



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

BOARD OF DIRECTORS 288th MEETING THURSDAY, JULY 7, 2022

MINUTES

Present Directors

Tommy Wells, Chairperson, District of Columbia
Rachna Bhatt, First Vice Chairperson, District of Columbia
Fariba Kassiri, Montgomery County
Howard Gibbs, Alternate for David Franco, District of Columbia
Andrea Crooms, Alternate for Floyd Holt, Prince George's County
Anthony Giancola, District of Columbia
Steven Shofar, Alternate for Vacant Principal, Montgomery County
Tara Jackson, Prince George's County
Christopher Herrington, Fairfax County

Present Alternate Directors

Jared McCarthy, Prince George's County
Sarah Motsch, Fairfax County
Ivan Frishberg, District of Columbia
Jed Ross (via Microsoft teams)

D.C. Water Staff

David Gadis, CEO and General Manager
Matthew Brown, Executive Vice President for Finance and Procurement, Chief Financial Officer
Gregory Hope, Deputy General Counsel, Legal Affairs
Linda R. Manley, Board Secretary

Call to Order and Roll Call

The 288th meeting of the District of Columbia Water and Sewer Authority's Board of Directors held in person. Chairperson Wells stated that months ago the Board members would meet and have breakfast together prior to the meeting. In this new era they are trying to figure out when the Board should meet in person and when it should meet virtually. He indicated that they want to make it as seamless and easy as possible for Board members to participate.

Chairperson Wells welcomed everyone back, especially the new members who had not met before in person. He then called the meeting to order at 9:35 a.m. Linda Manley, Board Secretary, then called the roll and a quorum was established.

Approval of the June 2, 2022 Meeting Minutes

Chairperson Wells asked for a motion to approve the June 2, 2022, meeting minutes. The motion to approve the June 2, 2022, meeting minutes was moved, seconded, and unanimously approved by the Board of Directors.

Chairperson's Overview

Chairperson Wells indicated that they did a survey of Board members regarding when to meet in person and when virtually. They are now working with the stakeholders to learn their thoughts. Stakeholders include the People's Council. Chairperson Wells informed them that he knows Board Member Bhatt likes the breakfast morning meetings because she enjoys the interaction with other Board members. He emphasized that this interaction does not violate the Open Meetings Act and that is one thing you lose with virtual meetings. Chairperson Wells indicated that the meetings of committees will probably remain virtual based on the surveys taken. However, a review of the by-laws is being performed by Gregory Hope, Deputy General Counsel and when that is completed, they may need to discuss some sensitive issues in closed sessions. Chairperson Wells then stated that following the election of new officers and appointment of new members, there needs to be an in-person Board meeting. In February, budget approval time, there likely will be in-person meetings. Also in person should be discussions on approval of the General Manager's contract.

Environmental Quality and Operations Committee

Reported by: Sarah Motsch, Chairperson

Chairperson Motsch stated that the Committee met on June 22, 2022 via Microsoft Teams. Aklile Tesfaye, Vice President for Wastewater Operations, briefed on the performance of Blue Plains and the Wet Weather Treatment Facility. All parameters were excellent and all operational and effluent parameters were within the National Pollutant Discharge Elimination System Permit limits.

A total of 280 million gallons of combined wet weather flows were captured by the tunnel system and treated at Blue Plains and 107 million gallons were treated through the Wet Weather Treatment Facility. There were no flows through the Combined Sewer Overflow outfall.

Electrical energy generation at Blue Plains from the Heat and Power Facility and the solar panels was 27 percent of the average consumption at Blue Plains which exceeded the 20 percent goal of the Facility. Over 12,460 wet tons of biosolids were produced for the month, and all biosolids were Class A Exceptional quality. Almost 5,000 wet tons of biosolids were sold as Bloom. Bloom sales are on track to exceed the sales goal for FY 2022.

Chris Peot, Director of Resource Recovery, provided an update on Bloom marketing. Bloom is biosolids produced through dewatering. Bloom products include Fresh Bloom used in farming, construction, and blended applications, and Cured Bloom and blended products used in home gardening applications. A new Capital Improvement Program project is underway to upgrade the cured and blending on-site at Blue Plains.

Mr. Peot also reported that digesters came online in 2014 and the biosolids budget dropped from \$19 million to \$10 million in 2015. The budget continued to drop and was \$4.8 million in FY 2021.

D.C. Water received a Platinum Peak Performance Award from the National Association of Clean Water Agencies. It recognizes excellence in wastewater treatment compliance of 100 percent for 10 years.

