



**District of Columbia
Water and Sewer Authority**

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

Thursday, September 16, 2004 – 9:30 a.m.
Room 407, COF, Blue Plains

MEETING MINUTES

Board Members

James Caldwell, Chairman
David Lake
Larry Coffman
Alexis Roberson
Stephanie Nash

Staff Members

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

I. CALL TO ORDER

Chairman James Caldwell called the meeting to order at 9:36 a.m.

II. STATUS UPDATES

Mr. Bailey presented a brief update on plant performance and permit status.

1. Plant Performance

Flows for August averaged 320 MGD vs. higher flows earlier in the year. All Blue Plains NPDES permit requirements are being met. A handout was provided showing all permit limits and plant readings. It was noted that although one day shows that the phosphorus discharge concentration in the report shown was above the permit limit, the permit is based on the annual average, not the daily reading. The permit basis will be explained in future reports.

2. AWTP NPDES Permit

The current permit was issued on January 21, 2003. WASA, as well as Friends of the Earth, filed appeals to the permit. In March 2004, EPA issued for public comment a modified draft permit incorporating all of WASA's concerns. This permit incorporated Phase II (LTCP) requirements. While DCDOH had made comments on the LTCP, EPA issued a letter stating that the DCDOH comments were not received in a timely manner, and DCDOH had waived its right to certify the permit.

3. WAD Residual Disposal Feasibility Study

Mr. Benson presented the status of the Residual Disposal Study. On September 7th the Corps of Engineers held a public meeting to present options deemed feasible for disposal of residuals. While it was expected that approximately 50 residents would attend, approximately 300 attended. Of those attending, approximately 1/2 were from DC, and 1/2 were from Montgomery County. Three options were presented: 1) onsite dewatering and monofill; 2) onsite dewatering and offsite trucking; and 3) installing a 12-inch line and pumping the residual to Blue Plains for dewatering and trucking offsite.

Of the options presented, approximately 1/2 of those attending (Montgomery County residents) were opposed to option 1; approximately 1/2 (DC residents) were opposed to option 2; and most were in favor of option 3.

The third option presents problems from WASA's prospective. Installing the 12-inch line through the city would be a problem, but of greater concern is the function of dewatering at Blue Plains. A facility for dewatering would take up scarce real estate, and the facility would not fit with the main function of Blue Plains. Also, this option would create increased truck traffic, something that WASA is striving to decrease through construction of our Egg Shaped Digesters.

WASA's staff will stay very involved in the development of this. This meeting was held was for information only, and is not currently out for public comment. Another meeting will be held on the 28th of this month, and WASA representatives will attend. The Committee indicated that at some point, WASA should address a letter to the Corps indicating our opposition to the third option, but would leave the timing to the discretion of WASA's staff.

III. WATER SERVICES PROGRAM

Mr. Dunn made a brief presentation on the current status of the lead service replacement program. In the '05 program, WASA is making a stronger push to have the private portion of the services replaced. This is being achieved through fixed customer unit pricing, advanced determination of a "not to exceed cost" to be included in the customer's notification and contract package, financing assistance, and additional outreach mailings. WASA is also meeting all of the Administrative Order deadlines.

The Committee asked if the program was being managed by WASA's engineering staff or by outside contractors. WASA's engineering staff is currently managing the program, but there is a job description being finalized for a new position for a permanent full-time manager.

The Committee requested that a standard report be developed for tracking the progress of the program that will establish consistent measurement parameters. It was requested that this report be presented at the next meeting for review and discussion.

IV. DC AUDITOR'S REPORT ON LARGE METER TESTING AND REPAIR CONTRACT

The DC Auditor initiated a major audit of the Large Meter Testing and Repair Contract, covering the period of May 2000 through June 2001. The contract was for the testing and repair of approximately 2,800 large service meters accounting for approximately 1/2 of the total DC retail water use. The contract successfully tested most of the large meters, and repaired or replaced approximately 900 meters. Total increased revenue after the testing and repair is approximately \$10 million, which represents an approximate 17% increase in consumption on the repaired meters, and which is in line with the experience of other utilities that have undertaken this type of program. An added benefit of the contract was the gathering of information on the meters that are installed. The audit report contained twelve findings and nine recommendations. WASA agreed to five follow up actions in response to the findings and all but one have been completed. The only open item is to update WASA's procurement regulations to require each procurement to adhere to the 'contracting out' requirements contained in the collective bargaining agreement - the 'contracting out' requirements were met with this contract.

