



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

BOARD OF DIRECTORS 268th MEETING THURSDAY, OCTOBER 1, 2020

MINUTES

Present Directors

Tommy Wells, Chairperson, District of Columbia
Krystal Brumfield, First Vice Chairperson, District of Columbia
Floyd Holt, Prince George's County
Anthony Giancola, Alternate for Vacant Principal, District of Columbia
Adam Ortiz, Montgomery County
Rachna Bhatt, District of Columbia
Randy Bartlett, Fairfax County
Howard Gibbs, Alternate for David Franco, District of Columbia
Major Riddick, Prince George's County
Emile Thompson, District of Columbia
Adriana Hochberg, Alternate for Fariba Kassiri, Montgomery County

Present Alternate Directors

Lavinia A. Baxter, Prince George's County
Steven Shofar, Montgomery County
Ivan Frishberg, District of Columbia
Rev. Kendrick Curry, District of Columbia
Sarah Motsch, Fairfax County
Jed Ross, District of Columbia
Joseph Gill, Prince Georges County
Joe Leonard, District of Columbia

DC Water Staff

David Gadis, CEO and General Manager
Matthew Brown, Executive President for Finance and Procurement, CFO
Kishia Powell, COO and Executive Vice President,
Marc Battle, Executive Vice President, Legal Affairs
Linda R. Manley, Board Secretary

Call to Order and Roll Call

Chairperson Wells called the 268th meeting of the District of Columbia Water and Sewer Authority's Board of Directors to order at 9:30 a.m. The meeting was held via Video Teleconference. Ms. Manley called the roll and a quorum was established.

Approval of the September 3, 2020 Meeting Minutes and September 21, 2020 19th Special Meeting Minutes

Chairperson Wells asked for a motion to approve the September 3, 2020 meeting minutes and the September 21, 2020 19th Special meeting minutes. The motion to approve the September 3, 2020 meeting minutes and the September 21, 2020 19th Special meeting minutes were moved, seconded, and unanimously approved by the Board of Directors.

Chairperson's Overview

Chairperson Wells stated that he appreciated the work of the Board and even with the pandemic, D.C. Water is strong and does not seem to have missed a beat. He announced that the Board and CEO Gadis will continue to work together in partnership under a new contract for the next three years. Chairperson Wells said that they will all stay in their roles and continue to deliver clean water and sewer services. D.C. Water will continue to be the premiere utility in America. Chairperson Wells declared that the Authority's assets are in good shape. The District Government has a \$200 million deficit as a result of the pandemic and has been on a roller coaster. Mr. Gadis and the leadership team have kept D.C. off the coaster and there have been no sacrifices.

CEO/General Manager's Report

Reported by: David Gadis, CEO/General Manager

Mr. Gadis announced that D.C. Water's Blue Plains Advanced Wastewater Treatment Plant recently received the Platinum Eight Award from the National Association of Clean Water Agencies (NACWA) for exceptional effluent quality and 100 percent compliance with all NPDES permit limits in eight consecutive years. The award is a testament to the commitment to produce an exceptional quality, effluent, maintain an environmentally, and economically sustainable Chesapeake Bay watershed. The following frontline Blue Plain staff participated in the Board meeting to represent all their colleagues in receiving the award: Wastewater Treatment Plant Operators Steven Douglas and Thomas Proctor; Cristy Glorioso, Physical Science Technician; David Hamilton, Technician-Process Systems; Douglas Jeter, Crane Operator; Ron Martin, Maintenance Planner and Scheduler; Shawna Martinelli, Senior Process Engineer; Marcus Mitchell, Industrial Electrician; and Matthew Scott, Technical Instrumentation I. The audience applauded them for their accomplishments. Mr. Gadis also thanked Aklile Tesfaye, Vice President for Wastewater Treatment, for his leadership.

