



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

BOARD OF DIRECTORS 296th MEETING THURSDAY, APRIL 6, 2023

MINUTES

Present Directors

Tommy Wells, Chairperson, District of Columbia
Rachna Bhatt, First Vice Chairperson, District of Columbia
Fariba Kassiri, Montgomery County
Anthony Giancola, District of Columbia
Steven Shofar, Alternate for Vacant Principal, Montgomery County
Howard Gibbs, District of Columbia
Tara Jackson, Prince George's County
Christopher Herrington, Fairfax County
Wendell Felder, District of Columbia

Present Alternate Directors

Sarah Motsch, Fairfax County
Jed Ross, District of Columbia
Jared McCarthy, Prince George's County
Andrea Crooms, Prince George's County
Ivan Frishberg, District of Columbia
Adriana Hochberg, Montgomery County

D.C. Water Staff

David Gadis, CEO and General Manager
Matthew Brown, Executive Vice President for Finance and Procurement, Chief Financial Officer
Marc Battle, Esq., Executive Vice President for Legal Affairs, Chief Legal Officer
Wayne Griffin, Chief, Strategy and Performance Officer
Michelle Rhodd, Board Secretary

Call to Order and Roll Call

The 296th meeting of the District of Columbia Water and Sewer Authority's Board of Directors commenced at 9:31 a.m. and was called to order by Tommy Wells Board Chairperson. The

meeting was held via Microsoft Teams and streamed live at dcwater.com. Board Secretary Michelle Rhodd called the roll and a quorum was established.

Approval of the March 2, 2023 Meeting Minutes

Chairperson Wells asked for a motion to approve the March 2, 2023 meeting minutes. Board Member Herrington moved and Board Member Frishberg seconded the motion to approve the March 2, 2023 meeting minutes. The motion was unanimously approved by the Board of Directors.

Chairperson Wells thanked Prince George's County for hosting the ribbon cutting for Fleet Management's new facility. He stated that it is a beautiful facility which lives up to D.C. Water's excellence standards. He commended Ms. Holman, Vice President for Shared Services, for a great job and encouraged Board members to visit the facility.

Chairperson Wells announced that Ivan Frishberg, Alternate for the District of Columbia, would be leaving the Board. He thanked him for his service during the last six years and his advocacy for greater infrastructure repair and stewardship.

Governance Committee

Reported by: Christopher Herrington, Chairperson

Chairperson Herrington stated that the Committee met on March 8, 2023. In his report Mr. Herrington noted that:

- Tom Kuczynski, Vice President for Information Technology, reported that sales of Bloom at 11,481 tons was on target to meet the 60,000 ton goal set for FY23.
- Public Employees for Environmental Responsibility (PEER), an environmental group located in Montgomery County Maryland, published a report which recommended restricting the use of Bloom due to PFAS.
- To educate the public, on January 26, 2023, DC Water hosted a webinar about PFAS in biosolids, which was successful with over 400 attendees.
- Chris Peot, Director DC Water Resource Recovery, participated in three interviews with three local radio and newspaper outlets to respond to the PEER recommendation.
- Overall sales of Bloom have not been impacted by the PEER report with Bloom sales sold out through the end of May.
- Blue Drop continues to work with DC Water to develop a strategy to address concerns about PFAS in bio-solids.
- This year's events goal was 50 events; as of the end of January 22 events have been held and an additional 27 are scheduled, Blue Drop is on target to meet the FY23 goal.
- Intellectual Property revenue was currently below target, with some sales delayed as a result of the long cycle times for some projects.
- Contracts for 2 additional cell sites are almost complete, one site is being dismantled and another contract is being renegotiated. Blue Drop is on target to meet the revenue goal of \$282,000 for cell sites.
- Mr. Kuczynski reported that Maryland Renewable Energy Credit (REC) prices continue to increase and are up \$4-\$5 per credit from last year and expect to exceed the goal of \$3.7 million.

