



District of Columbia Water and Sewer Authority

Board of Directors

MEETING MINUTES

Thursday, February 4, 2010

Present Directors

Chairman William M. Walker, District of Columbia
David J. Bardin, District of Columbia
Timothy Firestine, Vice Chairman, Montgomery County
David Lake, Alternate to Robert Hoyt, Montgomery County
Paivi Spoon, Alternate to Ralph Moultrie, Prince George's County
David Byrd, Prince George's County
Alan Roth, District of Columbia
Howard Gibbs, Alternate to F. Alexis Roberson, District of Columbia
Anthony Griffin, Fairfax County
Neil Albert, District of Columbia
Alethia Nancoo, District of Columbia (attended after swearing in)

Present Alternate Directors

Beverly Warfield, Prince George's County
Dr. Joseph Cotruvo, District of Columbia (attended after swearing in)
Maurice Boissiere, District of Columbia
Brenda Richardson, District of Columbia

WASA Staff

George S. Hawkins, General Manager
Avis M. Russell, General Counsel
Linda R. Manley, Secretary to the Board of Directors

Chairman Walker called the 151st Meeting of the District of Columbia Water and Sewer Authority's Board of Directors to order at 9:34 a.m.

Chairman Walker asked Ms. Manley to confirm a quorum

Board Secretary Linda Manley confirmed a quorum.

Approval of the January 7, 2010 Meeting Minutes

Chairman Walker asked for a motion to approve the January 7, 2010 minutes. The minutes were Moved and Seconded with approval by the Board.

Chairman's Overview

Chairman Walker noted that January was a very challenging month from a weather standpoint in the number of water main breaks for the Authority. He congratulated and thanked all the Authority crews that were working tirelessly to handle those very complex operational issues

Chairman Walker requested that the Committee Chairs highlight major issues during their reports because of the numerous agenda items for today.

Chairman Walker noted that the Mayor is swearing in Dr. Cotruvo and Alethia Nancoo this morning and both Dr. Cotruvo and Ms. Nancoo will join the meeting following the swearing in. Chairman Walker also noted that he attempted to contact Keith Stone to thank him for his service and has asked Mr. Stone to come to the meeting next month so that the Board can show its appreciation for his service.

Chairman Walker welcomed Dr. Cotruvo back to the Board. He welcomed Ms Nancoo to the Board.

Customer and Community Services Committee

Reported by: Alan Roth, Chairperson

The Committee met on Tuesday, January 19th and began the meeting with a report on the Authority's Automated Meter Reading Project which began in 2002.

Charles Kiely, Assistant General Manager for Consumer Services reported that with 99.5 percent of the District meters replaced, the project in his view is ready to be closed out. He noted that the project overall has reduced estimated billing and cost of services, and increased revenue. The project also has improved customer satisfaction and the realigning of the Authority's meter operations and is coming in \$2.3 million under the original \$43.3 million budget. Mr. Roth gave kudos to Charles Kiely and his staff for a job well done.

Ms. Russell reported to the Committee that the MOU on solicitation of donations for the Serving People by Lending a Supporting Hand (SPLASH) Program has been signed by both the General Manager and the Mayor's Office and is a one-year agreement that would allow the Authority to solicit individuals for donations of up to \$500 per quarter and businesses up to \$2,000 per quarter.

In response to the Committee's concerns, data was provided regarding large accounts receivable. Of a total of \$2.7 million owed on multi-family buildings, more than one-third of that number is owed by just 10 landlords on 23 properties, all of which are in some stage of collection. The majority of the properties have been referred for receivership, and the Committee encouraged the staff to pursue collection from those landlords aggressively, as well as from the condos and co-ops with large arrears.

The Committee deferred discussion about establishing additional rate classes because the staff reported that they were still working through some questions on the issue.

Chairman Walker noted that the Board received the annual report today. He thanked the Board for their comments and the staff that worked on the report and had the report printed on time.

