

***District of Columbia Water and Sewer Authority***

***MINUTES***

***107<sup>th</sup> Meeting of the Board of Directors  
Wednesday, February 1, 2006***

***Present Directors***

Glenn S. Gerstell, Chairman  
David J. Bardin  
James Caldwell  
Alfonso Cornish  
Howard Gibbs (Alternate to F. Alexis Roberson)  
Paul Folkers (Alternate to Bruce Romer)  
Brenda Richardson (Alternate to Vacant Position)  
Chris Akinbobola (Alternate to Donna Wilson)  
Stephanie Nash (Alternate to Alexander McPhail)  
Robert Stalzer (Alternate to Anthony Griffin)

***WASA Staff***

Jerry N. Johnson, General Manager  
Avis M. Russell, General Counsel  
Linda R. Manley, Secretary to the Board of Directors

Chairman Gerstell called the 107th meeting of the Board of Directors to order at 9:30 a.m.

Ms. Manley, Board Secretary, called the roll to establish a quorum.

## **Approval of Minutes of January 5, 2005 Meeting**

It was Moved and Seconded that the minutes of the Board of Directors' meeting of January 5, 2005 be approved. The motion carried unanimously.

## **Customer and Community Services Committee**

Reported by: Howard Gibbs

The Customer and Community Services Committee met on January 12<sup>th</sup>. Staff reported to the Committee that the customer survey is completed. The executive staff will receive a report this month and the Board will receive a report in March.

## **Public Service Announcement**

Ms. Quander-Collins made a presentation to the Committee. The presentation was a public service announcement that is being put together by some of the other jurisdictions. The Authority was not a part of this announcement but could become a part of it. Ms. Quander-Collins presented an announcement that was done in-house that the Committee thought was much better and it recommended that staff move forward with that presentation. The announcement will be on radio stations WTOP, WHUR, and WKYS several times within the two-week period.

## **High Usage Notification Application (HUNA)**

The Committee received a presentation from Charles Kieley on the High Usage Notification Application (HUNA).

## **Automated Meter Reading (AMR)**

The Automated Meter Reading (AMR) project is 97 percent complete.

## **Accounts Receivable Discussion, Trends, and Outlook**

Mr. Kieley reported to the Committee that the 90-day accounts receivable have been down for the last two years and is the lowest balance in WASA's history.

## **Lead Service Line Replacement Policy Priority Replacements**

The Committee discussed a change to the Lead Service Line Replacement Program to allow the Authority a little more time to identify those unknowns and then bring them into compliance.

## **SPLASH**

Mr. Johnson reported to the Committee that the Urban League is interested in assuming the responsibility for managing the SPLASH Program. The Authority is also allowing the Salvation Army an opportunity to revisit the contract and see if they have suggestions on increasing commercial participation.

## **Environmental Quality and Operations Committee**

Reported by: James Caldwell, Chairperson

The Committee met on Thursday, January 19<sup>th</sup>.

### **Blue Plains Advanced Wastewater Treatment Plant Performance**

Average flow at Blue Plains for the month of December was 319 MGD, with average rainfall. All permit parameters were met.

The Blue Plains Advanced Wastewater Treatment Plant has again earned the Gold Award from the National Association of Clean Water Agencies for having no discharges above permit levels in 2005. Nationally, WASA is one of only 30 plants in the country to receive the Gold Award.

### **Orthophosphate Addition/OCCT**

The Washington Aqueduct, working with WASA, has determined that the orthophosphate addition to the water supply can be reduced from 3.5 milligrams per liter to 1 milligram per liter. The original level of the feed was deliberately high in order to provide a rapid coating of the pipes and it was recognized at some point in the future it would be reduced. Due to a lot of testing, they have come to the conclusion that 1 milligram per liter is the proper level and it also prevents any further complications associated with high levels of phosphorus in the water supply system.

### **LCR Water Administrative Order and EPA Requirements**

Mr. Caldwell reported that a full year has now passed with water test results being below the EPA lead and copper rule action level. As a result, WASA is technically beyond the EPA administrative order and EPA is reviewing the final WASA report. Mr. Caldwell asked the General Manager if EPA had responded to WASA. The General Manager stated that EPA has posed several additional questions that staff is preparing responses to and still reviewing the data that was received. There seems to be no questions about the test sites which was the more sensitive issue. WASA expects to hear back from EPA shortly after it gets the responses to the new questions.

