



298TH BOARD OF DIRECTORS MEETING

MINUTES OF THE MEETING

Microsoft Teams

June 1, 2023

DIRECTORS PRESENT

District of Columbia Members

1. Tommy Wells, Chairperson
2. Rachna Bhatt, Vice Chairperson
3. David Franco, Principal
4. Anthony Giancola, Principal
5. Howard Gibbs, Principal
6. Wendell Felder, Principal
7. Jed Ross, Alternate

Prince George's County Members

1. Tara Jackson, Principal
2. Floyd Holt, Principal
3. Jared McCarthy, Alternate

Montgomery County Members

1. Steven Shofar, Alternate

Fairfax County Members

1. Christopher Herrington, Principal
2. Sarah Motsch, Alternate

DC WATER STAFF

1. David Gadis, CEO and General Manager
2. Gregory Hope, VP, Deputy General Counsel
3. Matthew Brown, Chief Financial Officer and EVP, Finance, Procurement and Compliance
4. Wayne Griffin, Chief Administration Officer and EVP
5. Jeffrey Thompson, Chief Operating Officer and EVP
6. Michelle Rhodd, Board Secretary

The 298th meeting of the District of Columbia Water and Sewer Authority's Board of Directors was called to order by Chairman Tommy Wells at 9:32 a.m. 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.

I. APPROVE MINUTES

Chairperson Wells asked for a motion to approve the minutes of the May 4, 2023, meeting.

Upon a motion duly made and seconded the Board of Directors approved the minutes of the May 4, 2023, meeting minutes as presented.

II. CHAIRMAN'S OVERVIEW

Chairman Wells commended the DC Water team on the handling of the recent boil alert. Mr. Wells shared the current progress improvements, and how the handling of the boil alert has improved and built trust with stakeholders from previous years.

Mr. Wells reported on the Authority's Summer Internship Program. The program launched with 40 interns, who were present in attendance for this meeting.

III. COMMITTEE REPORTS

*Human Resources and Labor Relations Committee Report
Reported by Jed Ross*

Acting Committee Chairperson Jed Ross, reported that AFGE 631 Union President Barbara Milton and AFGE 872 Union President Jonathan Shanks, shared their concerns with the Committee about the Authority's negotiation strategy, its effect on union employees, the Worker's Compensation Program, and the process for handling Worker's Compensation claims.

Mr. Ross reported that Robin Hayes, Program Manager, informed the Committee that the Authority follows the private sector Worker's Compensation law, and there are various processes available to ensure DC Water employees are provided compensation during a work-related injury; to include the Family Medical Leave Act, short-term disability, and the Voluntary Leave Donation Program.

Mr. Ross explained that George Spears, Vice President, Labor Relations and Compliance Programs, provided an update on the importance of the Worker Compensation program to the Authority and its employees. Additionally, Mr. Spears informed the Committee that the Authority is in the process of finalizing a formal Workers' Compensation policy. Mr. Ross recommended that the Authority's legal department research the matter in concert with management to include Labor Relations and Compliance Programs.

*Environment Quality and Operations Committee Report
Reported by Howard Gibbs*

Howard Gibbs, Environmental Quality and Operations Committee Vice Chair reported that the Committee received an update on the Blue Plains Advanced Wastewater Treatment Plant (BPAWTP). No measurable CSOs were reported in the Anacostia System. Overall performance is well. Additionally, onsite electrical generation was good for the month of April. The plant generated 29% of electricity between the CHP and solar system. Power purchased from PEPCO was down to 19.7 percent megawatts of electricity usage at Blue Plains. This demonstrated good performance. In March a total of 15,072 Class A Biosolids were sold or recycled. This number is above the initial goal and on track to meet this year's goal of 58,000 tons.