Mr. Gadis provided an update on key programs at D.C. Water that were addressed in his State of the Utility address. He spoke about resilience and readiness and stakeholder engagement and the progress they have made in Live Free D.C. The August workplace violence incident and the after action response strengthened D.C. Water's workforce safety and improved its readiness and resilience. In reference to the suspension of operations the past spring, Mr. Gadis stated that he was thrilled to share that D.C. Water had facilitated the replacement of approximately 500 lead service lines this year which is about the target number during other times.

In July the Authority's partner DOEE joined in conducting training for a new list of plumbers and contractors that participate in the Lead Pipe Replacement Assistance Program. A dozen small and local businesses participated in this program. To make sure each customer receives the safest and most effective services during and after the replacement, Mr. Gadis reported that they are utilizing Qualtrics, an experienced management company to collect feedback from customers so that the Authority can continue to improve the quality of the line replacement services rendered.

Mr. Gadis reported that D.C. Water is formulating a lead free plan to remove all lead service lines within the next 10 years. Current and planned replacement strategies are therefore being augmented. The community and District Government will have to give their full support for the plan to be successful.

The next category covered was strengthening safety. Following the July 28 workplace violence incident they held an after-action lessons learned conference to discuss and learn from the incident. Mr. Gadis reported that ten core element after action items were identified, including crisis management training for contracted security officers with firearm simulation exercises, development of a crisis communication plan, expansion of the role of evacuation wardens and increasing contracted officers at specific locations.

Mr. Gadis announced actions to improve communication, and he will provide updates on action they have or will take in the future, provide weekly highlights related to exposure to risks, increase updating on long-term funding commitments, continue public outreach, communicate concepts earlier, provide State of the Utility updates, and work to simplify the dashboards in reports.

Chairperson Wells asked Mr. Gadis for the status on the emergency flooding response efforts in Ward 4 and 5. He replied that D.C. Water has joined forces with HCEMA to hold neighborhood meetings to continue to provide information on how residents can file claims and how they can get the clean-up done quickly. Chief Financial Officer Brown stated that they are posting the cleaning numbers every Monday. A hotline has been established for customers to obtain answers to questions and to discuss their concerns.

Kisha Powell, Chief Operating Officer, also spoke about the recent flooding and stakeholders engagement. She stated that they have partnered with HCEMA to do community stand-ups about the flood response at five locations throughout the District and two have already been held in the affected communities. Three more are coming up soon. Information is disseminated on the cleaning services and how to file claims. Ms. Powell reported that 120 properties have requested cleaning services and 11 have already been completed. They have experienced delays in reaching many of the residents to schedule cleaning. Ms. Powell assured the Board that the status report on this emergency project will be released each Monday until their project is closed out. The after action report is in final draft stage. They will set up a briefing for the Board with HCEMA and other District agencies, including DOEE and DDOT. The Mayor has also asked for a briefing by October 23, 2020.

Board Member Giancola had several comments. The first was an indication of his delight about the new format for the CEO Report which he found to be more focused and to contain less narrative. He suggested that for the audit high risk items they add a footnote for those that are past due that have revised milestone dates, and other status issues. Secondly, for the Capital Improvement Program (CIP) Report, it states that due to COVID, ??\$200 million in projects

have been deferred from FY 2021 to FY 2022. He wanted to know how those projects were determined and how the priority system works. Next he asked for clarification on the Call Center and felt that its performance was heading in the wrong direction. Mr. Giancola also wanted to know the difference between the Call Center and the Command Center. Lastly, Mr. Giancola asked about the American Water Infrastructure Act of 2018 which requires D.C. Water to conduct a risk resilience assessment. He earlier asked for a copy of the report and still wanted the full Board to receive one.

