



**District of Columbia Water and Sewer Authority**

**Board of Directors**

**MEETING MINUTES**

**Thursday, April 7, 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  
Bradford Seamon, Prince George's County  
Dawn Hawkins-Nixon, Alternate to Vacant Principal for Prince George's County

***Present Alternate Directors***

Joseph Cotruvo, District of Columbia  
James Patteson, Fairfax County  
Howard Croft, District of Columbia  
David Lake, Montgomery County  
Howard Gibbs, District of Columbia  
Kathleen Boucher, Montgomery County  
Samuel Wynkoop, Prince George's County

***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 164th 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 March 3, 2011 Meeting Minutes**

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

Chairman Walker noted that the Board will convene into an executive session following the General Manager's report. There is one issue the Board needs to discuss with counsel involving one of the consent items on the agenda today.

Chairman Walker welcomed the new Board members from Prince George's County. Bradford Seamon, Principal Board member, is the Deputy Chief Administrative Officer in the Office of the County Executive. Carla Reid, the other Principal Board member is not in attendance today. Samuel Wynkoop and Dawn Hawkins-Nixon are new Alternate members.

Chairman Walker acknowledged Ron Collins, Director of the Office of Boards and Commissions, who was in attendance to swear in the new Board members and swear in Anthony Griffin and James Patteson as reappointments prior to the meeting.

Chairman Walker presented Beverly Warfield and Paivi Spoon with appreciation plaques for their outstanding and dedicated service to the DC Water Board of Directors.

### **Chairman Remark's**

Chairman Walker thanked the General Manager, the CFO and his staff for their hard work developing the budget documents. He stated that in the documents there is a discussion of benchmarking the DC Water rates versus other jurisdictions. The Chairman tasked the General Manager with determining a like comparison, as it relates to the other water bills in the region, as well as which other jurisdictions are the appropriate benchmarks.

Chairman Walker stated that he hopes other Board members will join him tonight for the DC Water Employee Service Awards ceremony. There are 96 awardees, which is almost 10 percent of the DC Water staff.

Chairman Walker noted that the General Manager and staff have been out conducting town hall meetings in almost every ward of the city. The feedback received from Board members is that DC Water staff and the General Manager have been extremely well prepared. The meetings have grown in attendance significantly and DC Water has been reaching out to anyone who has had a service issue with DC Water over the past couple of years. He congratulated the General Manager and staff for their tireless efforts.

Chairman Walker also noted that Councilmember Tommy Wells visited DC Water and spent a number of hours with staff learning about DC Water's operations.

Chairman Walker stated that a private service was hired by insurance companies across the United States to rate fire suppression services in municipalities across the country. An independent study was conducted of the water supply to District Fire and EMS Department. The District of Columbia's water system received a ranking of 1 on a scale of 1 to 10, where 1 is the best and 10 is the worst, and Fire and EMS received a ranking of 2, placing the District's combined systems among the very best fire suppression systems in the country of any municipality.

DC Water has been pushing this story for a week and received one pickup in a blog, with no response from the Washington Post print edition. The Chairman thanked Mike DeBonis for putting the story in his blog.

Chairman Walker stated that the Board received all committee reports in advance and requested that the committee chairs highlight issues in their reports that should be discussed at the Board level.

Chairman Walker noted that the groundbreaking ceremony for the digester is on May 17<sup>th</sup>. This is a huge event for the Authority. The public hearing on the proposed DC Water rate increase will be held on May 11<sup>th</sup>.

### **Governance Committee**

*Reported by: Alethia Nancoo, Chairperson*

The Committee met on Tuesday, March 9<sup>th</sup>. The Committee discussed in detailed the posting of contract fact sheets to the website. It was concluded that the pricing information from all the bidders, as well as the other information on the fact sheets, would be posted before both committee and board meetings.

