



DISTRICT OF COLUMBIA  
WATER AND SEWER AUTHORITY  
Board of Directors  
Governance Committee

Wednesday, January 11, 2023

9:00 a.m.

Microsoft Teams

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Phone Conference ID: 625 342 860#

AGENDA

- 1. Call to Order ..... Christopher Herrington, Chairperson
- 2. Roll Call ..... Alfonzo Kilgore Stukes, Acting Board Secretary
- 3. Revenue Sharing Request ..... Matthew Brown, Chief Financial Officer and Executive Vice President, Finance and Procurement
- 4. The Certified Business Utilization Annual Report.....Korey Gray, Vice President Contract Compliance and Business Development
- 5. Travel Policy ..... Dan Bae, Vice President, Procurement
- 6. Other Business ..... Christopher Herrington, Chairperson
- 7. Executive Session\*
- 8. Adjournment ..... Christopher Herrington, Chairperson

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 D.C. Official Code § 2-575(b)(1); terms for negotiating a contract, including an employment contract, under D.C. Official Code § 2-575(b)(2); obtain legal advice and preserve attorney-client privilege or settlement terms under D.C. Official Code § 2-575(b)(4)(A); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security matters under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2-575(b)(10); third-party proprietary matters under D.C. Official Code § 2-575(b)(11); train and develop Board members and staff under D.C. Official Codes § 2-575(b)(12); adjudication action under D.C. 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 D.C. Official Code § 2-575(b)(14); and other matters provided under the Act.

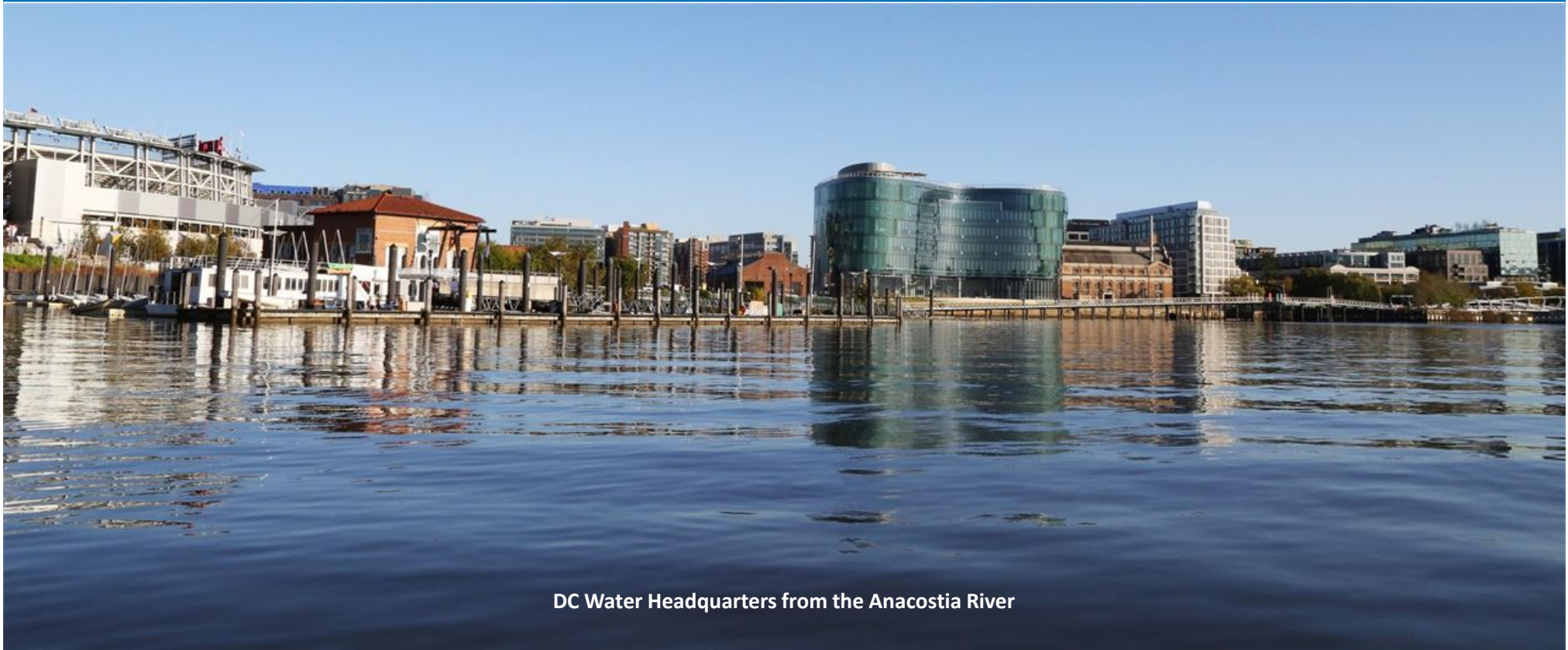


# Revenue Sharing Request

Governance Committee, January 11, 2023

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**District of Columbia Water and Sewer Authority**



DC Water Headquarters from the Anacostia River



## Purpose

• Provide an update on the WSSC revenue request



## Timeline

- 💧 Regional Committee discussions at COG – 2019/2020
- 💧 Blue Drop Presentation to WSSC – March 2, 2022
- 💧 WSSC reaches out to COG to convene a meeting of the Operating Agencies– March 23, 2022
- 💧 COG statement of facts – June 2, 2022
- 💧 DC Water received WSSC “Issue Statement” – August 30, 2022
- 💧 IMA revenue discussion at Blue Plains and DC Water's proposal to convene Finance Working Group - October 24, 2022
- 💧 COG Meeting Poll Sent – November 15, 2022
- 💧 DC Water presented Finance Work Group scope to COG – December 15, 2022
- 💧 Blue Drop Presentation – Scheduled for January (tentative)



## Background

- 💧 WSSC has asked to “share” in Blue Drop Revenues; Bloom and facility rentals that are currently collected by Blue Drop; salvage vehicle revenue, cell sites on MJUF facilities
- 💧 Upcoming projects like Solar and RNG will produce additional revenue that is anticipated to go to Blue Drop; decisions now will impact future revenue allocation
- 💧 The jurisdictions, including WSSC, have not contributed to any of the costs of Blue Drop; they also do not participate in the costs of marketing Bloom for which they receive savings or in the rental of facilities
- 💧 WSSC has asked COG to intervene
- 💧 COG has produced a memo “IMA Treatment of Certain Blue Plains’ Projects”
- 💧 WSSC continues to pursue these revenues



## WSSC Position

- 💧 WSSC asserts that revenues derived from the processing of wastewater and biosolids processes shall benefit the IMA parties as an offset of the annual O&M cost (Section 5 D.I.d.) and that the issue of reconciling the revenues remains unresolved
- 💧 WSSC asserts that the provisions of the IMA do not allow for the escrow of revenue for future use, nor does it state that the revenue to be used for anything other than to directly offset annual O&M expenses
- 💧 WSSC's position is that because all O&M expenses under the IMA are settled annually, the revenue derived from wastewater and biosolids processes should likewise be settled annually as an offset to the annual O&M bill



