



District of Columbia Water and Sewer Authority

Board of Directors

MINUTES

Thursday, November 6, 2008

Present Directors

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

Present Alternate Directors

Kathleen Boucher, Montgomery County
Jimmie Jenkins, Fairfax County
Brenda Richardson, District of Columbia
Paivi Spoon, Prince George's County
Beverly Warfield, Prince George's County
Howard Gibbs, District of Columbia
George Hawkins, District of Columbia

WASA Staff

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

Approval of the October 2, 2008 Meeting Minutes

Chairman Martin asked for a motion to approve the October 2, 2008 minutes. The minutes were Moved and Seconded with unanimous approval by the Board.

Chairman Martin announced Committee appointments. He noted that at the last meeting the Board adopted revised by-laws which created the District of Columbia Retail Services Committee. Therefore, he is appointing Dr. Joe Cotruvo as Chairman of the Committee and appointing all the members of the former Ad-Hoc Committee on the District Water Quality to the Retail Services Committee. Chairman Martin abolished the Ad-Hoc Committee.

In addition, Chairman Martin appointed Dan Tangherlini as Chair of both the Finance and Budget Committee and the District of Columbia Retail Rates Committee.

Environmental Quality and Operations Committee

Reported by: David Lake, Chairman

The Committee met on Wednesday, October 22, 2008.

Mr. Lake noted that the contractor for biosolids has the composting facility that was developed in Virginia up and running, and 670 tons went to the composting facility.

The Committee received an update on legal issues. Ms. Russell reported that EPA has filed a motion to dismiss WASA's appeal of the permit on the grounds that it was not based on a final decision.

Ms. Russell noted that WASA is fast approaching the point when WASA must make a decision about moving forward with the Long Term Control Plan (LTCP) or requesting a delay in the consent order schedule. Something may have to be done within 30 days due to the Total Nitrogen/Wet Weather schedule along with WASA's outstanding question regarding whether implementation of the Long Term Control Plan would meet water quality standards (an issue that was called into question by the EPA Environmental Appeals Board).

The Committee revisited the Greeley and Hanson contract for the Long Term Control Plan and agreed that the Board had discussed the project, and in fact it is a joint-use project by the nature that both the total nitrogen and the Long-Term Control Plan functions were within the project. The Committee could not determine what portions of the project would actually be assigned, nor the schedule of when the work would be done in terms of what portions are Total Nitrogen and what portions are Long-Term Control Plan. Therefore, that issue is still pending by the Board.

The Committee is recommending three contracts for Board approval; two are modifications and one is a change order.

The General Manager assured the Committee that it will receive a six-month look ahead on major contracts.

Mr. Lake noted that following the meeting a joint meeting was held between the Environmental Quality and Operations Committee and the District of Columbia Retail Services Committee to be briefed on the Sewer System Assessment.

D.C. Retail Services Committee

Reported by: Brenda Richardson

The Committee met on Thursday, October 22, 2008. The Committee received a presentation on the 2000 Water Facilities Plan detailing those projects that have been implemented and those that are awaiting implementation.

David McLaughlin, Acting Director of Engineering and Technical Services, reported that WASA is fully compliant with the drinking water quality regulations.

Charles Kiely, Assistant General Manager for Consumer Services, reported that in September, two sites tested positive, and one site tested positive in October. Repeat samples at these sites were negative.

Draft recommendations for additional LSR mitigation techniques are undergoing internal review by staff and WASA's health and risk communication advisors.

The Committee is recommending one contract for Board approval.

Finance and Budget Committee

Report by: Daniel Tangherlini

The Committee met on Thursday, October 23, 2008. The Committee received a presentation on the 2008 Financial Report and was pleased that the Authority met its key financial objectives for Fiscal Year 2008. Receipts were 102.3 percent of budget. Operating expenditures were 94.7 percent of budget, and Capital Disbursements were 93.7 percent of budget.

The Committee discussed the Authority's commercial paper holdings and performance of the bond market since the Authority is proposing a bond issuance in January.

The Committee received highlights of the Authority's Revised FY 2009 and 2010 budgets. It was noted that the 2010 budget proposes a 10 percent increase in water and sewer rates and discussed the 10 year CIP in certain projects.