Mr. Caldwell stated that several citizens from the District of Columbia and Montgomery County met with him and Bruce Romer to discuss their concerns about the Aqueduct's new Solids Handling Facility that is being recommended in the environmental impact

statement. In order to get a better understanding of the decisions that were made associated with their concerns, the Committee asked Tom Jacobus to come to its meeting to discuss some of the issues.

Fundamentally, the Committee's major concern was the necessity to transport the solids from the Aqueduct Facility and the impact of the truck traffic in the surrounding community. They felt that there were other options available. One, specifically that they felt strongly about was moving the treatment facility to the David Taylor Model Basin which is owned by the Navy. And as a result, they felt it would be a more direct route to the beltway.

Mr. Jacobus explained to the Committee that the Aqueduct had looked at a variety of options, including the Navy facility and in the process of looking at all of those options, they had briefed both the Montgomery County Council and the City Council to get them to better understand what was going on. In fact, the Aqueduct had considered the Navy property and even asked the Navy in writing about the access to that property. Coupled with his request, there was also the same request from Congressman Van Hollen and the Navy's response to both was that they did not believe that that use fits the needs of their property. As a result of that, they were not interested in having any further discussion with the Aqueduct.

Mr. Jacobus also added that if they were to go with that option, it would add another \$4 million to the project for pumping stations and that it would impact more local roads than if they did it at the Dalecarlia site.

As part of the environmental impact statement, there were several mitigation measures that were described to reduce the impact of truck traffic. A second concern was whether or not that was enforceable. Mr. Jacobus concluded that they had every intention to follow those recommendations and it is a fact that they were a part of the NEPA approval record and that they were public documents that the Aqueduct would be expected to follow. The recommendations were pretty much out there for everyone to see and the assumption was that if the Aqueduct did not, they would be called on that.

### **Committee Action Items**

The Committee moved to a discussion of the revised Lead Service Line Replacement Policy (Resolution #06-27) which is before the Board today. The Committee reviewed the policy, and with minor modifications, has agreed to recommend the policy to the Board.

In addition, the Committee reviewed the D.C. Pretreatment Regulations which require modifications to be in compliance with revised EPA regulations and pretty much is a pro Forma movement and the Committee also has recommended that that move forward as well.

The Committee then reviewed 11 contracts, 8 joint-use and 3 non-joint use, and agreed to recommend approval of the contracts to the Board.

Mr. Caldwell informed the Board that there will be a presentation by a WASA consultant on the findings of a comprehensive study of sewage flow to Blue Plains. The study took actual measurements from over 90 different points in the sewer system and, with the use of modeling, has drawn several conclusions on the existing dry weather and wet weather peak flows. It may have implications for WASA's future operations and construction needs. In addition, it will probably become an issue of discussion as part of the upcoming IMA negotiations. Mr. Caldwell urged Board members who are interested to join the Committee for the presentation at the next Committee meeting.

## **Finance and Budget Committee**

*Reported by: Paul Folkers*

The Committee met on Thursday, January 26<sup>th</sup>.

### **Financial Overview**

Mr. Folkers reported that the Authority continues in a very strong financial position. With 25 percent of the fiscal year completed, revenues are slightly ahead of budget at 26.1 percent. Operating expenditures are under budget at 21.3 percent. The capital disbursements are at 17.6 percent of budget. The average daily cash balance totaled 116.1 million, or 13.7 million in excess of the Board reserve requirement.

### **Chemical and Supplies**

On the expenditure side, the Committee received a report from staff highlighting the chemicals and supplies showing that year-to-date spending totals 23 percent of the budget, but also received notice that WASA's chemical contracts through the Council of Governments expire in February and that the proposed unit pricing for option years is higher than existing prices. So, given that potential increases are likely, the budget is likely to be exceeded in that category by the year end.

