



**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**  
**294<sup>th</sup> MEETING OF THE BOARD OF DIRECTORS**  
**Thursday, February 2, 2023**  
**9:30 am**

This Board Meeting can also be viewed via livestream: <https://dcwater.com/watch-board-meetings>

- I. **Call to Order (Chairman Tommy Wells)**
- II. **Roll Call (Debra L. Mathis, Acting Board Secretary)**
- III. **Approval of the January 5, 2023 Meeting Minutes**
- IV. **Chairman's Overview**
- V. **Committee Reports**
  1. Governance Committee (**Christopher Herrington**)
  2. Human Resources and Labor Relations Committee (**Adriana Hochberg**)
  3. Environmental Quality and Operations Committee (**Sarah Motsch**)
  4. DC Retail Water and Sewer Rates Committee (**Rachna Butani Bhatt**)
  5. Joint Meeting of the DC Retail Water and Sewer Rates and Finance & Budget Committees (**Rachna Butani Bhatt**)
  6. Finance and Budget Committee (**Anthony Giancola**)
  7. Emergency Meeting of the Board (**Chairman Tommy Wells**)
  8. Audit and Risk Committee (**Floyd Holt**)
- VI. **Issues of General Interest**
- VII. **CEO and General Manager's Report (David L. Gadis)**
- VIII. **Contract Summary (FYI)**
- IX. **Consent Items (Joint Use)**
  1. Approval to Extend Option Year 9 for Protective Services, Contract No. WAS-12-63-AA-RA, **Allied Universal Security Services**, Resolution No. 23-04 (Recommended by the Environmental Quality and Operations Committee 01-19-23)
  2. Approval to Execute Funding for the Required Mitigation for Potomac River Tunnel Use of NPS Lands, **National Park Service**, Resolution 23-05 (Recommended by the Environmental Quality and Operations Committee 01-19-23)

**X. Consent Items (Non-Joint Use)**

1. Approval to Execute Small Diameter Water Main Replacement-16A, Contract No. 200030, **Capitol Paving of D.C., Inc**, Resolution No. 23-06 (Recommended by the Environmental Quality and Operations Committee 01-19-23)
2. Approval of Task Order-Based Lead-Free DC (LFDC) Lead Service Line Replacement, Contract No. 230030, (**See Attached List of Eight Qualified Contractor Participants**), Resolution No. 23-07 (Recommended by the Environmental Quality and Operations Committee 01-19-23)
3. Approval of Additional Funding for Merchant Credit/Debit Card Processing Services, Contract No. 18-PR-CFO-55, **First Data Merchant Services, LLC**, Resolution No. 23-08 (Recommended by the Finance and Budget Committee 01-24-23)

**XI. Executive Session\***

**XII. Adjournment (Chairman Tommy Wells)**

**Upcoming Committee Meetings | via Microsoft Teams**

- February 16<sup>th</sup> @ 9:30 a.m. Environmental Quality and Operations Committee
- February 23<sup>rd</sup> @ 11:00 a.m. Finance and Budget Committee
- February 28<sup>th</sup> @ 9:30 a.m. DC Retail Water and Sewer Rates Committee

<sup>1</sup>The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss certain matters, including but not limited to: matters prohibited from public disclosure pursuant to a court order or law under DC Official Code § 2-575(b)(1); terms for negotiating a contract, including an employment contract, under DC Official Code § 2-575(b)(2); obtain legal advice and preserve attorney-client privilege or settlement terms under DC Official Code § 2-575(b)(4)(A); collective bargaining negotiations under DC Official Code § 2-575(b)(5); facility security matters under DC Official Code § 2-575(b)(8); disciplinary matters under DC Official Code § 2-575(b)(9); personnel matters under DC Official Code § 2-575(b)(10); third-party proprietary matters under DC Official Code § 2-575(b)(11); train and develop Board members and staff under DC Official Codes § 2-575(b)(12); adjudication action under DC Official Code § 2-575(b)(13); civil or criminal matters or violations of laws or regulations where disclosure to the public may harm the investigation under DC Official Code § 2-575(b)(14); and other matters provided under the Act.



**DISTRICT OF COLUMBIA  
WATER AND SEWER AUTHORITY**

**Board of Directors**

**Governance Committee**

Wednesday, January 11, 2023  
via Microsoft Teams

9:00 a.m.

**MEETING MINUTES**

**Committee Members**

Christopher Herrington, Chairperson  
Rachna Bhatt  
Fariba Kassiri  
Wendell Felder

**DC Water Staff**

David L. Gadis, CEO/General Manager  
Marc Battle, CLO and EVP, Government & Legal  
Affairs  
Matthew Brown, CFO & EVP, Finance and  
Procurement  
Korey Gray, VP Contract Compliance and  
Business Development  
Dan Bae, VP, Procurement  
Alfonzo Kilgore-Stukes, Acting Secretary to the  
Board

**Call to Order**

Chairperson Christopher Herrington called the meeting to order at 9:00 a.m. The meeting was held via Microsoft Teams.

**Agenda Item #3 – Revenue Sharing Request**

Matthew Brown, Chief Financial Officer & Executive Vice President of finance and Procurement presented Agenda Item #3.

**Background**

Mr. Brown reported that WSSC asked to share in revenues from Blue Drop, Bloom, facility rentals, salvage vehicle revenue and cell sites on MJUF (Multi-Jurisdictional Use Facilities). There are also upcoming DC Water projects which include solar installations and renewable natural gas, which will generate new revenue for DC Water and decisions that are being made now will impact that future revenue allocation. Further, the jurisdictions, including WSSC, do not contribute to the cost of Blue Drop and they do not participate in the cost of marketing Bloom, but all jurisdictions participate in the savings from Bloom.

At Blue Plains, biosolids are hauled by both WSSC and DC Water. Each haul a portion of the biosolids and the costs incurred are shared by all the user jurisdictions, including the District, which is done at a year-end settlement. DC Water uses Blue Drop to manage the sale of biosolids

and because of the work of Blue Drop, there have been significant savings achieved over the years. Last year, the marketing costs of Bloom was \$22/ton versus land application, which was \$40/ton. The WSSC costs exceed that. Even with those savings, WSSC and the jurisdictions do not participate in the costs incurred for Blue Drop to do their work, which is key the discussion. Similarly, building rentals, such as at HQO, which is a multi-jurisdictional use facility where all the jurisdictions contributed to the cost, but the Blue Drop marketing costs for rental, are not shared by the jurisdictions, just the District. WSSC has asked COG (Council of Government) to intervene and prepared a memo titled "IMA Treatment of Certain Blue Plains Projects" and WSSC continues to pursue the revenues.

### WSSC Position

Mr. Brown discussed the current position of WSSC. WSSC has asserted that revenue derived from the processing of wastewater and biosolids processes, which is the sale of the Bloom product, must benefit all IMA (Intermunicipal Agreement) parties as an offset of the annual O&M (Operations and Maintenance) costs, which is the annual reconciliation. Further, WSSC also asserts the provisions of the IMA do not allow for escrow funds. This is what DC Water has done to benefit all users to make expenditures like field pads and other expenditures to help reduce the costs of dealing with biosolids. Further, WSSC's position is that because all O&M expenses are settled annually, the revenue derived from the wastewater and biosolids processes, the Bloom product, should be settled annually as an offset to the annual O&M bill.

Finally, WSSC has some concerns about Blue Drop, that it is not a party to the IMA or within the scope of the O&M audit performed by WSSC's Inspector General's office. WSSC Inspector General's office also stated there was no formal way to account for the specific activity costs related to the revenues and that the specific functions of Blue Drop must be explicitly covered in the operating agreements.

### Next Steps

DC Water will continue to participate in the COG process, including the Finance Work Group.

### Responses to Committee Member Questions:

1. In response to Committee Member Bhatt's questions regarding the effect of Ms. Powell as the WSSC General Manager and to clarify the point of WSSC's issue - Mr. Brown noted that Ms. Powell does have a perspective and she was on the Bloom and REC Revenue (BARR) Committee with him. The BARR Committee meets monthly to review revenues from Bloom and renewable energy credit (REC) sales and the purchase of materials to benefit all users, such as the field pad proposal. Mr. Brown noted that he will reach out to have a conversation with Ms. Powell.
2. In further response to Committee Member Bhatt - Marc Battle, Chief Legal Officer, and Executive Vice President explained that Ms. Powell will likely be recused because she participated on behalf of DC Water and does not expect we will be discussing this issue with her. Ultimately, it will be a decision she will make in consultation with her WSSC legal counsel.
3. In further response to Committee Member Bhatt - Mr. Brown explained, each year through the "annual true-up", the WSSC auditors review all expenses with Mr. Brown's staff, and they deny participation in some expenses such as legal cases, Blue Drop costs as they choose not to participate in those costs. Year-after-year, WSSC has denied participation in Blue Drop

costs, which includes the marketing costs for Bloom. WSSC also acts on behalf of other IMA members, and any costs that WSSC identifies not to participate in, also applies to the other IMA members. As a result, the District of Columbia retail customers pay all those costs. Their position is they should share in a portion of the revenues for Bloom, facility rental for HQO, salvage vehicle, and cell towers and it should be trued-up on an annual basis. Mr. Brown summarized that there are two issues: one being the Blue Drop costs that WSSC has not shared, and the revenue allocations under the IMA.

4. In response to Committee Member Kassari's question that the issue is that certain revenue was not included in the IMA - Mr. Brown agreed that the disagreement is about what revenues have been agreed to in the IMA.
5. In response to Committee Member Kassari's question whether revenue is defined in the IMA - Mr. Brown explained that is what the disagreement is, and those are the issues they want to explore in the Finance Working Group through the COG, evaluate the IMA and have a conversation about what revenues are addressed in the IMA.
6. In response to Chairperson Herrington's question whether the COG process is a consensus-based process where all parties, including DC ratepayers, are able to be fully represented to talk through the issues - Mr. Brown agreed, and explained that DC Water is the regional wastewater utility provider and wants to participate in a neutral manner. The IMA charges DC Water to act in the best interest of all Users, but it's also imperative to have a conversation in a forum where DC rate payers are represented and included in the conversation through the Finance Working Group.
7. In response to Chairperson Herrington's question regarding the use of the IMA Dispute Resolution process if the collaborative process through COG is unsuccessful - Aklile Tesfaye, Vice President of Wastewater Operations explained there are formal and informal dispute resolution provisions in the IMA. If there's no consensus among the Regional Committee members, the formal dispute resolution procedures allows the Regional Committee to escalate the issue to the Leadership Committee for resolution. The informal dispute resolution procedures involves arbitration. However, this issue has not been elevated through either resolution procedure, because the Regional Committee members believe it can resolve the matter within the framework of the Regional Committee. DC Water recommended and all parties have agreed to let the ad hoc Finance Committee convene and look at the definition of revenue and how the IMA prescribes the use of revenue and possibly provide a framework on how this can be resolved.

Chairperson Herrington thanked the staff for the briefing and agreed that this was the most appropriate course of action and requested the Committee to be kept informed as milestones or decision points are reached. It is important for the Board to support the collaborative process, as intervention by the Board may not be ripe at this time.

#### **Agenda Item #4 – FY 2022 Certified Business Utilization Annual Report**

Korey Gray, Vice President of Contract Compliance and Business Development presented Agenda Item #4.

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Mr. Gray outlined the structure of the report, including a review of certain commonly used acronyms and definitions such as certified business and certified firms, which are the collective use of disadvantage businesses, women business enterprises certified business enterprises and local small business enterprises. He noted that he will discuss the way we monitor and manage our programs, and examine the various procurement types between construction, A&E and goods and services.

## Our Programs

Mr. Gray explained that for every project over one million dollars that is subject to DC Water's Business Development Plan, DC Water sets project specific goals for disadvantaged businesses and women business enterprises. DC Water's program is race neutral and we don't have a minority business program, but we recognize firms that are socially and economically disadvantage firms and are certified as such. DC Water does not certify our own firms, but we recognize the certifications of others. Predominantly in our area is the Maryland Department of Transportation's Disadvantage Business Enterprise Certification, the District's Department of Transportation's DBE Program, and the District of Columbia's Department of Small and Local Businesses Program for certified business enterprises and organizations such as the Small Business Administration.

DC Water sets project specific goals for disadvantaged business enterprises and women business enterprises and requires the prime contractor to demonstrate good faith efforts to work with those community to achieve those goals. Post contract award, there is the monitoring effort to ensure certified firms are in fact being used and paid for the work we are expecting them to have.

## Good Faith Efforts

Mr. Gray's team educates DC Water staff and contractors about what good faith efforts means. True good faith effort is not just about outreach, but winning the hearts and minds of the certified business community so they want to do work with DC Water or with DC Water's contractors. Good faith efforts is a term of art that finds its basis in the code of federal regulations dealing with the mandatory activities imposed on DC Water and all tiered contractors in terms of their engagement with the certified business community.

It starts with Outreach, first making sure the certified community is aware of opportunities. Engagement, to win the hearts and minds of certified business community that involves everything from making sure the solicitation is written in a way that doesn't exclude participation and helps support capacity. Results, once goals are set, looking to see how close the project came to that goal. DC Water has Diversity, Equity and Inclusion (DEI) initiatives, ensuring certified firms are Primes and more firms are involved in the work. The Results are also part of the calculation to determine if good faith efforts were achieved. Mr. Gray emphasized that it's not just Outreach, but all three components working together to determine whether good faith efforts were done.

Mr. Gray shared an example, Lead-Free DC, an initiative Mr. Gadis started a year ago for removing all lead pipes in the District. DC Water initially set an aggressive goal of 25% DBE and 10% WBE for the project. The winning Prime proposed to exceed that goal with 30% DBE and 10% WBE, but because of the continuation of good faith efforts, we are doing better than originally projected with certified business utilization at 29% DBE and 18% WBE. The point is, good faith

efforts does not stop at the contract award, its continuous engagement, always looking at opportunities to ensure that if there's more work that can be done that certified firms can participate in, that its everyone working together to make sure the spirit of the program is in fact met and exceeded.

### DC Water Compliance Process

Mr. Gray outlined DC Water's compliance process, which starts with setting goals, reviewing scopes of work with partners in Procurement and end user departments in Engineering to ensure the solicitation is written in a way that includes certified businesses as it goes through the award phase, and post award phase where we monitor to ensure that certified are getting paid for the work.

### Performance Results

Mr. Gray reported that for participation in FY 22, of the \$468.5 Million of total awards, 44% or approximately \$210.3 Million went to certified businesses. This includes new awards, change orders, and supplement agreements. This data is from the awards approved by the Board, the subcontractor approval requests, and invoices.

### Responses to Questions by the Committee Members:

1. In response to Committee Member Bhatt's question why CBE is tracked for green infrastructure awards and not tracked for construction awards – Mr. Gray explained that CBE as a designation is unique to green infrastructure. However, for other projects the local/small CBE is considered a DBE and their participation is counted towards the DBE goal.
2. In response to Committee Member Bhatt's question whether DC Water can track the CBE part of the DBE - Mr. Gray confirmed CBE is tracked, but it's not included in this report and he will provide that information. However, it's only the local small businesses, not all CBEs.
3. In response to Committee Member Bhatt's concern that CBE firms in Maryland maintain their status even after they have become large businesses, e.g., over \$1 Million - Mr. Gray explained that issue is not just limited to CBE's with MDOT, as even SBA and other certifying bodies have either grandfathered in or allowed a waiver or process to allow some larger companies to come in. Though not a complete solution, the process of outreach and engagement that DC Water has targets certain firms, not necessarily the very big firms. The answer could be DC Water starting a certification program, but it has its challenges.

Mr. Gray summarized the data for FY 2022:

- Goods and Services: 41 awards for \$107.7 Million, with DBE participation at 43.5% (\$46.6 Million) and WBE participation at 14% (\$15.2 Million).
- Green Infrastructure: 2 awards for \$16.2 million, with CBE participation at 93.8% (\$15.2 Million).
- A/E: 17 awards for \$176.9 Million, with DBE participation at 30.3% (\$53.6 Million) and WBE participation at 8.8% (\$15 Million).
- Construction: 15 awards for \$167.5 Million, with DBE participation at 32% (\$53.5 Million) and WBE participation at 6.3% (\$10.4 Million).

Mr. Gray highlighted WBE participation that continued to be the focal point of the program and the team is working to ensure that WBEs receive meaningful work. Mr. Gray heard from the community that the original 4% WBE goal for A/E was too low, the goals did not allow a firm to make money, and it cost more to staff a project at a 4% goal. Consequently, DC Water has been working to improve and increase the WBE participation goals. Lastly, DC Water is focused on increasing opportunities for all firms interested in doing work. Firms had reported that they believed DC Water was a closed environment, if they were part of a team they were in, and if not, they were out, making it hard for new businesses to get in. The challenge was getting firms to believe in what DC Water is about, which is Engagement. Mr. Gray thanked Procurement and end user departments, Engineering in particular, for helping to break down the silos and break up large pieces of work so more firms that are interested in getting work and being part of DC Water were able to do that, which is reflected in the numbers going forward.

#### FY 22 Procurement Results – Discretionary Awards Goods and Services

Mr. Gray reported they have 43% DBE participation and 14% WBE participation. Mr. Gray noted in particular there were 21 DBE Primes certified, which is almost half of the work awarded, which is a result of what Dan Bae, VP Procurement and the end user departments have helped to achieve by packaging solicitations so certified firms can participate.

Mr. Gray noted the trajectory of certified business utilization is moving up, increasing in numbers in FY 21 and FY 22.

#### A/E Projects

Mr. Gray summarized the data for A/E projects - There were 17 awards totaling \$176.94 Million. He noted goals were set for DBEs and WBEs separately. DBE goals ranged from 35% to 16.5%. There were 82 DBEs working on 17 A/E projects. The WBE goals ranged from 16.5% to 4%. There were 37 WBEs working on 17 A/E projects. DC Water is on track to meet both the DBE and WBE utilization goals.

Mr. Gray noted the previous goals for A/E were 28% DBE and 4% WBE. Thus far this year, we are trending at 30% DBE, 2% more than the goal, and WBE is double at 8% to intentionally ensure that DBEs and WBEs are getting meaningful work.

#### Construction Projects

Mr. Gray summarized the data for Construction projects - There were 15 projects for construction totaling \$167.56 Million. DBE goals ranged from 42% to 22%. There were 43 DBEs working on these projects. WBE goals range from 10.3% to 1%. There were 27 WBEs working on construction projects. DC Water is on track to meet both the DBE and WBE utilization goals.

Mr. Gray noted the standard goals for construction were 32% DBE and 6% WBE and meeting the goals for both DBE and WBE. Thus far this year we are trending at 32% average for DBE and WBE slightly higher at 6.3%. Both meeting the goal, but the spirit of the goal is to bring on as many firms as possible.

#### Performance Results – Demographic Analysis

Mr. Gray noted that the program's demographic data may address Committee Member Bhatt's earlier question: where is the money and awards going, and are we ensuring that local businesses



are in fact getting work with DC Water? The program is national. If the firm is a DBE anywhere, they can participate in our program. We do not have a locality requirement. However, the outreach and engagement that we do is centered around our user jurisdictions. DC, Montgomery and Prince Georges County, Fairfax and Loudon Counties are the area where we concentrate our efforts to make sure local business are participating and getting work with DC Water.

Mr. Gray reported 74% of awards went to firms in user jurisdictions and 26% went to firms outside of our jurisdiction, but predominantly in Maryland. Of the awards in our user jurisdictions: 82 firms (\$174.1 Million) were DC based businesses. These are not all CBEs, but some are large District based firms. Of the CBEs within the user jurisdictions: Fairfax County was second with 39 firms at \$108.73 Million; Prince Gorges County with 46 firms at \$47.46 Million; and Montgomery County with 25 firms at \$16.63 Million; and Loudon County with 3 firms at \$1.57 Million. There were 113 firms from outside of our user jurisdictions with \$119.94 Million of awards.

In response to Committee Member Bhatt's question whether we have a breakdown of the data by firm in the District; would we find that one District firm received \$100 Million and the remaining 81 firms received \$74 Million; and can you provide what the top 5 or 10 contractors get for each jurisdiction? - Mr. Gray confirmed that that information is tracked and that analysis will be provided to the Committee. Anecdotally, the spread is better. The concern was whether DC Water was meeting goals because one or two firms were getting all the work. Mr. Gray noted we have been pushing changes in the program to ensure broader distribution to the certified business community. Mr. Gray committed to providing that information to the Committee, at least for a couple of years so the Committee can see the direction of the program.

In response to Committee Member Felder's question regarding how is DC Water working with DSLBD/MBE firms to properly market the opportunities that exist within DC Water? – Mr. Gray noted that this focuses on good faith efforts and what outreach and engagement means for us. One thing DC Water has is a network of strategic partners, which includes the Department of Small Local Businesses Development, which we speak with Director Whitfield frequently, and other organizations, such as the DC Anchor Partnership and a few others where DC Water is engaged with them in a number of ways: roadshows, weekly opportunity alerts. Also, we engage with them in our capacity building efforts helping us to prepare the District based firms for the opportunities DC Water has. Further, we provide a projection and forecast of opportunities to prepare firms for opportunities coming in the future. It is a full all on process, not just for outreach but also capacity building and monitoring of efforts as we go forward.