## WSSC Position

### 💧 With regard to Blue Drop

- WSSC asserts that Blue Drop is not a party to the IMA nor is it within the scope of the O&M audit that is performed by the WSSC Water Inspector General's Office
- WSSC stated that currently there is no formal way to account for the specific activity costs and the related net revenues derived from the activities that are related to wastewater/biosolids
- WSSC's position is that the specific functions that Blue Drop Performs must be explicitly covered within the Operation Agreements to fully define the way costs and revenues are tracked with a goal of complete transparency and accountability under the IMA



## Next Steps

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





District of Columbia Water and Sewer Authority  
David L. Gadis, CEO and General Manager

# FY 2022 Certified Business Utilization Report

*Presented to the*  
**Governance Committee**  
*Christopher Herrington, Chairperson*

***January 11, 2023***





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# DC Water Business Diversity and Inclusion Programs

## Acronyms and Definitions

- **CBE** – Certified Business Enterprise – The unique certification for District based local and local small business enterprises from the Department of Small and local Business Development
- **Certified Firms:** For the purposes of this report, certified firms collectively refers to CBEs, LSBEs, DBEs and WBEs.
- **CFR:** Code of Federal Regulations.
- **DBE** – Disadvantaged Business enterprise: An entity owned or controlled by a socially and economically disadvantaged individual.
- **EPA** – Environmental Protection Administration.
- **Exempt Awards** – Non Competitive purchases and awards as identified in Section 5332 of the DC Water Procurement Regulations.
- **Fair Share Objective** – A goal based on the capacity and availability of qualified, certified DBEs and WBEs in the relevant geographic market for the grant recipient in the procurement categories of construction, equipment, services, and supplies compared to the number of all qualified entities in the same market for the same procurement categories.
- **LBE** – Local Business Enterprise - A local business enterprise as certified by the District of Columbia or a user jurisdiction.
- **LSBE** – Local Small Business Enterprise - A local small business enterprise as certified by the District of Columbia or a user jurisdiction.
- **Small Business Enterprise** - for the purpose of the DC Water LBE and LSBE Program – a small business enterprise as certified by the District of Columbia or user jurisdiction.
- **Socially Disadvantaged Individual** - any individual who is a citizen (or lawfully admitted permanent resident) of the United States and who has been subjected to racial or ethnic prejudice or cultural bias within American society because of his or her identity as a member of groups and without regard to his or her individual qualities.
- **User Jurisdiction** – DC Water’s user jurisdiction consisting of the District of Columbia, Fairfax County, Loudoun County, Montgomery County, Prince George’s County.
- **WBE** – Women Owned Business Enterprise: for the purpose of the federal mandated program and fair share objectives, a business which is certified as such by a state, federal agency, or a business which is at least 51% owned by a woman or women, who also controls and operates it.

# DC Water Business Diversity and Inclusion Programs

## OUR PROGRAMS

Since the implementation of the Business Development Plan in 2020, DC Water administers its Local Small Business Enterprise preference program (LSBE Program) for discretionary projects under \$1 Million, a separate Disadvantaged and Women Business Enterprises utilization program for non-federal projects over \$1 Million, and a Fair Share Objective, which establishes utilization goals for certified firms on federally assisted projects.

### I. LSBE Program

- A geographic preference program (up to 10 points or 10%).
- Applies to procurements under \$1 Million.

### II. DC Water DBE/WBE Program

- Establishes utilization goals for Disadvantaged Business Enterprises (DBE) and Women Business Enterprises (WBE).
  - Established by DC Water (every 3 years) and accepted by the Board
- Sets Project specific goals for DBE/WBE utilization
- Institution of Ten (10) Affirmative Steps to ensure DBE/WBEs have equitable access to the available procurements.

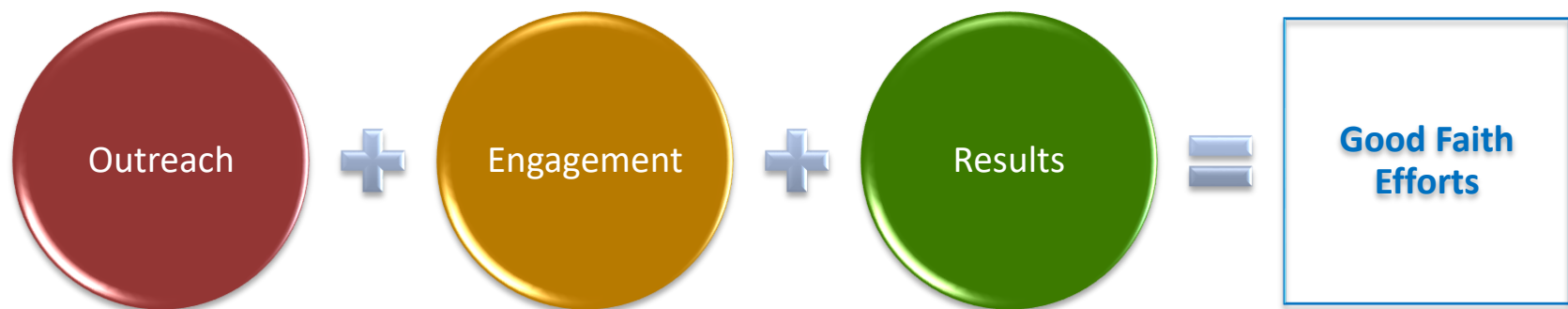
### III. Fair Share Objectives

- Establishes utilization goals for Disadvantaged Business Enterprises (DBE) and Women Business Enterprises (WBE).
  - Established by DC Water (every 3 years) and accepted by the EPA
    - DC Water has the highest goals in EPA's Region 3 (DC, DE, MD, PA, VA, & WV)
- Institution of Six (6) Affirmative Steps to ensure DBE/WBEs have equitable access to the available procurements.

