



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

***Board of Directors***

***MEETING MINUTES***

***Thursday, April 1, 2010***

***Present Directors***

Chairman William M. Walker, District of Columbia  
David J. Bardin, District of Columbia  
Kathleen Boucher, Alternate to Timothy Firestine, Montgomery County  
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  
F. Alexis Roberson, District of Columbia  
Alethia Nancoo, District of Columbia  
Anthony Griffin, Fairfax County

***Present Alternate Directors***

Beverly Warfield, Prince George's County  
Dr. Joseph Cotruvo, District of Columbia  
Maurice Boissiere, District of Columbia  
Brenda Richardson, District of Columbia  
David Lake, Montgomery County  
Howard Gibbs, District of Columbia  
James Patteson, Fairfax County

***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 153<sup>rd</sup> Meeting of the District of Columbia Water and Sewer Authority's Board of Directors to order at 9:35 a.m.

Chairman Walker asked Ms. Manley to confirm a quorum.

Board Secretary Linda Manley confirmed a quorum.

### **Approval of the March 4, 2010 Meeting Minutes**

Chairman Walker asked for a motion to approve the March 4, 2010 minutes. The minutes were Moved and Seconded with approval by the Board.

### **Chairman's Overview**

Chairman Walker welcomed Mr. James Patteson to the DCWASA Board from Fairfax County.

Chairman Walker noted that there has been a tremendous amount of press and publicity on the Authority since the Board last met and fortunately most of it is really good. He noted that there is clearly a momentum going on with the Authority today as articles in the New York Times get published and then hit CBS News which will come to the Authority this afternoon to interview Mr. Hawkins. In addition, Mr. Hawkins won the 2010 Best Hire Award from the City Paper, and the members of the Board need to be congratulated on having gone with a somewhat atypical candidate, a non-engineer.

Chairman Walker provided the Board an update on several items. He noted that he along with the General Manager and the CFO met with the City Administrator and the District's CFO about a couple of issues that are very important to the Authority. Chairman Walker identified one issue as the back payment of around \$30 million that the District owes the Authority for fire hydrant replacement. An agreement was reached in principle that the Authority would clean up two outstanding large ticket items between the Authority and the District. The first is the payment in arrears for the District to the Authority for the fire hydrant replacement fee. The Authority in 2007 suspended any escalation in the Payment in Lieu of Taxes (PILOT) Fee that the Authority was paying to the District while WASA had this large amount swirling out there. An agreement was reached that the Authority would come up-to-date on the PILOT Fee payments per the agreement, and that the District would pay the Authority for the back-payments on the fire hydrant replacement fee. The Authority owes the District about \$4-5 million for the PILOT Fee and the District owes the Authority around \$36-37 million back pay for the fire hydrant replacement fees. The District's CFO tried to identify \$30 million in the District's budget with no success. Therefore, the Authority is in the process of working with the District to determine how the District can pay the Authority the amount over time with a financing charge included in it. However, the agreement to pay WASA back-pay for fire hydrant replacement fees is still in place.

Chairman Walker noted that the other piece to the negotiation with the District is the PILOT Fee. The PILOT Fee has come under some question, particularly from the federal government as it relates to why the Authority charges a PILOT

Fee to its retail customers, since it is, essentially a tax to the District of Columbia. The Authority has proposed to the District that the Authority would swap out the PILOT Fee for a rental charge for the use of the Blue Plains facility. There are some 152 acres that this facility sits on. It was agreed that a third party would be hired to do a study as it relates to what a reasonable charge is for the land and would agree with the outcome of the study. A decision has not been made on who will do the study.

Chairman Walker noted that he is accessible by email and if any Board member would like to talk to him they can send him an email and he will make that happen.

Chairman Walker noted that he has had discussion with several members of the Board and the General Manager, and at the last Board meeting named those he would like to be chairman of the various committees. He is pleased that the Committee Chairs have all accepted to do the job, except he has one change. This has been discussed with all parties involved. He has asked Mr. Griffin to stay on as the head of the Human Resources Committee. He has done a fantastic job previously, and his skill set is perfect and ideal to handle the complex issues that the Committee faces. Chairman Walker stated that he will Chair the Long Range Planning Committee. If there are any questions or comments from the Board or a member that does not want to be on a committee, Chairman Walker requested that he be sent an email.

Chairman Walker noted that there is some tremendous talent in the Alternate Board members and requested that the Committee Chairs send him a nomination of a Vice Chairman for their committees and this will allow the Board to move forward with the Authority's committee structure.