Environmental Quality and Operations Committee

Reported by: Howard Gibbs, Vice Chairperson

Vice Chairperson Gibbs indicated that the Committee met on March 16 via Microsoft Teams. Aklile Tesfaye, Vice President for Wastewater Operations, reported that the Blue Plains Plant processed 302 million gallons (MG) per day in February. All parameters were met under the National Pollution Discharge Elimination Standards Permit requirements. Per the Board's request a graph was presented which summarized the monthly performance of the Anacostia River Tunnel system and the Wet Weather Treatment Facility for 2022.

Energy generation for Blue Plains from the Combined Heat and Power Facility and solar panels for the month was 26 percent of the average consumption at the Plant. Thirteen thousand two hundred eight wet tons of Class A biosolids were produced of which 9,780 wet tons were sold as Bloom, exceeding the goal of 7,300 tons for the month. Bloom marketing is on track to achieve annual sales goals.

Additional reports were made by Ryu Suzuki, Manager of Process Engineering, on how the staff solved a persistent equipment problem with cake bin sludge seals that allow raw sludge to flow onto the floor, creating a health and safety hazard for operations and maintenance staff working around the equipment. There also was a quarterly update report on the D.C. Clean Rivers Project from Director Moussa Wone. Through February 2023 the Anacostia Tunnel prevented over 14.8 billion gallons of combined sewage and over 9,260 tons of trash from reaching the Anacostia River. The Northeast Boundary Tunnel is planned to be placed in operation this summer, ahead of the Consent Decree deadline of March 2025. For the Potomac River Tunnel, final design and construction is ongoing. Four teams were short listed and technical and price proposal are due in April 2023. Notice to Proceed for tunnel construction is planned to be issued in November 2023. Tunnel completion is planned for February 2030.

The Consent Decree milestone for completion of the separation of sewers at two CSO outfalls in Georgetown has been reached and will be reported to EPA as achievement of a milestone. Green Infrastructure facilities must be constructed in six areas, and two have been completed. The remaining will be completed by January 2024.

Overall the Clean Rivers Program is projected to be completed \$42.6 million below the budget.

The Lead-Free D.C. quarterly update was presented by William Elledge, Director of Engineering and Technical Services, on the Lead-free D.C. Program. For FY 2023, 583 replacements have been completed through February. The goal is the replacement of 2,099 lead services for the year. Over 3,700 lead services lines have been completed since FY 2020. A chart was provided summarizing the progress toward the 2030 completion date. Progress is required to be accelerated to almost 5,000 lead service replacements per year in FY 2027. A second chart showed the planned program goals by fiscal year toward meeting the 2030 deadline.

An Executive Session was held.

Chairperson Wells asked Vice Chairperson to clarify the statement that the Clean Rivers Project is coming under 40-some million dollars under budget. He also asked about the supply chain and inflationary costs having an impact. Vice Chairperson Gibbs answered that they have received reports from the staff that steps are being taken to prevent supply chain issue

problems and they are looking at ways down the line that they will need to take to try to get those materials in time to support construction activities.

Finance and Budget Committee

Reported by: Matthew Brown, Chief Financial Officer

Chairperson Wells asked CFO Brown to provide the Finance and Budget Committee to present the report since both Mr. Giancola and Mr. Franco were absent.

CFO Brown stated that the Committee met on March 23, 2023. Lola Oyeyemi, Budget Director, provided an overview of financial performance for February. Revenues were favorable at \$360.4 million, or nearly 45 percent of the budget. Operating expenses were \$266.6 million, or 38.7 percent of the budget. This means that operating expenses exceeded the budget by \$4.8 million. Capital disbursements were \$140.5 million, or 28 percent of the budget. Total cash balance was \$21 million at the end of February, including the Rate Stabilization Fund balance of 35.6 percent. Interest income on investments to date is \$1 million and delinquent accounts were at \$30.3 million for 13,000 accounts, or about 10.1 percent of the total customer accounts.

