



**DISTRICT OF COLUMBIA  
WATER AND SEWER  
AUTHORITY**

BOARD OF DIRECTORS

*Governance Committee  
July 11, 2012  
9:30 a.m.*

***MEETING MINUTES***

Committee Members

Alethia Nancoo,  
Chairperson  
Kathleen Boucher  
Carla Reid  
Alan Roth

DC Water Staff

George Hawkins, General Manager  
Randy Hayman, General Counsel  
Linda Manley, Board Secretary  
William Pickering, Government Relations  
Manager, External Affairs

Other Board Members

Joseph Cotruvo  
Howard Croft

Chairperson Alethia Nancoo called the meeting to order at 9:40 a.m., and turned the Committee's attention to Agenda Item # 2 – Major Projects Contract Compliance. Gus Bass, Manager, Engineering Management Services Branch of the Department of Engineering and Technical Services (DETS) summarized the last briefing on this matter which had been presented to the Committee. Mr. Bass also introduced Loretta Caldwell, the Major Projects Compliance Officer, who then briefed the members on the compliance status of both the M/WBE Contracting Program and the Local Employment Initiative.

Ms. Caldwell first briefed the Committee on the M/WBE Contracting Program. The Committee was informed about DC Water's major project monetary values, which of those projects were subject to the fair share objectives, and which were exempt. Ms. Caldwell then broke the major projects into their design contract components and their construction contract components and showed the fair share objective for each component. This breakdown showed that the design contract component had exceeded the fair share objective, while the construction contract component had not, as yet, achieved the fair share objective.

Ms. Caldwell discussed the challenges to achieving fair share objectives in the area of construction contracts. Ms. Caldwell first pointed out that, while it is now an option to use M/WBEs on second tier contracting to achieve the objectives, prime contractors have been reluctant to push subcontracting goals down to larger non-M/WBE first tier subcontractors. A possible solution provided by Ms. Caldwell, would be for compliance officers to investigate subcontracting opportunities at the point a subcontract request is initiated for the non-M/WBE subcontractor, requesting second tier M/WBE contracting when opportunities are available. Ms. Caldwell noted that on design-build contracts, prime contractors have difficulty naming M/WBE construction contractors because the design is typically at the schematic stage when the prime contract is awarded. Ms. Caldwell suggested as a proposed solution that design- build contracts should have one MBE goal and one WBE goal. Prime contractors and project compliance officers should work together to target packages for M/WBEs construction subcontractors/suppliers. One further challenge noted by Ms. Caldwell was incomplete and slow reporting by contractors. Ms. Caldwell suggested as a solution for new contractors, that the base reporting requirements of the compliance program and mandated responsibilities be included in the solicitation language.

The Committee inquired about the criteria used to establish the fair share objectives. Ms. Caldwell stated that a fair share study within a trade is conducted every three years. For DC Water, the study is reviewed and approved by the EPA. Ms. Caldwell further noted that DC Water has the highest objectives of any utility.

Prior to turning its attention to the local employment initiative, the Committee asked what were the consequences if a contractor does not achieve his goals. It was pointed out that the EPA determines, in its judgment, whether the contractor had undertaken a good faith effort. However, the enforcing agency is the agency/authority which ultimately hires the contractor. This agency/authority will keep a contractor's record of goal achievement in mind when considering the contractor for future projects. The Committee also noted that, while the social benefits of such programs are well known, the Committee would also like to know the net financial consequences of such programs on the organization. The Committee was informed that the market is very competitive at this time and bids are coming in lower than anticipated.

Ms. Caldwell then discussed the local employment initiative. Ms. Caldwell first offered a breakdown of contractor employees in the following user jurisdictions: the District of Columbia, Prince George's County, Montgomery County, Arlington County, Fairfax County, Loudoun County, as well as outside such user jurisdictions. The Committee requested that the numbers be further broken down to show which employees are working in the design end of a project and which are working in construction. The Committee also requested a further breakdown of the location of those employees from outside the user jurisdictions. Additionally, the Committee requested a further breakdown of the data to reflect which employees are transfers and which are new hires.