The Committee then discussed the Open Meetings Amendment Act of 2010. There are bylaw changes that need to occur to adhere to the new Act. In addition, changes must be implemented with respect to the conduct of Board and committee meetings and meeting notifications.

The Committee suggested that in anticipation of the Board retreat, an overview of the existing procurement process for the Authority would be beneficial.

The Committee received an update on Government Affairs. A status report on the 2011 Federal Budget and President's 2012 Budget was provided. The Committee was informed that while the 2012 budget eliminates the Water Infrastructure Grants Program, it does propose that the Authority receive \$25 million for the Clean Rivers Project.

Ms. Roberson asked whether the Committee should discuss the IMA and the Blue Plains Regional Committee. Ms. Nancoo responded that the Committee did

raise a question of giving D.C. Board members greater ability to understand what is going on with the IMA and participation in the Blue Plains Regional Committee meetings. The General Manager has a proposed plan to keep the Board informed on the IMA negotiations, which he plans to vet through the Board Chairman.

The General Manager noted that the plan will not move forward until the new principal DC members of the Board are appointed. He noted that the plan has the following three elements: (1) Hire a full time employee to interact on IMA issues and other issues pertaining to DC Water through the District Government; (2) Add a D.C. Board member to the Blue Plains Regional Committee and the City Administrator to the Chief Administrative Officer's Committee, which already exists; and (3) Provide on a regular basis, through either the Finance and Budget Committee or the Retail Rates Committee, an update on allocation decisions on particular contracts. Those allocations sometimes change based on projections of flow. In addition, once there is a full complement of the Board, a briefing will be done on the history of the IMA and the ongoing negotiations.

Mr. Roth thanked the General Manager for posting the IMA and annotated IMA on the DC Water website, and thanked several other Board Members and the General Manager for their recent contributions to the discussion of greater transparency in BPRC activities. He particularly thanked Chairman Walker, Mr. Griffin, and the General Manager for facilitating his own attendance at the March BPRC meeting. He found the discussions there both enlightening and in some respects reassuring, with excellent presentations about cost allocation issues that might have averted many questions, issues, and disputes about recent projects had DC Board Members been given access to that information. But he expressed unhappiness with the insistence of a suburban BPRC member that attendees such as himself and Ms. Hawkins-Nixon not share or distribute copies of a PowerPoint presentation made by DC Water staff and its consultants, on a document with a DC Water logo, presumably paid for at least in part by DC Water retail ratepayers. Mr. Roth viewed that situation as unacceptable and stated that the sooner changes are made in how the BPRC operates relative to the DC Water Board, the sooner he would stop raising these complaints.

### **Environmental Quality and Sewerage Services Committee**

*Reported by: Robert Hoyt, Chairperson*

Chairman Hoyt highlighted a couple of items from the meeting. He noted that the Committee is recommending for approval the largest contract in DC Water history. The Committee received a thorough presentation from staff and the Committee was extremely impressed with all the work from staff.

The Committee discussed the comparison of DC Water's costs for biosolids disposal versus WSSC's. Questions have been raised by the Committee as to the rationale behind the disposal contracts being recommended, to which the

staff provided forthright answers. Hopefully, in the next months, there will be final closure on these questions.

### **Water Quality and Water Services Committee**

*Reported by: Joseph Cotruvo, Vice Chairperson*

The Committee was informed that there were no positive total coliform samples in the month of March. There have been 35 LCR compliance sample sets taken so far this monitoring period, none of which have exceeded the 15 ppb regulatory threshold. There has been discussion on building collaborations with local plumbers, in order to better spread information about the impact of galvanized plumbing.

The Committee received a briefing by Ms. Epperson from the Urban League on the status of the SPLASH Program.

The Committee was informed that as of March 1, there were 49 out of service hydrants that were mechanically defective. This amounts to 0.54 percent of total hydrants, compared with the target of 1 percent. The Committee received a report on the impact of the recently implemented multi-tiered impervious area charge on CAP Program participants. For 72 percent of the participants, there was no change, but 26 percent of CAP participants saw a reduction in their charges. A little over 2 percent of the participants saw an increase.

