



District of Columbia Water and Sewer Authority

MINUTES

**115th Meeting of the Board of Directors
Thursday, November 2, 2006**

Present Directors

Chairman Glenn Gerstell, District of Columbia
Dr. Jacqueline F. Brown, Prince George's County
F. Alexis Roberson, District of Columbia
David J. Bardin, District of Columbia
Lisa Morgan, District of Columbia
Kenneth Davis, Alternate for Vacant Position, District of Columbia
Paul Folkers, Alternate for Bruce Romer, Montgomery County
James Caldwell, Montgomery County
Anthony Griffin, Fairfax County
David Byrd, Prince George's County

Present Alternate Directors

Howard Gibbs, District of Columbia
Steven McLendon, District of Columbia
Robert Stalzer, Fairfax County
Paivi Spoon, Prince George's County
Brenda Richardson, District of Columbia
David Lake, Montgomery County
Joseph Cotruvo, District of Columbia
Chris Akinbobola, Prince George's County

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 115th meeting of the District of Columbia Water and Sewer Authority's Board of Directors meeting to order at 9:33 a.m.

Ms. Manley called the role to establish a quorum.

Approval of Minutes of October 5, 2006 Meeting

It was Moved and Seconded that the minutes of the Board of Directors' meeting of October 5, 2006 be approved. There was one abstention from David Byrd. The motion carried. The minutes of the October 5, 2006 meeting were approved.

Customer and Community Services Committee

Reported by: Brenda Richardson

The Customer and Community Services Committee met on Thursday, October 12, 2006.

Ms. Eva Liggins, Director of Customer Service, provided the Committee with an update on the Automated Meter Reading Program (AMR). Ms. Liggins reported that there continues to be issues with several customers who are resisting the required shut off to install new meters. Consequently, the contractors have been instructed to provide the affected customers with a 30-day advance notice of the intended scheduled installation.

It was reported to the Committee that there are 19 large meters that have been installed in September. Mr. Kiley clarified the AMR chart that reflects that the report is representative of 480 large meters that still need to be replaced. In addition, Mr. Kiley reported that 96 percent if the AMR project is completed. There are also approximately 2,500 small meters left to be replaced and the bulk of them are inside meters.

The Committee discussed the process notification pilot project which has been very effective and reported that the staff is undertaking efforts to extend the program to include commercial customers.

The Committee was provided an update on the SPLASH Program. The Authority received over 5,000 contributions for this reporting period. Two hundred and two households have been assisted to date and a little over \$73,000 remains in the Authority's FY 06 fund. Staff plans to meet with the Urban League to sign off on the final agreement and to give the program staff an opportunity to discuss the transition.

The Committee received an update on the Authority's permitting process on which staff is working with DCRA on their website and staff is also developing a flow chart to keep track of the new process for permitting.

Environmental Quality and Operations Committee Report

Reported by: James Caldwell

The Environmental Quality and Operations Committee met on Thursday, October 19th.

The Committee was provided a status of the Blue Plains plant. Average flow at Blue Plains for the month of September was 308 MGD. All permit parameters were met. Mr. Caldwell reported that the Authority continues to wait on word from EPA on the plant's National Pollutant Discharge Elimination System (NPDES) permit, the Total Maximum Daily Loads, and the MS-4 permit.

Mr. Caldwell reported on the status of the lead copper rule compliance testing. He reported that the Authority completed 75 percent of the required testing for the semester and all results to date are below the action level. Approximately 4,100 replacements have been completed this year and WASA is doing that under budget at this point in time.

The Committee received a PowerPoint presentation on WASA's proposed modification to the Long Term Control Plan (LTCP) scope of work and schedule. This presentation was necessary because as a result of EPA's delay in issuing the final TMDL requirements until July 2008, there was some concern of how the Authority could move forward if the Authority did not know the ultimate requirements that needed to be met..

It was concluded by the Committee that there were items that staff could move forward with. The Committee will receive at its November meeting a modified contract proposal to accomplish those tasks that were identified from the presentation to ensure that when EPA does come forward, WASA is in the position to accomplish the task that is needed.