The Committee discussed the Authority's banking services contract and agreed to a nine month extension of the existing Wachovia agreement to allow for both an understanding of what will transpire in that organization's evolving future and to allow the Authority to reissue an RFP with the proposed target date of issuance of May or June of 2009.

The Board at its last meeting recommended deferring the Wachovia Contract until its next meeting. Based on the nine-month extension of the existing Wachovia agreement, Mr. Griffin moved to table the deferral of the Wachovia Contract and Mr. Lake seconded. The Board unanimously approved tabling the Wachovia Contract.

The Committee then discussed the bond issuance and it was proposed by staff that Morgan Stanley serve as underwriter. The Authority will also have two co-managers to maximize the ability to place the bonds.

The Committee is recommending the renewal of the contract for payroll services and is recommending the lease of office space at 810 First Street, N.E

In discussing a chart presented to the Board by the General Manager showing retail customer rate increases for the period of FY 1999 compared to percentage changes in the wholesale customer annual contribution for joint use operating cost, Mr. Bardin requested that staff show what is happening to the dollars of Blue Plains costs, and operating costs for the suburban jurisdictions and the retail cost. Mr. Bardin modified his question to say joint use facilities instead of Blue Plains. In addition, he requested that the operating expenses be divided up and make the comparison.

Ms. Spoon requested that the total year to year number on the Ten Year Rates Change Comparison be put into a per gallon number.

Mr. Firestine requested that staff provide the 1999 wholesale number.

Retail Rates Committee (District Members)

Reported by: Chairman Robin B. Martin

The Committee met on Tuesday, October 28, 2008 and had a similar discussion as the Finance and Budget Committee on the 2010 rate and fee proposal which is tied to the budget presentation, both for the 2009 revised which does not change rates this coming year and the 2010 budget.

The Committee was concerned about the proposed ten percent rate increase given the economic times. The Committee agreed that WASA should be a better communicator in providing the District customers with the benefits of a rate increase.

The Committee discussed the Impervious Surface Project. Mr. Adebo informed the Committee that the Authority is on target with the project milestone which would be April 2009.

The Committee then discussed the impervious area legislation introduced by Chairman Graham. The Committee provided staff direction in terms of what should be responded to in terms of issues in the proposed legislation.

Chairman Martin asked the General Manager to provide the Board an update on the discussions with Councilmember Graham and his staff on the legislation. Mr. Johnson noted that the markup hearing had been moved to November 14th as opposed to November 7th. He noted that he and staff met with Councilmember Graham and his staff and they understand WASA's need to have the language with regard to definitions conform with the same language that DOE is using in its stormwater legislation. They have agreed to accept those definitions. WASA has advanced to Councilmember Graham the legal concerns that were discussed at the Retail Rates meeting regarding the Councilmember's proposed low-income rate cap and the Council's authority to set rates.

The General Counsel noted that she has not found a case where the issue has been whether capping a fee changes the fee to a tax because it is permissible in rate setting. That is what WASA is doing to provide for a customer class that has low income. The difference is rate-setting as opposed to establishing a fee. The General Counsel also noted that WASA is unbundling its sewer rate and therefore the rate will be based on impervious areas.

Mr. Bardin requested that the October Finance and Budget minutes be revised to provide a clear understanding of the proposed legislation. Chairman Martin agreed.

Human Resources and Labor Relations Committee

Reported by: Anthony Griffin, Chairman

The Committee met on Tuesday, October 28th and the major portion of the meeting was around dialogue with the President or representatives for the five unions. The Presidents and representatives identified six items of concern.

The Committee requested that Mr. Johnson provide a recommendation regarding Ms. Milton's request to designate Emancipation Day as an Authority holiday.

The Committee discussed a petition that was provided to them by Jonathan Shanks, President of AFSCME 872, and requested that Mr. Shanks provide them with the specific issues that were of concern. In addition, Mr. Shanks was advised that he should first address employee and work issues to the General Manager.

The Committee discussed the Office of Employee Appeals (OEA) working conditions based on Ms. Milton's request that the Authority consider allowing employees who declined union representation to appeal to OEA. The Committee was informed by the General Manager that the collective bargaining agreements provide for a much simpler and less time consuming grievance process.

The Committee discussed and received an update from the General Manager on the recruitment of senior positions.