# DC Water Business Diversity and Inclusion Programs

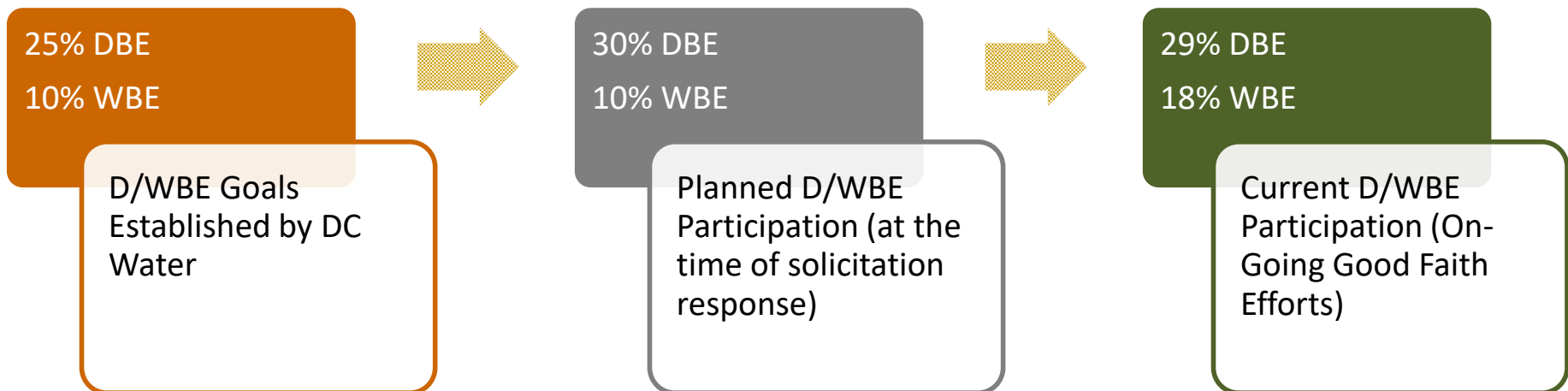
## Good Faith Efforts

- The “standard” of compliance.
- Intentional steps taken by DC Water and project contractors to achieve the DBE/WBE Goals which, by their scope, intensity and usefulness, demonstrate the actions to meet or exceed the contract goal prior to award or throughout the duration of the contract.



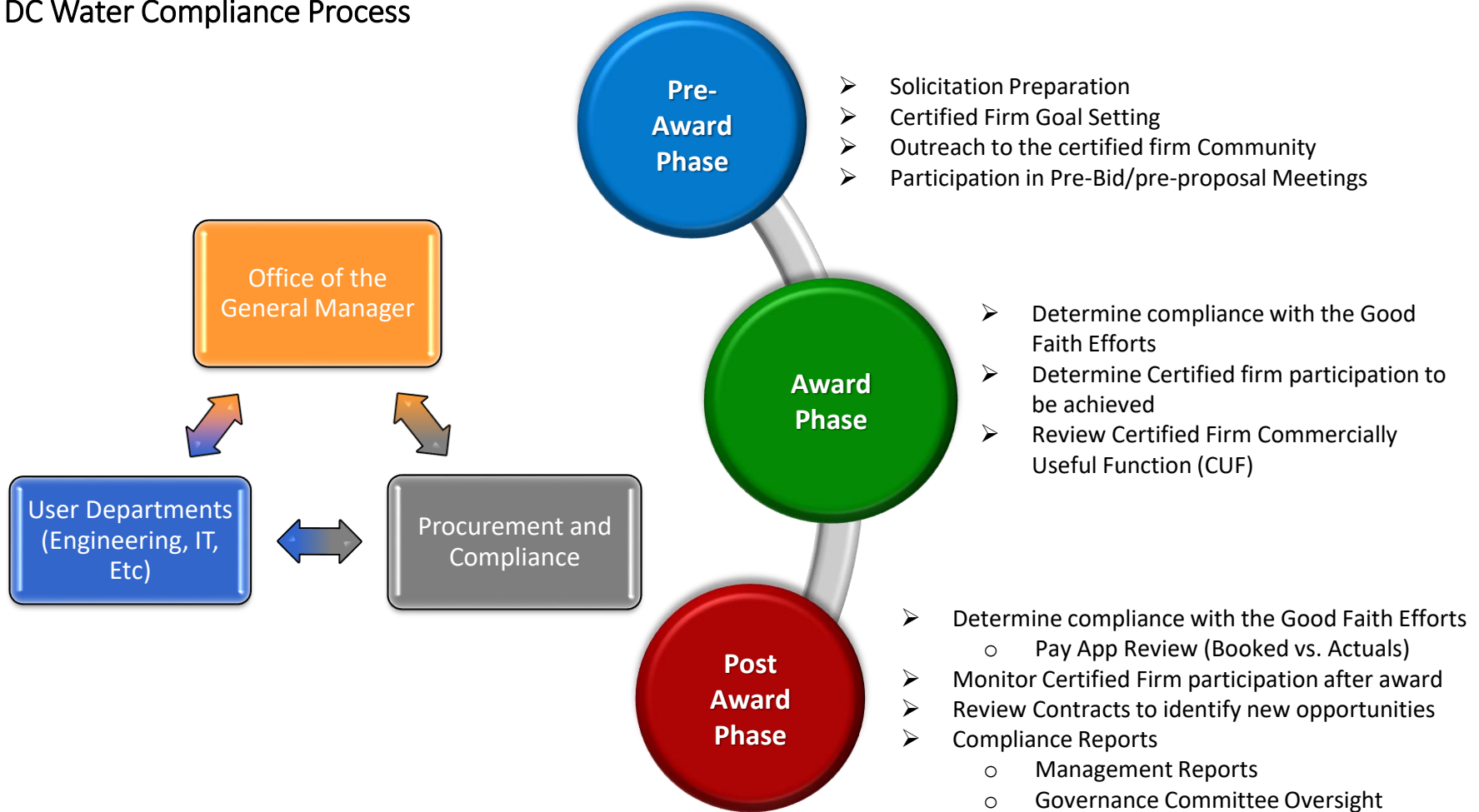
# DC Water Business Diversity and Inclusion Programs

## Good Faith Efforts



# DC Water Business Diversity and Inclusion Programs

## DC Water Compliance Process

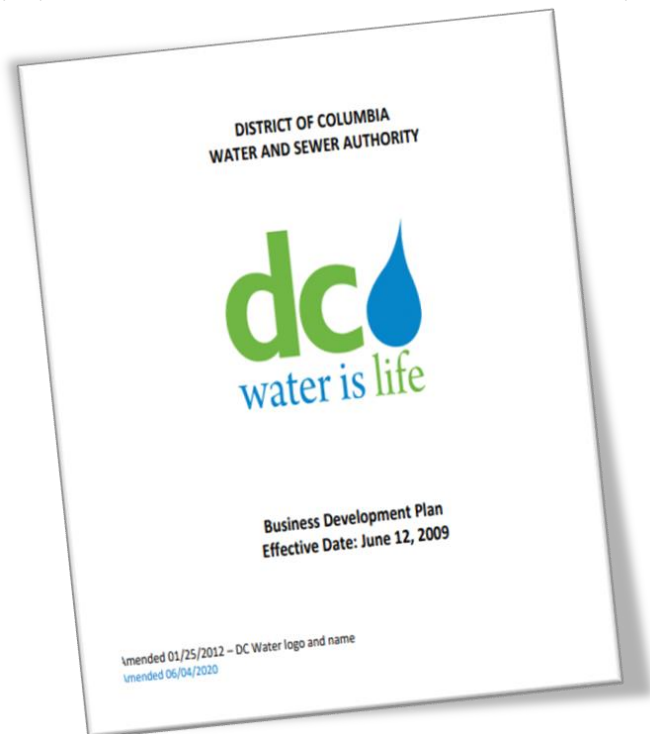


# DC Water Business Diversity and Inclusion Programs

## Performance Results

The following summary of certified firm participation for FY 22 comes from contract commitments expressed in the fact sheets, subcontractor approval requests and/or contractor invoices. Change orders and amendments are captured in the years when the changes are made to the contracts.

