



District of Columbia Water and Sewer Authority

Board of Directors

MEETING MINUTES

Thursday, December 1, 2011

Present Directors

Chairman William Walker, District of Columbia
Timothy Firestine, Montgomery County
Adam Clampitt, District of Columbia
Robert Hoyt, Montgomery County
Alethia Nancoo, District of Columbia
Anthony Griffin, Fairfax County
Brenda Richardson, Alternate for Alan Roth, District of Columbia
F. Alexis Roberson, District of Columbia
Bradford Seamon, Prince George's County
Dawn Hawkins-Nixon, Alternate for Carla Reid, Prince George's County
Allen Lew, District of Columbia

Present Alternate Directors

James Patteson, Fairfax County
Howard Gibbs, District of Columbia
David Lake, Montgomery County
Samuel Wynkoop, Prince George's County
Howard Croft, District of Columbia
Joseph Cotruvo, 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 171st Meeting of the District of Columbia Water and Sewer Authority's Board of Directors to order at 9:30 a.m.

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

Approval of the November 2, 2011 Meeting Minutes

Chairman Walker asked for a motion to approve the November 2, 2011 minutes. The minutes were moved and seconded with approval by the Board of Directors.

Chairman's Remarks

Chairman Walker noted that the Board will have its second briefing on the IMA at the January 2012 Board meeting.

Chairman Walker noted that the article in the Washington Post relating to DC Water's Clean River Project is a testament to all team blue employees. Having an article of that nature written on a project that is as comprehensive as the Clean Rivers Project and discussing the financial implications of that investment and also the fact that DC Water is thinking out of the box is a noteworthy accomplishment.

Chairman Walker stated that the Finance and Budget Committee will meet later in the month to review the 2012 proposed budgets. Chairman Walker gave kudos to Olu Adebo, Chief Financial Officer, and his staff for presenting such a comprehensive financial plan and budgets.

Chairman Walker reminded the Board of its retreat in January, informing them that he has asked the General Manager to circulate to the Board documents prior to the retreat so the Board can be up to speed on various strategic alternatives that staff would like the Board to consider.

Chairman Walker asked Glenn Reinhardt of the Water Environment Resource Foundation to come forward to make a presentation to the General Manager. Mr. Reinhardt presented the Award of Excellence to DC Water for its biosolids project.

Environmental Quality and Sewerage Services Committee

Reported by: Robert Hoyt, Chairperson

The Committee met on November 17, 2011.

Mr. Hoyt reported that plant performance is good with an average amount of precipitation at 3.9 inches. Flow is at 301 MGD, down from 350 MGD with Hurricane Lee in September. Nitrogen compliance was 2.2 mg/l for the month, the lowest ever recorded for Blue Plains. One parameter was exceeded on October 24, 2011; a noncompliance for chlorine residual that was attributed to operator error.

Mr. Lake asked staff for information on the surcharge event that occurred in the Potomac Interceptor in Montgomery County. Mr. Lake is working with staff to determine the cause. Chairman Walker asked if it was a discharge from a sewer or water line. Mr. Lake responded that it was from the Potomac Interceptor and to the best of his knowledge it went into the C&O Canal. Mr. Lake and DC Water staff are looking at it to determine if it is a maintenance issue, a design issue or a unique storm.

Mr. Hoyt reported that DC Water continues to make progress on the new impeller design. Mr. McLaughlin confirmed that DC Water remains under legal mandate to continue work on the new impeller design pending an agreement with EPA and Earthjustice on the alternate approach.

The Committee received a report on the Odor Abatement Project. It was reported that the construction for the DC and MD sites continues on schedule. There is still an issue in Fairfax County of the easement going through a building. Instead of moving the building DC Water is trying to move the easement.

The Committee is recommending two contracts for Board approval.

Christopher Carew, Chief of Staff, provided the Committee an excellent presentation on asset management.

The Committee received a report on the Quarterly CIP and the Capital Budget.

Water Quality and Water Services Committee

Reported by: Joseph Cotruvo, Chairperson

Mr. Cotruvo reported that the regular reporting on total coliforms was good. There were a few positives which seemed to be associated with work being done in the area which causes some disruption. There were no E coli positives.

DC Water continues to perform well under the Lead and Copper Rule. It was reported that 72 samples had been returned during the current monitoring period, with one first draw sample exceeding the 15 ppb Action Level. The 90th percentile value is 5 ppb. Charles Kiely, Assistant General Manager for Consumer Services, noted that it continues to be a challenge for DC Water to get returns from customers on the distributed sample kits. Current sampling is twice the regulatory requirement. The issue of whether to seek return to the regulatory required sampling rate is under discussion.

The Committee received an update on the fire hydrants. As of November 1 there were 66 out-of-service hydrants. This amounts to 0.72 percent of total hydrants, compared with the target of 1 percent.

Tom Jacobus, General Manager, Washington Aqueduct, gave a briefing on the Aqueduct's Capital Improvement Program. He noted the completion of two major projects, the Residuals Treatment Facility at the cost of \$100 million and the Chlorine Replacement projects at the cost of \$18 million.

The Committee will receive in the future, a presentation on the Future Treatment Alternative Study.

Brian McDermott, Supervisor, Water and Design, gave an overview presentation on DC Water's role in the overall process for construction permitting.

Mr. Kiely informed the Committee that the next temporary conversion to free chlorine for the secondary disinfectant will begin March 26 and end May 7th.

Chairman Walker stated that if there is any change to the lead testing that it come to the Board for its approval.

