



District of Columbia Water and Sewer Authority

***MINUTES
90th Meeting of the Board of Directors
Thursday, July 1, 2004***

Present Directors

Glenn S. Gerstell, Chairman
David J. Bardin
James Caldwell
Alfonso N. Cornish
Michael Hodge
Alexis Roberson
Anthony Griffin
Lucy Murray
Alexander McPhail
Fariba Kassiri

Present Alternate Directors

Paul Folkers
Larry Coffman
David Lake
James Wareck
Stephanie Nash
Robert Stalzer (pending swearing in)
Donna Wilson

WASA Staff

Jerry N. Johnson, General Manager
Wendy Hartmann-Moore, Interim General Counsel
Linda R. Manley, Secretary to the Board of Directors

Chairman Gerstell convened the July 1, 2004, Board of Directors meeting at 9:32 a.m.

Ms. Manley, Board Secretary, called the roll to establish a quorum.

Introduction of New Staff by the General Manager

The General Manager announced the appointment of Ms. Tanya DeLeon, as the Risk Manager. Before accepting the position, Ms. DeLeon was a Senior Risk Management Analyst. She is a professional with 13 years of experience in the private sector with CAN Insurance and PMA Insurance.

Mr. Dan Hall is appointed Security Manager for the Authority. Before joining WASA, he was Deputy Chief of Protective Services with the Washington Metropolitan Transit Authority. Mr. Hall has nearly 30 years of experience in law enforcement and investigative services that he brings to WASA.

Ms. Karen DeWitt is appointed Public Affairs Director. Ms. DeWitt will join the management team on July 12. As an independent writer and producer before joining WASA, Ms. DeWitt was a Senior Producer and Editor for ABC Television's Nightline in the Washington Bureau and abc.com.

The Authority extended an offer and it has been accepted for Manager of Budget and Finance, and that position is not being announced today because the person who is going to be joining the team has not made the requisite announcement to their employer.

The General Manager introduced John Dunn as Interim Chief Engineer and Deputy General Manager. Mr. Dunn served as Director of Utilities for the City of Norfolk, Virginia, Director of Environmental and Development Services for York County, Virginia and Deputy Director of Utilities and Engineering Operations and Maintenance for the City of Richmond.

The General Manager recommended for Board ratification the appointment of Ms. Avis Marie Russell as General Counsel. Ms. Russell will join the management team on July 6. Ms. Russell served as Executive Counsel to the Mayor for the City of New Orleans, as the Mayor's Legal Advisor with responsibilities ranging from negotiating economic development contracts, labor agreements and providing oversight for the procurement process on a host of issues that range from work on the District Zoning Board, NPDES permit applications, and negotiations required to implement the environmental programs.

The General Manager commended Ms. Wendy Hartmann-Moore for her excellent legal guidance and service that she provided as Interim General Counsel since the departure of Henderson Brown. Ms. Hartmann has brought a wealth of skills and management abilities to the Authority, and certainly the General Manager wants to commend her for her efforts.

Approval of Minutes of June 3, 2004 Meeting

It was Moved and Seconded that the minutes of the Board of Directors meeting of June 3, 2004 be approved. The motion carried unanimously.

Committee Reports

Community and Customer Service

Reported by: Alexander McPhail

Mr. McPhail reported that the Customer and Community Services Committee met on June 10th. The Committee discussed the lead service line resolution that is on the agenda for consideration.

The Committee acknowledged the progress it made in terms of lead service line replacement issues. Mr. McPhail stated that the hardest issue for the Committee to come to grips with was how the private portion of the lead service line would be replaced because the Authority's responsibility stops at the property line. The Authority is establishing a standard charge for receiving an estimate to replace the private portion of the lead service lines by the Authority. This means that either the homeowner can have the Authority replace their portion while it is replacing the public line or hire their own private plumber.

Staff has been instrumental in making connections with one of the local banks, and the understanding is that banks will grant any homeowner who has a lead service line a loan to replace their portion on the private property. The rates and terms for that loan would depend on the individual customer.

For low-income customers there are grants available from a combination of federal and state sources to replace the lead service line on private property.

