



*District of Columbia
Water and Sewer Authority*

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

Thursday, December 13 2005, 9:30 a.m.
Room 407, COF, Blue Plains

SUMMARY MINUTES

Board Members

James Caldwell, Chairman
David J. Bardin
Brenda Richardson
F. Alexis Roberson
Stephanie Nash
Beverly Warfield
David Lake

Staff Members

Jerry Johnson, General Manager
Avis Russell, General Counsel
John Dunn, Chief Engineer
Michelle Cowan, Acting Chief Financial
Officer
Linda R. Manley, Board Secretary

I. CALL TO ORDER

James Caldwell called the meeting to order at 8:33 a.m.

II. STATUS UPDATES

1. BPAWTP Performance

Average flow at Blue Plains for the month of November was 299 MGD, with a very dry month. All permit parameters were met. Biosolids production was 1,423 tons per day, and effluent total nitrogen for the month was 5.63 mg/L vs. a permitted annual goal of 7.5 mg/L.

There was a question from the Committee about the high biosolids production for the low flow. The response was that the biosolids production included a carry-over from the previous month.

2. Status AWTP NPDES Permit

Negotiations are continuing on the permit, and questions are being reviewed by WASA's legal counsel. EPA is planning on including a nutrient removal requirement covering nitrogen. We expect to receive a draft copy of the permit by approximately mid-year 2006.

Mr. Johnson announced that WASA had received the building permit for the Egg-Shaped Digester Facility. This permit incorporates the required air permit.

III. WATER SERVICE PROGRAM

1. Coliform Testing

WASA had one positive sample in November, and none to date in December.

2. Orthophosphate Addition/OCCT

The Washington Aqueduct Division (WAD) is continuing to run test loops of various treatments, and WASA is running two others. One option that is being examined is the possibility of forgoing the chlorine 'burn' during the next year.

3. LCR Compliance Testing: Results and Trends

The results continue to be below the action level.

The Committee asked for a report on remaining lead program milestones. The next milestone is the Lead and Copper Rule report presentation to EPA. This is due by January 10, 2006. When the report is presented, WASA will no longer be required to replace lead service lines, and it will allow WASA to reduce LCR sampling to 50 per year from the currently required 200 per year. Although the requirements will be lifted at that time, EPA has a 60-day review period, and during this period, WASA will continue the current program because of the possibility of an EPA challenge to the submission.

The Committee requested that a summary presentation of the report be given to the Committee, that the Committee be informed at the end of the 60day review period, and that a summary of future milestones be made available to the Committee.

4. System Flushing

The system flushing has been completed for the year. A plan for the 2006 flushing program is being finalized for presentation to EPA. The plan will provide for flushing of approximately 50% of the system, with half of that being in known problem areas, and the other half determined from water quality testing results.

Mr. Johnson asked that Gus Bass make a brief presentation on the M/WBE outreach program conducted by WASA for the Egg-Shaped Digester Facility project. The outreach program has been very successful. A pre-bid meeting was held that included an opportunity for M/WBE firms to meet and present information on their firm to prime contractors. Approximately 120 firms participated in the meeting, including approximately 60 M/WBE firms from the DC metro area. WASA has also provided other means for M/WBE firms to contact and present information to prime contractors. We have participated in several virtual conferences, including one with the Urban League, and one with the US Women's Chamber of Commerce. Various other outreach activities have been accomplished.

IV. WASHINGTON AQUEDUCT RESIDUALS PROJECT AND BUDGET

A project chronology developed by Tom Jacobus was provided to the Committee with the mailed agenda. There was an extensive discussion of the project by the Committee.

The project is required by a federal inter-agency agreement that is of a nature similar to that of a consent decree, which requires that the WAD practice of returning residuals to the river must be stopped by December 31, 2009. To meet this deadline, construction must be started during the summer of 2007.

The discussion centered on the budget, and financing for the project. The WASA share of the project has increased from \$23 million in January 2005 to \$71 million in the current budget for FY 2007. There is also a requirement by the OMB that all funding be provided prior to the execution of the contract. WAD and WASA have worked out an arrangement wherein payment of WASA's share of the contract bid amount will be required prior to bid opening. This requirement partly accounts for the FY 2007 increase. In prior budgets presented to the Board, it was felt that we would

be successful at working out an arrangement such that payments for the project would be spread over three years. This was not accomplished: Both OMB and Treasury are strongly opposed to making any exception to their requirements. WASA is still pursuing the possibility of procuring a Treasury bond, which would reduce WASA's cost of financing. WASA's share of the project has increased by \$17 million.

There was a question from the Committee on where WASA's obligation to pay for the project was stated. Under WASA's Wholesale Customer Purchase Agreement with the Aqueduct that extends through 2023, WASA is required to pay their proportional share of all of the Aqueduct's capital expenses, shared with Arlington and Falls Church, the other user jurisdictions. Capital projects are presented to the Wholesale Customer Board made up of representatives from each of these jurisdictions, and the members have 45-days to object to a project. The Wholesale Customer Board did not object.

The Committee's concern is the impact on user rates in FY2007 and 2008. With both the increase in the project estimate and moving all costs to the front of the project, bonds will have to be issued in the summer of 2007. This will increase user rates by approximately \$7 million per year. The Committee pointed out that the Board has a policy of 'predictable and gradual' rate increases, and that this increase goes against that policy.

