



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

BOARD OF DIRECTORS 292nd MEETING THURSDAY, DECEMBER 1, 2022

MINUTES

Present Directors

Tommy Wells, Chairperson, District of Columbia
Rachna Bhatt, First Vice Chairperson, District of Columbia
Fariba Kassiri, Montgomery County
David Franco, District of Columbia
Floyd Holt, Prince George's County
Anthony Giancola, District of Columbia
Adriana Hochberg, Alternate for Vacant Principal, Montgomery County
Howard Gibbs, District of Columbia
Dr. Joe Leonard Jr., PhD., Alternate for Vacant Principal, District of Columbia
Tara Jackson, Prince George's County
Christopher Herrington, Fairfax County

Present Alternate Directors

Sarah Motsch, Fairfax County
Jed Ross, District of Columbia
Jared McCarthy, Prince George's County
Andrea Crooms, Prince George's County
Ivan Frishberg, District of Columbia
Steven Shofar, Montgomery County

D.C. Water Staff

David Gadis, CEO and General Manager
Matthew Brown, Executive Vice President for Finance and Procurement, Chief Financial Officer
Marc Battle, Esq., Executive Vice President for Legal Affairs, Chief Legal Officer
Kishia Powell, Chief Operating Officer
Alfonzo Kilgore Stukes, Acting Board Secretary

Call to Order and Roll Call

The 292nd meeting of the District of Columbia Water and Sewer Authority's Board of Directors commenced at 9:31 a.m. with remarks by Chairperson Wells. The meeting was held via Microsoft Teams. Alfonzo Kilgore Stukes, Acting Board Secretary, then called the roll, and a quorum was established.

Approval of the November 3, 2022, Meeting Minutes

Chairperson Wells asked for a motion to approve the November 3, 2022, meeting minutes. It was moved and seconded to approve November 3, 2022, meeting minutes and unanimously approved by the Board of Directors.

Chairperson's Overview

Chairperson Wells announced that this would be Board Member Joe Leonard's last Board meeting. He stated that Board Member Leonard had served very well, been a great partner, and brought a lot of skill and wisdom to the Board. Chairperson Wells thanked him for his service. Board Member Leonard thanked him and said he appreciated serving and giving something back to the city he had lived in for 27 years. He also thanked the Board members, especially the members of the Governance Committee. Board Member Leonard said he admired CEO Gadis for always discussing the staff and putting them first.

Chairperson Wells also thanked COO Powell on behalf of the Board for her leadership, smarts, and energy and called her a star in the field she leads. COO Powell has been named the CEO/General Manager at WSSC. Ms. Powell thanked him and the Board for their confidence and support over the last two years and seven months. She acknowledged the people who worked closely with her and her colleagues on the senior team. COO Powell stated that she has enjoyed serving on D.C. Water's behalf and thanked CEO Gadis.

Executive Committee

Reported by: Tommy Wells, Chairperson

Chairperson Wells announced that the Executive Committee nominated the following Board members to the Committee: First Vice Chairperson – Rachna Bhatt from the District of Columbia; Second Vice Chairperson – Fariba Kassiri from Montgomery County; Vice Chairperson – Tara Jackson from Prince George's County; Alternate Vice Chairperson – Jared McCarthy from Prince George's County; Vice Chairperson – Christopher Herrington from Fairfax County; and Alternate Vice Chairperson – Sarah Motsch from Fairfax County. Chairperson Wells stated that they are awaiting the Alternate from Montgomery County.

Also nominated to fill vacant committee chairpersonships' and vice chairpersons' roles were the following, effective after the Board meeting: Governance Committee Chairperson – Christopher Herrington, Fairfax County; Governance Committee Vice Chairperson - Rachna Bhatt, District of Columbia; Audit Committee Vice Chairperson – Jed Ross, District of Columbia; Human Resources and Labor Relations Committee Vice Chairperson – Steve Shofar, Montgomery County; and Finance and Budget Committee Vice Chairperson – Jared McCarthy, Prince George's County. All other committee assignments remain the same.

Chairperson Wells stated they could not have a stronger leadership team which gives him great confidence. He thanked everyone for sharing their expertise and leadership abilities on behalf of D.C. Water and the rest of the Board.

