



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

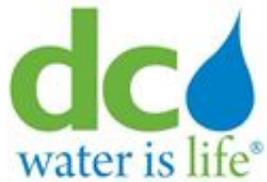
Governance Committee

September 13, 2017

9:00 a.m.

- 1. Call to Order Ellen Boardman, Chairperson**
- 2. Blue Drop Activity Update Alan Heymann, President, Blue Drop**
- 3. Executive Session ***
- 4. Adjournment**

*The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); contract negotiations under D.C. Official Code § 2-575(b)(1); legal, confidential or privileged matters under D.C. Official Code § 2-575(b)(4); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2-575(b)(10); proprietary matters under D.C. Official Code § 2-575(b)(11); decision in an adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14), and other matters provided in the Act.



Approved and Adopted: November 3, 2016
RESOLUTION #16-90
SUBJECT: Approval to Authorize the General Manager to Establish Blue Drop, LLC

Governance Committee Update

Wednesday, September 13, 2017

Alan Heymann

Chief Marketing Officer, DC Water
President, Blue Drop

The members of the Board of Directors ("Board") of the District of Columbia Water and Sewer Authority (the "Authority") at the Board meeting held on November 3, 2016, upon consideration and approval by a vote of ten (10) in favor and none (0) opposed, to take the following action to authorize the General Manager to establish a not-for-profit entity under the laws of the District of Columbia to be known as Blue Drop, LLC.

WHEREAS, District of Columbia Home Rule Act states, "[n]otwithstanding any other provision of this chapter or any District of Columbia law, the financial management, personnel, and procurement functions and responsibilities of the District of Columbia Water and Sewer Authority shall be established exclusively pursuant to rules and regulations adopted by its Board of Directors." D.C. Code § 1-204.96(a); and

the District of Columbia created DC Water pursuant to the Department of Public Works Act of 2001 et seq.



What is Blue Drop?

Blue Drop is a separate, nonprofit organization created by DC Water in November, 2016.

Board Resolution #16-90:

- a. Providing relief from rising rates, fees, and charges to DC Water's customers in the District of Columbia, to other participating jurisdictions as defined in D.C. Code § 34-2202.01(5), and to users of the joint-use sewage facilities as defined in D.C. Code § 34.2202.01(4);
- b. Advancing and promoting innovative strategies and technologies in the treatment and delivery of potable water, the treatment and collection of wastewater, and related products and services;
- c. Improving the state of the water and wastewater treatment sectors by sharing knowledge, research, and expertise throughout the country and the world;
- d. Promoting resource recovery and conservation; and
- e. Other purposes consistent with and complementary to the principles described in this Resolution.



Blue Drop oversight and accountability

Blue Drop is guided by a 5-member independent Board of Directors. The CEO/General Manager of DC Water is the Chairperson.

Blue Drop is a single-member District of Columbia nonprofit LLC. DC Water is the sole member. The CEO/General Manager of DC Water is the Member Representative.

Blue Drop reports to the DC Water Board through the Governance Committee 3x/year.