A PowerPoint presentation was made to the Committee on WASA's Outfall Sewer Assessment Program. This Assessment Program is required under the Nine Minimum Controls (three party) Consent Decree, with information from the assessment being provided to EPA and citizen plaintiffs by October 10, 2006. The Consent Decree requires that WASA confirms that the collection system can convey 1,076 mgd to Blue Plains by September 1, 2008 or in the alternate that it cannot. If it cannot, a schedule to provide that capacity is required. This has all been done.

The presentation included information on the condition and hydraulic capacity of the system, estimated costs of repair, and Consent Decree schedule requirements. WASA has proposed discussions with EPA and the citizen plaintiffs on the schedule requirements, as most of the required sewer repair is at Bolling Air Force Base and Naval Research Labs, and access for construction could be a major issue in developing the repair schedule.

The Committee reviewed 10 joint use contracts and 2 non-joint use contracts. After some modifications which are listed in the Committee's minutes, the Committee through consensus agreed to move the 12 contracts forward to the full Board for approval.

In addition, the Committee was e-mailed a contract extension for the JABB II contract for the review and recommendation to the full Board. The JABB II contract is on the agenda with a recommendation from the Environmental Quality and Operations Committee.

Under emerging issues on the agenda, the Committee was informed that WASA is working on a Memorandum of Understanding (MOU) on the O Street site with the District Government regarding parking and the use of the O Street site.

Finance and Budget Committee

Reported by: Chairman Glenn Gerstell

The Finance and Budget Committee met on Thursday, October 26th.

The Committee received a preliminary year-end report. It was reported to the Committee that the Authority had a stronger than anticipated performance in FY 2006, and made a contribution of \$27 million to the rate stabilization fund, raising the balance to \$58.5 million.

The operating receipts for the year were about \$296 million which was just slightly over budget, largely due to better than expected activity in the collections area. It was projected that the Authority will end the year at approximately 94 percent of the board-revised budget with savings of approximately \$17.5 million. In the chemicals and supplies area the Authority expected to end the year at approximately 108 percent of budget because of higher unit prices on the majority of its contracts. Spending for water purchase will end the year at 116 percent of budget.

The capital spending totaled \$191.3 million, or approximately 80 percent of the Board's approval disbursements budget.

The actual average operating reserve balance for September totaled \$118.3, or \$15.9 million in excess of the Board reserve requirement of \$102.4.

The Committee reviewed three contract action items. One was for the financial advisor, public financial management contract to renew their financial services. The second was an extension of a consulting contract with PB Consult and the third was the lease extension at the 810 1st Street premises to exercise the option. It turned out that due to an oversight, the Board did not approve the prior extensions where the Authority went over the \$1 million threshold for the General Manager's authority.

The Committee received an excellent presentation from the General Manager on the FY 07 revised and the FY 08 proposed budgets.

The revised FY 2007 operating budget totals \$311.2 million, \$0.5 million less than the approved FY 2007 budget. The decrease in the revised FY 2007 budget is due primarily to lower debt service costs resulting from lower capital spending in FY 2006.

The proposed FY 2008 budget totals \$341.1 million, a \$30 million increase over the revised FY 2007 budget. The majority of this increase is due to additional debt service as the capital program progresses.

Mr. Lake reported to the Board that Olu Adebo, Acting Chief Financial Officer for WASA, held a meeting of the regional Blue Plains users to review the FY 07 and 08 budgets.

Mr. Bardin requested that the General Manager put on the agenda of the next meeting an explanation of how the Washington Aqueduct comes up with its costs that goes into the budget preparation for the Authority.

General Manager's Report

Reported by: Jerry Johnson, General Manager

The General Manager reported that the Authority completed its closeout for the year. The Authority began its financial audit and A-133 grants audit in August.

The Authority's SPLASH contributions for the year were at about \$66,000, against a \$45,000 target.

