



District of Columbia Water and Sewer Authority

Board of Directors

MEETING MINUTES

Thursday, March 3, 2011

Present Directors

Chairman William Walker, District of Columbia
Timothy Firestine, Vice Chairman, Montgomery County
David J. Bardin, District of Columbia
Robert Hoyt, Montgomery County
Alethia Nancoo, District of Columbia
Anthony Griffin, Fairfax County
Alan Roth, District of Columbia
F. Alexis Roberson, District of Columbia

Present Alternate Directors

Joseph Cotruvo, District of Columbia
James Patteson, Fairfax County
Brenda Richardson, District of Columbia
Howard Croft, District of Columbia
David Lake, Montgomery County
Howard Gibbs, District of Columbia

DC Water Staff

George S. Hawkins, General Manager
Randy Hayman, General Counsel
Linda R. Manley, Secretary to the Board of Directors

Chairman Walker called the 163rd Meeting of the District of Columbia Water and Sewer Authority's Board of Directors to order at 9:33 a.m.

Chairman Walker asked Linda Manley, Board Secretary to confirm a quorum. Ms. Manley confirmed a quorum.

Approval of the February 3, 2011 Meeting Minutes

Chairman Walker asked for a motion to approve the February 3, 2011 minutes. The minutes were moved and seconded with approval by the Board of Directors.

Chairman Remark's

Chairman Walker noted that he will touch on three areas; governance issues, operational issues and strategic planning. As it relates to governance issues, Chairman Walker stated that there are a number of vacant seats on the Board. There are no replacements for the Prince George's County seats and also there are a number of expired District of Columbia seats. Mr. Bardin and Mr. Hawkins met with the City Administrator, Allan Lew, on separate occasions and Chairman Walker met with Councilmember Tommy Wells to stress the importance of having the City Administrator of the District of Columbia on the DC Water Board. Chairman Walker's understanding is that no decisions have been made on District appointees to the Board.

Although there is no impact on a quorum to conduct Board business, moving forward on many of the initiatives without having a full slate of Board members does the overall Board a disservice.

Chairman Walker noted that there was an oversight hearing with Councilmember Tommy Wells. The line of questioning and the way that Councilmember Wells went into his oversight was tremendous. Chairman Walker thanked Alan Roth for testifying and David Bardin for his attendance, and noted that the General Manager was extremely well prepared. Mr. Roth's testimony related to wanting more transparency, a discussion of the underlying Inter-Municipal Agreement and District of Columbia representation on the Blue Plains Regional Committee. Councilmember Wells was informed by Chairman Walker that these issues were worth reviewing since the Inter-Municipal Agreement has been in place since 1985 and could potentially be updated to ensure that all parties are in agreement on how it impacts rates, operations, etc.

As it relates to the overall supervision of water quality, Councilmember Wells asked what the Board was doing different today than five years ago on the collection of data, oversight and the understanding of the issue. Chairman Walker noted that to the best of his knowledge there is nothing substantially different in the way DC Water does oversight of water quality issues today than five years ago. He questioned whether there is anything else that DC Water should be doing beyond what is presently done to ensure that DC Water is on the forefront.

Chairman Walker noted that DC Water has taken over full inspection responsibilities for the fire hydrants and questioned how everything is between

DC Water and Fire and EMS, if it is operating well and how is DC Water handling the increased workload of the inspection schedule.

Councilmember Wells then asked Mr. Jacobus of the Washington Aqueduct about water supply. Mr. Jacobus stated that the water supply is fine until 2030 and after that they will have to identify reservoirs and find new sources of water. Chairman Walker noted that from a long-term strategic planning standpoint, the Board should be focused on ensuring that it understands what the implications are and understanding the numbers behind Mr. Jacobus' statement. Mr. Lake stated that the Interstate Commission on the Potomac River Basin coordinates all the regional utilities for water supply. The Water Quality and Water Services Committee should get up to date on this and report back to the Board.

Mr. Griffin noted that the State of Virginia has mandated that every municipality submit a water plan.

Chairman Walker stated that once the vacant seats are filled, the Board will spend a half day or day and have a good strategic discussion on what the Board need to be focused on going forward.

Chairman Walker reiterated to Board members that it is very important that the Board is mindful of using the staff for Board level issues and not inundating them with requests for information between Board meetings that does not fit in the overall mandate of the Board. He has spoken to Ms. Nancoo as Chair of the Governance Committee and this is an ongoing issue in the Governance Committee to figure out how the Board can manage that more effectively.