Contract award commitments provide an indication of the amount that will be paid to certified firms. However, actual payment data is the best measure of participation and inclusion. To that end, DC Water closely monitors project schedules, invoices, and payments to ensure that certified firms are paid for the work they perform.







# DC Water Business Diversity and Inclusion Programs

## Performance Results

In FY 22, certified firms received 44 percent - or approximately \$210.3 Million – of the total \$468.5 Million total awards. The table below (Table 1) summarizes the FY 22 certified firm participation by award type, and illustrates the participation of local small, disadvantaged, and women business enterprises overall.

**Table 1: FY 22 Participation Summary**

Total Value of Awards in FY 22 – \$468.5M

<p>I. Goods and Service Awards (41)                      Total Value - \$107.7M                      Total DBE Participation - \$46.6M (43.5%)                      Total WBE Participation - \$15.2M (14.0%)</p>	<p>III. A/E Awards (17)                      Total Value - \$176.9M                      Total DBE Awards - \$53.6M (30.3%)                      Total WBE Awards - \$15.4M (8.8%)</p>
<p>II. Green Infrastructure Awards (2)                      Total Value – \$16.2M                      Total CBE Participation – \$15.2M (93.8%)</p>	<p>IV. Construction Awards (15)                      Total Value - \$167.5M                      Total DBE Awards - \$53.5M (32.0%)                      Total WBE Awards - \$10.4M (6.3%)</p>

# DC Water Business Diversity and Inclusion Programs

## Goods and Services Projects

# DC Water Business Diversity and Inclusion Programs

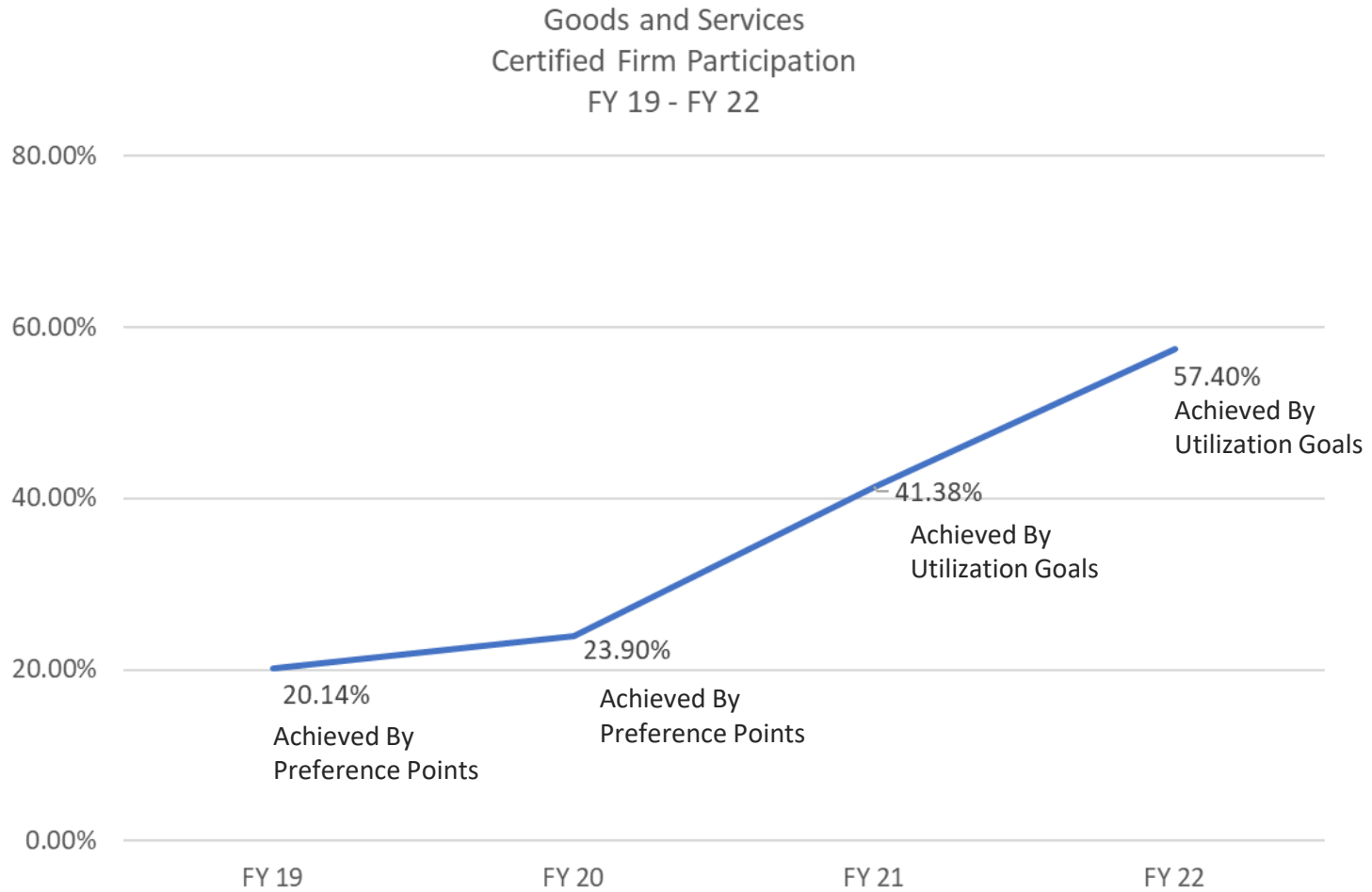
## **FY 22 Procurement Results – Discretionary Awards Goods and Services**

- Non-Federal Awards for Goods and Services
- Certified firm participation goals are set for Projects Over \$1M

## **FY 22 Activity**

- FY 22 Actions: 41
  - Value of FY 22 Actions: \$107.79M
- DBE Firms Participating: 43
  - Value of DBE Participation: \$46.62M (43%)
  - Number of DBE Primes: 21
- WBE Firms Participating: 20
  - Value of WBE Participation: \$15.25M (14%)
  - Number of DBE Primes: 5

# DC Water Business Diversity and Inclusion Programs



# DC Water Business Diversity and Inclusion Programs

Architect and Engineering Awards  
(Disadvantaged and Women Business Enterprise Participation)

# DC Water Business Diversity and Inclusion Programs

## Performance Results

### A/E Projects

#### FY 22 Activity

- FY 22 Actions: 17
  - Value of FY 22 Actions: \$176.94M
- Project Specific Goals were set for these projects (avg Goals: 30% DBE and 6% WBE)
- DBE Participation: \$53.69M (30.3%) [Goal Achieved](#)
- WBE Participation: \$15.48M (8.8%) [Goal Achieved](#)

