



**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS
253rd MEETING
THURSDAY, MAY 2, 2019**

MINUTES

Present Directors

Tommy Wells, Chairman, District of Columbia
Adam Ortiz, Montgomery County
Anthony Giancola, Alternate for Ellen Boardman, District of Columbia
Major Riddick, Prince Georges' County
Rachna Bhatt, District of Columbia
Randy Bartlett, Fairfax County
Emile Thompson, District of Columbia
Floyd Holt, Prince George's County
David Franco, District of Columbia

Present Alternate Directors

Sarah Motsch, Fairfax County
Howard Gibbs, District of Columbia
Lavinia A. Baxter, Prince George's County
Steven Shofar, Montgomery County
Rev. Kendrick Curry, District of Columbia
Joseph Gill, Prince George's County

DC Water Staff

David L. Gadis, Chief Executive Officer/General Manager
Matthew Brown, Chief Financial Officer
Gregory Hope, Interim Executive Vice President, Legal Affairs
Linda R. Manley, Board Secretary

Chairman Wells called the 253rd meeting of the District of Columbia Water and Sewer Authority's Board of Directors to order at 9:35 a.m. He noted that he wished to have new members sworn in prior to roll call to ensure there is a quorum. Steve Shofar who represents Montgomery County was sworn in by a staff member of the Mayor' Office.

Ms. Manley called the roll, and a quorum was established.

Approval of the April 4, 2019 Meeting Minutes

Chairman Wells asked for a motion to approve the April 4, 2019 meeting minutes. The motion to approve the April 4, 2019 meeting minutes was moved, seconded, and unanimously approved by the Board of Directors.

Chairman's Overview

Chairman Wells stated that the nature of boards is that members serve for a period of time and then are replaced by others. D.C. Water's Board has been joined by new members from Prince George's County, Montgomery County, and Fairfax County. He indicated that he hates to see members leave but is glad to have new members join. D.C. Water gets the cream of the crop with long histories and expertise in public service, ranging from civil engineering to governance and leadership, to everything in between. Chairman Wells stated that Board members step up in leadership and oversee one of the most critical utilities and functions in government. It is an honor to welcome new members. He pointed out that Patty Bubar from Montgomery County could not be present for the meeting. Chairman Wells asked Bonnie Kirkland from Montgomery County to come forward so that her service could be honored. She was presented with a water drop. Ms. Kirkland thanked the Board for their acknowledgement and giving her an understanding of water and wastewater. She also thanked Mr. Gadis and the whole D.C. Water team. A special thanks was given to Linda Manley.

Human Resources and Labor Relations Committee

Reported by: Lavinia Baxter

Ms. Baxter stated that the Committee met on April 9, 2019 and was called to order by Vice Chair Ellen Boardman. The 401(a) and 457 Plans' documents and details from a February 27, 2019 meeting with union leadership on behalf of the Board were discussed by George Spears. Mr. Spears confirmed that union leadership concerns were addressed and resolved to everyone's satisfaction.

Ms. Baxter reported that Mr. Spears reviewed the proposed changes to the D.C. Water and Sewer Authority's 401(a), Defined Contribution Plan dated July 1, 2017. The changes were to the basic contribution amount under the Contributions and Investments Section of Article 4. The language was retained concerning 7 percent of the participant's compensation for the pay period. In addition, in Subpart 4.2(ii), 5 percent of the participant's compensation will be matched for the pay period.

In addition, details were examined with the union leadership pertaining to the D.C. Water and Sewer Authority 457 Plan dated January 1, 2019. The reference to the dollar limitation in Section 42(a) was corrected to be \$19,000. The contribution deadline was retained in Section 4.7.

Ms. Baxter reported that the following items were also discussed: Consistent with past practices, D.C. Water will continue to contribute deferrals within 2 to 3 business days. In Section 9.5 the 60-day extension period was retained, as requested by union leadership.

Mr. Spears confirmed that he spoke to Barbara Milton concerning the issues she raised on January 9, 2019 with the Committee and they have been resolved to the union's satisfaction.

Vice Chair Boardman raised questions about the Certification of Action Form and the fact that it appeared to do no more than simply approve the designation of a Retirement Committee. In the

meeting Vice Chair Boardman noted that she had reviewed the plans with respect to the Agreements and Declaration of Trust and questioned whether the certification as proposed broadened the authority of the Committee to take any action it deemed fit regarding the plans that may not be intended or appropriate. Mr. Spears had not read the documents and could not respond. She asked Mr. Spears to read the documents and confer with Interim General Counsel Hope to ensure the certification does not impermissibly expand the authority of the Retirement Committee beyond that which is permitted by the Trust, applicable law, and the current protocols as expressed in prior Board resolutions. Mr. Spears agreed and stated that he would report back to the Committee. Rev. Curry asked Vice Chair Boardman what gave rise to the Certification of Action to the Board and she responded with a brief history of communications with Mr. Brown on those proposed changes of roles.

