



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

BOARD OF DIRECTORS

GOVERNANCE COMMITTEE

MEETING MINUTES

September 9, 2015

Committee Members

Ellen Boardman, Chairperson
Alan Roth
Rachna Butani
Matthew Brown

D.C. Water Staff

George Hawkins, General Manager
Randy Hayman, General Counsel
Linda Manley, Board Secretary

Chairperson Boardman convened the meeting at 9:00 a.m. The Chairperson requested Korey Gray, Compliance Officer, to address Agenda Item # 2 –DC Water Works! Employment Programs Update.

DC Water's goods and services employment data through August 2015 reflected an increase of seventeen (17) workers since July. This includes five (5) new hires, of which two (2) are District residents. Two (2) new projects became active over the same period. In total, goods and service projects show 625 job positions, 369 of which were filled by residents within the user jurisdictions, including 122 of which were District residents. Since the beginning of FY 2015, there were 29 new hires, 25 of whom were from the User Jurisdiction, including 13 who are District residents.

The non-major construction projects data for August showed an increase of fifty-eight (58) positions since July. This includes five (5) new hires, of which three (3) are District residents. In total, non-major construction projects show 1,607 positions, 1,101 were filled by user jurisdiction residents, including 263 of whom were District residents. Since the beginning of FY 2015, there were 51 new hires, 41 of whom were from the User Jurisdiction, including 14 who are District residents.

Mr. Gray then turned to the employment data for major construction projects. The major construction project data showed there a total of 2,919 positions, 1,397 of which were filled by residents of user jurisdictions, 331 of whom were District residents. There have been fifty two (52) new hires on the major projects. Of the new hires, 44 were from user jurisdictions, including 10 of whom were District residents.

Mr. Gray then provided an update on the DC Water Job Centers. Between October 2014 and August 2015, a total of 36 people were hired through the Job Center. Thirty-five (35) of the new hires were residents of the User Jurisdiction, including 10 District residents. Mr. Gray gave the Committee a breakdown of the hiring contractors and the type of jobs created.

Next, the Committee received an update on the DC Water contractor employment since FY 2013. The highest percentage of user jurisdiction participation occurred in FY 2013 with 60% participation, while FY 2014 had 52 % user jurisdiction participation and FY 2015 had 56% user jurisdiction participation. The percentage of the total contractor workforce comprised of DC residents was 13% per year for FY 2013 and FY2014, and 14% for FY 2015 (as of August 2015).

There was a similar three year review for DC Water contractor new hires. The review showed an increase in new hires from FY 2013- FY 2015 (as of August 2015), with percentages of 57%, 75% and 83% respectively for user jurisdiction residents. The new hire percentages for DC residents were 46 % for FY 2013, 40% for FY 2014, and 28% for FY 2015 (as of August 2015).

General Counsel Randy Hayman made a presentation to the Governance Committee concerning development of a proposed policy to govern employee ethics and conflicts of interest. As he explained, DC Water is preparing a single set of ethics standards drawn from various rules currently in effect. These new standards are intended to be compliant with both the existing ethics standards administered by the DC Board of Ethics and Government Accountability (BEGA) currently in effect and the proposed revised standards pending before the DC Council in Bill No. 21-0250. DC Water employees are not directly subject to BEGA oversight, but the intent is to establish an ethics protocol that in large part mirrors BEGA's rules.

Mr. Hayman provided an overview of the key principles set forth in the proposed standards of policy, including general ethical standards, avoiding potential conflicts of interest through relationships between DC Water employees and third parties doing business with DC Water, gifts, use of DC Water assets, outside activities, and restrictions relating to new hires and former DC Water employees. Mr. Hayman then described the specific standards proposed for each of these key elements. Finally, Mr. Hayman's presentation discussed proposed confidential financial reporting obligations that would be applicable to senior employees, i.e., those employees in senior management positions and/or with significant procurement or policymaking authority.

Committee members had questions on several elements of the proposed policy. With respect to the proposed limitations on DC Water employee's ability to receive third party gifts, Mr. Roth suggested that OGC review the ethics gifts rules applicable to members of Congress to determine whether any of the exceptions to the basic rules set forth therein should be incorporated into DC Water's policy. Ms. Boardman stated that any standards of conduct should be crystal clear with respect to what is expected of an employee, because there may be consequences associated with violation of the standards. Mr. Hawkins questioned whether an exception to the proposed gift limitations should be considered for speaking event sponsors to cover the costs of DC Water employee attendance, so that such costs would not be borne by ratepayers.