Governance Committee

Reported by: Joe Leonard, Chairperson

Committee Chairperson Leonard stated that the Committee met via Microsoft Teams on November 8, 2022. Mr. Kuczynski, President of Blue Drop, provided the Fiscal Year 2022 end-of-year update. Also provided was the history of Blue Drop, which was established in 2017. He reported that sales have increased in FY 2022 by 41 percent, resulting in financial savings of \$5.8 million. Revenue of \$2.5 million was collected from cell towers and intellectual property activities. Headquarters activities were for approximately 60 paid events.

Ms. Valente, Vice President of Blue Drop, reported that target Bloom sales for FY 2022 were 55,000 tons. Actual sales were 56,600 tons, or 103 percent of the target mark. She stated that in 2020 a matrix was established to measure staff performance and develop outreach programs to attract events. To meet demand, an Event Coordinator will be hired in 2023 to increase the events at Headquarters.

The Intellectual Property goal of \$650,000 for FY 2022 was surpassed, with the actual at nearly \$700,000. Due to COVID, some Intellectual Property project efforts were paused and could still be 100 to 107 percent of the year-end goal.

The third edition of Wendy the Water Drop children's book was published, and Blue Drop sold 256 copies, and 300 free copies were distributed to schools and community organizations. Branded merchandise was sold, equaling approximately 149 items, with a net sales of \$3,400.

Committee Chairperson Leonard indicated that Korey Gray, Director of Compliance, provided updates and program refreshers. Seventy-five percent of the contractors' workforces assigned to D.C. projects are residents of D.C. Water's user jurisdictions. D.C. Water Works is the first source for referral of work-ready candidates for hiring by contractors. The D.C. Department of Employment Services has also provided additional support to identified candidates, including case management, counseling, mentorship, childcare, transportation, and special needs. Between October 2021 and September 2022, 125 D.C. Water contractors' positions have been filled, with 106 sourced through D.C. Water Works. Residents outside user jurisdictions filled 19 positions.

Contractor positions filled included 70 general labor positions, with 11 filled by D.C. residents; 30 skilled and technical positions, with 20 filled by D.C. residents; 6 administrative management positions, with all filled by D.C. residents; 19 service positions, with eight filled by D.C. residents. Of 45 filled by D.C. residents, 13 were filled by residents of Wards 7 and 8.

Yvette Judge, Director of Business Analysis, provided a demographic analysis of the Apprenticeship Program. Five of the seven apprentices in the Maintenance Program are female. One of five apprentices in utility service operations is female. One in four apprentices in wastewater operations is female.

Strategic partners included the D.C. Department of Employment Services, D.C. Infrastructure Academy, and D.C. Sustainable Energy Utility.

The Green Infrastructure Initiative Program aims to fill 51 percent of new jobs with D.C. residents. The program has seen 104 participants graduate, with 87 hired by D.C. Water contractors.

Chairperson Leonard reported that the Department of Facilities has a six-month training program in various trades. Four participants have graduated, with one hired by a D.C. Water contractor and one as an apprentice.

Mr. Gray reported that since its inception, 551 residents had been employed by contractors, meeting or exceeding the annual target, which was raised from 60 to 75 percent in FY 2021.

Chairperson Leonard reported that Board Member Shofar asked about Blue Drop and conversations between the Washington Suburban Sanitation Commission (WSSC) and D.C.

Water on how Blue Drop funds and the revenue generated gets used. He encouraged staff to work closely with WSSC to resolve the issues. Chairperson Wells indicated that he thinks the Governance Committee should address the concern, so he referred it to Committee Chairperson Herrington to be placed on the agenda.

Human Resources and Labor Relations Committee

Reported by: Adriana Hochberg, Chairperson

Chairperson Hochberg stated that the Committee met on November 9, 2022, and the first agenda item was the Apprenticeship Program update. Korey Gray, Vice President for Contract Compliance and Business Development, noted that the program was launched in 2019. CEO Gadis asked that it be established as a pathway for D.C. residents to obtain long-term careers at D.C. Water. Today's program is the second Cohort and is now named D.C. Training Apprentice Pipeline Sustainability (TAPS). It is registered with the U.S. Department of Labor through the D.C. Apprenticeship Council and follows all of its tenets concerning on-the-job training. Apprentices take 2,000 hours of training, including a minimum of 144 classroom hours. Under Cohort I, some participants continue to work toward completion. Presently the program is in Cohort II and includes three different trades-- facilities, pumping and sewer operations, and wastewater operations, while Cohort I had five trades.