Chairperson Motsch reported that the Committee received an update on the Department of Fleet Management from Nija Ali, Interim Director of Fleet Management. She reported that they will transition to the new Fleet Facility in Capitol Heights, Maryland, in the Fall of FY 2022.

Ms. Ali reported that preventative maintenance completion has increased but vehicle availability has decreased due to large vehicles requiring longer remediation time. To improve Fleet Management, additional operational metrics were established including the availability of vehicle servicing days, quality of completed maintenance, and the availability of parts for servicing equipment. Future and continuing initiatives include utilizing the existing small vehicle servicing shop at Blue Plains for light vehicles, and use of mobile service trucks to operate at D.C. Water facilities for minor repairs of light vehicles.

Chief Operating Officer Powell stated that soil issues at the new Fleet Management Facility have been resolved and construction is moving forward. Fleet is scheduled to procure 172 vehicles and pieces of equipment over the next four years at an estimated cost of \$25 million.

Chairperson Motsch stated that Pierre Constant, Manager of Customer Compliance Services, Department of Water Quality and Technology, briefed on cross-connection control, backflow prevention, fire hydrant use permitting, equipment rentals, and fat, rags, oil, and grease programs. The Department's mission is to educate and inform on compliance regulations and policies to protect water and sewer systems, highlighted municipal regulations, etc.

According to Marlee Franzen, Senior Manager of Water Operations, they are below the 1 percent out-of-service goal established by the D.C. Fire and Emergency Services. As of June 6, 2022 there were 40 public hydrants out-of-service. No clusters were found.

For water quality monitoring, Maureen Schmelling, Director of Water Quality, updated on the status of EPA's water regulated monitoring. For May there were zero positive total chloroform results for the 247 samples collected. The first semester of the Lead and Copper Rule sampling for 2022 was completed and the report is being compiled for results.

A Committee Member asked about the feedback from the community meeting regarding Fleet's move to their community. Chairperson Motsch reported that they did not discuss this in the Committee but that they would follow-up and report back.

Finance and Budget Committee

Reported by: Anthony Giancola, Chairperson

Chairperson Giancola indicated that the Committee met on June 23, 2022, via Microsoft Teams. CFO Matthew Brown briefed on the May 2022 Financial Report. Approximately 67 percent of the fiscal year is completed. Operating revenues were \$571.7 million, or 71.4 percent of the budget and capital disbursements were \$226.1 million or 39.8 percent of the budget.

The Committee was updated on the merchant credit card fee efforts to reduce the processing fees. The Finance Department will consult with the customer information provider and develop a strategy to implement a hybrid credit card fee solution or to pass the credit card fees on to all customers.

Ms. DeLeon, Risk Manager, provided an update on the operations insurance renewals. The anticipated renewal cost is approximately \$4.7 million which is below the Board approved not-to-exceed amount of \$5 million.

CFO Brown reported on the FY 2022 projected net cash position. The year-end forecast for operating revenues is currently \$23.4 million above the Board adopted level of \$800.1 million. For capital programs the year-end estimated forecast is \$122.3 million below the revised budget of \$567.5 million due to the capital construction projects. Operating expenditure forecasts remain the same at \$17.3 million below the adopted budget of \$658.4 million.

CFO Brown closed his report by presenting management recommendations for the use of the FY 2022 projected net cash surplus of \$6.9 million. This is an allocation of \$3 million to amend the FY 2023 budget to deal with the anticipated chemical and energy pressures and a \$3.9 million transfer to PAYGO to reduce future borrowing.

Chairperson Giancola stated that the Committee received a detailed report that focused on the public comments provided by the Office of People's Council on the proposed rate increases. CFO Brown presented Management's proposed responses to the comments and recommendations. He spoke about a multi-year rate proposal for FY 2023 and 2024, a change in the previous forecast of 6.7 percent to 6 percent for FY 2023 and from 8.8 percent down to 5.4 percent for FY 2024. The People's Council presented 10 recommendations on the proposed rates that included the reexamination of the budget and financial policy to maintain existing rates and to draw the proposed rate increases. Chairperson Giancola reported that the Committee approved some recommendations and rejected some. He encouraged new Board members to review these recommendations and the Board's response on Diligent Board Books.

Chairperson Wells thanked Board Member Giancola and asked for questions. Board Member Herrington stated that he was trying to rectify the action items with some responses from the Peoples' Council. He stated that there were some that the Committee concurred with and wanted followed up but were not in the action items. He asked if there was follow-up, specifically on customer assistance. A staff member responded that they would do outreach to the Peoples' Council to answer some questions. Some were related to the rates and could be incorporated into a rate study and a rate proposal next time. Also, one related to the Rate Stabilization Fund and a planned study to be referred to the Retail Rates Committee in September. Other issues will be referred to other committees. Committee Chairperson Giancola said that the bottom line is that some responses did not result in changes to their proposed rate structure.

