



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

BOARD OF DIRECTORS 235th MEETING THURSDAY, OCTOBER 5, 2017

MINUTES

Present Directors

Tommy Wells, Chairman, District of Columbia
Adam Ortiz, Alternate for Nicholas Majett, Prince George's County
Ellen Boardman, District of Columbia
Rev. Kendrick Curry, Alternate for Rachna Butani Bhatt, District of Columbia
James Patteson, Second Vice Chairman, Fairfax County
Howard Gibbs, Alternate for David Franco, District of Columbia
Bradley Frome, Prince George's County
Emile Thompson, District of Columbia
Bonnie Kirkland, Alternate for Timothy Firestine, Montgomery County

Present Alternate Directors

Sarah Motsch, Fairfax County
Anthony Giancola, District of Columbia
Shirley Branch, Prince George's County
Ivan Frishberg, District of Columbia

DC Water Staff

George S. Hawkins, CEO/General Manager
Henderson J. Brown, General Counsel
Matthew Brown, Chief Financial Officer
Linda R. Manley, Board Secretary

Chairman Wells called the 235th meeting of the District of Columbia Water and Sewer Authority's Board of Directors to order at 9:34 a.m. He informed the audience that he is the new Chairman of the Board and asked Ms. Manley to do a roll call. Ms. Manley called the roll and a quorum was established.

Presentation to Matthew Brown

Chairman Wells asked General Manager Hawkins to provide some words of presentation for the wonderful outgoing chairman Matthew Brown. Mr. Hawkins stated that they were honoring the dedicated and superb service of Matthew Brown. He indicated that it was not only the number of meetings attended by Mr. Brown but also the material, thought, guidance, questions, oversight, and support that came with it. Mr. Hawkins noted that Mr. Brown embodies that which is most wonderful about all Board members, everyone's contribution and service to the Enterprise. Chairman Wells then presented the water drop to thank Mr. Brown for his public service. Chairman Wells stated that they also wanted to present to him the Chair's Award for leading the Board.

Mr. Brown thanked them and stated that it was his honor to serve an incredible organization and work with every Board member. He indicated that the staff was amazing and that he would not have joined the organization if he had not felt that way. Mr. Brown encouraged the Board to continue to hold the organization and themselves accountable. He also encouraged the staff to keep working hard, do their best, and continue to advance as D.C. Water's Team Blue.

Approval of the September 7, 2017 Minutes

Chairman Wells asked for a motion to approve the September 7, 2017 minutes. The motion to approve the September 7, 2017 minutes was moved, seconded, and unanimously approved by the Board of Directors.

Chairman's Overview

Chairman Wells informed the Board that there would be an executive session at the end of the meeting to receive an update from General Counsel Brown on a legal matter and to discuss a personnel matter. Also, Item 9 will be moved from the consent agenda and discussed during the executive session. Chairman Wells stated that the General Manager would be stepping down in December and that Board members will be appointed by him to a special committee to oversee the recruitment of the next General Manager and CEO of D.C. Water. Those appointed to the committee are Nicholas Majett, Prince George's County, James Patteson, Fairfax County, Timothy Firestone, Montgomery County, Rev. Kendrick Curry, District of Columbia, and himself. The Ad Hoc Committee will meet and bring to the Board the process which will be followed in hiring a new General Manager.

Governance Committee

Reported by: Ellen Boardman, Chair

Chair Boardman stated that the Committee met on September 13, 2017. A very full, detailed Blue Drop presentation was made by Alan Heymann, D.C. Water's Chief Marketing Officer, and President of Blue Drop. First was a Blue Drop overview for new Board members and a refresher for old members. Mr. Heymann spoke about the structure and governance, and noted the four Board members, along with the General Manager who represents D.C. Water.

