



**301ST BOARD OF DIRECTORS MEETING
MINUTES OF THE MEETING
October 5, 2023**

(via Microsoft Teams)

DIRECTORS PRESENT

District of Columbia Members

1. Tommy Wells, Chairperson
2. Howard Gibbs, Principal
3. Wendell Felder, Principal
4. Rachna Bhatt, Principal
5. Jed Ross, Alternate

Prince George's County Members

1. Tara Jackson, Principal
2. Jared McCarthy, Alternate
3. Andrea Crooms, Alternate

Montgomery County Members

1. Fariba Kassiri, Principal
2. Steven Shofar, Alternate

Fairfax County Members

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

DC WATER STAFF

1. David L. Gadis, CEO and General Manager
2. Matthew Brown, Chief Financial Officer and EVP, Finance, Procurement and Compliance
3. Wayne Griffin, Chief Administration Officer and EVP
4. Jeffrey Thompson, Chief Operating Officer and EVP

5. Michelle Rhodd, Board Secretary
6. Marc Battle, Chief Legal Officer and EVP, Government and Legal Affairs

The 301st meeting of the District of Columbia Water and Sewer Authority's Board of Directors was called to order by Chairperson Tommy Wells at 9:31 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

Board Chairperson Tommy Wells asked for a motion to approve the minutes of the September 7, 2023, meeting.

Upon a motion duly made and seconded, the Board of Directors approved the minutes of the September 7, 2023, meeting as presented.

II. CHAIRPERSON'S OVERVIEW

Chairperson Wells welcomed Jon Monger, the new Board member filling the principal seat for Montgomery County that was vacated by Adam Ortiz. He also welcomed a new member of the Board Secretary Office team, Sophia Gebrehiwot, who will serve as the Board Operations Specialist.

Mr. Wells went on to add that after the meeting, there will be a signing ceremony to commemorate the new contract for CEO and General Manager David Gadis. After the signing ceremony there will be an Enterprise Risk Management training for the Board.

III. COMMITTEE REPORTS

*Human Resources and Labor Relations Committee Report
Reported by Steven Shofar*

Human Resources and Labor Relations Committee Chairperson Steven Shofar reported on the committee meeting held on September 13, 2023.

Barbara Milton, President AFGE, Local 631, on behalf of the unions, presented information in support of a reclassification of the Authority's Wastewater Treatment Operators. Mr. Shofar went on to report that:

- Authority CEO and General Manager David Gadis introduced Joy Dorsey, the new Chief People Officer and Executive Vice President of People and Talent.

- Mr. Gadis stated that work has begun on an organization-wide compensation study to make sure positions are correctly graded with proper compensation and salaries.
- Rather than making a change just for Wastewater Treatment Operators, Mr. Gadis proposed waiting six months to complete the study so that positions across the organization could be addressed. This will also provide time to ensure the budget is not impacted across the organization.

*Environmental Quality and Operations Committee
Reported by Sarah Motsch*

Environmental Quality and Operations Committee Chairperson Sarah Motsch reported on the committee meeting held on July 21, 2023.

Nicholas Passarelli, VP, Wastewater Operations reported that the Blue Plains Advanced Wastewater Treatment and all parameters were within the National Pollutant Discharge Elimination Standard permit limits. The monthly average flow was 277 million gallons per day in July and 266 million gallons per day in August. Due to the commissioning of the Northeast Boundary Tunnel, 213 million gallons of wet weather flow went to overflow in August. The tunnel was in commission and operational and performed well on the rain event from September 15-17. On-site energy generation for combined heat was 23% of average consumption. 3,252 wet tons of biosolids were sold as bloom, exceeding the annual goal for a total of 63,295 wet tons sold to date.

David Parker Vice President Engineering presented the CIP Quarterly Update. The Non-Process Facility Projects were proceeding with 10 phases of work. A decision was made to replace the existing headquarters sea wall. The work for the Political Debris Dock is being split between building and dock work to attract more bidders.

DC Clean Rivers reached a milestone in September when the Northeast Boundary Tunnel reached completion before the deadline. In addition, the Potomac Panel Advanced Utility Relocation Project was also completed before the Potomac Tunnel contract started. The Blue Plains Wastewater Treatment Plant has over 60 tasks underway, with 9 in design. A project spotlight was shown on the Gravity Thickener Phase II project, which restored ten tanks to service and increased by seven tanks since it started. The Filter Influent Pump Replacement Project completion was delayed because of high vibration levels in the pumps. A solution was implemented on one pump and will be applied to the others after confirmation of performance. The Sanitary and Stormwater Linear Programs, with a focus on Potomac interceptor manhole 31, were advancing well to restore badly corroded pipe segments. Emergency repair work was going well on the East West Outfall Relief Sewer, where a recent inspection found complete deterioration of the central wall. Small-diameter water main replacements were progressing ahead of the projected 3 miles, and 10 miles of water mains were now forecasted for replacement as contractor access to materials was better than projected.