The drinking water system is in full compliance with all of EPA requirements under the Safe Drinking Water Act. Staff is working diligently at this point in the distribution system to clear all of the known breaks and leaks in the system so that the Authority can enter the winter months with the system being as dry as possible. That is an objective that WASA takes on every year about this time. WASA has also met all of its flushing and water quality goals for the year.

The General Manager reported that staff from the Department of Wastewater treatment participated in an international water association conference in Beijing. They presented either themselves or through Authority-sponsored research, six papers at this conference.

The General Manager reported that the 3 percent adjustment in salary was implemented this month for the union employees. The adjustment went into effect on October 1st.

The Authority participated in a job fair with the District of Columbia and received around 300 applications and resumes that are currently being screened by the Human Resource Department.

WASA was the lead sponsor for the Joint Utility Discount Day (JUDD) on October 31st.

The General Manager introduced Gordon Fry, the new Director of Government Relations. He reported that Mr. Fry has an extensive background in government relations and has been certified in utilities management from the University of Georgia.

He holds a bachelor's degree from Western Michigan University and a number of certifications and a master's in international relations from American University.

The General Manager reported that the Authority received an award from the Covenant House for participating in a summer youth program that provides training and employment for troubled youth in the City.

The Board was informed by the General Manager that the Authority received favorable results from its biosolids audit. The results stated that the management system being used by the District of Columbia Water and Sewer Authority continues to meet the national biosolids partnership expectations and requirements and that verification of biosolids EMS will continue.

The Authority also received the Platinum Award for Sustained competitiveness Achievement from the Association of Metropolitan Water Agencies. This is very significant as well because there are only limited numbers of platinum awardees.

Mr. Bardin stated that on page 2 of the general manager's report it was stated that "year-end payments from wholesale customers were 93 percent of budget, which means 7 percent less than anticipated, primarily because of lower than budgeted refunds from prior years." What does that mean? Olu Adebode replied that he would get back to Mr. Bardin with a response.

Mr. Bardin requested that staff provide a detailed report on the asset management system to the Environmental Quality and Operations Committee within the next two to three months.

Administrative Item

1. Approval to execute GSA Contract Extension, GS-10-F-0383L, PB Consult – Resolution No. 06-80

Chairman Gerstell stated that the Board had some questions about the minority participation and the contractor has agreed to include at least 15 percent minority participation. Mr. Johnson confirmed that the contractor agreed to 15 percent minority participation. He noted that the 15 percent minority participation is for the contract extension.

The General Manager reassured the Board that until PB Consult identifies the subs for the 15 percent minority participation no contract would be signed.

The General Manager informed the Board that staff is in the process of gathering data to report back to the Board the status of the actual dollars spent on the contractors and their subs.

Consent Items (Joint Use)

