



**DISTRICT OF COLUMBIA
WATER AND SEWER
AUTHORITY**

BOARD OF DIRECTORS

*Governance Committee
June 8, 2011
9:30 a. m.*

MEETING MINUTES

Committee Members

Alethia Nancoo, Chairperson
Kathleen Boucher
Anthony Griffin
David Lake
Alan Roth

DC Water Staff

George S. Hawkins, General Manager
Meena Gowda, Acting General Counsel
Linda R. Manley, Board Secretary
Kim Turner, Director Policy and
Government Relations
Loretta Caldwell, DC Water Consultant
Third-Party Compliance Oversight

Board Members Attending

Howard Croft
Alexis Roberson

Chairperson Alethia Nancoo called the meeting to order at 9:40 a.m., noting that the purpose of today's meeting was for the Committee to get a detailed overview of the business development opportunities of the enterprise and fair hiring practices of the enterprises' contractors. The Chairperson then turned the Committee's attention to Items # 2 and 3 on the Agenda – DC Water Employment and Business Development Program Requirements and Blue Plains Tunnel Design-Build Contract with Traylor Brothers-Skanska-JayDee Joint Venture. The Chairperson requested that the General Manager give a presentation on these two items and suggested to the Committee members that questions be held until the end of the presentation. The General Manager's presentation covered the Department of Employment Services (DOES) First Source Hiring Agreement ("First Source Agreement") DC Water's Local Business Enterprise Program, the Disadvantaged Business Enterprise Program, and DC Water's history of compliance with regards to the EPA's Fair Share Objectives. The General Manager stated that the EPA found DC Water's participation in the Fair Share Objectives to be the most successful in Region 3, having met and exceeded its Fair Share Objectives.

The presentation also addressed the Skanska Northeast DBE matter. The General Manager pointed out that Skanska USA Civil Southeast (which has a 25% share of the joint venture contracted for the design-build work for the Blue Plains Tunnel) is a legally separate company from Skanska USA Civil Northeast, which recently signed a non-prosecution agreement with the U.S. Attorney's Office related to an investigation of a DBE firm contracting on several New York City transit projects that had received Federal funds.

The General Manager's presentation then turned to the numerous mechanisms in place to ensure compliance with DC Water's M/WBE Program. The General Manager further reported that the managing partner of the joint venture for the Blue Plains Tunnel Project had hired a third-party consultant to provide compliance oversight (Robinson Associates, a DC based firm) and DC Water had hired its own third-party consultant to provide compliance oversight on DC Water's behalf (L.S. Caldwell Associates, a DC based firm). The elements of the DC Water approach for achieving M/WBE contracting compliance for the Blue Plains Tunnel Project were detailed. Such elements included: (i) keeping local project dollars local;(ii) encouraging the use of District-based and user jurisdiction-based MBE/WBEs;(iii) achieving the MBE/WBE goals; (iv) encouraging the First Source Agreement goals; and (v) requiring the submittal of monthly contractor reports in a timely manner to keep the local community informed.

The General Manager then turned the presentation over to Loretta Caldwell of L.S. Caldwell Associates who detailed both the DC Water pre-proposal contract outreach efforts and the DC Water post- proposal contract outreach efforts for the Blue Plains Tunnel Project.

The pre-award and post- award compliance efforts of the joint venture of Traylor /Shanska/JayDee were also detailed and the General Manager introduced Sharon Robinson of Robinson Associates, the third party compliance consultant for the joint venture.

The General Manager concluded his presentation and a lengthy discussion ensued. The Committee members acknowledged that while DC Water has a fully developed Business Development Plan, it appears a program to ensure fair hiring practices of DC Water's contractors was not similarly in place. In particular, the Committee members questioned what enforcement practices did DC Water have in place in the event a contractor did not follow the requirements of the First Source Agreement and DC Water's expectations of fair employment practices. The General Manager emphasized that the Clean Rivers Project is being constructed in phases. Those contractors working on the Blue Plains Tunnel Project will be constantly monitored and their compliance or lack thereof will be a part of the selection process for upcoming phases. The Committee also discussed the relationship between the other jurisdictions and the District's First Source Program. The Committee also stressed the importance of not only DC Water's contractors hiring MBE and WBE firms, but also ensuring that contractors and subcontractors hire local workers. The Committee requested that staff supply them with

the estimated amount of new hires for the Blue Plains Tunnel Project. The Committee also inquired as to the cost to the ratepayer for complying with the previously referenced programs. The Committee discussed various approaches to increasing local hires for DC Water projects. These approaches included starting a practice to look at the next lowest bidder(s) on any given project to determine if such bidders were in a position to hire more local workers. The Committee also asked the Acting General Counsel to see if there were any legal impediments for DC Water to adopt its own First Source Program rather than going through DOES.

The discussion concluded that DC Water had both a short term goal and a long term goal in developing a Contractor Fair Hiring Practice Plan. The short term goal is to ensure that the contractors on the Blue Plains Tunnel Project 'buy into' the concept of employing local residents and developing apprenticeship programs. The Committee requested staff to develop a monthly report that accurately reflected the compliance history and employment practices of the contractors. It was suggested that this report be developed by Caldwell Associates. The long term goal is for DC Water to develop its own First Source Program. The Committee suggested that the staff look at similar programs in surrounding jurisdictions. The Committee noted that compliance programs in Virginia are more outreach-oriented and education-oriented than regulation-oriented.

As the presentation and subsequent discussion covered both Agenda Items # 2 and 3, the Chairperson then turned the Committee's attention to Agenda Item # 4— Government Affairs: Update. The Director, Policy and Government Relations, Kim Turner, briefed the Committee on Federal, District and DC Water legislative activities. The Director noted that the 'Department of Defense and Full – Year Continuing Appropriations Act of 2011' reduced the federal payment/contribution for the Clean Rivers Project from \$25,000,000.00 to \$11,499,000.00. The Director further noted that EPA had a \$1.6 billion funding reduction, the majority of which was taken from the Clean and Safe Drinking Water Revolving Funds, also known as State Revolving Funds. The Director also reported on the DC Water Performance Oversight Hearing held before the Council of the District of Columbia Committee on Public Works and Transportation. During the hearing, questions were posed to DC Water's executive staff concerning its operating and capital budget for 2012.

The Director concluded her update with a report of the DC Water public hearing that was held on the proposed 2012 rates and fees.

The Chairperson then turned the Committee's attention to Agenda Item # 5 Emerging Issues. As no Committee member raised an emerging issue, the Chairperson adjourned the meeting at 11:15 a.m.