V. ELECTRICITY RFP

With the expiration of Pepco's generation rate caps, procurement of electricity has become a major issue, with Maryland experiencing increases of 40 to 50%. WASA currently spends

approximately \$15 million per year for electricity. Although transmission and distribution costs will not be affected, the \$12 million of generation costs are at risk. WASA has initiated a Request for Qualifications and Pricing for providing electrical services to our facilities.

In developing the RFQ, WASA staff initiated an internal working group consisting of members from DETS, WWT, DMS, OGC, OCFO, and outside consultants to develop criteria for the procurement. This working group is looking at a wide range of related issues, such as loads, demands, and future cogeneration from the digesters.

On September 3, the RFQ was issued, with proposals, including not-to-exceed pricing, due on October 4. Because of the volatility of the energy market – a spot market with rapidly fluctuating prices – WASA needs the ability to execute a final contract within 24 hours of receiving a best-and-final offer. After presenting the not-to-exceed prices and the qualified suppliers to the full Board of Directors at the October 7 meeting, we will ask the Board to grant the General Manager authority to execute a contract or contracts up to the not-to-exceed value based on the proposers best-and-final offer.

In addition to the single contract, WASA's staff is looking at other options that may be in WASA's best interests. Some include: separate contracts for Blue Plains and other WASA facilities, including pumping stations; a regional procurement with other utilities; a procurement with the DC government; and other options. While these may not be available for the current contract, they may provide opportunities for future contracts. The contract period would commence February 7, 2005 for Blue Plains, and on January 1, 2005 for other of the WASA facilities. Washington Gas was instrumental in working with WASA to clarify the 12-month minimum stay provision for PEPCO's service and to be able to execute new contracts on the above dates.

The Committee asked if there was a minimum percentage of the contract that was reserved for generation from renewable resources. This is not included in the current procurement. The Committee requested, and staff agreed, to follow up on this with Montgomery County, as it offers an advantage in air quality reduction credits.

VI. BLUE PLAINS AWTP DIGESTER PROJECTS STATUS

Height Approval:

The Planned Unit Development (PUD) was presented to the zoning Commission at the September 13 meeting. It has been determined by the Zoning Commission to treat the request as a combined zoning variance and PUD to offer WASA the greatest amount of relief. The issue should go before the Commission at the November 18 meeting for a final ruling.

Architecture:

Models of the Egg Shaped Digester facilities were presented to the Committee, and a general discussion of the project features was held while looking at the models.

Mr. Benson made a PowerPoint presentation on the architectural features of the digesters, in particular the cladding, indicating that the current approved digester project budget would be maintained.

VII. MAIN & O STREET PUMPING STATION PROJECT STATUS

Zoning Issues:

In July, WASA received a special exception zoning approval, however, the Zoning Commission placed several stipulations on the exception, many of which WASA felt were not in the best interest of WASA's ratepayers. In particular was a requirement to prepare a site development plan within two years, and to implement the development within four years thereafter. Because of the stipulations, WASA withdrew their request for the exception, and will, therefore, be required to place all of the planned functions within the existing facility.

Budget:

Mr. Benson made a presentation of the current budget status of the project, including an explanation of the Action Item to increase funding for redesign required as a result of the Zoning Commission action. The project is still projected to be completed within the current approved budget.

