



**DISTRICT OF COLUMBIA
WATER AND SEWER
AUTHORITY**

BOARD OF DIRECTORS

*Governance Committee
March 13, 2013
9:00 a. m.*

MEETING MINUTES

Committee Members

Alethia Nancoo,
Chairperson
Kathleen Boucher
David Lake.
Edward Long, Jr.
Alan Roth

DC Water Staff

George Hawkins, General Manager
Randy Hayman, General Counsel
Linda Manley, Board Secretary
William Pickering, Government Relations
Manager, External Affairs
Katrina Wiggins, Chief of Staff

Chairperson Alethia Nancoo called the meeting to order at 9:00 a.m., and turned the Committee's attention to Agenda Item # 3 –Update on Strategic Plan Initiative, Develop Local Hiring Initiative For Contractors. Katrina Wiggins, Chief of Staff, discussed the three program elements of the DC Water Contractor Employment Plan: Policy, Interim Program, and Permanent Program. Ms. Wiggins detailed the five Policy standards which include the drafting of new contract language covering employment requirements and the utilization of an online employment reporting system. The Committee Chairperson requested that the new language to be placed in the contracts be brought back to the Committee prior to implementation. Ms. Wiggins then discussed the creation of the Employment Initiative Task Force (EITF) which would be responsible for developing the Interim Program parameters, procedures, processes and an implementation plan. Ms. Wiggins further informed the Committee that the EITF would be looking at premier programs across the country and reporting routinely to the Committee. Ms. Wiggins outlined the tasks to be undertaken by the EITF which included working with the user jurisdictions to ensure that their employment concerns were represented, reviewing data collected from existing contracts and providing an estimated cost for the Interim Contractor Employment Program. The Committee requested that the ETIF not propose a bifurcated program for user jurisdictions and the District of Columbia as the Committee favored a simpler approach.

The Chairperson then turned the Committee's attention to Agenda Item # 2 – Government Affairs: Update. William Pickering, Government Affairs Manager, first updated the Committee on federal issues. Specifically, on March 6 the House approved a bill to continue government spending after the continuing resolution expires on March 27. This resolution provides funding through the end of FY 2013. Mr. Pickering stated that the new continuing resolution is now with the Senate and may be taken up as early as this week. Congressional leaders are attempting to send a bill to the President before the start of the two-week Congressional recess on March 25th. This bill both reaffirms cuts made by sequestration as well as giving the administration more flexibility in how those cuts are to be made. Currently the continuing resolution funds the Clean Rivers Project at the FY 2012 level of \$15 million.

Mr. Pickering informed the Committee that DC Water will be affected by sequestration through a reduction in the amount of Drinking Water State Revolving Fund grant dollars DC Water will receive from the EPA in FY 2013. Specifically, the amount will be reduced by \$448,800 to a new total of \$8,527,200. DC Water also receives a portion of the Clean Water State Revolving fund dollars which have been reduced by \$4352,750 to a new total of \$6,702,250. Mr. Pickering further informed the Committee that DC Water's Build America bonds subsidy will be reduced by approximately \$500,000 per year.

Mr. Pickering noted that the President is expected to unveil his proposed budget for FY 2014 on April 8th. DC Water anticipates that the proposal will include a federal payment of \$14.5 million for the Clean Rivers Project which is an increase from the President's FY 2013 proposed amount of \$11.5 million.

Mr. Pickering then briefed the Committee on District issues. Mr. Pickering informed the Committee that Mr. Chris Peot, DC Water Biosolids Program Manager will be providing testimony to the DC Council Committee on Transportation and the Environment, Monday March 18th regarding DC Water's Digester Project. The hearing will focus on waste to energy projects with its primary focus on a District government –funded study that will investigate a potential incineration facility to be operated by the District Department of Public Works. The District Committee requested DC Water's presence to provide an example of a successful waste to energy initiative.

Upon the conclusion of Mr. Pickering's presentation, the Committee requested access electronically to key sites for legislation. The Committee also requested summaries of legislation being discussed before the Committee. The Committee members further requested the names of the members of the DC Committee on Transportation and the Environment.