#### FY 22 Awards Participation by Ethnicity

Mr. Gray reiterated that DC Water's program is not race based, but questions are asked about how the money is spent across the different ethnicities and this information is tracked. In general, minority firms receive the plurality of work versus Caucasian firms, 57% to 43%: 112 Black-American firms received \$195.83 Million with 18 Primes; 98 Caucasian firms received majority of work at \$202.86 Million with 40 Primes; 31 Hispanic American firms received \$121.4 Million with 12 Primes; and 67 Asian American firms received \$38.44 Million with 5 Primes. However, these are not certified firms.

In contrast for certified firms DBEs and WBEs, the data notes: for Black American firms there were 95 DBEs with \$97.55 Million and 15 WBEs with \$7.17 Million; for Caucasian firms, none were DBEs, but 57 WBE Caucasian women owned firms with \$29.09 Million; for Hispanic American firms there were 18 DBEs with \$25.57 Million and 1 WBE with \$0.34 Million; and for Asian American firms, there were 55 DBEs with \$30.73 Million and 11 WBEs with \$4.61 Million.

## FY 22 Accomplishments

Mr. Gray discussed in regard to good faith efforts that the focus is on capacity building, which is manifested in many ways, in particular the Mentor Protégé program between Primes and Certified firms. For FY 22, we set up 4 additional programs, which are multi-year programs, lasting 2-4 years that can extend beyond the projects.

Mr. Gray highlighted a couple of recognitions this year and acknowledged Mr. Gadis was inducted into CRMSDC (Capital Region Minority Supplier Development Council's) "Leaders and Legend Hall of Fame". He is a leader and legend in Diversity, Equity and Inclusion. DC Water was again recognized as a "Champion for Minority Business Enterprises" by the DC Metro Hispanic Contractor's Association. DC Water was also recognized again as an "Outstanding Advocate for Local and Certified Business Enterprises" by the DC Anchor Partnership. In fact, Apera Nwora, Director of Government Affairs and Public Policy, connected DC Water with DC Anchor Partnership and they have continued to be strong partners with DC Water.

## FY 22 Outreach and Engagement Activities

Mr. Gray presented the summary of DC Water's outreach and engagement activities, where DC Water is emerging from working remotely and engaging through MS Teams, and getting out and engaging with the certified business community, which are part of the good faith efforts: touch, feel, be seen, and be heard to encourage them to do work with DC Water.

In response to Chairperson Herrington's question whether local businesses include all of DC Water user jurisdictions – Mr. Gray confirmed that local businesses includes all of DC Water's user jurisdictions.

Mr. Herrington commented that he appreciates the presentation of statistics disaggregated by race, even though the program is race neutral as the Government Alliance on Race and Equity tells us "we must be data driven to advance racial equity," and he is very appreciative that we are tracking that so we can understand the actual outcomes the community is realizing.

In response to Chairperson Herrington's question on page 9, whether the information on business awards is audited formally since awards are one thing and payouts are another – Mr. Gray confirmed we have internal audits, which are performed every 2 years, and for Green Bonnet, the external audit with KPGM, there is an annual review.

In response to Chairperson Herrington's request for a link to the audit or copy of the audit report – Mr Gray confirmed the link or copy of the report would be provided to the Committee.

## **Agenda Item #5 – Travel Policy Update**

Dan Bae, Vice President of Procurement presented Agenda Item #5, which is an issue Chairperson Herrington requested staff to present.

### Purpose

Mr. Bae summarized the outline of the presentation. First, to present the key highlights of the new DC Water Travel Policy. Second, an overview of the expense review process. Third, the analysis of the air and hotel travel expenses. Finally, some improvement initiatives DC Water is working on.

## Key Highlights of Travel Policy

Mr. Bae noted that the DC Water Travel and Purchase Card policies are administered by Finance and Procurement. The current Travel Policy was updated in October 2021 and the previous version was in 2005. At that time, DC Water hired Accenture to assess the current policies, compare it to industry best practices and make recommended changes to modernize the policy and maintain control while improving performance. They also made changes to who could approve exceptions to the policy to only permit the CEO and VP of Procurement to approve those exceptions. Further, with the implementation of Oracle, the paper reports were digitalized the expense reports into Oracle.

For air flights, economy class is required. Business class is permitted for international flights with flight time of 6 hours or more and for health and safety reasons. Early bird and seating confirmation fees are reimbursable. For meals, we are using the GSA per diem rate and it is updated annually. Meal receipts are not required, however, for Entertainment, we require detailed receipts and a list of attendees and business purpose.

For lodging, the policy recommends using GSA rates as a guide and to stay at the conference hotel, when possible. Policy requires employees to use the lowest cost options when compared to local travel and parking. Single standard room is required, unless its not available. Self-parking must be used when available.

For transportation, the policy recommends using shuttles, taxis or other ride share options unless they travel more than 50 miles during the stay.

The policy expands the list of prohibited items to include alcohol, gambling, personal expenses, gift card, etc. which are not reimbursable.

Finally, for continuity of business, the policy limits the number of executive traveling together on the same flight.

In response to Committee Member Bhatt's question whether the Audit Committee should be responsible for understanding how many requests outside of the norm have been made? – Mr. Bae noted the Internal Audit does audit the travel and P Card expenses every other year and last one was in FY 2022.

## Expense Review Process

Mr. Bae provided an overview of how they review each expense report, which are reviewed 3 times. After the traveler enters the reports and receipts in Oracle, the 1<sup>st</sup> level manager reviews and approves. Then the 2<sup>nd</sup> level manager reviews and approves. Finally, the P Card Administrator reviews and approves each report.

There is also a monthly review process by the Internal Review Committee (IRC) lead by the P Card Administrator and includes members of Procurement, Accounts Payable, and Compliance. The IRC meets monthly and reviews all P Card purchases, including travel expenses that are put on P Cards. They look for prohibited items, large purchases, suspicious activities, and declined transactions. They investigate questionable expenses and recommend disciplinary actions for potential fraud, waste or abuse to VP of Procurement.

During the past year, the IRC investigated questionable expenses. With implementation of Oracle, all users went through a learning curve and there were late submissions of expense reports, which were escalated and resolved. We caught several potential credit card fraud activity, primarily stolen card information. We readily interact with the bank to identify any potential fraud, lost or stolen card information. In the past year, there has been no need to take disciplinary action.

### Air and Hotel Expense Analysis

Mr. Bae reported that DC Water recently reviewed the air and hotel expenses for the past 2 years, Oct. 2020 to December 2022. October 2002 was when DC Water went live for the Expense module in Oracle. We reviewed all the expense reports entered in Oracle, which included over 200 air expenses and 300 hotel expenses. The goal of the analysis was to determine overall compliance with the policy and to identify any potential improvements.

### Air Expense Analysis

Of the 223 air expense reports, 100% met the travel policy, which were all economy class. There were 8 “Business Select” class with Southwest, but technically Southwest does not really have Business Class. Business Select comes with added benefits such as early boarding, free baggage check-in, but it’s still economy class. There were 2 “Comfort Plus” class with Delta, but it’s still economy class. It just has more leg room.

Mr. Bae discussed the destination data that showed most of the travel activity was for attending conferences.

### Hotel Expense Analysis

Mr. Bae reported they looked at over 300 hotel expense reports and every hotel receipt. Mr. Bae reminded the Committee that the Policy recommends using GSA as a guide. The hotel expenses were close to the recommended GSA rates except for 4 major cities: Las Vegas, Orlando, Ft. Myers, and New Orleans. Mr. Bae commented that the GSA rates for these cities are a bit low. For example, the GSA rate for Las Vegas is \$120 regardless of the season. Orlando ranges from \$129 to \$153 per night depending on the season. Ft. Myers ranges from \$117 to \$208. Finally, New Orleans ranges from \$136 to \$158 per night. Mr Bae concluded, the actual spending was higher than GSA, but reasonable.

### Improvement Initiatives

Mr. Bae discussed several improvements that were identified. Within Oracle, the configuration could be improved for better automation. For example, adding mandatory fields to better classify expense types and expand the category of expense types to improve itemization of expenses. Also we need to automate reminders and escalation to reduce late submission.

Users and the review committee discovered additional training may be necessary to improve itemizing expense types. Also looking for ways to improve shopping techniques to search for better air fares and hotel rates.

Chairperson Herrington thanked Mr. Bae for the presentation and that he wanted to make sure that we are not only responsibly using our rate payer funds, but there is no appearance of irresponsible use of rate payer funds. He thinks our policy addresses that and we know that the inconsistent application of our policies is a morale killer for employees and the rules are only as

good as the monitoring that goes with them. He has satisfied that our policy is being responsible, that we are consistently applying it and correctly monitoring it to ensure compliance.

#### **Agenda Item #6 – Other Business**

Chairperson Herrington noted that Agenda Item #6 was a new item on the agenda for any announcements from Board members or staff. If there are items for new business to place on future agenda for discussion, this would be the opportunity during the meeting and it will be a standing opportunity. Mr. Herrington open the floor for any new items or anything of general interest or future consideration at a future meeting.

#### **Adjournment**

There being no further business, the meeting was adjourned at 10:17 AM.



**D.C. WATER AND SEWER AUTHORITY  
BOARD OF DIRECTORS**

**HUMAN RESOURCES AND LABOR RELATIONS  
COMMITTEE MEETING**

**January 11, 2023  
Via Microsoft Teams**

**MEETING MINUTES**

**Members Present**

Adrianna Hochberg, Montgomery County,  
Chairperson  
Jed Ross, District of Columbia  
Christopher Herrington, Fairfax County  
Steven Shofar, Montgomery County  
Tara Jackson, Prince George's County

**Members Present**

Kevin Poge, AFSCME 2091  
Michelle Hunter, NAGE R3-06  
Barbara Milton, AFGE 631  
Jonathan Shanks, AFGE 872  
Calvert Wilson, AFGE 2553

**Staff Present**

David Gadis, CEO and General Manager  
Marc Battle, EVP, Legal Affairs  
Lisa Stone, Chief, People and Inclusion Officer, EVP,  
People and Talent  
Wayne Griffith, Acting Chief Operating Officer and  
Executive Vice-President  
George Spears, VP of Labor Relations and Compliance  
Programs  
Ron Lewis, Benefits Manager  
Aklile Tesfaye, Vice-President, Wastewater Operations  
Alfonzo Kilgore Stukes, Acting Secretary to the Board

**Call to Order**

Chairperson Adriana Hochberg called the meeting to order at 11:00 a.m. The meeting was conducted via Microsoft Teams. Chairperson Hochberg made an opening statement wishing everyone a happy New Year and hoping everyone had a restful holiday. She shared that she grew up in Brazil, but the country does not have a very good record of wastewater treatment. "That is the reality in a lot of places in the world, which makes DC Water truly special." She thanked everyone at DC Water for making clean water possible and recognized there are challenges and opportunities for improvement.

**Roll Call**

Acting Board Secretary Alfonzo Kilgore Stukes conducted a roll call of the Committee members and D.C. Water staff.

**Anti-Union Acts**

Barbara Milton, President of AFGE Local 631 stated that the current state of union and leadership relations is highly contemptuous. Ms. Milton believes that leadership is separating unions, by working with and having an amicable relationship with two of the five unions, while being obstinate and uncooperative with the remaining three labor units. According to Ms. Milton, DC Water has a Paid Parental Leave policy that was implemented with the participation of three

unions; the other unions must negotiate for this benefit. Ms. Milton has asked that the Board of Directors investigate this matter further.

Chairperson Hochberg advised that this matter is under litigation; and due to this, it is not an item the board is able to speak about in this forum.

George Spears, VP of Labor Relations and Compliance Programs expressed that leadership would expect everybody to be truthful and accurate with respect to the allegations against DC Water and individuals. Based on the record, Mr. Spears stated that what the Committee was just informed of, is not accurate and that management is prepared to respond to those unfounded allegations directly to the Board.

Mr. Jed Ross inquired if there were any other Union leadership folks who had any other comments related to this agenda item, to which Mr. Jonathan Shanks of AFGE 872 stated that he concurred with Ms. Milton's statement.

### **Wastewater Crew shortage**

Ms. Milton claims that management is attempting to obfuscate the exact location of the duty stations. She stated that Wastewater treatment operators are being asked to work at two (2) duty stations and that management isn't bringing in extra operators to work overtime when necessary. She implied that it is too much work for one person to undertake and that this creates a safety issue. She further stated that there are several fixed processing and monitoring subsections assigned as duty stations for wastewater treatment operators in the work area. She relayed that a duty station is not only a little spot that you go to and stay in; some of these places are dispersed across the Blue Plains plant. Ms. Milton expressed that she brought this issue to management for procedural and safety issues; and cited pages from the arbitration case from July of 2018.

Ms. Milton further mentioned that this is a safety issue that is not being addressed by management. She stated that management did not inform the Union of this duty station change. She requested the board investigate this matter and assure the unions that DC Water will provide a safe work environment for wastewater treatment operators. She asked that the committee instruct the management team to start requiring wastewater treatment operators to work two duty station and approve overtime when short staffed. Ms. Milton concluded by noting on record, that her statements are true and accurate.

Mr. Spears stated that he disagreed with Ms. Milton's assertions and asked workers from the wastewater treatment to make a brief statement before the Board.

Opining on the matter first was Wayne Griffith, Acting Chief Operating Officer and Executive Vice-President. Mr. Griffith stated that the stance that leadership takes is very much a stance that takes into consideration the safety and well-being of all employees. Mr. Griffith expressed that they have continued to emphasize the value of safety and most recently, the value of healthy, safe and well relative to the strategic plan. He stated that he does look at the issue from an operational standpoint holistically, when it comes to multiple factors. He further stated that, all of those factors are taken into account when management thinks about the workload and how duties are performed on the plant. He expressed that DC Water is very sensitive to the well-being of all employees, but also want to make sure that we're making the most efficient use of our resources and understanding the workload and assigning resources accordingly.

Mr. Aklile Tesfaye, Vice-President, Wastewater Operations, commented on the statement made by Ms. Milton regarding the wastewater treatment duty stations and workloads. He stated that there are four different crew shifts that operate that facility, and each shift crew has six operators assigned. He went on to state that there are an inventory of task and routes that must be completed to meet desired outcomes, including compliance with permit requirements for maintaining the desired safety of our employees.

Ms. Tesfaye expressed that management determines how much resources or in this case, the number of crew members per shift that would be required to meet those outcomes. They even have protocol surrounding a minimum code requirement, related to emergency sick calls. He stated that they typically initiate a call in or a call back, to make sure that the minimum code and compliance requirements are met, which further ensure that the wastewater treatment crews are able to operate safely. Additionally, all employees are trained not only on the specific area that they may be assigned to work on a particular day, but in other areas as well.

Mr. Tesfaye also stated that they have tools such as devices, specifically mobile devices that they can carry anywhere and see what's happening throughout their areas and get information on equipment right on the spot. They have access to other documents needed to perform their duties and complete logs electronically online, delivered to all operators in minutes.

Mr. Christopher Herrington requested clarification on how many duty stations are there and what is the crew size under the minimum crew size that was mentioned in that standard.

Mr. Tesfaye noted in the area of primary and secondary, we have six (6) operators. The large process area primary and the secondary and the minimum code requirement for that area is four (4). There are four (4) different crews working in that area, working 12-hour shifts and they rotate to make sure that there's 24/7 coverage.

Mr. Herrington requested clarification on one last question, is there a maximum number of hours worked per to see water policy in terms of an employee may work only up to a certain number of hours like a limit on overtime.

Mr. Tesfaye stated that the answer is yes for several reasons, to make sure that the any individual crew member was only for that 12 hours, but at times we allow overtime basis up to 16 hours. We have not to exceed the 16 hours of work continues work per day.

Mr. Steven Shofar requested clarification on duty shifts, is there a requirement that the employees work one duty shift and is there a situation where they would work more than one.

Mr. Tesfaye clarified using there are different sub areas; the six are divided to work in different areas, so it it's just based on subprocess areas that they will be assigned to monitor and respond to any alarms, or any adjustments needed to make sure that we're in compliance and that that the work is done in a safe manner.

Chairperson Hochberg asked Ms. Milton if she has met with DC Water management to relay these concerns and who did she meet with and when was the meeting held.

Ms. Milton stated that the meeting was held on December 13 and January 4 with the General Manager; George Spears and they just dismissed our concerns.



Mr. Spears stated during the most recent meeting on January 4, I did offer to Ms. Milton and others that management is willing to sit down and meet with her and the actual management team that's specifically over the wastewater treatment operators to have further discussions to better understand what her potential concerns are and see if we can create a path forward that would work for both parties. I'm not sure she accepted that offer but we did extend that offer to the unions.

Ms. Milton confirmed that she did receive the invitation and had a meeting with Mr. Passarelli to be told that DC Water does not have duty station. I'm not opposed to having a meeting, but it appears that the only time that we can get any real resolve with issue is to bring them to the board and then our issues are taken real management.

Chairperson Hochberg made a statement that a meeting is coming up with both management and the Union President and staff are working on this issue and if this issue is still not resolved you are always free to bring it back up at a future Board committee agenda.

### **Union Benefits- Dental/Vision**

Mr. Shanks advised on the increase in cost, due to the changes to the dental and vision plans. He asked for a meeting with management, to discuss further.

Ron Lewis, Benefits Manager stated that plans are offered to all employees and who elect them during new hire enrollment or open enrollment. Biweekly premiums are paid for 100% by DC Water. Choice of glasses are available for little to no cost, but add-ons are extra that can drive up the cost using the Vision Service plan. Under the dental HMO plan there are no out-of-pocket-cost to the employee for preventative services.

Both the PPO and HMO plans premiums are paid for by DC water, under the PPO plan there is a 50/50 split on the premiums and under the HMO 100%. Beyond routine cleanings and exams, employees should have the dentist go over the cost with them before service is provided. If the employee participant finds that the charges are more than they expected, they should contact Cigna customer service for an explanation or contact the benefits office to go over services with our account representatives.

Chairperson Hochberg stated that due to several related issues around the dental and vision plan that she would request that the Unions and DC Water management meet directly to discuss related issues around the dental and vision plan to resolve any of these pending issues.

### **Union Benefits- Kaiser**

Mr. Shanks shared that there has always been an issue with Kaiser getting medical files from them when employees get hurt on or off the job. The employees who get hurt on the job need to use their own leave, instead of employees being able to use three (3) days of sick leave, and then the 21 days of traumatic leave and then use comp time. The 21 days are to give the employee time to go to the doctors and get medical records and employees that get hurt off the job have the problem getting medical file to get short- or long-term disability.

Mr. Spears stated that management is aware of what Mr. Shanks is alleging and with respect to Kaiser, there have been some instances outside of this setting where they might have been

slow in returning paperwork and documents. The DC Water account representative has been made aware of this to make sure that those are expedited.

In respect to the work compensation claims and process are governed by DC statute. There is a three-day period before an employee can get traumatic lave benefits, and driven by DC statue, and only entitled to that traumatic benefit if the actual injury is deemed work related injury. In the past fiscal year, we had seven workers compensation claims for local 872, and only one claim that was denied. The claim that was denied was converted over to an FMLA claim, so no employee has missed any pay or any other type of compensation with respect to our processes.

Ms.Milton requested confirmation on the use of the three (3) days of sick leave, and then the 21 day of traumatic leave and the use of comp time are administered by DC law. Mr. Spears confirmed.

Mr. Shanks inquired about employees with no leave that are not getting 21 days to give the employee time to get their records to management to go to their doctor and so forth that could be in danger of not getting paid.

Mr. Spears stated that if this hypothetical situation was to arise, we have multiple options that we could assist the employee with through our robust benefits plans, including FMLA, short term disability and the voluntary leave donation program. We're not aware of anybody being in that situation.

Chairperson Hochberg requested Mr. Spears to provide more information if in a hypothetical case would occur how the leave donation bank would work for an employee who does not have leave accumulated might be able to tap into that.

Mr. Spears responded that we also have FMLA, short term disability or the voluntary leave donation bank. It's a benefit that's offered to all employees, where if somebody has an injury that's not covered or falls in those categories that don't have the proper leave an employees can donate extra leave into this bank and then we will pass it on to that employee.

### **AON Retirement data**

Jermaine Quattlebaum, Technician III, Construction Civil Engineering shared that a meeting took place on September 26 to discuss water retirement plans. The goal is to enhance our post 87 retirement plan for Union employees what DC Water has done for nonunion because they offer a sick leave conversion.

Mr. Spears responded to Chairperson Hochberg for a status from DC Water management by sharing that an e-mail was sent a week or two ago to providing a status that we are waiting on vendor to finish gathering data to do a comparison analysis in the next few weeks. Once information is received a meeting will be set up to share and discuss.

Ms. Milton stated that in the past we were able to talk to AON where they explained the various retirement programs and asked the question that she would like to know if the next meeting in the AON representative to answer questions directly cut back on going back and forth.

### **Open Discussion**

Michelle Hunter, NAGE R3-06, Kevin Poge, AFSCME 2091, and Mr. Shanks shared concerns about dental and vision Union benefits on how the authority made changes without the Unions being involved in the before changes are rolled out. Meeting with the consultants can help explain and would cut down on confusion.

Chairperson Hochberg requested that due to some members having issues around Cigna provision, Mr. Lewis has offered to meet with the Union presidents about benefits issues to work towards a resolution.