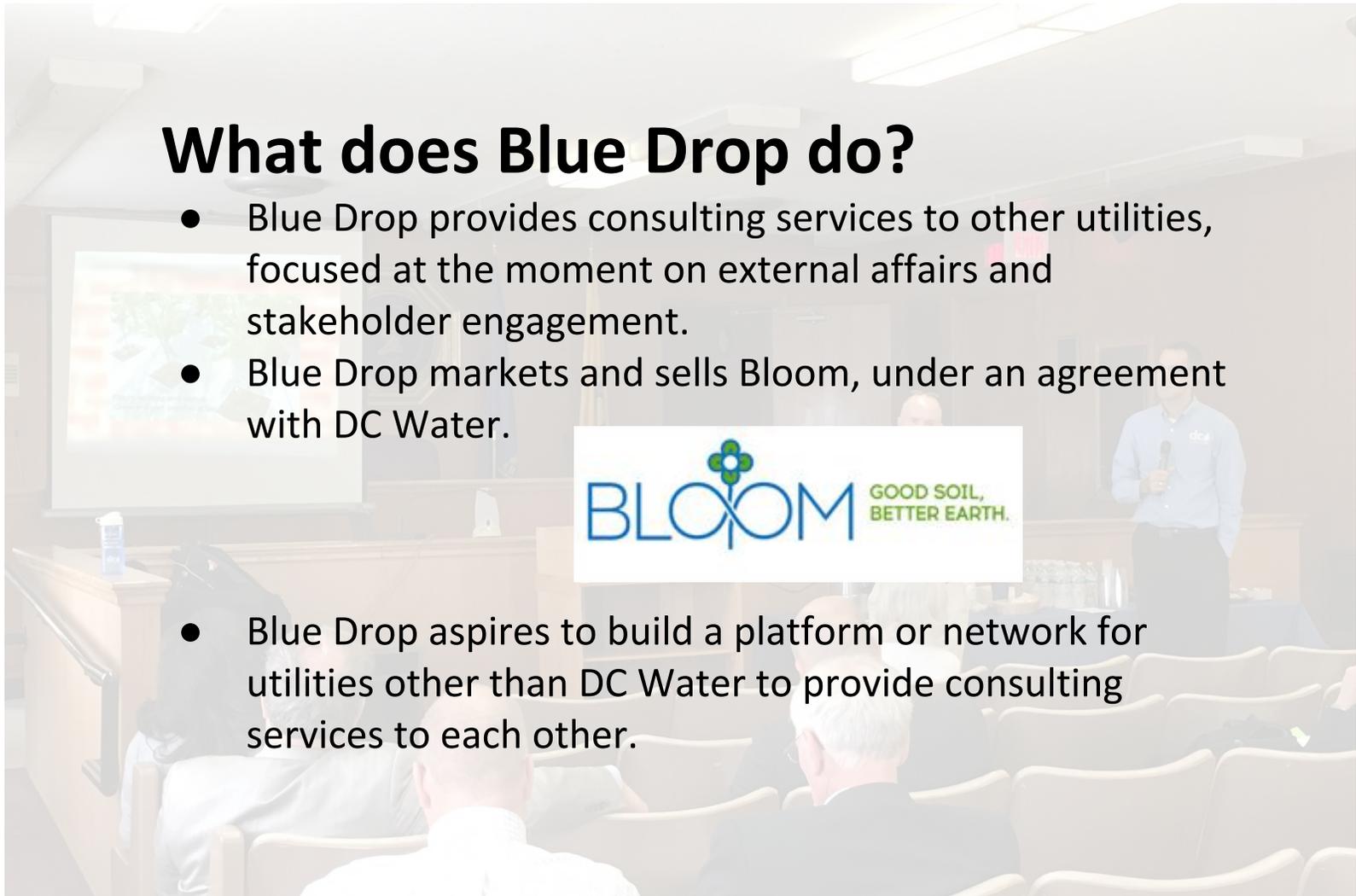


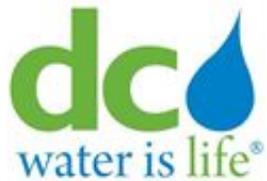
What does Blue Drop do?

- Blue Drop provides consulting services to other utilities, focused at the moment on external affairs and stakeholder engagement.
- Blue Drop markets and sells Bloom, under an agreement with DC Water.



- Blue Drop aspires to build a platform or network for utilities other than DC Water to provide consulting services to each other.





Consulting Customers

- All existing engagements center around external affairs and stakeholder engagement.
 - New Jersey Future
 - York Region Environmental Services (Ontario, Canada)
 - Capital Region Water (Harrisburg, Pa.)
- Two proposals to potential clients submitted and under review.
 - Northeast regional, independent water and wastewater authority
 - Midwest regional, cooperative water and wastewater agency



Vendor Contracts

- Three local trucking companies for transportation of Bloom to customers in DC/MD/VA. Contracts are at-will and costs vary by distance and tonnage.
 - Payne Trucking
 - FTC
 - Deja Vue
- Your Part Time Controller provides accounting and bookkeeping support monthly and at end of year.
- JustWorks provides HR and benefits support.
- Mullins P.C. will conduct Blue Drop's end-of-year audit.



Bloom Marketing and Sales

- DC Water existing land application costs: \$43 per ton.
- DC Water/Blue Drop marketing and sales agreement includes a \$5 per ton marketing fee (price support) and reimbursement for local trucking up to \$25 per ton.
- This agreement has a not-to-exceed value of \$900,000 and expires September 30, 2019.