Finally, Mr. Griffin submitted a draft evaluation instrument from the General Manager for the Committee's review and approval at the next Committee meeting. The General Manager's self evaluation will be distributed to the Board no later than the beginning of December. Mr. Griffin noted that in the past the General Manager was evaluated by the Human Resource Committee; however, the evaluation form will be given to all members of the Board to complete.

Chairman Martin asked Mr. Griffin to provide the Board with an update on the IMA discussions. Mr. Griffin noted that the Chief Administrative Officers from the participating jurisdictions, the WASA General Manager, and the WSSC's Interim General Manager met on October 30th to receive an update from the Blue Plains Regional Committee on the IMA negotiation. Following that meeting the four principals met and began discussing the combined sewer overflow LTCP and how payment for it would be shared. The principals agreed to an agenda for its next meeting which will also be attended by one technical advisor, and Len Benson will have the privilege of presenting the consultant's studies that were done on the allocation of costs for CSOs.

General Manager's Report

Reported by: Jerry Johnson

The General Manager presented his report by exception and highlighted several things.

The General Manager informed the Board of a press conference to be held today at 2:00 p.m., to discuss a new vision for Green D.C., as a result of a study applying Low Impact Development and other processes throughout the District. The press conference participants are United States Environmental Protection Agency, the District Department of Environment, District of Columbia Water and Sewer Authority, Natural Resources Defense Council and Casey Trees.

The Authority rolled the commercial paper at 3.5 percent and it is being held by JP Morgan through January 14th.

The Authority received the 2007 Gold Peak Performance Award from the National Association of Clean Water Agencies and the Platinum Award for Utility Excellence from the Association of Metropolitan Water Agencies

Mr. Johnson noted that today is Chairman Martin's last meeting and presented him with a gift on behalf of WASA staff. Dan Tangherlini presented a proclamation from Mayor Fenty thanking Chairman Martin for his services to the District of Columbia and the DC WASA Board, and Dr. Brown presented Chairman Martin a plaque on behalf of the Board for his dedicated services as Chairman of the Board. Chairman Martin thanked the Board and staff and noted that any success that the Board has reflects the hard work of the employees.

The Board moved to the administrative item.

Administrative Item (Joint Use)

1. Recognition of Existence of Proportionate Use of Cost of Long-term Control Plan

Chairman Martin asked for a motion to approve before discussion. Mr. Roth made the motion and Mr. Tangherlini seconded.

The Board discussed the resolution and Mr. Firestine proposed an amendment to the last whereas clause which appears on the second page of the resolution. The amendment reads, "WHEREAS, if it is determined that there are costs of the LTCP that are the responsibility of Maryland and Virginia users, the proportionate share of costs will be determined and paid by the user."

Mr. Bardin proposed in amendment to strike the second to last whereas on page one, and on page two, in the be it resolved, last line, the word agreement would now be replaced by the word determinations.

The amendments were accepted by Mr. Roth and Mr. Tangherlini as friendly amendments, and the Motion to adopt Resolution No. 08-93 with friendly amendments was unanimously approved by the Board of Directors

Consent Items (Joint-Use)

1. Approval of Resolutions 08-95, Ulliman Schutte Construction
2. Approval of Resolution 08-96, J&K Distributors
3. Approval of Resolution 08-97, Modification of Contract J&K Distributors
4. Approval of Resolution 08-98, Ceridian Corporation

A Motion to adopt Resolutions No. 08-95 – 08-98 was made and Seconded, and received unanimous approval from the Board of Directors.

Consent Items (Non-Joint Use)

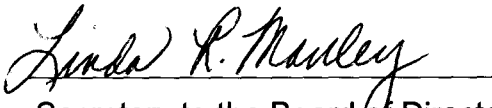
1. Approval of Resolution 08-99, Anchor Construction Corporation
2. Approval of Resolution 08-100, American Reality Advisors

A Motion to adopt Resolution Nos. 08-99 through 08-100 was made and Seconded, and received unanimous approval from the District members of the Board of Directors.

The Board convened into an Executive Session at 11:03 am., to discuss pending legislation.

The Board reconvened in a public session at 11:55 a.m.

The 137th meeting of the District of Columbia Board of Directors adjourned at 11:57 a.m.


Secretary to the Board of Directors