



**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS**

MEETING MINUTES

THURSDAY, APRIL 3, 2014

Present Directors

Allen Lew, Chairman, District of Columbia
Bradford Seamon, Prince George's County
Robert Mallett, District of Columbia
Timothy Firestine, Montgomery County
Aubrey Thagard, Prince George's County
Rachna Butani, District of Columbia
James Patteson, Alternate to Edward Long, Fairfax County
Alan Roth, District of Columbia
Robert Hoyt, Montgomery County
Obiora "Bo" Menkiti, District of Columbia

Present Alternates

Keith Anderson, District of Columbia
Shirley Branch, Prince George's County
Terry Bellamy, District of Columbia
David Lake, Montgomery County
Kathleen Boucher, Montgomery County
Howard Gibbs, District of Columbia
Brenda Richardson, District of Columbia

D.C. Water Staff

George S. Hawkins, General Manager
Randy E. Hayman, General Counsel
Mark Kim, Chief Financial Officer
Linda R. Manley, Board Secretary

Chairman Allen Lew called the 197th Meeting of the District of Columbia Water and Sewer Authority's Board of Directors to order at 9:34 a.m. The roll was called and a quorum established.

Approval of the 195th Minutes

Chairman Lew asked for a motion to approve the March 6, 2014 minutes. The minutes were moved and seconded with unanimous approval by the Board of Directors.

Chairman's Remarks

Chairman Lew assured the Board members that he and the organization value the time they devote to the Board of Directors. That is why he limits the amount of time spent at meetings, while recognizing that when there is a need for extensive discussions on a matter Board members will be asked to engage. Mr. Lew also encouraged Board members to meet together before or after meetings for further discussions.

Governance Committee

Presented By: Allan Roth

Mr. Roth reported that the Committee met on March 12, 2014. Will Pickering, Government Relations Manager, provided a report on federal and D. C. legislative issues. He advised that the President's FY 2015 Budget proposal included a \$16 million request for the Clean Rivers Project, the largest ever sought. It also included a decrease in the Clean Water and Safe Drinking Water revolving funds grants. Mr. Pickering told the Committee that he was hopeful those cuts would be restored by Congress.

Mr. Pickering gave a briefing on the D.C. Council's support of D.C. Water's Green Infrastructure Project, the testimony by the General Manager on D.C. Water's FY 2013 and 2014 performance, and the FY 2015 Budget proposal.

Mr. Roth indicated that Loretta Caldwell reported on the Compliance Monitoring Program. She informed them that from January to February 2014 there were increases across the board for both minority business enterprises' (MBEs) and women business enterprises' (WBEs) design costs plans, design costs awarded, and total construction dollars. There was no change in the number of jobs filled with D.C. residents and user jurisdiction residents or by ward.

Katrina Wiggins, Chief of Staff, updated the Committee on the D.C. Water Permanent Workforce Employment Program and the activities undertaken to date. This is a pilot local hiring program with incentive payments for companies. One of the two participating companies was in danger of not receiving the incentive because it did not meet its hiring target as of January. Mr. Roth reported that the General Manager was asked to investigate this and report back.

Mr. Roth stated that Seth Charde, Green Infrastructure Planning Coordinator, D.C. Clean Rivers Project, briefed the Committee on D.C. Water's Long Term Control Plan modification proposal and efforts to create local green infrastructure jobs and training programs.

Environmental Quality and Sewerage Services Committee

Presented By: Robert Hoyt, Chair

Mr. Hoyt reported that the Committee met on March 20, 2014 and that all plant performance and permit limits were met in February. Nitrogen discharges were at 4.7 milligrams per liter. The average plant flow was up to 327 million gallons a day (mgd) because of the high amount of precipitation for February. There were 71 mgd of excess flow. Mr. Bailey also reported that the energy usage was going up because of the tunnel boring machine which gets its power from D.C. Water's electrical system. This will occur throughout the tunnel boring activities. Mr. Lew asked about the amount of the utility bill and Mr. Bailey told him it was estimated to be about \$2 to \$3 million a year.

Mr. Hoyt stated that John McLaughlin, Director of the Engineering and Technical Services Department, provided an update on the six Potomac Interceptor Odor Abatement sites. The three Virginia sites continue to progress on schedule thanks to Board member Patteson's intervention at key points. The D.C. site is pilot testing a different carbon medium. Two tests are ongoing at the three Maryland sites. The one site near the Old Anglers Inn is conducting tests and trying to address the odor problem there. It is caused by dimethyl sulfide but they are not sure where it is coming from.