Governance Committee

Reported by: David J. Byrd

The Committee discussed the change in frequency of Board meetings and was informed by the General Counsel that there was nothing in the laws of the District of Columbia including the Authority's enabling legislation to preclude the Board from meeting every other month. However, that would require an amendment to the bylaws. In addition, the Committee requested that staff research the ability of the Board to meet and make decisions by telephone or videoconferencing beyond what is currently allowed in the by-laws. Mr. Griffin suggested an adopted annual Board calendar and the General Manager stated that a draft annual calendar would be prepared for the Committee to review.

The Committee discussed the current committee structure at the request of the Board Chairman. Committee members representing suburban jurisdictions requested an opportunity to discuss the proposal with their fellow jurisdiction representative on the Board. The General Manager stated that staff would further review the proposal and offer a staff recommendation.

The Committee discussed the reporting of the General Counsel and concluded that the item would be tabled for the foreseeable future.

The Committee discussed the requirements of DC WASA's use of another name, and was informed by the General Counsel that if the Board wanted to change the actual name of the Authority, the Authority's enabling statute would need to be amended. However, if the Board decided to refer to the Authority in an abbreviated manner, then there are no legal impediments for the Board doing that.

Gordon Fry, Director of Governmental Relations, briefed the Committee on the Safe Plumbing Act bill which is before the District of Columbia Council's Committee of Public Safety and Consumer Affairs chaired by Councilmember Muriel Bowser. The purpose of the bill is to reduce the amount of lead in the plumbing found in homes. Mr. Fry also briefed the Committee on District Councilmember Phil Mendelson's bill, the Private Fire Hydrant Amendment bill, which requires persons installing new private fire hydrants to record a document stating the person responsible for maintaining and repairing the private fire hydrant.

Chairman Walker noted that he is hoping that the Committee will come back after its next meeting with a proposal as it relates to the Committee structure.

Human Resources and Labor Relations Committee

Reported by: Anthony Griffin, Chairperson

The General Manager informed the Committee that he met with the unions and indicated that the meeting was very positive.

The General Manager provided a brief overview of the budget of the Authority as it goes forward and the anticipated increases in the rates to the Authority's customers.

Mr. Griffin introduced the subject as discussed at the previous Board meeting of the challenges in the Metro area of local governments, certainly the participating jurisdictions in terms of balancing budgets which have led many to freeze wages, implement furloughs, reduce positions, etc. The unions listened politely however they were unanimous that they expected the Authority to honor their current agreements.

Mr. Firestine noted that it is difficult to support a salary increase that goes directly to the ratepayers in Montgomery County with respect to the work that is done at Blue Plains when there are most likely not other public employees in Montgomery County who will receive the same treatment for FY 2011. He noted that when the time comes he will make a motion to eliminate the \$3 million from the FY 2011 budget. Mr. Byrd supported Mr. Firestine's statement.

Environmental Quality and Operations Committee

Reported by: David Lake, Chairperson

The Committee met on Thursday, June 21, 2010 and received a report that the plant performance was excellent for December.

The Committee received an alternative presentation on the budget entitled the January 2010 General Manager's Recommendation.

The Committee received a presentation on the Anacostia Force Main which carries about 20 percent of the wastewater flow into Blue Plains. The Authority conducted an analysis of the pipeline and determined that the line was stable and there are no immediate concerns.

Mr. Lake noted that there is no update on the permit for the Blue Plains facilities. The delay in the permit is not delaying the progress here at Blue Plains

The Committee is recommending six action items for Board approval.

Retail Services Committee

Reported by: Howard Gibbs

The Committee met on Thursday, January 21, 2010 and received a report from Charles Kiely, Assistant General Manager for Consumer Services, that zero samples had tested positive for coliform in the month of December.

The Authority submitted its 2009 Second Semester Report to EPA on January 8, 2010. There was only one test that exceeded 15 parts per billion. The 90th percentile for first draw samples was 7 parts per billion which is well below the action level.

The Committee was informed that a change in secondary disinfectant to free chlorine will take place on February 1, 2010, and will run through May 17, 2010. The Committee discussed the public outreach and the steps WASA has already undertaken to notify the public.

The Committee was informed that the current number of "out-of-service" fire hydrants stands at 132.