#### DBE Utilization

- Range: 35% Highest Goal/ 16.5% Lowest Goal
- Total # of DBE firms: 82
  - Includes one DBE Prime Contractor
- Number of Projects Meeting (Expected to Meet) the DBE Goal (Based on Payments): 17

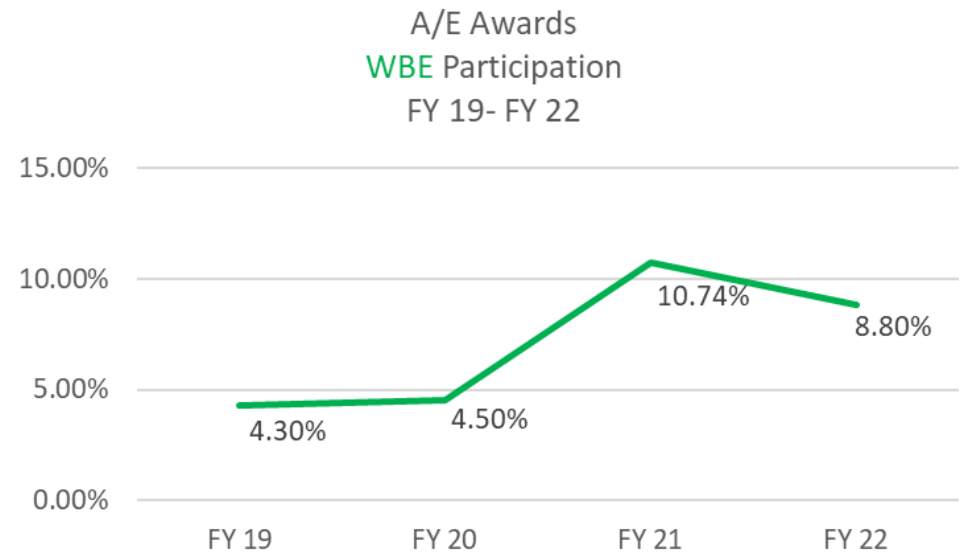
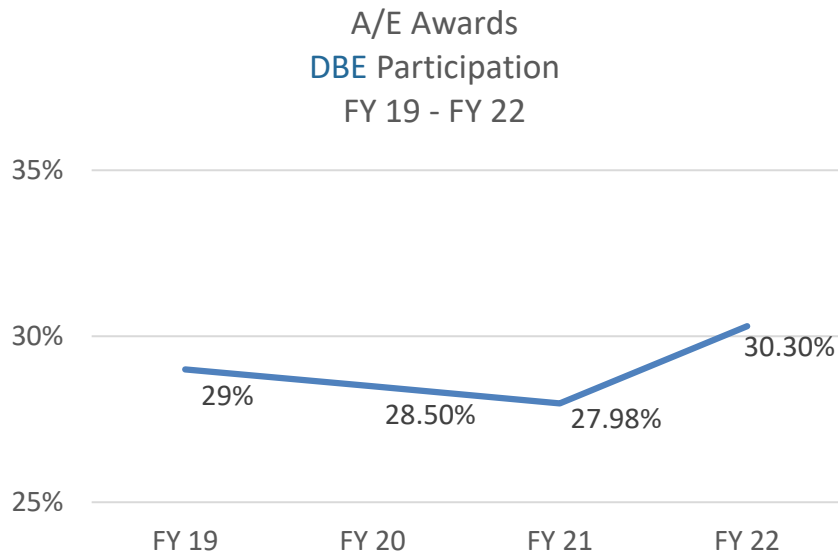
#### WBE Utilization

- Range: 16.5% Highest Goal/ 4% Lowest Goal
- Total # of WBE firms: 37
- Number of Projects Meeting (Expected to Meet) the WBE Goal (Based on Payments): 17



# DC Water Business Diversity and Inclusion Programs

## A/E Awards



# DC Water Business Diversity and Inclusion Programs

## Construction Awards (Disadvantaged and Women Business Enterprise Participation)



# DC Water Business Diversity and Inclusion Programs

## Performance Results

### Construction Projects

#### FY 22 Activity

- FY 22 Actions: 15
  - Value of FY 22 Actions: \$167.56M
- Project Specific Goals were set for these projects (avg Goals: 32% DBE and 6% WBE)
- DBE Participation: \$53.55M (32.0%) [Goal Achieved](#)
- WBE Participation: \$10.48M (6.3%) [Goal Achieved](#)

#### DBE Utilization

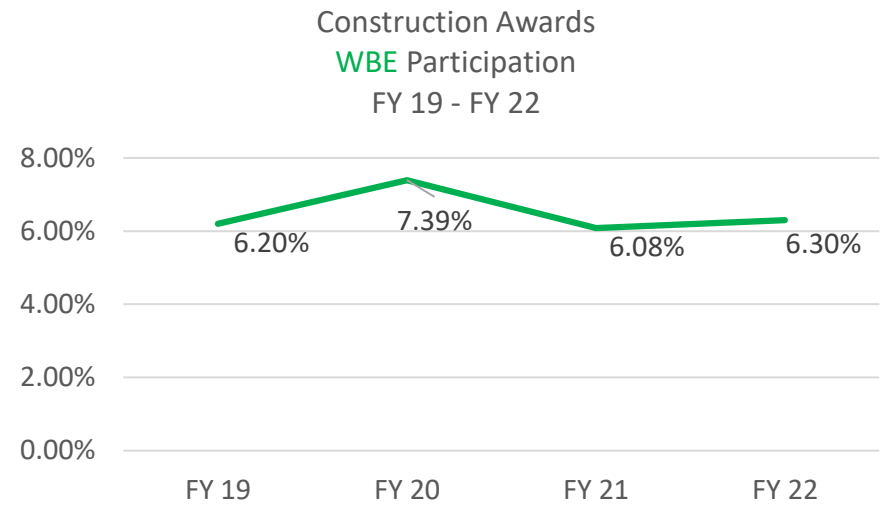
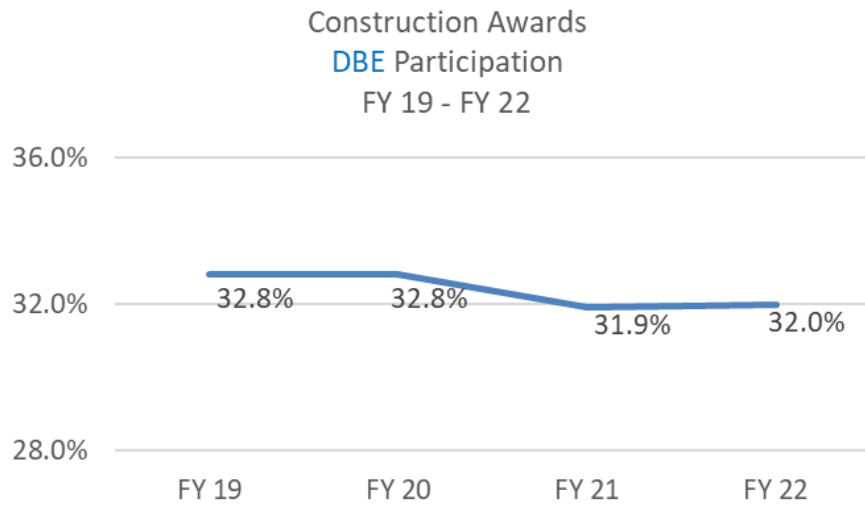
- Range: 42% Highest Goal/ 22% Lowest Goal
- Total # of DBE firms: 43
- Number of Projects Meeting (Expected to Meet) the DBE Goal (Based on Payments): 15