Chairman Walker stated that he spoke with Ms. Nancoo after the Governance Committee meeting and given the number of issues and tasks that Mr. Hawkins and his team are bringing up and knocking down quite successfully, the idea of going to anything less than a monthly Board calendar right now is probably not wise. Therefore, the plan is to stick with the monthly Board meetings with taking the month of August off and asking the Committee Chairs to take a look at their meeting schedules and determine if there is a need for monthly meetings.

Finally, Chairman Walker noted that in press articles and other information that is put out by the General Manager he is quoted as saying "create the best utility in the United States of America," Chairman Walker applauds Mr. Hawkins' desire to make the Authority the best utility in the country. However, his question is how do you define the best and what does that mean. Therefore, he is tasking both Mr. Hawkins and the Board with defining how do we get there? What is the best? There are so many different metrics that the Authority could look at, so defining "best" really requires a significant study of what are the various things that the Authority needs to focus on, and what will, at the end of the day, say to the Authority that it has gotten there or is close to getting there.

## **Governance Committee**

*Reported by: Alethia Nancoo*

The Committee met on Wednesday, March 17, 2010.

The first agenda item discussed related to certain proposed amendments to the existing bylaws of the Authority. In particular, the Committee reviewed whether Section 302 of the bylaws relating to the regular Board meetings required modification to afford the Board greater flexibility, should the Board wish to adopt a Board meeting schedule at the end of a calendar year.

After discussion among the Committee members, it was determined that Section 302 of the bylaws, as written, provides such flexibility should the Chairman decide that a Board meeting calendar is the preferred method to use for the Board. The general consensus of the Committee was that moving away from a monthly Board meeting would be impractical, given the regular procurement actions and other management actions that come before the full Board on a monthly basis.

The Committee then considered a proposed technical amendment to Section 304 of the bylaws to insure that the section reflected the Board Secretary's current practice of emailing meeting notices to the Board. The Committee concluded that the section as currently drafted sufficiently provides the flexibility to allow the Board Secretary to provide not only hand delivered, first-class mail, or facsimile notice, but also email transmissions, and no further changes were recommended. The Committee reviewed Section 306 of the bylaws and specifically where the bylaws provide that the Board agenda should designate by asterisk, or some other mark, those items which do not involve Joint Use facilities within the meaning of the Authority's Enabling Act. While the members of the Committee collectively agreed that the current practice of separating out Joint Use and Non-Joint Use agenda items in the Board packets is permissible under the existing bylaws, it was suggested by Mr. Bardin that such an asterisk designation for Non-Joint Use items be made on the agenda, since it is called for in the bylaws. Other members of the Committee did not oppose Mr. Bardin's suggestion.

The Committee members then had a very lengthy discussion regarding the issue of Board members participating telephonically, and via video conferencing during a Board meeting, both to be counted for purposes of a quorum, and for purposes of voting. It was the consensus of the Committee members that Board members' physical presence is really in the best interest of the Authority, since that provides the greatest ability for robust dialogue and conversation, and healthy debate on key issues for the Authority. The Committee agreed that the telephonic and video conferencing participation of Board members could be used

under the following conditions: (1) Neither the principal, nor the principal's alternate would be available to attend the meeting in person; and (2). the Chairman should determine that the members' telephonic or video conferencing participation is in the best interest of the Authority, taking into consideration what is being presented at the Board per agenda item. Such notice to the Chairman by the Board member would have to occur when the person becomes aware that he or she is not going to be able to participate in the meeting, or no later than the day before the meeting, whichever occurrence is earlier in time.

The Committee then discussed the amendment relating to the proposed restructuring of the committees of the Board. Based on the Chairman's recommendation, the Customer and Community Services Committee would be merged into the Water Quality Committee to form the Water Quality and Water Services Committee. In addition, the Committee discussed the functions of the Chairman's proposal of a Long Range Planning Committee and recommended that the name be the Strategic Planning Committee.

The Committee also discussed and recommended that the newly proposed Environmental Quality Committee's name be slightly modified and renamed the Environmental Quality and Sewerage Services Committee, which best reflects what the Committee's focus would be, which is on all sewerage-related issues.

The Committee is also recommending that the functions of the Water Quality and Water Services Committee be expanded to include both groundwater and storm water collection systems, and that the bylaws provide that the Committee members of the Water Quality and Water Services Committee be composed of Board members representing the District of Columbia.

Mr. Gibbs noted that groundwater and storm water collection systems are essentially sewers and would be more appropriately covered by the Environmental Quality and Sewerage Services Committee.

Chairman Walker requested that Mr. Gibbs express his concerns at the committee level and then the Board can take another look at it.

The final amendment of the bylaws was discussed and related to a technical amendment in Section 201, which provides for the composition of the Board to determine whether the existing language requires modification to make it clear that alternate Board members may chair, or co-chair committees. A discussion ensued in which the Committee members determined that the existing language, as written in Section 201, along with Section 502, provided such clarity and no further change was required of the amendments.

