



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

***Board of Directors***

***MINUTES***

***Thursday, January 8, 2009***

***Present Directors***

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

***Present Alternate Directors***

Kathleen Boucher, Montgomery County  
Joseph Cotruvo, District of Columbia  
Jimmie Jenkins, Fairfax County  
Paivi Spoon, Prince George's County  
Beverly Warfield, Prince George's County  
Howard Gibbs, District of Columbia  
George Hawkins, District of Columbia  
Howard Croft, District of Columbia  
David Lake, Montgomery County

***WASA Staff***

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

Chairman William Walker called the 139<sup>th</sup> meeting to order at 9:35 a.m.

Chairman Walker asked the Secretary to dispense with the calling of the roll and confirm that there is a quorum to conduct the business of the Board.

Board Secretary Linda Manley confirmed a quorum.

### **Approval of the December 4, 2008 Meeting Minutes**

Chairman Walker asked for a motion to approve the December 4, 2008 minutes. The minutes were Moved and Seconded with unanimous approval by the Board.

### **Chairman Remarks**

Chairman Walker thanked Vice Chairman Tangherlini for chairing the December meeting.

Chairman Walker requested that the Governance Committee review the current board and committee meeting schedules to determine if the meetings should be held on a monthly, bimonthly or quarterly basis. He also asked for an examination of the Board's involvement in the day-to-day operations of the Authority to determine if the Board is setting strategic direction, oversight and proper controls to ensure that the Authority is effective. In addition, the Committee is to develop a board evaluation document to circulate to members of the Board for a self evaluation.

He noted that there is a tremendous amount of information on the day-to-day operations in the General Manager's Report and the question is how the Board should monitor the Authority's strategic goals over the next three to five years, and how to drive costs out of the system to make the Authority even more efficient and better run strategically. All of this is wrapped into an overall strategic vision for the Authority.

In addition, Chairman Walker asked that when the Board gets to the resolutions on the agenda, that the General Manager describe for the Board the process for his selection of the Chief Financial Officer for the Authority.

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

*Reported by: David Lake, Chairman*

The Committee met on Monday, December 15, 2008.

The Committee was informed that there was no update from EPA regarding the new NPDES permit.

The Committee received a briefing on the pretreatment statutes which require that the Authority's regulations are updated to be in compliance with the new federal requirements. The Committee was informed that the Authority is well on its way to ensuring that the regulations are current and that there are no pretreatment violations within the system..

There is a continuing investigation of the Potomac Sewage Pumping Station regarding its ability to pump at the capacity required by the consent order.

The Authority obtained an expert firm to perform a condition assessment of the Anacostia Force Main.

The Committee received a brief update on the Biosolids Management Plan.

It also received a briefing from Olu Adebayo on the Authority's Capital Improvements Program, both lifetime and cash basis budgets, and the Fiscal Year 2010 Capital Authority request which is the Congressionally-approved Capital authority.

The Committee is recommending fifteen (15) option contracts for Board approval.

#### **D.C. Retail Services Committee**

*Reported by: Joseph Cotruvo, Chairperson*

The Committee met on December 19, 2008.

The monthly coliforms violation report showed that there were no positive detections in November and one in December. This is within the regulations that allow 5% positives in any month.

WASA met the requirement of the lead and copper rule which is that less than 90 percent of the targeted samples must be below 15 parts per billion.

The report on the fire hydrants indicated that 211 were out of service and 190 are slated for replacement.

At the committee's request the staff presented a revised plan for extended mitigation efforts in conjunction with partial lead service line replacements. The intent is to further minimize the potential for temporary high levels of lead to be released following a partial replacement. One of the modifications will be to continue flushing for 60 minutes rather than 15 minutes immediately after the replacement. A greater and more personalized level of followup with residents after a replacement will occur including reminders and phone calls to encourage

them to continue with the recommended daily flushing schedule. This would significantly reduce potential for high levels of exposure occurring during the 30 day period after partial replacement.