During the report on the Blue Plains Asset Management Program, the Committee learned that within the last 10 years the following areas have grown in the vertical assets: Organizing CMMS, Sustainability, Data in Action, and Analytics/Business Intelligence. These assets collectively allow the Authority to assess, deliver and process information efficiently for the present and future. The Power BI system allows collection of data to be done in one destination. The technology allows unity when working on multiple projects.

Mr. Gibbs went on to report that the Committee viewed a motion amplification video demonstrating how a vibration tool helps visualize the vibration to devise and implement a plan with an enterprise approach. The Committee also received an update on the Uptime Element training tool which is available for all employees to stay current and skilled in diverse areas. Three hundred and twenty-five people have completed the program and have learned the various aspects of asset management and reliability.

During the update on how the Authority factors equity into CIP prioritization, Getachew Melsew, Senior Manager of Planning, reported on the drivers for the program and noted that the objectives of the equitable imperative are achieved by embedding equity in infrastructure decision making and by empowering communities through equitable projects. The Committee also learned how the program identifies vulnerable communities and that future initiatives and goals for the equity programs include equity analysis tools and dashboard, community engagement, training team members, working with city programs and process improvement.

Next, Mr. Gibbs provided an update about ongoing non-process facilities projects in the planning, procurement, and construction areas. On the planning side, work is delivered

through the program management consultant who will perform assessments and scope development. The projects include roofing, HVAC assessments, the Main and O Seawall, and Concept Design Underway. Requests for proposal documents are underway for multiple projects for the procurement side.

During the Clean Rivers report, Moussa Wone, VP, Clean Rivers Division provided an overview of the Clean Rivers programs including the Division J, Northeast Boundary Tunnel. The Division PR-C, CSO 025/026 Separation, have been completed; the completion for the Division PRT-A and Potomac Tunnel Advance Utility is slated for the end of June; and the Division RC-B and the Green Infrastructure Project B is slated to be completed in September, ahead of schedule. The Committee was also informed that the replacement of the small diameter water mains is ahead of expectations with a projected replacement of 6.8 miles this year as compared to the baseline of 3.3 miles.

Mr. Gibbs stated that the Committee was informed that Lead-Free DC program reported 1,028 replacements this year which represents 49% of the FY23 goal. The impacts to the program are being reviewed with an ongoing inventory assessment taking place as a precursor to defining the cost impacts.

In concluding his report, Mr. Gibbs noted that the CIP budget current projection at fiscal year-end is approximately 90% of the baseline budget. The Committee received an overview of the schedule of Key Performance Indicators (KPIs) noting that of the 32 KPIs planned for the year, 13 have been completed within the 90-day threshold and four have been completed outside the threshold.

*Retail Rates Committee Report
Reported by Rachna Bhatt*

Rachna Bhatt, Finance and Budget Committee Chairperson reported that the Committee received an overview of the financial performance for the month of April. Year-to-date revenue is below budget by 2% or \$10 million. Residential, commercial, and multi-family categories have a shortfall of \$2.7 million based on year-to-date budget. The Wholesale Billing Category revenue budget was adjusted upward to reflect increased costs for chemicals and utilities, resulting in additional revenue that will be realized later in the fiscal year. The Interest Earnings and System Availability Fee Categories are slightly behind budget. It is anticipated that many categories will meet or exceed the revenue budget by the end of the fiscal year.

During the customer care report, the Committee received an action item to transfer funds from MAP (Multifamily Assistance Program) to RAP (Residential Assistance Program).

RAP funds have been distributed at a higher percentage compared to MAP funds and RAP funds will be fully exhausted in May without the proposed transfer. Transferring funds to RAP will ensure additional assistance can be provided to customers until the end

of the fiscal year. MAP participants are not utilizing the program as expected. Management continues to support the MAP program and efforts have been made to increase participation and awareness. Each program would have a projected ending balance of approximately \$500,000 for the fiscal year after the transfer.

Ms. Bhatt stated that the Retail Rates Committee recommended that the Board approve the action item to transfer funds from MAP to RAP.