The Committee also discussed proposed restrictions on post-DC Water employment activities. Ms. Butani expressed concern that the rules not be so restrictive as to hamstring former DC Water employees from advancing their careers once they separated from DC Water. Mr. Hayman pointed out that the proposed rules, consistent with the BEGA rules, permit the General Manager to make a written exemption from these hiring restrictions, provided it is in DC Water's best interests. Mr. Hawkins responded to Mr. Mallett's concern that this exemption was too broad and could lead to contract bid protests. Mr. Hawkins noted that the exemption process would be completely transparent so as to guard against conflicts of interest. Following this discussion, it was agreed that OGC would further consider whether the exemption should be available only to hiring of individuals post-employment, as opposed to hiring firms that hire former DC Water employees.

With respect to the proposed reporting standards and conflict of interest disclosure forms, several committee members questioned the need for employee household members to provide detailed financial information. Mr. Hayman explained that this information is required under current BEGA rules.

Ms. Boardman thanked Mr. Hayman for his presentation, noting that the proposed standards will remain a work in progress and that further refinements would be taken up at future Governance Committee meetings.

Carlton Ray and Bethany Bezak were asked to present updates on the Green Infrastructure (GI) certification program that is part of the Green Jobs Memorandum of Agreement (MOA) between DC Water and the District of Columbia. Chairperson Boardman opened the discussion by asking if the certification program included a training component, noting that it had been her understanding the certification program would not include a training component. Mr. Ray noted that a training component was being proposed as part of the certification program under the proposed initial three-year contract duration given the immediate need to train and certify the first candidates to support the first two GI projects associated with the Consent Decree (CD) Modification. Mr. Roth asked how the certification program would be impacted by the CD Modification timing. Mr. Ray noted that the CD modification is separate from the Green Jobs MOA (and the certification program), so any questions related to the timing to finalize the CD modification do not influence the certification program moving forward.

Mr. Ray and Ms. Bezak presented an update on the CD Modification status and a summary of the MOA goals. Additionally, Mr. Ray and Ms. Bezak outlined the proposed national certification program and the proposed scope of work, which includes: 1) criteria development; 2) training curriculum development and delivery; 3) exam development; and 4) website and certification database development. The Water Environment Federation (WEF) was presented as the organization recommended to provide the services for the proposed sole source contract based on the following credentials: 1) WEF is a recognized leader in the storm water and water industry; 2) WEF has a diverse membership with representation from utilities and communities nationally; 3) WEF is a proven leader in technical education and training; and 4) WEF has been active in providing certifications for over 40 years. A three-year not-to-exceed contract of \$2.2 M was recommended to the Committee.

Committee members asked many questions. Ms. Richardson noted (and the DC Water team concurred) that DC Water should explore opportunities to work with the DC Youth Engagement Office on providing candidates into the certification program. Chairperson Boardman asked if the intent of the proposed program was for certified workers to be paid Davis Bacon wages. Mr. Ray responded that this was the intent. Mr. Mallett noted (and Ms. Butani concurred) that DC Water should require minimum high school qualifications (or GED) for entry into program or require that candidates complete and obtain GEDs during the program. Ms. Butani inquired about the duration of the certification. Mr. Ray noted that the intended duration was two years and that continuing education would be a requirement of the certification program. Chairperson Boardman asked to whom does WEF report, and Ms. Richardson asked if DC Water will have the opportunity to make modifications to the program during the contract. Mr. Ray noted that WEF would report to DC Water and periodic updates would be provided to the Board. Ms. Richardson added that the certification program fits with the Mayor's interest in pathways to the middle class and asked how many workers/trainees will be supported by the GI Program. Mr. Ray responded that approximately 190 green jobs will be supported through the GI implementation in the CD. Chairperson Boardman requested clarification on the fact sheet that noted WEF's support of the 51 percent District new hire goal in the MOA and how this would be achieved. Mr. Ray noted that no subcontractors have been selected but through possible subcontractors there would be opportunities with the proposed contract to support the new hire goal in the MOA. Chairperson Boardman requested additional clarification on subcontractors and the MOA new hire goal. Ms. Branch asked who will certify and how many hours will be required for the certification. Mr. Ray responded that WEF will certify but it has not yet been determined how many hours will be required for the certification. Chairperson Boardman sought further clarification on the scope of services and why a sole source contract was appropriate for the training component of the certification. Mr. Roth asked for clarification on meeting MBE/WBE goals for the contract. DC Water agreed to provide additional information regarding these questions. Chairperson Boardman asked what entity owns the certification/training program produced by WEF under the sole source contract (i.e., DC Water or WEF). Mr. Ray noted that there was an interest in other jurisdictions contributing financially to the program development, and based on financial contributions, ownership would be determined. Chairperson Boardman asked

for General Counsel Randy Hayman to review the contract and evaluate open questions related to intellectual property and product ownership.

The discussion concluded with the Committee agreeing that DC Water staff should follow-up with Chairperson Boardman to provide additional information and answer outstanding questions. With Chairperson Boardman's approval, the Committee agreed that the contract could proceed to the Board of Directors for approval.