Another update was received from Mr. McLaughlin, this one on the McMillan Storm Water Storage Project. Mr. Hoyt reported that D.C. Water now has a new plan to address the excess water going into the First Street sewer. Mr. McLaughlin informed the Committee that they have abandoned the idea of constructing separate sanitary sewer lines going into that sewer and will instead address it through low impact development projects that are bio-retention systems to reduce the storm water going into that storm sewer.

Mr. Hoyt explained that the Board had previously approved a contract for the sewer separation but there were logistical problems. Now that a different approach has been developed, there was a non-joint use action up for the Board's approval which includes \$3.5 million from the previously approved contract. The new revised contract plan includes the green infrastructure along Irving Street, the First Street diversion chamber, and associated work.

The next presentation to the Committee concerned the Biosolids Recovery Project. Chris Peot, Director of Resource Recovery, reported that they are beginning a pilot project in 2015 and will be using 10 to 20 percent of the biosolids in a soil blend by 2016 that will produce Class A biosolids. There are relatively few regulatory restrictions on the product.

Mr. Hoyt ended his report by talking about the pretreatment fees and whether they were covering the cost of the program. Mr. Bailey stated that probably about two-thirds of the costs are covered by the fees and that they are continuing to study the issue and will

keep the Committee updated. This is a small program with 32 permittees split between significant users and non-significant users.

Water Quality and Water Services Committee

Presented By: Rachna Butani, Chair

Ms. Butani reported that the Committee met on March 20, 2014 and received a water quality monitoring report from Charles Kiely, Assistant General Manager of Customer Care and Operations. Mr. Kiely stated that there were zero positive samples of coliform for the month of February and to date in March. There has now been five months in a row without a positive, which is expected in the winter season.

The Lead and Copper Rule monitoring had collected 49 samples by the reporting period and they were 3 parts per billion, which was extremely good. Ms. Butani stated that D.C. Water has been consistent with low numbers for the last three years. She indicated that the Committee discussed with Mr. Kiely the participation levels and how the Committee could encourage community residents to get more involved. Ms. Butani stated that Mr. Kiely will revisit this issue when the new EPA regulations on lead and copper are published.

Ms. Butani summarized David Walls, Director of Distribution Control Branch, report on fire hydrants. There were 128 units out of service, 52 were because of construction and 76 required repair or replacement.

Tom Jacobus, General Manager of the Washington Aqueduct, discussed the vulnerability of the water supply system. One of the major threats was the Colonial Oil Pipeline that runs very close to metropolitan water intakes. Another threat was the tankers that cross bridges upstream. If for some reason the intakes had to be shut down because of a tanker falling into a waterway, Mr. Jacobus informed the Committee that there is enough stored water for about 18 to 20 hours. Also, he indicated that the flow of the Potomac River in this area might prevent any major problems with the intakes. Mr. Jacobus stated that the possibility of acquisition of the Travilah Quarry where 20 billion gallons of water could be stored is being studied under a contract to provide a conceptual analysis of the issue.

Mr. Kiely presented an update on the Advanced Metering Infrastructure Project that has been utilized since 2002 to read water meters. D.C. Water has been conducting a pilot project to use the newest technology of two-way communications devices, and it has experienced some problems with the new equipment installed to date. The vendor has promised to address the issues and new equipment with the required improvements is expected to be delivered by June at no cost to D.C. Water.

Ms. Butani stated that the last presentation was on the Pressure Zone Improvement Program (PZIP) which will install new higher pressure valves in low pressure areas of the City. Jodi Russell, Manager of the Water and Sewer Planning Branch, Engineering and Technical Services Department, provided an update on the customer services and

external relations portion of the program. The Committee reviewed the program pamphlet that will be circulated to customers and videos that will be available on the website. Approximately 900 residences in the Fort Reno area and 2,000 residences near St. Elizabeth's will receive the mailings starting on March 26. Customers will then call and make appointments to have plumbers come out and install the new valves.

There was further discussion about the vulnerability of water and two Board members felt that there needed to be more follow-up about the Colonial Pipeline and what safety measures are in place. They did not believe that there should be trust in their compliance with regulations even though they are federally regulated, but that the Colonial managers should be pressed harder for information. General Manager Hawkins concurred and stated that he believes the Aqueduct customers have the most strength since there is Fairfax, WSSC, and D.C. dependent on this water source and growing in numbers.

