

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

 **BOARD OF DIRECTORS**

 **238th MEETING**

 **THURSDAY, JANUARY 4, 2018**

 **MINUTES**

**Present Directors**

Tommy Wells, Chairman, District of Columbia

Nicholas A. Majett, First Vice Chairman, Prince George’s County

Ellen Boardman, District of Columbia

Rachna Butani Bhatt, District of Columbia

James Patteson, Fairfax County

David Franco, District of Columbia

Shirley Branch, Alternate for Bradley Frome, Prince George’s County (via phone)

Ivan Frishberg, Alternate for Emile Thompson, District of Columbia (via phone)

Bonnie Kirkland, Alternate for Timothy Firestine, Montgomery County

**Present Alternate Directors**

Sarah Motsch, Fairfax County

Rev. Kendrick Curry, District of Columbia (via phone)

Anthony Giancola, District of Columbia (via phone)

Howard Gibbs, District of Columbia

**DC Water Staff**

Henderson J. Brown, Interim General Manager

Matthew Brown, Chief Financial Officer

Meena Gowda, Acting General Counsel

Linda R. Manley, Board Secretary

Chairman Wells called the 238th meeting of the District of Columbia Water and Sewer Authority’s Board of Directors to order at 9:30 a.m. Ms. Manley called the role and a quorum was established.

**Approval of the December 7, 2017 Minutes**

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

**Chairman’s Overview**

Chairman Wells reminded everyone that Board Member David Lake, Montgomery County, the longest serving Board member, has retired but agreed to return for the Board meeting so that he could be recognized for having been the longest serving Board member and for all his leadership over the years. He stated that Mr. Lake has been the role model of what a Board member can be in civic life and also a role model throughout his career in water and sewer services. Interim General Manager Brown stated that it was a great comfort that Mr. Lake was still on the Board when he returned to the Authority. He noted that Mr. Lake always speaks with insight and wisdom and has been a stellar performer throughout his entire tenure at D.C. Water. Mr. Lake thanked everyone and spoke about the metamorphosis he has seen transpire at D.C. Water take over the years and how extremely professionally satisfying it has been. He spoke about the major part the employees have played. He said he has been impressed with D.C. Water as a world-class organization and that it is because of the world-class employees.

Chairman Wells reported that a new General Manager search firm has been retained, POLIHIRE, and that they are working with 25 professional national organizations in D.C. Water’s network. The Ad Hoc Committee meets every Monday and will continue to keep the Board updated until hopefully a new General Manager is selected in the Spring.

**Governance Committee**

Reported by: Ellen Boardman, Chair

Ms. Boardman stated that the Committee met on December 13, 2017. The first agenda item was a report from Korey Gray, Compliance Officer, on the 2017 annual report on the progress of the D.C. Water Works Program. He indicated that 125 new positions have been filled on D.C. Water projects and of those, 51 were sourced through D.C. Water Works. There was a 60 percent hiring rate for D.C. residents. Nine events were hosted where individuals were referred for employment.

Mr. Gray also updated on other programs, including D.C. Water’s skills training program. Mr. Gray recognized in the audience several graduates of the Commercial Drivers Licenses (CDL) Program and the Board wished them well in their work endeavors. An update was provided on the Department of Facilities’ Summer Partnership Program which is in conjunction with the Earth Conservation Corps and Sasha Bruce Program where opportunities are provided for individuals to gain skills and work with D.C. Water. Mr. Gray reviewed the Green Infrastructure Initiative and its training efforts that were held in conjunction with the University of the District of Columbia and Washington Parks and People, and how many people had gone on to employment opportunities. One of the graduates, Raymond Coates, spoke about his experiences and employment with Anchor.

The next agenda item was the recommendation for Board approval of an action item on the resolution for the transition from former General Manager Hawkins to Interim General Manager Henderson Brown as Chairperson of the Blue Drop Board of Directors.

