



***District of Columbia
Water and Sewer Authority***

**Board of Directors
Environmental Quality and Operations
Committee Meeting**

Thursday, December 21, 2006, 8:30 a.m.
Room 407, COF, Blue Plains

SUMMARY MINUTES

Board Members

James Caldwell, Chairman
David J. Bardin
David Lake
Kenneth Davis
F. Alexis H. Roberson
Joseph Cotruvo
Pavi Spoon
Brenda Richardson (via telephone)

Staff Members

Jerry Johnson, General Manager
Avis Russell, General Counsel
John Dunn, Chief Engineer
Linda R. Manley, Board Secretary

I. CALL TO ORDER

James Caldwell called the meeting to order at 8:40 a.m.

II. STATUS UPDATES

1. **BPAWTP Performance**

Average flow at Blue Plains for the month of November was 331 MGD, with 146 million gallons of treated excess flow discharged due to wet weather. All permit parameters were met. Biosolids production was 1,363 tons per day, and effluent total nitrogen for the month was 4.53 mg/L vs. a permit annual goal of 7.5 mg/L.

2. **Status AWTP NPDES Permit**

A revised draft permit was noticed by EPA on December 14, 2006. There are still a number of concerns regarding nitrogen, and there is a need to forward comments to USEPA by January 19, 2007. Issues and background will be discussed in executive session.

III. WATER SERVICE PROGRAM

1. Coliform Testing

WASA had only one positive sample in November. For December, with 60 percent of the required testing complete, no samples have tested positive.

2. Orthophosphate Addition/OCCT

The orthophosphate addition/corrosion control program continues to go well. It appears that the protective coating that results from the addition of the orthophosphate is stable.

3. LCR Compliance Testing: Report and Review Status

2nd semester testing has been completed and the results continue to improve. The 90th percentile sample is below the regulatory action level.

4. LCR, Water Administrative Order, and EPA Requirements: Status LSR Priority Program Report

Based on the results of the monitoring outlined in Item 3 above, WASA is eligible to request (from USEPA) that we return to “reduced sampling”. WASA is planning on requesting that EPA allow us to revert back to a reduced testing schedule. Under the reduced sampling protocol we would be required to take a minimum of 50 samples per year, all taken during the warm weather months of June, July, August, and September, and essentially equally distributed in each month. This is in lieu of the current requirement that we take a minimum of 100 samples each calendar semester. Approval will be at EPA’s discretion.

IV. CAPITAL BUDGET

The General Manager provided an introduction and overview of the capital budget accompanied by a PowerPoint presentation. He noted that no questions from the Board have been received to-date. The Budget Calendar was reviewed and it was pointed out that the Retail Rates Committee and Finance and Budget Committee meetings shown as taking place on December 28th will actually be held January 4th. The revised FY 2007 operating budget is \$311.2 million; FY 2008 operating budget totals \$341.2 million; proposed FY 2008 rates increase is 7.5%; proposed PILOT/ROW fee increase is 6.8%.

The Capital Budget can be considered three ways: Lifetime Budget @ \$5.1 billion (total cost of all projects that occur in whole or in part in the 10-year plan-could include spending before and after the current 10-year plan); Disbursements Budget @ \$2.2 billion (the estimated cash flow required during the 10-year plan); and Authority Request @ \$446.6 million (spending authority to be requested from Congress based on FY 2008 additions to the capital program).

It was pointed out that spending related to operations and maintenance are relatively constant, but that the main driver of the need for rate increases is debt service related to the capital program.

Facility planning for the capital program is done with a 20-year planning horizon—obviously in excess of the 10-year capital plan. Review of spending on the various program areas as a percentage of the total budget was done with a pie chart graphic. Blue Plains expenditures are declining percentage wise, a reflection of the fact that the work to upgrade the entire plant has been substantially completed. However, the new Enhanced Nutrient Removal (ENR) work is not currently in the budget. The Committee raised questions as to why. The General Manager advised that details could be discussed in executive session. The Committee raised the point that recent newspaper articles gave the impression that WASA had no idea what the ENR improvements would cost. The GM cautioned against believing everything that is read in the media and again cited the proposed executive session for detailed discussions of this issue. The Committee requested that the lead replacements fraction of the Water Program Area be indicated, since this will be going down over time. It was pointed out that currently lead service replacements represent about 50% of the Water Program.

Capital budget assumptions were discussed, particularly the fact that the typical assumed inflation rate of 3% per year has had to be adjusted upward for projects starting construction in the next two fiscal years due to recent construction contract cost increases that have far exceeded historical trends. An escalation factor of 8%, is used for the near term projects, i.e., 5% more than the 3% per annum we generally use. The Committee requested information on the cost impact on the CIP of this 5% increase in inflation factor. The status of Facility Planning in each service area was discussed. Most service areas have been addressed, however, Solids Processing Projects in the Wastewater Treatment Service Area has to be revisited in light of the digester project deferral. ENR planning also must be completed as part of negotiations with EPA. Sanitary Sewer Service Area infrastructure assessment is underway. “Facility Planning” for the LTCP which is noted as completed in the presentation, refers to the development of the Long Term Control Plan (cost, schedule, general conceptual approach, etc.) and not the detailed planning work necessary to implement the LTCP. The detailed planning work is currently being done under contract DCFA #399 and will be completed in 2008, as is required by the LTCP Consent Decree.