The CAP program for renters is now in effect, and this is basically 4ccf per month for water for people, which are certified to be low income by the City. This is important because it now places the Authority fully on par with other utilities in the region. The people sign up to participate in the energy program for assistance with their telephone bills and their gas bills so that the Authority gets exactly the same coverage that all of those other utilities receive.

Environmental Quality and Operations Committee

Reported by: James Caldwell

Mr. Caldwell reported that the Environmental Quality and Operations Committee met on June 16th and was provided a status of the Blue Plains facilities. The average flow for May was 356 mgd.

The Committee received a presentation from Donna Wilson as the Chair of the Blue Plains Regional Committee on the aspects of the Blue Plains Regional Committee in similar projects associated with Blue Plains under their responsibilities with the IMA.

Primarily it was an orientation for committee members and the Committee will receive presentations from the Blue Plains Regional Committee on a quarterly basis, three to the Operations Committee and one every year to the full Board.

Ms. Wilson briefed the Committee on how the IMA was formed and the various committees within the IMA structure. It was agreed that the Blue Plains Regional Committee would present a one-page summary of the major projects that the group is involved with that also are associated with the activities here at Blue Plains.

The Committee had a lengthy discussion on the lead service replacement program. The presentation addressed the staff's assessment of how quickly the replacements could be made, as well as the resources that will be required. It also addressed the coordination efforts required with other public agencies, and possible funding sources for private property replacements.

The Committee stated a need for a Memorandum of Understanding with any District agency that the Authority would have to work with through permits, road construction or whatever necessary to pursue the Authority's goal for the lead service replacement program.

The Committee reviewed, discussed and is recommending after a few minor modifications to the descriptions, six action items which are listed on the agenda for today for Board approval.

CSO/Stormwater Management Subcommittee of the Environmental Quality and Operations Committee

The subcommittee met following the Environmental Quality and Operations Committee and there was continued discussion about the potential for sewer separation as opposed to some of the other aspects that have been proposed for large tunneling to deal with the combined sewers. Staff will present to the Committee at the next meeting a detailed analysis.

Ms. Kassiri noted that she was in attendance at the meeting and the Secretary will revise the minutes to reflect the change.

Ms. Roberson requested that the minutes be revised to reflect the question that she asked during the Blue Plains Regional Committee presentation. "Is the WASA Board of Directors required if we have a Blue Plains Regional Committee." Mr. Caldwell requested that the minutes be revised to reflect Ms. Roberson's question.

Finance and Budget Committee

Reported by: Chairman Gerstell

Chairman Gerstell reported that the Finance and Budget Committee met on June 18th. He stated that revenues continue to be on track, actually slightly ahead at \$175.2 million through the end of May. Operating expenses excluding lead-related expenses were actually running under budget. The lead expenses originally estimated at \$13.3 million is approximately \$11 million, a little less than originally anticipated due to a decrease in

phone calls and just the general amount of attention being paid to the issue from customers and filter distributions.

Capital disbursements continued to run ahead of budget on a straight-line basis; disbursements at the end of May were \$153.5 million, or 76.2 percent of budget.

The Committee reviewed several bond financing documents, including the preliminary offering statement and the form of the bond resolution, which is recommended by the Committee for the Board to approve up to \$280 million in bond financing on today.

Mary Jo Kelly from the Underwriters Council of Nixon Peabody described a series of extensive meeting with the WASA staff, outside counsel and other experts. The Committee felt comfortable that adequate due diligence had been undertaken in connection with the bond offering.

Retail Rates Committee

Reported by: Chairman Gerstell

Chairman Gerstell reported that the Retail Rates Committee met on June 18th prior to the Finance and Budget Committee meeting. The Committee reviewed and discussed the financial impact if the Authority moves from a six-year proposed replacement cycle of all known lead lines in the public space to ten years, and requested that staff provide information on how much that would cause rates to increase or decrease. A six-year program would produce an average rate increase of about seven percent in bills, and a ten-year program really wouldn't produce any significant reduction in rates. It would probably drop to about 6.6 and that is in part because with a longer program, there are higher interest costs and more costs added due to inflation. There was not much of a financial impact moving from six years to ten years, which is what continues to drive the members of that Committee and then ultimately the Board to adhere to the proposed six-year period.

