

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

 **BOARD OF DIRECTORS**

 **MEETING MINUTES**

 **THURSDAY, JANUARY 7, 2016**

**Present Directors**

Matthew Brown, Chairman, District of Columbia

Nicholas Majett, Prince Georges County

Timothy Firestine, Montgomery County

Obiora “Bo” Menkiti, District of Columbia

Sarah Motsch, Alternate for James Patteson, Fairfax County

Ellen O. Boardman, District of Columbia

Bradley W. Frome, Prince Georges County

Alan Roth, District of Columbia

David Lake, Alternate for Elisabeth Feldt, Montgomery County

Rachna Butani Bhatt, District of Columbia

**Present Alternates**

Kendrick E. Curry, District of Columbia

Adam Ortiz, Prince Georges County

Howard C. Gibbs, District of Columbia

Ana Harvey, District of Columbia

**DC Water Staff**

George S. Hawkins, CEO/General Manager

Mark Kim, Chief Financial Officer

Randy Hayman, General Counsel

Linda R. Manley, Board Secretary

Chairman Brown called the 216th Meeting of the District of Columbia Water and Sewer Authority’s Board of Directors to order at 9:38 a.m. Ms. Manley called the roll and a quorum was established.

**Approval of the December 3, 2015 Minutes**

Chairman Brown asked for a motion to approve the December 3, 2015 minutes. The motion to approve the December 3, 2015 minutes was moved and unanimously approved by the Board of Directors.

**Chairman’s Overview**

Chairman Brown wished everyone Happy New Year. He thanked the D.C. Water staff for working day and night serving the residents of the District of Columbia and the region.

Chairman Brown summarized the agenda and pointed out one non-joint use action item which was the System Availability Fee. He thanked CFO Kim and his staff for the terrific work they did on the proposals and also thanked Mr. Kiely and his staff for implementation. The new fee is for new or upsized connections to recover the costs in the water and sewer systems that have been made by generations of users. Rulemaking will be published and the community will be asked for their comments prior to implementation. Chairman Brown stated that during committee meetings Board members raised the issue of the impact the fees might have on affordable housing, nonprofits, and other entities that have a limited ability to pay. He indicated that it is the Board’s responsibility to provide water services and pay for the provision of those services. Chairman Brown noted that the Board should at least explore the affordability issue.

General Counsel Randy Hayman was acknowledged by Chairman Brown for his service to the Authority. This was his last D.C. Water Board meeting since he would be returning to private practice. He thanked Mr. Hayman for his ability to be forthright and thoughtful in advising the Board. Chairman Brown presented Mr. Hayman with a plaque thanking him for his dedicated and outstanding service. Mr. Hayman thanked Chairman Brown and the Board and also the staff of the General Counsel’s Office. He stated that it had been an honor to work with the Board and D.C. Water’s staff.

**Environmental Quality and Sewerage Services Committee**

Reported By: Howard Gibbs

Mr. Gibbs stated that the Committee met on Thursday, December 17, 2015. The first item on the agenda was presented by Aklile Tesfaye, Assistant General Manager for Wastewater Treatment, who reported on the operation of the Advanced Blue Plains Wastewater Treatment Plant. He indicated that the Plant was 100 percent in permit compliance. The monthly average inflow was 260 million gallons per day (mgd). The recorded rainfall was 3.17 inches of precipitation. Nitrogen removal was well below the permit limit of 4,377,580 pounds and at 2.5 million pounds.

Mr. Tesfaye reported that the Combined Heat and Power Facility continues to operate during the commissioning phase and is undergoing testing and optimization. He stated that the average energy generated was 171 megawatt hours per day which represents 29 percent of the electrical requirements for the Plant. Mr. Tsefaye said this was very good.

Mr. Gibbs indicated that Ms. Maldonado, Director of the Engineering and Technical Services Department, provided an update on the Potomac Interceptor. She reported that all six sites are fairly well completed with some testing and commissioning going on in the last two sites. Blended media has been installed in three of the six sites to make sure the odor from all of the various gases are captured and the other three sites will be changed over to blended media as the existing media reaches the end of its useful life. Based on the lessons learned from the investigation of odors at Site 27, dampers will be installed at the other five sites to control the air flow.

Mr. Gibbs reported that one of the action items on the agenda was the funding of the continuation of Phase I and Phase II of the six- year Wastewater Service Area Program Management contract which will provide subject matter experts to augment D.C. Water’s staff in implementing many of the processes developed in the Asset Management Plan for wastewater treatment assets. It will also assist in aligning this analysis with the Capital Improvement Program development and prioritization efforts. Phase I services focus on the Biosolids Program and the Phase II on consolidation of all instrumentation and controlled process work. In addition, the project management consultant will be involved with the Rolling Owner-Controlled Insurance Program.