### **Utilities**

Utilities continue to have challenges relative to the cost for electricity. The Committee was informed by staff that the average pricing on electricity has declined somewhat in January and that the General Manager informed the Committee that staff is holding weekly conference calls with the Authority's advisors and consultants on electricity procurement. They are also consulting with other jurisdictions to make sure that the Authority has the best information available. Staff is looking at trying, if the pricing is favorable, to lock in a portion of the load for a period of time.

### **FY 2005 Final Audit Results**

The Committee was informed by staff that the Authority received an unqualified opinion as far as its audit, and in February, staff is going to publish the consolidated annual financial report which contains the audited financial statements. The auditing firm

Thompson, Cobb, Bazilio and Associates is providing the report and at its February meeting the Finance and Budget Committee will be discussing the management letter from our auditor.

The Committee considered two resolutions for Board action. The Lead Service Line Replacement Policy needs to be revised to be consistent with the capital budget. Comments were provided by Chairman Gerstell and David J. Bardin, and those comments have been incorporated into the resolution. The other resolution concerns the authority of the Board relative to financial oversight, and the Committee agreed to recommend the resolution to the full Board.

Chairman Gerstell embellished on Resolution #06-23 regarding the authority of the Board in connection with financial matters. He stated that over the course of the last few months, as they have examined the authority's own legal powers vis-à-vis that of the Chief Financial Officer of the District, the Board realized that a resolution that was adopted almost at the inception of WASA did not accurately reflect the Board's position and the reality of it. The proposed resolution is a bit of a housekeeping one to clarify that the Board has a responsibility for financial oversight and that no other entity of the District of Columbia Government has that, but it is the Board itself that has that authority and this is just recognizing that.

### **Governance Committee**

*Reported by: Chairman Gerstell*

The Committee met and made some editorial suggestions which are going to be incorporated and most importantly, the Committee decided to recommend to the Board that it received the report. Committee also recommended that a time table be set for acting on it by means of having The various committees deal with some of the recommendations in the report, if the Board chooses to do so, and all of that would occur at the next Board meeting.

One of the reasons the Committee decided to deal with the report at the next Board meeting is twofold. One, the Board will have a final copy available prior to that, and they are also expecting new Board members to be sworn in and they would like to make sure that they are a part of the process in the case of District Board members.

### **General Manager's Report**

*Reported by: Jerry Johnson, General Manager*

The General Manager stated that he would like to do the General Manager's Report by exception, to allow time for a technology demonstration that was made at the Customer and Community Service Committee meeting and it was recommended that they bring it to the full Board.

The General Manager distributed to the Board a copy of an article that appeared in this month's Public Works Magazine. The Authority was featured in the article in the publication that discusses upgrading to Class A biosolids. He reported that they are real pleased that they have this actually laid out in this fashion in the magazine itself.

The General Manager reported that the performance on the plant is found on pages 15 through 23 of the General Manager's Report. The General Manager advised the Board that WASA has several pieces of legislation that have been introduced in the Virginia state legislature as it normally comes up every year in the Commonwealth. They will be following that very closely, working with the Virginia Biosolids Partnership and other groups in that area and they will report back to the Operations Committee on the progress that they are making.

Mr. Bardin asked what was the status of the 1000 priority replacements that were required under the administrative order. Mr. Benson reported that EPA is still reviewing the list of addresses that was sent to them. He stated that at that time we were at 990 priority replacements. Mr. Benson informed the Board that as of today we have done 1001 priority replacements.

The General Manager introduced Ms. Rachel Lazarus, PE. Ms. Lazarus will be heading up the Lead Services Program for the Authority.

The General Manager informed the Board that WASA will participate in the D.C. Home and Garden Show, which is a major attraction for the metropolitan area. WASA has a booth in the show, demonstrating part of its water conservation promotional program, which is, Water, Use It Wisely. In addition, WASA will be engaging an outside, third-party organization to do a water taste test.

Mr. Bardin requested that the Human Resources Committee get its hands around succession planning to see whether an additional policy on the development of staff for the middle and upper-middle and upper-management positions, might come up with something over and above the kit of tools that the General Manager now has.

The General Manager reported that when the Authority adopted the AMR technology, one of the things that they found was that there was an awful lot of data and information that they were collecting on a regular basis. The most recent innovation has been one that is called the High Usage Notification Application (HUNA). They are now seeking to license the software that is associated with this because it is an in-house development and they will be making a number of presentations at various conferences for customer service and waterworks around the country on this innovation.