Next on the agenda was a benefits update on the 2023 Medical Benefits Plan renewals presented by Ron Lewis, Benefits Manager. Cigna and Kaiser will continue to provide medical insurance that protects employees and dependents with preventative coverage, pharmaceutical coverage, and mental health inpatient and outpatient coverage. Cigna premiums will increase by 5.5 percent, and Kaiser's premiums will decrease by 5 percent or approximately \$300,000. Committee recommended two action items for Cigna and Kaiser health plans for full Board approval.

D.C. Retail Water and Sewer Rates Committee

Reported by: Rachna Bhatt, Chairperson

Chairperson Bhatt stated that the Committee met on November 5, 2022, and received the Financial Report by exception from CFO Brown. Overall year-to-date collections versus the budget were favorable, except for the federal category, due to disputed accounts with the Soldiers Home. CFO Brown reported that 90-day customer delinquencies have slightly increased in dollar amounts and number of accounts.

The next issue was on the operating reserve and cost-of-service study by RSS. CFO Brown updated on the ongoing study in FY 2023, which includes the Operating Reserve Fund, the Renewal Replacement Fund, and the Rate Stabilization Fund. RSS is charged with focusing on possible policy changes for D.C. Water. The last Operating Reserve Study was completed in 2018. Since then, a new Board policy has been implemented, requiring D.C. Water to maintain 250 days of cash outside the Rate Stabilization Fund. Contingency funds are maintained to address unforeseen financial and other emergencies. CFO Brown stated that the study is in the data-gathering stage. Preliminary results will be presented to the Committee in January, and the final report will be available in February 2023.

CFO Brown went through the FY 2023 proposed Work Plan. Then the Committee went into Executive Session, reconvened, and adjourned.

Finance and Budget Committee

Reported by: Anthony Giancola, Chairperson

Chairperson Giancola reported that the Committee met on November 15, 2022, and received the October 2022 Financial Report overview from Ms. Oyeyemi, Director of Budget. Revenues were favorable at \$77.8 million or 9.7 percent of the budget. Operating expenses were \$47.1 million or 6.8 percent of the budget, and disbursements were \$25.5 million or 3.9 percent. The headcount for D.C. Water has been increased to 1,328 positions as part of the FY 2023 budget. The vacancy rate immediately went up to 17 percent, including the new unfilled positions.

Chairperson Giancola reported that the Capital Improvement Program (CIP) Quarterly Report update was provided by Mr. Guttridge, Director of Infrastructure Management, and Mr. Parker, Acting Vice President of Engineering. Mr. Parker reviewed the accomplishments for the past year, which are available in the minutes from the last Committee meeting. Mr. Guttridge reported on CIP disbursements in FY 2022, which were \$309 million compared to the approved baseline of \$510 million for that year. This was about 60.9 percent of the execution rate, much lower than in previous years. The baseline projection for 2023 has been developed and includes an action plan to align the execution with the baseline better.

Mr. Guttridge provided the Committee with a brief look ahead for FY 2023. It is estimated that \$386.5 million and \$221.5 million have been committed toward 62 construction projects. He stated that there are 266 projects in the 10-year cycle, with 162 active this year. Active projects comprised 27 in the planning phase, 43 in the design phase, and 92 in the construction phase. Fifty project managers oversee each phase of multiple projects. Chairperson Giancola asked Mr. Guttridge about the vacancy rate for project managers, and Mr. Parker stated that there were approximately 20 out of 150 in Engineering, a high number. According to Mr. Guttridge, filling positions is a priority, as some managers simultaneously oversee more than ten projects.

Mr. Guttridge emphasized that the national global supply chain issues, along with inflation, are a significant problem addressed in the 2023 plan. The action plan is being implemented to improve performance and enhance execution. Enhancements include the use of master service agreements, execution of contracts more efficiently, continuing to work collaboratively with the District Department of Transportation to address the 1200-foot rule, development of traffic control plans and permitting challenges, procurement, developing a strategy to mitigate supply chain issues, and increasing the focus on project execution and schedule adherence.