Mr. Gadis responded to Mr. Giancola's issues and comments. He agreed that the audit items needed to be added. He asked CFO Brown to respond to the issues about CIP. Mr. Brown stated that they did revenue forecasts to understand the long-term impact of COVID. He reminded them that it is the consumption data on the customers that is difficult to forecast. They are trying to take the data and produce forecasts to determine what the revenue will be for capital projects. They also need to figure out the timing for the next debt issuance. Mr. Brown reported that the first criteria for priority was to ensure that all ongoing projects continue. Another was whether the work was critical, emergency or consent decree funded. The last criteria was whether there was outside funding available for the project, either grant funding or HCEMA or clean water funds. CFO Brown indicated that they have cancelled no projects but have put some projects on pause. They are working on a new CIP budget proposal that the Board will receive in January.

COO Powell then addressed Mr. Giancola's questions and concerns on the call center performance. She reported that at the start of the pandemic in an effort to reduce some costs quickly to address potential revenue shortfalls they eliminated five or six temporary staffing positions. It was thought that the call volume would decrease because some of the issues were affected by COVID. Also, a new phone system was introduced which was taking some time for the staff to master. A number of dropped calls were occurring and the IT Department was making adjustments. Ms. Powell indicated that the performance was improving and they are looking at bringing in more resources. The difference between the Call Center and the Command Center is that the Call Center receives calls from customers related to billing and the Command Center receives more technical service request calls related to such issues as water main breaks and fire hydrants, when crews are dispatched. Calls related to the flooding were sent to the Command Center. The last question was about the risk and resilience plan that was due. Ms. Powell explained that the plan was submitted on time. At this full Board meeting, the briefing presentation, the findings, and the next steps were provided. Ms. Powell informed them that the briefing itself will be made soon.

Mr. Giancola followed-up by noting that the performance still does not seem to be improving if you look at the last three months. He stated that the cash balance was around \$74.5 million and wanted to know if they were being too conservative by not hiring more staff with urgency based on the availability of cash. Ms. Powell explained that when she said they were improving, she meant in terms of less dropped calls and improvements in how the staff was working with the new phone system. Recognizing the limited staff resources, it was reported that they have been working with Armon Curd, Executive Vice President for the Customer Experience, to bring on six additional staff for the Call Center to help improve the delivery of services and therefore improve the metrics.

CFO Brown noted that the impact of COVID 19 has been less severe than anticipated. The cash balance referenced by Mr. Giancola was as of the end of the fiscal year and reflects in part PAYGO before it is transferred to the capital budget. So, the cash balance is always inflated at the end of the fiscal year before the funds are transferred, which was done on September 30,

2020. Since they still had more funds than anticipated, they wanted to use some of those resources to address some of Mr. Giancola's issues. Ms. Powell indicated that they are assessing the level of resources needed in all of the operational areas and will hire critical staff as justified.

Governance Committee

Reported by: Lavinia Baxter, Vice Chairperson

Ms. Baxter stated that the Committee met on September 9, 2020. Korey Gray, Compliance Officer, provided updates on the D.C. Water Works Program, the Summer Youth Employment Program, and other initiatives. One of the goals of the D.C. Water Works Program is that 75 percent of D.C. Water's contractors' workforces will be local residents. During Fiscal Year 2020, 43 new contractor positions were filled, with 25 being general labor, 9 being skilled and technical, 1 being special projects, and 7 being goods and services. Mr. Gray spoke about various job fairs that had been scheduled in September but were not held. D.C. Water anticipates filling 20 related positions. In response to Board Member Thompson's inquiry about strategies for advertising with virtual job fairs, Mr. Gray explained that he has strategic partners which assist in identifying potential candidates, including D. C. Department of Employment Services, unions, nonprofit organizations, and schools.

The Green Infrastructure Initiative Program was curtailed due to COVID-19. In FY 20 there was one project that had 12 participants enrolled. Four participants graduated and one was working on a GI project.

The Summer Youth Employment Program and the Department of Facilities Training Program are also established employment programs that will continue to operate in the future.

Mr. Gray reported that the newest initiative is the Senior Community Service Program which assists seniors who are seeking to reenter the workforce on a part-time basis. One participant is now working.