Ms. Caldwell then offered a breakdown of employees from the District of Columbia by ward. The Committee requested similar breakdowns for this data. The apprenticeship statistics were also presented to the Committee and Ms. Caldwell pointed out that DC Water had far exceeded the District requirement for District resident hours.

The Committee was informed that, in order to enhance DC Water's ability to increase the number of local employees on major projects, it is developing a stronger relationship with DOES in order to identify alternate employment solutions. DC Water is also reviewing alternative in-house employment programs.

The Committee requested that the local employment initiative parallel the M/WBE contracting program to include second tier subcontractors. A Committee discussion ensued to include the local employment initiative as a strategic initiative in DC Water's Strategic Plan. The Committee expressed the desire that DC Water should promote its own local hiring initiative rather than depending on other sources.

The Chairperson then turned the Committee's attention to Agenda Item # 3 – Government Affairs: Update. William Pickering, the Government Relations Manager, updated the Committee on both federal and District issues and legislation.

Mr. Pickering reported that the Senate's FY 13 appropriations bill includes a \$15 million payment for the Clean Rivers Project (Project). The Senate Committee Report includes language that encourages DC Water to use green infrastructure as an alternative in the Potomac and Rock Creek segments of the Project. Mr. Pickering pointed out that the House Appropriations Committee-approved bill does not include funding for the Project. Mr. Pickering noted that the President requested \$11 million for the project in his budget. Mr. Pickering assured the Committee that the DC Water government relations staff is in ongoing discussions with the appropriators to ensure that funding for the project will ultimately be included in both bills when the two bills are negotiated during conference. Mr. Pickering related that final funding determinations would likely not be made until after the elections in November.

Turning the Committee's attention to District matters, Mr. Pickering reported that the DC Council unanimously passed the "IMA Approval Revolution of 2012" on June 5, 2012. Mr. Pickering reminded the Committee that the resolution would not be deemed effective until Congress passes an amendment to the District of Columbia's Home Rule Act allowing the District to enter into the updated agreement. Mr. Pickering continued that late Tuesday evening July 10, 2012, the DC Council approved the "Blue Plains Intermunicipal Agreement of 2012 Congressional Approval Request Emergency Act of 2012". This act serves as the DC Council's official request to authorize the District and DC Water to enter into the 2012 IMA. Mr. Pickering informed the Committee that the DC Water government relations staff would coordinate with the Mayor's staff to move forward to receive Congressional approval. Mr. Pickering noted that the DC Council postponed its July 2nd hearing on the "Water Quality Assurance Amendment Act of 2012" in response to concerns about the bill expressed by DC Water. The Council, according to Mr. Pickering's report, is committed to work with DC Water during the

recess period to improve the legislation.

Mr. Pickering concluded his update by informing the Committee that DC Water would be hosting a Blue Plains tour with eight staff members from the White House Office of Management and Budget Thursday, July 12, 2012. These staff members are responsible for overseeing the EPA's budget and DC's federal payments.

The Chairperson briefly turned the Committee's attention to Agenda Item # 4. – Strategic Initiatives - since this topic had been discussed during an earlier agenda item covering Major Projects Contract Compliance. The General Manager also stated that staff would work to see that the local employment compliance initiative would incorporate practices in the M/WBE contracting program currently in place.

Committee member Boucher, who also sits on the Human Resources and Labor Relations Committee which meets immediately following the Governance Committee, recommended that the Governance Committee start at 9:00 a. m. rather than 9:30 a.m. in order to allow the latter Committee to start on time at 11:00 a.m.

In light of the time, and no emerging issues having been mentioned by any Committee members, the Chairperson adjourned the meeting at 11:30 a.m.