Vice Chair Boardman asked the Committee if they would recommend that the plans be moved to the full Board for approval at the May Board meeting. Board Member Ross thanked Vice Chair Boardman for all the hard work she put in reviewing the documents on behalf of the Committee.

Chairman Wells stated that before going to the next committee report, he wanted to acknowledge that Adam Ortiz has been sworn in and is now an official Principal of the Board from Montgomery County. He previously represented Prince George's County on the Board. He welcomed Adam.

Environmental Quality and Operations Committee

Reported by: Howard Gibbs, Vice Chair

Mr. Gibbs stated that the Committee met on April 18, 2019. Aklile Tesfaye, Vice President for Wastewater Operations, reported on the performance of the Advanced Wastewater Treatment Plant. As usual, the Plant met all seven-day and monthly NPDES permit requirements. The average monthly influent flow to complete treatment was 344 million gallons per day. They had 58 million gallons of combined flows during the month that were captured in the tunnel system, pumped and treated through the Wet Weather Treatment Facility, and through complete treatment at the Plant. There were no flows directed to Outfall 001 during the period. Mr. Gibbs stated that the reporting period was a particularly rainy month, so this was an excellent achievement.

Mr. Gibbs indicated that the Committee received a presentation from Elkin Hernandez, Director of Maintenance Services, focusing on the success of in-sourcing of maintenance, repair, and instrument control equipment calibration tests by the Process Engineering Maintenance Instrumentation Team. Up until recently the department relied heavily on contractors. The staff was reduced from 27 full time employees to 19 but more was done with less staffing. Mr. Gibbs stated that this was a major accomplishment which should be applauded.

One joint-use action item on the Potomac Interceptor Media Replacement Services was recommended to the Board for approval.

Mr. Gibbs reported that Peter Constant, Manager of Compliance Programs, gave a presentation on fats, oils, and grease, and cross-connection control-backflow prevention assembly fee implementations. There was a notice of proposed rulemaking action that was presented to the Committee for review and recommended for approval to the full Board.

Ms. Islam, the Manager of Water Quality, provided a presentation on water quality monitoring and all tests showed the water distribution system to be performing well.

Mr. Gibbs reported that the Committee received an update on the Fire Hydrant Upgrade Program. Of the 9,987 public fire hydrants, 55 were out of service as of April 1. A total of 35 were operationally defective, while 20 were out of service due to nearby water main repairs, non-D.C. Water construction activities, or other hydrant obstructions.

Mr. Giancola asked Mr. Gibbs about the Office of Inspector General's Lead Monitoring Audit Report and when the Committee would receive the report and presentation. Mr. Gibbs replied that they will hear about the report in the next meeting and would not be informed about the findings until then.

Audit Committee

Reported by: Floyd Holt

Mr. Holt stated that the Committee met on Thursday, April 25, 2019. Wayne Griffith, Executive Vice President of Performance, reported that procurement activity is underway for the selection of a new internal audit service to begin work on October 1, 2019. Eight firms responded and three were selected for oral presentations scheduled for May 1. A special committee meeting will be called where management will recommend the final selection.

The Internal Auditor issued three reports this quarter. Mr. Holt indicated that the first was on Occupational Safety and Health and was a high-risk finding that there was some outdated 2001 comprehensive safety plans that do not match current practices. High-risk finding No. 2 was that there was ineffective training in the safety program. Of the 25 sampled employees, none had completed all of the safety training courses that are required in their roles.

High-risk No. 2 concerned legal operations and caseload management. Mr. Holt reported that the Office of Legal Affairs does not have a document that formally defines its role in the Authority. Departments do not consistently seek legal advice when appropriate.

There was no recent high risk finding for Fleet Management. There was a high-risk finding in the 2017 audit concerning fleet accidents and that remains open. This is in regards to determining and documenting the roles and responsibilities across department when an accident occurs.

Mr. Holt reported that Management has provided adequate action plans for all of the issues noted. Since the previous Audit Committee meeting in January 2019, nine additional hotline items have been received.