*Finance and Budget Committee Report
Reported by Anthony Giancola*

Committee Chairperson Anthony Giancola informed the other board members that the Committee received an update on the Federal Debt Ceiling. Matthew Brown, Chief Financial Officer and Executive Vice President reported that staff has been following the impact of the Federal debt ceiling and has been working to determine the impact to the Authority if Congress does not raise the debt limit in time to avoid a federal default. Management's primary concern is the liquidity of treasury investments. Because the investment portfolio is diversified, management has a plan in place to leverage cash and money market investments as necessary. The plan includes the use of any available overnight cash, drawing on any available construction funds held with the trustee currently at approximately \$200 million, and selling available commercial paper funds currently totaling \$170 million.

The Committee also received an overview of the financial performance for the month of April from Lola Oyeyemi, VP, Budget. Revenues were \$487.6 million or 57.9 percent of the budget; operating expenses were \$374.2 million or 54.5 percent of the budget; and capital disbursements were \$214.4 million or 42.8 percent of the budget. She explained the variances for revenues are mainly due to timing of receipts based on the revised budget and that the wholesale customers made their payments in May.

The total cash balance was \$772 million at the end of April. This included the Rate Stabilization Fund (RSF) of \$35.6 million. The interest income on investments to date is \$2.5 million. Delinquent accounts were at \$29.2 million for 12,506 accounts, or 10.0 percent of the total customer accounts. Developer deposits had \$45.0 million in credit balances (liability) and \$11.0 million in debt balances (receivable).

Mr. Giancola reported that Director David Franco inquired about the hiring of additional staff to assist the Permits Office with the Developer deposits refunds. The Committee was advised that consultants have been solicited and proposals are currently being reviewed. Additionally, the list of account holders has been published to DC Water's website and annual statements mailed directly to account holders.

Mr. Giancola reported that the CIP performance update included the accomplishments, planning, procurement, and construction activities for major capital projects. In response

to Mr. Giancola's question regarding the Lead Free (LFDC) Program and the resulting landscaping and drywall restorations, the Committee learned that the Authority has been receiving notifications and has been tracking and responding to residents' concerns and complaints. The Committee was also advised that total CIP disbursements were \$159 million through the second quarter of FY 2023 and that the baseline projection for FY 2023 was developed to better align with the anticipated execution of the planned work. The preliminary year-end forecast is estimated at 90 percent or \$24 million underspending for the capital projects.

Mr. Giancola went on to summarize the Property & Casualty Insurance Renewals update received by the Committee. Formal insurance quotes are due June 9. The Committee was asked to recommend to the Board a not-to-exceed premium amount for operational insurance coverage.

With respect to the Broker RFP, the Committee received detailed information on the background process and current market conditions, which are currently unfavorable to insurance buyers. Inflationary pressures, reinsurance costs, and climate change and industry losses were cited as the major influences on market-driven premium rate increases.

Mr. Giancola reported the Finance and Budget Committee recommended that the full Board authorize management to bind the July 1 insurance renewal coverage at a total amount not to exceed \$5.9 million.

An update with final terms expected to be provided in June.

Mr. Giancola reported on the preliminary FY 2023 year-end projections including variance explanations. Revenues are forecasted to be \$845.5 million or 100.4 percent of the revised budget; operating expenses are \$677.4 million or 98.7 percent of the revised budget; and capital disbursements at \$429.0 million or 85.6 percent of the revised budget. The Committee was provided information regarding the FY 2023 Projected Net Cash Position of \$11.382 million.

The Finance and Budget Committee recommend full Board approval of the addition of \$11.382 million projected net cash position to the ending cash balance for FY 2024.

