

District of Columbia Water and Sewer Authority

Board of Directors

MEETING MINUTES

Thursday, June 3, 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
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
Neil Albert, District of Columbia

Present Alternate Directors

Beverly Warfield, Prince George's County
Maurice Boissiere, District of Columbia
Brenda Richardson, District of Columbia
David Lake, Montgomery County
Howard Gibbs, District of Columbia
James Patteson, Fairfax County
Paivi Spoon, Prince George's 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 155th Meeting of the District of Columbia Water and Sewer Authority's Board of Directors to order at 9:33 a.m.

Chairman Walker asked Ms. Manley to confirm a quorum.

Board Secretary Linda Manley confirmed a quorum.

Approval of the May 6, 2010 Meeting Minutes

Chairman Walker asked for a motion to approve the May 6, 2010 minutes. The minutes were Moved and Seconded with approval by the Board.

Chairman Walker welcomed the 2010 Summer Interns to the Authority. He noted that there are 57 students from 52 different colleges and universities.

Chairman's Overview

Chairman Walker noted that he read in the Washington Post this morning about the main break on New York Avenue and what was so striking was that it was reported on the news that traffic was terrible because of a water main. It also reported how quickly WASA took care of the break. He noted that all of the communication that came out of Alan Hyemann's group was excellent to the overall community.

Chairman Walker noted that the Authority had its groundbreaking for the Potomac Interceptor. David Lake could not be there but he was there in spirit and name and everyone sang his praises for his hard work on the Interceptor. Chairman Walker thanked David Lake for his work.

Chairman Walker stated that the Mayor is meeting with the Governors of Virginia and Maryland to discuss the Chesapeake Bay. Staff provided information to the Mayor's staff on the total nitrogen. WASA not only got well below the limits that were set back early in the 2000s, and continues to be well ahead on its additional nitrogen control efforts.

Chairman Walker stated that there has been a tremendous amount of activity over the last month as it relates to the CDC report on lead in the water. Staff did a tremendous job as it relates to communication. The Authority was very open and straightforward in reassuring the public that the water today is safe and affirming that everything possible is being done to ensure the safety of the public that drinks our water. The General Manager has been working diligently with his staff on getting on the front foot on these issues, changing the way that the Authority communicates with the advocates, and changing the way that the Authority relays information from a testing standpoint and a water quality standpoint not only to the advocates, but to the general public. Chairman Walker informed the Board that the General Manager sent him a white paper titled

“Getting the Lead Out”, basically trying to change the way that the Authority communicates with people who are concerned on this issue, to be not only more transparent, not only more straightforward, but also to think about the whole issue of water and water quality in a different way.

Chairman Walker stated that the Authority should establish a baseline as it relates to what the quality of water is beyond just meeting all federal standards.

Chairman Walker saluted the General Manager in his most recent write up in the newsletter as it relates to his own personal health issues and using that as not only a message, but to some degree in a leadership way of saying “look, I had some issues and I’m dealing with them in an appropriate way.”

Chairman Walker appointed a Nomination Committee to nominate the Vice Chairman from July 2010 through July 2011. Appointed to the Committee is David Byrd, Prince Georges County, Anthony Griffin, Fairfax County, and Alethia Nancoo, District of Columbia. Chairman Walker will serve as the Chairman of the Nomination Committee. He asked Ms. Manley to coordinate a conference call with the Committee,

Environmental Quality and Sewerage Services Committee

Reported by: Robert Hoyt, Chairperson

Mr. Walter Bailey reported to the Committee that the plant met all permit limits for April.

The Committee received an update on the NPDES Permit, and was informed that the permit has not yet been issued. EPA, in the settlement with the Chesapeake Bay Foundation, has agreed to issue it by the end of June pending resolution of the issues raised by the National Marine Fisheries Service concerning certain endangered species.

Ms. Russell advised that there is no news to report on the US EPA Long Term Control Plan/Water Quality Standards. The Authority is still seeking approval from EPA for the September 2008 Facility Plan, and has sent revisions to the Consent Decree.

Staff is working with EPA on how the Trash Total Maximum Daily Load should be reflected and informed the Committee that WASA has registered its concern over the impossibility of meeting a 100 percent capture requirement. The good news is that there is a 98 percent capture envisioned by the Long-Term Control Plan.

It was reported to the Committee that lower than anticipated bids and schedule adjustments resulted in spending below projections, although the CIP milestones and Key Performance Indicators (KPI's) are being met.

The Committee is recommending two contracts for Board approval.

DC Water Quality and Water Services Committee

Reported by: Neil Albert, Chairperson

The Committee met on Thursday, May 20th and received a water quality monitoring briefing and it was reported that there had been no positive coliform results in any of the compliance samples taken since December 2009.