The D.C. Water Apprenticeship Program has 14 participants in FY 2019 and through on the job and classroom training, they have moved into the two-year program.

Lastly, Mr. Gray updated the Committee on the Compliance and Development Program achievements. He reported that in FY 2020 they were successful in recovering \$92,770 for contractor employees under the David-Bacon Act. Dan Bae, Vice President of Procurement and Compliance, also shared some strategies implemented to enforce compliance requirements.

Tom Kuczynski, Vice President for Information Technology and Interim Vice President, reported that Blue Drop made 60,000 tons in sales for FY20, which is 50 percent higher than in FY19 which achieved 47,446 tons. Events scheduled for the Headquarters Building were cancelled due to COVID-19. He stated that hopefully some events will be rescheduled to FY21.

Mr. Kuczynski shared that in terms of intellectual property activity, approval is still pending with the IRS for Suez to be certified as a United States business which is delaying their payment of \$395,000.

Human Resources and Labor Relations

Reported by: Emile Thompson, Chairperson

Mr. Thompson stated that the Committee met on September 9, 2020. The Committee recognized Ellen Boardman who was attending her last official meeting before leaving the Board. They thanked her for her leadership.

This meeting included a discussion with union officials about issues of concern to them. The issues raised by the unions were annual leave rollover, benefits and process changes affecting the unions and D.C. Water's phone system. Barbara Milton, President of Local 631, stated that Management was not changing their position about allowing union employees to rollover annual leave. She stated that due to COVID-19, it was a unique situation with restrictions in the ability to travel. When asked by a Board member if employees have been denied the use of leave, Ms. Milton stated that they had not been denied but were still prevented from using leave for vacations, etc. Marc Battle, Executive Vice President, Legal Affairs, indicated that the topic should be discussed in a collective bargaining context and is not a topic for obtaining a decision in a Board committee meeting. Ms. Milton and Jonathan Shanks, President of Local 872 stated that it was their desire for the Board to have a discussion of the issue with Management in the interest of fairness to employees. Ms. Milton stated that non-union employees are allowed to convert annual leave into sick leave. Chairperson Thompson asked George Spears, for clarification on non-union employees' ability to convert leave. He stated that there has been no changes concerning the conversion of leave by non-union employees but that Management would get clarification from the Payroll Manager.

Another issue raised by Ms. Milton concerned the lack of Management communication with union presidents prior to changes being executed regarding union employees. Ms. Milton provided a recent change regarding a health service vendor that closed down due to the pandemic. Chairperson Thompson asked that Management work to notify the union presidents of changes affecting union employees so that the presidents can properly inform their members.

Mr. Shanks expressed his concern regarding the current cloud system that Customer Service employees are using. Meisha Lorick, Call Center Manager, and Mr. Kuczynski, Director of Information Technology, indicated that technical issues occurred with the initial web-based program and adjustments had to be made related to COVID-19. A new phase of the system is in place and IT is working on the remote aspect of the technology. Mr. Shanks expressed his concerns about the continuing treatment of employees due to system issues. Management indicated that no disciplinary actions had been issued.

Chairperson Thompson asked Mr. Shanks about his comments relating to employees' ability to take time off. According to Mr. Shanks employees have been denied approval to take off to take care of personal matters due to the pandemic. Management indicated that to avoid disruption of day-to-day operations by ensuring proper coverage, there have been times when employee leave has been limited. This policy has not changed due to the pandemic. Management stated that they will again look at this matter to ensure that employees are able to have time off.

During open discussion Ms. Milton noted that the union contract states that Management is required to disclose information to union presidents. Management stated that they are aware and have adhered to it, even though they may disagree as to which issues require notice.