The Committee had a discussion of the budget proposals and requested that the Board look at lifetime budgets rather than the ten-year budget for non-joint use water and sewer projects.

Finance and Budget

Reported by: Timothy Firestine

The Committee met and reviewed the financial report and was informed that the expenditures are in line with expectations and revenues are behind expectations. Mr. Firestine noted that the transfer from the Rate Stabilization Fund account has not been made and the plan is to hold the money there as long as possible before transferring it.

Mr. Firestine noted that there were two revenue items, payments from the Federal Government and the D.C. Housing Authority which were not reflected on the report but has since been received.

The Committee was concerned about how the Authority manages and purchases electricity and requested that staff re-evaluate its proposal. Staff re-evaluated its strategy and is now proposing to lock into a higher percentage of electricity costs now while electricity costs are lower and this will show savings in the FY 2011 projected budget.

Mr. Roth expressed his concern about the Blue Plains Tunnel Project having \$100 million in costs shifted out of wastewater treatment, for which the suburban jurisdictions are responsible for 60 percent, and into the CSO, leaving the suburbs responsible for only 7 percent, which represents a \$53 million cost-shift to District rate payers. Mr. Roth noted that questions about this shift were raised at the Finance and Budget Committee meeting and the only response provided was that this was done pursuant to an agreement of the Chief Administrative Officers, which in his view was not a sufficient or satisfactory explanation for such a large cost shift.

Mr. Griffin responded that this has been an ongoing process, this phase of which was concluded some months ago. He noted that the difficulty is that the budget adopted last year assumed the traditional 60/40 split. This was never agreed to. It was placed in the budget by the previous general manager. Mr. Griffin stated that the CAOs were responding to a recommendation made by the Technical Committee, which includes representation from all the jurisdictions including the District of Columbia. He recommended that if any District of Columbia member of the Board wants to hear the presentation on the technical aspects of cost allocation, the Committee would be more than happy to have that presentation made to them. The General Manager noted that he had spent six hours the previous day receiving a briefing on this issue and he summarized the rationale supporting the shift of the project costs to the CSO, which he agreed was a fair determination. He also indicated that staff is prepared to make the presentation to the District of Columbia members.

Chairman Walker requested that the General Manager provide the Board with a letter containing the data on the issue and if the letter does not satisfy the Board, the Board can revisit the issue as it relates to the overall budget submitted to the Council. The General Manager agreed to provide the information.

Mr. Albert noted that he has been briefed on the issue and appreciates the emphasis on briefing all of the District members, but had come to the conclusion that the shift of the project to the CSO, with a 93/7% split, was indeed a fair allocation.

Retail Rates Committee

Reported by: David J. Bardin, Acting Chairman

The Committee met and discussed five retail rate increase proposals recommended by the General Manager covering (1) the water service rate, (2) the volumetric sewer rate, (3) the Impervious Area Charge (IAC) per ERU, (4) the

Customer Metering fee, and (5) the Payment in Lieu of Taxes (PILOT) fee. He noted that if the Board approves the publication of these rate and fee adjustments, then the District members of the Board will hold a public hearing in June.

The Committee discussed the cost of the Chesapeake Bay Program which is a program required by EPA that will be spelled out in the permit whenever it is issued. The Authority is moving full speed ahead to implement. The costs are capital costs which are being handled by long-term borrowing via 30-year bonds. Mr. Adebo stated that according to the ten-year financial plan the cost will escalate from \$0.10 per Ccf to \$5.00 per Ccf over a few years.

The Committee is recommending the January 2010 General Manager's recommended retail rates to the full Board of Directors for approval.

General Manager's Report

Reported by: General Manager, George S. Hawkins

The General Manager reported that the Authority received an email from the U.S. Environmental Protection Agency stating that the Authority is 100 percent committed and under contract for all of its stimulus funds under the clean water drinking funds. That is \$19.5 million for drinking water and \$4.8 million for clean water.

The General Manager noted that the Authority assisted in the repairing of the water lines that broke at Saint Elizabeth. He gave kudos to the WASA crews.

The General Manager noted that Spring Place is back open to traffic after crews worked for 18 straight days.