The Committee also reviewed and discussed the fixed fee for replacements of pipe on private property. This is upon request from the customer for the Authority to replace their pipes simultaneously with the Authority's replacement on public space. Resolution #04-61 provides a fixed fee of \$100 per foot for lead service lines outside the house and a \$500 fee for replacing the line inside the house up to the first threaded connection. The comment period had not expired when the Committee met on June 18th, however the Committee met this morning and is recommending adoption of Resolution #04-61.

Human Resources/Labor Relations Committee

Reported by: Alfonso Cornish

Mr. Cornish reported that the Committee met on June 3rd. The General Manager informed the Committee that the Public Employee Relations Board unit modification hearing was scheduled for June 7 through June 9.

Marvin Jones, Human Resources and Payroll Consultant, provided the Committee with an overview of the Ceridian self-service feature for employees. Employees will be able to access their benefits and payroll online.

Barbara Grier, Human Resources Director, presented the Human Resources/Labor Relations Report. There were questions raised related to random drug testing, and the reason there were no random drug tests during the second quarter is that they are going through a solicitation to find a new vendor.

The Committee had some discussion about overall employee morale, and the Committee agreed that during the course of this year the Committee will have an employee satisfaction survey to determine the level of the employees' morale.

The General Manager provided the Committee with an update on hiring in some executive level positions. The Committee is pleased that selections have been made for the General Counsel and the Public Affairs Director.

Finally, the Committee closed out with a presentation from Everett Lallis, Occupational Safety and Health Director. He reported that to date, 90 inspections have been completed. The second annual Safety Day will be held on June 10, 2004. Mr. Lallis stated that 13 federal OSHA inspections were conducted on WASA contractor job sites during FY 2003, and this is significant, with no citations.

Ms. Murray requested that the committee members receive the reports prior to the Board meeting.

General Manager's Report

Reported by: Michael Marcotte

Mr. Marcotte reported that the plant performance is summarized in the General Manager's report, page 18 through 26. It continues to be excellent.

The consent agreement with EPA, which is also the subject of a resolution today, is addressed beginning on page 13 of the report. The Chairman referenced the financing schedule, which is addressed on page 4 and page 5, for the new bond issue that is forthcoming.

Mr. Bardin asked what is the status of the digesters project. Mr. Marcotte stated that the design is proceeding. Ms. Hartmann-Moore stated that the PUD application has been completed. It has not yet been filed, but that should occur this month.

Mr. Lake stated that the graph that was provided to the Board says "Percent Positive Total Coliforms." Mr. Marcotte replied "yes". Mr. Lake stated that there is a bar that says "Goal of five percent." He assumes that that is really the upper limit. Mr. Marcotte stated that the regulatory limit is five percent in any given month. The Authority takes approximately 200 samples each month, and the regulatory limit is five percent. Obviously, the goal would be to have zero percent positive of any bacterial contamination. One of the challenges in this particular test is that like many medical test and biological tests there is a certain number of false positives that come up on the

nature of this testing as well as some variation that can occur with benign bacteria. Therefore, the goal is zero and the regulatory limit is five.

Mr. Bardin requested that in the future the chart reflect previous years and that is shared with the Environmental Quality and Operations Committee each month to allow appropriate review, analysis and interpretation by staff discussions.

Accelerated Lead Service Line Replacement Presentation

Presented by: Michael Marcotte

Mr. Marcotte reiterated to the Board that the commitment is to set a goal of removal of all the known lead service lines in public space through a continuing replacement program. He stated that over the last several months the Authority became increasingly aware that any measurable amounts of lead are of concern, and some customers may still experience them even after the corrosion control. Therefore, it makes sense to remove sources of lead under the control of the Authority, although the health significance of the individual lead service lines is very difficult to assess.