The Committee is recommending approval of such amendments that have been highlighted in the Committee summary.

The Committee received a Government Affairs update from Mr. Hawkins. Mr. Hawkins reported that the Commonwealth of Virginia, the State of Maryland, and the District of Columbia's delegation were working to acquire federal appropriations for Blue Plains. Mr. Hawkins informed the Committee about the budget hearing before Councilmember Graham scheduled for April 30, 2010.

Mr. Hawkins provided the Committee his preliminary views of the reorganization of the Authority. Mr. Hawkins assured the Committee that his thinking with respect to the reorganization of the Committee remains a work in progress, along with other matters that demand his immediate attention. Mr. Hawkins noted that he would provide a detailed overview to the full Board should he determine to make significant modification to the existing organizational structure of the Authority.

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

*Reported by: David Lake, Chairperson*

The Committee met on Thursday, March 18, 2010.

Mr. Lake reported that as a result of the 32 inches of precipitation the Authority had from the snow, there were some combined sewer system overflows in February associated with the precipitation and the rains that followed. The good news is that the plant met all parameters.

The Committee received a status report on the Blue Plains Discharge Permit, recognizing that the Authority has not received the final permit from EPA.

The Authority is working on proposed modifications to the Consent Decree for the Long-Term Control Plan with EPA and the Department of Justice. This relates to language that accepts the Total Nitrogen Wet Weather Plan that the Authority received verbal approval from EPA to pursue, but has not received anything in writing.

Mr. McLaughlin reported that all the National Park Service permits were issued for the Potomac Interceptor Sewer Odor Abatement Project and the project is ready to move forward with the District and the Maryland sites. The Virginia sites for odor control facilities still depends on some zoning approvals that are continuing to move forward.

The Committee received a presentation by Carlton Ray, Director of the Long-Term Control Plan, on the control of trash in the Anacostia River.

The Committee received a presentation on the Energy Audit. Progress is being made on the Energy Audit Project at the Authority and staff has identified projects that could save the Authority up to a half a million dollars a year as

ongoing energy savings. In addition, staff is working with PEPCO on an Energy Savings Program where the Authority can anticipate another half a million dollars a year in savings. In addition, a 10-year Energy Master Plan for WASA is being worked on.

The Committee is recommending several action items for Board approval.

Ms. Richardson noted that one of the other emerging issues that came up in the meeting was the environmental community meetings that the Authority is having and asked the General Manager if he could share with the Board what his position is on making Board members aware of when the environmental community meetings are held. The General Manager responded that he had no issues with Board members attending the meetings, but it is Board members' participation that he wanted to think through and he had not come to a conclusion on that point.

Mr. Roth noted that in the first paragraph of the Environmental Quality and Operations Committee meeting minutes, it states, "As a result, all of the precipitation was treated at the plant," and Mr. Lake in his report stated that "there were some CSOs as a consequence of the precipitation," and Mr. Roth asked if that was a mistake. Mr. Lake responded that there were CSO's and they were not all treated at the plant and a correction will be made to the minutes.

The Committee received a Joint Use Sewer Facilities Capital Cost Allocation Report. The report will be reviewed by the new Environmental Quality and Sewerage Systems Committee in the future.

### **Retail Services Committee**

*Reported by: Joseph Cotruvo, Chairman*

The Committee met on March 18, 2010.

Mr. Charles Kiely, Assistant General Manager, reported that zero (0) samples had tested positive for coliform in the month of February. Also, no samples have tested positive this month through March 17<sup>th</sup>.

The Lead-Copper Rule Compliance Testing continues; approximately 25 percent of the total for the half-year had been collected. One draw sample has exceeded the EPA Action Level of 15 ppb.

Mr. Kiely reported to the Committee that the change in secondary disinfectant to free chlorine appears to be working.

In the fire hydrant program, it was noted that 74 are considered defective, which is well below the 1 percent target that had been established for out-of-service

systems. Dr. Cotruvo noted that of the non-public hydrants that are not in WASA's control, around 14 percent of those were defective, as compared to less than 1 percent of the Authority's. Chairman Walker stated that those statistics should be provided to Councilmember Mendelson.

Paul Schwartz of Clean Water Action gave a presentation to the Committee concerning "green" building initiatives and working toward a sustainable water future in the Washington, DC Region.

The Committee recommended three contracts for Board approval, with two of the contracts being recommended on conditional approval of whether the contracts should be termed joint use or non-joint use.