The following briefing was from Ms. DeLeon, Risk Manager, on the Owner Controlled Insurance Program (OCIP). She introduced Mr. Cowart from Albert Risk Management, D.C. Water's independent insurance advisor. Ms. DeLeon discussed plans for next year in the Rolling Owner Controlled Insurance Program (ROCIP) and OCIP and the separate purchase of insurance for the Potomac River Project.

Environmental Quality and Operations Committee

Reported by: Sarah Motsch, Chairperson

Chairperson Motsch indicated that the Committee met on November 17, 2022, and received an update on the Capital Improvement Program (CIP) from Paul Guttridge and David Parker, which was previously presented to the Finance and Budget Committee. Information is available in that committee report.

A presentation was made concerning the capital strategy for construction contracts and miscellaneous upgrades. Also discussed was the small-diameter water main replacement in the Lead-Free D.C. Program. They are making changes to the capital procurement approach. The revised approach aims to improve CIP execution by adopting qualification space contractor selection and expanding available contract types to allow for flexibility in procuring goods and services. It is anticipated that the time from the bid phase to the issuance of the Notice to Proceed will decrease from 270 to 90 days. They will pre-qualify contractors and identify high-performing contractors. Supply chain risks will be addressed by engaging contractors during the planning and design phases of the projects.

Mr. Rudy Gonzalez, Director of Procurement for Capital Programs, described measures to be taken to improve business equity and inclusion practices.

Chairperson Motsch reported that Maureen Holman, Vice President for Shared Services, briefed on fleet purchasing strategy and equipment for FY 2023 and 2024. They continue to address challenges of preventative maintenance and fleet availability by acquiring new vehicles. In FY 2022 and 2021, 112 vehicles were purchased, with seven vehicles received and 42 still pending delivery in FY 2022 and 2023. The Finance and Budget Committee approved moving funding for capital improvement equipment for CIP equipment for 83 vehicles from FY 2024 to FY 2023 to get ahead of supply chain issues. Half of those new vehicles will go to the Department of Water Services and the Department of Sewer Operations and Pumping. The purchases will address the backlog of aging vehicles and equipment replacement, some of which are over 20 years old. They are planning to purchase more electric vehicles and anticipate delays due to supply chain issues caused, especially by the shortage of chips and computer-related components.

Four joint-use action items and three non-joint-use action items were recommended to the full Board for approval.

Next on the agenda was the update on the Blue Plains Advanced Wastewater Treatment Plant performance provided by Aklile Tesfaye, Vice President for Wastewater Operations. The National Pollutant Discharge Elimination System Compliance Evaluation Inspection Report findings were summarized from the September 2022 inspection. The facilities inspected include tunnels, the Wet Weather Treatment Facility, laboratories, wastewater conveyance, pumping facilities, Clean Rivers Green Infrastructure, discharge outfalls, and other facilities. The inspection evaluation concluded that D.C. Water operates under the terms of the permit and properly utilizes capital and staff to manage Blue Plains and related collection systems.

Mr. Tesfaye reported that a total of 53 million gallons of wet weather flow were captured by the tunnel system and treated through the Plant during the year. Electrical energy generation from the Combined Heat and Power Facility and solar panels for the month was 26 percent of the average consumption at Blue Plains. The estimated cost savings was 7 megawatts of generation at market prices of approximately \$730,000. During the month, biosolids production was 12,510 wet tons, and Bloom marketing was 1,274 wet tons, with the remaining land applied for beneficial reuse.

CEO/General Manager's Report

Reported by: David Gadis, CEO/General Manager

CEO Gadis presented two updates for the Board on actions and initiatives relating to the Authority's resilient and equitable imperatives as outlined in the Strategic Plan Blueprint 2.0.

He announced that Kisha Powell, Chief Operating Officer, has accepted the position of General Manager and CEO of the Washington Suburban Sanitary Commission (WSSC). The first day of her new role will be January 1, 2023, and her last day with D.C. Water will be December 28, 2022. He stated that COO Powell came to D.C. Water in May 2020 during the early months of the COVID pandemic and has been a driving force behind initiatives, especially D.C. Water's COVID Recovery Plan. She also served in 2022 as President of the National Association of Clean Water Agencies. CEO Gadis expressed deep appreciation for her performance on behalf of customers and the community. He noted that he looks forward to working with her in her new capacity and wishes her the best at WSSC.