With regard to Lead Service Replacement Program costs the committee asked WASA to reexamine the proposed expenditures in the budget for the coming years. The option recommended by WASA in September would cost about \$5 million per year. The Board included some additional stipulations in the Resolution that raised that cost to \$11 million. The 2009 budget request was for about \$14 million and the 2010 budget request was about \$ 11 million. The Committee felt that in light of current economic conditions those were excessive and probably unnecessary expenditures. A BOD resolution was prepared that essentially focuses on the replacements of two types; 1, mandatory because they are associated with water main replacements where the old lead service line cannot be reconnected to the water main; and 2, discretionary such as associated with DDOT street repairs. The discretionary replacements would be reduced so that the total would be within a revised budget. The Committee recommended the annual budget should reflect a \$2 million cap as a benchmark to be considered and reassessed each year based on the history. A modified resolution was provided to the Board for its consideration to include the \$2 million cap on the LSR expenditures. The Committee is recommending one action item for Board approval.

Chairman Walker requested that the Customer and Community Services Committee review where WASA is in regard to marketing and public relations to determine what would occur if WASA had to experience the water main breaks as WSSC experienced in December.

The Committee is recommending one action item for Board approval.

Chairman Walker requested that the Customer and Community Services Committee review where WASA is in regard to media and public relations to determine what would occur if WASA had to experience the major water main break that WSSC experienced in December.

### **Customer and Community Services Committee**

*Reported by: Alan Roth, Chairperson*

The Committee met on Tuesday, December 16, 2008. Mr. Roth commended Mujib Lodhi and the General Manager on the revamping of the website.

The Committee received a six month update on the Greater Washington Urban League's progress on the administration of the SPLASH Program. Concerns were expressed at the committee meeting about GWUL's commitment to the program and adherence to its contractual obligations. These concerns will be

revisited in the spring, after the WASA staff has had a further opportunity to address these issues with GWUL.

The Committee received additional information from the Risk Management staff on questions that were raised in November regarding the handling of customers who submit water and sewer backup claims.

The Committee discussed the development and implementation of a broader communication strategy relating to educating WASA's customers and local political leaders on who is paying for the clean-up of the Chesapeake Bay.

Chairman Walker asked Mr. Roth's committee to review the Authority's call volume to the Call Center to determine what percentage of those calls can be handled via self help on the new web site.

Mr. Johnson noted that the Authority went live with its new Interactive Voice Response system. This is one major step at reducing some of the call volume.

#### **District of Columbia Retail Rates Committee**

*Reported by: David J. Bardin, Acting Chairperson*

The Committee met on December 19, 2008 and discussed the Impervious Area Rate Project, the proposed expansion of the Customer Assistance Program and management's proposal for increasing rates for Fiscal Year 2010.

The Committee is recommending that the Board adopt the expansion of the Customer Assistance Program.

Mr. Adebo informed the Committee that the QA/QC section of the Impervious Area Rate Project is on schedule. In addition, the Committee received an updated analysis of the project and its implications for various classes of customers and subclasses or subgroups of customers.

Chairman Walker noted that given the number of issues that are still outstanding relating to the Impervious Surface Charge, he would like to take the decision on the Impervious Surface Charge and give it back to the Committee to come back at the next Board meeting with a resolution that has all of the detailed information that has been discussed by the Committee. Mr. Bardin suggested that the Board authorize the General Manager to advertise the \$1.24 per ERU and then authorize in another resolution to advertise effective October 1 the \$2.20 per ERU and proceed to schedule the public hearing. The Board agreed.

The Committee received a legislative update on the Impervious Area Rates. As of the December 19<sup>th</sup> Committee meeting, the Council of the District of Columbia approved the legislation on second reading.

The Committee is recommending a proposed rate increase for Fiscal Year 2010 for advertisement in the D.C. Register and to began the public hearing process.

**Finance and Budget Committee**

*Reported by: Daniel Tangherlini*

The Committee received an update on the bond market and requested that an update be provided to the Board.