In the lead and copper rules testing there have been only two samples above the 15 ppb regulatory action level in the 69 samples analyzed so far this semester.

The 98th percentile for all samples was only 8 parts per billion and the data from the two samples with high lead concentrations suggest that the elevated levels were due to internal rust scale present in interval household galvanized pipe.

Mr. Albert noted that the three and a half months of introducing free chlorine into the water supply ended on May 18th and initial test results suggested it appears it has succeeded in reducing nitrification, discolored water complaints, and iron release.

It was reported to the Committee that there are currently 109 defective hydrants, approximately 1.2 percent of the total public owned inventory. The increase in the number of out of service fire hydrants this month is due to the fact that the Fire Department inspections were resumed in March. Staff expects that it will bring a number of hydrants below 1 percent very soon.

The Committee looked at the procedures used to disinfect pipes for leak detection inspections and staff reported on protocols that the Authority uses to maintain and disinfect water main leak investigations.

The Committee received a briefing on the procedures that the Authority uses to handle condominiums and other multi-residential accounts with unpaid water bills. It was noted that the Customer Service staff makes every effort to avoid service shutoffs. There were 43 condominiums currently in arrears over 90 days, with 2 condominiums being responsible for 63 percent of the outstanding balance of approximately \$180,000.

Mr. Roth requested that the power point presentation provided at the committee meeting be distributed to the full Board and that the information be expanded to co-ops. Mr. Albert agreed that there is a need for further discussion.

The Committee is recommending approval of a contract for program management services for the water distribution system capital program.

Human Resources and Labor Relations Committee

Reported by: Anthony Griffin

Mr. Griffin noted that the only agenda item was a presentation by the Union Presidents.

The Committee was asked for an update regarding the D.C. City Council's inquiry regarding individuals who are chairing committees of the WASA Board of Directors. The General Manager responded to the inquiry. The other interest was having some representation on the Board with a labor perspective.

Mr. Griffin noted that committee member Howard Croft has an extensive union background. Mr. Griffin suggested that the unions make their request to the Mayor who is responsible for appointments to the Board.

Mr. Roth questioned Mr. Carew's statement in the minutes that "He believes there are two groups of individuals at the Authority: individuals who try to advance a greater good and those who seek to advance their own self interest." He asked the General Manager to elaborate on the statement. The General Manager stated that the general point of the statement is there will always be issues that are labor versus management, but the goal is to change the manner in which labor and management look at it. This is part of an effort to move forward in a proactive, creative and innovative way, whether it's labor or management. He stated that we are interested in having everyone work together as opposed to those who are not. The General Manager noted that he is less interested in finding ways for people who are not in the category of moving forward to leave, but instead to be encouraged to join.

District of Columbia Retail Water and Sewer Rates Committee

Reported by: David J. Bardin

Mr. Bardin reported that the Committee devoted most its May 25th meeting to its Draft Work Plan for the remainder of Fiscal Year 2010.

Mr. Bardin noted that the Committee will not meet in June, during the 30-day written comment period following the Board's public hearing on proposed changes in retail rates and fees, including expansion of the Customer Assistance Program (CAP). The Committee anticipates a report on the oral testimony and written comments to be considered at its July meeting.

Mr. Kiely advised that staff plans to consolidate in one line on the bill of CAP customers all of the pertinent discounts.

In connection with impervious area charges, the Committee was informed that management is on track to implement, effective October 1, 2010, the six-tier structure set by Board policy for the residential, single-family home category, and foresees no impediment to timely replacement of the one-tier structure.

At the Committee's July meeting, Staff will present a list of long-range rate issue projects for review and update. The Committee requested that in addition to projects that might be implemented in Fiscal Years 2011 and 2012, staff's list include other projects that might be implemented later.

For the Committee's July meeting also, staff will prepare suggested improvements to the Board's 1997 retail rates policy resolution.

Rather than report management's updates during the Committee's May 25 meeting regarding fire hydrant fees and the PILOT evaluation, Mr. Bardin suggested that Board members now receive a current status update.

Chairman Walker asked Mr. Albert to provide the Board an update on the fire hydrant fee and PILOT.

Mr. Albert noted that there are two aspects to this. One is the financing aspect and as covered in the General Manager's presentation, there was still an issue as to how to fund the fire hydrant fee, and that DCWASA has graciously offered to do monitoring on behalf of the District of Columbia. Mr. Albert noted that the funding issue has been resolved. The Council has in its FY 2011 budget, a total of \$6.2 million that will be available to DC WASA beginning October 1 for fire hydrant services. With regards to some of the issues of arrears, there is a working call this afternoon with Mr. Albert and the General Manager, where the respective staffs have been working diligently over the last couple of months to do a process of reconciliation.