The Committee recommended approval of ten action items.

**Joint Meeting of the Environmental Quality and Sewerage Services and the Water Quality and Water Services Committees**

Reported By: Rachna Butani Bhatt

Ms. Butani Bhatt stated that the Joint Committees met on December 17, 2015 to discuss D.C. Water’s Advancing Research and Technology Program (ART). The Program’s purpose is to leverage D.C. Water’s capabilities in research and feasibility testing in a public market, offering very specialized services at a price to other utilities and engineering firms. The offering is for high quality, cutting edge laboratory services. No engineering design liabilities will be assumed by D.C. Water. An Executive Session was held to discuss more about the ART Business Plan.

**Water Quality and Water Services Committee**

Reported By: Rachna Butani Bhatt, Chair

Ms. Butani Bhatt reported that the Committee met on December 17, 2015 and received a briefing on Total Coliform testing. Mr. Kiely, Assistant General Manager for Customer Care and Operations, indicated that there were zero positives in November and as of December 17.

For the Lead and Copper Rule monitoring, Mr. Kiely stated that 110 samples had been analyzed and that they are at a historical low. The year will finish at 3.7 parts per billion which Mr. Kiely noted is excellent. Mr. Kiely noted that the report to EPA will be filed on January 9, 2016. They are still awaiting EPA’s new rules.

Ms. Butani Bhatt stated that the next agenda item was an update on the Fire Hydrant Upgrade Program. Mr. Kiely informed the Committee that the out of service hydrants were at historical lows of .45 percent, far below the 1 percent goal set by the Board. He noted that there has been a shutdown of hydrant maintenance for repairs and replacements as a result of a switch to winter operations. Hydrant leaks or other emergencies will be addressed. The full hydrant services will resume around March 15, 2016. There may be an increase in the number of out-of-service hydrants reported during the next couple of months but they will be caught up after March 15, 2016.

Next for the Committee meeting was a presentation by Jonathan Reeves, Manager of Emergency Management, on D.C. Water’s first multi-agency functional exercise. Fourteen external agencies participated, along with six laboratories, including EPA’s Fort Meade Facility. Ms. Butani Bhatt reported that the purpose of the exercise was the achievement of superior document management. Mr. Reeves informed the Committee that so far the exercise was very successful. The Committee will receive another update of the exercise since it was underway the day of the Committee meeting. Ms. Butani Bhatt notified the Board that the Washington Post wrote an article about the exercise which showed how D.C. Water was staying on top of these sorts of issues.

**D.C. Retail Water and Sewer Rates Committee**

Reported By: Alan Roth, Chair

Mr. Roth stated that the Committee met by telephone on Friday, December 18, 2015 and focused on consideration of the proposed System Availability Fee which is to recover prior investments in available excess system capacity. The costs are associated with water supply and treatment, water distribution, wastewater and storm water conveyance, and water treatment. It is designed to recover a proportionate share of system costs for new development and redevelopments based on a combination of meter size and average consumption. It is a one-time retrospective fee that will be assessed to new customers or existing customers who are expanding their service to recover the prior investments made by D.C. Water in trunk and treatment assets that have created the excess capacity that would be used to serve future customers or increased demand. It will be assessed on any new premise building or structure that requires metered water service connection to the Authority’s water or sanitary sewer system. Mr. Roth reported that it would also be assessed for renovation or redevelopment projects on any premise that requires connection.

Mr. Roth stated that the specific assessment on each project is provided in detail in the resolution the Committee has recommended for Board approval. It is a sliding scale of fees based on the combination of meter size and average or expected consumption associated with those meter sizes. Mr. Roth reported that Mr. Kim showed the Committee a slide indicating what other utilities in the region charge and it was shown that D.C. Water’s SAF is lower for both residential and non-residential customers. It is estimated that anticipated revenue will be about $7.7 million per year. Mr. Roth said there was a lot of discussion on the impact the fee will have on charitable organizations, specifically, social service type and affordable housing organizations that build and provide affordable housing. The Committee members agreed that there should be an allowance made in the rulemaking informing the community of the soliciting of comments on the affordability issue. Mr. Roth stated that Ms. Boardman would offer a friendly amendment during consideration of the resolution that states the Board’s intent.

**General Manager’s Report**

Report By: George Hawkins, CEO/General Manager

Mr. Hawkins thanked and commended General Counsel Hayman for all his dedicated, outstanding service to D.C. Water. He pointed to his always calm and thoughtful characteristic as one of his most noteworthy attributes and it is of particularly important in the legal counsel world. He also acknowledged Mr. Hayman’s very good team. Mr. Hawkins reported that a professional search firm has been employed to identify candidates.