Finance and Budget Committee

Reported by: David Franco

Mr. Franco indicated that the Committee met on Thursday, April 25, 2019. CFO Matthew Brown provided the March 2019 Financial Report and stated that the FY 2019 Budget Year-End Projections will be presented to the Committee in May. Recommendations for the use of the surplus funds will be made in the June 2019 meeting. The May meeting will also include a progress report by the Engineering Department on the Capital Improvement Plan.

CFO Brown informed them that he will make recommendations to the Retail Rates Committee on extending the CAP2 Program funded by the \$6 million withdrawal from the Rate Stabilization Fund to the next fiscal year. Approximately 66 households have applied and been accepted in the program.

Mr. Franco reported that CFO Brown presented the Monthly Financial Report on D.C. Water's revenue and expenditures and stated that they are in a favorable position and in line with the budget in the second quarter of the fiscal year. With half of the year completed, total operating revenues are at \$344.3million or 51 percent of the budget. Operating expenditures are at \$265.9 million or 45.6 percent of the budget. Capital disbursements are at \$198.7 million or 45.2 percent of the budget. Revenue is trending higher than budget due to the \$6 million that D.C. Water received from the District Government for the CAP Expansion Program.

CFO Brown highlighted the favorable variance in personnel services expenditures and stated that it was due primarily to the hiring freeze and position elimination. He praised Pade Zuokemefa, Budget Manager, for his great work in negotiating a price with electricity service providers.

Mr. Franco reported that CFO Brown informed them that the capital disbursement has a favorable variance of \$70 million, compared to planned disbursements through this period. Year-to-date capital spending is trending below budget and it is anticipated that the project spending for the year will be near the budgeted level.

An update was provided on the Enterprise Resource Planning (ERP) and Capital Management software and system implementation. He stated that D.C. Water has five such separate systems that are not integrated. Two systems have been discontinued since 2016 and are on life support. In sourcing a replacement, 24 evaluators from various departments selected Oracle Cloud ERP and Oracle Primavera P6 and Unifier software. AST was selected as the ERP System Integrator and is going through final statement of work negotiations. The Capital Project Management Integrator is expected to be selected within 3 or 4 months. The Board approved \$16.5 million in the current capital budget and \$2.8 million in the FY 2020 operating budget for this service. Benefits of the new software include E-procurement process, E-signature, better auditability, compliance, and lower cost of ownership. Implementation of the Oracle Cloud ERP and Oracle Primavera P6 will result in annual operating savings and is projected to have an impressive 132 percent return on the investment in just 6 years.

Board Member Giancola asked how long they have been using the present system. Dan Bae replied that it has been since 2001.

CFO Brown said that he plans to update the Board in the future regarding the ERP implementation.

Mr. Franco indicated that there were two action items. One was the ERP software and the second was the Capital Project Management System, the Oracle Primavera P6 and Unifier. Both items were recommended for Board approval.

General Manager's Report

Reported by: David Gadis, Chief Executive Officer/General Manager

Mr. Gadis stated that he wanted to start out by apologizing for not raising the issue of D.C. Water's refocus on safety. They have asked everyone to start their meetings with a safety

moment as part of the refocus. They want to show the refocus by starting safety moments in Board meetings. The Safety team will craft the safety moments and come to the meetings to lead them. Mr. Gadis said that he will do the first one here. He stated that as everyone enters the spring and summer and warm weather, bugs and bees are becoming active. He asked everyone to take caution n leaving soda cans and drinks uncovered with a napkin or other covering. When you drink a soda containing a bee, the bee can enter into your mouth and sting you. If you have had a bee sting on your body, you can imagine how bad it would be on your tongue. Mr. Gadis closed by asking again that you cover your drinks.

Mr. Gadis provided an update on leadership at D.C. Water. He announced the hiring and welcomed Francis Cooper as Director of the Enterprise Program Management Office (EPMO), in the Office of Performance Management. He also welcomed Antron Sutton as Strategic Planning Director. George Porter was also welcomed and will be Director of Occupational Safety and Health. Mr. Gadis stated that Mr. Giancola had asked for a copy of his resume and hopefully everyone now has it. Mr. Gadis asked Maureen Holman, Executive Vice President for Administration, and Mr. Porter to come forward to answer any questions the Board had on the safety program. She provided additional information on Mr. Porter's work experiences. Mr. Porter mentioned the following goals: implementing safety training programs to set a baseline so everyone is using the same language from a safety and health perspective; and engaging the union leadership to discuss safety from their perspective by opening more effective lines of communication.