D.C. Retail Water and Sewer Rates Committee

Reported by: Rachna Bhatt, Chairperson

Chairperson Bhatt stated that the Committee met on June 28, 2022, and first received the Monthly Financial Report by exception from CFO Brown. Overall year-to-date revenues were favorable. Year-end projections were presented to the Committee. CFO Brown reported that it is anticipated that there will be a net cash surplus at the end of FY 2022. Ninety-day customer delinquencies have increased slightly from \$28.6 million in April 2022 to \$29.2 million at the end of May 2022.

Chairperson Bhatt reported that CFO Brown presented Management's response to the Peoples' Council recommendations on proposed rates. The Committee then approved the FY 2023 and FY 2024 rates, charges, and fees, and approved the multi-year rate proposal for FY 2023 and

FY 2024 which includes water and sewer rates, charges, and high flow filter backwash sewer rates. Proposed combined rate increases which have been charged downward from the previous forecast are 6 percent for FY 2023 and 5.4 for FY 2024.

CFO Brown stated that customer metering, water system replacement, and right-of-way fees remain the same for FY 2023 and 2024. An overview of forecasted ten-year rate increases and projected average residential customer bills was provided.

In FY 2023 operating revenue sources and uses of funds, almost 30 percent are used to pay for debt service. The impact on average customer bills and consumption used to calculate average residential bill is 5.42 CCFs. The incentive to use less water for less fee is under CCF. An explanation of Customer Assistance Programs like SPLASH were also explained.

The next item discussed was miscellaneous fees and charges and the Cost-of-Service Study updates. No comments were received from the public despite numerous outreach efforts to the community and to various organizations. Mr. McDermott explained efforts to communicate and stated that current fees are not recovering the cost of services being provided. Board Member Franco reported that the efforts should be more exhaustive within the developer community and suggested that the comment period be extended. The Committee agreed to postpone the effective date of the permit fees until October 1 and to make the effective date of all other fees July 22, 2022. It was recommended that this recommendation be forwarded for full Board approval.

Chairperson Bhatt reported that they received a D.C. CARES Program update from Interim Director of Customer Care Meisha Lorick who asked for the approval of the Notice of Emergency and Proposed Rulemaking, that the FY 2022 CAP2 Recertification Waiver language be removed, and to extend the Residential Assistance Program (RAP) and the Multifamily Assistance Program (MAP) into FY 2023 without recertification. Ms. Lorick gave the cost breakdown for FY 2022 assistance distribution for the program, highlighting CAP2's anticipated fee over budget, RAP under budget, and without the Low-Income Household Water Assistance Program in FY 2023, RAP participation will increase. MAP has potential to increase in FY 2023 with owner education and an increase in owner incentives. For MAP the revision will update calculation multipliers from 3 to 6 and change distribution from 90 percent for tenants, 80 percent and 10 percent for the owner to 20 percent. Emergency rulemaking is necessary to maintain continuity of benefits for customers.

There were 3 action items recommended for approval.

Special Meeting of the Human Resources and Labor Relations Committee

Reported by: Jed Ross

Board Member Ross stated that the Committee held a special meeting on June 14, 2022, via Microsoft Teams. The purpose of the meeting was to receive an update on parental leave benefits from Ron Lewis, Benefits Manager, who presented a proposal to amend the personnel regulations to add the parental leave benefit. He reported that in 2020 the District Government implemented a Parental Leave Benefit Program for private employees supported by a tax. As a public agency, D.C. Water is excluded from this benefit but is taking this action to correct this situation and create its own benefit to support the mission of People, Place, and Pay.

The proposed benefit is to pay employees their full salary for up to eight weeks and is 100 percent paid by D.C. Water. It will allow employees to bond with their new child and to support

work/life balance. Employees must be full-time and eligible for the Family Medical Leave Act leave, have 12 months of service and have worked 1,000 hours in the past year, and have experienced childbirth, adoption, or permanent placement of a child.

Board Member Shofar asked if the District Government has a paid family leave program. Mr. Lewis stated yes and that their benefit is capped at \$1,000 weekly, while D.C. Water will pay the full salary for 8 weeks.

Chairperson Hochberg asked if paid parental leave can be used in conjunction with other approved leave. Mr. Lewis replied that employees will not have to use annual or sick leave. It is additional leave which effectively increases the amount of paid time off.

