



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

***MINUTES***

***129<sup>th</sup> Meeting of the Board of Directors  
Thursday, February 7, 2008***

***Present Directors***

Chairman Robin B. Martin, District of Columbia  
Anthony Griffin, Vice Chairman, Fairfax County  
David J. Bardin, District of Columbia  
Keith Stone, District of Columbia  
Alan Roth, District of Columbia  
Timothy Firestine, Montgomery County  
Robert Hoyt, Montgomery County  
David Byrd, Prince George's County  
F. Alexis Roberson, District of Columbia  
Daniel Tangherlini, District of Columbia  
Paivi Spoon, Alternate to Dr. Jacqueline Brown

***Present Alternate Directors***

Brenda Richardson, District of Columbia  
Joseph Cotruvo, District of Columbia  
David Lake, Montgomery County  
Howard Croft, District of Columbia  
Howard Gibbs, District of Columbia  
Steven McLendon, District of Columbia  
Jimmie Jenkins, Fairfax County  
Kathleen Boucher, Montgomery County  
Beverly Warfield, 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 Martin's Remarks and Appointments**

Chairman Martin introduced the following new Board members. Kathleen Boucher, Montgomery County; Robert Hoyt, Montgomery County; Jimmie Jenkins, Fairfax County; and Beverly Warfield, Prince Georges County.

Chairman Martin announced the following Committee appointments: Kathleen Boucher is appointed to the Human Resources and Labor Relations Committee; and Robert Hoyt, Jimmie Jenkins and Beverly Warfield are appointed to the Environmental Quality and Operations Committee.

Chairman Martin announced that Brenda Richardson will remain on the Environmental Quality and Operations Committee and is appointed to the Audit Committee.

Ms. Manley called the roll to establish a quorum.

Chairman Martin asked for a motion to approve the January 10, 2008 minutes. The minutes were Moved and Seconded with unanimous approval.

## **Customer and Community Services Committee**

*Reported by: Alan Roth, Chairperson*

The Committee met on January 15, 2008 and reviewed the proposed design for a new monthly bill to accommodate the proposed impervious area billing system. This is a multi-phase project to be coordinated with the billing contractor. Staff explained the spacing needs to be blocked off by March 1<sup>st</sup>; however, the language and the Board's decision as to whether ERU or square footage will be used must be decided by the April Board meeting.

The Committee received a presentation of the new Maximo IT system that is set up to coordinate, expedite and monitor the flow of work processes for permit issuances.

The Committee discussed the presentations that were planned for the Lead Service Replacement review. The community meetings and stakeholders meetings have already begun.

The Committee discussed the media coverage for the proposed new rate increase, and suggested that the focus should be on the need for capital expenditures to accomplish required environmental cleanup of the rivers and Chesapeake Bay, rather than on the rate increase alone.

Mr. Fry, Director of Intergovernmental Relations, reported that Councilmember Graham's committee amended the hydrant legislation to address and include WASA's suggestions. The first reading of the bill was this past Tuesday.

The Committee discussed briefly the recent enacted DC personnel legislation and whether additional steps must be taken with the DC Council to address the WASA issues raised by the new law. The Committee was informed that there will be a full discussion of the personnel legislation at the Human Resources and Labor Relations Committee meeting.

Chairman Martin asked Mr. Roth to work with Mr. Bardin to ensure that the WASA enabling legislation has the appropriate attention on the website.

In addition, Chairman Martin noted for the record and read an e-mail from a citizen sent to a Councilmember and the Mayor regarding a two-alarm house fire located in the 2700 block of Cathedral Avenue. The citizen noted in the message that there was very good response but was told by a neighbor that a fire hydrant on Cathedral Avenue was inoperable. The end of the e-mail read, "who is in charge, and who can and will solve the problem?" Chairman Martin noted that in less than an hour after the message was sent Chief Roubin of the Fire and Emergency Services wrote in an e-mail to Councilmember Graham in response to the message that "he was very pleased to report that all fire hydrants worked properly and effectively." In fact, he stated that he would be remiss if he did not point out that the FEMS has not experienced any water supply or fire hydrant issues since the MOU has been implemented with WASA."

Mr. Bardin requested that the General Manager provide the Board with information on how much of the \$93 million WASA spent on lead service replacement was necessary to comply with EPA requirements and how much of the \$93 million was spent because of the extra voluntary requirements the Board imposed on the general manager.

### **Environmental Quality and Operations Committee**

*Reported by: David Lake, Chairperson*

The Environmental Quality and Operations Committee met on Thursday, January 17, 2008.