Lead Free DC made progress with the draft DOT MOU that would allow full block closures and 7 am to 7 pm work hours to improve productivity and safety. Four construction packages were issued for construction, and three more were in the procurement process for FY 2024 and FY 2025 projections for the program.

Paul Guttridge Director CIP Infrastructure Management provided an update on the budget performance through the third quarter. Actual spending is expected to be 80% of the baseline. Of the 32 KPIs scheduled for 2023, 15 were completed within the threshold, and five were completed outside of the threshold.

Jason Hughes Vice President, Water Operations and Tamrat Bedane Manager, Linear Asset Management provided an update on the Drone Program at DC Water to improve the inspection of assets cheaply and efficiently and enhance safety for employees. DC Water has 3 FAA Certified Drone Pilots and a team that can apply for necessary permits to fly drones within 15 miles of Ronald Reagan National Airport. The team expanded the program to include promotional videos, a disastrous assessment for Homeland Security Emergency Management Agency (HSEMA), and a flight to gather condition assessments for sedimentation tanks. Drones can render digital twin 3D models of facilities that can be used within the ESRI GIS systems.

Mr. Wells emphasized that the Northeast Boundary Tunnel was the largest capital project in the history of DC since the city was first built. The Northeast Boundary Tunnel will fix a legacy problem inherited from the federal government of a combined sewer system that is undersized. This will help fix the overflow problem. It started as a \$2.7 billion project but is just over \$3 billion by the ratepayers of the region. The tunnel helps clean up the river and helps mitigate flooding, so it is more resilient against climate change.

Mr. Wells asked what the impact would be on sewage, trash, and overflows for the Anacostia Rivers. Mr. Gadis stated that the impact is creating a river that is fishable and swimmable. Mr. Wells stated that DC had one of the ten most impaired urban rivers in the United States, but by 2025, people could fish and swim in the river.

On Tuesday, Pepco, one of the major contributors to the pollution in the river, agreed to one of the largest settlements in history to clean up the river for \$57 million and take responsibility for locations in contact with the river.

*DC Retail Water and Sewer Rates Committee
Reported by Rachna Butani-Bhatt*

DC Retail Water and Sewer Rates Committee Chairperson Rachna Butani-Bhatt reported on the meeting that was held on September 26, 2023. Matthew Brown Chief Financial Officer and EVP, Finance, Procurement and Compliance gave the Financial Report and Monthly Report. He mentioned that revenues were in line with earlier projections for the

year. Mr. Brown highlighted areas of variances against budget. He reported that 90-day delinquencies had stabilized following the COVID emergency, and the current delinquency balance stands at \$27.7 million, which is lower than in previous periods.

The Rate Stabilization Fund (RSF) was also reviewed. The policy prioritizes flexibility and takes into account the Committee's feedback. Its objectives are to reduce long-term customer rate growth, maintain a 5% balance in annual retail revenues, and accept transfers allocated in the budget or from RSF-funded project savings. The Trust Indenture established RSF without specific requirements, and the existing policy, which has been in place since 2010, requires a 10-year planned use in the financial plan. Amawalk, an independent consulting firm, reviewed the RSF in 2023 and recommended a 5% retail revenue balance, prioritizing emergencies, cost-cutting technologies, and debt reduction. The name RSF remains unchanged.

Mr. Brown presented the Revised Financial Policies, which are currently under consideration for recommendation to the Finance & Budget Committee. He emphasized the critical role of liquidity in ensuring resilience and the ability to handle revenue shortfalls effectively. The existing Board policy maintains 250 days of cash on hand, equivalent to approximately \$275 million. This level of liquidity has been recognized and acknowledged by credit rating agencies. Amawalk recommended increasing the Authority's days of cash to between 350-400 days. This aligns DC Water with highly rated peers and helps safeguard its strong credit ratings for future borrowing. The increase in cash days could be achieved gradually, in increments of 25 days over several years. Alternatively, it could be accomplished through the allocation of year-end surpluses. Management recommended maintaining a minimum of 250 days of cash on hand. The overarching goal is to reach 350 days by FY2032. This objective can be achieved primarily by prioritizing the building of cash reserves.

