, or privileged matters under Section 2-575(b) 4 and 10 of the D.C. Official Code. It was so moved and seconded and unanimously passed with a roll call. The Board went into Executive Session at 11:13 a.m. The public meeting was resumed at 11:39 a.m.

Chairperson Wells stated that the Board was going to vote on the resolution discussed in Executive Session, approval of a performance evaluation and contract extension for one year for CEO and General Manager David Gadis. Chairperson Wells asked for a motion to approve Resolution 19-68. It was moved and seconded and unanimously approved by the Board of Directors.

There being no further business before the Board, Chairperson Wells adjourned the meeting at 11:41 a.m.

  
Linda R. Manley, Secretary to the Board