The General Manager noted the changes to the Authority's website. He informed the Board that a New York Times reporter shadowed him for a day.

The General Manager noted that the Authority hosted the Mayor's cabinet meeting last week.

The General Manager informed the Board that the Mayor has asked the Authority to participate in the District of Columbia Summer Jobs Program.

The General Manager introduced Katrina Wiggins as the Acting Assistant General Manager for Support Services, Terry Gilmore as the Acting Human Resources Director, and Laura Preston as the Director of Customer Services. In addition, the General Manager introduced the team in his office.

Chairman Walker asked Ms. Manley to coordinate orientation and a tour for new Board members.

Consent Items (Joint-Use)

Mr. Griffin moved the adoption of Resolutions No. 10-16 through 10-20. The resolutions were moved and seconded with unanimous approval by the Board of Directors.

Mr. Griffin moved the adoption of Resolution No. 10-15 and Mr. Byrd seconded. Mr. Roth requested an explanation on the fact sheet where it stated that the percentages are subject to jurisdictional concurrence. After an explanation from Mr. Benson, Resolution No. 10-15 was unanimously approved by the Board of Directors.

Mr. Roth moved the adoption of Resolution No. 10-21 and Mr. Bardin seconded. Resolution No. 10-21 was unanimously approved by the Board of Directors.

Chairman Walker asked for a motion to move Resolution No. 10-22 and Mr. Bardin seconded. Mr. Firestine offered an amendment to the resolution stating that "The Board directs the General Manager to reopen contract negotiations with the Authority's bargaining units with the objective of eliminating salary increases included in the agreement for FY 2011." Mr. Firestine noted to the extent savings from those adjustments to the contract should be used to reduce customer contributions for Fiscal Year 2011. The amendment was seconded.

Mr. Roth requested that staff explain to the Board the potential consequences of having the Board adopt Mr. Firestine's amendment. The General Manager noted that he was advised by the General Counsel that under the terms of the agreement, he is not permitted unilaterally to reopen contract negotiations. Ms. Russell noted that the amendment could direct the General Manager to meet with the unions to seek to reopen the contract. Mr. Roth asked whether Mr. Firestine would agree to modify his amendment to conform to the General Counsel's advice, and Mr. Firestine agreed. Thus, the amendment would now read, "The Board directs the General Manager to seek to reopen contracts with the labor unions to renegotiate compensation for 2011."

Resolution No. 10-22 with an amendment offered to direct the General Manager to meet with the unions to seek to reopen the contract was unanimously approved by the Board of Directors.

Mr. Griffin moved the adoption of Resolutions No. 10-23 through 10-25. Mr. Roth asked the consequence of postponing the consideration of Resolution No. 10-24. After a discussion of postponing the consideration of Resolution No. 10-24, Resolutions No. 10-23 through 10-25 were seconded and approved by the Board of Directors. Mr. Roth abstained from Resolution No. 10-24.

Consent Items (Non-Joint Use)

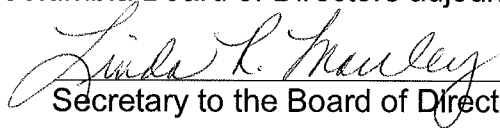
Mr. Bardin moved Resolution No. 10-26 and Mr. Roth seconded. Resolution No. 10-26 was unanimously approved by the District Members of the Board of Directors.

Mr. Bardin asked if the Authority could afford the million-dollar expenditure of operating funds for a low-impact development set of grants and demonstrations. The General Manager noted that this is part of the 2010 budget covered by rate increases in place today and he believes along with staff that this is a very good investment of a million dollars.

Mr. Bardin noted that based on the General Manager's response, he will move adoption of Resolution No. 10-27. Resolution No. 10-27 was seconded with unanimous approval by the District of Columbia members of the Board of Directors.

Mr. Bardin moved Resolutions No. 10-28 through 10-29. The Resolutions were seconded and approved unanimously by the District of Columbia members of the Board of Directors.

The 151st meeting of the District of Columbia Board of Directors adjourned at 11:42 a.m.


Secretary to the Board of Directors