Mr. Brown gave the Potomac River Tunnel contract update. The Environmental Quality & Operations Committee recommended advancing the Potomac River Tunnel contract for Board approval. Additionally, the Retail Water and Sewer Rates and the Finance and Budget Committees received updates about the contract due to its retail rates, financial plan, and budget impacts. The contract will be presented to the Board at its October meeting for approval. The contract recommendation is to award the amount of \$819.655 million, requiring an additional \$215 million in budget. Mr. Brown explained that an increase in CRIAC would be required to fund the projects.

Meisha Thomas, Director of Customer Care, presented an update on the DC Water Cares Program. Ms. Thomas requested Committee approval for the Notice of Emergency and Proposed Rulemaking to Extend the Residential Assistance Program (RAP) into 2024 until the remaining funds are expended. Ms. Thomas explained that although customer participation in the Municipal Assistance Program (MAP) had been slow, the funding for it was exhausted, and the administrative workload outweighed program participation. By May 2023, RAP funds were exhausted, and the Board approved transferring \$2.1 million

from MAP to RAP in June 2023. Administrative costs for RAP, MAP, and CAP were lower than expected. As of August 2023, RAP had a balance of \$1.1 million, and MAP had approximately \$200,000. A projected unexpended balance of \$920,000 for FY2023 is anticipated, with a total funding transfer of \$1.07 million from CAP, RAP, and MAP to FY2024 RAP. Management is requested that the Committee recommend that the Board extend RAP into 2024 until funds are exhausted. Additionally, management proposes publishing a Notice of Emergency and Proposed Rulemaking to ensure the continuity of customer benefits.

*Finance and Budget Committee Report
Reported by Matthew Brown*

Mr. Brown reported on the committee meeting held on September 28. The August Financial Report was presented. Year-to-date operating revenues were \$801.2 million or 95 percent of the budget. Operating expenses were \$575.6 million or 83.9 percent of the budget. Capital disbursements were \$378.5 million or 75.5 percent of the budget ending August 30, 2023. Mr. Brown directed board members to the Financial Report for details on revenues and expenditures. The cash balance was \$735 million, including the Rate Stabilization Funds, Operating Reserves, and additional reserve accounts. The third quarter CIP report was also presented.

Tanya DeLeon, Manager Risk presented the benefits of the ROCIP program and recommended purchasing insurance in an amount not to exceed \$36 million. Initial reports were received, terms were reviewed and evaluated, and if approved today, the results will be presented at the next Finance and Budget Committee meeting. ROCIP VI included workers' comp, general liability, excess liability, master builder's risk, and master contractor's liability, and the Potomac River Tunnel separately included worker's comp, general liability, and excess liability. The Potomac River Tunnel Update was expected to result in \$215 million of transfer to award the contract. Rate impact and CRIAC impact were reviewed with the note that CRIAC would be the primary funding method. Rollover of MAP and RAP funds was also presented so that the RAP can be extended for 2024. The Revised Financial Policies were presented and will be presented for approval today to increase reserves from 250 days of cash to 350-400 days of cash. Management recommended setting a goal of 2032 to reach 350 days of cash on hand.

Matt Reiss, Vice President Strategy and Performance, presented the ESG Governance Report. He stated that the structure of governance needs to evolve. The Steering Committee recommended a working group to continue updating governance. Mr. Giancola had previously requested updates on ESG work, which they will do. The five action items discussed in the meeting were the RAP funds, Revised Financial Policies, ROCIP VI and PRT, and an update to the debit card processing services and Oracle services.

IV. CEO AND GENERAL MANAGER'S REPORT

CEO and General Manager David Gadis introduced Joy Dorsey, the Authority's new Chief People Officer and EVP.

Next, he updated the Board on the Northeast Tunnel's recent performance during tropical storm Ophelia. More than three inches of rain fell in Washington during the storm and the newly commissioned Northeast Boundary Tunnel worked as designed and took on more than 137 million gallons of stormwater and sewage to Blue Plains for treatment. There were no sewer overflows to the Anacostia River or reports of flooding from the event. Mr. Gadis thanked those involved in the project. The Northeast Boundary Tunnel and the Anacostia River Tunnel will be the foundation of the long-term strategy of mitigating flooding across the district while improving waterways.

Mr. Gadis went on to report that during the week of September 18, DC Water hosted the 2023 CEO Water and Wastewater Forum at the headquarters building. The Forum was a success, and featured informative presentations, engaging roundtables, and candid discussions about the challenges faced by the attendees.