Mr. Roth asked about the Authority's legal requirements regarding the potential for a government shutdown. Mr. Hawkins noted that he is taking the protective route. The City Administrator's Office and DC Government is recognizing that the Authority is an agency that would be under the same requirements of identifying who are essential and nonessential personnel, as other District Government agencies because DC Water's budgets are approved and go through Congress. The Authority has identified the essential personnel, which is the bulk of the employees.

Environmental Quality and Sewerage Services Committee

Reported by: Robert Hoyt, Chairperson

The Committee met on Thursday, February 17th and received a report that the plant was in full compliance with all permit requirements. The Committee was informed about two demonstration projects to use the Authority's compost for street trees in the District of Columbia.

The General Manager informed the Committee about the need for easements from the District Government related to the underground alignment of the LTCP tunnels and the location of shafts. Easements are required because adjusting the alignment of the tunnel or locations of the shafts would require additional geotechnical investigations which are both costly and time consuming. The lack of easements can therefore jeopardize the timely completion of the project. The General Manager continues to work with District officials to resolve the issues. Since the Committee met, the General Manager has worked through this issue. The Committee will receive an update at its next meeting.

The General Manager updated the Committee on the Low Impact Development (LID) Summit. The summit is to explore whether the consent order should be reopened to address a storm water issue that EPA and science informed DC Water that the best way to deal with storm water is to keep it on DC Water properties through rain barrels, rainscapes and other more natural technologies that diminishes the need for the larger tunnels.

Chairman Walker noted that it is important as a Board to have a plan of action as it relates to what the Board will do on the Impervious Area Charge for those who invest in LID, in the sense that right now there are no incentives for a discount. The General Manager expressed to the Board some difficulties in taking this approach. Chairman Walker stated that it is difficult for DC Water to say that it has a great way of charging people both for their water consumption as well as for their wastewater contribution and when people make the proper investments to cut down on the amount of stormwater that their property produces, DC Water is not giving them a clear rebate or discount for having made those investments.

The General Manager responded that there are two Impervious Area Charges: The IAC charge to raise money for the long-term control plan and the charge to raise money for the separate storm sewer program (MS4) overseen by the Department of Environment. The challenge is that on the MS4 side the steps that a homeowner or a business owner of any income level would take are exactly the same requirements that the MS4 permit obligates the city to undertake. In the case of the Clean Rivers Project, unless LID is installed at a scale which no city has ever seen before, it is unlikely that the costs for the Clean Rivers Project are going to change.

The Committee received a status report on the Potomac Interceptor Project. The Fairfax site plan may take 4-6 months for approval. Mr. Patteson offered his assistance.

The Committee was informed that the attempts at resolving the Potomac Sewage Pumping Station capacity certification have been successful. It is anticipated that there may be some preliminary results to report next month.

The Committee is recommending twelve joint use contracts and one non-joint use contract for approval.

Mr. Roth expressed concern that the staff's projections of a 132% increase in DC Water rates in the 10-year period from fiscal years 2010 through 2019, driven primarily by the Impervious Area Charge necessary to pay for the \$2.6 billion Clean Rivers Project consent decree, is going to produce an enormous backlash among the ratepaying public and members of the DC Council, especially given the double-digit increases projected over the next 5 years. He recommended that DC Water develop a political and communications plan to anticipate and get ahead of that problem.

Mr. Roth noted that he would abstain during the vote on the \$34 million contract recommended by the Committee because no information has been provided as to what portion of the cost is to be borne by the retail rate payers and what portion of the cost is to be borne by the suburbs.

Water Quality and Water Services Committee

Reported by: Joseph Cotruvo, Vice Chairperson

The Committee met on Thursday, February 17th.

The Committee received a report on the Lead and Copper Rule (LCR) Monitoring. The first semester sampling for LCR Monitoring had begun, with the collection of 18 samples. There were no results reported as yet.

Dr. Cotruvo stated that EPA released a risk assessment indicating high risk associated with chromium exposure. Monitoring was done immediately by the Washington Aqueduct, and the results in the first round were very low. Follow-up monitoring is being done by DC Water and the Washington Aqueduct.

The Committee received a status report on the fire hydrants. The current out of service percentage is 0.79 percent, well below the 1 percent target. It was reported that the private hydrant legislation had passed the Council and was now in review in Congress.

The Committee received a presentation on the outreach information for the Lead Service Line Replacement and will submit its comments to staff.

The General Manager reported on DC Water's participation in the Robert Wood Johnson Foundation study to assess various issues related to lead contamination in water. DC Water is giving a \$50,000 grant to the organization Parents for Nontoxic Alternatives (PNA).