1. Approval to execute Change Order No. 7 of Contract No. 000090, Emerson Process Management – **Resolution No. 06-81** (Recommended by the Environmental Quality and Operations Committee 10/19/06)
2. Approval to execute Change Order No. 31 of Contract No. 990040, W. M. Schlosser Co., Inc. – **Resolution No. 06-82** (Recommended by the Environmental Quality and Operations Committee 10/19/06)
3. Approval to execute Change Order No. 17 of Contract No. 020130, W. M. Schlosser Company, Inc. – **Resolution No. 06-83** (Recommended by the Environmental Quality and Operations Committee 10/19/06)
4. Approval to execute Change Order No. 33 of Contract No. 020020, Ulliman Schutte Construction, LLC. – **Resolution No. 06-84** (Recommended by the Environmental Quality and Operations Committee 10/19/06)
5. Approval to execute Supplemental Agreement No. 4 of Contract No. DCFA 371-WSA, Hazen and Sawyer – **Resolution No. 06-85** (Recommended by the Environmental Quality and Operations Committee 10/19/06)
6. Approval to execute Option Year Two of Contract No. WAS-04-061-AA-MB, Electrical Motor & Contracting Co., Inc. – **Resolution No. 06-86** (Recommended by the Environmental Quality and Operations Committee 10/19/06)
7. Approval to execute Option Year Three of Contract No. WAS-03-049-AA-MB, M. C. Dean, Inc. - **Resolution No. 06-87** (Recommended by the Environmental Quality and Operations Committee 10/19/06)
8. Approval to execute Contract Modification No. 1 of Contract No. WAS-06-030-AA-ND, Allied Barton Security Services – **Resolution No. 06-88** (Recommended by the Environmental Quality and Operations Committee 10/19/06)
9. Approval to revise Board Resolution No. 06-62, adopted July 6, 2006 to reflect approval to execute a Services Contract for Contract No. WAS-06012-AA-JW, First Vehicle Services – **Resolution No. 06-89** (Recommended by the Environmental Quality and Operations Committee 10/19/06)
10. Approval to revise Board Resolution No. 06-73, adopted October 5, 2006 to correct the Prime Contractor from J & K Distributors to PVS Chemical Solutions, Inc. – **Resolution No. 06-90** (Recommended by the Environmental Quality and Operations Committee 10/19/06)
11. Approval to execute a contract extension for Contract No. WAS-01-023-AB-DW, JABB II, LLC – **Resolution No. 06-95** (Recommended by the Environmental Quality and Operations Committee 10/31/06)

The Motion to Adopt Consent Items (Joint-Use) was Moved and Seconded with unanimous approval.

Consent Item (Non-Joint Use)

1. Approval to execute Contract No. 040230 – W. M. Schlosser Co., Inc. - **Resolution No. 06-91** (Recommended by the Environmental Quality and Operations Committee 10/19/06)
2. Approval to execute Option Year Two of Contract No. WAS-04-047-AA-DW, Rodger Brothers Custodial Services Inc. – **Resolution No. 06-92** (Recommended by the Environmental Quality and Operations Committee 10/19/06)
3. Ratification of the General Manager's Selection of a Financial Advisor – **Resolution No. 06-93** (Recommended by the Finance and Budget Committee 10/26/06)
4. Ratification of Lease expenditures for 2004, 2005 and 2006 and Approval to execute the First Option (5 year) Lease, DC First Street Corporation – **Resolution No. 06-94** (Recommended by the Finance and Budget Committee 10/26/06)

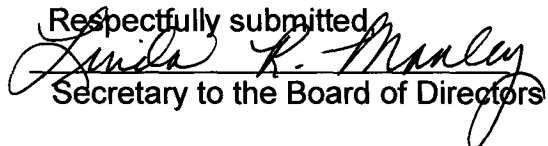
The Motion to Adopt Consent Items (Non-Joint-Use) was Moved and Seconded with unanimous approval.

The Board convened into an Executive Session at 10:25 a.m. to return at 11:10 a.m. into the public meeting.

The General Manager informed the Board that because of the court ruling on the TMDL issues that was discussed with the Board some time ago, it left staff with a great deal of uncertainty in terms of what WASA is planning for and what WASA is designing for the CSO Control Program. He stated that EPA received an extension from the court through June of 2008 to resolve the issue. Management has a concern that a lot of the planning and effort that WASA is undertaking for CSO control might not be beneficial and may not assist WASA at all. Therefore, staff has gone back and reviewed both the consent decree that is in place now for the long-term control plan, and the contract that is in place for the facilities planning that WASA is currently doing and the level of effort. Staff will undertake activities between now and the time that this issue gets resolved that will not be lost. At the Environmental Quality and Operations Committee meeting staff went over in some great detail the approach they will use. John Dunn provided the Board a presentation of staff's approach on the LTCP Facility Plan Development vis-a'-vis TMDL issues.

Mr. Johnson stated that WASA as well as a consortium of national organizations are continuing to push EPA to bring this matter to closure much quicker than they have suggested that they want to. Staff will continue to pursue and perhaps even object to their request for extensions of time.

The meeting adjourned at 11:32 a.m.

Respectfully submitted,

Secretary to the Board of Directors