Organization	Tons diverted	Original Land Application Cost	Local Trucking	Marketing Fees	Sales Revenue	Cost Savings
Blue Drop	6,580			\$29,299	\$18,384	
DC Water		\$282,940				\$215,679
Local Haulers			\$37,962			

Numbers are calendar year to date as of 8/31/17.



Research and Marketing

- To date: word of mouth and existing staff connections
 - Foundation grants, sole-source procurements and one successful RFP response (Harrisburg)
- Developing a database of potential clients
 - Mid-Atlantic
 - Similar governance structure and services to DC Water, but smaller
 - Georgetown MBA students to assist
- Service offerings
 - External affairs and stakeholder engagement
 - Green infrastructure program design
 - Utility leadership and change management



Research and Marketing

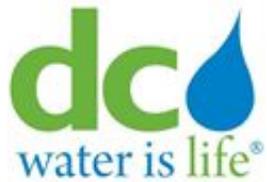
- Conference attendance and sponsorship
 - EPA peer-to-peer utility convening 5/16-17
 - NACWA utility leadership conference 7/24-26
 - NACWA communications conference 7/26-27
 - Five Cities Plus (wastewater) conference 8/16-17
 - WEFTEC conference 9/30-10/4
 - Mid-Atlantic Utility Conference 11/2-3
- Expanded bluedrop.co website and leave-behind materials



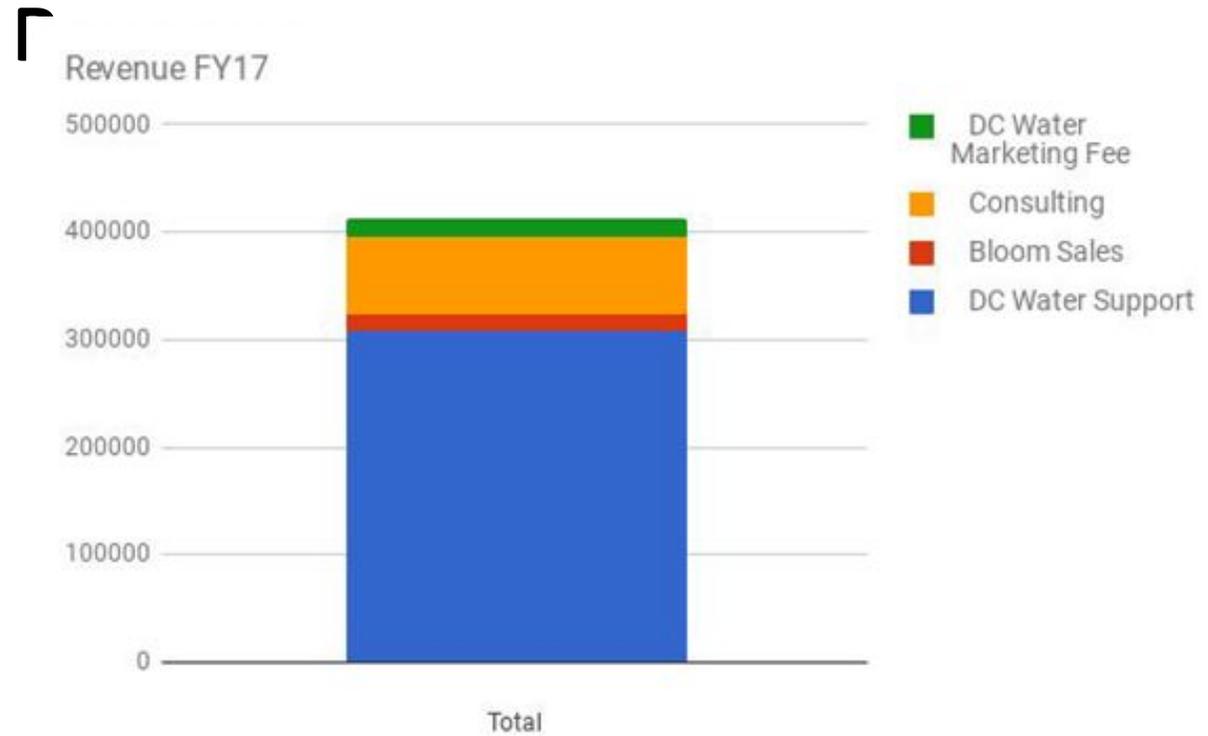
Future business planning

- A potential third leg of business: peer-to-peer exchange among utilities.
- Online portal or membership-based system?
- Discussions ongoing with other companies and utilities.