Cost sharing pie charts on spending by user jurisdiction were discussed. These indicate “WASA” as a piece of the pie. The Committee pointed out that this is actually the District of Columbia user’s share. The Committee requested that the EPA percentage shown be included in an identifiable manner with the DC share since that is what it applies to. An additional pie chart showing spending splits for the LTCP was requested.

A hierarchy of priority codes was presented and discussed, with four of the categories representing legally binding orders, permit compliance, or health and safety priorities. Good Engineering Practices, and DC DOT work categories follow these. Significantly, approximately 45% of the project work that comprise the CIP (lifetime budget basis) is work required under legal requirements as to the work needed and the schedule under which it must be undertaken.

The General Manager discussed multiple Emerging and Long-Term Issues, with a comprehensive list presented. Issues include the CSO LTCP and TMDL rulings; Review of Internal Improvements Program for Blue Plains; Governance Study-Implementation; Blue Plains issues; Sewer System Assessment; Drinking Water Quality; M Street corridor infrastructure improvements; Anacostia Waterfront development; Main and O Street site redevelopment; new WASA headquarters building; transfer of stormwater responsibilities to DC; Security and Emergency Preparedness; Emergency Water Supply and Transmission Study; IMA renegotiations and the Green Building Act of 2006.

Discussion of individual project details took place. In general, many questions were raised on particular projects that showed contracts being initiated in FY 2007, as to whether these would take place as scheduled. Most of the questioned activities are expected to take place as indicated. Corrections or comments on specific projects are: Project UC was questioned as to whether it would take place as indicated; response was that it had slipped somewhat-however in fact the award of this construction project is imminent; Projects G4 and N7 have issues due to National Park Service permits and changing requirements on their part; Project DC description may imply that there are 3600 additional hydrants involved in this work-in reality the total number of hydrants in DC is approximately 9000 of which 3600 will be replaced under this project. A request was made for a yearly briefing to the Committee on the fire hydrant program. The Committee asked why expenditures were shown related to the digester project, with the explanation being that this is spending related to closing out the design contract and planning for future work. Extensive discussion took place regarding project S5 Large Diameter Water Main Internal Repairs, which the Committee noted shows a three-year gap in spending until spending resumes in 2011. The General Manager pointed out that this gap is the result of project prioritization and technical judgment, and that there are mechanisms to take care of urgent issues should they arise prior to 2011.

V. ACTION ITEMS

The following contracts were submitted for Committee action:

Contracts Considered and Approved				
No.	Type	Prime Contractor	Scope	Amount
Joint Use				
060080	Construction	Ulliman Schutte Construction, LLC	Contract	\$8,549,974.00
050250	Construction	Ulliman Schutte Construction, LLC	Contract	\$9,707,000.00
WAS-06-035-AB-ND	Goods & Services	Recyc Systems, Inc.	Contract	\$2,377,792.50
WAS-06-035-AA-ND	Goods & Services	Urban Service Systems Corporation	Contract	\$10,338,990.00
Non-Joint Use				
040260	Construction	Anchor Construction Corporation	Change Order	\$1,030,000.00

Discussion and recommendations regarding the two proposed goods and services contracts for biosolids management were deferred because that procurement is the subject of a protest. The contracts were subsequently discussed in executive session.

The remaining three construction contract procurement actions were recommended for forwarding to the full Board for approval. (Recommendations regarding the biosolids management contracts were reconsidered after the executive session. The sense of the majority of the Committee was to recommend these to the full Board for approval, over the objection of one Committee member.)

VI. EMERGING ISSUES

There was no discussion specifically on this agenda topic and no emerging issues raised other than those discussed under other agenda items.

VII. OTHER BUSINESS

PEPCO feeders providing electrical power to the Blue Plains AWTP were recently temporarily switched over to lines coming from the Palmers Corner Substation, rather than the usual Potomac Generating Station feeds. PEPCO required the switch in order to do work in its Virginia switching yard. A rigorous program was setup with to ensure that the switchover would not result in disruption of power to the Blue Plains plant. The switchover was successful and feeds will be switched back to the original feeder system shortly. In addition to accommodating PEPCO's needs, this exercise established that there are two entirely separate power source alternatives for the plant.

A Committee member requested that a \$1 million budget item be added for the use of the General Manager in encouraging stormwater management techniques in the District, such as green roofs. This budget could be used for grants. This is a District only issue, and fellow District board members fully supported this. It was noted by the Committee Chair that perhaps this is a function that should be under the purview of the DC Department of the Environment, which is assuming responsibility for stormwater management. Nonetheless, the District members of the Committee wish to move this concept forward to the full Board, with the General Manager developing whatever information is necessary to do so.

VIII. EXECUTIVE SESSION

For the record, the General Manager stated that an executive session is necessary to discuss two matters; one, the draft NPDES permit issued by EPA and the enhanced nitrogen removal projects that are attendant to that, and possible appeals of the permit, and two, proposed new biosolids management contracts, the procurement of which has resulted in the filing of a protest with WASA. The Committee adjourned the open session to meet in executive session at 10:50 a.m. The Committee returned to open session at 12:55 p.m.

IX. ADJOURNMENT

Mr. Caldwell adjourned the meeting at 1:05 p.m.