Mr. Lake reported that the plant is running well. Flow for the month averaged 285 MGD, due to low levels of precipitation over the prior months.

The Committee discussed the National Pollutant Discharge Elimination System (NPDES) permit. The Authority is awaiting feedback from the Environmental Protection Agency (EPA) on how to proceed with the planning for wet weather flows and the Total Nitrogen Program.

Mr. Lake noted to new members of the Board that there was an EPA Inspector General Report issued last month entitled, "Despite Progress: EPA Needs to Improve Oversight of Wastewater Upgrades in the Chesapeake Bay Watershed." He noted that the Authority came out well in the review because the Authority has been leading the area in nitrogen removal.

The Committee discussed the Board's need to focus more on the Long Term Control Plan, wet weather plan and total nitrogen removal in terms of how the Authority will address them in the future.

The Committee received a report on the coliform testing which was within EPA compliance. The lead and copper rule testing continues to be below the action level.

The Committee discussed the chlorine burn and staff's concept is that there would be a secondary disinfection treatment process in which the chlorine would be put into the system to replace the chloramine for a period of one month, to eliminate the biomass that grows within the distribution system.

The Committee requested a survey of other utilities in the area that are using chloramine for disinfectant, their frequency and the need of a chlorine burn.

The Committee is recommending six action items for Board approval on the agenda.

Chairman Martin stated that based on Mr. Lake's earlier comment on having additional Board time to discuss the capital projects, in particular the major ones he is proposing a half-day workshop for the full Board in the spring and possibly one in the fall to discuss the projects. Chairman Martin requested that Ms. Manley coordinate the workshop.

Chairman Martin directed the General Manager to coordinate a timeframe with Mr. Lake on when to bring to the Environmental Quality and Operations Committee a review of the governance of the Washington Aqueduct and the ownership of the Washington Aqueduct.

### **Retail Rates Committee (District Members)**

*Reported by: Robin Martin, Chairman*

The Retail Rates Committee met on January 22, 2008, and received an update on the data collection for the Impervious Surface Rate project. The Committee discussed four policies identified by management that are on the critical path requiring Committee decisions in February and Board action in March. The Board at its March meeting will receive Committee recommendations on the use of the equivalent residential unit, the definition of imperviousness, credit incentives and exemptions.

The Committee requested a second date for a public hearing to address additional input from customers if required as they comment on both the volumetric rates and the impervious rates.

The Committee discussed the publication of the rate notice. Staff felt that it would be confusing to publish a volumetric rate and then at a later time add into it a new impervious rate which will change the volumetric rate. The Committee decided that the General Counsel would work on the technical language to ensure notification of both the proposed volumetric rate increase and the Board's work on the impervious rate. The General Counsel would come back to the Committee if there was a need for Board action. The General Manager noted that it would not require any further Board action.

The General Manager agreed that the schedule to propose the impervious surface rate will be consistent with the legal requirements for notice.

Chairman Martin noted that the sense of the Committee members is that the notice be published as soon as possible.

The Committee discussed the consultants' level of confidence on the data they have been collecting and assessing. The consultants believe that the overall data are of high quality; but that the individual parcel data still have to be cleaned and improved. Chairman Martin noted that three-fourths of the revenues will be from non-residential and the aggregate numbers are very accurate.

The Committee discussed the ERU and the Committee's concept is that as of now, the ERU would be used and no decisions have been made on the fact that ERU will be used for every residential unit regardless of size. The same ERU will be used as a method of calculating commercial rates by using actual measurement of commercial parcels, and then translating that into the number of residential units (including fractional units) that commercial property would equate to based on the property size, and then multiplying that by the same rate per ERU. Therefore, both commercial and non-commercial users would have the same rate per ERU, but the number of ERUs would be constant for residential properties and vary based on actual property size for commercial users.

The Committee discussed an incentive program in the future to allow residents and businesses to have the incentive to reduce the amount of impervious surface, and therefore have a lower charge.

The General Manager informed the Committee that staff has had a discussion with the Director of the DC Department of the Environment regarding the stormwater rate adjustment and WASA is expecting a response after January 22<sup>nd</sup>.

## **Finance and Budget Committee**

Reported by: Chairman Martin

The Committee met on January 24, 2008, and was informed that revenues through December, 2007, were on target, and that operating expenditures were in line with spending percentages this time last year. Capital spending was below target, primarily because the Washington Aqueduct payment was not made in January; the payment is now expected to be made in early February.