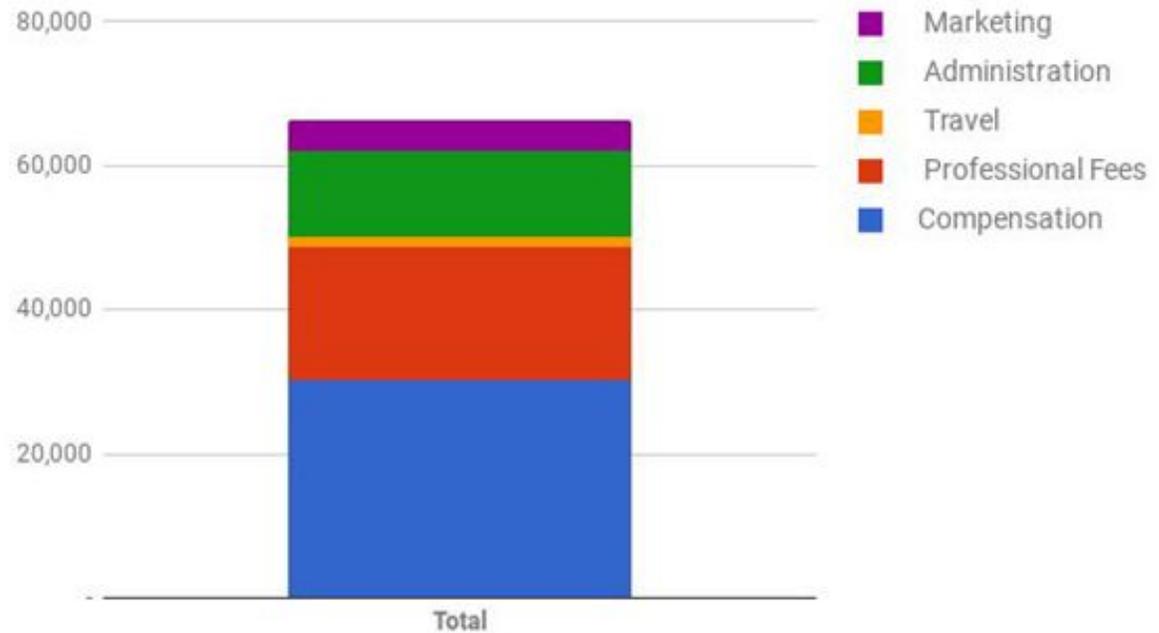
Accounting and Operations:





Accounting and Operations: Expenses

Expenses FY17





Personnel Information

- Blue Drop is managed by 7 people.
- Of these, 5 are DC Water employees in the Office of the General Manager.
 - Their hours are an in-kind contribution from DC Water to Blue Drop, and range from 10-75 percent of their time.
 - George Hawkins, Alan Heymann, Gloria Cadavid*, Saul Kinter, Sarah Neiderer.
 - *Gloria on leave of absence 10/1/17
- Blue Drop also has 2 employees not connected to DC Water.
 - Kim Marshall, Director of Client Services
 - Francesca Valente, Director of Operations



Personnel Information

- Blue Drop has hired JustWorks, a professional employer organization (PEO) to act as a joint employer of record and manage human resources, benefits administration, compliance and payroll taxes.
- Blue Drop employees have benefits that are roughly similar to what DC Water offers. Several differences:
 - More aggressive vesting schedule
 - Paid time off instead of sick and annual
 - More generous policies for paid family/parental
 - Higher transit benefit and bicycle repair subsidy
- Blue Drop's first personnel manual is in effect.



Assets and liabilities

- Blue Drop owns no real property. Personal property includes furniture, computers and telephones.
- Blue Drop has no debt.
- Overdue and nearly-overdue accounts receivable: roughly \$57,000 as of July 31. All for Bloom-related charges.

Legal Affairs and Other Business

- Certificate of Organization: November 2016.
- DC Biennial Report BRA-25 complete.
- Blue Drop Board has no new members since our May update, and is scheduled to meet October 27.



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Further questions?

Alan Heymann

Chief Marketing Officer, DC Water

President, Blue Drop

alan@bluedrop.co

(202) 765-3292 x101

RESOLUTION #16-90
BOARD OF DIRECTORS OF THE DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

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