### **Action Items**

No action items

### **Executive Session**

Motion to go into an executive session pursuant to the Open Meetings Amendment Act of 2010 to discuss collective bargaining, negotiation matters under DC official Code 2-575, Section B5.

### **Adjournment**

Vice Chair Steven Shofar Steven Shofar called back into the main session at 1:14 pm and asked Mr. Gaddis if he had any closing remarks.

Mr. Gadis thanked the Committee , its Leaders, and the union partners for today's meeting. We see them as true partners and we want to and enjoy working with them on issues and on agenda items and we will continue do so in the future. There are times when we have disagreements, but we are dictated to working it out. I come from a union family and honor and hold them at the highest esteem. I share what Mr. Shanks said earlier that "We are one DC Water" and I will continue to strive to prove that and continue to do the right thing on a day-to-day basis.

Vice Chair Shofar stated he also echoes that the board also supports the continue work between Management and the Unions.

Vice Chair Steven Shofar adjourned the meeting at 1:16 p.m.

### **Follow-up Item**

No follow-up items.



**District of Columbia  
Water and Sewer Authority**

**Board of Directors**

**Environmental Quality and Operations  
Committee Meeting**

*Thursday, January 19, 2023*

*9:30 am*

**MEETING SUMMARY**

**Committee Members**

Sarah Motsch  
Howard Gibbs  
Steven Schofar  
Andrea Crooms  
Wendell Felder  
Jared McCarthy  
Chris Herrington

**DC Water Staff Present**

Marc Battle, Chief Legal Officer and EVP  
Alfonzo Kilgore Stukes, Acting Secretary to the Board  
Aklile Tesfaye, VP, Wastewater Treatment Operations  
David Parker, VP, Engineering  
Joel Grosser, Director, Procurement Goods and Services  
Moussa Wone, Director, Clean Rivers  
Wayne Griffith, Chief Strategy and Performance Officer and EVP  
Salil Kharkar, VP & Senior Technical Advisor, OCOO  
Sylvia Okogi, Acting Senior Manager, Water Operations  
Anjuman Islam, Manager, Water Quality

**I. CALL TO ORDER**

Sarah Motsch called the meeting to order at 9:30 AM. The meeting was conducted via MS Teams.

**II. ROLL CALL**

Alfonzo Kilgore Stukes, Acting Secretary to the Board, DC Water, conducted a roll call of the Committee members present for the meeting.

**III. BPAWTP STATUS UPDATE**

Aklile Tesfaye, VP, Wastewater Treatment Operations, DC Water, briefed the Committee on the performance of the Blue Plains Advanced Wastewater Treatment Plant (BPAWTP). Specific details of the presentation can be found on pages 4 to 9 of the EQ & Ops Meeting package 01.19.2023 (subsequently will be referred to as “meeting package”). The notes below abbreviate key topics discussed during the presentation.

Aklile provided an update on the performance of complete treatment at the BPAWTP for December. It was reported that total precipitation during December was above the norm for the month. The monthly average flow to complete treatment was 310 MGD, which is higher than the rolling 12-month average of 295 MGD. All performance parameters for the month were excellent, and all effluent and biosolids parameters were within NPDES permit limits and Class A Biosolid Exceptional Quality requirements.

Total Nitrogen removal at BPAWTP was discussed. It was reported that 2.83 million pounds of total nitrogen was discharged through the complete treatment outfall during 2022. The NPDES Permit allows for the discharge of 4.37 million pounds per year from the complete treatment outfall. The NPDES Permit Limit takes into account future anticipated total nitrogen discharges from the Blue Plains service area, corresponding to the design average flow to complete treatment of 384 MGD.

Aklile discussed the performance of the wet weather treatment facility (WWTF) for December. It was reported that there were five wet weather events that resulted in the diversion of captured combined flows into the Anacostia River Tunnel. A total of 233 MG of combined wet weather flows were captured by the tunnel system and treated through the WWTF. There were no flows through the CSO Outfalls during the month. It was noted that 2022 was the 11<sup>th</sup> consecutive year that DC Water achieved 100% compliance with all NPDES Permit requirements.

The Committee enquired about the volume of CSOs (Combined Sewer Overflows) captured across all systems to date, compared to the goal of 96% capture targeted by the DC Clean Rivers (DCCR) Program at the completion of all tunnel and green infrastructure projects. Moussa Wone, Director, Clean Rivers, DC Water clarified that to date, 67% of flows are being captured across the DCCR Program.

Aklile discussed electrical energy use and onsite generation at BPAWTP. Onsite energy generation from the Combined Heat and Power (CHP) facility and solar panels for the month was 25% of the average consumption at BPAWTP.

Aklile acknowledge the accomplishments of Dr. Rahil Fofana, Process Engineer, Process Control Systems, DC Water who was conferred the first ever doctoral degree from Howard University's Department of Civil and Environmental Engineering. It was noted that Dr Fofana's research was focused on advance nitrogen removal in wastewater treatment and that she published three peer reviewed journal articles and presented at numerous conferences. She won the best presentation award at the International Water Association Biofilm Conference in 2022.

#### **IV. FIRE HYDRANT UPDATE**

Sylvia Okogi, Acting Senior Manager, Water Operations, DC Water, briefed the Committee on the status of DC Water's fire hydrants. Sylvia noted that DC Water is below the out-of-service (OOS) level of 1% or less, established in the Memorandum of Understanding (MOU) with the District of Columbia Fire and Emergency Medical Services Department (DC FEMS). As of January 3<sup>rd</sup>, 47 of the approximately 9,835 public hydrants in the water system were OOS. This equates to 0.25% of all public hydrants. Sylvia presented a map, showing the locations of OOS hydrants across the system.

#### **V. WATER QUALITY UPDATE**

Anjuman Islam, Manager, Water Quality, DC Water, briefed the Committee on the status of EPA Drinking Water Regulated Monitoring. It was reported that there were zero positive total coliform results from the 249 samples collected as part of the EPA Revised Total Coliform Rule sampling for December 2022. Anjuman noted that sampling for the second semester (July through December) for the Lead and Copper Rule (LCR) was completed. None of the samples tested to date have shown results greater than the action level of 15 ppb (parts per billion) for lead.

## **VI. FY2023 – FY2032 CAPITAL IMPROVEMENT PROGRAM (CIP) PROPOSED BUDGET**

David Parker, VP, Engineering, DC Water, briefed the Committee on the proposed Capital Budget for FY23-FY32. Specific details of the presentation can be found on pages 14 to 52 of the meeting package. The approval process for the proposed budget was briefly discussed. The proposed budget was presented to the Full Board at the Board Workshop held January 3<sup>rd</sup> 2023 and at the wholesale-customer briefing on January 13<sup>th</sup> 2023. Further, the proposed budget is planned to be presented at meetings of the Finance & Budget Committee and Retail Water & Sewer Rates Committee during January and February 2023. The target is to present the final proposed budget to the Full Board for full approval in March 2023.

David provided an overview of the proposed budget, noting high level proposed program increases and decreases, and discussed projected spending by fiscal year over the ten-year budget period. The proposed CIP Budget for FY23-32 is \$6.95 billion, which is an increase of \$0.53 billion (or 8%) from the approved CIP Budget for FY22-31 of \$6.42 billion. It was noted that Water and Sewer Infrastructure were the program areas with the largest contribution to the proposed budget increase.

A graph was presented showing the distribution of proposed spending for Water and Sewer Linear Infrastructure over the ten-year period. The proposed spending for the Sanitary Collection System shows an increase from FY23 to FY25. This increase ramps up spending to achieve replacement/rehabilitation of small and local sewers to the proposed rate of 1% per year. Similarly, spending for the Water Distribution System increases from FY23 to FY28. This corresponds to an increase in the rate of replacement for Small Diameter Water Mains from 1% to 1.5% per year. The graph also showed a peak in spending for trunk sewers in FY27 to FY29. This allows for work to continue on the large sewer rehabilitation projects, including the Potomac Interceptor Project.

David discussed DC Water's approach at incorporating equity considerations as criteria for the prioritization of CIP projects. Maps were presented showing the diversity index for various communities in the District and areas where CIP projects had been identified. The two maps were overlaid, to show how projects in the most vulnerable areas were prioritized. To date, equity scores have been used in the prioritization of linear infrastructure projects. It was noted that this equity approach will be included as a separate presentation at a future meeting of the Committee. The Committee requested that the future presentation include metrics on high risk and system wide projects that have to be addressed without equity considerations and details on projects that incorporated equity considerations.

David presented details of the proposed budget changes in each of the service areas for FY23-FY32. Particular attention was provided to the Water and Sanitary Sewer service areas as these showed the largest increases in proposed spending. The reasons for the proposed budget changes in each area were discussed and details on ongoing projects and planned future projects were provided. The slides for this part presentation are shown on pages 22 to 43 of the meeting package.

For the DC Clean Rivers service area, the Committee inquired about the accuracy of the construction timeframe for Rock Creek Green Infrastructure (GI) Project C, which was shown to commence in 2025, but for which, design has not yet started. The Committee questioned whether this project is on course to be completed by 2027 as shown on page 39 of the meeting package. Moussa Wone, Director, Clean Rivers, DC Water, clarified that planning for the project is ongoing and that the design for the GI projects is being coordinated with planned District Department Of

Transportation (DDOT) Infrastructure projects which can sometimes be delayed. However, construction is still planned to commence in 2025.

David discussed anticipated funding allocations from the Drinking Water and Clean Water State Revolving Funds (SRFs) for DC Water from FY23 to FY27. It was noted that some of the funding is allocated to the District of Columbia, and DC Water's allocation of these funds will be determined by the District Department of Energy & the Environment (DOEE). In addition, it was noted that DC Water anticipates receiving a Federal Emergency Management Agency (FEMA) grant for the completion of the Floodwall at Blue Plains in the Wastewater Treatment service area. David also discussed some of the opportunities and risks that could impact the proposed budget.

Rudy Chow, General Manager, Washington Aqueduct (WA) presented on the Washington Aqueduct's FY23 and FY24 CIP budgets. It was noted that WA's proposed budget for FY23 is \$81.8 million (DC Water's share is \$59.6 million) and the proposed budget for FY24 is \$47.7 million (DC Water's share is \$34.7 million). Rudy discussed some of the drivers for the proposed costs to address the Aqueduct's infrastructure needs. Rudy further discussed the 2022 Water Resources Development Act (WRDA) and the impacts to WA. Notably, the act allows WA to borrow funding from treasury for infrastructure improvement projects. This will allow DC Water to utilize this funding instead of cash funding WA's CIP budget. In addition, the WRDA provides the authority for the initiation of a feasibility study to identify a second water source for the District of Columbia, Maryland and Virginia. Planning for the study will commence once funding has been established.

## **VII. ACTION ITEMS**

### **JOINT USE**

1. Contract No.: WAS-12-063-AA-RA - Protective Services, Allied Universal
2. Contract No.: N/A - Mitigation Agreement with National Park Service (NPS) for Potomac River Tunnel Use of NPS Lands, National Park Service

### **NON-JOINT USE**

1. Contract No.: 230030 - Lead Free DC (LFDC) Lead Service Line Replacement (LSLR) Program, 6 Firms
2. Contract No.: 200030 - Small Diameter Water Main Replacement 16A, Capitol Paving of DC, Inc.

Joel Grosser, Director of Procurement, Goods & Services, DC Water, presented Joint Use Action Item 1. Moussa Wone presented Joint Use Action Item 2. David Parker presented both Non-Joint Use Action Items.

### **ACTION ITEM HIGHLIGHTS:**

For Non-Joint Use Action Item 1, the Committee queried whether the District of Columbia government will be funding any of this work. William Elledge, Director, Engineering & Technical Services, DC Water, confirmed that the District government has allocated funding for LFDC Programs. Paul Guttridge, Director, CIP Infrastructure Management, DC Water, clarified that the District government has currently committed to funding \$30 million for Private Side Replacements. In addition, there is \$143 million in funding from the Bipartisan Infrastructure Law (BIL), which is eligible for use for both Public and Private Side Replacements. An additional action item related to a contract for materials supply to support, as part of the procurement strategy for the LFDC program, is anticipated to be presented at the February Committee Meeting.

## **VIII. OTHER BUSINESS / EMERGING ISSUES**

No Other Business

## **IX. EXECUTIVE SESSION**

No Executive Session held.

## **X. ADJOURNMENT**

Meeting was adjourned at 10:39 AM.

### **Follow-up Items**

1. David Parker (VP, Engineering): To arrange a presentation to the Committee on DC Water's approach to incorporating equity considerations in the prioritization of CIP infrastructure projects. **[Presentation to be delivered at a future meeting of the Committee].**





**DISTRICT OF COLUMBIA  
WATER AND SEWER AUTHORITY  
Board of Directors**

DC Retail Water and Sewer Rates Committee

Tuesday, January 24, 2023

9:30 a.m.

**MEETING MINUTES**

**Committee Members Via Teleconference**

Rachna Bhatt, Chair  
Anthony Giancola  
Howard Gibbs  
Wendell Felder  
David Franco  
Ivan Frishberg  
Jed Ross

**DC Water Staff Via Teleconference**

Matthew Brown, CFO/EVP, Finance & Procurement  
Wayne Griffith, Acting Chief Operating Officer and  
Chief Strategy and Performance Officer, and EVP  
Meisha Lorick, Director of Customer Care  
Alfonzo K. Stukes, Acting Secretary to the Board

**Call to Order**

Chair Rachna Bhatt convened the meeting at 9:30 a.m.

**Roll Call**

Alfonzo Kilgore Stukes, Acting Board Secretary conducted a roll call of the Committee Members. Mr. Brown, CFO/EVP Finance and Procurement greeted the Committee and informed the participants and the public that this meeting was one of three to be held that morning. There will be a Retail Rates Committee meeting, a joint meeting with the Retail Rates Committee and Finance and Budget Committees, and another meeting with the Finance and Budget Committee.

**Monthly Report to DC Retail Water & Sewer Rates Committee (Attachment A)**

Mr. Brown provided the revenue report. He stated that the overall year-to-date collections from the Residential, Multi-Family, Commercial, DC Government, DC Housing and PILOT/ROW category versus the budget are favorable due the higher consumption than anticipated, with exception to the Federal category due to the disputed accounts with Soldiers Home. Mr. Brown commented that the revised budget has taken into consideration the post COVID environment on revenue, and current consumption is higher than originally anticipated in the budget.

Mr. Brown stated that there are slight variances with regards to Wholesale and other revenue due to the timing of DC Fire Protection Fee being paid in January when it was due in November.

Mr. Brown stated that the 90-day customer delinquencies have increased both in dollar amount and in number. Mr. Brown informed the Committee that Meisha Lorick will be presenting on the new Catch-Up Program spearheaded by customer service and marketing and expects a discussion to follow on how to further reduce the increasing delinquencies.

Committee Member David Franco asked for an update on the developer's fees and refunds. Mr. Brown stated that this year marks the second year of writing off accounts that are over ten years without activity and that the Permits Department is working through the refund requests as provided in the report. Mr. Brown further stated that he would follow up with the Director of Permits to investigate the percentage of successful refunds per Mr. Franco's request.

### **DC Water Catchup Program 2023 (Attachment B)**

Meisha Lorick, Director of Customer Service, provided an overview of the DC Water Catch-Up Program 2023. The objective of the program is to reduce the Accounts Receivable (AR) and to help eligible customers in Residential, Commercial, and Multi-Family classes bring their delinquent bills back in line with monthly costs and to avoid disconnection.

Ms. Lorick stated that the program will waive outstanding late fees and penalties incurred from January 1, 2018, to December 31, 2022, and will provide a ten percent bill adjustment on the remaining balance for eligible customers that take advantage of the program. Ms. Lorick also stated that customers are eligible if they have outstanding balances for 30 days or more as of December 31, 2022 and have not paid their outstanding balance by January 20, 2023.

Ms. Lorick stated that the customers must pay the entire Catch-Up balance to participate in the program. DC Water will send out letters to eligible customers detailing the amount that they need to pay to participate in the program.

Ms. Lorick stated that only the outstanding late fees and penalties as of December 31, 2022, are eligible for the waiver, late fees and penalties that are added after December 31, 2022 are not eligible for adjustments. Ms. Lorick stated that the ten percent percent bill adjustment will be calculated on the remaining balance after the late fees and penalties are waived. She also stated that the total adjustment cannot exceed \$50,000.

Ms. Lorick also stated that failure to pay the outstanding charges on the bill will continue to subject the account to collection action up to and including the termination of service.

Committee Member Anthony Giancola asked how many eligible accounts are enrolled in the Customers Assistance Programs. Ms. Lorick stated that she would provide a response. Ms. Lorick stated this year customers had to re-certify for the Customer Assistance Programs and about 1,000 customers have enrolled this year. DC Water suggests that participating customers enroll in assistance to help them pay their portion of the bill.

Committee Member Anthony Giancola suggested that letters sent to potential program participants should include information about how customers can enroll in the Customer Assistance Programs. Ms. Lorick stated that the draft letter contains language about the assistance programs but will look into it again to make sure it is clear for the customers.

Committee Member David Franco asked if the ten percent adjustment up to \$50,000 is separate from the waiver of the fees and penalties. Ms. Lorick stated that the total adjustment up to \$50,000 includes late fees and penalties. Committee Member David Franco asked about the \$50,000 limit. Ms. Lorick stated the \$50,000 is granted by the authority to the CEO. Committee Member David Franco stated he was in favor of eliminating the \$50,000 adjustment ceiling. Committee Member David Franco asked if

the ten percent waiver was large enough for customers. Ms. Lorick stated this first year and if DC Water continues the program, DC Water could consider other options.

Committee Member David Franco asked what the percentage of the fees and penalties are in arrears and what is the average. Ms. Lorick explained that the late fee of ten percent is applied to any charges 30 days past due and the one percent penalty for any accumulated amount 60 days or greater. Ms. Lorick presented a slide on the potential adjustment in dollars per category.

Chair Bhatt expressed concerns about the program, that she was concerned about shifting the burden of delinquent customers to other customers. She further had concerns about forgiving balances and sought to better understand why some Multi-Family and Commercial customers are not paying their bills.

Mr. Brown stated that DC Water was trying to balance equity for all customer types that have had affordability issues due to COVID. DC Water suspended late fees and penalties, and customers did not have to pay for services to continue during that time. DC Water offered programs for Residential and Multi-Family customers, but this would be the first program for non-residential (Commercial) customers.

Ms. Lorick stated that the Multi-Family category is more difficult to disconnect due to multiple people living in the property and the disconnect process falls outside of the normal process. Because of challenges, DC Water is working to identify a receivership for the Multi-Family category. The Catch-Up Program is a helpful way to assist Multi-Family and Commercial customers.

Committee Member Franco advised he is in favor of the program. Committee Gibbs suggested that customers need to pay their bills and would be favorable of waiving the late fees only.

Mr. Brown advised that the arrears total is past due to DC Water, and delinquencies doubled during COVID. Accounts Receivable was largely stable prior to COVID. The receivables growth during COVID is unique, and DC Water believes that this program can help customers get back on track. The revenue impact is likely neutral for several reasons. Recovery of the 90-day delinquencies is not included in the revenue forecast, and waiver of the late fees and ten percent will likely be offset by the recovery of the past due amounts.

Committee member Ivan Frishberg had concerns about the marketing of the program and suggested that could be the time to implement an amnesty program with clear timing and a clear end.

Ms. Williams advised that DC Water is encouraging customers to take advantage of assistance programs. DC Water is working with various agencies to find additional outreaches to spread message to the Multi-Family groups. The liens are a useful tool, and that DC Water will use the winter period to be thoughtful about the disconnections. DC Water is working together to get the communications "right".

Chair Bhatt asked what the next step for this program is. Mr. Brown stated that the program is within the authority of the General Manager and the \$50,000 referenced is the amount the Board has delegated to the General Manager per account. The plan is to move forward with the program. Staff wanted the Board to be aware and to have this discussion.

Ms. Lorick stated that participation invitation letters had been drafted. Additional communications would include a bill message and the What's on Tap bill insert. Chair Bhatt wanted to make sure the message is clear with regards to not making this program an annual event and suggests that Ms. Williams and Ms. Lorick's teams make sure the communication is clear. Chair Bhatt asked for reporting on program utilization (how many customers the letters went to and how many customers took advantage of the program).

Committee member Ivan Frishberg suggested bringing the program to the full Board for review. He also suggested that the program be advertised more broadly.

Ms. Williams stated that DC Water will come back with a communications plan and messaging plan, so the committee could see the full program.

Chair Bhatt agreed that the program should be brought to the entire Board, mainly because the total adjustment could be over \$8 million. Ms. Lorick stated the timeline of the program will shift due to comments and concerns.

### **DC Retail Water Sewer Rates Committee 2023 Proposed Workplan (Attachment C)**

Mr. Brown, CFO/EVP Finance and Procurement mentioned that the FY2023 Proposed Workplan is included in the RRC package. He highlighted the ongoing different cost of studies for FY2023 and stated that the consultants will be presenting at the next RRC meetings.

### **Agenda for February 21, 2022, Committee Meeting (Attachment D)**

There was no discussion on the agenda for the February 21, 2023, Committee meeting.

### **Adjournment**

Chair Bhatt adjourned the meeting at 10:15 a.m.

### **FOLLOW-UP ITEMS – DC Retail Water and Sewer Rates Committee Meeting (January 24, 2023)**

Mr. Franco requested information on the progress of deposit refunds.