D.C. Retail Water and Sewer Rates Committee

Presented By: Allan Roth, Chair

Mr. Roth stated that the Committee met on March 25, 2014 and received presentations regarding the financial pressure that the long-term control plan or Clean Rivers Project will put on retail ratepayers over the next 10 years. They also discussed how that relates to the upcoming FY 2015 Cost of Service Study. He indicated that Louis Berger Water Services, consultants, explained how EPA's traditional guidance treats sewer bills exceeding 2 percent of a jurisdiction's median household income which represents a large economic impact on residents. The consultants explained why this guidance does not work in a city like Washington, D.C., which is characterized by great extremes of wealth and poverty. Instead of using the 2 percent EPA guidance, the consultants recommended calculating the economic impacts of the control plan that would support a modified approach that would defer certain capital costs related to Clean Rivers. Also, they recommended implementing green infrastructure solutions in a way that would accelerate the benefits in the most cost effective way. Mr. Roth stated that that would not eliminate the affordability problems entirely but it would delay and ameliorate them to a considerable extent. He further reported that there is a challenge in discussing the plans with EPA because they are historically reliant on the 2 percent of median household income standard. General Manager Hawkins indicated that he sensed EPA beginning to listen somewhat more carefully to the affordability concerns.

The next presentation was made by Raftelis Financial Consultants in preparation for the FY 2015 Cost of Service Study which is conducted every three years. The Study ensures that each customer class is paying a sufficient and equitable amount in rates, charges, and fees to recover the cost of delivering services to that class of customers. The objectives of the Study include the periodical review of part of the rate setting responsibilities, but the consultants will also evaluate alternative rate structures, affordability alternatives, and possible alternative charges to relieve pressure on traditional retail water and sewer rates. The Committee encouraged the consultants to be innovative in their thinking and recommendations.

The last issue covered by Mr. Roth was a presentation by Mark Kim, Chief Financial Officer, of the Committee's work plan. He stated that everything is on track for the May public hearing on retail rates and other activities scheduled for the remainder of the fiscal year.

Chairman Lew congratulated D.C. Water, General Manager Hawkins, and the Blue Team for hitting a milestone on the Bloomingdale flood prevention effort that started over a year ago. Also he spoke about the McMillan Reservoir that was a future development site but ended up as the interim term solution and as one of the major steps in addressing storm water retention. General Manager Hawkins informed them that the goal was achieved recently. Chairman Lew stated that he is looking forward to scheduling an on-site press conference with the Mayor and the Board to celebrate the accomplishment. He believes this is very important to the City and is pleased that they are getting through the short term and medium term solutions. The medium term solution involves the First Street tunnel. He reiterated that he is very, very proud of this organization.

General Manager's Report

Presented By: George S. Hawkins, General Manager

General Manager Hawkins stated that D.C. Water would not have been able to put together the Bloomingdale solutions if not for the Mayor and Board Chairman and City Administrator Lew's involvement which included chairing the task force, gaining access to the site, and being a significant part of the program. He commended Chief Engineer Len Benson and Carlton Ray with Clean Rivers on the remarkable accomplishment and also the City and the Department of Transportation. It has been a great team project.

As announced earlier, the Green Infrastructure comment period was extended to April 13, 2014 and there have been a large number of community and ANC meetings where the project was explained to residents. Mr. Hawkins reported that they had received a lot of comments and the comment period is still open.

In addition to the sand filters at McMillan, Mr. Hawkins indicated that they are in the final steps of a 400,000 gallon low impact development. A very large component of green development which is to contain storm water in the Bloomingdale neighborhood has been installed on time and on budget.

New members of the Blue Team and those promoted to leadership positions were introduced. They include Leduntin Alewumne, Manager of Network Services; Steve Rogers, Manager of Compensation and Recruitment; and Willis Thomas, Supervisor of Construction,

Consent Item (Joint-Use)

Chairman Lew asked for a motion to approve the joint-use consent item. Mr. Firestine moved to approve Resolution No. 14-11 and it was seconded. The motion to approve Resolution No. 14-11 was unanimously approved by the Board.

Consent Item (Non-Joint Use)

Chairman Lew asked for a motion to approve the non-joint use consent item. Mr. Roth moved to approve Resolution No. 14-12 and it was seconded. The motion to approve Resolution No. 14-12 was unanimously approved by District members of the Board.

Chairman Lew stated that plans for the Board Retreat are moving ahead and that they are trying to figure out some magical date where all Board members, principals and alternates will be available to attend. He indicated that it is important that everyone make time to attend by moving their schedules around, if needed.

Chairman Lew adjourned the meeting at 10:15 a.m.


Secretary to the Board of Directors