She also asked why there was a gap in time between 2021 and now with making progress concerning their policy. Mr. Lewis replied that the concerns regarding union objections and the need for negotiation prior to implementing the benefit slowed progress. Mr. Spears, Manager of Labor Relations, clarified that due to COVID-19 there was a slight pause and now Management is actively moving to get it approved. The benefit will be extended to the union through the proper process. The Committee agreed to recommend approval of the benefit by the full Board.

Chairperson Wells asked the Board members if there were any Issues of General Interest and there were none.

CEO/General Manager's Report

Reported by: David Gadis, CEO/General Manager

CEO Gadis stated that it was great to be back in the building and to see everyone. He provided a brief update on the status of the commissioned statue which will feature a woman and man to represent Team Blue. The statue will be dedicated to the Authority's employees. It will represent the hustle, the collaboration, the spirit, and inclusive culture of today's D.C. Water. Here at D.C. Water, it is about People, Place, and Pay and the statue represents the people.

CEO Gadis then introduced the 27 interns. He stated that there has been no intern program since 2019. The interns represent 20 different universities, and it is hoped that they will learn here and later enter the industry, some here at D.C. Water. He thanked Nicole Spriggs who did a fantastic job of recruiting the interns, getting them involved, and getting them to the appropriate areas. The meeting participants applauded Ms. Spriggs.

CEO Gadis provided an overview of relevant programs or initiatives that support the strategic objectives—healthy, safe, well, reliable, resilient, sustainable, and equitable. His first update was on the Authority's talent acquisition efforts. Since October 21, 2021, 70 new employees have been hired and 80 percent or 56 of these employees are residents of the communities the Authority serves.

Due to the outstanding work of Korey Gray, Vice President of Contract Compliance and Business Development, and the talent recruiters, D.C. Water has minimized the impact of the Great Resignation and instead created a great opportunity to add talent and depth to the Authority's workforce.

The Customer Service teams have also provided outstanding performance and reliability. The Authority continues to exceed industry standards for average wait times, abandoned calls, and answer rate of inbound calls within 40 seconds. On inquiries from the Office of the People's

Council, the Customer Service team has resolved 100 percent of the inquiries over the last 3 months within 14 days of the inquiry. CEO Gadis reported that with the resumption of disconnects in July, it is anticipated that the call volume in the Call Center will increase. This could have an impact on D.C. Water's average speed of answering and average wait time. This will continue to be monitored for performance and senior executives will be kept informed of all challenges or staffing needs resulting from disconnection activity.

CEO Gadis spoke about the resilient imperative. Pepco has completed an energy project which will improve the redundancy and resiliency of the power distribution system at Blue Plains. Pepco has installed two new power connection cables that will tie into the plant feeders inside Pepco's main substation at Blue Plains. This will reduce restoration time and establish a permanent alternate power source onsite at Blue Plains. CEO Gadis thanked Aklile Tesfaye, Vice President of Wastewater Operations, for his oversight of this project, coordination with Pepco, and the upgrade in resilience of the power supply.

Board Member Giancola stated that he is delighted to see the more detailed report containing EPA updates on forever chemicals. He suggested that in the future EPA will probably be establishing some standards and he wanted something included in the annual report on chemicals that talks about the forever chemicals.

Consent Items Joint Use

Chairperson Wells asked for a motion to approve joint use action items. Board Member Herrington moved to approve Resolution Nos. 22-37 to 22-42 and it was seconded. The motion to approve Resolution Nos. 22-37 to 22-42 was unanimously approved by the members of the Board.

Consent Items (Non-Joint Use)

Chairperson Wells asked for a motion from a District member to approve non-joint use action items. Board Member Giancola moved to approve Resolution Nos. 22-43 thru 22-46 and it was seconded. The motion to approve Resolution Nos. 22-43 thru 46 was unanimously approved by the District members of the Board.

Chairperson Wells reported that the following committee meetings will be held virtually: Governance Committee will meet on Tuesday, July 12 at 9:30 a.m.; Environmental Quality and Operations Committee will meet virtually Thursday, July 21, 2022, at 9:30 a.m.; Audit Committee will meet Thursday, July 28, 2022, at 9:30 a.m.; and Finance and Budget Committee will meet Thursday, July 28, 2022, at 11:00 a.m. There will be no August full Board and committee meetings held in keeping with tradition. The Board will be in recess, unless there is a need for a meeting based on an emergent circumstance.

Chairperson Wells stated that a decision has not been made about whether the September and October meetings will be in person. He believes at the least that the October meeting will be in person and welcomes feedback from the Board members.

Chairperson Wells adjourned the meeting at 10:23 a.m.


Linda Manley, Board Secretary