In response to a concern expressed by Mr. Bardin, Mr. Albert noted that the District is not shifting any financial burden on the Authority. What the District and DCWASA decided was that when an agreement was made as to what the \$6.2 million could buy, whatever portions of that goes to pay for debt service and other costs, they would adjust the fire inspection schedule to comply with the remaining funds that are available.

Finance and Budget Committee

Reported by: Maurice Boissiere

The Committee met on Thursday and with 58 percent of the year completed, revenues and expenses were roughly on track. It was reported that revenues are at 56 percent and is slightly behind due to timing on quarterly payments.

The Committee will take under consideration reviewing the current policy on the Rate Stabilization fund and how the Authority draws down those funds on a quarterly or annual basis based on the current policy.

The Committee discussed the Federal Government's refusal to pay for the impervious area charge as they deem it a tax and not a fee or a rate. The Committee discussed the implications and agreed that this is something that the Board should track closely because in out-years, this could be a significant amount of money.

The Committee was updated on the Authority's operational insurance renewal.

Chairman Walker noted that the General Counsel is meeting with the Department of Justice to talk through the issues as it relates to the impervious surface charge. They are trying to ensure that there is no significant impact to the cash flow of the Authority.

Chairman Walker stated that he is pleased with Mr. Albert stating that the \$6.2 million is in the District's Fiscal Year 2011 budget. He apprised the Board that the discussion this afternoon that was reported out of Mr. Albert's committee, is the issue of the PILOT Fee and the payments in arrears from the District. Chairman Walker stated that he and Mr. Albert came to an agreement as it relates to the payments in arrears and then getting the Authority back to the established PILOT fee level and unfortunately because of budget constraints the funds were not available.

Governance Committee

Reported by: Alethia Nancoo, Chairperson

The Committee discussed the Authority's joint use and non-joint use designation and cost allocation.

The General Counsel provided the Committee an overview of the Board's prior practice and current practice with respect to resolutions relating to the approval of acquiring the existing debt of the Authority, and the requirement that the vote be based on all Board members voting on such resolution even if the cost allocation is 100 percent District of Columbia cost.

The Committee discussed the memorandum that was provided dated May 25, 2010, addressing the rationale for such practices and after some very good robust conversation, the Committee requested that the General Counsel go back and look at the memorandum in more detail for the July Committee meeting and specifically to further answer questions that were raised during the meeting.

The Committee received the General Manager's proposed organizational chart, which was well received, and provided comments and suggestions. In addition, the Committee discussed what mechanisms are in place in the event the General Manager becomes incapacitated and the Board is not able to take immediate action. The General Manager assured the Committee that in his office he would be able to provide some order of succession.

The Committee received a Government Affairs update.

General Manager's Report

Reported by: General Manager, George S. Hawkins

The General Manager provided an update on the New York Avenue water main break. He noted that there were four customers impacted. He saluted the members of Team Blue who worked incredibly hard to get the issue resolved.

The General Manager informed the Board that WASA is doing extensive outreach to provide the community a broad range description of what WASA does.

The General Manager introduced and provided background on Kimberly Turner, Director of Policy and Government Relations.

The General Manager reported that there is an Executive Committee of the Chesapeake Bay which consisted of the Mayor and other officials from the area, going on in Baltimore to discuss total nitrogen removal and the Authority sent information to brief the Mayor. He noted that the Authority is 14.6 million pounds below its annual average for nitrogen removal.

The next step is to reach in 2015 a more stringent goal. WASA will reach the enhanced nitrogen removal program level by July 1, 2014, six months in advance of the required reduction.

Consent Item (Joint Use)

Mr. Griffin moved the adoption of Resolutions No. 10-64. The resolution was seconded and unanimously approved by the Board of Directors.

Consent Items (Non-Joint Use)

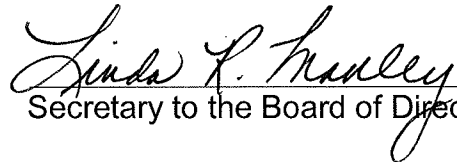
Ms. Roberson moved the adoption of Resolution Nos. 10-65 and 10-66. The resolutions were seconded and unanimously approved by the District members of the Board of Directors.

Chairman Walker encouraged the interns to listen and get engaged in the Board's discussions because this is an opportunity at the Authority to get broad exposure to a lot of issues that not only make this city run but the country run.

The Board went into an Executive Session at 10:59 a.m.

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

The 155th meeting of the DCWASA Board was adjourned on 11:16 a.m.


Secretary to the Board of Directors