Chair Bhatt requested that the Catch-Up Program be discussed with the full Board.

Mr. Giancola requested the number of Catch-Up Program potential participants are enrolled in the Customers Assistance Programs.



**DISTRICT OF COLUMBIA  
WATER AND SEWER AUTHORITY**

**Board of Directors**

Joint Meeting of the DC Retail Water and Sewer Rates and  
Finance and Budget Committees

Tuesday, January 24, 2023

10:15 a.m.

MEETING MINUTES VIA MICROSOFT TEAMS

**Board Members**

Rachna Butani Bhatt, Chairperson  
Anthony Giancola  
David Franco  
Howard Gibbs  
Jared McCarthy  
Sarah Motsch  
Jed Ross

**DC Water Staff**

Matthew T. Brown, CFO & EVP, Finance and Procurement  
Wayne Griffith, Chief Operating Officer (Acting) & EVP  
Lola Oyeyemi, Director, Budget  
Alfonso Kilgore Stukes, Board Secretary (Acting)

**Call to Order**

Chairperson Rachna Butani Bhatt called the meeting to order at 10:22 a.m.

**Proposed FY 2024 Budget**

Mr. Matthew T. Brown, Chief Financial Officer & Executive Vice President, Finance and Procurement, provided an overview of the FY 2024 budget adoption calendar, which includes critical dates leading up to Board adoption scheduled for March 2, 2023. He reported that budget briefings were provided to both the Wholesale Customers and Office of People’s Counsel during January and that both meetings went well. He thanked the Board, who are volunteer members appointed by the Mayor and confirmed by the Council, for all their work on important policy issues all year including the consideration and adoption of the budget which funds operations and infrastructure investment, and the rates which fund this work.

Mr. Brown explained that the budget proposal includes the FY 2024 operating expenditure budget of \$737.6 million, the Ten-Year Capital Improvement Program (CIP) disbursement of \$6.95 billion and the Ten-Year Financial Plan which includes previously approved FY 2024 rates and fees meets all the Board financial policy requirements. The FY 2024 rates were previously adopted by the Board.

Mr. Brown highlighted that the 5.4 percent rate increase for the average residential customer in FY 2024 provides a majority of the anticipated \$36 million increase in revenue. He reported that this increase is needed to support the rising costs of chemicals, energy, insurance premiums

energy, increased costs of maintenance and repairs, expanded customer engagement and stakeholder communications, increased personnel costs, and 17 new positions for Team Blue. Additionally, there were CIP increases for the Clean Rivers and Lead-Free DC programs which are anticipated through FY 2030 and for water and sewer infrastructure projects.

Next, Mr. Brown highlighted that DC Water will continue to offer some of the most robust Customer Assistance Programs (CAP) in the nation. DC Water provides these programs to advance equity and affordability for retail customers.

He went on to review the FY 2024 sources and uses of operating funds totaling \$878.5 million explaining the diversification of revenues and that debt service at 26.4 percent is the single largest use of the operating funds. The sources and uses of the ten-year CIP totaled \$6.95 billion of which 39.3 percent is financed by debt.

### **Proposed Capital improvement Program (CIP) Budget**

The Proposed FY 2023 – FY 2032 CIP disbursement of \$6.95 billion is an increase of \$531 million over the currently approved CIP. The CIP funds major programs like the mandated Clean Rivers program and the Lead-Free DC program to remove all lead service lines in the District. Mr. Brown noted that the Lead-Free DC program includes funding assumptions of federal grants and contributions from the District. Additionally, the CIP allocates \$1.18 billion for upgrades at Blue Plains and continues the ramp up investments in our Sewer System and Water System with \$1.8 billion and \$1.4 billion, respectively. The CIP includes \$141.2 million for Non-Process Facilities, \$338.5 million for capital projects at Washington Aqueduct and \$347.4 million for capital equipment projects which includes Information Technology projects and purchase of fleet vehicles.

Mr. Brown provided additional details on the projected spending for the 10-Year CIP explaining that DC Water is proceeding with the increased investment in water and sewer projects as we advance the Lead-Free DC Program and approach the completion of the Clean Rivers tunneling program in 2030. The FY 2024 Capital Equipment revision reflects rollover of the Fleet equipment funds from FY 2022. In response to Mr. Giancola's question regarding Fleet investment beyond FY 2026, Mr. Brown shared that the capital equipment portion of the CIP typically includes detailed project level estimates in the immediate years of the ten-year period with high level forecasts assumed for future years and that these are subsequently adjusted during each budget cycle. He also informed the Committee that the Authority is currently recruiting for a new fleet director to direct the outer year projections and these will be included in upcoming budget years.

Mr. Brown explained that the capital program is mainly financed by debt and DC Water is looking to ramp up our capital expenditures. He stated that the debt service costs for current debt are projected to total \$6.2 billion over the next 30 years through 2052, without any additional borrowing. This comprises debt service costs of \$2.4 billion for the Clean Rivers program and \$3.8 billion for the Non-Clean Rivers programs. He explained that an additional \$2.7 billion will be borrowed over the next ten-years to advance the capital program. This will require additional rate increases to support the debt service cost requirements.

## **Proposed Operating Expenditure Budget**

Mr. Brown provided details of the Proposed Revised FY 2023 operating expenditure budget of \$709.6 million and Proposed FY 2024 operating expenditure budget of \$737.6 million, highlighting that debt service cost remains the single largest cost driver in the overall budget. He explained that the historical trends for the operations and maintenance (O&M) costs have grown consistently by three percent per year, except for an eight percent increase in FY 2022 compared to FY 2021 due to the chemical and energy cost pressures which is forecasted continue into the foreseeable future. The market cost pressures continue to have significant impact on the budgets for chemicals and energy which resulted in an overspending of \$3.9 million for chemicals and \$9.2 million in electricity costs compared to the respective budgets during FY 2022. Additionally, there is increased water usage due to changes made in the treatment process at the Plant.

Mr. Brown reminded the Committee that the Board-adopted FY 2023 operating budget of \$686.4 million was previously amended upward by \$6 million using \$3 million from the FY 2022 net cash surplus and \$3 million from debt service due to the structure of new debt and refinancing. He went on to highlight the proposed revisions to the FY 2023 operating budget which includes an increase of \$20.6 million to address the cost pressures in chemicals, energy and water usage and a decrease of \$0.4 million in debt service cost.

Next, Mr. Brown provided detailed review of the Proposed FY 2024 operating budget drivers which includes a proposed increase of \$28 million or 3.9 percent compared to the Proposed Revised FY 2023 level. This comprises an increase of \$15.4 million in personnel costs for salaries and wages, employee health benefits, additional 17 positions and funds the apprenticeship and summer internship programs. He stated that the current union agreement will expire in September 30, 2023 and any changes negotiated might impact the budget. Mr. Giancola inquired about the budget for the Summer Internship Program. Ms. Lola Oyeyemi, Director, Budget stated that the value is about \$350 thousand.

Mr. Brown shared that there were 53 new FTEs requested through the budget process but only 17 recommended to maintain our increased assets, provide customer engagement, and support recruitment, and Diversity, Equity & Inclusion efforts. In response to a question asked by Mr. Ross in the Budget Workshop, he mentioned that there are a total of 83 temporary employees, with a majority in Fleet Management (28) to support maintenance of vehicles and Information Technology (19) departments.

Next, Mr. Brown spoke about the vacancy challenges and opportunities and the impacts on many organizations including DC Water. These include pressures to retain talent, flexibility for work from home, high inflation rates which impact household budgets, competitive compensation needs and the great resignation. Management has added recruiter positions and is planning to hire four outsourced recruiters to help lower the high vacancy rate which is 17 percent due to the positions added in FY 2023. Historically, the vacancy rate has been 9 – 12 percent per year. Mr. Brown also shared that if we budgeted the full amount for all vacancies, this would require an additional \$14 million from our rate payers. He further explained that a one percent vacancy rate is approximately equivalent to \$2 million.

Mr. Brown went on to review the chemicals and supplies budget which is relatively flat and the utilities budget which includes an increase of \$2.4 million mainly for electricity, gas and rental needs. The increase of \$3.7 million in water purchase includes the DC Water's share of the McMillan Sewer backwash with offsetting revenue opportunity. Mr. Brown discussed details of the contractual services highlighting the areas of increases for existing and new programs including rising cost of maintenance and repairs, the new Fleet and Sewer buildings and insurance premiums. There were also proposed decreases in credit card fees through initiative to charge for customers for use and workers compensations claims based on current trends. Ms. Rachna Bhatt asked about the purpose of the Non-Rate Payer Revenue Fund. Mr. Brown explained that this is a placeholder which gives us the flexibility to adjust departmental budgets when we receive additional funds from other agencies, including Blue Drop and the District, which are accounted as revenues.

Mr. Brown reviewed the Non-O&M cost categories of the operating budget which include debt service, Cash Financed Capital Improvements (CFCI) and payments to the District for PILOT and ROW fees. He reported that the current outstanding debt is \$3.8 billion, which includes \$1.5 billion issued for the Clean Rivers program. An additional \$2.7 billion is anticipated to be borrowed over the next 10 years to fund the capital program, with debt service costs projected to grow from \$231.2 million in FY 2023 to \$418.8 million by FY 2032. He also explained the use of the CFCI which serves as a contingency and also used for PAYGO funding. Mr. Brown highlighted the various risks that may impact the budget.

### **Proposed Operating Revenues and Financial Plan**

Mr. Brown provided details of the Proposed Revised FY 2023 operating revenue budget of \$842.4 million and Proposed FY 2024 operating revenue budget of \$878.5 million, highlighting the diversified sources of revenues. The revision reflects the anticipated revenue boosts due to higher projected consumption as DC Water continues to recover from the 2019 pandemic, higher O&M cost, higher projected interest rates and increased fees based on cost of service. The operating revenue budget includes a proposed increase of \$42.4 million for FY 2023 and \$50.8 million for FY 2024 compared to previous forecasts in the plan for the Retail, Wholesale, and Other Revenue categories.

The revised projected combined rate increase also considers the revenue requirements to support the operating budget and capital improvement program for the years beyond FY 2023 and FY 2024 as those rates have already been adopted by the Board.

Mr. Brown provided an overview of the Ten-Year Financial Plan and its objective as a fiscal road map that is closely monitored by the three main rating agencies who will be coming to visit DC Water in the Spring. Mr. Brown reiterated management's targeted financial metrics, which includes maintaining debt service percentage of total operating revenues at 33.0 percent or less, maintaining a combined coverage ratio of 1.60X, and 250 days of cash, excluding the Rate Stabilization Fund as required by the Board. The upward revision to the budget and the financial plan was mostly due to COVID19 not having a severe impact on the Commercial category in FY 2022 and also due to the debt service offering lower interest expenses after the refinance of certain debts. The Financial Plan assumes a 1.0 percent conservation each year for all other categories. Mr. Brown also highlighted major lines on the Ten-Year Financial Plan, which include



operating receipts, operating expenditures, debt service, fund ending balance and various metrics.

Mr. Brown discussed the intent to Reimburse Capital Expenditures, which is a requirement in the Master Indenture that requires Board approval to allow DC Water to reimburse itself for capital expenditures with debt proceeds. The combined amount requested for FY 2023 and FY 2024 is \$269.0 million. He explained that the reductions in capital spending due to supply chain issues, delayed DC Water's access to enter the market in 2023.

Mr. Brown reiterated the importance of public communication and the need to be as transparent as possible with our ratepayers, the Office of People's Counsel and other stakeholders about DC water, the proposed budget and where water revenue goes. He also mentioned that all budget briefing materials are available on a designated webpage on the website. Mr. Giancola stated it was great to get a revised summary and answers to questions that were asked during the Budget Workshop.

In closing, Mr. Brown reminded the Committee members to submit budget related questions to the Interim Board Secretary and that the respective recommendations and actions from the various Committees are anticipated in February with final budget adoption by the full Board on March 2, 2023. Mr. Brown thanked the Board members, Senior Executive Team, members of his staff and other DC Water employees that were involved in the development of the budgets. Mr. Giancola and other members of the Committee also expressed their appreciation for the great work performed by staff.

#### **Follow-up Items**

- Provide a briefing at the next board meeting on the status of the union negotiations (**Mr. Giancola**)

#### **Adjournment**

Hearing no further business, Chairperson Rachna Bhatt adjourned the meeting at 11:09 a.m.



**DISTRICT OF COLUMBIA  
WATER AND SEWER AUTHORITY**

**Board of Directors**

Finance and Budget Committee

Tuesday, January 24, 2023

11:00 a.m.

**MEETING MINUTES VIA MICROSOFT TEAMS**

**Committee Members**

Anthony Giancola, Chairperson  
Jared McCarthy  
Sarah Motsch

**DC Water Staff**

Matthew T. Brown, CFO & EVP, Finance and Procurement  
Lola Oyeyemi, Director, Budget  
Joel Grosser, Director of Procurement, Goods & Services  
Steve Boerman, Senior Manager, Category Management  
Alfonzo Kilgore Stukes, Board Secretary (Acting)

**Call to Order**

Chairperson Anthony Giancola called the meeting to order at 11:11 a.m.

**December 2022 Financial Report**

Ms. Lola Oyeyemi, Budget Director, provided the monthly report by exception. Ms. Oyeyemi reminded the Committee that the FY 2023 financial outlook including proposed revisions to the operating revenues, expenditures and capital budgets that were reviewed as part of the budget discussion with at the joint meeting of the Finance and Budget and Retail Rates Committees. At the end of the first quarter of FY 2023, operating revenues were \$204.5 million, or 25.4 percent of budget, operating expenditures were \$157.1 million, or 22.8 percent of budget and capital disbursements were \$86.2 million or 17.2 percent of proposed revised budget. She noted that the operating expenditures are flagged as cautionary due to the continued cost pressures in chemicals and energy.

Next, Ms. Oyeyemi provided an update on the FY 2022 year-end closeout process. She announced that DC Water ended FY 2022 with strong budget performance with revenues higher than budget and expenses lower than budget and achieved key performance metrics. The FY 2022 Financial Statement audit has been completed and DC Water was issued an unmodified “clean” opinion on December 21, 2022. Details will be provided to the Audit Committee on January 26, 2023. Ms. Oyeyemi congratulated the Finance Team, acknowledging Mr. Genes Malasy (Controller), the accounting team, and various team members throughout the Authority for their hard work during the year-end close and audit processes. Other FY 2022 year-end closeout activities underway include the Annual Comprehensive Financial Report, the Office of Management and Budget (OMB) Uniform Guidance Audit for federal grants and the Green Bond attestation engagement.

Ms. Oyeyemi reported that the higher revenue receipts from the Residential, Commercial, and Multi-family categories were due to higher consumption than anticipated when the budget was developed. The lower receipts in the other revenues category were mainly due to the unpaid DC Fire Protection Fee for the first quarter. DC Water did receive payments for both the first and second quarters for the Fire Protection Fee were received this month and will be reflected in subsequent financial reports.

Total operating expenditures were \$157.1 million, which were approximately 12.5 percent higher than same period last year due to continued cost pressures in chemicals and energy. Of the 1325 positions authorized, 1099 were filled at the end of December with a vacancy rate of 17 percent. Ms. Oyeyemi reported that the overall capital disbursements were \$86.2 million and a detailed project performance will be provided at the February 2023 Committee meeting.

Next, Ms. Oyeyemi reported that the total cash balance was \$802.5 million at the end of December. This is comprised of the operating cash balance of \$285.4 million, including the Rate Stabilization Fund (RSF) of \$35.6 million, and the remaining balances of the unrestricted (\$483.1 million) and restricted (\$34.1 million) reserve accounts. Interest income on investments to date was approximately \$347 thousand. Delinquent accounts were higher at \$31.0 million, or 10.4 percent of total customer accounts and includes delinquent impervious only accounts at one percent.

Ms. Oyeyemi noted overtime was higher than year-to-date budget during the first quarter at \$2.9 million or 35.5 percent of budget, mainly in response to water line breaks and other emergencies, such as the Van Ness Reservoir, which was out of service. She also provided a correction to the report for the high overtime usage for Facilities, which was mainly for the relocation of staff and equipment from the old Fleet building and welding shop to the new Fleet Services facility, and some repair work for HVAC emergencies.

In closing, Ms. Oyeyemi reported that the Accounts Payable performance was at 96 percent compared to the Authority's goal of 97 percent. Ms. Oyeyemi also provided highlights of the grants report for the first quarter. Total grants including the WIFIA loan for active projects was \$538.2 million. She informed the Committee that DC Water received \$8.0 million in January for the FY 2023 Congressional CSO (Combined Sewer Overflow) appropriations and future report will be updated.

### **Action Items**

The Committee members agreed to move the following action item to the full Board:

- A. Recommendation for Approval of Merchant Credit/Debit Card Processing Services for \$1.7 million

### **Adjournment**

Hearing no further business, Chairperson Giancola adjourned the meeting at 11:21 a.m.



# DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

## Board of Directors

*Audit & Risk Committee*

*Thursday, January 26, 2023*

*9:30 a.m.*

*Meeting Minutes*

### **COMMITTEE MEMBERS PRESENT**

Floyd E. Holt, Chairperson  
Jed Ross, Committee Vice-Chair  
Anthony Giancola, Committee Member  
Howard Gibbs, Committee Member

### **INTERNAL AUDIT STAFF PRESENT**

Dan Whelan, RSM US LLP  
Samantha Bement, RSM US LLP  
Sophie Tomeo, RSM US LLP  
Rita Chevalier, RSM US LLP

### **DC WATER STAFF PRESENT**

David Gadis, CEO  
Alfonzo Stukes, Interim Secretary to the Board  
Wayne Griffith, EVP Strategy & Performance  
Matthew Ries, Director Strategic Leadership and Sustainability  
Genes Malasy, Controller  
Francis Cooper, Director EPMO

### **EXTERNAL AUDIT STAFF PRESENT**

Brian Grega, KPMG  
Richard McLean, KPMG

### **Call to Order (Item 1)**

Mr. Floyd Holt called the Audit & Risk Committee meeting to order at 9:30 AM.

### **Roll Call (Item 2)**

Mr. Alfonzo Stukes performed roll call to confirm Committee members and management in attendance.

### **FY 2022 Financial Statements (Item 3)**

Mr. Genes Malasy, Controller, presented that the Authority received an unmodified “clean” audit opinion from the external auditor, KPMG. Mr. Malasy noted that this year’s audit was the second audit completed with the new Oracle financial system. Notably, the Authority received the Government Financial Officers Association (GFOA)

Certificate of Achievement for Excellence in Financial Reporting for the 25th consecutive year for their 2021 Annual Comprehensive Financial Report.

Mr. Malasy presented the Authority's FY 2022 Financial Statement results. The Authority's financial position remains strong and is growing with a total net position of \$2.9 billion, which is an increase of \$205.6 million (7.7%) from last fiscal year, mainly driven by a \$174.4 million increase in net investments in capital assets.

Operating revenues increased to \$832.2 million, an increase of \$61.7 million (7.8%) over 2021. Operating expenses are lower than operating revenues because a significant amount of cash receipts were used for capital expenditures which are reflected in the construction-in-progress amount. Operating expenses, including depreciation, increased to \$500.4 million, an increase of \$28.5 million (6.0%) over 2021.

The Authority's operating revenues increased by \$61.7 million (7.8%) to \$832.2 million. The largest increase was in the residential, commercial, and multi-family categories, which increased by \$47.7 million. Revenue continues to remain diversified. Mr. Malasy notes that revenue includes unbilled revenue, billed revenue, cash collected, non-cash revenue, etc. The Authority's operating expenses increased by \$28.5 million (6.0%) to \$500.4 million. The categories with the largest increases were personnel, chemicals, and utilities (electricity).

Mr. Tony Giancola asked a question regarding whether the total operating revenues increase of 8% over the previous year includes delinquent payments.

Mr. Malasy explained that DC Water uses a full accrual basis of accounting, which means revenue is recorded in the period services are provided regardless of when it is collected from the customer. The Authority does not write off delinquent payments given that the Authority can utilize liens to ensure that all the revenue will be collectable, so those are included in the revenue total.

Mr. Malasy explained the Authority's net position increased by \$205.6 million (or 7.7%) to \$2.9 billion. Net position is the difference between total assets plus deferred outflows of resources, and total liabilities plus deferred inflows of resources. The \$174.1 million change in net position before capital contributions is related to regular operations. \$31.4 million is related to capital contributions. Net position continues to grow year-over-year.

The difference between Assets and Liabilities constitutes Net Position. Net position is broken down into four categories. The largest increase in net position was driven by net investment in capital assets from Clean Rivers Anacostia LTCP and Potomac LTCP for \$98 million. The Authority has an MOU with the District, which requires the Authority to set aside assets for those projects.

At the end of FY 2022, the Authority had a total of \$3.7 billion in long-term debt outstanding, an increase of \$300.2 million (8.2%) over FY 2021. This increase was due to the issuance of new debt offset by principal payments of \$525.7 million, which includes refunding of bonds for savings.

Mr. Malasy then discussed unrestricted cash and investments, which includes Board-required cash reserves, the Rate Stabilization Fund, and funds for expanded customer programs. These funds can be used for routine operations and have no external restrictions. Use is restricted by the Trust Indenture and Board policies. Unrestricted cash and investments increased to \$315.2 million vs \$312.5 million in FY 2021. Restricted cash and investments are mainly from bond proceeds that will be drawn down to fund capital projects. These funds are externally restricted by debt covenants, federal mandates, etc. Restricted cash and investments increased to \$661.5 million vs \$324.4 million in FY 2021 because of FY 2022 bond issuance.