#### WBE Utilization

- Range: 10.3% Highest Goal/ 1% Lowest Goal
- Total # of WBE firms: 27
- Number of Projects Meeting (Expected to Meet) the WBE Goal (Based on Payments): 15



# DC Water Business Diversity and Inclusion Programs

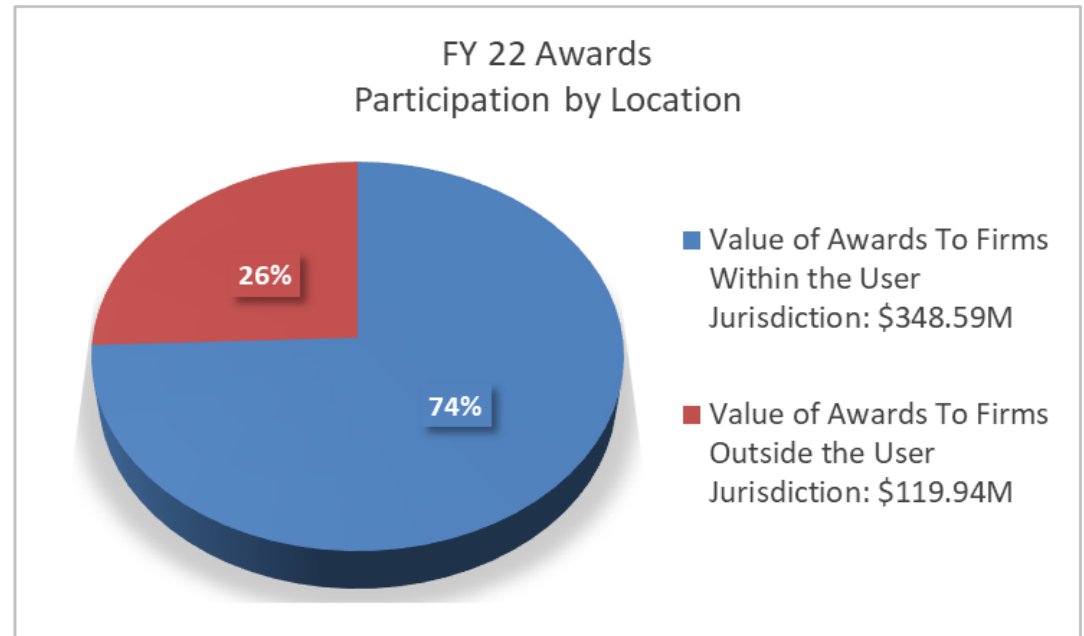


# DC Water Business Diversity and Inclusion Programs

## Performance Results Demographics Analysis

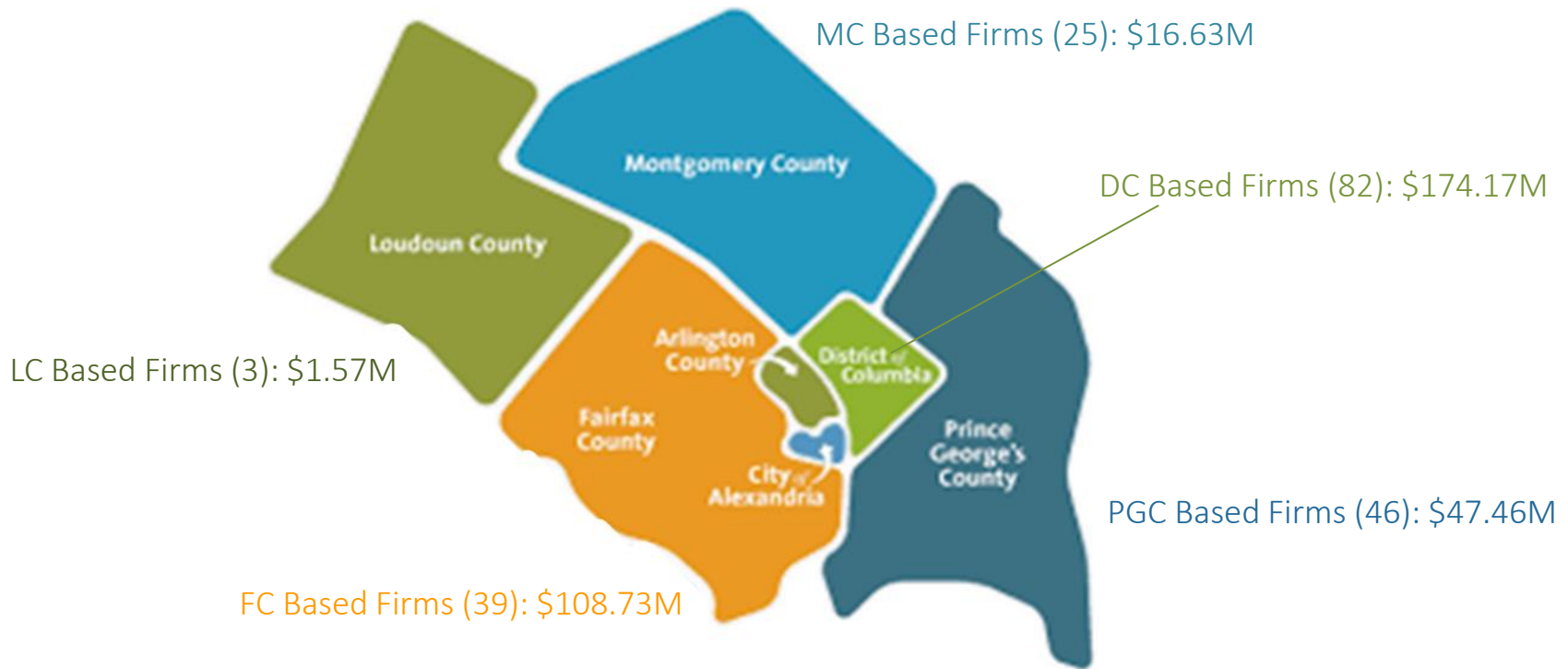
Of the \$468.54M awarded in FY 22:

- \$348.59M, or 74% was awarded to firms in the user jurisdiction.
  - 195 firms that are in the user jurisdiction were awarded work (contracts or subcontracts)
  
- \$119.94M, or 26% was awarded to firms outside the user jurisdiction.
  - 113 firms that are outside the user jurisdiction were awarded work (contracts or subcontracts)



# DC Water Business Diversity and Inclusion Programs

## Performance Results Demographics Analysis



Firms Outside the OUJ (113): \$119.94M

# DC Water Business Diversity and Inclusion Programs



## Performance Results Demographics Analysis

**FY 22 Awards  
Participation by Ethnicity**



Ethnicity	# of Firms	All Firms	
		FY 22 Awards \$	Primes
Black American	112	\$ 105.83M	18
Caucasian	98	\$ 202.86M	40
Hispanic American	31	\$ 121.40M	12
Asian American	67	\$ 38.44M	5

Ethnicity	Certified Firms			
	# of DBE's	FY 22 DBE Awards \$	# of WBE's	FY 22 WBE Awards \$
Black American	95	\$ 97.55M	15	\$ 7.17M
Caucasian	0	\$ -	57	\$ 29.09M
Hispanic American	18	\$ 25.57M	1	\$ .34M
Asian American	55	\$ 30.73M	11	\$ 4.61M

# DC Water Business Diversity and Inclusion Programs

## Program Highlights

## FY 22 Accomplishments



- Established 4 relationships established between primes and certified subs

Mentor	Protege
<b>Jacobs Engineering (DCFA 480)</b>	CC Johnson Malhotra (DBE)
<b>Ramboll (DCFA 519)</b>	BVF Engineering (DBE)
<b>Ramboll (DCFA 519)</b>	PL Associates (DBE)
<b>Ramboll (DCFA 519)</b>	SZ PM Consultants (WBE)

### Honors and Recognitions:

- CEO and General Manager David L. Gadis was inducted into the Capital Region Minority Supplier Development Council’s “Leaders and Legends Hall of Fame”
- DC Water was recognized as a “Champion for Minority Business Enterprises” with the District of Columbia Metro Hispanic Contractor’s Association.
- DC Water was recognized as an “Outstanding Advocate for local and Certified Business Enterprises” with the District of Columbia Anchor Partnership.

## FY 22 Outreach and Engagement Activities

### January 2022

- Fort Myer's Small Business Roundtable (Speaking Engagement)
- Department of Employment Services Employer Spotlight (Speaking Engagement)
- Business Diversity and Inclusion Advisory Council quarterly Meeting

### March 2022

- Business Diversity and Inclusion Advisory Council Quarterly Meeting

### May 2022

- Capital Region Minority Supplier Development Council Pitch-mania Semi Finals (Panelist)
- Md Washington Minority Companies Association Annual Spring Business Matchmaking Event (Matchmaker)
- District Department of Transportation Disadvantaged Business Enterprise Virtual Networking Event (Matchmaker)
- National Utilities Diversity Council Chicago Convening (Speaking Engagement)
- Business Diversity and Inclusion Advisory Council Quarterly Meeting

### August 2022

- Women's Business Enterprise Lunch with the Experts – Lead Free DC (Speaking Engagement/ Matchmaker)
- DC Community Anchor Partnership Lead Free DC Outreach Meeting (Speaking Engagement)
- DC Office of Contracting and Procurement General Vendor Workshop (Speaking Engagement/ Networking)

### September 2022

- DC Community Anchor Partnership – Doing Business with DC Water Oracle Web Portal Training (Speaking Engagement/ Networking)





# DC Water Business Diversity and Inclusion Programs

## Celebrating All Of DC Water's Certified Partners!

- DC Water appreciates the work of the over 150 certified firms supporting its A/E, Construction, and Service projects.
- DC Water welcomes the 13 firms new to DC Water in FY
- DC Water also celebrates the 25 certified firms who w prime contractors with DC Water.

## Certified Primes Awarded Work in FY 22



22nd Century Technologies	Networking for Future
Advance Digital Systems, Inc	Peak Technology Solutions
Ampcus	Powersolv
BFPE International	Premier Staffing
Carter & Carter Enterprises	SOA Financial
Charmay	SPS Consulting
Clean Team	Stellar Services, Inc
EBA Engineering	Susan Fitzgerald and Assoc
IBS	Tripoint Solutions
KLSL Consulting, LLC	Vigilant Technologies
Layermark	Vtech Solution
MB Staffing Services	WK Merriman, Inc



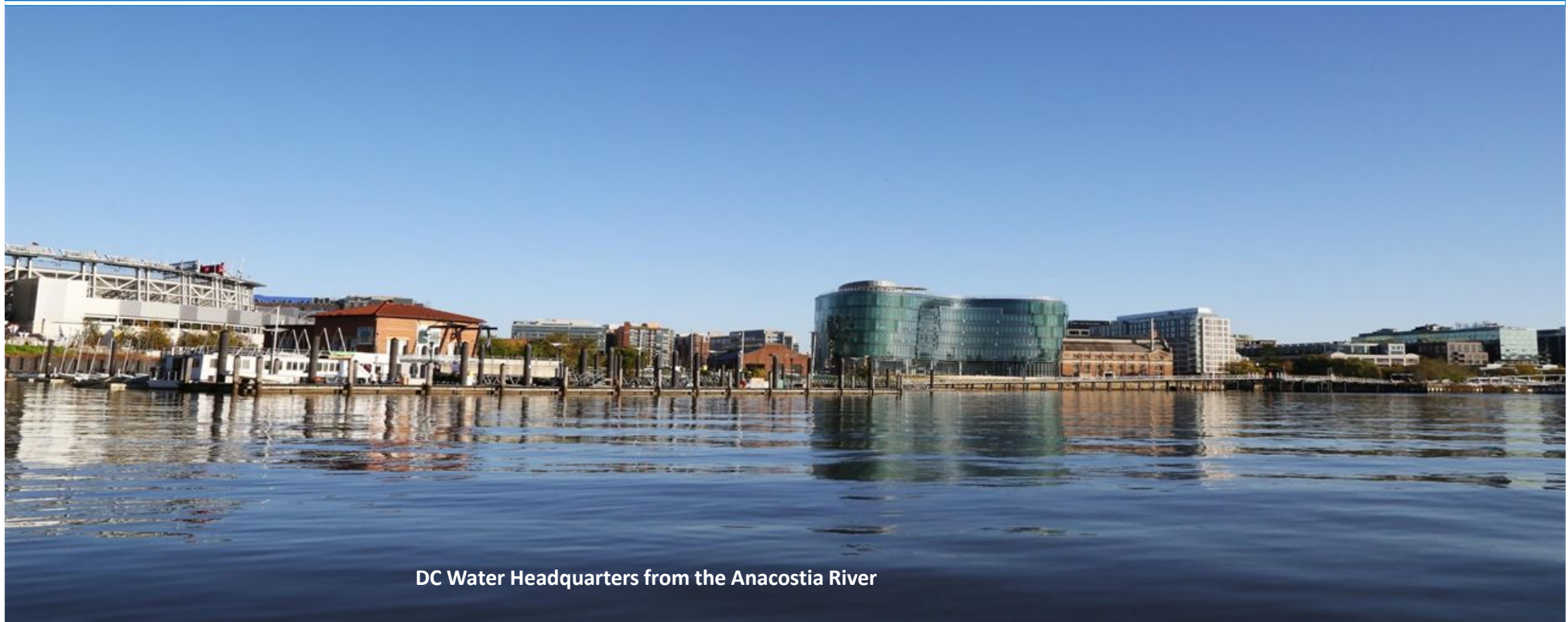
## **Governance Committee, Christopher Herrington, Chair**

