



District of Columbia Water and Sewer Authority

Board of Directors

MEETING MINUTES

Thursday, January 5, 2012

Present Directors

Chairman William Walker, District of Columbia
Timothy Firestine, Montgomery County
Adam Clampitt, District of Columbia
Robert Hoyt, Montgomery County
Howard Croft, Alternate to 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 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
Brenda Richardson, 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 172nd 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 December 1, 2011 Meeting Minutes

Chairman Walker asked for a motion to approve the December 1, 2011 minutes. The minutes were moved and seconded with approval by the Board of Directors.

Chairman's Remarks

Chairman Walker congratulated the Team Blue staff for a terrific past month.

Chairman Walker stated that the Board had a strategic planning retreat scheduled for later in the month but after several discussions with the General Manager, he would like to push that retreat back a month. This will allow staff ample time to put together a strategy document that will sufficiently guide the board's thinking during the planning retreat and provide the board ample time to read the strategy document.

Chairman Walker asked Ms. Manley to poll the Board for a date at the end of February. In addition, Chairman Walker asked the General Manager to provide a timeline for when the Board should receive the strategy document from staff. He asked the General Manager to provide the draft document to the Board by the end of January.

Chairman Walker noted that on December 21, 2011, the District of Columbia Water and Sewer Authority was awarded the Anacostia Community Boathouse Association's Stewardship Award recognizing the continuous efforts of its floatable debris unit, also called the skimmer boat crews, in keeping the Anacostia River free of trash and debris. Chairman Walker presented the award to DC Water employees David Shaffer, Thomas Johnson, Christopher Jones, and Larry Johnson and noted that Andre Boose is not present.

Chairman Walker stated that his final issue is the lead testing and what policy will DC Water use going forward, given the very consistent and long-standing track record of not only meeting but exceeding by a significant measure the EPA's lead testing limits or action level at 15 parts per billion and being at 5 consistently over the past six years. Chairman Walker stated that the Board needs to discuss this at length and that if there is a desire to move to any change in DC Water's testing, that it is thoroughly reviewed by the Committee and brought to the Board for a thorough discussion.

Mr. Roth agreed to Chairman Walker's suggestion and stated that Alan Heyman, Internal Affairs Director, should be a part of the discussion to ensure that along with the technical and scientific justifications for lead testing that there needs to be a whole communications element associated with it.

Environmental Quality and Sewerage Services Committee

Reported by: Robert Hoyt, Chairperson

Mr. Hoyt reported that November was a fairly dry month. Nitrogen compliance was 3.3 mg/l for the month, with a twelve month average of 4.6mg/l.

The pretreatment regulations were approved by the Board in October and went out, for the 30-day public comment period.

The Committee received an update on the Long Term Control Plan Easements Permits. A construction license has been received from the US Navy for work to take place at JABB (Joint Base Anacostia-Bolling). DC Water and the US Navy are currently finalizing discussions on easements. Staff continues to work with DDOT and DCRA, who remain committed to issuing permits.

The Committee then received a presentation on plans for the Tingey Street diversion sewer. This work requires coordination with the opening of retail space adjacent to the Main Pumping Station by developer Forest City. To avoid conflict and to properly sequence this work, DC Water proposed to contract with the developer in a public-private partnership. The General Manager is proposing to have the developer act as the Design/Builder and the developer will hire a contractor on a competitive basis to complete the sewer work. An action item is on the Board agenda for approval.

The Committee was updated on DC Water's continuing efforts towards compliance with the Consent Decree for Potomac Pumping Station. DC Water is required under the consent order to achieve a capacity of 460 MGD. Despite DC Water's best efforts, the capacity is at 425 MGD, and any options that staff has looked at would cost into the millions of dollars.

The General Manager and staff are working with EPA and Earth Justice to see if DC Water can get a monitoring program in place to determine if going from 426 to 460 will have any environmental benefits. The hydraulic models are now indicating that there would not be much of a benefit.

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

The General Manager gave a presentation on DC Water's proposal to the EPA of hybrid "green and grey" approach to the Potomac and Rock Creek portions of the Clean Rivers Project. He informed the Committee that he is working with EPA proposing a series of demonstration projects. The full scale demonstration projects are expected to cost between \$10M and \$30M and would allow DC Water to address issues associated with operations and maintenance of green infrastructure, as well as other institutional issues.

The Committee received a report on the proposed Tunnel Dewatering Pump Station and Enhanced Clarification Facilities to be located on the northwest corner of Blue Plains. The project is to construct the dewatering facility for the Clean Rivers tunnel system and associated wet weather treatment facilities.

The Committee went into an executive session to discuss legal matters and reconvened into the open meeting for adjournment.