Net capital assets, including construction in progress and less depreciation, increased by \$195.9 million, or 2.5%, to \$7.9 billion. Blue Plains, at \$3.3 billion, is the largest capital investment. There is \$2.2 billion worth of construction in progress.

Mr. Giancola asked if the management report was received from the external auditor, KPMG.

Mr. Malasy responded that the report was received and would be presented next.

#### **External Audit Results (Item 4)**

Mr. Brian Grega, KPMG Partner, presented the DC Water FY 2022 external audit results. He informed the Board that KPMG issued a clean, unmodified opinion on the Authority's FY 2022 financial statements. He also stated that no material weaknesses, significant deficiencies, or instances of noncompliance were identified regarding internal controls over financial reporting. There were a few control deficiencies found, but none raised to the level of a significant deficiency or a material weakness. There are no new or significant changes to accounting policies in FY 2022. There were no significant accounting estimates or financial statement disclosures identified in the audit.

Mr. Richard McLean, KPMG Senior Manager, presented the new GASB standards that were implemented in FY 2022. Neither of the new GASB standards (GASB 87 and GASB 92) had a material impact on DC Water's financials. In FY 2023, there are three new GASB pronouncements that will become effective. The Authority is currently reviewing these three new GASB pronouncements. KPMG believes that GASB 96 may have an impact on the financials since the Authority has a number of subscription-based IT service contracts.

Mr. Giancola asked for an explanation of GASB 91 "Conduit Debt Obligations".

Mr. McLean explained that conduit debt is when one entity issues debt on behalf of another entity. The other entity carries the debt on its books, but the issuing entity has certain responsibilities related to that debt. DC Water does not have any relationships like that, as far as KPMG understands.

Mr. McLean presented the uncorrected audit misstatements identified during the FY2022 audit. There were only two uncorrected audit misstatements, one related to the reclassification of restricted assets from current to non-current in order to limit the current amounts to the related liability balances. The second was to record the reversal of the prior year understatement of IMA wholesale revenue. The overall effect of these misstatements and the change in net position are immaterial and inconsequential to DC Water's financial statements.

One corrected audit misstatement was identified related to a reclassification of cash restricted for debt service from Net Investment in Capital Assets (NICA) to restricted net position. A debit was made to net investment in capital assets and a credit was made to net position restricted for debt service. There was no impact to unrestricted net position as a result of this corrected audit misstatement.

Mr. McLean explained the scope of Internal Control Testing. The audit included consideration of internal control over financial reporting in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Mr. McLean explained that no significant deficiencies or material weaknesses were identified.

Mr. Grega proceeded to provide an overview of external audit-required communications, with no significant matters to report.

Mr. McLean concluded that KPMG is currently performing the Uniform Guidance Compliance Audit which includes testing three major programs, ALN #66.418 Construction Grants for Wastewater Treatment Works Program, ALN #21.027 Coronavirus State and Local Fiscal Recovery Funds, and ALN #97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters). The audit is currently in progress. With three programs, it has been a higher level of effort from the auditors and from Management. The audit has been proceeding smoothly. At the completion of the audit, the Uniform Guidance (UG) management representation letter will be provided. A separate letter related to the UG audit with required communications will be addressed to the Board of Directors and Management.

#### **Enterprise Risk Management Briefing (Item 5)**

Mr. Francis Cooper reported on two key status update items. The Environmental Social Governance (ESG) + Resilience Report was completed in December 2022. Enterprise Risk Management's goal is to mitigate risks associated with ESG and support the delivery of ESG ambitions.

Mr. Howard Gibbs asked when the ESG + R report would be available to Board for review.

Mr. Matt Ries answered that the ESG + R report is completed. They are working with Marketing and Communications to have a consolidated rollout. The roll-out target date is March 1<sup>st</sup>.

Mr. Cooper presented the second status report item, Advancing ERM Phase 2. Mr. Cooper explained some of the items completed thus far, including the improvement of the strategic enterprise risk assessment process and the development of a strategic risk register. ERM has developed standard operating procedures for how the Authority can continue to expand the ERM activities across the enterprise. They have implemented formalized ERM training for both staff and management. With Phase 2, ERM will develop a process for conducting deep dives on the 13 strategic enterprise risks that were identified. The goal is then to bring in-house the ability to assess, identify and mitigate those strategic risks and improve on the ability to report them to the Board. ERM is looking to implement standard operating procedures around the use of an IT-enabled risk tool, Origami. For advancing this ERM Phase 2, they are looking to reprogram funds to support the financing.

Mr. Giancola asked what the expected cost for the consultant services would be.

Mr. Cooper stated the consultant is about \$800K including Risk Consulting services and Origami services.

Mr. Giancola asked if the consulting services were included in the budget.

Mr. Cooper responded that these fees were included in the budget and the breakdown was presented in the last Audit & Risk Committee meeting.

Mr. Giancola wanted to confirm whether the consulting services were an unanticipated expense.

Mr. Cooper stated the consulting services were not an unanticipated expense.

Mr. Jed Ross asked to have a separate call with Mr. Francis Cooper and Ms. Maureen Holman to discuss Origami negotiations, as the District uses Origami and Mr. Ross has negotiated with them in the past.

### **Internal Audit Update (Item 6)**

Mr. Dan Whelan, RSM Partner, introduced the update on the Internal Audit plan for FY 2023. First, Mr. Whelan asked for Internal Audit to receive a copy of KPMG's management letter in order to address the control deficiencies that were identified. Mr. Whelan noted that the team would present a status update on the FY 2023 internal audit plan, prior audit findings, a report on one completed audit, and a hotline update.



Mr. Giancola asked if Internal Audit was properly staffed, since it appeared that many audits had not been started.

Mr. Whelan responded by presenting the timeline and stated that Internal Audit is on track to complete all audits by the end of the fiscal year. By the end of next quarter, five audits will be completed.

Ms. Sophie Tomeo, RSM Manager, presented the status of open high-risk audit findings. There are two high-risk findings on the dashboard. The first is related to the Strategic Plan Monitoring audit and the original target date for completion was March 31, 2023. The team is still on track to meet that target date. The Goal Master List has been updated to monitor the timeliness of inputs more easily from the business units. The second open high-risk finding is related to the DSO Work Order Management audit, with an original target date of January 25, 2023. DSO has identified priority required metrics by work order type, is implementing manual review controls (weekly labor report review and weekly material report review), and conducting a mandatory Maximo training program. There are 8 employees left to complete the Maximo training, and the final live training session is being held for those employees on January 27, 2023.

Ms. Tomeo presented the open and pending testing items from prior to FY 2022. There are four items remaining on this list. The first finding with Fleet Management is related to the updating and finalizing of fleet policies and procedures. The team has been busy with the transition to a new facility and the search for a new fleet director, which has delayed the closing of this finding. The Occupational Safety and Health open finding is with the Unions for review. The Customer Billing and Collections open finding is awaiting the procurement of a new multi-family receiver. The Contract Compliance open finding is related to the buildout of a vendor scorecard in Oracle, which is currently in process with an Oracle consultant.

Ms. Tomeo presented the FY 2022 audit findings. 45% of observations are closed out. For any open FY 2022 audit findings, the original target dates have not yet come due. In total, 93% of all prior audit findings from FY16 – FY22 are closed.

Rita Chevalier, RSM Manager, presented the results of the Procurement Audit. The Procurement Audit is a cycle audit that occurs once every two years. Internal Audit scoped the project specifically to review capital procurement. This was the first time procurement has been audited since the Oracle implementation. The review only included capital procurement projects in its scope, and all of the projects that occurred during the testing period utilized either the IFB or RFP solicitation process. Capital projects span across departments and Internal Audit reviewed samples from across the Authority. Management did a fantastic job of maintaining the integrity of the control environment through the Oracle implementation. Only one low-risk finding was identified, which can be found in the full report. Since the testing period, management has created IDIQ contracts in order to have a shortlist of vendors for lead line replacement, small diameters,

and management facility upgrades. Management estimates that having a predetermined vendor pool will shrink the lead time for procurement from an average of six to nine months to an average of three months for these project types.

Ms. Samantha Bement, RSM Director, presented the Hotline Update. The hotline has only received one call this fiscal year, which was related to a discrimination case and is now closed.

Mr. Gibbs asked why the number of calls has gone down this fiscal year.

Ms. Bement responded that Internal Audit does not have a strong sense of the reason for low call volume at this time. Ms. Tomeo responded that at times in prior years, there have been upticks in calls because multiple calls have come in regarding the same incident. Internal Audit has recently confirmed that the hotline is posted to Pipeline and accessible to employees.

Mr. Gibbs raised the concern that employees may not believe the calls are being taken seriously, which could be the reason for the decrease in the number of calls.

Ms. Tomeo stated that this particular hotline is for Fraud, Waste, and Abuse cases. Internal Audit has a protocol of where to redirect calls that do not relate to Fraud, Waste, and Abuse, such as employee relation cases.

There were no items to discuss in Executive Session.

### **Adjournment (Item 8)**

The Audit & Risk Committee meeting was adjourned by Mr. Jed Ross at 10:40 AM.



# CEO's Report

FEBRUARY  
2023



ACCOUNTABILITY TRUST TEAMWORK CUSTOMER FOCUS SAFETY WELL-BEING



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Chairman Wells and members of the Board, it is my pleasure to present you with the CEO's Monthly Report for February 2023. This report captures the highlights of the team's efforts over the past month, across the five cascading imperatives of the Blueprint 2.0 strategic plan: **Equitable, Sustainable, Resilient, Reliable, and Health, Safe and Well**. There are also individual reports from Finance and Procurement; Shared Services; Customer Experience; Information Technology; and Operations and Engineering, as well as the monthly update from Internal Audit.



### Economic Justice Champion Award

I am proud to share that DC Water has been recognized as an Economic Justice Champion by CEO Connection. The Authority is one of six recipients of the 2023 Mid-Market Economic Justice Awards, including the Denny's national restaurant chain. The awards were announced on Martin Luther King, Jr. Day.

CEO Connection says the Economic Justice Awards recognize Mid-Market companies that are influencing change, innovation, and standards for excellence, while making equal opportunity in their companies and communities a way of life not just a slogan.



Companies were evaluated based on their results in the following areas: Board Diversity, C-Suite Diversity, Supply Chain Diversity, Workforce Diversity, and Community Engagement. Based on their scores companies were awarded the following levels of achievement: Economic Justice Champions or Economic Justice Advocates.

CEO Connection is a membership organization for CEOs of Mid-Market companies with between \$100 million and \$3 billion in revenue.



### Authority Employee Receives Howard University's First PhD in Civil and Environmental Engineering

Please join me in congratulating **Rahil Fofana** (Process Engineer I / Wastewater Treatment), the recipient of Howard University's first-ever doctoral degree awarded in Civil and Environmental Engineering. Ms. Fofana joined Howard University in the spring of 2018, as part of a collaboration with DC Water. She conducted research at Blue Plains that focused on advanced nitrogen removal in wastewater treatment. As a PhD candidate, Ms. Fofana published three peer-reviewed journal articles, presented at national conferences, and won the award for best presentation at the 2020 International Water Association Biofilms Virtual Conference.

During my tenure as CEO and General Manager, the Authority has established itself as an exceptional pipeline of talent for the water sector. In recent years, DC Water has produced some of the most successful and impactful professionals in the water industry, such as Kishia Powell (WSSC), Randy Hayman (Philadelphia Water), Will Pickering (Pittsburgh Water and Sewer Authority), April Bingham (Richmond Public Utilities), Tera Fong (EPA, Region 4), and Carolyn MacKool (Long Island Power Authority) among the most notable.

Similarly, Dr. Fofana has already distinguished herself and certainly has a bright future in our industry.



**Equitable** continued

**City of the Future Keynote Speech**

I am pleased to share that I was invited to provide the keynote address for the City of the Future conference, held January 24-26, 2023, at George Washington University.

The City of the Future conference brings together prominent figures in local government, utilities, businesses, and activism to discuss, problem solve and collaborate on issues affecting our communities, our quality of life and prosperity, all of which have changed in the wake of the pandemic.

During my remarks, I described the connection between the imperatives of Blueprint 2.0 and the DC Water programs that provide a model for a City of the Future, with special emphasis on the sustainability, reliability, and equitable imperatives.

Additionally, **Tom Kuczynski** (Vice President / Information Technology) was a featured presenter on an expert panel, entitled 'Aligning Digital Innovation with Evolving Customer and Workforce Needs.'



**Sustainable**

**DC Water to Receive 2023 National Environmental Achievement Award**

The National Association of Clean Water Agencies (NACWA) is honoring DC Water with a 2023 National Environmental Achievement Award (NEAA) in the Research and Technology category for our Taking a DETOUR for Shortcut Nitrogen Removal: Partial Denitrification-Anammox (PdNA) program.

The Authority's team, led by **Haydee De Clippeleir** (Director, Clean Water and Technology / Wastewater Treatment), has collaborated with the Hampton Roads (VA) Sanitation District on the program, and both organizations will receive recognition at the NACWA Winter Conference, scheduled for February 2023. I would like to applaud the efforts of Ms. De Clippeleir, and her team, for leading the project internally and continuing to raise the Authority's research and development programs to even greater heights.



**National Environmental Achievement AWARDS**

**Piney Branch CSO 049 Storage Project**

**Virtual Public Scoping Meeting** Wednesday, January 18, 2023 / 7:30 PM

Join at [goto.com/webinar/join](https://goto.com/webinar/join) (Webinar ID: 565-700-747)

Or call (877) 568-4108 (Audio Access Code 955-186-999)

To learn more visit [dcwater.com/pbs](https://dcwater.com/pbs)

**Piney Branch CSO Storage Public Meeting Set**

In January, DC Water and the National Park Service initiated public outreach and invited public comment on the Authority's proposal to build a 4.2 million gallon storage tunnel to capture sewage, combined with stormwater, which would otherwise flow into Piney Branch, a tributary of Rock Creek. The public outreach included a virtual public scoping meeting on Wednesday, January 18.

As proposed, the creation of the Piney Branch CSO storage tunnel would reduce the volume of untreated sewer discharges by 96%, and also reduce the frequency of such discharges from roughly 25 events per year to only one per year. This is an important project as these overflows contribute to poor water quality in Piney Branch, as well as the Potomac River and, ultimately, the Chesapeake Bay. More information about the project is available at [dcwater.com/pbs](https://dcwater.com/pbs).



**Battle Presents to Israeli Delegation on Water Reuse Options**

On Wednesday, January 18, **Marc Battle** (Chief Legal Officer and EVP / Government and Legal Affairs) represented the Authority in a virtual summit of water sector leaders through the U.S. Environmental Protection Agency (EPA). The summit gathered leaders to reflect on Israel's approach to water reuse and discuss reuse strategies that could be replicated by communities within the United States.

Mr. Battle joined a team of domestic water executives that also included David Pedersen, President of WateReuse California, and General Manager of the Las Virgenes Municipal Water District, and Shellie Chard, Water Quality Division Director with the Oklahoma Department of Environmental Quality.

During his presentation, Mr. Battle described the scope of the water and wastewater services provided by DC Water to our customers and our region. He also offered a briefing on the Potomac River as our current sole water source supplying the District and local suburbs, and our partnership with the Metropolitan Washington Council of Governments (MWCOC) to develop supply solutions, including options that would incorporate the reuse of advanced treated water from the Blue Plains Advanced Wastewater Treatment Plant.

**National Strategy for Cybersecurity of Critical Infrastructure**

On January 5, the Washington Post reported that the Biden administration is close to announcing a new national strategy to better protect the nation's critical infrastructure from cyber threats.



Following the May 2021 ransomware attack on Colonial Pipeline, the National Security Council began a review of the state of regulation for all 16 critical infrastructure sectors. The review revealed that only five of the 16 sectors – nuclear power, financial service, large energy generation, chemicals, and major defense contractors had some form of cybersecurity regulations in place. Following the Colonial attack, similar regulations were placed on oil and gas pipelines, rail, and aviation services.

It is anticipated that the U.S. Environmental Protection Agency (EPA) will issue guidance for the water sector in the coming weeks. **Tom Kuczynski** (Vice President / Information Technology) and **Nelson Sims** (Senior Advisor, Information Security / Information Technology) are monitoring developments.



### HCM Datamart System Launches

I am pleased to share that the Authority has reached another milestone in integrating the Oracle Cloud Enterprise Resource Planning (ERP) system with the launch of the HCM Datamart system.

The new Oracle Cloud component contains historical data from the Authority's legacy systems, including Ceridian, Cornerstone, Evolve, Latitude, Source Time, and Fleet Wave. Current data remains available in Oracle, and the historical information will now be accessible through HCM Datamart.

To assist staff with the integration and launch, the team established a Datamart Help Desk to provide immediate assistance, and a Teams link and dial-in number was set up to assist employees on Tuesday and Thursday mornings for several weeks.

I would like to recognize the team that has supported our conversion to the Oracle ERP, who have executed a complicated, phased transition for Authority employees.

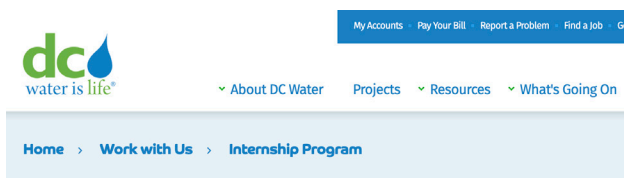


### Summer Internship Applications Available

People and Talent is now accepting applications for the 2023 DC Water Summer Internship Program.

The Internship Program is a 12-week experience that offers students a paid opportunity to explore careers aligned with the student's focus and career goals. Interns benefit from the experience through professional development training and field trips / site visits that help them better understand the work of the Authority and the impact it has across our communities.

I encourage our Board members to share information on Summer Internships with any students who would benefit from the experience. Full details and the online application are available at [dcwater.com/internship-program](https://dcwater.com/internship-program).

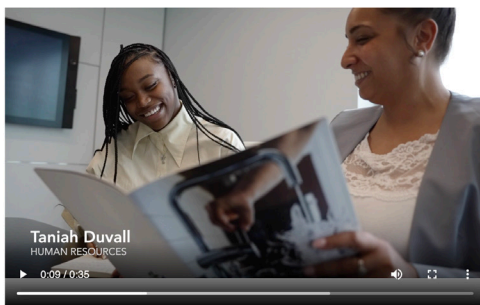


## ACCEPTING APPLICATIONS

We are now accepting applications for the Summer 2023 Internship Program.

Please apply by Feb. 24, 2023.

Click [here](#) to apply.







## Divisions

The CEO report includes service level based key performance indicators. These are indicators for which the teams have established or confirmed response and resolution times in which to perform the related work. This is assisting us in identifying productivity and resource needs as well as benchmarking ourselves against other utilities. It is important to note that where teams may not meet the Service Level Targets set for a specific metric, it does not mean the work is not getting accomplished. The teams are doing a tremendous job and continue to strive to meet high performance expectations.

**Financial Metrics**

Metric	Target	Sept-22	Oct-22	Nov-22	Dec-22
Operating Cash Balance (millions \$)	\$235.6	\$258.2	\$257.9	\$263.6	\$248.7
Delinquent Account Receivables (%)†	3.3%	4.5%	4.4%	4.5%	4.7%
On-time Vendor Payments (%)††	97%	96%	96%	96%	96%
Investment Earnings Data (Thousands \$)	\$2,234.0	\$111.8	\$200.3	\$340.4	\$346.6
Core Investment Yield Data (%) - Merrill Lynch 1-3 Year Treasury Index *		4.3%	4.6%	4.4%	4.5%
Core Investment Yield Data (%) - Actual Monthly Yield †††	0.2%	1.7%	1.8%	2.6%	2.3%
Short Term Investment Yield Data (%) - Merrill Lynch 3-Month Treasury Index *		3.2%	4.0%	4.2%	4.3%
Short Term Investment Yield Data (%) - Actual Monthly Yield †††	0.1%	1.6%	1.8%	2.4%	2.7%
Days of Cash on Hand ** and ***	250.0**	320	339	343	283***

\* Represent annual Treasury Index targets developed and provided by the Authority's investment advisor.  
 \*\* 250 days of cash is the Board policy requirement for annual days of operating reserves excluding the Rate Stabilization Fund.  
 \*\*\*283 days of cash is made up of 35 days in the Rate Stabilization Fund and 248 days in the operating cash balance.  
 Metrics Explanations:  
 †Delinquent account receivables as a percentage of 12-month rolling average revenue. The delinquent account receivables increased due to the impact of COVID-19.  
 ††Vendor payments percentage is not at the desired target primarily due to performance related to the transition from the legacy system to the new system, which includes tolerance configuration (Materials Management invoices), retention invoices, or system entries (non-payment entries, e.g., ROCIP funding), and user training related to receipts issues.  
 †††Investment earnings lag the benchmarks. We are in a rising interest rate environment. As lower yielding investments are sold and reinvested, performance is expected to improve.