Mr. Gadis recognized Team Blue Wave members who represented the Authority at the recent Water Environment Federation's 96th Annual Technical Exhibition and Conference (WEFTEC). He reported that Team Blue Wave, the Authority's Operations Challenge team, had a fantastic showing at WEFTEC. The team won the Collections Event competition for Division III.

On September 28, Mr. Gadis attended a press conference with the Washington DC Mayor to celebrate the success of the DC Community Anchor Partnership (DCCAP). DC Water was one of 13 anchor members of DCCAP. Mr. Gadis reviewed the program's impact on equity across the District. DC Water was recognized as a strong supporter of DCCAP initiatives, and in August 2023, DCCAP honored DC Water as Outstanding Advocate for Minority Business Enterprises.

Mr. Gadis went on to report that in FY 2022 \$229 million, 40% of DC Water contractors and subcontractors, was awarded certified firms. Of that money, \$105 million was awarded to district-based, certified DBEs and WBEs. The Authority has increased the number of certified firms getting work with DC Water. Also, during FY 2022, 50 district-certified firms earned the contract opportunity, including six certified prime contracts.

V. CONSENT ITEMS (JOINT USE)

1. Approval of Performance Evaluation, Salary Increase and Bonus for the CEO and General Manager – Resolution 23-53 (Recommended by the Executive Committee of the Board)

2. Approval to Execute Contract No. 200100, Potomac River Tunnel Contract B – Tunnel System Construction, CBNA-Halmar Clean Rivers Joint Venture - Resolution No. 23-54 (Recommended by the Environmental Quality and Operations Committee 09-21-23)
3. Approval to Award Contract No. 10403, Small Construction Services, Eastern Contractors Corporation – Resolution No. 23-55 (Recommended by the Environmental Quality and Operations Committee 09-21-23)
4. Approval to Add Funding to Option Year Two of Contract No. 10079, Ferric Chloride, Carter & Carter Enterprises Inc. – Resolution No. 23-56 (Recommended by the Environmental Quality and Operations Committee 09-21-23)
5. Approval to Award Contract No. 10396, Protective Services, Universal Protection Services – Resolution No. 23-57 (Recommended by the Environmental Quality and Operations Committee 09-21-23)
6. Approval of Revised Statement of Financial Policies – Resolution No. 23-58 (Recommended by the DC Retail Water and Sewer Rates Committee 09-26-23 and the Finance and Budget Committee 09-28-23)
7. Approval to Award Contract No. 10406, Managed Care Services – Oracle Cloud ERP, Application Software Technology (AST) – Resolution No. 23-59 (Recommended by the Finance and Budget Committee 09-28-23)
8. Approval to Fund ROCIP VI and OCIP (Potomac River Tunnel (PRT), Insurance Premiums, Aon Risk Solutions, Inc., of Washington, DC – Resolution No. 23-60 (Recommended by the Finance and Budget Committee 09-28-23)
9. Approval of the Adoption of the Revised Rate Stabilization Fund (RSF) Policy – Resolution No. 23-61 (Recommended by the DC Retail Water and Sewer Rates Committee 09-26-23 and the Finance and Budget Committee 09-28-23)

Upon a motion duly made and seconded, the Board of Directors voted and unanimously approved the resolutions as presented.

VI. CONSENT ITEMS (NON-JOINT USE)

1. Approval to Add Funding to Option Year Three and Exercise Option Year Four of Contract No. 19-PR-DWS-29, Utility Locating and Marking Services, Dynamic Concepts, Inc. (DCI) – Resolution No. 23-62 (Recommended by the Environmental Quality and Operations Committee 09-21-23)
2. Approval of Amendment to Contract No. 230030, Lead-Free DC (LFDC) Lead Service Line Replacement (LSLR) Program FY23 – FY26 Block by Block

Construction, Multiple Prime Qualified Vendors – Resolution No. 23-63
(Recommended by the Environmental Quality and Operations Committee 09-21-23)