Environmental Quality and Operations Committee

Reported by: Adam Ortiz, Chairperson

Chairperson Ortiz indicated that the Committee met on September 17, 2020. Aklile Tesfaye, Vice President for Wastewater Treatment, provided an update on plant performance. All plant parameters were excellent and all plant requirements were met. Plant effluent was excellent. Mr. Tesfaye reported that they are on track to remain below the NPDES Permit requirements. There was much discussion about recent wet weather events which resulted in complete treatment train and the wet weather treatment train being maximized to perform as designed and meet permit operating effluent quality requirements. All biosolids produced in August met Class A standards.

According to Mr. Ortiz, Paul Guttridge, presented an update on the Third Quarterly Capital Improvement Program (CIP) which showed that disbursements were below the proposed baseline. More details are included in the Committee's monthly meeting minutes and the package provided to the Board.

Of the 30 scheduled key performance indicators (KPIs), 15 have been completed within the 90-day threshold. Of the 15 KPIs, all will be completed outside the threshold due to COVID related impacts.

Mr. Ortiz reported that two agenda items were postponed to discuss the September 10 flash flooding event. COO Kishia Powell provided an update and spoke about the September 16 virtual town hall presentation to residents. The rain analysis showed a substantial downpour equivalent to a 10 to 25 year storm event. Rain events had never before resulted in such flooding until this one. Climate change may be a contributing factor to the frequency of these events. As with the Environmental Quality and Operations Committee Ms. Powell summarized the performance of the system. The information is included in the Committee meeting materials distributed to the Board and found on the D.C. Water website.

Finance and Budget Committee

Reported by: Major Riddick, Chairperson

Chairperson Riddick stated that the Committee met on September 24, 2020. Budget Director Lola Oyeyemi reported on revenues and expenditures. Revenues have been moving along pretty good. In August 92 percent of the year had lapsed and 93.8 percent of revenue had been received. The budgeted revenue was \$644.9 million. D.C. Water underspent on the capital side, with \$298.5 million spent, or 66.6 percent of the budget. Ms. Oyeyemi reported that because of COVID some projects were slowed up. At the beginning of Fiscal Year 2021 it is hoped that projects and spending will take off again. As reported earlier, D.C. Water has really done well, reducing some expenditures, controlling overtime, and managing everything well. Mr. Riddick spoke about some things that the Board has approved of such as the \$15 million that was moved. Fitch has been satisfied and has affirmed the Authority's ratings at AA+ for senior bonds and AA for the senior liens. As reported there has been no major changes in operating expenses from previous reports and as stated underspending in personnel.

Chairperson Riddick stated that they are listening to Moody Analytics and others to figure out what the future will bring. However, they continue to be concerned and to move things around. He is hopeful that the Authority will come out of this as strong as it is today. As approved by the Board, Management has transferred \$15 million from new cash and ROCIP, the insurance plan, to the Rate Stabilization Fund. He indicated that they will continue to monitor this because they

have to figure out what the rates will look like in the future and how they can finish their review with the rating agencies. It will also assist in preparing for some other blip or bug in the activity, especially commercial. The ROCIP Program is important and they are asking the full Board to approve of ROCIP V to procure that insurance. Ms. DeLeon, Risk Manager, gave the Committee a presentation and indicated that Management continues to work with a broker to finalize the insurance premium. There is a change in the terms from five to three years which will go from October 2020 to October 2023. The ROCIP V insurance premium is not to exceed \$10.6 million.

Consent Items (Joint Use)

Chairperson Wells asked for a motion to approve joint use action items. Mr. Giancola moved to approve Resolution Nos. 20-72 through 20-77 and it was seconded. The motion to approve Resolution Nos. 20-72 through 20-77 was unanimously approved by the members of the Board.

Consent Item (Non-Joint Use)

Chairperson Wells asked for a motion from a District member to approve the non-joint use action item. Ms. Bhatt moved to approve Resolution No. 20-78 and it was seconded. The motion to approve Resolution No. 20-78 was unanimously approved by the D.C. members of the Board.

There being no further business, the meeting was adjourned by Chairperson Wells at 10:33 a.m.


Linda Manley, Secretary to the Board