Ed Markus, Senior Financial Consultant and President, and Shan Lin, Senior Manager from Amawalk Consulting Group, summarized key points regarding Operating Reserves, Renewal & Replacement (R&R) Fund and the RSF. Mr. Brown outlined the status of operating reserves which total 250 Days of Cash - \$274.6 million, and includes the Renewal & Replacement Reserves, 60 Days O&M Reserves, and Undesignated Days of Cash O&M Reserve. Ms. Lin provided recommendations for the Operating Reserves,

which is to increase the minimum Operating Reserve requirement in its financial policies from 250 days to 350 – 400 days. Amawalk’s recommendation is for the R&R Fund is to maintain the \$35 million minimum balance either on an all-cash basis or a hybrid approach that includes both cash and borrowing capacity. Mr. Markus reviewed the RSF policy options in addition to their summary of findings/conclusions.

IV. CEO AND GENERAL MANAGER’S REPORT

DC Water CEO and General Manager David Gadis provided an update on the recent boil water advisory. On Sunday, May 28, 2023, DC Water received numerous phone calls from customers experiencing low or no water pressure. The loss of pressure was due to a 12-inch water main break in Ft Lincoln, Woodbridge, and Langdon area of Ward 5. A boil water alert was issued to approximately 3,400 customers. The boil water alert was lifted on Wednesday May 31, 2023.

Mr. Gadis reported that on May 9th, the Authority launched a Lead-Free Community Activators Workforce Training Program. Twenty trainees have been recruited across the District to develop community outreach skills, by raising awareness about the Lead -Free DC initiative.

V. CONSENT ITEMS JOINT USE

1. Approval to Execute Contract No. DCFA 533-WSA, Potomac River Tunnel Contract B, Tunnel System Construction, EPC Consultants, Inc.-Resolution No. 23-29 (Recommended by Environmental Quality and Operations Committee 05-18-23).
2. Approval to Execute Option Year 4 of Contract No. 19-PR-DWT-15 Centrifuge Dewatering Polymer, Polydyne, Inc-Resolution No. 23-30- (Recommended by Environmental Quality and Operations Committee 05-18-23).
3. Approval of Resolution Authorizing to Transfer of the Projected FY 2023 Net Cash Surplus \$11.382 Million to Ending Cash Balance- Resolution No. 23-31 (Recommended by Finance and Budget Committee 05-25-23).
4. Approval to Award Multiple Contracts to Fund Financial Staff Augmentation Services for Various DC Water Department- Resolution No. 23-32 (Recommended by Finance and Budget Committee 05-25-23).
5. Approval of Funding for Annual Property and Casually Insurance Renewal- Resolution No. 23-33 (Recommended by Finance and Budget Committee 05-25-23).

Upon a motion duly made and seconded, the Board of Directors voted and unanimously approved Resolutions No. 23-29 through 23-33 as presented.

VI. CONSENT ITEMS NON-JOINT USE

1. Approval to Execute Change Order No. 01 of Contract No. 150140, Constitution Avenue Area Water Main Replacement, Sagres Construction Corp.- Resolution No. 23-34 (Recommended by Environmental Quality and Operations Committee 05-18-23).
2. Approval to Transfer \$2,097,891 of FY 2023 MAP Funds to FY2023 RAP Program Budget- Resolution No. 23-35 (Recommended by DC Retail Water and Sewer Rates Committee 05-23-23).

Upon a motion duly made and seconded, the District members of the Board of Directors voted and unanimously approved Resolutions No. 23-34 and 23-35 as presented.

VII. Update on the Lead-Free DC “Community Activators” Initiative

Korey Gray, Vice President, Compliance and Business Development briefed the Board on the Lead-Free Community Activators Program. The program was designed to show more creative ways to connect within the community. Twenty candidates were selected from across the district, 50% female, 50% male. They were trainees and minorities African Americans. Upon completion of the program the candidates will be awarded certificates, and District trainees will be paid a living wage of \$16.10 per hour.

VIII. ADJOURN

There being no further business to come before the Board, Chairman Wells adjourned the meeting at 10:35 a.m.

Michelle Rhodd

Michelle Rhodd
Secretary to the Board of Directors