VIII. ACTION ITEMS

The following contracts were submitted for Committee action:

Contracts Considered and Approved				
No.	Type	Prime Contractor	Scope	Amount
020010	Construction (Joint Use)	Ulliman Schutte Construction, LLC	Change Order	\$89,878
020020	Construction (Joint Use)	Ulliman Schutte Construction, LLC	Change Order	\$175,500
WAS-01- 004-AA-MB	Goods (Joint Use)	C & E Services, Inc. of Washington	Execute third option year	\$627,000
WAS-01- 023-AB-DW	Services (Joint Use)	JABB II, LLC Joint Venture	Execute second option year	\$10,410,050
WAS-2031- AA-BS	Services (Joint Use)	K-F Environmental Technologies, Inc.	Execute fourth option year	\$1,681,098.75
WAS-01- 039-AA-JS	Goods (Joint Use)	Tricon of Washington D.C., Inc.	Execute third option year	\$912,422.50
GS-35F- 0698J	Services (Joint Use)	BTG Inc.	Execute fourth option year	\$70,750.68
WAS-01- 005-AA-JS	Services (Joint Use)	MVM Inc.	Extend Contract	\$9,202,197.48
GS-35F- 5057H	Services (Joint Use)	IQuest Solutions	Extend Contract	\$860,000
GS-35F- 0197L	Services (Joint Use)	Networking for Future, Inc.	Extend Contract	\$300,000
GS-35F- 4076D	Goods and Services (Joint Use)	Dell Marketing, LP	Extend Contract	\$1,209,613.90
GS-35F- 5570H	Services (Joint Use)	Adsystem, Inc.	Extend Contract	\$850,000
GS-10TF- 02-EBD- 0005	Services (Non-Joint Use)	EBits Corp.	Execute third option year	\$625,400
DCFA #358- WSA	A/E (Non-Joint Use)	Hazen and Sawyer, P.C.	Supplemental Agreement	\$583,953
010050	Construction (Non-Joint Use)	Whiting-Turner Contracting Co.	Change Order	\$46,568
040010	Construction (Non-Joint Use)	C&F Construction Company	Change Order	\$2,161,500
040130	Construction (Non-Joint Use)	Capitol Paving of D.C. Inc.	Construction Contract	\$5,000,000

The Committee questioned the use of COG contracts in relation to LSDBE contractors. WASA staff assured the Committee that that COG contracts are procured competitively and attract, and are awarded to, LSDBE contractors, just as WASA procurements are.

All action items were approved unanimously.

IX. CSO/STORMWATER MANAGEMENT SUBCOMMITTEE

Mr. Benson made a summery level PowerPoint presentation on the requirements of the MS4 NPDES permit recommended by the District in August, 2004.

The Committee had requested a regular written status of the CSO program. A report status form was presented to the committee for review and comment on the format and content. It is proposed that this form be included in the quarterly CIP report to the Committee.

Mr. Bender presented a comparison of the LTCP based on a 25-year program vs. the current 40-year program. The EPA has proposed the possibility of reducing the program from the current 40-years to the proposed 25-years. A hand out was passed out showing the comparison. It was pointed out that while the lifetime budget would be reduced with the 25-year program, the first 10-year costs would be increased significantly from the current 10-year plan.

A presentation on WASA's advocacy of the LID was postponed until next month because of time restraints.

X. EMERGING ISSUES

CMOM: Capacity/Management/Operations/Maintenance – a proposed but as yet unpromulgated USEPA regulation to ensure the adequacy of municipal sewer systems. The reg would require that the design (capacity), system management in all regards – financial through operations and maintenance (management), and O&M of the municipal sewer systems is adequate.

Legislation four years ago required the CMOM, and the issues are now being addressed.

Chesapeake Bay Program:

There is a current proposal to reduce nitrogen discharges by an additional 18%. While Maryland and Virginia have been very active in the program, Pennsylvania, New York and DC have not. WASA and Blue plains have remained very active in the program. WASA's concern is that the proposal is not a comprehensive review of the topic, addressing only point sources, and not non-point sources.

XI. OTHER BUSINESS

October 8, CIP Tour.

October 21, (first part of EQ&Op's meeting) Green Roof Tour.

XII. ADJOURNMENT

Mr. Caldwell adjourned the meeting at 12:00 p.m.