Mr. Roth noted that Dr. Cotruvo reported that two of the contracts recommended by the Committee were conditionally approved and asked the status of the contracts because the contracts are listed in the Board book as non-joint use. Mr. Hawkins stated that a study has been done to determine what is joint use and non-joint use which will be presented to the Board and the Blue Plains Regional Committee. The third contract was corrected to reflect non-joint use. Chairman Walker noted that the contracts presented by the Committee are correct on the agenda.

The Committee will discuss the current status of the opportunities for improving the communications and decision-making processes between WASA and the Washington Aqueduct during next month's Committee meeting.

Mr. Lake noted that there is an article on Pharmaceuticals in the Water Supply in which Dr. Cotruvo is the co-author.

### **Finance and Budget Committee**

*Reported by: Maurice Boissiere*

The Committee met on Tuesday, March 23<sup>rd</sup>.

Mr. Bossiere noted that approximately 42 percent into the fiscal year management reported that revenues are lagging at 38 percent of the annual budget. This is primarily due to the delay of the Rate Stabilization Fund Transfer. As a result of trying to understand how the revenues could be lagging, Mr. Firestine requested that perhaps the financial be recast to show the Rate Stabilization Fund outside of other revenues to have a better sense of operational revenues to budget versus to Rate Stabilization Fund's impact.

Operating expenditures are below budget at 37 percent mainly due to the delays in contractual services expenditures. Capital disbursements are lagging budget at 38 percent mainly due to delayed spending in the Combined Sewer Outflow (CSO) service area.

The Authority's delinquent accounts receivable was high at \$5.5 million and is typical for the time of the year because terminations/cutoffs are not undertaken during the winter months.

The Committee received an overview of the electricity market pricing and budget estimates. It was reported that approximately 83 percent of the electricity load for April through September of FY 2010 has been locked at an estimated average price of \$45.65 per mWh and staff anticipates significant savings by year-end.

The Committee received a briefing on the status of three request for proposals issued for the commercial paper and equipment leasing programs in January. Management is in the process of reviewing seven (7) proposals to address interim financing, Washington Aqueduct debt, and capital equipment financing.

The Committee is recommending two action items for Independent Risk Management and Insurance Consulting Services as well as the Bond Counsel services to the Board for approval.

#### **Retail Rates Committee**

*Reported by: David J. Bardin, Chairperson*

The Committee met today, Thursday, April 1<sup>st</sup> prior to the Board meeting, and discussed the proposed increase in the fire hydrant fee and the Committee's work plan.

The General Manager will prepare a suggested work plan for the Committee to review and approve.

The Committee had before it the transcript and related materials of the March 18 public hearing on the proposed fire hydrant fee increase. CFO Adebo presented an analysis on a one-page summary of the calculations and responded to questions of Committee members.

The Committee is recommending to increase the fire hydrant fee per year, now \$217 sufficiently to bring it up to \$680 per year per hydrant. This is the \$680.48, proposed in the hearing notice rolled down by 48 cents.

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

*Reported by: General Manager, George S. Hawkins*

The General Manager noted that the Authority had its Service Awards dinner and thanked David J. Bardin and Brenda Richardson for their attendance and David Byrd for his attendance at the Service Awards luncheon. He noted that the

General Manager's award was presented to April Bingham for her alternative strategy for credit card fees that were charged to the Authority, which saves the Authority money every year. The General Manager stated that it was delightful to honor the veterans of the Authority.

The General Manager noted that the Authority was recognized as the 2010 Laureate by the Computer World Honors Program.

The General Manager reported that Team Blue has held 23 meetings with employees and a 100 day action plan will be coming forward.

The General Manager informed the Board that he is continuing to change the General Manager's Report in response to comments from the Board.

Ms. Spoon requested an explanation at a later time on why the sewer pumping was double the megawatt-hours that it has been in any other month on the chart.

Chairman Walker requested that the General Manager's executive summary come in the Board package.

Chairman Walker requested that the Board Secretary put other WASA events on the Board Calendar.

Mr. Bardin requested that the General Manager provide the financial report every six months the way it was done in the past. Chairman Walker requested that that information be provided to the Finance and Budget Committee in its report.

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

Mr. Griffin moved the adoption of Resolutions No. 10-42 through 10-49. The resolutions were seconded and unanimously approved by the Board of Directors.

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

Mr. Bardin moved the adoption of Resolutions No. 10-50 and 10-53. The resolutions were seconded and unanimously approved by the District members of the Board of Directors.

There was unanimous consent that the staff be empowered to make the technical corrections to Resolution No. 10-53 to strike the .48 from the \$680.48.

The 153<sup>rd</sup> meeting of the DCWASA Board was adjourned on 11:16 a.m.

  
Secretary to the Board of Directors