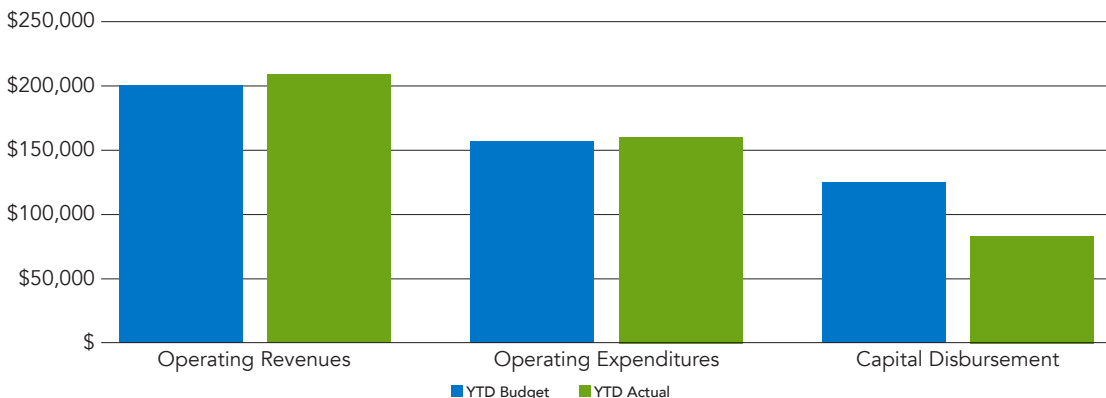
**Finance Highlights**

**FY 2023 Financial Performance**

DC Water is on track with the budget. As of the end of December 2022, with 25 percent of the fiscal year completed, total operating revenues are \$204.5 million or 25.4 percent of the budget. Total operating expenditures are \$157.1 million or 22.8 percent and capital disbursements are \$85.4 million or 17 percent of the respective budgets.

Total operating revenues were 25.4 percent or \$3.5 million above the budget with higher receipts mainly from the Residential, Commercial and Multi-Family customers, due to slightly higher consumption than anticipated in the budget. The year-to-date operating expenditures were higher than budget mainly due to increased spending in chemicals and utilities resulting from higher than anticipated unit prices because of prevailing market conditions. Management continues to monitor spending and presented proposed revisions to the FY 2023 Operating Budget as part of the Proposed FY 2024 Budget presented to the Board in January 2023.

**FY 2023 Year to Date Performance Budget vs. Actuals (\$000's)**



**Finance Highlights** – continued

**FY 2024 Budget Process**

The Proposed FY 2024 Operating Expenditure, FY 2023 – 2032 Capital Improvement program and FY 2023 – 2032 Financial Plan have been formulated. This budget proposal was delivered to the Board of Directors during the Budget Workshop on January 5, 2023, immediately after the Board meeting. Management will also be provided the proposed revisions to the FY 2023 budgets for Operating Expenditure, Operating Revenues and Capital Disbursements.

Details of the budget proposal are available online at [dcwater.com/ratemaking-process](http://dcwater.com/ratemaking-process). The proposed budgets will be reviewed with the various Board Committees over a two-month process with budget adoption anticipated by the full board on March 2, 2023.

**Procurement**

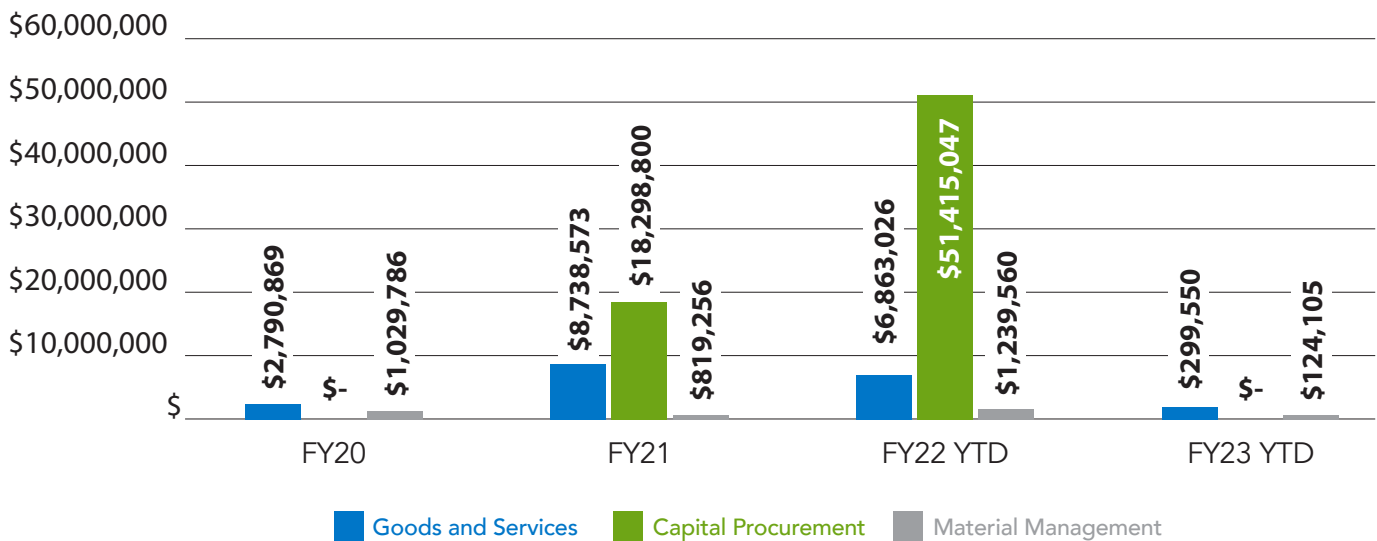
**Highlights**

- Completed 2022 COTR (Contracting Officer’s Technical Representative) training. This year’s training was held via instructor-led online classroom.

**Cost Savings (negotiated savings and cost avoidance):**

The chart shows the cost savings from FY 2020 to FY 2023 year-to-date achieved by Procurement through the competitive solicitation process in the Capital Project and Goods/Service solicitations and the cost avoidance achieved in the Materials Management through the inventory optimization. The cost saving for Capital Procurement was not tracked in FY 2020.

**Cost Savings**



**Procurement** - continued

**Upcoming Business Opportunities:** All current and planned solicitations are available at [dcwater.com/procurement](http://dcwater.com/procurement). Those upcoming in the next two months are shown below:

**Capital Procurement**

Planned Solicitation	Project Title	Solicitation Type	Estimated Total Contract Value	Delivery w Type	Eligible Inclusion Program
February, 2023	Non-Process Facilities Design BOA	RFP	\$3M	Professional Service Agreement	DBE/WBE
March, 2023	Construction of Flood Seawall Segment A, B, D	RFP	TBD	Design Build	DBE/WBE
March, 2023	Main and O Seawall	RFP	TBD	Design Build	DBE/WBE
March, 2023	Floatable Debris Dock	RFP	TBD	Design Build	DBE/WBE
March, 2023	Sanitary Sewer Rehabilitation 10	TBD	TBD	TBD	TBD
March, 2023	Major Sewer Rehab 1-5 Northeast Boundary	TBD	TBD	TBD	DBE/WBE
March, 2023	COF/IT Electrical System Upgrade	RFP	\$10M	Bid Build	DBE/WBE
March, 2023	Service Life Restoration Program (SLRP) 2	TBD	TBD	TBD	DBE/WBE
March, 2023	Glover Park	RFP	TBD	CMAR	DBE/WBE

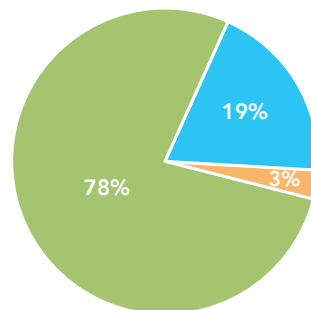
**Goods and Services Procurement:**

Planned Solicitation	Project Title	Solicitation Type	Estimated Total Contract Value	Eligible Inclusion Program
December, 2022	Medical Benefit Plans for Employees	RFP	> \$10M	DBE/WBE
December, 2022	Financial Staff Augmentation	RFP	\$1-\$5M	DBE/WBE
December, 2022	Small Construction Projects and Renovations	RFP	\$1-\$5M	DBE/WBE
January, 2023	Emergency Preparedness Planning and Related Services	RFQ/RFP	< \$1M	LSBE
January, 2023	Financial Advisory Services	RFP	< \$1M	LSBE
January, 2023	Protective Services	RFP	> \$10M	DBE/WBE
February, 2023	Rolling Owner Controlled Insurance Program 6 (ROCIP 6)	RFP	> \$10M	DBE/WBE
February, 2023	Investment Advisory Services	RFP	< \$1M	LSBE

**Certified Business Utilization**

In January, DC Water approved four (4) different procurement actions, including one change order and three requests for additional funds totaling \$5.3 million. Of this total, the planned certified firm participation is \$1.15 million in subcontracting opportunities.

**Certified Firm Participation January 2023 Awards**



**Participation**  
**DBE:** \$1.0M  
**WBE:** \$.15M  
**Non-certified:** \$4.1M

**2022 Review – COVID-19 Impacts**

The highly contagious Omicron variant was at its peak during the start of 2022. In an effort to keep employees healthy, safe, and well, Mr. Gadis issued an Emergency Declaration on January 3rd. DC Water employees eligible for telework returned to worksites on February 28th. Facilities made adjustments with the janitorial contractor (The Clean Team) to provide “enhanced” cleaning. Enhanced cleaning continues as the new normal and includes daily disinfection of high-touch surfaces (door knobs, elevator buttons, countertops, etc.), even if the surfaces do not appear dirty.

Facilities worked with vendors, contractors, and in-house resources to enhance social distancing measures, primarily with the addition of clear plexiglass dividers at public interface points and work spaces. Most locations had been addressed in 2021. Spending for materials in 2022 totaled approximately \$46,277. Locations addressed in 2022 included:

- Dividers added to Permitting Department Space at 4th Street
- Dividers added to cubicle spaces at Blue Plains, Central Maintenance Facility
- Dividers added to cubicle spaces at Bryant Street Pump Station

In 2022, there were 303 reported cases of COVID-19 (Origami). Facilities coordinated 87 deep-cleaning requests, with a total cost of \$32,640.

**Deep-Cleaning Requests by Month**

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
17	1	1	2	19	14	17	8	0	2	1	5

**DC Water’s Occupational Safety and Health Administration Work-Related Injuries and Illnesses Summary for 2022**

In 2022, DC Water’s 1,100 employees (average) worked a total of 2,213,963 hours with 23 cases involving days away from work. The table below summarizes DC Water’s recordable injuries and illnesses for the past 4 years.

Calendar Year	Total hours worked (enterprise wide)	Cases with days away from work	Cases with job transfer or restriction	Other recordable cases	Total number of days away from work	Lost Time Incidence Rate (BLS 2.1)
2022	2,213,963	23	7	5	830	2.1
2021	2,226,886	22	10	8	421	2.0
2020	2,078,416	23	8	5	1,069	2.2
2019	2,038,817	31	11	5	1,598	3.0

**Shared Services Metrics**

Metric	Target	Sept-22	Oct-22	Nov-22	Dec-22
Security: Camera operational uptime	90%	96%	97%	96%	96%
Security: Smart card readers operational uptime	90%	99%	99%	99%	97%
Security: Percent of security investigations completed within 21 days	95%	100%	100%	100%	100%
Facilities: Preventive Maintenance Completion Rate	90%	41%	39%	38%	36%
Facilities: Service Request Completion Rate	90%	44%	59%	45%	38%
Fleet: Preventive Maintenance (PM) on Schedule	96%	14%	79%	39%	NA%
Fleet: Priority Vehicles/Equipment (In-Service)	96%	76%	77%	77%	80%
Safety: DC Water Employee Recordable Incident Rate (RIR) (FY)	< 4.9	3.1	3.1	2	2.4
Safety: DC Water Employee Lost Time Incident (LTI) (FY)	< 1.7	2	2.1	1.5	1.7
Safety: Contractor/ROCIP Recordable Incident Rate (RIR) (FY)	< 2.5	2	3.6	2.6	3
Safety: Contractor/ROCIP Lost Time Incident (LTI) (FY)	< 1.1	0.5	0	0.9	0.6

**Facilities:**

December 2022 was a very busy month for Facilities, with the final demobilization of the Fleet Department from the old Fleet Building and moving the entire Fleet Department to their temporary location at Blue Plains. Facilities was challenged to provide temporary, move-in ready accommodations for the full Fleet Department and was able to meet the need in 3 weeks. In addition, DC Water had the Authority-wide holiday party at HQO on Saturday, December 17th, that was fully supported by Facilities. Facilities also supported Blue Drop's New Year's event at HQO, with over 800 people in attendance.

Preventive maintenance work orders more than doubled from 212 in November to 501 in December, with completions rising from 81 in November to 180 in December. Facilities is continuing monthly work order review meetings with the Facilities General Foreman, Shop Foremen, and Director to identify issues and prioritize work orders for response. One HVAC position was recruited with recommendation to hire in December, this recruit is expected to accept and start the first week in February 2023.

**Fleet Metrics:**

December 2022 was an exciting month for Fleet Management, as they moved out of the old facility at 125 O Street in advance of development activity along the Anacostia River. The Preventative Maintenance metric is listed as N/A for this month, because few PMs were scheduled and performed, as the team began to wrap up operations and relocated to the small equipment shop at Blue Plains. Work to keep the vehicles in operation for critical services continued to be the focus – Fleet managed to reach 80% priority #1 vehicle availability in December by leveraging the Small Equipment shop, mobile services and outside vendors.

**Customer Assistance Programs (CAP)**

DC Water is on track with sharing Customer Assistance opportunities. We are working to reach FY22 Customer Assistance participation levels. In FY22, the previous year’s participants were automatically recertified. This year, everyone must recertify. To align applicable customers with assistance, we are making outbound calls through PCN calls and direct-dialed calling campaigns. RAP (Residential Assistance Program) funding is progressing well, and we anticipate depleting the funds before the fiscal year’s end.

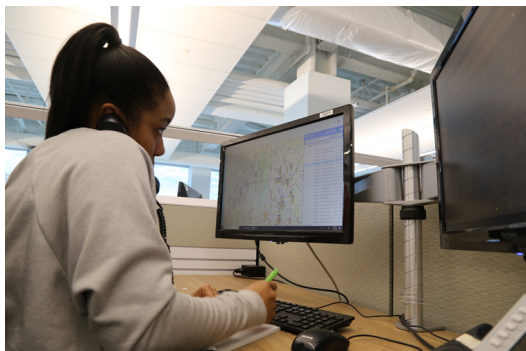
**Customer Assistance Programs (CAP)**

Program	FY2022 Enrolled	FY2022 Dollars	Dec. # Enrolled	Dec. Dollars	# FY23 Enrolled	FY2023 Dollars	FY2023 Budget
CAP I	6,949	\$4,871,357	563	\$78,106	1,590	\$282,088	\$2,500,000
CAP II	679	\$338,362	39	\$5,918	130	\$18,482	\$400,000
CAP III	204	\$33,026	3	\$345	13	\$855	\$50,000
Non-Profit CRIAC Relief	186	\$866,375	22	\$42,366	70	\$118,678	\$905,608
DC Water Cares Residential	1,690	\$1,318,242	265	\$233,970	610	\$623,670	\$1,681,758
DC Water Cares Multifamily (number of units)	4,313	\$1,880,830	9	\$3,500	190	\$71,016	\$4,545,195

**Residential Assistance Program**

We can help you pay your water bill





### Customer Care

- The department diligently works to provide excellent customer service, thus achieving targets and finding daily successes. The month of December was filled with excitement for the holidays and colder weather, resulting in administrative closing and increased absences. These occurrences impacted metric achievement. The department missed metrics by small percentages (Call Center Service Level by 2%, AMI (Advanced Metering Infrastructure) Transmission by 3%, and Unbilled by 1%). The team is still strategizing to ensure that targets are met when absences are higher than planned. Additionally, as disconnect thresholds are reduced, calls increase. We are

hiring temporary support to answer the increased calls and to assist with Meter Operations. The department has filled some vacant positions. New employees are receiving training, and we anticipate seeing increased metric achievement as new employees get acclimated to the work.

- DC Water will hold the disconnection of services for residential and multifamily accounts from 12/15/2022 – 3/31/2023 during the District’s Winter Moratorium. Depending on weather conditions and temperatures, eligible commercial accounts will continue to be disconnected. DC Water will not disconnect services if temperatures are below 32

degrees. All account classes will receive disconnect notices to encourage payment. Additionally, DC Water is identifying additional ways to support customers as they attempt to satisfy the outstanding debt.

- DC Water is mapping out a Customer Catch-Up Program that will incentivize customers to pay their bills before 5/31/2023 for outstanding balances as of 12/31/2022. The incentive will include waiving all late fees and penalties and adjusting 10% of the remaining balance. The goal is to offer the program to eligible delinquent customers to reduce AR (Accounts Receivable) and help customers bring their outstanding bills back in line with monthly costs to avoid disconnection once the moratorium ends. The Program will begin on 2/1/2023, and adjustments will be applied in June 2023 to customer accounts that have satisfied the required payment.
- DC Water will participate in the Office of Tax and Revenues (OTR) 2023 Tax Sale. These accounts have had a lien for a year and are within the OTR’s thresholds. Accounts that are receiving Homestead credit, have an open dispute, or are on payment arrangements will not be offered for Tax Sale participation. By participating in the Tax Sale and partnering with the OTR, DC Water can present the debt outside our normal collection path. Certified balances appear on the District Property Tax Bill and are payable and due with District taxes.

### Key Performance Indicators

Metric	Target/ Service Level	Oct 22	Nov 22	Dec 22
% of Bills issued on time (w/in 5 days)	97%	97.0%	98.4%	98.0%
% Unbilled (NEW)	1.1%	1.6%	1.7%	1.7%
Estimated bills as a percent of meters read	4%	4.1%	4.4%	4.3%
% AMI Transmission (NEW)	95%	93.5%	93.1%	92.9%
# of Bill investigations (Disputes)	trend only	59	68	52
% of OPC inquiries resolved within 14 days	98%	100%	100%	100%
% of Calls Answered in 40 Seconds (Call Center)	85%	83%	92%	83%
Monthly Call Volume Served (Call Center)	trend only	9,055	7,718	8,832
Abandon Rate	3%	2%	2%	4%
Emergency Dispatch <= 10 Min (ECC)	92%	100%	100%	100%



**December: One project launched**

**DC Water Website Upgrade**

This project will upgrade the subsystem that supports the website from Drupal 7 to Drupal 9 and allow for additional features to be added to enhance the user experience. The website is also being rehosted moving from Azure to Pantheon which provides more flexible administration and higher service levels.

**December: Three projects completed**

**Cyber Sentry**

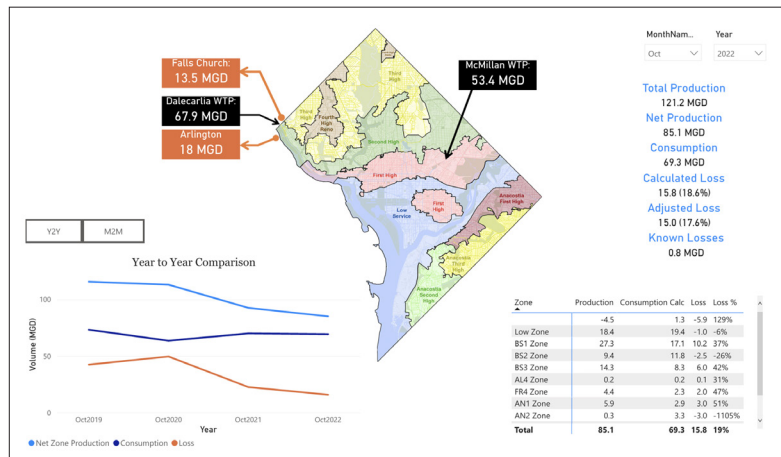
Cyber Sentry provides advanced 24/7/365 cyber security monitoring of DC Water's IT (administrative network) and OT (operational networks for distribution & conveyance and Blue Plains process control). By wondering system wide activities in real-time CyberSentry acts as an early warning system for potential Cyber Threats. System wide activity logging and alerting allows for rapid assessment and mitigation of potential threats.

**Unifier Enhancements**

Unifier Enhancements provides project and contract administration for the CIP) this project included a series of enhancement were deployed including Supplemental Agreements, task order workflows improvements, change order management as well as workflow improvements for the review process a new risk register and fact sheet template.

**AWOL (Accounting for Water Operating Loss) Application**

AWOL replaces the old spreadsheet-based water balancing process with an interactive online application that gathers data directly from the core systems including SCADA, Maximo, meter reading and billing. The data sources are gathered electronically and published to a data warehouse and automates balancing of the system. Pressure zone and system wide balancing is possible and historical reports can be viewed using two simple drop downs for month and year.



**IT Monthly Report**

SR/WO Type	SL Target / SLA	Oct 22	Nov 22	Dec 22
Number of tickets submitted	Trend only	1074	862	706
Number of open tickets	Trend only	33	13	26
Helpdesk SLA	96%	100%	99.20%	100%
Number of active projects	Trend only	21	23	22
Number of completed projects	Trend only	1	0	3
On schedule performance	90%	94.87%	95.12%	92.68%
On budget performance	90%	94.87%	95.12%	95.12%

### Featured Projects of the Month – Wastewater Engineering Updates

**Portland Street Stormwater Pump Station Upgrade:** The Contractor is preparing shop drawings and other submittals for DC Water to review. This work involves rehabilitation and upgrades to the pumps piping and valves, HVAC, structural elements, and electrical and instrumentation equipment. The pumps and SCADA equipment have been delivered, and piping is expected in March 2023.