Joint Meeting of the Environmental Quality and Sewerage Services and Water Quality and Water Services Committees

Reported by: Joseph Cotruvo, Chairperson

The Committee met for the purpose of recommending the Capital Budget action items to the full Board for approval. Therefore, the Committee is recommending the approval of the FY 2011 – 2020 Capital Improvement Program (Lifetime & Cash Disbursements Basis) and the FY 2013 Capital Authority Request.

Audit Committee

Reported by: Bradford Seamon, Chairperson

The Committee met on Thursday, December 22, 2011.

The Committee discussed the number of hours conducted for FY 2012 and the staffing on the audits, and the average number of hours it takes to complete an audit.

The Committee received three completed reports, grants operations, human capital management and IT vendor contract management. There were some recommendations but no major findings in the audit reports. In the grants operations area, there was a discussion about automated flagging of reimbursable grant expenses in the accounting system which is being done manually. However, management is in the process of implementing that to be automated. In the human capital management there was a discussion on succession planning and having written succession plans. The other area in human capital management was notification to the HR Department of terminated employees. There had been some issues where employees had been terminated and not taken out of various systems. The recommendation was there be a weekly follow-up with each department, identifying a person responsible for notifying HR if there were any terminations, to ensure that employees are taken out of the system. The IT vendor contract management was having appropriate documentation on the procedures used to manage the IT contractors after a contract award is made.

The Committee discussed the management action plan follow-up. There were twenty-six items that had been identified for follow-up and ten were overdue. Staff provided the status of the ten that were overdue. Mr. Firestine asked that the Committee be provided with a detailed written report when items are overdue.

The Committee received the external auditor's report and requested that the report be received in advance. The Committee will discuss the external auditor's report at its February meeting.

The General Manager noted that DC Water received on December 16, 2011 its 15th straight clean audit opinion.

Finance and Budget Committee

Reported by: Timothy Firestine, Chairperson

Mr. Firestine reported that the November financials show that everything is doing fine. Revenue is ahead of budget and expenditures are below budget. Combining the two, the operating cash reserve is running above the reserve target.

Capital Expenditures, while in the report they appear as if they are lagging, they are not. There is about \$15 million worth of disbursements that have not been made pending final approval of the detailed schedule for the Blue Plains tunnel project as well as delays in certain close out payments.

DC Water was previewed on its upcoming \$300 million revenue bond sale, which is scheduled for March. The Committee concluded its discussion of the budget after several sessions and having questions answered, the Committee felt comfortable to move the budget to the full Board for approval.

The Committee is recommending the proposed budgets for Board approval.

D.C. Retail Rates Committee

Reported by: Howard Gibbs, Chairperson

The Committee met on December 23, 2011.

The Committee received its monthly updates on Howard University, Soldiers Home and the Town of Vienna. Staff met with Howard University to resume discussion of payment of arrearages. Subsequently a second meeting was held with only the legal representatives at which negotiation discussions about the arrearage amount was commenced. Although a counter-offer was received from Howard University, the offer was not sufficient for DC Water to have the matter resolved. Although, both parties have yet to reach an agreement, one of the milestones reached in the two meetings is that Howard University is no longer disputing their responsibility for metered Water and Sewer services.

The General Counsel's office is writing an opinion as to whether sewer and other non-water fees are covered under the 1938 agreement between the US Airmen and Soldiers Home and the Washington Aqueduct. Mr. Adebo noted that negotiations are ongoing

and the Soldiers Home is open to renegotiation of the 1938 agreement given activities and changes they are contemplating.

The Committee was informed that a settlement agreement with the Town of Vienna was executed on December 2011. DC Water has received a check in the amount of \$250,000. This brings a close to this matter.

The Committee received a presentation on the Fire Protection Fee Cost of Service Study. Staff provided the Committee a couple of scenarios they plan to present to the District to fund the service without requiring DC Water to continue incurring large, unreimbursed expenditures.

The Committee is recommending Board approval of the FY 2013 Ten Year Financial Plan and FY 2013 proposed Retail Rates and Fees Adjustments.

Chairman Walker asked if the settlement with the Town of Vienna sets a precedent for what DC Water is attempting to accomplish with Howard University. The General Counsel stated that it is a precedent to the extent that it shows the procedures that DC Water will follow. However, the General Counsel wanted to stress that each situation is factually different, and will be treated different, as far as the facts and the information that DC Water has. Therefore, you can't draw a mathematical equation from Vienna to what DC Water should expect from Howard. DC Water will look at the specific facts that are present in the Howard case and try to resolve it fairly.