The Committee reviewed the FY 2009 revised budget and is recommending approval at the same level of \$363.2 million. The proposed FY 2010 budget was discussed in length and the Committee is recommending Board approval of \$393.6 million which includes a proposed 10 percent increase in water and sewer rates, a monthly impervious surface area rate of \$2.20, 10.3 percent increase in Payment in Lieu of Taxes (PILOT) rate, and a 7.7 percent increase in Right of Way fees.

**Human Resources and Labor Relations Committee**

*Reported by: Anthony Griffin, Chairperson*

The Committee met on December 23, 2009 and received a presentation on an issue raised by the union presidents to designate Emancipation Day as a holiday for WASA employees. It was noted that three of the unions receive a floating holiday and statistics show that the majority of employees under those unions did not use the floating holiday for Emancipation Day. The Committee requested that staff consider a floating holiday for non-union employees.

The Committee discussed the contract for Kaiser Permanente and the increase in premiums. After discussion, the Committee is recommending Board approval.

The Committee convened into an executive session to discuss a personnel issue and the General Manager's evaluation. The Committee met again this morning to consider both of those items and in an executive session with the Board today, the Committee is prepared to share the outcome of both issues.

Mr. Roth requested that the Human Resource and Labor Relations Committee look into the Authority providing domestic partner healthcare benefits for its employees.

Chairman Walker requested that the Human Resource and Labor Relations Committee focus on WASA's long term plan for wellness programs and the possibility of bidding on an annual basis to ensure that the healthcare premiums do not continue to rise.

In addition, Chairman Walker requested that the Committee review the Authority's succession planning for the senior management team and report back to the Board.

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

*Reported by: Jerry Johnson*

The General Manager provided the Board statistics on the WASA website. He congratulated the IT Department and a number of in-house staff on the development and launching of the new website.

The General Manager distributed to the Board a revised schedule for the Authority's bond issuance. He noted that the Authority reviewed its schedule for bond issuance and because the marketplace is different, the Authority is looking at doing some things differently. The Authority plans to make investor calls, which is important in promoting retail sales. This will be done live and will be recorded to provide people the opportunity to plug in and receive additional information on upcoming issues. The closing has been pushed to February 9<sup>th</sup>. [Is this correct? The closing occurred in January, but it's possible the GM expected Feb. 9<sup>th</sup> when he spoke at the Jan. Board meeting. This should be double-checked/]

Karen DeMoors, PFM, provided the Board an update on the market. Ms. DeMoors noted that the month of January has been positive and the market is stabilizing a little. Ms. Demoors stated that she is positive that the Authority will be able to sell and the rates will be favorable.

The General Manager informed the Board that Fitch moved the Authority from AA Stable to AA with positive outlook.

The General Manager reported that the external auditors completed its audit of the Authority and WASA received a clean unqualified audit. The external auditors are in the process of preparing the A133 and the management letter.

The General Manager noted that the Authority has been working with the transition team of President-elect Obama, and through the National Association of Clean Water Agencies (NACWA) and the Association of Metropolitan Water Agencies, to support the inclusion of funding for clean water projects in the anticipated economic stimulus bill. NACWA states there are some \$240 million worth of shovel-ready projects that water utilities can start within the next 90 days if given the funding.

The General Manager informed the Board that on December 22<sup>nd</sup> one of the filters at the McMillan Reservoir's treatment facility experienced an elevation of the turbidity level over the EPA limit for about 14 minutes and that problem was

corrected. However, the incident amounted to a Tier II violation under U.S. Environmental Protection Agency regulations. The Authority was informed about

the incident on December 23<sup>rd</sup> and contacted EPA, and was informed that the Authority is required to provide notice to its customers. The body of the notice was prepared by the U.S. Army Corps of Engineers' Washington Aqueduct Division, in consultation with EPA and the Authority. The Authority will send notices to every address in the District of Columbia with the specific language that was required by EPA.