The Committee discussed the concept of repair costs versus anticipatory replacement for water main breaks. DC Water has adopted an approximately 1 percent annual replacement rate, which will get us to about a 50-year average pipe life, below the current average of around 75 years.

The Committee is recommending one contract for Board approval.

Mr. Cotruvo noted that the pre-chlorination spring cleaning has gone into effect and will last until May 2<sup>nd</sup>.

In compliance with the Open Meetings Act, the Committee drafted an agenda for its next meeting.

### **DC Retail Water and Sewer Rates Committee**

*Reported by: David J. Bardin*

The Committee received a presentation on the comparison with peer utilities. It was determined that Chicago's bill is about one-third of the Authority's bill. However, Chicago does not raise most of its revenues through bills to the water and sewer users. Chicago uses valorem taxes.

Mr. Roth requested that staff look into some additional issues, such as the per capita income in the service areas of the various utilities being compared in comparison to per capita income in the District of Columbia.

According to the presentation, the Authority's customers use 180 gallons per capita per day. Compared to WSSC, Fairfax and Loudon Counties, they are using about half as much water per customer per day and Arlington is somewhere in between.

The Committee received a report from staff comparing volumetric usage for residential versus volumetric usage for non-residential customers. Mr. Roth requested that the characteristics, profiles and demographics of the non-residential customer base be explored and provided on a quartile basis.

The Committee then received a progress report on the development of miscellaneous fees and charges. Management will make recommendations on the fees and charges to the Committee next month.

The Committee discussed the conceptual scenarios to scale back the proposed rate increase. The General Manager scaled back departmental requests prior to presenting the scenarios to the Committee. His proposal was about a \$40 million increase in receipts from retail customers. The Committee asked the General Manager to revisit his proposal, and he reduced his proposal by \$10 million. The Board itself further scaled back the increase that was approved in February to about \$26 million.

The Committee received its first monthly update on the Soldier's Home and Howard University. There were issues which involved up to \$3 million a year in revenues that the Authority is not collecting, of which about \$2 million a year is billed but not paid, and another \$1 million is not being billed. The Committee will receive monthly reports from the General Counsel.

The Committee reviewed the notice of proposed rate increases published in the D.C. Register. This year the Committee is looking at two customer classes separately, residential class and non-residential class, and will vote on the classes separately. The proposal would increase the payment in lieu of taxes for each of the classes by 4 cents per 100 cubic feet.

The Committee reviewed its work plan.

Chairman Walker noted that as DC Water goes through its rate-setting process, one piece of the impervious area charge that staff agreed to examine is customers' investments in new green roofs, capture basins, etc., to find ways to lower their impervious area charge. Chairman Walker understands that there are no discounts now, and there are challenges in creating incentives and then monitoring whether the improvements have actually been made. Staff should

take a hard look at this to either say it cannot be done or that an initial effort can be made to create something that can be monitored. Mr. Hawkins replied that the statute setting up the impervious area stormwater program puts the Department of Environment in the lead in proposing such a program, which is now under review at the Wilson Building.

### **Audit Committee**

*Reported by: Timothy Firestine, Vice Chairman*

The Committee met with its external auditors who provided an unqualified opinion for FY 10 and noted that no audit adjustments were required. The auditors did a sampling of DC Water's internal controls that require follow up. Two of those related to oversight of Purchase Card transactions where various elements of approvals were not in place and documentation was not complete. The procurement files were incomplete for procurement transactions. Supervisory approvals were not in place for certain time cards on which employees were paid. The Auditors are recommending that an Inventory Analysis be done periodically in terms of identifying surplus assets.