Another question that the Committee raised was whether the full Board would vote on this line item in the budget, or only the DC representatives, since this was a non-joint use item. Traditionally, the full Board has voted on all budget issues, however, WASA's General Counsel will review this question.

The Committee asked what the implications were if WASA did not authorize the \$71 million for FY 2007, but maintained the funding at the previously approved \$23 million. Counsel advised that such action could be considered by the Aqueduct as a breach of the Wholesale Customer Purchase Agreement.

A Committee member requested that the Committee pass a resolution recommending that the full Board hold the funding to the previously approved \$23 million. It was pointed out that the Committee did not vote, but only made recommendations to the full Board. A consensus of the Committee members recommended that this item be specifically pointed out to the full Board for discussion prior to the approval of the FY2007 budget, and that the full Board be made aware of these issues prior to the Board Meeting.

V. CAPITAL BUDGET ACTION ITEMS

Michelle Cowan made a brief presentation of the proposed FY 2007 budget. The budget was presented on both a project lifetime budget basis and a disbursements-based CIP basis. In addition to the previous discussion of the Aqueduct Residual Project, there was a discussion of the Water Lead Program budget. A Committee member questioned why the budget decreased in 2007 only to gradually increase again from 2008 through 2014.

The program is being managed to achieve the Board's direction to remove 23,000 lead service lines by 2010, and all lead lines by 2014. The proposed plan recognizes that to do more than currently proposed would likely result in an unmanageable amount of work in the streets that would disrupt traffic and otherwise negatively impact quality of life for our customers and others in the city. Also, WASA has restructured the capital program to have less negative impact on customers during construction periods, i.e., to be more comprehensive and customer friendly, where all WASA infrastructure work, including lead services replacement, required within a block will be performed at one

time rather than disrupting a block several times to perform various items of work. This requires the street to be disrupted for a longer period of time, but only be disrupted once. Another implication to the program is the investigation and discovery of lead services that were previously designated in the inventory to be of "unknown" material. This has increased the number of services to be replaced from the original 23,000 to an expected number of 33,000 to 35,000.

A Committee member requested that the Board resolution for removal of lead service lines be mailed to all Board members prior to the next Board Meeting, and that the full Board hold a discussion of increasing the funding level for FY 2007 to that of the current FY.

There was a question from the Committee about the current ongoing and planned CIP projects at Blue Plains, as to whether they would affect the future Biological Nutrient Removal project, or future EPA nutrient removal requirements. The current and planned projects should have no affect on these requirements, nor vice versa. After the discussions, the Committee recommended that the budget be forwarded with the recommendation for approval, with the previously discussed notations.

VI. STORMWATER BUDGET ACTION ITEMS

The DC Council has given tentative approval to move stromwater management to the DC Government.

The Stormwater Enterprise Fund established by the DC Government is currently collecting approximately half of the funds required per year. In the past, most DC agencies did not spend the funds allocated to them; therefore, the shortage should not be felt until after FY 2006 and into FY 2007. At that time the DC Government will be required to raise the assessment rate. The Board is being asked to endorse the submitted Stormwater Enterprise Budget for presentation to the DC Government.

VII. LOW IMPACT DEVELOPMENT AT WASA

Dr. Mohsin Siddique made a presentation to the Committee on WASA's efforts for Low Impact Development (LID) within WASA projects. The presentation covered both projects that are currently under way and projects that are being investigated for feasibility. The presentation also touched on LID projects under the SEP by the Chesapeake Bay Foundation and DC DOT.

The Committee requested an assessment of the LID's implemented under the Chesapeake Bay Foundation, addressing both quantity and quality.

VIII. CLOSING POTOMAC RIVER (ALEX.) GENERATING STATION

Denise Johnson made a presentation on Mirant's Potomac River Generating Station's (PRGS) loss of generating capacity, the implications of this loss on WASA, and PEPCO's plans for replacing the capacity. PEPCO's plans include installing two 69 kV feeders to be installed by June 2006. Approximately one year later, PEPCO will install two 230kV feeders feeding through Blue Plains to PRGS serving as both primary power for Blue Plains and power for other PEPCO customers. Thereafter the 69 kV feeders will serve as a backup source of power for Blue Plains

IX. ACTION ITEMS

The following contracts were submitted for Committee action:

Contracts Considered and Approved				
No.	Type	Prime Contractor	Scope	Amount
DCFA #401-WSA	Engineering Services (Joint Use)	Metcalf & Eddy Management, P.C.	Agreement	\$7,200,000
020020	Construction (Joint Use)	Ulliman Schutte Construction LLC	Change Order	\$208,620
FCWA-05-01	Goods & Services (Joint Use)	Eaglebrook (Kemiron), Inc.	Modification	\$200,000
WAS-04-053-AA-MB	Goods & Services (Joint Use)	J. Givoo Consultants, Inc.	First Option Year	\$1,345,040
010050	Construction (Non-Joint Use)	Whiting-Turner Contracting Co.	Change Order	\$11,971
WAS-06-002-AA-VW	Goods & Services (Joint Use)	Business Promotion Consultants, Inc.	Contract	\$1,020,000

All action items were recommended for approval unanimously.

IX. EMERGING ISSUES

No emerging issues were presented.

X. OTHER BUSINESS

No other business was presented.

XI. ADJOURNMENT

Mr. Caldwell adjourned the meeting at 11:54 a.m.