Chair Boardman reported that Mr. Heymann briefed the Committee on the recent activities that have generated income for Blue Drop. Peer to peer consulting is being done with the following three organizations: New Jersey Future, a contract for \$69,000; York Regional Environmental, a contract for \$35,000; and Capital Region Water, a contract and subcontract for a total of

\$235,000. Bloom, the Class A biosolids product, both raw and cured, is being marketed for agricultural use and retail. Mr. Heymann indicated that they are addressing the regulatory challenges and will provide updates.

The operational activities of Blue Drop include the personnel structure, sharing agreements with D.C. Water, the structure of financing activities, and the Blue Drop budget. Mr. Heymann stated that a detailed profit and loss statement will be provided as requested by the Committee. Mr. Heymann also presented some revenue opportunities that are being pursued. One is offering other utilities advice on green infrastructure program as peer to peer consulting.

Human Resources and Labor Relations Committee

Reported by: Bradley Frome, Chair

Mr. Frome stated that the Committee met on September 13, 2017. Otho Milbourne, Total Awards Supervisor, made a presentation regarding the group life and disability request for proposal (RFP) issued on May 30. Signa received the highest technical scores and it was recommended that they receive a one-year contract with four option years. Mr. Giancola asked Mr. Milbourne to provide the details on the technical component of the RFP and the proposal. He agreed to provide the details prior to the full Board meeting. The Committee agreed to recommend the contract to the full Board for approval.

Chair Frome reported that the Committee then discussed with the union leaders issues they presented to the Committee for consideration and action. Barbara Milton, President of AFGE Local 631, asked that the union presidents receive a copy of the civil service payout presentation which was provided in May 2016. They wanted to review it to find out if there were areas where they could possibly be of assistance. Chair Frome asked Management if there was a reason why the presentation copy could not be provided after stripping out the parts which were presented in the executive session with confidential information.

Chair Frome stated that Jonathan Shanks, President of AFGE Local 872, raised an issue regarding hiring for vacant positions. The union presidents feel that the interviewing process is subjective and is not comprised of knowledgeable staff members who are familiar with the work. Internal candidates are often not selected based on poor interview performance rather than seniority and skill set. The union reported that external candidates are selected over in-house staff who find that they must train the external selectee on D.C. Water's system. Chair Frome reported that Rachna Butani Bhatt stated that interviews are often subjective because multiple facets are involved that may involve such things as leadership skills. She indicated that there is a compelling case to select both internal and external candidates. Mr. Giancola asked Mustafa Dozier what the policy was on selection panels. Mr. Dozier stated that a hiring manager composes the panel with consultation with Human Capital Management. Mr. Shanks asked if it was possible to include a union representative on the interview panel. Ms. Boardman asked about what the collective bargaining agreement (CBA) states on filling vacancies. She was told that the CBA requires the unions to be notified of vacant positions so that their members can be notified. Mr. Dozier stated that the CBA requires that when there is equity between internal and external candidates, the internal candidate will be selected. He also reported that Management has instituted on demand interview training which is one on one and group instruction. Mr. Hawkins indicated that they believe in internal selections and are providing interview assistance on demand. Ms. Stachura, Labor Relations Manager, stated that often promotions require a different skill set and that having coworkers on the panel can create problems.

Two other union issues were tabled for this meeting because they were not right for discussion at the time.

The Committee then went into Executive Session and returned recommending that the full Board approve the appointment of an Acting General Manager upon the separation of Mr. Hawkins. It was also recommended that an ad hoc committee oversee recruitment of a new general manager.

Environmental Quality and Operations Committee

Reported by: Howard Gibbs, Vice Chair

Mr. Gibbs stated that the Committee met on Thursday, September 21, 2017. Aklile Tesfaye, Assistant General Manager for Wastewater Treatment, reported that the performance parameters of the Blue Plains Advanced Wastewater Treatment Plant are excellent and that all permit requirements are being met. The Combined Heat and Power Facility is only generating 13 percent of the energy consumed by Blue Plains. Its main purpose is to generate steam for the thermal hydrolysis process and secondarily generate electricity. There is damage to the duct burners. Pepco Energy Services, the contractor operating the facility, is finalizing a repair contract for repairing the equipment.