Charles Kieley explained the High Usage Notification Application (HUNA) process to the Board. One of the features of the application is that the Authority can actually pinpoint to the exact day when a customer's usage went up.

Chairman Gerstell asked if the Authority has proprietary rights on the HUNA. The General Manager responded yes and that the Authority is seeking to license it.

## **Consent Items (Joint-Use)**

1. Approval of Change Order No. 20 of Contract No. 010140, FRU-CON Construction Corporation – Resolution #06-14
2. Approval of Contract No. 040280, Video Pipe Services, Inc. – Resolution #06-15
3. Approval of Contract No. WAS-06-008-AA-ND, Carter & Carter Enterprises, Inc. – Resolution #06-16
4. Approval of Option Year One of Contract No. FCWA-05-01, Tricon of Washington, D.C. – Resolution #06-17
5. Approval of Option Year One of Contract No. FCWA-05-01, Kuehne Chemical Company, Inc. – Resolution #06-18
6. Approval of Option Year One of Contract No. FCWA-05-01, Colonical Chemicals Solutions, Inc. – Resolution #06-19
7. Approval of Option Year One of Contract No. FCWA-05-01, J&K Distributors – Resolution #06-20
8. Approval of Option Year One of Contract No. FCWA-05-01, Chemicals Unlimited (Allegiance) – Resolution #06-21
9. Approval of Publication of Proposed Amendments to Pretreatment Regulations and Publication of Final Regulations – Resolution #06-22
10. Approval of the D.C. Water and Sewer Authority Board of Directors Responsibility and Accountability for the Supervision of all Authority Financial Management Functions and Personnel and the Delegation of Certain Powers to the General Manager of the Authority – Resolution #06-23

### **Consent Items (Non-Joint Use)**

1. Approval of Contract No. 040300, W.M. Schlosser Company, Inc. – Resolution #06-24
2. Approval of Contract No. WAS-05-044-AA-VW, C&E Services, Inc. of Washington – Resolution #06-25
3. Approval of Contract No. WAS-06-001-AA-VW, Flippo Construction Company, Inc. – Resolution #06-26
4. Approval of Revised Lead Service Line Replacement Policy – Resolution #06-27

The General Manager informed the Board that Resolution #06-22 relating to the changes in the regulations associated with Pretreatment would normally go to the Register for a comment period and then brought back to the Board for final adoption. In this case staff is requesting, and the Environmental Quality and Operations Committee concurred, that unless they get substantial comments back from the Register that the single action being taken by the Board today would authorize it going to the Register as well as adopting the regulations.

The Board convened into an executive session to hear some legal advice.

The Board convened into the public session.

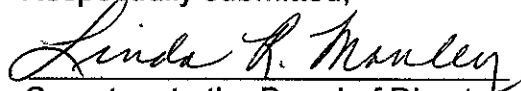
Chairman Gerstell stated that a proposed Resolution #06-28 is before the Board pertaining to the District of Columbia exclusively, so it would be addressed by District Board members regarding initiating the process for public comment seeking to adopt a groundwater sewer service rate. He reported that there has been some informal discussion, but for purposes of addressing it now in the public session, he thinks starting this process is a good one. They have already started the process for the proposed rate increase and they are going to have to have a public hearing on that during the course of this year, which would take effect if adopted on October 1<sup>st</sup>.

Mr. Bardin has properly drawn the Board's attention to the fact that they have not been collecting for groundwater and they need to take a look at that and put something out for public comment and see if they can get that deficiency addressed. To the extent they do not recover funds for that, it just means that other ratepayers have to shoulder those costs indirectly. Mr. Bardin moved the adoption of Resolution #06-28 with the changes on the first page, to strike the last whereas. Also, on the second page, make the

following change: "now therefore be it resolved that," number one, insert after the Board finds that it should propose, comma, insert for the first time pursuant to section 216 of the Enabling Act comma and then go on as it says for public comment on groundwater sewer service rate. Ms. Richardson second the motion. The resolution carried.

The meeting was adjourned at 10:46 a.m.

Respectfully submitted,

  
Secretary to the Board of Directors