General Manager's Report

Reported by: George Hawkins, General Manager

The General Manager thanked Ms. Reid and Mr. Gibbs for attending the DC Water Holiday Celebration.

The General Manager noted that this is the tenth year that staff of DC Water has volunteered with a program called Bread for the Soul. Bread for the Soul provides gifts and other support for families where a member of the family is suffering from AIDS. DC Water collected over \$13,000 for the program. The General Manager thanked Olu Adebo for his leadership in the program.

The General Manager discussed the article in the Washington Post regarding Kalorama and Champlain Street. DC Water is very pleased to get the article in above the fold. One of the most important issues in which DC Water is trying to impress on everyone is the declining returns at scale for the benefits that DC Water is getting from its expenditures. It is much more expensive to reduce nutrients from the Blue Plains Plant than it was two or three years ago and for those that are imposing their requirements on DC Water to realize the cost benefit curve and where DC Water is in their calculations of what makes public policy sense.

Mr. Lew asked if DC Water has a proactive program to address a systematic replacement of old pipes as opposed to waiting for them to break. The General Manager responded that DC Water does something along that line and will be happy to present exactly how and what DC Water is doing regarding the pipe replacements. Chairman Walker stated that it would be informative to the Board to understand how DC Water does its review of the pipe system.

The General Manager reported that the backup system at Fort Reno failed on the afternoon of Tuesday, December 27, 2011. The electronic system that DC Water has in place caught immediately. There is a timing factor because pressure in the system is not wanted when the pumps drop low enough that contaminants could come into the pipelines. The next day DC Water communicated with EPA at great length. It was determined that the pressure did not drop below levels that would have caused DC Water to issue a boil water alert out of caution, because of the potential for contaminants. Fortunately, all the monitoring came back. There was not a contamination problem and DC Water is redesigning the circuits in the system so that this issue will not occur again.

Chairman Walker noted that during the incident, he and the General Manager were in tight communication. He stated that the communication between the General Manager, the management team and him was excellent. A judgment call was made to not put out a boil water alert. EPA requires an announcement to be made within 24 hours of the incident. Staff felt that because DC Water did not lose pressure from its own testing and DC Water did not have the data back to determine if it had an event and once the data was received if need be DC Water was still in the 24 hour window, it did not have to put out a boil water notice.

The General Manager noted that the original plan was to have a review of the 2012 IMA at the meeting today. However, after conversations with the Board Chair and several members of the Board, it was decided to push the IMA review back to February to ensure that all of the preparatory approvals were in place prior to presenting it to the Board. In addition, the Governance Committee will receive an outline of the IMA at its January 11th meeting and then the full Board at its February meeting. Staff is working closely with Allen Lew, City Administrator, regarding the IMA and then next week Mr. Lew will meet with Mayor Gray to discuss the IMA.

The General Manager reported that the Money Matters Task Force which is set by the National Association of Clean Water Agencies drafted legislation highlighting the issue that municipalities and authorities are facing. They are being hit with enormous costs coming from various regulatory requirements.

The Environmental Protection Agency has issued a draft policy statement on how they want to modify their permitting program to be more aware of those types of issues. The General Manager will provide an update to the Environmental Quality and Sewerage Services Committee.

The General Manager provided an update on fire hydrants. He noted that the lag in the replacement of fire hydrants is due to the weather and the issuance of a new contract. DC Water has an agreement with the District to replace 250 fire hydrants. DC Water will meet that number this year as in the previous year.

The General Manager noted that he is aware of the vacancy issues and staff is focusing on improving the hiring numbers in the months ahead.

The General Manager reported that President Obama signed an expenditure bill for the fiscal year 2012 budget. The House had zeroed out funding for the Clean Rivers Project. However, DC Water fought valiantly along with allies from the suburban jurisdictions to get funding in the final bill. The original number requested was \$25 million but \$15 million was put in the final bill for the project.

The General Manager concluded his report.

Chairman Walker noted that DC Water will lose Anthony Griffin and his incredible service to the Board sometime in 2012. The Board will have plenty of time to thank Mr. Griffin for his great service.

Consent Items (Joint Use)

Mr. Griffin moved the approval of Resolutions No. 12-00 through 12-11 and Mr. Seamon seconded the motion. The motion to approve Resolutions No. 12-00 through 12-11 was unanimously approved by the Board.

Consent Items (Non-Joint Use)

Ms. Roberson moved the approval of Resolution No. 12-12 and 12-13 and Mr. Roth seconded the motion. The motion to approve Resolutions No. 12-12 and 12-13 was unanimously approved by the District members of the Board.

The 172nd meeting of the DC Water Board adjourned at 10:46 a.m.


Secretary to the Board of Directors