Mr. Giancola was glad to have Mr. Porter on board and recommended that there be safety moments on all levels, maybe in the early mornings in the shops and at every level. He stated that he will support getting the lowest levels of the organization involved and trained,

Board Member Bhatt also welcomed Mr. Porter and the possibility of improving D.C. Water's safety program. He noted that he does not see safety training as occurring just in a classroom but going to the front lines and then they all will train the new employees. The two concepts, actions and words must be married together with the required training in order to set the culture.

The next item raised by Mr. Gadis related to the Process Engineering Maintenance Instrumentation Team that D.C. Water took on in 2012 to improve performance, decrease contractor dependency, while increasing the number of assets under its responsibility by approximately 35 percent. The process includes revising job descriptions, providing extensive training, and improving the efficiency in training and scheduling. Mr. Gadis reported that as of April 2019 the team has reduced contractor dependency from approximately 10 to 2 full time equivalent (FTEs) positions, while keeping in-house FTEs the same. Thus the total number of FTEs was reduced from 27 in 2012 to 19 in 2019. Mr. Gadis stated that they wanted to recognize some of the individuals at D.C. Water for their significant contributions in implementing these performance improvements. This was done to create savings and to take cost out of the business by training in-house employees to do things contactors were doing. Mr. Gadis declared that this was in-sourcing versus outsourcing.

Mr. Gadis asked the following employee to come forward: Michell Butts, Matthew Scott, Technician I Instrumentation; Nicholas Phillips, Technician I Instrumentation; Barry Phillips, Specialist I Instrumentation and PCS; Francisco Morales, Specialist II Instrumentation and PCS; Bill Adams, Supervisor of PCS and Maintenance. He asked Aklile Tesfaye to come forward also and take a picture.

Mr. Gadis spoke about the National Utility Contractors Association (NUCA) Award to members of the staff of the Clean Rivers Project. He asked the following staff from NUCA to come forward to talk about the award: David Levine, Project Manager; Debora Harvey, Executive Director; Mike Rounds, President; and Bill Hillman, CEO.

Ms. Harvey stated that D.C. Water has been a member of NUCA for 7 years. Contractors from all over the country submit entries into this competition annually. Corman Kokosing Construction submitted documentation of two projects they completed for D.C. Water in 2008. At last month's NUCA Convention the submissions were voted on. D.C. Water's project in the Sanitary Sewer Division made it to finalist. The Main Pumping Station Division I Project was the overall top job winner. This was part of the D.C. Clean Rivers Project to drastically reduce combined sewer overflows to D.C. waterways. Ms. Harvey stated that the drop shaft hydraulic internals and air handling facilities were one of the significant factors in the winning vote.

Ms. Harvey recognized Dave Levine, Project Manager for Corman Kokosing Construction, D.C. Water's Project Manager Steve Pinault, and D.C. Water's Project Team Jeff Peterson, Gordon Evans, Brandon Flora, and, of course, Carlton Ray, Director. From Whitman, Requardt, she recognized Bill Wagner, Design Engineer.

Director Carlton Ray presented details on the project and its significance.

Mr. Gadis then presented his General Manager's Report. He reported that the Anacostia River Tunnel System from March 20 to April 11 captured 5.2 billion gallons of combined sewer overflow and nearly 1400 tons of trash, debris, and other solids that would have otherwise overflowed into the Anacostia River. This was achieving a 90 percent capture rate and exceeding D.C. Water's projected capture rate of 80 percent.

Mr. Gadis reported that they do outreach with businesses, homeowners, and Advisory Neighborhood Councils in the Business Impact Mitigation Plan for the Northeast Boundary Tunnel along Rhode Island Avenue. Mr. Gadis stated that they continue working with the ratepayers, citizens, and businesses. He indicated that they know that building the tunnel is disruptive, so Carlton Ray and his group do a fantastic job putting together a mitigation plan for the businesses that are affected.

Mr. Gadis thanked Len Benson and his group for their efforts concerning the brown folder here at D.C. Water. The brown folder gets passed around throughout the organization for signatures on big projects. This is a very antiquated and ancient way of doing things, with the technology that is available today. They are in the process of eliminating the brown folds and as of April 1 new construction contracts will now be reviewed, approved and executed using the new SharePoint electronic workflow tool. He again thanked Len Benson and his group for their hard work in eliminating the brown folder process.

CEO Gadis reported that in the area of in-sourcing, six employees have completed the North American Society for Trenchless Technology Cure in Place Good Practice and Guidelines Program and Inspector-in Training Program. They are working hard to bring some processes that are now outsourced in-house.