The Authority held a number of public meetings to receive public input, including three formal public meetings, and received extensive input from a number of ANCs, as well as other input that generally have been supportive of getting rid of the lead service lines on an accelerated basis. In fact, a number of the comments received charged the Authority to accelerate the lead replacements even beyond levels that the Authority was considering.

The Customer and Community Services Committee initiated the discussion of an accelerated lead service replacement program in March and had several briefings and discussions. The Environmental Quality and Operations Committee took up the issue in May and June, and at the request of this Board the Retail Rates and the Finance and Budget Committees considered the matter and offered their support in June.

The Lead Service Replacement Program proposed to remove all lead service lines from public space by September 30, 2010, replacing those lines with EPA-approved materials. If, after that date, a previously unidentified line is located, the Authority would replace that line within 90 days. The Authority also encourages by various means the coordinated elimination of private lead lines by property owners, recognizing that the Authority only achieves a partial success when only part of the line is removed.

The Authority will focus over the next two years on approximately 2,500 lead services per year. This is consistent with the agreement reached with EPA on removing lead service lines on an accelerated basis in those two years.

WASA will attempt to replace lines in a coordinated fashion on a block-by-block basis, recognizing that this is likely the least disruptive and most cost-effective way to do this. An initial focus will be on neighborhoods with high densities of lead service lines and the highest concentrations of lead in water based on the Authority's expanding database.

The Authority will coordinate the replacement program with the Department of Transportation as the entity charged with coordinating all the activities in the public streets and right-of-way.

The Authority will seek a MOU outlining reasonable cost-effective permitting and inspection approach with DDOT, DCRA and DC DOH, all of whom have roles to play as the Authority moves forward in the implementation of what is likely to be a very ambitious short-term capital program.

The Authority will evaluate the feasibility of using in-house crews to perform the replacements and submit those findings to the Board. The Authority will work to refine its lead services inventory with the goal of conducting a city-wide survey using an alternative "no-dig" technology. The goal would be to complete the survey in 2006 and to revise the program and the replacement targets accordingly. It is important to recognize that the total number of lead services could go up or down depending on the results of the overall survey.

The Authority will work with D.C. agencies and private interests to identify multiple options for funding.

The Authority will develop and implement an aggressive community outreach and involvement program to ensure two-way communications on all aspects, starting with site selection prioritization, moving through construction and inventory refinement, including the designation of a Citizen Advisory Board and community liaisons and extensive community meetings, such as mailings, newsletters and door hangers.

Chairman Gerstell stated that the proposal for the accelerated lead service line replacement program is a good indication of how the Board and staff have worked together on a critical and fundamental issue.

Chairman Gerstell commended both David Bardin and Alexander McPhail for their assistance in moving the accelerated lead service replacement program along.

Chairman Gerstell stated that the proposal to replace lead service lines by September 30, 2010 has the support of the City Administrator. Chairman Gerstell talked to the Mayor's office about the replacement program as well as the members of the DC Council.

Mr. Lake asked that the second bullet under the Lead Line Replacement on Attachment A of Resolution No. 04-51. Ratification of Consent Decree with EPA be reworded for clarity.

Mr. Bardin requested that staff provide to the Environmental Quality and Operations Committee information on any impediments to the success of the program in the Authority's own regulations on contracting and the Authority's own policies on contracting.

Administrative Items

1. **Ratification of Consent Decree with EPA – Resolution #04-51**

The Board expresses, for the public record, its agreement with the terms of the Consent Order and ratifies the actions taken by the General Manager in negotiating and executing it.

The Board approves the terms of the Consent Order, which was executed by the General Manager on or about June 17, 2004 and ratifies the General Manager's signature.

Mr. Bardin praised Interim General Counsel Wendy Hartmann-Moore for drafting the resolution to include the historical record of the Consent Decree.

Mr. Caldwell asked if we are incorporating new language that actually includes numbers in the second bullet on attachment a under Lead Line Replacements. Mr. Marcotte stated that staff would revise the second bullet to remove the word double and replace it with 1,000.

2. **Ratification of Appointment of General Counsel – Resolution #04-52**

Ms. Murray asked if the Board was required to ratify the appointment of the General Counsel by law. Mr. Bardin stated that the General Counsel serves as the Chief Legal Advisor to the Board in addition to the Authority.