The Committee received a status report on the Customer Assistance Program and SPLASH. The Committee requested that a briefing report be prepared on the previous contracted managers of the SPLASH Program, specifically the Urban League and the Salvation Army, and the quality of their program management and their efforts developing contributions to the fund.

The Committee is recommending three contracts for Board approval.

The Committee received a briefing on galvanized pipe and its effect on LCR compliance monitoring. An article on the galvanized pipe effect is now scheduled for publication in the April issue of the AWWA Journal.

The Committee received an update on the chlorine burn and it is anticipated that there will be another burn this year from March 21 through May 6. Chairman Walker stated that it would be in DC Water's best interest to publicize what it is doing on March 21st when people begin to taste something different in their water.

General Manager's Report

Reported by: General Manager, George S. Hawkins

The General Manager reported that Ms. Richardson suggested at the last meeting how DC Water can improve attendance at the many outreach meetings scheduled throughout the city over the next two months. Since the discussion, a robocall system has been set up which will automatically dial 42,000 of the families of the District of Columbia.

The General Manager noted that in his narrative he provided three different stories indicating again the day-to-day work of the enterprise. One example is connected to the Poplar Point Pump Station. At the beginning of 2010, this particular pumping station experienced a catastrophic pump failure. The staff of DC Water developed and executed a plan that completely rehabilitated the station while enhancing its operational flexibility and reliability. This was done at a cost of approximately \$2 million, originally estimated at \$6 million, and avoided at least 12 months of bypass pumping. The General Manager highlighted the skills of Sema Essian, Hiram Tanner and Dennis Mace, all DC Water employees that made this happen.

The General Manager recommended that the Board take a look at the aging infrastructure section of the report.

The General Manager noted that the latest round of testing for coliform is back to zero.

The General Manager noted that one of the reports reflect that there were no fire hydrant inspections done. There are no hydrant inspections done during the winter months because if you flow test the hydrants, that would put water on the street to freeze and potentially cause a public safety problem.

The General Manager noted that he just returned from the Pulse Conference, an IBM conference held annually mainly for software developers and their partners. The General Manager told the story of what DC Water has been doing to make itself a smart utility.

Mr. Roth posed several questions regarding the IMA. The General Manager stated that he presented the Board Chairman a proposed strategy from staff on how to handle these questions going forward. Once it is reviewed by the Board Chairman he will distribute it to the DC Board members. Mr. Roth requested that it be an agenda item for the Governance Committee next week. Chairman Walker agreed to have the Governance Committee handle the issue.

Mr. Bardin asked if any progress has been made on giving members of the Board access to the meetings, agendas, and the documents considered by and approved by the Blue Plains Regional Committee carrying out its coordination function, its review and comment functions, under the existing contract which was signed in 1985.

Mr. Roth reiterated his previously expressed concerns with the secrecy surrounding the BPRC's membership, agendas, and activities, the lack of transparency on its web pages (which are part of the COG website), and the difficulty DC Board Members have in accessing information about the BPRC and its discussions.

Mr. Griffin noted that the Council of Governments website is under review and an update will be done as it relates to the IMA.

Ms. Roberson and Mr. Bardin expressed agreement with Mr. Roth's main points. Mr. Bardin also requested that the General Manager distribute to all Board members through the Board Secretary the non-binding memorandum written by the General Counsel of the Metropolitan Washington Council of Government regarding the IMA. The General Manager replied that he has no issue with the request. However, he would like to see the memorandum.

Randy Hayman, General Counsel, at the request of Ms. Nancoo provided the Board a brief overview of DC Water's comment letter to the Securities and Exchange Commission.

Consent Items (Joint Use)

Mr. Firestine moved the adoption of Resolutions No. 11-25 through 11-36, with the exception of 11-32 and 11-34. The motion to approve Resolutions No. 11-25 through 11-36 with the exception of 11-32 and 11-34 was seconded and unanimously approved by the Board.

Mr. Firestine moved the adoption of Resolutions No. 11-32 and 11-34. The motion to approve Resolutions No. 11-32 and 11-34 was seconded and approved by the Board with one abstention by Mr. Roth.

Consent Items (Non-Joint Use)

Ms. Nancoo moved the adoption of Resolution No. 11-37 and 11-39. Mr. Roth seconded the motion. The Resolutions were approved unanimously by the District members of the Board.

The 163rd meeting of the DC Water Board was adjourned at 11:45 a.m.


Secretary to the Board of Directors