Mr. Clampitt stated that at the meeting he inquired about the differences in the fees charged for residential house connections compared to small non residential service connections and requested that the report on this be provided prior to the Retail Rates Committee meeting. Howard Gibbs noted that it was discussed briefly at the meeting and the information will be provided at the December Retail Rates Committee meeting.

D.C. Retail Rates Committee

Reported by: Howard Gibbs, Chairperson

The Committee met on November 22, 2011.

The Committee received its monthly updates on Howard University, Soldiers Home and the Town of Vienna. Randy Hayman, General Counsel informed the Committee that a meeting is scheduled for December 1st to discuss and try to resolve the payment of the arrearages totaling \$5.4 million. Howard University has been paying current billings since June 2011 under protest.

Randy Hayman informed the Committee that an appraisal is needed for Soldiers Home to establish a value for the current site of the DC Water reservoir, as well as the value of an additional site at the Home for a new facility that is under consideration.

Mr. Hayman is also putting together an agreement for the settlement with the Town of Vienna.

The Committee held a brief discussion on the Retail Rates proposal. Mr. Roth requested that the Committee accelerate the discussion of an assistance program for low income customers. The Committee agreed that it will move

forward with the current proposal next month while evaluating assistance options prior to the Public Hearing anticipated in May 2012.

The Committee received an update on the Impervious Area Charge Incentive Program currently under development by the District Department of the Environment. The Committee requested that staff come back with a proposal assuming that the DDOE plan for the rulemaking will have gone forward. However, DDOE has received several comments on the rulemaking and will need to repost the rulemaking for another 30 day period.

Finance and Budget Committee

Reported by: Timothy Firestine, Chairperson

The Committee received a report that with 8 percent of the fiscal year completed, revenues totaled \$43.5 million or 10 percent of the revised budget; expenditures were \$29.5 million, or 7 percent of the revised budget; and capital disbursements were \$43.5 million, or 8 percent of the capital disbursements budget.

Olu Adebo, CFO, announced that DC Water received the GFOA award for the Comprehensive Annual Financial Report (CAFR) for FY 2010.

The Committee discussed the FY 2013 proposed budgets and asked for additional information to be provided at its December meeting. Mr. Firestine encouraged board members to send budget questions to Ms. Manley.

The Committee is recommending the Financial Advisory contract for Board approval.

General Manager's Report

Reported by: George Hawkins, General Manager

The General Manager provided the Board a report on his trip to the WATEC event in Tel Aviv, Israel. The WATEC is held every two years and highlights innovative practices and technologies – particularly from companies located in Israel, one of the world's most constrained countries when it comes to water. The conference attendees received presentations on valves, leaks, water quality, emergency response and air release.

The General Manager provided the Board a report on the November 3rd incident on Champlain Street, N.W. at the corner of Kalorama Road, N.W. He noted that a large section of the roadway was significantly undermined due to continuous erosion of the subsurface caused by an undetected mainline sewer failure. He also noted that this is more than a million-dollar repair. DC Water is working everyday on this repair and the best estimate for completing this work is during the week of December 5th.

The General Manager informed the Board that DC Water is having some issues with air permits that are needed from the Department of Environment for the digester and other associated work here on the plant. They are not substantive issues. However, with one of the permits DC Water feels that the wording of the permit would not allow DC Water to maintain the operation of the scrubber that the permit is associated with. The issues are not whether they can be resolved but be resolved in a timely fashion because these are projects that have start dates. Staff will describe the issues in more detail at the Environmental Quality and Sewerage Services Committee.

The General Manager reported that the First Source legislation has gone through first reading and hearings and the D.C. Council. There are changes to that legislation, and the General Manager feels that it will generate issues for D.C. Water. DC Water had voluntarily been complying with prior versions of D.C. First Source legislation for certain contracts. The question is whether DC Water would continue to comply with the District's First Source Program under the new legislation or would DC Water adopt some alternative program. The General Manager will summarize the legislation at the Environmental Quality and Sewerage Services Committee in December and Finance and Budget Committee for awareness on the financial constraints and in more depth at the January Governance Committee meeting per the direction from the Board Chair. Staff is monitoring the legislation closely and the General Manager will update the Board.

The General Manager reported on the MS4 Permit that was issued to the District of Columbia in which DC Water challenged the uncertainty of responsibility. The Environmental Appeals Board at EPA has asked the District to brief them on certain issues about who is responsible for what in the process and who should speak on behalf of the District. Staff will report on the outcome at the Environmental Quality and Sewerage Services Committee meeting in December. Mr. Hoyt asked if DDOE challenged the MS4 Permit. Mr. Hawkins responded that DDOE did not challenge the permit.

The General Manager also reported that DC Water received a notice this week that there was an application submitted in 2005 to put DC Water's main sewer pump station on the list of historic preservation sites. There is a hearing scheduled in January. Staff will attend the hearing and monitor this closely.

The General Manager noted that the cover story of the Engineering News Record for October was Greening Blue Plains and an article in the Washington City Paper was titled "Where the Sewers End". He gave kudos to Pam Mooring in the External Affairs Office for making this happen.

The General Manager announced new hire's for DC Water and promotions within DC Water.

Consent Items (Joint Use)

Mr. Griffin moved the approval of Resolutions No. 11-115 through 11-116 and Mr. Firestine seconded the motion. The motion to approve Resolutions No. 11-115 through 11-116 was unanimously approved by the Board.

Consent Item (Non-Joint Use)

Ms. Nancoo moved the approval of Resolution No. 11- 117 and Ms. Richardson seconded the motion. The motion to approve Resolution No. 11-117 was unanimously approved by the District members of the Board.

The 171st meeting of the DC Water Board adjourned at 10:46 a.m.


Secretary to the Board of Directors