3. **Resolution of Appreciation to the GE Consumer & Industrial**

The Board of Directors expresses its sincere appreciation and heartfelt thanks to GE Consumer & Industrial for its outstanding contribution of 12,500 GE SmartWater filtration pitchers to the District of Columbia Water and Sewer Authority and residents of the community.

Resolution of Appreciation to Michael Marcotte for His Outstanding Service to the Authority

Chairman Gerstell presented Michael Marcotte with a resolution of appreciation for his outstanding and dedicated service to the Authority. He stated that Mr. Marcotte served just under seven years as the Deputy General Manager/Chief Engineer for the Authority. He has really done an extraordinary job. Mr. Marcotte is leaving on July 9 to take over a very important critical role as Director of Public Works for the City of Houston.

In addition, the Board presented Mr. Marcotte with the Distinguished Service Award in recognition and appreciation for his exemplary contributions and dedication to the District of Columbia Water and Sewer Authority.

Mr. Marcotte thanked the Board and the General Manager for giving him this opportunity and being a constant source of support. He thanked the thousand plus WASA employees that have made him look good. Mr. Marcotte thanked his employees that report directly to him.

Consent Items (Joint Use)

1. **Approval of Contract No. DCFA #239-WSU, EMA Services P.C. – Resolution #04-53**

The Supplemental Agreement No. 5 continues the design, technical assistance and construction management services for the PPCS and Supervisory Control and Data Acquisition (SCADA) project. The supplemental agreement amount is \$7,384,038.

2. **Approval of Contract No. DCFA #374, BBS Professional Corporation Resolution #04-54**

The Supplemental Agreement No. 3 will compensate for proposed additional work related to the design of two additional silos, pumps, piping, heat exchangers, cooling water, electrical and instrumentation components. In addition, the completion of final architectural design, permitting and planned unit development support, and public outreach.

3. **Approval of Contract No. 020020, Ulliman Schutte Construction, LLC (Change Order No. 6) – Resolution #04-55**

The purpose of this change is to add additional wiring for the Gas System Alarm Panels for the PCCS interface, to provide electrical power to CSFL1W and CSFL1E, to modify Panel LPA and to provide a new 600 MCM electrical feeder from USS-2 to USS-3. The change order amount is \$151,755.

4. **Approval of Contract No. 020020, Ulliman Schutte Construction, LLC (Change Order No. 7) – Resolution #04-56**

The purpose of this change is to repair the severely deteriorated underside of the West Grit Facilities Concrete Driveway Slab between the West Grit Tanks and the West Screen Facilities. The change order amount is \$478,411.

5. **Approving the Final Form of Certain Documents, Authorizing the Sale and Setting Terms and Details of the Series 2004 Subordinated Bonds – Resolution #04-57**

Consent Items (Non-Joint Use)

6. **Approval of Contract No. DCFA #239-WSU, EMA Services, P.C. – Resolution #04-58**

This supplemental agreement continues the design, technical assistance and construction management services for the PPCS and Supervisory Control and Data Acquisition (SCADA) project. The supplemental amount is \$3,348,551.

7. **Approval of Contract No. DCFA #372-WSA, Baker/Killam Joint Venture – Resolution #04-59**

The purpose of this agreement is to allow for the continuance of engineering services for the development and management of the water capital improvement program and ongoing support services required for the lead service replacement program until January 31, 2004. The supplemental agreement amount is \$3,065,000.

8. **Approval of Lead Service Replacement Policy – Resolution #04-60**

The Board of Director approves the lead service line replacement policy and authorizes the General Manager to take all steps necessary to carry out the intentions expressed in the resolution.

9. **Approval of Private Lead Service Replacement Fee – Resolution #04-61**

The Board adopted as final the regulations on the Lead Service Replacement Fee.

The Motion to Adopt Consent Items (Non-Joint Use) was Moved and Seconded with unanimous approval by those Board members representing the District of Columbia.

The meeting was adjourned at 11:45 a.m.

Respectfully submitted,


Secretary to the Board of Directors