The Internal Auditor presented the status of their work this year. There are 13 internal audits identified to be done this year. Two of those audits, facilities security and contingency planning, have been completed and the others are in various stages. The Committee expressed some concern about ten findings by the Internal Auditor related to oversight of the existing security contract and items that the contract required that were not being done by the organization. The Committee will follow-up on those items.

The second audit was the pumping and storage water leakage review. The Auditors came up with three observations. Two formal observations focused on leakage of water within the system, looking at water coming in and water going out. One of the observations is that there is no leak detection system in place. Management is currently looking at four different leak detection systems to see if something can be put in place.

Chairman Walker stated that DC Water needs to be audited from a cyber security standpoint to ensure that its systems are secure.

### **Finance and Budget Committee**

*Reported by: Timothy Firestine, Chairperson*

The Committee received a report that at the end of February, revenues and expenditures are on track with expectations. With 41.7 percent of the fiscal year completed, revenues were at 42.4 percent, operating expenditures at 37 percent and capital disbursements at 32.3 percent of the budget. The average daily cash balance was above the reserve target by about \$13.6 million.

The Committee received an overview on invoice payments. The objective is to pay 97 percent of the invoices within 30 days. DC Water is at 90 percent and there was discussion of measures that could be taken to speed up payment, including use of electronic payment systems such as ACH. DC Water currently has a pilot underway with approximately 20 to 25 vendors. The Committee requested that the General Manager include the speed of payments on the General Manager's dashboard for next month.

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

*Reported by: George Hawkins, General Manager*

The General Manager stated that along with other District agencies, DC Water is thoroughly assessing the consequences to the enterprise if there is a shutdown of the Federal Government on Saturday. DC Water has identified the essential positions, which are about two-thirds of the employees. Communications have been sent to staff regarding the potential shutdown.

The General Manager informed the Board that he met with the new Fire Chief for the District of Columbia, Mr. Ellerbe. Mr. Ellerbe has determined that the Fire and EMS Department should continue doing the inspections of fire hydrants. It is DC Water's understanding that Fire and EMS has started the inspections this week. DC Water will meet with the Fire Chief in the near future to ensure that everybody is in agreement on responsibilities, to avoid overlap.

The General Manager provided the Board a summary of the town hall meetings and encouraged board members to attend.

The General Manager reported on the LID Summit. The principal question focused on was, "Would you be willing to accept somewhat less performance in capture in exchange for all the benefits that come from green infrastructure?" The participants broke into subgroups to discuss and respond to the question.

The General Manager provided an update on the Team Blue Project. The principle objective is that every employee at DC Water has an opportunity to participate in improving the management of this enterprise.

The General Manager announced three personnel changes. Steve Caldwell has been selected as the Director of Facilities and Security. Ernest Jolly is joining the General Manager's office as a Senior Special Assistant on energy issues. Ayodele McClenney is the acting Director of Occupational Health and Safety. Chairman Walker noted that he is proposing a one half day retreat in June. In addition, he will make committee assignments as soon as the new D.C. Board members have been appointed.

Chairman Walker asked for a motion to go into executive session pursuant to Section 2 of the Open Meetings Amendment Act of 2010 to consult with counsel

to obtain legal advice regarding the Holder Report and the Long-Term Control Plan Consent Decree. Mr. Bardin moved the motion and Ms. Nancoo seconded the motion. The Secretary called the roll for a vote to go into executive session. The Board entered into an executive session at 11:19 p.m.

The Board reconvened into open session.

**Consent Items (Joint Use)**

Mr. Griffin moved the adoption of Resolutions No. 11-40 through 11-44, and Resolutions No. 11-46 and 11-47. Mr. Firestine seconded the motion. The motion to approve Resolutions No. 11-40 through 11-44 and Resolutions No. 11-46 and 11-47 was unanimously approved by the Board.

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

Ms. Nancoo moved the adoption of Resolution No. 11-49. Mr. Bardin seconded the motion. The motion to approve Resolution No. 11-49 was unanimously approved by the Board.

  
Secretary to the Board of Directors