Tom Jacobus, General Manager, Washington Aqueduct, provided responses to questions from the Board regarding the turbidity incident at the McMillan treatment facility. Mr. Roth expressed his concern about the incident and his dissatisfaction with the relationship between the Washington Aqueduct and WASA, which he characterized as a classic example of the concept of "moral hazard". It was important in Mr. Roth's view not only that the public understand clearly that this incident was the responsibility of the U.S. Army Corps of Engineers, not WASA, but that the Aqueduct/Corps of Engineers and not WASA retail ratepayers bear the cost of the notice, currently estimated at approximately \$100,000. Mr. Jacobus agreed that the Aqueduct would bear that cost, but pointed out that the Aqueduct has no other source of funding except payments from its customers, including WASA, so that ultimately WASA customers would end up paying approximately 75% of the cost regardless. Chairman Walker thanked Mr. Jacobus for discussing the incident with the Board.

The General Manager described to the Board, at the request of Chairman Walker, the process he undertook in his selection of the Chief Financial Officer for the Authority. Mr. Bardin requested legal clarification on the ratification of the Chief Financial Officer. Avis Russell noted that the duty and responsibility of the Board with regard to employment is to hire the General Manager. After discussion, Chairman Walker asked for a motion to ratify the General Manager's selection of Olu Adebo as the Chief Financial Officer for the Authority.

It was Moved and Seconded with approval and one abstention by Mr. Roth to ratify the General Manager's selection of Olu Adebo as the Chief Financial Officer for the D.C. Water and Sewer Authority.

Mr. Tangherlini moved Items 1-16 on the consent agenda (joint-use). The Motion was Seconded and Approved unanimously.

Mr. Tangherlini moved Item 17 on the consent agenda (joint-use). The Motion was Seconded and Approved unanimously.

Mr. Tangherlini moved Item 18 on the consent agenda (joint-use). The Motion was Seconded and Approved unanimously.

Mr. Tangerhlini moved Item 19 on the consent agenda (joint-use). The Motion was Seconded and Approved unanimously by the Board.

Mr. Tangherlini moved Items 20-22 on the consent agenda (joint-use). The Motion was Seconded and Approved unanimously by the Board.

Mr. Tangherlini moved Item 3 on the consent agenda (non-joint use). The Motion was Seconded and Approved unanimously by the District members of the Board.

Mr. Roth urged the General Manager and Public Affairs staff, in their press release on the Board's budget and rate actions today, to emphasize to its customers and the media up front the environmental effects and other benefits that the proposed rate increases are needed to pay for, rather than publicizing only the proposed rate increases themselves as has been done in the past.

The Board agreed to defer Item 1 on the consent agenda (non-joint use) until after the executive session to allow time to make the necessary revisions.

Mr. Tangherlini moved adoption of Item 4 on the consent agenda (non-joint use) The Motion was Seconded and Approved unanimously by the District members of the Board

Mr. Tangherlini moved Item 23 on the consent agenda. The Motion was Seconded and Approved unanimously by the Board.

The Board agreed to refer Item 09-29 back to the Retail Services Committee.

The Board moved into an executive session to discuss some personnel matters.

The Board reconvened into public session at 2:41 p.m.

Mr. Tangherlini moved Resolution 09-28 which speaks to the extension of the General Manager's agreement with the Authority. He moved Number 2, "the General Manager shall receive a lump sum payment of \$6,000 for the period May 1, 2008 through September 30, 2008" and the rest of the language remains as is. Resolution 09-28 was Seconded and Approved unanimously by the Board.

The General Counsel noted the changes per the request of the Board to Resolution 09-23. The "whereas" provisions remain the same. On the second page, in Part A, indicates that there is a reduction in the sanitary sewer service rate from \$3.47 per CCF to \$3.31 per CCF. Part B, indicates that the Impervious Surface Area Charge of \$1.24 per ERU will be effective no earlier than April 1, 2009.

The resolution as amended was Moved and Seconded with unanimous approval by the District members of the Board.

The 139<sup>th</sup> meeting of the District of Columbia Board of Directors adjourned at 2:42 p.m..

  
Secretary to the Board of Directors