Ivan Boykin, Director of Finance, introduced David Calvert who is the Financial Advisor from PFM Asset Management. He provided an economic update for calendar year 2022 and 2023 and information on investment portfolio performance and opportunities for future investments. Mr. Calvert reported that the FT 2023 interest income will likely fall short against the budget. He stated that in a rising interest rate environment interest earnings will lag overnight rates due to the portfolio's longer average maturity.

Board Member Franco asked about risk exposure for D.C. Water's bank deposits and was informed by Mr. Calvert that a government institution and assets are collateralized. Mr. Boykin responded that 102 percent of D.C. Water's assets are collateralized or protected.

Risk Manager DeLeon reported on ROCIP, Rolling Owner-Controlled Insurance Program, VI Program, and how it relates to worker's compensation, general liability, and excess liability insurance coverages. Also, she discussed the OCIP, Owner-Controlled Insurance Program, and plans to accommodate the Potomac River Tunnel Project with a proposed term of November 1, 2023 through November 1, 2030. She discussed plan components, program periods, insurance plan components, benefits, statistics, and cumulative savings for the various ROCIP programs. ROCIP V will expire on November 23, 2023 and the ROCIP VI coverage will need to be in place by that date to enroll and cover new projects. These action items to extend ROCIP and OCIP were before the Board for action.

CFO Brown stated that Amawalk Consulting is conducting a study on operating reserves which is done every five years and includes a particular look at the Rate Stabilization Fund policy. A proposed new Rate Stabilization Fund policy will be discussed in the April Retail Rates Committee meeting.

Issues of General Interest

There were none raised.

CEO and General Manager's Report

Reported by: David Gadis. CEO and General Manager

CEO Gadis informed the Board that he was presenting the State of the Utility at D.C. Water which includes an overview of progress and relating the Authority's imperatives and initiatives that support the strategic objectives include in the Strategic Plan Blueprint 2.0.

CEO Gadis raised the issue of Board Member Ivan Frishberg leaving the Board. He thanked him for six years and his valuable contribution to D.C. Water and especially on the capital budget.

Four updates on imperatives were presented. On March 1 D.C. Water released its second annual Environmental, Social, and Governance (ESG) Report. The first one last year was the only one developed and released by a public water utility. The Report has been adapted to prioritize accountability, resilience, and a more integrated relation with the Enterprise Risk Management Program. The ESG Report is now the ESG+R Report. He stated that D.C. Water's climate, financial, and operational resilience is discussed to demonstrate its commitment to improving the ability to adapt to shocks and stresses which D.C. Water might reasonably face. CEO Gadis thanked Dr. Matt Ries, Acting Chief Strategy and Performance Officer, for his leadership and to all the members of Team Blue who contributed to the report. Dr. Ries presented at the National Utility Management Conference's ESG session, along with S&P Global and Moody's. Later in April CFO Brown and Mr. Boykins will present at the American Water Works Association seminar on financial challenges in the water sector.

On April 4, 2023 CEO Gadis made remarks at the ribbon cutting for the new Fleet facility in Capital Heights, Maryland. He thanked members of the Board for their participation and Prince George's County. He also thanked the entire Fleet Team and Maureen Holman, Vice President of Shared Services, and Nija Ali, Senior Management of Administrative Services, on navigating the move. He reported that there is 4,000 square feet of office space, a training room, and 18 vehicle bays. It is a much nicer facility for everyone to work in. Chairperson Wells asked about the number of employees and was told that the new campus will service and manage a diverse fleet of 635 vehicles and 1,300 pieces of equipment. There are nearly 30 members of the Fleet crew spread over 7 days a week. Four crew members live in Prince George's County. CEO Gadis stated that 358 of the Authority's employees currently live in Prince George's County.

CEO Gadis reported that D.C. Water hosted on March 22, 2023 the Metropolitan Council of Government's Regional Summit on PFAS. It focused on expert discussions and presentations focused on both emerging science and proposed regulation on PFAS limits in drinking water, and potential policy decisions relating to wastewater and the land application of biosolids. CEO Gadis stated that he believes the best approach to navigating the challenges of PFAS is through regional coordination on the potential impact to water utilities and the industry. Also, there should be a unified response to both the proposed PFAS limits and the potential impact to D.C. Water's ratepayers.