**Inflatable Dams Improvements** for combined sewer overflow management construction task has been issued under the Miscellaneous Facilities Upgrade Phase 7 contract. Contractor is preparing shop drawings and other submittals for DC Water review. This project involves upgrading blowers, compressors, piping, electrical panels, and control devices that inflate and deflate dams at CSO structures 14, 15, 15A, 16, 34 and 52. The construction schedule was received and sent back with comments. The construction sequence shows commencing work at structure 14 in April '23 followed by structure 16 in July '23 and structure 15 in Sept. '23. The current projected completion date is Summer 2024.

**Gravity Thickener Upgrades** is approximately 95% complete and on schedule. Project work progressed this month includes completed installing tank cover for GT-3 and continued installing cover for GT-4. The contractor completed installing sump pump at GTCB gallery. Additional site work completed included the installation of the intake air ductwork at GT-3. Focus continues to be on electrical and mechanical installation as well as equipment startup at PSSDB.

**Emergency Repairs at Anacostia Tank #2** is addressing corrosion noted on the interior structural elements in addition to failures of the interior coating system. This project commenced in July '23 and is nearing completion. Current work activities include blasting and priming of the new structural steel members and beginning to weld and attach the members in place. This project is anticipated to be completed in April '23 which will allow for the tank to be placed back in full operational mode.

**Blue Plains NRL** (Naval Research Laboratory)

**Feeder Ties** (Transfer Trip and Stuck Breaker Protection at Main Substation)

As of July 1, Pepco completed the first of two 69kV connections between DC Water’s main substation at Blue Plains and Pepco’s substation at NRL. Since then, Blue Plains has been supplied from one new feeder and one existing feeder. No reliability or power quality issues have been reported. The second 69kV connection was completed in October 2022. Currently, the final drawings for changes to DC Water’s equipment are being revised. Pepco has rescheduled testing and connection for 2nd feeder in early February 2023.

### • KPIs – FY23

Program	Job Code	Job Name	KPI	Date	Met within 90 days
BSP	BX00	Gravity Thickener Upgrades PHII	Construction Substantial Completion (KPI)	7/25/2023	On Track
BLP	IY00	Upgrades to Filtration Influent Pumps 1-10	Construction Substantial Completion (KPI)	11/22/2022	On Track
BPW	AL00	Plantwide Project Program Management	Construction Start Milestone – MFU8	02/28/2023	On Track
Water	HV00	Bryant Street Pump Station – Spill Header Flow Control	Construction Start Milestone (KPI)	11/07/2022	✓ On Track
BPW	IC00	Electrical Monitoring Systems	Design Start Milestone (KPI)	06/24/2023	On Track
BPW	AL00	Plantwide Project Program Management	Design Start Milestone (BOA-11)	6/28/2023	On Track
CSO	FQ00	Main & O St. PS Intermediate Upgrade	Construction Substantial completion	03/30/2023	On Track
CSO	OB00	Inflatable Dams Replacement FY24	Design Start Milestone	07/03/2023	On Track
CSO	EK00	Long Term Rehab-Main & O Pump Station	Concept Design Start Milestone	02/01/2023	On Track

**Key Performance Indicators**

Metric	Target/Service Level	Sept-22	Oct-22	Nov-22	Dec-22
<b>Wastewater Operations</b>					
NPDES Permit Compliance	100%	100%	100%	100%	100%
Air Permit Compliance	100%	<100%	100%	100%	100%
Biosolids Class A	100%	100%	100%	100%	100%
Tunnel Dewatering	100%	100%	100%	100%	100%
Combined Heat and Power	>20%	25%	26%	27%	25%
Reactive Maintenance	<20%	35%	31%	30	24%
Critical Asset Availability	>95%	97%	97%	97%	97%
<b>Sewer Operations</b>					
Combined Sewer System (CSS) structures (all outfalls, regulators, tide gates) inspections	100%	100%	100%	100%	100%
* Municipal Separate Stormwater System (MS4) requirement to clean all catch basins in the MS4 Permit Area at least once annually (Jul 01- Jun 30)	14,700	482	600	1,757	2766
* Inspection of catch basins in the CSO Anacostia tributary area at least twice per year (Jan 1- Dec 31)	11,400	7,962	10,138	10,790	11,434
* NPDES Permit to Clean and Inspect 85% of 10,700 CSS Area C/B (Jan 1- Dec 31)	9,095	6,643	9,347	10,213	11,253
Miles per month Sewer Cleaning and Inspection to meet 1,400 Miles of Small Diameter (<12 inches) in 10Yr Cycle	>12	38.17	1.9	3.4	4.5
Sewer Backup (Investigation to Resolution) Within 24 Hours Excluding Line Breaks	>95%	100%	100%	100%	100%
Sanitary Sewer Overflow 1.4 per 100 Miles of Sewer/Yr	2	0.46	0.08	0.3	.53
Combined Sewer System Overflows	0	0	0	0	0
<b>Pumping Operations</b>					
Firm Pumping Capacity Maintained	100%	100%	100%	100%	100%
Reactive Maintenance	<20%	11%	15%	6%	14%
Critical Asset Availability	>95%	98%	98%	98%	98%

\* Month-to-Month Cumulative Total for Catch Basin Inspection and Cleaning

**Key Performance Indicators** continued

Metric	Target/Service Level	Sept-22	Oct-22	Nov-22	Dec-22
<b>Water Operations</b>					
Safe Drinking Water Compliance	100%	100%	100%	100%	100%
Total Fire Hydrants Replaced	>21/Month	7	10	9	1
Hydrant Flow Tests (Non-Winter Months)	>180	336	175	154	190
Fire Hydrant Operational Rate	99%	99.76%	99.83%	99%	99.75%
Priority 5 Emergency Water Service work orders completed w/in 24 hrs	>90%	100%	100%	100%	100%
Water Quality Complaint Resolution (within 48 hours)	>90%	91%	96.20%	95.8%	93%
Water Main Breaks	<28/Month	34	26	36	77
Water Main Break Rate /100 Miles (National Average is 25)	25	36.28	36.57	34.37	38.56
% of Hydrant Leaks in inventory that are not leaking	>90%	99%	99%	99%	99%
<b>Permit Operations</b>					
Overall On-time completion of Permit Reviews	90%	94%	91%	92%	92%

**Explanation of Missed Targets**
**Wastewater Operations Reactive Maintenance ( <20%)**

DC Water has adopted a manufacturing industry best practice benchmark of less than 20 percent reactive maintenance hours as percent of total maintenance hours. To our knowledge, there is no similar benchmark used in the public water utility sector. Blue Plains manages around 45,000 assets within our asset management/maintenance management system, and this stringent industrial benchmark is tracked as a marker for continuous improvement. We observe a descending trend of percent of total reactive maintenance hours, measured as annual average during fiscal years 2019, 2020, 2021, and 2022 of 40%, 37% 32%, and 34% respectively, for assets at the Blue Plains Advanced Wastewater Treatment Plant. The reduction realized is attributed to enhanced proactive and predictive maintenance programs, training of staff on precision maintenance and reliability centered maintenance, optimization of existing preventive maintenance plans, and improvements in processes and equipment through the Capital Improvement Program. The goal is to remain on the reduction path towards a benchmark that is applicable for Blue Plains.

**Sewer Cleaning and Inspection (Miles) 10Yr Cycle**

The missed target is due to the contract fiscal year close-out and demobilization of the contractor. Administrative and planning activities are ongoing with contractor remobilization expected in December 2022

**Total Fire Hydrants Replaced (>20/Month)**

The Department did not meet the target or exceed expectations due to limited availability of vehicles as well as emergency water main repairs. The total number of Fire Hydrants in the water distribution system is 9873.



## Water, Sewer, Blue Plains, Lead Free DC and DC Clean Rivers



- The LFG and WPM teams are in the process of permitting Construction Package 5 & 6 (CP5, CP6) projects. The first permits from DDOT are expected by the middle of January and construction on these packages is expected to start as soon as communication has been completed for the first pass. Anticipated start date is mid-February.
- LFG Team is transitioning to the lead although construction management will lag as the WPM team continues to monitor CP1-4. LFG will be fully responsible for construction management on CP5.
- Contract changes orders have been developed for CP5 & CP6 using Capitol Paving (160100) and Fort Myer construction (170070). The holders of these contracts will be assigned a combined \$17.0M for CIPERR By-Block work beginning in February 2023. Capitol Paving’s change order has been fully executed and Fort Meyer should be fully executed by 1/20/2023.
- Procurement has finalized the selection of eight contractors that have submitted qualification packages for the LFDC ongoing construction work. These firms will need to compete for the work as it is necessary to have competitive bidding to obtain the BIL money from the Federal Government. This MSAs for the contractors are scheduled for approval at the February Board Meeting and executed with the contractors by the end of February.
- Procurement is considering prepurchase of supplies for the Lead-Free program to alleviate supply shortage concerns.
- DDOT final restoration started in June 2022 and has been completed on 10 blocks awaiting approval from DDOT inspection.

Fiscal Year	LPRAP (Assistance Program)	Voluntary Full	CIP Full	CIP Partial	Emergency Full	Emergency Partial	Total LSRs	FY22 Goal	Total Partial	Partial %	Goal %
FY2023	89	57	284	2	27	1	460	3324	1	.6%	2.1%

### Major Sewer and Local Sewer Condition Assessment Projects

- CCTV inspection of 24,435 LF and 47 manholes of Anacostia Main Interceptor (AMI) have been completed. Engineering is in the final stages of starting condition assessment of Easby Point Trunk Sewer, Northwest Boundary Trunk Sewers, East & West Outfall Sewers, East & West Outfall Relief Sewers, and North & South Interconnecting Branch Sewers.
- 604 manholes and 20.84 miles of local sewer inspections have been completed in FY23.
- The Potomac interceptor MH 31-30 Rehabilitation is under construction.
- The Access shaft for slip-lining of the 78” sewer is complete and coordination between all stakeholders for the slip-lining activity has begun.



The Northeast Boundary Tunnel (NEBT) is a 23’ diameter, 5-mile-long tunnel designed to provide CSO control and flooding relief in northeast DC.

- Work continues at Rhode Island Avenue to connect the Near Surface Structures to the NEBT tunnel system. Work continues with installation of the internal concrete liner in the NEBT at the Florida Avenue adit/tunnel connection, concrete near surface structures at R Street, and contract work within the First Street Tunnel during the planned shutdown. Also continuing construction of the T Street surface stormwater inlets and the Ventilation Control Facility at W Street. Coordination with the community and third parties continues.
- Project is planned to be placed in operation in summer 2023 ahead of the Consent Decree deadline of March 23, 2025, within the CIP budget.

**Internal audit plan FY2023 timeline**

This timeline represents the FY 2023 audit plan and the status of each project. Annually the Internal Audit team, RSM, conducts a risk assessment and presents the results and the audit plan to the Audit & Risk Committee in October.

	Oct - 22	Nov - 22	Dec - 22	Jan - 23	Feb - 23	Mar - 23	Apr - 23	May - 23	Jun - 23	Jul - 23	Aug - 23	Sep - 23	Oct - 23	Status
Contract Compliance Audit														Reporting in Progress
Procurement Audit														Report Complete
Payroll & Timekeeping Audit														Planning in Progress
Metering, Billing and Collections Audit														Planning in Progress
Penetration Testing Audit – External Network														Planning in Progress
Oracle IT General Controls Assessment														Not Started
Oracle Identity & Access Mgmt Assessment														Not Started
Work Order Management Audit – DWO														Not Started
Business Continuity Assessment														Not Started
Fleet Management Audit														Not Started
FY 2024 Risk Assessment														Not Started
Ongoing Follow-up Procedures														Ongoing
Ongoing Hotline Monitoring														Ongoing

Audit FY	Issue Date	Audit Report	High Risk Open Finding	Original Target Date	New Target Date	# Extensions	
1	2022	7/28/2022	Strategic Plan Monitoring	Missing, incomplete, or outdated goals data	3/31/23	N/A	0
<i>Status notes: The Goal Master List has been updated to include an "as of" field to more easily monitor timeliness of inputs from the business units. The Strategic Management team will develop formal SOPs to address a notification / escalation protocol for goal data updates. The Strategic Management team is developing a process to validate the completeness, accuracy, and quality of data used to monitor progress of the strategic goals aligned to Blueprint 2.0.</i>							
2	2022	10/27/2022	DSO Work Order Management	Failure to capture work order labor and materials on a consistent basis	1/25/23	N/A	0
<i>Status notes: DSO has identified priority required metrics by work order type, is implementing manual review controls (weekly labor report review, weekly material report review), and conducting a mandatory Maximo training program.</i>							

Past due
Original target date has not yet come due

**\*Open Prior Audit Findings**

Audit Report / Subject	Issue Date	Open
Fleet Management Review	1/24/2019	1
Occupational Safety and Health	4/25/2019	1
Customer Billing and Collections Audit	10/22/2020	1
Contract Compliance Audit	7/22/2021	1
Strategic Plan Monitoring Audit	7/28/2022	2
Work Order Management Audit – DSO	10/27/2022	2
		<b>total 8</b>

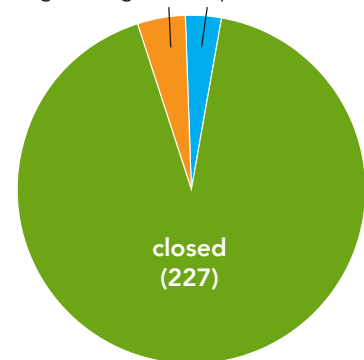
At least 1 original remediation target date has been extended

In total, 93% of all prior audit findings from FY16 - FY22 are closed. Management's target closure rate is 90%

\*Note that the audit findings reported above represent open findings through the FY22 Audit Plan year.

**FY16 – FY22 prior audit findings status**

pending testing (10) open (8)



"Pending Testing" indicates that Management represents that the Action Plan is Completed, but Internal Audit has not yet performed testing to validate the status.

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**Summary of Contracts on Consent Agenda  
294<sup>th</sup> Meeting of the DC Water Board of Directors  
Thursday, February 2, 2023**

**Joint-Use Contracts**

**Resolution No. 23-04** – execute Option Year 9 of Contract No. WAS-12-063-AA-RA, Protective Services, Allied Universal Services. The purpose of this contract is to purchase protective services for all of DC Water’s facilities and personnel. The extension amount is \$4,000,000.00. (Recommended by the Environmental Quality and Operations Committee 01-29-23)

**Resolution No. 23-05** - The Potomac River Tunnel is a component of the Clean Rivers Project and is required by the Consent Decree. Most of the work sites for the tunnel are on National Park Services property. DC Water and NPS jointly prepared an Environmental Assessment in 2018 and a Finding of No Significant Impact (FONSI) was signed in 2020 in accordance with the National Environmental Policy Act. The FONSI requires DC Water to provide mitigation as part of the project. The agreement amount is \$1,600,000.00. (Recommended by the Environmental Quality and Operations Committee 01-29-23)

**Non-Joint Use Contracts**

**Resolution No. 23-06** – execute Contract No. 200030, Small Diameter Water Main Replacement-16A, Capitol Paving of D.C., Inc. The purpose of this contract is to replace small diameter water mains that have experienced failures, or have a history of low water pressure, or water quality issues across various locations within the District of Columbia. The contract amount is \$14,157,282.00. (Recommended by Environmental Quality and Operations Committee 01-19-23)

**Resolution No. 23-07** – execute Contract No. 230030, Task Order-Based Lead-Free DC (LFDC) Lead Service Line Replacement (Eight Qualified Contractor Participants). The purpose of this contract is to support DC Water’s Lead-Free DC Lead Service Line Replacement (LSLR) Program which will replace all lead service lines in the District of Columbia by 2030. The contract will provide construction resources for FY23-FY26 block by block lead service line replacements as a component of the LFDC Capital Improvement Program. The contract amount is \$130,000,000. (Recommended by the Environmental Quality and Operations Committee 01-19-23)

**Resolution No. 23-08** – approve additional funding for Merchant Credit/Debit Card Processing Services. The purpose of this contract is to provide merchant credit and debit card processing services to include electronic authorization, data capture and settlement services for all VISA, MASTERCARD and Discover credit and/or debit transactions generated by DC Water for processing monthly residential and commercial water bills, sewer bills and permit bills. The contract extension value is \$1,700,000. (Recommended by the Finance and Budget Committee 01-24-23)



**Presented and Approved: February 2, 2023**

**SUBJECT: Approval to Extend Option Year (9) of Contract No.  
WAS-12-063-AA-RA, Allied Universal Security Services**

**#23-04  
RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("the Authority") at its meeting on February 2, 2023 upon consideration of a joint use matter, decided by a vote of ( ) in favor and ( ) opposed to approve the Extension of Option Year Nine (9) of Contract No.WAS-12-063-AA-RA, Allied Universal Security Services.

**Be it resolved that:**

The Board of Directors hereby authorizes the General Manager to execute Option Year Nine (9) of Contract No.WAS-12-063-AA-RA, Allied Universal Security Services. The purpose of this contract is to purchase protective services. The contractor, Allied Universal Security Services, provides protective services for all of DC Water's facilities and personnel. The extension amount is \$4,000,000.00.

This Resolution is effective immediately.

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Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY  
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

**ACTION REQUESTED**

**GOODS AND SERVICES CONTRACT OPTION YEAR  
PROTECTIVE SERVICES  
(Joint Use)**

Approval to extend option year 9 for protective services in the amount of \$4,000,000.00.

**CONTRACTOR/SUB/VENDOR INFORMATION**

<b>PRIME:</b>	<b>SUBS:</b>	<b>PARTICIPATION:</b>
Allied Universal Security Services 1551 N. Tustin Avenue Suite 650 Santa Ana, CA 92705	Preeminent Protective Services Inc. 1050 17 <sup>th</sup> Street, NW, Suite 600 Washington, DC 20036 LSBE	15% LSBE

**DESCRIPTION AND PURPOSE**

Base Year Contract Value:	\$4,934,348.12
Base Year Contract Date:	12-16-2012 – 12-15-2013
Option Year 1 – Option Year 4 Value:	\$20,143,632.25
Option Year 1 – Option Year 4 Dates:	01-16-2014 – 02-13-2018
Option Year 5 Value:	\$5,847,481.76
Option Year 5 Dates:	02-14-2018 – 02-13-2019
Option Year 6 Value:	\$5,300,000.00
Option Year 6 Dates:	02-14-2019 – 02-13-2020
Prior Modification Value	\$891,102.47
Prior Modification Dates:	12-16-2020 – 03-13-2020
Option Year 7 Value:	\$5,436,000.00
Option Year 7 Dates:	03-14-2020 – 03-13-2021
Option Year 8 Value:	\$5,500,000.00
Option Year 8 Dates:	03-14-2021 – 03-13-2022
<b>Option Year 9 Value:</b>	<b>\$6,530,000.00</b>
<b>Option Year 9 Dates:</b>	<b>03-14-2022 – 03-13-2023</b>
<b>Option Year 9 Time Extension Value:</b>	<b>\$4,000,000.00</b>
<b>Option Year 9 Time Extension Dates:</b>	<b>03-01-2023 – 09-30-2023</b>

**Purpose of the Contract:**

The purpose of this contract is to purchase protective services. The contractor, Allied Universal Security, provides protective services for all of DC Water's facilities and personnel.

**Contract Scope:**

The contract will provide highly trained and reliable commissioned Special Police Officers (SPOs) to safeguard DC Water's property and personnel, to prevent and deter unauthorized access or removal of property, and to assist DC Water in all other security related matters. The time extension is necessary as a new solicitation to replace the current contract will be issued in early CY23.

**Spending Previous year:**

Cumulative Contract Value:	12-16-2012 to 03-13-2023: \$54,582,564.60
Cumulative Contract Spending:	12-16-2012 to 12-01-2022: \$51,853,498.32

**Contractor's Past Performance:**

According to the COTR, the Contractor's quality of products and services, timeliness of deliverables; conformance to DC Water's policies, procedures and contract terms; and invoicing, all meet expectations and requirements.