The Committee Chairperson then turned the Committee's attention to Agenda Item # 4 – Update on the Compliance Monitoring Program which was presented by Ms. Loretta Caldwell, Major Projects Compliance Officer. Ms. Caldwell first gave the Committee an overview of the Compliance Program citing the contracting and employment compliance responsibilities of the Compliance Officer. Ms. Caldwell also listed the DC Water major

projects included in the Compliance Program, noting a new project entitled 'Enhanced Nitrogen Removal –North'. Ms. Caldwell discussed the dollar figures for the projects and the fair share objectives. The dollar amounts and fair share objectives achieved for major projects on November 14 2012 were then compared with the dollar amounts and fair share objectives achieved on March 13, 2013.

Ms. Caldwell then summarized for the Committee the total design M/WBE subcontracts awarded to date as well as actual dollars paid. Ms. Caldwell further summarized the total construction M/WBE subcontracts awarded to date as well as actual dollars paid. Ms. Caldwell assured the Committee that there was no double counting of firms. A firm identified itself as either an MBE or WBE.

Ms. Caldwell discussed employment statistics with the Committee. Ms. Caldwell informed the Committee that reporting by employers was increasing since reporting became a contractual requirement. The Committee requested that Ms. Caldwell supply the Committee with the names of recalcitrant, non-reporting firms.

The total number of contractor employees on major projects by user jurisdiction residence for November 2012 was compared with the totals by user jurisdiction residence for February 2013. The total number of DC residents by ward for November 2013 was compared with the total number of residents by ward for February 2013. The total number of DC residents on major projects was further broken down by new hires and transferees from existing projects.

Ms. Caldwell then summarized the DC apprenticeship statistics for the Committee. Specifically, the total number of DC resident apprentices, the total apprentice hours and the total number of DC resident apprentice hours for November 2012 was compared to the same totals for February 2013.

Ms. Caldwell concluded the discussion on employment statistics by giving a breakdown of employment by non-user jurisdictions and job category. The Committee requested that they be supplied with a breakdown by job category for the non-user jurisdictions.

Ms. Caldwell discussed two major projects employment initiatives: (i) the Second DC Water Employment Forum, "Identification of a Trained Workforce"; and (ii) the DC Water Opportunity Center. The latter initiative has received 58 applications to date, conducted 10 interviews and hired four new employees.

Ms. Caldwell concluded her presentation by informing the Committee that a formal contracting and employment compliance program has resulted in: (i) standard, uniform contracting and employment reporting; (ii) the initiation of an on-line reporting system for major projects; (iii) an increase in the number of subcontractor/supplier opportunities for M/WBEs through the utilization of second tier contractors; (iv) the opening of new avenues for prime contractor compliance through the allowance of second tier subcontractors/ suppliers to count towards goals; and (v) the use of empirical data to allow DC Water to more effectively judge its employment/outreach programs through

the collection of employment statistics.

The Committee Chairperson then turned the Committee's attention to Agenda Item # 5 – Emerging Issues. The General Manager discussed the Board's approval process for initial contract awards and modifications. The General Manager reminded the Committee that Board Resolution # 97-89 requires that any contract modification (change order) of \$500,000 or more requires Board approval. The General Manager stated that it has been the practice to present for board approval any change order that increases the cumulative change amount above \$500,000 regardless of the value of the change order. This results in Board approval being sought for relatively small modifications. The General Manager recommended that the current policy of a \$1,000,000 Board approval threshold for new awards and a \$500,000 Board approval threshold for contract modifications (change orders) continue. However the practice of seeking Board approval for contract modifications under \$500,000 should be discontinued. Any board approval for contract modifications under \$500,000 should be at the Contracting Officer's discretion. The comment was made from the Committee that, rather than relying on the discretion of the Contracting Officer, a definite amount should be chosen.

The General Manager further recommended that local jurisdictions' policies should be researched ,best practices in the industry be applied and inflation and the evolving needs of DC Water be considered. Any updates to the current policy could include increasing the delegation of procurement authority within DC Water and increasing efficiency and effectiveness by minimizing Board approval for previously approved contracts.

The Board Chairperson then turned the Committee's attention to Agenda Item # 6 – Agenda for Upcoming Committee Meeting. With little discussion on Agenda Item # 6, the General Counsel then called for an Executive Session pursuant to Agenda Item # 7. The appropriate roll call vote was taken and the Committee went into Executive Session.

Upon the conclusion of the Executive Session, the Committee reconvened in open session and the Committee Chairperson adjourned the meeting at 11:17 a.m.