D.C. Water's outreach and ambassador team attend the 2023 Cherry Blossom Kite Festival at the Washington Monument. Emanuel Briggs, Director of Community Outreach, lead D.C. Water's participation. CEO Gadis thanked the entire team.

Board Member Giancola congratulated CEO Gadis and the staff in the opening of the new Fleet facility. He stated that there should be improvements in the preventative maintenance area and the availability of priority vehicles. He also thanked Board Member Ivan Frishberg for his dedicated service and stated that his leaving will be a great loss to the organization. Board Member Gibbs echoed the comments on Ivan Frishberg.

Consent Action Items Joint Use

Chairperson Wells asked for a motion to approve joint use action items. Board Member Herrington moved to approve Resolutions No. 23-17 through 23-21 and it was seconded. The motion to approve Resolutions No. 23-17 through 23-21 was unanimously approved by the members of the Board.

Consent Action Items (Non-Joint Use)

Chairperson Wells asked for a motion to approve non-joint use action items. Board Member Frishberg moved to approve Resolution No. 23-22 and it was seconded by Board Member Giancola. The motion to approve Resolution No. 23-22 was unanimously approved by the District members of the Board.

Chairperson Wells asked Board Secretary Rhodd to provide information on upcoming committee meetings. She noted that the Environmental Quality and Operations Committee will meet Thursday, April 20, 2023, at 9:30 a.m.; the D.C. Retail Water and Sewer Rates Committee will meet on Tuesday, April 25, 2023, at 9:30 a.m.; the Audit and Risk Committee will meet on April 27, 2023 at 9:30 a.m.; and the Finance and Budget Committee will meet on Tuesday, April 27 at 11:00 a.m.

There being no other business, Chairperson Wells adjourned the meeting at 10:09 a.m.

Michelle Rhodd

Michelle Rhodd, Board Secretary

SUMMARY OF CONSENT AGENDA RESOLUTIONS AND CONTRACTS

Consent Items (Joint Use)

1. Approval to Execute Contract No. DCFA 534 A, B and C, Three Task Order Based Architectural and Engineering Service Agreements for a Five-Year Period, Brown and Caldwell; Johnson, Mirmiran & Thompson, Inc.; and Whitman, Requardt & Associates, LLP - Resolution No. 23-17 (Recommended by the Environmental Quality and Operations Committee 03-16-23)
2. Approval to Exercise Option Years 5 – 7 of Contract No. 18-PR-OSH-06, Origami Risk LLC – Resolution No. 23-18 (Recommended by the Environmental Quality and Operations Committee 03-16-23)
3. Approval to Add Funding to Contract No. 19-PR-OCEO-24 for Task Order No. 2 Strategic Planning Advisory Services Phase II, Arup-Deloitte – Resolution No. 23-19 (Recommended by the Environmental Quality and Operations Committee 03-16-23)
4. Approval to Award Service Contract No. 10348 for Bloom Sales and Marketing, Blue Drop, LLC - Resolution No. 23-20 (Recommended by the Environmental Quality and Operations Committee 03-16-23)
5. Approval to Extend and Modify the ROCIP V Insurance Brokerage Contract to Add ROCIP VI and an OCIP Program to Scope, Contract No. 20-PR-CFO-30, Aon PLC – Resolution No. 23-21 (Recommended by the Finance and Budget Committee 03- 23-23)

Consent Items (Non-Joint Use)

1. Approval to Execute Contract No. DCFA 525 A, B and C, Three Task Order Based Architectural and Engineering Service Agreements, Survey & Subsurface Utility Engineering (SUE) – BOA, A. Morton Thomas and Associates; KCI Technologies, Inc.; and Utility Mapping Services, P.C. – Resolution N. 23-22 (Recommended by the District of Columbia Board Members of the Environmental Quality and Operations Committee 03-16-23)