Chairman Martin noted that the prices of chemicals, particularly methanol, have increased dramatically over the past several years and in particularly the last few months. The General Manager was asked whether the Authority was locked in to the prices for the chemicals for which contracts were approved by the recent resolutions of the Board, and whether hedging possibilities had been considered. The General Manager informed the Committee that the resolutions approved by the Board give him authority to enter into the contracts and that management is looking at a number of different hedging and other types of techniques to ensure that the Authority's budget risk is reduced as much as possible. In the case of methanol the prices have decreased slightly.

Chairman Martin asked the General Manager to report to the Board some of the techniques he will use to ensure that the Authority's budget risk is reduced. The General Manager noted that the total cost of methanol depends on both the amount of methanol WASA uses to reduce nitrogen discharges into the bay; as well as pricing. The projected unit price has increased from \$1.51 to \$3.07. Staff has had some fruitful negotiations with the contractor, and it has as of last week committed to a price for the month of February of \$2.30, rather than the market price \$3.07 a gallon, and place a cap on the price of \$2.45. Staff will go forward to negotiate the price on a monthly basis, using two established indexes to work out price arrangements. In the meantime, the Authority's procurement office is looking for other options and staff is monitoring other markets for alternative kinds of chemicals. At this point, those alternatives are more expensive than methanol.

Staff will probably dial back on the nitrogen reduction through reduced use of methanol to stay within budget. Staff will have more discussion on this matter at the next Environmental Quality and Operations Committee meeting.

Chairman Martin reported that the Committee held a discussion of delinquent accounts which seemed to be under control. However, the information indicates that a large percentage of the retail customer base is ninety days delinquent. The Committee will receive feedback at its next meeting on the delinquent accounts. Chairman Martin asked Mr. Roth to have accounts receivable as an agenda item for the next Customer and Community Service Committee agenda.

Chairman Martin noted that the Board received the independent audit. The Authority received an unqualified opinion for the 11<sup>th</sup> consecutive year. The Board will discuss the management letter in executive session on today.

Chairman Martin noted that the Committee has requested that staff begin the work to convert the Authority's 2004 Auction Rate Bonds to Fixed Rate Bonds and to convert the \$59 million taxable auction rate bonds to variable rate demand bonds.

The Committee will receive a report from the independent budget review report in March from the General Manager..

Mr. Bardin reminded the Board of his request for a third bar to be added to the historic capital disbursements rates chart (one time only) showing the initial budget that was approved, the revised budget, and the capital expenditures.

Chairman Martin asked Ms. Manley to amend the minutes to add Mr. Bardin's request to the follow-up items.

### **Human Resources and Labor Relations Committee**

*Reported by: Anthony Griffin*

The Human Resources and Labor Relations Committee met on January 31, 2008.

The Committee congratulated both the unions and management for successfully concluding negotiations and reaching an agreement on the compensation issues. Mr. Griffin noted that there are still issues related to working conditions and two of the unions have agreed to an updated version of the working conditions, and the expectation is that WASA will complete that process by the end of March.

There was acknowledgement by both management and the unions that progress had been made, particularly on the open communications. The Committee made a commitment to meet with the union presidents on a quarterly basis.

The Committee is recommending two items on the agenda today for Board approval. The first item is the approval of proof of residency criteria under the jobs for D.C. Residents Amendment Act of 2007. This resolution speaks to the requirement for a 10-point preference for qualified District residents. This requirement applies to both vacant positions and promotions. The most controversial part of the requirement is the actual documentation that must be produced. A respective candidate will have to produce eight proofs of residency. The second item the Committee is recommending are proposed changes to WASA's personnel regulations. Staff is requesting that Board authorize the publication of the proposed changes to begin the formal review process.

At the request of Mr. Bardin the Board discussed Section 5213.7(a) of the personnel regulations. Mr. Bardin expressed concern that the provision was too broad. After discussion the Board agreed to have the General Counsel draft language narrowing the provision and present the draft language at the time the resolution is considered.

The Board discussed the proof of residency criteria under the jobs for D.C. Residents Amendment Act of 2007 Resolution. The Board agreed that if any Board member is not in agreement to move forward with the approval of the resolution they can make a motion to postpone until a later date consideration of the resolution.

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

*Reported by: Jerry Johnson*

The General Manager reported 46 known public fire hydrants that are out of service. A number of actions have been taken pursuant to the MOU to include ordering a fleet of trucks that will be utilized by the Fire Department for their inspection responsibilities. It is anticipated that the delivery of the trucks may be beyond the time of the start-up of the spring inspections program because there is a fair amount of customization that will have to be done. Arrangements have been made by the Authority to lease some vehicles in the interim so that the program will start on time.

The General Manager reported that the union employees' pay adjustments have been made and the employees will receive retroactive pay on February 15<sup>th</sup>.