A Capital Improvement Program (CIP) quarterly report update was provided by Paul Guttridge. CIP disbursements for September were 10 percent above the baseline and out of the 6 CIP service areas, 2 are contributing to that overage.

The Committee had 13 action items up for approval in this Board meeting. One was the subject of an executive session. Another is a fleet management parts supply contract. The Committee inquired about the feasibility of bringing it in-house and General Manager Hawkins stated that that is the goal, as it is with every other D.C. Water activity.

Mr. Gibbs reported that Elaine Wilson, Program Manager for Pretreatment, made a presentation on high strength rates and dental discharge regulations. Blue Plains has been receiving high strength waste via trucks for many years. The rates were last adjusted in 2012 and currently are not generating enough fees to cover the costs. A new fee structure is proposed and was addressed by the D.C. Retail Water and Sewer Rates Committee.

The Final Dental Amalgam Rule which was issued by EPA requires D.C. Water to have new dental discharge regulations and that the rates be updated. Ms. Wilson reported that they are surveying dental discharges and maintaining a database of dental facilities to ensure compliance with regulations. Certifications and one-time compliance reports must be submitted and maintained for all non-exempt dental facilities.

D.C. Retail Water and Sewer Rates Committee

Reported by: Howard Gibbs

Mr. Gibbs stated that the Committee met on Tuesday, September 26, 2016. The first item on the agenda was a discussion of the waste hauler and industrial high strength waste fees. Currently the fees are levied based on the number of trucks and some haulers are overpaying and some underpaying. To establish some equity, the new fees requested will be based on the volume of waste being hauled, as opposed to just the number of trucks. A test case in 2016 determined that D.C. Water recovered \$473,000 from waste hauler fees but it cost D.C. Water \$900,000 to provide those services. Mr. Gibbs reported that they are proposing a charge of \$70

per kilogallon or \$0.70 a gallon for high strength waste and a base rate fee of \$3.00 per kilogallon or \$0.03 per gallon for domestic and low strength waste. Custom fees will be charged for special types of waste like landfill leachate or food waste. After further discussion with Ms. Wilson, the Committee recommended Board approval of the proposed new regulations. The Committee convened into an Executive Session and reconvened into open session.

The meeting was adjourned.

Strategic Planning Committee

Reported by: Tommy Wells, Chair

Mr. Wells stated that the Committee has three general tasks. The first is to assess the status of D.C. Water and where it is in relationship to the Strategic Plan. Second, is to determine what needs to be completed in the Plan, and third, to ensure that the Strategic Plan is carried out. They also spoke about the Strategic Plan and its importance in recruitment of the new General Manager/CEO. Mr. Wells reported that the Committee was provided an update on Blue Horizon 2020 and the changes that have been made. Eighty-four percent of the Plan has been completed. Mr. Wells indicated that the Committee discussed the importance for and need to always engage the Board earlier in reviewing and approving the changes to the Plan.

Mr. Wells concluded by reporting that the Committee was informed that the latest customer satisfaction survey results will be provided to the Board in January 2018. Previous survey results will be forwarded to Board members by the Board Secretary so that comparisons can be made.

General Manager's Report

Reported by: George Hawkins, CEO/General Manager

Mr. Hawkins began his report by talking about the terrible storms of the last few weeks and the impact on compatriots from Texas, Louisiana, Florida, and the Caribbean. He stated that all water utilities are part of a network that supports each other. Mr. Hawkins indicated that they are trying to be prepared to help if called upon, to learn from what is done, to get lessons learned in other situations that can be applied to themselves, and to mobilize their crews to be of assistance.

Mr. Hawkins reported that the Environmental Quality and Operations Committee had asked that they update the Committee on D.C. Water's emergency plan. Board member Frishberg asked whether the 500-year floodwall that is being built at Blue Plains is enough given the scale of the storms that just hit. Mr. Hawkins stated that the question is not if a super storm will hit but when. Knowledge learned from super storms elsewhere better prepare D.C. Water to deal with such storms that hit.