**Travel Policy Update**

**January 11, 2023**

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**Dan Bae, VP of Procurement**



DC Water Headquarters from the Anacostia River

## To provide Committee:

- ❖ **Key highlights of DC Water Travel Policy**
- ❖ **Overview of expense review process**
- ❖ **Analysis of air and hotel travel expenses**
- ❖ **Improvement initiatives**



## Key Highlights of Travel Policy

- ❖ **DC Water Travel Policy and Purchase Card Policy are administered by Finance and Procurement**
- ❖ **Current Policy is updated in October 2021 (previous version is from 2005)**
- ❖ **Accenture was hired to assess our current policies, compare to the industry best practices, and make recommended changes**
  - Modernize the policy
  - Maintain control while improving performance
- ❖ **Approving exceptions: Department Heads → CEO and VP of Procurement**
- ❖ **Paper expense report system is digitized into Oracle**
- ❖ **Air Flights**
  - Economy Class
  - Business Class allowed for international flights with the total flight time of 6 hours or more and for health and safety reason
  - Early bird and seating confirmation fees are reimbursable
- ❖ **Meals**
  - Reimbursed at GSA Per Diem rate (configured into Oracle and updated annually, receipts are not required)
- ❖ **Entertainment**
  - Requires detailed receipt and a list of attendees and business purpose

# Key Highlights of Travel Policy

## ❖ **Lodging**

- Recommends to use GSA rates as a guide
- Recommends to stay at the conference hotel when possible
- Requires the lowest cost option, when combined with other expenses such as local travel and parking
- Single standard room and room upgrade is not reimbursable unless the standard room is not available
- Self-park must be used when available

## ❖ **Transportation**

- Airport/hotel shuttles, taxis, or other ride sharing options are preferred when the estimated total travel during stay is 50 miles or less or more cost-effective than a rental vehicle

## ❖ **Expanded prohibited item list**

- Alcohol, gambling, personal expenses, gift card, etc.

## ❖ **Executive travelling together**

- Limits on the number of executives travelling together to ensure the business continuity:
  - No more than one executive (EVP, SVP,VP) is permitted to share the same flight with the CEO and General Manager
  - No more than two direct employees of an executive may be on the same flight as the executive

## ❖ Expense Report review process

1. Traveler enters reports and receipts in Oracle
2. Traveler's 1<sup>st</sup> level manager reviews and approves
3. Traveler's 2<sup>nd</sup> level manager reviews and approves
4. P Card Administrator reviews and approves each report
  - Timeliness
  - Required pre-approvals (catering)
  - Expense types
  - Report and receipt match
  - Prohibited items
  - Suspicious purchases
  - Escalation

## ❖ **IRC (Internal Review Committee)**

- Led by P Card Administrator and includes members from Procurement, AP (Accounts Payable), and Compliance
- Meets monthly to review all P Card purchase
  - Prohibited items
  - Large purchases
  - Suspicious purchases
  - Declined transactions
- Investigates questionable expenses with bank
- Recommends any disciplinary actions for potential fraud, waste, and abuse to VP of Procurement

## ❖ **Actions over the last year**

- Questionable expenses were investigated and resolved
- All late submission of expense reports were escalated and resolved
- Caught potential credit card fraud (stolen card information)
- No disciplinary actions were required

## Air and Hotel Expense Analysis

- ❖ **Review period: Oct 2020 – Dec 2022**
  - Since Oracle was implemented
- ❖ **223 Air expenses were reviewed**
- ❖ **300 Hotel expenses were reviewed**
- ❖ **Goal was to determine overall compliance with the policy and to identify improvements**





# Air Expense Analysis

Class		
Economy	223	100%
Business	0	0%
<b>Total</b>	<b>223</b>	

Top Destinations			
New Orleans	27	12%	WEFTEC 2022
Chicago	21	9%	WEFTEC 2021
Orlando	21	9%	UMC, ISM
Austin	18	8%	GFOA
Miami	11	5%	NACWA
Fort Myers	10	4%	IMC 2021, 2022
Las Vegas	10	4%	Various
Atlanta	9	4%	AWWWA, UMC

❖ **All 223 air flights met the travel policy**

- 8 “Business Select” class with Southwest: priority boarding and other benefits but still economy class
- 2 “Comfort Plus” class with Delta: slightly more leg room but still economy class

❖ **Most travels are associated with attending conferences**



# Hotel Expense Analysis

Location	Actual average per night (without tax and fees)	Average of GSA Rate	Comparison to GSA Rate (Minus means lower than GSA rate)	
Atlanta	\$156	\$163	(\$7)	-4%
Fort Myers	\$211	\$117	\$94	80%
Las Vegas	\$297	\$120	\$177	148%
Minneapolis	\$138	\$148	(\$10)	-7%
New Orleans	\$219	\$136	\$83	61%
Ocean City	\$229	\$256	(\$27)	-11%
Orlando	\$217	\$131	\$86	65%
Philadelphia	\$195	\$210	(\$15)	-7%
San Francisco	\$223	\$288	(\$65)	-23%
35 other cities	\$141	\$138	\$3	2%

- ❖ **GSA Rate serves as a guide**
- ❖ **Hotel expenses are close to the recommended GSA rates except some major cities where GSA rates seem low:**
  - Las Vegas GSA Rate: \$120
  - Orlando GSA Rate: \$129 - \$153
  - Ft Myers GSA Rate: \$117 - \$208
  - New Orleans GSA Rate: \$136 - \$158
- ❖ **Conference hotel rates are not always the least expensive option**

## ❖ **Improve Oracle configuration for more automation**

- Expand mandatory fields to ensure that the system accurately captures destination location, air class, etc.
- Expand expense types to better itemize each expense
  - For example: breakdown hotel charges to room rates, taxes, fees, food/beverage, parking, internet, etc.
- Automate reminders and escalation for timely expense report submission

## ❖ **Additional Training**

- Improve itemizing each expense item
- Improve shopping for better air fares/options and hotel rates to compare with conference hotel rates