Staff held two significant meetings here at Blue Plains over the last month. A national meeting was held in conjunction with the Water Environment Federation of some of the most renowned experts in the country around wastewater treatment. The other meeting was planned by WASA to better educate officials on Blue Plains and its activities, particularly focusing on the nitrogen removal issue.

The General Manager congratulated OZ Fuller, Director of Fleet Management and his staff for receiving the 2007 Certificate of Achievement from the 100 best fleets in North America. WASA placed 40th in the best performing operation out of 100 nationwide for demonstrating peak performance in industry and maximizing use of human capital and natural resources.

The General Manager asked Mr. Adebo, Acting CFO, to give the Board a presentation on the Auction Rate Securities. Chairman Martin stated that with the discussion that the General Manager presented to the Board on the Auction Rate Securities and the Chairman's report from the Finance and Budget Committee, he asked consensus of the Board to receive the presentation by

exception and move to the next item of the General Manager's report. The Board concurred.

The General Manager announced that Eva Liggins, Director of Customer Service is resigning from the Authority to take a challenging position in Dallas, Texas. He noted that Ms. Liggins has done a tremendous job for the Authority. Donna Lewis will serve as Acting Director, Department of Customer Services.

Mr. Bardin stated that he asked the General Manager if WASA has studied the details of the family leave legislation which has just passed first reading and was informed by the General Manager that WASA has a more generous family leave provision. The General Manager agreed to take a closer look at the legislation.

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

1. Approval of Option Year Three and Modification No. 3 of Contract No. WAS-05-014-AA-JS, Hardy and Son Trucking, Inc. – Resolution No. 08-21
2. Approval of Option Year One of Contract No. WAS-06-035-AB-ND, Recyc Systems, Inc. – Resolution No. 08-22
3. Approval of Option Year One of Contract No. WAS-06-035-AA-ND, Urban Service Systems Corporation – Resolution No. 08-23
4. Approval of Option Year Four of Contract No. WAS-04-001-AA-MB, M&M Electric Motor Repair, Inc.- Resolution No. 08-24

A motion to adopt Resolutions No. 08-21 through No. 08-24 (Joint Use) was Moved and Seconded and approved unanimously by the Board of Directors.

5. Approval of Publication of Proposed Amendments to the Personnel Regulations – Resolution No. 08-25

Mr. Griffin moved that Resolution No. 08-25, Approval of Publication of Proposed Amendments to the Personnel Regulations be advertised appropriately for the public comment period with an amendment from the General Counsel.

Ms. Russell, General Counsel, read the section in its entirety, identifying the addition of the amended language: "An employee who voluntarily leaves their employment with the Authority and is in good standing and is prohibited from working for a contractor on an Authority project." This is the new language; "on which the employee directly worked" and then going back to what is in red, "for a period of 18 months after leaving their employment." Ms. Russell also noted that at the end after the word "Authority" the words "after a review and recommendation by the General Counsel" are added. Mr. Griffin concurred that Ms. Russell's amendments are his motion. The motion was seconded by Chairman Martin. Chairman Martin asked for discussion. Mr. Bardin moved to amend the motion to delete Section 5213 and deferring that section until the

proposed amendments to the contracting regulations are ready for Board review. Mr. Bardin's motion was seconded by Dr. Cotruvo. A roll call vote was taken on Mr. Bardin's motion and the motion failed.

The motion to adopt Resolution 08-25 was Moved and Seconded with unanimous approval by the Board of Directors.

6. Approval of Proof of Residency Criteria Under the Jobs for D.C. Residents Amendment Act of 2007 – Resolution No. 08-26

After discussion the Board agreed to defer Resolution No.08-26, Approval of Proof of Residency Criteria under the Jobs for D.C. Act until the March Board meeting. The General Counsel will add language such that the resolution would be rescinded if the Act does not become final or does not apply to WASA.

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

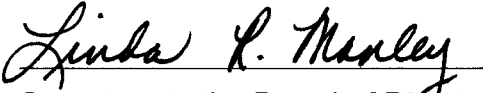
1. Approval of Contract No. 070140, Anchor Construction Co., Inc. – Resolution No. 08-27
2. Approval of Contract No. 050040, Sagres Construction Corp. – Resolution No. 08-28

A motion to adopt Resolutions No. 08-27 and No. 08-28 (Non-Joint Use) was Moved and Seconded and approved unanimously by the District Members of the Board of Directors.

The Board moved into an executive session at 11:54a.m., to discuss a legal matter.

The Board reconvened into the public meeting at 12:50 p.m.

The meeting adjourned at 12:52 p.m.

  
Secretary to the Board of Directors