



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

Board of Directors

***Environmental Quality and
Operations Committee***

Tuesday, July 28, 2009

9:30 a.m.

MEETING MINUTES

Committee Members Present

David W. Lake, Chairman
David Bardin
Joseph Cotruvo
Howard Gibbs
Paivi Spoon
Beverly Warfield

WASA Staff Present

Avis Russell, Interim General Manager
Leonard Benson, Acting Chief Engineer
Meena Gowda, Acting General Counsel
Linda Manley, Board Secretary

I. CALL TO ORDER

Mr. Lake called the meeting to order at 9:33 a.m.

II. AWTP STATUS UPDATES

1. BPAWTP Performance

Mr. Walt Bailey, Director of Wastewater Treatment (DWT), reported that plant performance was excellent for June and met all permit parameters. Flow averaged 371 MGD for the month with a 12-month rolling average of 299 MGD. Rainfall was higher than normal, at 5.9 inches. Biosolids production averaged 1273 wet tons per day, with a 12 month average of 1171 tons. BNR performance averaged 3.8 mg/l; with a 12-month average of 6.5 mg/l, below the current annual goal of 7.5 mg/l and above the proposed permit limit that will become effective in 2015.

The Committee requested an explanation of a slight trend upward in the last four months in power consumption. Mr. Bailey explained that this is likely attributable to changing the number of aeration blowers that are on-line as we install and initiate operation of higher pressure fine bubble diffusers, and also due to pumping requirements of higher than average flows received by the plant in May and June. A Committee member also requested whether staff has seen a decline in DC flows to Blue Plains that correlates to the decline in water sales and whether the decline in DC water sales is comparable to the experience of

other utilities in the region (is there a faster reduction in DC water sales). Mr. Lake noted that it appears that the request is for a sensitivity review of wastewater sources, and he will discuss with staff what an appropriate response should be.

Mr. Bailey briefed the Committee on the results of the Sept. 5, 2008 EPA annual compliance inspection of Blue Plains. There were four areas of concern cited by EPA, and each has been discussed with and explained to EPA, with the belief that they are satisfied with the responses and actions taken by WASA. WASA has followed up the verbal discussions with a letter documenting our responses. The Committee requested that they receive a copy of the letter. The EPA inspector was a contract employee rather than an EPA employee which may explain why these areas of concern were raised in this inspection but had not been in the past. EPA has scheduled this year's inspection for August 17th.

III. NACWA AWARDS

Ms. Russell, Interim General Manager, noted that WASA received two awards from the National Association of Clean Water Agencies (NACWA). Mr. Bailey gave a presentation that elaborated on the awards. The first was a Research and Technology Award; received in conjunction with the Alexandria Sanitation Authority, resulting from a study of the use of anammox bacteria to accomplish nitrogen removal from high ammonia content recycle sidestreams. The second was a Public Education Award for WASA in collaboration with six Virginia utilities, for activities that promote the benefits of biosolids as a resource, its safety, and its value to agriculture. Ms. Russell also noted that WASA has received a gold award for Blue Plains performance. A Committee member requested that the entire Board receive the presentation on these awards, with a cover letter from Ms. Russell.

Mr. Lake pointed out to the Committee that the briefing on the Biosolids program, which was deferred at last month's meeting due to time constraints, will be given at the September Committee meeting. A Committee member noted that there is an e-mail newsletter, Water Technology On-line, where positive news on WASA awards and activities could be reported and he suggested that this be pursued to ensure that WASA "good news" is disseminated to others in the industry.

IV. STATUS UPDATE

1. AWTP NPDES Permit

Mr. Leonard Benson, Acting Chief Engineer, advised the Committee that the 60-day comment period for federal agencies on the draft permit closed on July 6th without comments, therefore the only commenter's on record are Earth Justice and WASA. WASA is okay with the draft permit language, and if EPA does not change it, WASA will not have objections to the final permit issuance. EPA has

advised that EPA will meet with us in early September and anticipate issuing the final permit by the end of September. It was noted that the final permit could be challenged within 30-days of issuance, and if no challenge is received from either of the parties that have commented, it could be “final”, possibly as early as the end of October.

2. LTCP/Water Quality Standards

This item was addressed in the permit discussion above.

V. STATUS UPDATES

1. Potomac Interceptor Sewer Odor Abatement Project

Mr. David McLaughlin, Acting Director of Engineering and Technical Services, noted that the construction advertisement for Maryland and D.C. sites was in newspapers last weekend. It is anticipated that a contract action item could be presented to the Committee in September, with a construction notice to proceed in November. Virginia sites also continue on schedule with no road blocks anticipated.