General Manager Hawkins reported that the Strategic Planning Committee is formulating a document that will go to the Board for their input on where D.C. Water is and should be according to the Plan.

Mr. Hawkins brought to everyone's attention the fact that the format and structure of the General Manager's Report had been changed. More is now being reported on the dashboard. He pointed out two issues that are now more helpful. Number one is the red exclamation points on the call center performance and command center performance. They had expected this challenge to occur. Bill paying has been shifted to a new portal and customer calls have

increased which is expected with a new customer system. He indicated that they are now in a phase where employees are being pulled from the call center to attend training on the new system. This may continue for several months until the training is concluded. Temporary employees have been brought in and they are preparing some response actions to assist staff in answering the questions.

Additionally, the Customer Assistance Program has shown an increase since last year. This has occurred because they are reporting cumulative numbers this year versus absolute numbers last year, and monthly versus year to date. He and Chief Financial Officer Matthew Brown will review the changes and decide if that is what they want to do.

Mr. Giancola asked why the investment cash earnings report showed a huge jump in August. Mr. Hawkins stated that it changes when investments become due, as assets mature. Mr. Giancola indicated that it was not a negative necessarily because D.C. Water is catching up.

Mr. Frishberg asked about the energy program and the great work that is being done to bring solar online at D.C. Water and if the goals are being met. He stated that energy is the key element in keeping systems operating. Mr. Frishberg asked how much D.C. Water is benchmarking against what a resilience will mean in the face of a super storm. Mr. Hawkins stated that they absolutely want to do solar with D.C. Water's existing energy generation. He indicated that they do not have a microgrid which is very complicated and expensive, so there is limited ability. They had talked to Chairman Wells some time ago in his role as D.C. Director of the Department of Energy and Environment. Mr. Hawkins informed them that they would be updated when more unfolds. He indicated that they will put this on the Environmental Quality and Operations Committee docket when warranted.

Consent Items (Joint Use)

Chairman Wells asked for a motion to approve joint use contract action items. Ms. Kirkland moved to approve Resolutions No. 17-56 through 17-65, and it was seconded. Ms. Boardman asked a question prior to the vote about whether Resolution No. 17-61 was going to be discussed in the Executive Session. Resolution No. 17-61 was pulled and Ms. Kirkland moved to approve Resolutions No. 17-56 through 17-60 and 17-62 through 17-65 and it was seconded. The motion to approve Resolutions No. 17-56 through 17-60 and 17-62 through 17-65 was unanimously approved by the members of the Board.

Consent Items (Non-Joint Use)

Chairman Wells asked for a motion to approve non-joint use action items. Mr. Gibbs moved to approve Resolutions No. 17-68 and 17-69 and it was seconded. The motion to approve Resolutions No. 17-68 and 17-69 was unanimously approved by the members of the Board.

Executive Session

Chairman Wells asked for a motion to move into Executive Session pursuant to the Open Meetings Amendment Act of 2010, to discuss legal, confidential, or privileged matters under Section 2-575(b) 4 and 10 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 at 10:19 a.m. The public meeting was resumed at 11:14 a.m.

Chairman Wells announced that there were two matters before the Board. It was moved to approve Resolution No. 17-61 and it was seconded. The motion to approve Resolution No. 17-61 was unanimously approved by the members of the Board.

Chairman Wells asked for a motion to approve Resolution No. 17-70. It was moved to approve Resolution No. 17-70 and it was seconded. The motion to approve Resolution No. 17-70 was unanimously approved by the members of the Board. Chairman Wells announced that Resolution No. 17-70 was the appointment of Henderson Brown as Interim General Manager as of December 30, 2017 when the General Manager steps down.

There being no further business, Chairman Wells adjourned the meeting at 11:15 a.m.


Secretary to the Board of Directors