3. Approval to Execute Supplemental Agreement No. 01 of Contract No. DCFA #455-WSA, Basic Ordering Agreement, Johnson, Mirmiran & Thompson, Inc. – Resolution No. 23-64 (Recommended by the Environmental Quality and Operations Committee 09-21-23)
4. Approval to Execute Option Year Four of Contract No. 18-PR-CFO-55 and Extend Contract to September 30, 2024, Merchant Credit/Debit Card Processing Services, First Data Merchant Services, LLC – Resolution No. 23-65 (Recommended by the Finance and Budget Committee 09-28-23)
5. Approval to Rollover ~\$924,942 from FY 2023 RAP and MAP Remaining Balance to the FY 2024 RAP Program Budget; Rollover ~\$148,422 from FY 2023 RAP, MAP and CAP Programs Administrative Fund Remaining Balance to the FY 2024 RAP Program Budget; and Rollover \$20,000 from FY 2023 RAP, MAP and CAP Programs Administrative Fund Remaining Balance to FY 2024 Administrative Fund Budget for the RAP and CAP Programs – Resolution No. 23-66 (Recommended by the DC Retail Water and Sewer Rates Committee 09-26-23)
6. Approval to Publish Notice of Emergency and Proposed Rulemaking to Extend the DC Water Cares Emergency Relief Program for Low-Income Customers (Residential Assistance Program "RAP") for Fiscal Year 2024 – Resolution No. 23-67 (Recommended by the DC Retail Water and Sewer Rates Committee 09-26-23)

Upon a motion duly made and seconded, the Board of Directors voted and unanimously approved the resolutions as presented.

VII. SAFETY DIFFERENTLY PRESENTATION

Wayne Griffith, Chief Administration Officer and EVP, and David Gill, Safety Director, reviewed a Doing Safety Differently presentation for the Board.

Mr. Gill informed the Board that key performance indicators (KPIs) were developed across the organization in relation to safety. DC Water is continually improving with its incident rate. Mr. Gill went on to explain the Occupational Safety Health Administration's (OSHA) definition of an incident.

Mr. Gill explained that traditionally safety training programs focused on employees as the problem based on their behavior; he noted that such frameworks don't encourage employees to participate in safety programs. Under the Safety Differently approach employees are seen as the number one asset. The model seeks to increase trust

between the organization and its employees so that employees are comfortable speaking up.

At the Leadership Retreat in May, the Five Principles of Human and Operational Performance were presented. The Five Principles included the concepts that (1) people make mistakes, (2) blame fixes nothing, (3) learning and improving is vital, (4) context drives behavior, and (5) how leaders respond to matters. More effective controls need to be managed in order to prevent incidents. Discussions like these will help DC transfer accountability into adoption and action moving forward.

Mr. Gill presented a scenario comparing belt instructions to what work actually looks like in the field. He noted that the work needed to fix the belts was complicated and potentially dangerous. With the help of staff, a Job Safety Analysis was created to control risk. In the process, the Safety team developed a prototype platform, with the help of employees, that made the belt work safer. This was one example of how the Safety team worked with staff to make the workplace safer and more efficient.

Mr. Gill stated he and his team were preparing an upgrade to the Safety Risk System. Data control and data management were being compiled to assess risks across the entire organization. This upgrade will provide a repository for the documents across multiple departments, all with a mobile presence. Some documentation that will be included was lock-out tag-out, confined space information, excavation checklists, job safety analyses, safety data sheets, safety training, and safety meetings.

Rachna Bhatt asked about the establishment of trust and how it was done. Mr. Gill responded that building trust required an organizational shift away from the previous safety mentality of focusing on when things go wrong to a posture of engaging staff and discussing how to do things better. This change in approach has resulted in employees reaching out to the Safety team to report potential issues. Board member Howard Gibbs voiced his support for the new approach.

Board member Jed Ross asked how management planned to implement the change and if it would be systematically implemented on a department-by-department basis. Mr. Gill stated that since it was new, management was using the new approach on a case-by-case basis. The rollout is slow to create the best buy-in from employees. Mr. Ross suggested that management reach out to the workers' union to identify issues and assess where there is the most risk from a workers' compensation prospective.

Board member Sarah Motsch asked if the Safety team had set goals for these initiatives. Mr. Gill stated there were goals in making sure that all the employees had completed their mandatory safety trainings, aligning risk assessments with SOPs, adding KPIs such as every department doing two risk assessments every month, and benchmarking on lagging indicators at DC Water.

Mr. Griffith stated the Safety team is outperforming the industry. He thanked Mr. Gill for leading the team in the right direction and establishing trust to improve safety overall.

Following the Safety presentation, Mr. Wells reviewed the list of upcoming meetings. These include:

- Environmental Quality and Operations Committee – October 19 at 9:30 am
- DC Retail Water and Sewer Rates Committee – October 24 at 9:30 am
- Audit and Risk Committee - October 26 at 9:30
- Finance and Budget Committee – October 26 at 11:00

VIII. ADJOURN

There being no further business to come before the Board, Chairman Wells adjourned the meeting at 10:42 a.m.

Michelle Rhodd

Michelle Rhodd

Secretary to the Board of Directors