COO Powell stated that she owes everyone a debt of gratitude and thanked the Board members for their good wishes, overwhelming support, and response from the D.C. Water team.

CEO Gadis announced that to facilitate a smooth transition; he has designated Wayne Griffith, Chief Strategy and Performance Officer, to serve as Acting Chief Operating Officer, effective December 29, 2022. Matt Ries, Director of Strategic Leadership and Sustainability, will serve as Acting Strategy and Performance Officer.

Winter weather preparations were updated as part of the resilient imperative. CEO Gadis reported that on November 9, 2022, the D.C. Office of Emergency Management (OEM) convened a meeting with those involved in managing the process, support services, and communications areas, which include Alert D.C., Everbridge, and D.C. Water Alerts. OEM updated the Authority's inclement weather determination procedures and distributed the revised guide to staff with updated responsibilities and staff backups. CEO Gadis thanked Dusti Lowndes, Director of Emergency Management, for her vigilance and updating and streamlining D.C. Water's protocols.

CEO Gadis provided an update on D.C. Water's equitable imperative. On November 18, 2022, the Authority held its Sixth Annual Stars of Water Employee Recognition Gala which honors some of the Authority's top performers and celebrates their contributions to the collective success in a public setting. Among the employees honored were Leonard McAlpine, Process Systems Mechanic with Maintenance Services, who has 40 years of service, and Roscoe Belk, Wastewater Treatment Operator, who has served for an incredible 50 years.

The highest award, the CEO General Manager's Award, was presented to Tina Byrd, Payroll Manager, for her oversight and support of the Oracle Cloud ERP deployment. Gina Watson, Process Systems Mechanic, also received the highest award for her determination and growth. As the only female mechanic on the team, she has inspired her peers and employees across the Authority. CEO Gadis thanked Board Members Christopher Herrington and Howard Gibbs for their attendance at the event. He announced that a memorandum would be distributed recapping awards to Board members in the Friday highlight memorandum.

Board Member Giancola thanked the General Manager and staff for the recent "What's on Tap" insert in the monthly water bill. He also thought it was a good idea to discuss the PFAS issue and encouraged the inclusion of good education outreach items in the insert. Board Member Giancola pointed to Page 9 of the General Manager's Report, which detailed challenges over the last three or four years with vehicle maintenance issues and what the staff is doing to correct them. He stated that in 2020 the vehicle preventative maintenance completion rate was 4 percent, 30 percent the following year, and 29 percent in 2022. He noted that a lot of work remains and that a very active plan exists to improve.

Board Member Frishberg raised the issue at the meeting regarding the pending rail strike and the resolution in Congress. Tied to that as a national urgency is an ability to provide chemicals for clean and safe drinking water. He asked if they have been tracking the issue from the supply chain or engineering side and whether there is an understanding or contingency of how the Authority would operate if there were a strike. CEO Gadis replied that they have been tracking it and working with D.C. Water's chemical suppliers and do not see an issue regarding chemicals. He stated that they would continue to follow this, and if a problem arises, they will inform the Board.

Consent Action Items Joint Use

Chairperson Wells asked for a motion to approve joint use action items. Board Member Giancola moved to approve Resolutions No. 22-71 through 22-78, which was seconded. The motion to approve Resolutions No. 22-71 through 22-78 was unanimously approved by the members of the Board.

Consent Action Items (Non-Joint Use)

Chairperson Wells asked for a motion to approve non-joint use action items. Board Member Herrington moved to approve Resolutions No. 22-79 through 22-81, which was seconded. The motion to approve Resolutions No. 22-79 through 22-81 was unanimously approved by the District members of the Board.

Chairperson Wells stated that the next Board meeting will be held in person on Thursday, January 5, 2023, at 9:30 a.m. Chairperson Wells noted that the full Board in-person meetings would be held twice a year.

There being no other business, Chairperson Wells adjourned the meeting at 10:27 a.m.



Alfonzo Kilgore Stukes, Acting Board Secretary