D.C. Water is working to improve its permitting process. Mr. Gadis stated that since April 2018 they have exceeded the 80 percent processing of application goal. In March there were 247 applications processed and 229 of them were processed on time for a 93 percent success rate. Since April 2018 they have fallen below the 90 percent rate only one time. Brian McDermott

and his department must be commended for doing a better job for the ratepayers, builders, and contractors.

Mr. Gadis spoke positively about Bloom and its success. He stated that the Bloom staff has done a great job in selling and marketing this year. The aggressive sales goal for March has been met. For two consecutive week's 100 percent of Bloom sales have meant that no tonnage went to hauling contractor's, for the first time in history. This proved that there is a robust market for the Bloom product. Mr. Gadis indicated that they are on track to meet 2019 goals and that sales for 2018 have been exceeded. They are now focusing on the products they want to sell under Blue Drop. He stated that Alan Heymann and his group should be congratulated.

The next issue was the Office of People's Counsel. Mr. Gadis indicated that they are continuing to work with them on the Bill of Rights. This will provide ratepayers with another avenue to look at their bills and make sure their charges are correct, to work out differences with bills, and to receive help with the CAP Program.

Mr. Gadis spoke about D.C. Water's oversight hearing. They received two concerns from Council Member Cheh following a four and a half to five hour hearing. She asked D.C. Water to identify all sites with existing lead. Mr. Gadis said that they will work very hard on this request. D.C. Water's website allows homeowners to check to see if they have lead service lines or not leading to their houses. It does not determine if there is lead pipe entering the house. Mr. Gadis stated that they will make a concerted effort to identify those also. They have a ten year goal to have lead service lines eliminated totally from the District. He said that they appreciate all that the Mayor's Office and Council Member Cheh are doing to assist.

The second issue was to provide a comprehensive report on the affect that D.C. Water's shift to a fee and volumetric combination, an 18 percent to 35 percent shift by 2021, will have on the customers.

Mr. Giancola asked about a briefing for ANCs on the Drain the Rain Downspout Disconnection 2019 Phase and a flyer that was mailed. He did not receive one. Mr. Gadis asked Mr. Ray to respond. Mr. Ray stated that it is a program where they disconnect the downspouts and put in a rain barrel to try to reduce the storm water. He indicated that it is in conjunction with green infrastructure. Mr. Giancola stated that about 15 years ago he put in the back drain barrel and is ahead of the curve. He asked Mr. Ray if it had been over estimated since there has been a 90 percent capture rate by the tunnels. He wanted to know if this gave them ammunition to go to EPA and the federal government to get some slack in meeting those deadlines. This could impact on CRIAC since D.C. Water will be paying for this through 2030. He congratulated them on the success of the tunnel project.

Mr. Giancola asked if the information was reported to EPA and what their reaction was. Mr. Ray said it was being reported and their response was positive.

Mr. Gadis explained that with the new law and the reopening of the consent decree, they have assembled a team to determine how the reopening of the consent decree will affect the Authority and ratepayers. Also, they are looking at what would go into that package, including the 90 percent capture rate. He reported that Messrs. George, Benson, and Ray are already meeting so that the process can be expedited.

Board Member Franco asked that the committees receive monthly or bi-monthly updates on the progress. Affordability continues to be very important to the Board. Mr. Gadis stated that this

will be part of the Environmental Quality and Operations Committee and be a line item. The EPMD director will be on the team and guiding this forward.

Board Member Ortiz wanted to know who the major Bloom purchasers are, the cost per ton of Bloom, and an update on the AD System. Mr. Heymann responded that he and Chris Peot are working together and they could brief on DCL for the EQ&OPS Committee. Major purchasers are from agriculture, landscapers, soil blenders, construction companies, and nurseries. Bags are available from several retailers in Maryland and the District and they are looking to expand those.

Consent Items (Joint Use)

Chairman Wells asked for a motion to approve joint use contract action items. Ms. Butani Bhatt moved to approve Resolution Nos. 19-23 through 19-26, and it was seconded. The motion to approve Resolution Nos. 19-23 through 19-26 was unanimously approved by the members of the Board.

Consent Items (Non-Joint Use)

Chairman Wells asked for a motion to approve a non-joint use action item. Ms. Butani Bhatt moved to approve Resolution No. 19-27, and it was seconded. The motion to approve Resolution No. 19-27 was unanimously approved by the District members of the Board.

There being no need for an Executive Session or additional business, Chairman Wells adjourned the meeting at 10:46 a.m.


Linda Manley, Board Secretary