**PROCUREMENT INFORMATION**

<b>Contract Type:</b>	Goods and Services	<b>Award Based On:</b>	Highest Rated Offeror
<b>Commodity:</b>	Security	<b>Contract Number:</b>	WAS-12-063-AA-RA
<b>Contractor Market:</b>	Open Market with Preference Points for Local and Small Businesses		


**BUDGET INFORMATION**

<b>Funding:</b>	Operating	<b>Department:</b>	Department of Security
<b>Service Area:</b>	Blue Plains AWTP	<b>Department Head:</b>	Ivelisse Cassas

**ESTIMATED USER SHARE INFORMATION**

User	Share %	Dollar Amount
District of Columbia	70.33%	\$2,813,200.00
Washington Suburban Sanitary Commission	22.20%	\$888,000.00
Fairfax County	4.75%	\$190,000.00
Loudoun County	2.35%	\$94,000.00
Other (PI)	0.37%	\$14,800.00
<b>TOTAL ESTIMATED DOLLAR AMOUNT</b>	<b>100.00%</b>	<b>\$4,000,000.00</b>

 12/21/2022  
 Maureen Holman Date  
 VP of Shared Services

 Digitally signed by Dan Bae  
 DN: C=US,  
 E=dan.bae@dcwater.com, O=District  
 of Columbia Water and Sewer  
 Authority, OU=VP of Procurement &  
 Compliance, CN=Dan Bae  
 Date: 2023.01.11 12:44:49-05'00'  
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 Dan Bae Date  
 VP of Procurement

**Matthew** Digitally signed by  
**T. Brown** Matthew T. Brown  
 Date: 2023.01.11  
 12:57:37 -05'00'  
 \_\_\_\_\_  
 Matthew T. Brown Date  
 CFO and EVP of Finance and Procurement

 1/24/2023  
 David L. Gadis Date  
 CEO and General Manager

**Presented and Approved: February 2, 2023**

**SUBJECT: Approval to Execute Funding for the Mitigation Agreement  
Between the National Park Services and DC Water for  
Potomac River Tunnel Use of NPS Lands**

**#23-05  
RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("the Authority") at its meeting on February 2, 2023 upon consideration of a joint use matter, decided by a vote of ( ) in favor and ( ) opposed to approve the Execution of Funding for the Mitigation Agreement between the National Park Services and DC Water for Potomac River Tunnel Use of NPS Lands.

**Be it resolved that:**

The Board of Directors hereby authorizes the General Manager to execute funding for the mitigation agreement with National Park Services (NPS) for Potomac River Tunnel Use of NPS Lands. The Potomac River Tunnel is a component of the Clean Rivers Project and is required by the Consent Decree. Most of the work sites for the tunnel are on National Park Services property. DC Water and NPS jointly prepared an Environmental Assessment in 2018 and a Finding of No Significant Impact (FONSI) was signed in 2020 in accordance with the National Environmental Policy Act. The FONSI requires DC Water to provide mitigation as part of the project. The agreement amount is \$1,600,000.00.

This Resolution is effective immediately.

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Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY  
BOARD OF DIRECTORS FACT SHEET**

**ACTION REQUESTED**

**AGREEMENT:**

**Mitigation Agreement with National Park Service (NPS) for Potomac River  
Tunnel Use of NPS Lands  
(Joint Use)**

Approval to execute the agreement between the National Park Service and DC Water for \$1,600,000. The modification exceeds the General Manager's approval authority.

**PARTY INFORMATION**

<b>PARTY:</b>	<b>SUBS:</b>	<b>PARTICIPATION:</b>
National Park Service 1100 Ohio Drive SW Washington, DC 20242	Not Applicable	Not Applicable

**DESCRIPTION AND PURPOSE**

Agreement:	\$1,600,000.00
Agreement Time:	3,650 Days (10 Years, 0 Months)
Anticipated Agreement Start Date:	12-04-2023
Anticipated Agreement Completion Date:	12-04-2033

**Purpose of agreement:**

The Potomac River Tunnel (PRT) is a component of the Clean Rivers Project and is required by the Consent Decree. Most of the work sites for the tunnel are on National Park Service (NPS) property because that is where the existing CSO outfalls are located. DC Water and NPS jointly prepared an Environmental Assessment (EA) in 2018 and a Finding of No Significant Impact (FONSI) was signed in 2020 in accordance with the National Environmental Policy Act (NEPA). The FONSI requires DC Water to provide mitigations as part of the project and this agreement authorizes payment for the required mitigations.

**Agreement Scope:**

- Advance payment for Invasive Species Mitigation – the FONSI requires DC Water to provide \$100,000 to NPS to conduct five acres of invasive species removal in Rock Creek Park to offset impacts to riverine wetlands from the construction activities.
- Advance payment for Visitor/Community Use Experience Mitigation - the FONSI requires DC Water to mitigate impacts to recreational fields, the loss of revenue and loss of visitor use experience due to construction of the tunnel. Construction will be for approximately 6 years in the National Mall area with closure of roads, sidewalks, and trails; construction noise and traffic; displacement of parking spaces; occupation of recreational fields and volleyball courts in the National Mall; disturbance to the setting and visitor experience at National Mall monuments; disturbance to Georgetown Waterfront Park; intrusions to scenic views; and temporary restrictions on recreational activities in areas of the Potomac River. DCCR negotiated with NPS an amount of \$1,500,000 for impacts to Visitor/Community Use Experience, which is less than an independent appraisal assessing the value of temporary use of the land.

**Federal Grant Status:**

- Work under this Agreement is eligible for Federal grant funding assistance.

**AGREEMENT INFORMATION**

<b>Contract Type:</b>	Agreement	<b>Award Based On:</b>	N/A
<b>Commodity:</b>	Construction	<b>Contract Number:</b>	N/A

**BUDGET INFORMATION**


<b>Funding:</b>	Capital	<b>Department:</b>	Clean Rivers
<b>Service Area:</b>	Combined Sewer System	<b>Department Head:</b>	Moussa Wone
<b>Project:</b>	CZ		

**ESTIMATED USER SHARE INFORMATION**

User	Share %	Dollar Amount
District of Columbia	94.91%	\$ 1,518,560.00
Federal Funds	0.00%	\$
Washington Suburban Sanitary Commission	3.97%	\$ 63,520.00
Fairfax County	0.71%	\$ 11,360.00
Loudoun County & Potomac Interceptor	0.41%	\$ 6,560.00
<b>Total Estimated Dollar Amount</b>	<b>100.00%</b>	<b>\$ 1,600,000.00</b>

Digitally signed by wayne Griffith  
 Date: 2023.01.06 16:13:18 -05'00'

Wayne Griffith Date  
 Acting COO, Executive Vice President



Digitally signed by Dan Bae  
 DN: CN=Dan Bae, E=dan.bae@dcwater.com,  
 O=District of Columbia Water and Sewer Authority, OU=VP of Procurement & Compliance, C=Dan Bae  
 Date: 2023.01.06 16:41:01-05'00'

Dan Bae Date  
 VP of Procurement

Digitally signed by Matthew T. Brown  
 Date: 2023 01.10 12:16:47 -05'00'

Matthew T. Brown Date  
 CFO and EVP  
 Finance & Procurement



1/24/2023  
 David L. Gadis Date  
 CEO & General Manager

**Presented and Approved: February 2, 2023**

**SUBJECT: Approval to Execute Contract No. 200030, Small Diameter Water Main Replacement-16A, Capitol Paving of D.C., Inc.**

**#23-06  
RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("the Authority") at its meeting on February 2, 2023 upon consideration of a non-joint use matter, decided by a vote of ( ) in favor and ( ) opposed to approve Contract No. 200030, Small Diameter Water Main Replacement-16A, Capitol Paving of D.C., Inc.

**Be it resolved that:**

The Board of Directors hereby authorizes the General Manager to execute Contract No. 200030, Small Water Main Replacment-16A. The purpose of this contract is to replace small diameter water mains that have experienced failures, or have a history of low water pressure, or water quality issues across various locations within the District of Columbia. The contract amount is \$14,157,282.00.

This Resolution is effective immediately.

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Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY  
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

**ACTION REQUESTED**

**CONSTRUCTION CONTRACT:**

**Small Diameter Water Main Replacement-16A  
(Non-Joint Use)**

Approval to execute a construction contract for \$14,157,282.00

**CONTRACTOR/SUB/VENDOR INFORMATION**

<b>PRIME:</b>	<b>SUBS:</b>	<b>PARTICIPATION:</b>
Capitol Paving of D.C., Inc. 2211 Channing St NE Washington, DC 20018	Omni Excavators, Inc. Washington, DC	DBE 17.7%
	E&R Minority Suppliers LLC Sterling, VA	DBE 14.1%
	Acorn Supply & Distributing, Inc White Marsh, MD	WBE 6.0%

**DESCRIPTION AND PURPOSE**

Contract Value, Not-To-Exceed:	\$14,157,282.00
Contract Time:	1,005 Days (2 Years 9 Months)
Anticipated Contract Start Date (NTP):	03-08-2023
Anticipated Contract Completion Date:	12-07-2025
Bid Opening Date:	10-31-2022
Bids Received:	6
Other Bids Received	
Sagres Construction Corp.	\$14,657,631.00
Fort Myer Construction Corp	\$15,795,011.00
Spiniello Companies	\$17,253,300.00
Anchor Construction Co Inc.	\$17,999,315.00
Civil Construction, LLC	\$18,306,015.00

**Purpose of the Contract:**

Replacement of small diameter water mains that have experienced failures, or have a history of low water pressure, or water quality issues across various locations within the District of Columbia.

**Contract Scope:**

- Replace 3.82 miles of water mains, associated valves and appurtenances.
- Replace copper water services two (2) inches in diameter and smaller in public and private space as needed.
- Replace curb stop / curb stop box, meter box and penetration through building wall and connection to first fitting inside the building including installation of a shut-off valve and pressure reducing valve.
- Provide permanent pavement and surface restoration.

**Federal Funding Status:**

- Construction contract is funded in part by Federal grant.
- Construction contract is anticipated to be funded in part from a Water Infrastructure Finance and Innovation Act (WIFIA) loan.



**PROCUREMENT INFORMATION**

<b>Contract Type:</b>	Unit Price	<b>Award Based On:</b>	Lowest responsive, responsible bidder
<b>Commodity:</b>	Construction	<b>Contract Number:</b>	200030
<b>Contractor Market:</b>	Open Market		

**BUDGET INFORMATION**

<b>Funding:</b>	Capital	<b>Department:</b>	Engineering and Technical Services
<b>Service Area:</b>	Water	<b>Department Head:</b>	William Elledge
<b>Project:</b>	HX, BW		

**ESTIMATED USER SHARE INFORMATION**

User	Share %	Dollar Amount
District of Columbia	20.00%	\$2,831,456.40
Federal Funds	80.00%	\$11,325,825.60
Washington Suburban Sanitary Commission	0.00%	\$0.00
Fairfax County	0.00%	\$0.00
Loudoun County & Potomac Interceptor	0.00%	\$0.00
<b>Total Estimated Dollar Amount</b>	<b>100.00%</b>	<b>\$14,157,282.00</b>

**wayne Griffith**

Digitally signed by wayne Griffith  
Date: 2023.01.06 16:12:06 -05'00'

Wayne Griffith  
Acting COO, Executive Vice President

Date

**Matthew T. Brown**

Digitally signed by Matthew T. Brown  
Date: 2023.01.10 13:22:46 -05'00'

Matthew T. Brown  
CFO and EVP  
Finance and Procurement

Date

Dan Bae  
VP of Procurement

Date

Digitally signed by Dan Bae  
DN: cn=US, e=dan.bae@dcwater.com, o=District of Columbia Water and Sewer Authority, ou=VP of Procurement & Compliance, cn=Dan Bae  
Date: 2023.01.06 16:41:37-05'00'

David L. Gadis  
CEO and General Manager

Date

1/24/2023

**Presented and Approved: February 2, 2023**

**SUBJECT: Approval to Execute Contract No. 230030, Lead Free DC (LFDC) Lead Service Line Replacement (LSLR) Program FY23-FY26 Block by Block Construction**

**#23-07  
RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("the Authority") at its meeting on February 2, 2023 upon consideration of a non-joint use matter, decided by a vote of ( ) in favor and ( ) opposed to approve Contract No. 230030, Lead Free DC (LRDC) Lead Service Line Replacement (LSLR) Program FY23-FY26 Block by Block Construction, (See Attachment A for the List of Eight (8) Participating Contractors ).

**Be it resolved that:**

The Board of Directors hereby authorizes the General Manager to execute Contract No. 230030, Lead Free DC (LRDC) Lead Service Line Replacement (LSLR) Program. The purpose of this contract is to support DC Water's Lead Free DC Lead Service Line Replacement (LSLR) Program which will replace all lead service lines in the District of Columbia by 2030. The contract will provide construction resources for FY23-FY26 block by block lead service line replacements as a component of the LFDC Capital Improvement Program. The contract amount is \$130,000,000.

This Resolution is effective immediately.

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Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY  
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

**ACTION REQUESTED**

**CONSTRUCTION CONTRACT:**

**LEAD FREE DC (LFDC) LEAD SERVICE LINE REPLACEMENT (LSLR) PROGRAM FY23-FY26  
BLOCK BY BLOCK CONSTRUCTION**

**(Non-Joint Use)**

Approval of task order-based Lead-Free DC (LFDC) Lead Service Line Replacement (LSLR) Program with a program budget amount not-to-exceed \$130,000,000 for a period of three years to execute eight Master Service Agreements (MSA) to the selected Qualified Contractors.

**CONTRACTOR/SUB/VENDOR INFORMATION**

<b>PRIME:</b> See Attachment A for list of PRIME Qualified Contractor Participation	<b>SUBS:</b> Subs will be identified for each task order awarded.*	<b>PARTICIPATION:</b> See Notes Below**
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\* Eight firms were qualified to participate on Lead Free DC (LFDC) Lead Service Line Replacement (LSLR) Program. Each of the Eight demonstrated a history of successfully meeting established goals for DBE/ WBE utilization. Additionally, the qualified firms agreed to work with DC Water to actively engage the certified business community and meet/exceed DC Water's business diversity, equity, and inclusion goals established for each task order they are awarded.

\*\* The overall utilization goals for the Master Service Agreement are 35% DBE and 15% WBE, respectively.

**DESCRIPTION AND PURPOSE**

<b>Program Value, Not-to-Exceed</b>	\$130,000,000.00
<b>Program Time:</b>	3 years (1,095 days)
<b>Anticipated Program Start Date (NTP):</b>	02-28-2023
<b>Anticipated Program Completion Date:</b>	02-28-2026
<b>Bid Opening Date:</b>	11-09-2022
<b>Qualified Bids Received (See Attachment A):</b>	8

**Purpose of the Program:**

To support DC Water's Lead-Free DC (LFDC) Lead Service Line Replacement (LSLR) Program, which will replace all lead service lines in the District of Columbia by 2030. This contract will provide construction resources for FY23-FY26 block-by-block lead service line replacements as a component of the LFDC Capital Improvement Program.

- The qualification Program to identify and engage a pool of multiple contractors who are ready and willing to participate and compete for LFDC LSLR projects/work
- Issuance of master service agreements that will allow early engagement with Suppliers for materials planning and constructability /risk mitigation during project planning phase and the opportunity to efficiently compete for LFDC/LSLR projects as task orders.
- Establish a Performance Management process to provide immediate feedback, review lessons learned, assist Contractors to be successful in bidding and performing on projects, and overall, continuously drive improvements in the process and DC Water's ability to meet the CIP schedule

**Contract Scope:**

- Remove existing lead, galvanized, and brass water service lines and replace with new copper pipe.
- Installation of Meters (provided by DC Water) Meter Boxes, Frame and Covers. Meter activation will be completed by DC Water staff.
- Installation of Curb Stop and Curb Stop Box.

- Private side tie-in and coordination with homeowners.
- Restore and/or replacement of asphalt and concrete roadways (i.e., permanent street restoration), brick and concrete sidewalks, landscaped areas, and other miscellaneous repairs that result from block-by-block projects.
- Interior restoration as required.

**Federal Grant Status:**

- This construction contract change order is eligible for Federal grant funding assistance: inclusion in grant is pending availability of grant funds.

**PROCUREMENT INFORMATION**

<b>Contract Type:</b>	Unit Price	<b>Award Based On:</b>	Lowest responsive, Responsible Bidder
<b>Commodity:</b>	Construction	<b>Contract Number:</b>	230030
<b>Contractor Market:</b>	Pre-Qualified Contractors		


**BUDGET INFORMATION**

<b>Funding:</b>	Capital	<b>Department:</b>	Engineering and Technical Services
<b>Service Area:</b>	Water	<b>Department Head:</b>	William Elledge
<b>Project:</b>	ST		

**ESTIMATED USER SHARE INFORMATION**

User	Share %	Dollar Amount
District of Columbia	100.00%	\$ 130,000,000.00
Federal Funds	0.00%	\$
Washington Suburban Sanitary Commission	0.00%	\$
Fairfax County	0.00%	\$
Loudoun County & Potomac Interceptor	0.00%	\$
<b>Total Estimated Dollar Amount</b>	<b>100.00%</b>	<b>\$ 130,000,000.00</b>

**wayne Griffith**  
 Digitally signed by wayne Griffith  
 Date: 2023.01.06 16:12:45 -05'00'  
 Wayne Griffith Date  
 Acting COO, Executive Vice President

  
 Digitally signed by Dan Bae  
 DN: cn=Dan Bae, o=Columbia Water and Sewer Authority, ou=VP of Procurement & Compliance, email=Dan.Bae@CWA.com  
 Date: 2023.01.06 15:41:18 -05'00'  
 Dan Bae Date  
 VP of Procurement

**Matthew T. Brown**  
 Digitally signed by Matthew T. Brown  
 Date: 2023.01.09 15:52:41 -05'00'  
 Matthew T. Brown Date  
 CFO and EVP  
 Finance and Procurement

  
 Date: 1/24/2023  
 David L. Gadis Date  
 CEO and General Manager

**CONSTRUCTION CONTRACT:  
Lead Free DC (LFDC) Lead Service Line Replacement (LSLR) Program  
(Non-Joint Use)**

Anchor Construction Co Inc.  
2254 25<sup>th</sup> Place NE  
Washington, DC 20018

Capitol Paving of DC Inc.  
2211 Channing Street, N.E.  
Washington, DC 20018

Capital Premier Construction, LLC (DBE)  
650 Massachusetts, NW  
Washington, DC 20018

Fort Myer Construction Corporation  
2237 33<sup>rd</sup> Street, Northeast  
Washington, DC 20018

National Services Contractors (DBE)  
2007 MLK Jr Ave, SE  
Washington, DC 20020

North Arrow Inc (DBE)  
820 First St, NE, Suite LL 170,  
Washington, DC 20002

Spiniello Companies  
3500 East Biddle Street  
Baltimore, MD 21213

The Ford Design Group (DBE)  
111 N Orange Avenue, Suite 860  
Orlando, FL, 32801

**Presented and Approved: February 2, 2023**

**SUBJECT: Approval to Execute Additional Funding for Contract No. 18-PR-CFO-55, Merchant Credit/Debit Card Processing Services, First Data Merchant Services, LLC**

**#23-08  
RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("the Authority") at its meeting on February 2, 2023 upon consideration of a non-joint use matter, decided by a vote of ( ) in favor and ( ) opposed to approve additional funding for Contract No. 18-PR-CFO-55, Merchant Credit/Debit Card Processing Services, First Data Merchant Services, LLC.

**Be it resolved that:**

The Board of Directors hereby authorizes the General Manager to execute additional funding for Contract No. 18-PR-CFO-55, Merchant Credit/Debit Card Processing Services. The purpose of this contract is to provide merchant credit and debit card processing services to include electronic authorization, data capture and settlement services for all VISA, MASTERCARD and Discover credit and/or debit transactions generated by DC Water for processing monthly residential and commercial water bills, sewer bills and permit bills. The contract extension value is \$1,700,000.

This Resolution is effective immediately.

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Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY  
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

**ACTION REQUESTED**

**GOODS AND SERVICES CONTRACT OPTION YEAR THREE  
MERCHANT CREDIT/DEBIT CARD PROCESSING SERVICES ADDITIONAL FUNDING  
(Non-Joint Use – Indirect Cost)**

Approve additional funding for Merchant Credit/Debit Card Processing Services in the amount \$1,700,000.00 and extend the contract to September 30, 2023.

**CONTRACTOR/SUB/VENDOR INFORMATION**

<b>PRIME:</b> First Data Merchant Services, LLC 101 Hudson Street Jersey City, NJ 07302	<b>SUBS:</b> N/A	<b>PARTICIPATION:</b> N/A
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**DESCRIPTION AND PURPOSE**

Original Contract Value:	\$720,000.00
Original Contract Dates:	01-01-2019—12-31-2019
No. of Option Years in Contract:	3
Contract Modification No. 1 Value:	\$755,000.00
Contract Modification No. 1 Dates:	08-01-2019—12-31-2019
Option Year 1 Value:	\$1,567,500.00
Option Year 1 Dates:	01-01-2020—12-31-2020
Contract Modification No. 2 Value:	\$257,350.00
Contract Modification No. 2 Dates:	10-01-2020—12-31-2020
Option Year 2 Value:	\$2,567,520.00
Option Year 2 Dates:	01-01-2021—12-31-2021
Option Year 2 Extension Value:	\$0.00
Option Year 2 Extension Dates:	01-01-2022—03-31-2022
Option Year 3 Value:	\$1,600,000.00
Option Year 3 Dates:	04-01-2022 —12-31-2022
Option Year 3 Extension Dates:	01-01-2023 — 02-28-2023
Option Year 3 Extension Value:	\$490,000.00
<b>Contract Extension Dates:</b>	<b>03-01-2023 — 09-30-2023</b>
<b>Contract Extension Value:</b>	<b>\$1,700,000.00</b>

**Purpose of the Contract:**

Contract to provide merchant credit/debit card processing services.

**Contract Scope:**

This contract includes electronic authorization, data capture and settlement services for all VISA, MasterCard and Discover credit and/or debit transactions generated by DC Water for processing of monthly residential and commercial water bills, sewer bills and permit bills.

**Contract Additional Funding:**

Approve additional funding in the amount of \$1,700,000.00 to cover the conversion to Paymentus. This amount covers on-going processing fees, increases in interchange fees, the use of corporate and reward cards by commercial customers and payment aggregators.