2. Potomac Sewage Pumping Station – Consent Decree Compliance: Update

Mr. McLaughlin advised that the recent focus of the investigation has been on developing mathematical model solutions through Computational Fluid Dynamics (CFD) modeling, and that indications are that installing straightening vanes in the pump inlet should improve flow characteristics in the pump inlet. Modeling will be completed in August to finalize the vane geometry and it will take 2-3 months to complete a sample installation on one pump for testing, and if all goes well, follow with implementation on the other pumps in question. This effort may take six months. WASA continues to apprise EPA of status on a monthly basis.

VI. BIOSOLIDS PROGRAM: FINANCIAL ANALYSIS

Mr. Benson gave a presentation regarding the financial aspects of proceeding with the proposed Biosolids Management Program, since this program can be considered “discretionary” as it is not legally mandated and it will have a large impact on near term retail rates and wholesale costs. The program does have financial benefits in the long term that make it attractive to pursue now. The presentation reviewed a presentation made to the Committee on June 30, 2008. Charts were presented that show the cumulative costs over time of the proposed program versus staying with land application of a lime stabilized Class B product. Charts indicating impacts on retail rates were also presented, and cumulative cost curves estimated when cash flow would be positive. The Committee asked whether the current alternative delivery thinking was reflected in the financial

analysis (it was) and whether there are options for dealing with this debt service, on top of the mandated TN program debt. Ms. Russell stated that we are not prepared to answer the debt service question at this time, but we will have options to present when the budgets are proposed.

Mr. Lake summed up the financial situation by noting that the report indicated “short-term pain would lead to long-term gain”.

VII. CURRENT ECONOMIC CONDITION - CONSTRUCTION OUTLOOK

Mr. Benson introduced Mr. Ken Simonson, Chief Economist of The Associated General Contractors of America (AGC), who had given a presentation to WASA staff recently, which he thought would be beneficial for Board members to hear. Mr. Simonson’s presentation indicated the trends in contracting by market sector, impacts of stimulus program spending, and comparisons of construction item cost trends versus the Consumer Price Index (CPI). His analysis indicated that the rate of increase in construction materials costs had significantly outpaced the CPI. Mr. Simonson stated his opinion that the construction materials costs, specifically related to non residential construction, would likely increase in 2010 by as much as 8%, with labor costs increasing by 3% or less. Outlook for certain materials in 2009 and beyond is dependent on worldwide demand and may be subject to price spikes. Mr. Simonson offered to answer any questions by e-mail and also to sign up anyone interested to the AGC’s weekly “The Data Digest” e-mail.

VIII. ACTION ITEMS – JOINT USE

The following four joint use contract items were presented to the Committee for consideration to forward to the full Board:

| Joint Use Contracts Considered and Approved | | | | |
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| No. | Type | Prime Contractor | Scope | Amount |
| WAS-07-047-AK-RE | Goods and Services | OnPoint Consulting, Inc. | Contract Modification | \$250,000.00 |
| WAS-07-047-AJ-RE | Goods and Services | Networking For Future, Inc. | Contract Modification | \$250,000.00 |
| WAS-07-047-AI-RE | Goods and Services | Namtra Business Solutions, Inc. | Contract Modification | \$250,000.00 |
| WAS-08-025-AA-RV | Goods and Services | Carter & Carter Enterprises, Inc. | Contract Modification | \$1,590,000.00 |

Mr. Mujib Lodhi, Chief Information Officer presented three fact sheets seeking approval for procurement of additional information technology (IT) services under current IT contracts. Committee members noted that there was a lack of clarity in the fact sheet information with respect to what exactly the action was which required Board approval and also questioned the derivation of user cost share percentages. Mr. Benson also presented a fact sheet for purchase of a larger quantity of ferric chloride than the original contract provided for, necessitated by

the fact that an alternate supply of metal salts-waste pickle liquor- from a steel mill at Sparrows Point, MD, is not as readily available as anticipated. Mr. Lake noted that this fact sheet should indicate the increased quantity and unit cost. Mr. Lake advised that he will discuss with Mr. Lodhi as to the revisions that are needed to the IT fact sheets. The Committee agreed to recommend all action items to the full Board for approval at the September meeting, subject to appropriate fact sheets clarifications.

IX. EMERGING ISSUES/OTHER BUSINESS

1. Six Month Look Ahead: Large Contracts

The updated six-month look-ahead of anticipated large procurements was distributed.

2. Combined Heat and Power Project – Grant Application

Mr. Benson noted that an application for a \$40 Million grant was made, with further details to be discussed if a grant award is received.

X. ADJOURNMENT

The meeting was adjourned at 11:33 a.m.