General Manager Hawkins pointed out that water main break season is here and that on the prior Monday morning there were 11 active water main breaks. He stated that he has unbelievable and unshakable faith in the D.C. Water team that they will respond expeditiously and professionally to whatever comes.

An important event which occurred in December that Mr. Hawkins noted as impacting on D.C. Water was the passing of the budget bill that the Federal Government was able to accomplish. In the bill was a $14 million appropriation for the Clean Rivers Program. This is not an easy undertaking and Mr. Hawkins reported that they aggressively seek to get this approved and meet one on one with staff from the White House, Senate, House, and anyone else that might assist in this effort.

Mr. Hawkins reported that also of interest in the budget bill was the solar tax credit, the investment tax credit, that was to expire at the end of 2016 but was extended. D.C. Water was interested in installation of a very large solar system here at Blue Plains but was reconsidering it with the tax credit slated to expire by the end of 2016. He noted that this is now back in play which he feels is exciting.

The performance of Blue Plains on the new EPA mandate to meet very stringent limits of technology discharge levels for nitrogen was highlighted by Mr. Hawkins. In one year D.C. Water removed 1.7 million pounds more than required under the permit for the benefit of the Chesapeake Bay. This was accomplished with the support of all of the members of the Board.

Two financial points were mentioned by Mr. Hawkins. The first concerned the improvement in the market on a debt front. D.C. Water now has a good interest rate and they are very hopeful. Mr. Hawkins stated that on current numbers, they are looking at savings over a time frame of debt of 30 to 35 years of $30 to $40 million and perhaps more. This is a very substantial savings for rate payers if D.C. Water can get to the market while these current conditions exist. Mr. Hawkins said that CFO Kim and his team are always busy working on something good.

The second financial issue is that they got back the audit opinion for the financials of D.C. Water for fiscal year 2015 and Mr. Hawkins stated that he was glad to announce that it was a clean opinion. He noted that they expect this because of how good D.C. Water’s team is but nevertheless it is a very significant milestone.

Mr. Hawkins recognized Mr. Haile Tsefayu and welcomed him as a new member of the team. He stated that Mr. Tsefayu is the new Supervisor for Utility Design Services in the Engineering and Technical Services Department.

The last comments by Mr. Hawkins were concerning the December 19th delivery of blankets, coats, toiletries, and other needs including a hot meal to homeless men, women, and children at Franklin Park, and then the delivery of more materials to the Mitch Schneider Shelter. It was an incredible effort. Employees from across the agency donated to this effort. Mr. Hawkins commended Michael Burns, Jerome Graves, Angela Orozco, Dom Scott, Rose Sessions, Lawrence Young Jessica Simmons, and Lisa Barton who were out there on that day. Mr. Hawkins said that this was another example of the soul of D.C. Water being a true service enterprise.

**Consent Items (Joint Use)**

Chairman Brown asked for a motion to approve joint use items. Mr. Firestine moved to approve Resolutions No. 16-00 through 16-09 and it was seconded. The motion to approve Resolutions No. 16-00 through 16-09 was unanimously approved by the Board.

**Consent Items (Non-Joint Use)**

Chairman Brown asked for a motion to approve a non-joint use item, Notice of Proposed Rulemaking to Establish a New System Availability Fee. Mr. Roth moved to approve Resolution No. 16-10 and it was seconded. Ms. Boardman then offered the following amendment regarding soliciting comments from the public during the comment period on exemptions for charitable organizations and affordable housing. She stated that the amendment is that on the last page of the resolution which appears on Page 95 of the Board materials, immediately preceding Item Number 2, the sentence reads now, “The Board requests comments on these proposed regulations and comments on a proposal to provide exemptions for charitable organizations and affordable housing.”

Ms. Boardman stated that she proposed modifying that sentence by striking it and replacing it with the following: “The Board requests comments on these proposed regulations and comments on whether D.C. Water should consider exemptions for charitable organizations and affordable housing, and, if so, the nature and extent of such exemptions.”

The modification was seconded. Chairman Brown stated that he thought this reflects the intent of the Committee and clarifies the language for the rulemaking. He asked for discussion. There being no discussion, Chairman Brown asked that all those in favor of incorporating the amendment say aye. There were none opposed, and Chairman Brown stated that the amendment passed.

Chairman Brown then asked for a motion to approve the amended item, Resolution No. 16-10 and it was so moved and seconded. The motion to approve amended Resolution No. 16-10 was unanimously approved by the District of Columbia members of the Board.

General Counsel Hayman asked for a motion to move into Executive Session to discuss legal, confidential, and privileged matters pursuant to Section 2-575(b)(4) of the D.C. Official Code. It was so moved and seconded. A roll call vote was conducted and the motion was approved unanimously. The Board went into Executive Session and resumed the public meeting at 10:22 a.m.

There being no other business, Chairman Brown adjourned the meeting at 10:22 a.m.