Chief Operating Officer Biju George made a presentation on the Intellectual Property Monetization Project which included the considerable patents held by D.C. Water thanks to the Innovation Chief Sudhir Murthy and others. The Ad Hoc Committee was discussed, which is under the Governance Committee. They are still working out the protocol and logistics, and have discussed having the meetings tied together. In discussing IP, Mr. George spoke about how they identify business opportunities, how they identify the right customer, and how they minimize risks, and maximize revenue. Mr. George stated that the IP Monetization strategies now consist of licensing and joint licensing. In the future they may look at technology integration and IP holding companies.

Ms. Boardman indicated that they are forming the Strategic Investments, Revenue, and Opportunities Committee (SIROC) which will consist of Innovation Chief Murthy, Chief Operating Officer George, the General Manager/CEO, and representatives from other groups. They will provide an organizational chart for this entity that will show how the Committee will interact with the Governance Committee and the Ad Hoc Committee, and also how it will function.

**Human Resources and Labor Relations Committee**

Reported by: Ellen Boardman, Vice Chair

Ms. Boardman stated that the Committee held a special meeting by phone conferencing on Friday, December 29, 2017 and went directly into Executive Session. Upon returning to the public meeting, the Committee recommended that the Board approve a bonus of 15 percent for the exiting General Manager, George Hawkins, based on his 2017 fiscal year salary. This was done to recognize him for his superior performance which is consistent with his employment contract. She noted that a resolution is included as a consent action item for full Board approval.

Chairman Wells thanked Ms. Boardman for her efforts and Board Member Frome for taking on the responsibility for former General Manager Hawkins’ evaluation. He indicated that the bonus was well deserved.

**Environmental Quality and Operations Committee**

Reported by: James Patteson, Chair

Mr. Patteson stated that the Committee met and received an update on Blue Plains performance from Aklile Tesfaye, Assistant General Manager for Wastewater. Mr. Tesfaye reported that plant effluent quality was excellent and better than permit limits. The Enhanced Nitrogen Removal Facility was performing well, with 100 percent compliance. The effluent quality is on track to remain below the permit annual load limits.

Mr. Tesfaye indicated that the Combine Heat and Power Facility generated an average of 138 megawatt hours a day, which was 22 percent of the total energy consumed at Blue Plains. The target is in the 30 percent or higher range. The net electricity produced was lower than the previous month because of partial and full outages required to complete the annual inspections, repairs of combustion turbines and associated heat recovery steam generators, and repair or replacement of other critical assets. Mr. Tesfaye stated that the reconciliation of the costs of repairs by the contractor and the settlement are still in progress. The settlement will include reimbursements associated with the failure by the contractor to comply with the digester gas and electrical power production guarantee that is required under the contract. The Committee will receive progress on an agreement updates to review.

Mr. Patteson reported that the Committee received a briefing on proposals recommended for full Board approval regarding a new waste hauling fee structure. This will include volume-based instead of an annual flat fee and fees for the industrial high-strength waste and implementation of EPA’s new dental amalgam rule.

Carlton Ray, Director of the Clean Rivers Projects, gave a briefing regarding the Anacostia River Tunnel system commissioning. Consent order deadlines are March 23, 2018 and require that everything south of the RFK Stadium must be running and operating. There are ten contracts associated with construction of the Tunnel and five have been completed. Five are in progress and each was updated on their status. The Committee was provided with notes on each contract and assured that each one is on track to meet the deadline. Mr. Ray reported that staff is being trained and recruitment is progressing to ensure adequate staffing for the

takeover of the complex operations once commissioning is completed. He also reported that the next steps in commissioning and coordination of the work started one year earlier to ensure that everything is ready on the deadline. Mr. Patteson reported that the Interim General Manager will provide a more thorough update next month.

Mr. Patteson stated that the Committee recommended four joint-use and one non-joint use action items for full Board approval, two for chemical purchases, two for construction management services, and one non-joint use for purchase of meter lids.

Chief Information Officer Kuczynski provided an update on the 2018 and beyond information technology strategy. Mr. Patteson commended Mr. Kuczynski on his presentation which included the six focus areas of governance, organization, architecture, solution delivery, digital delivery, and resource management. Mr. Patteson stated that he asked Linda Manley, Board Secretary, to forward the PowerPoint presentation to all Board members because of the fantastic way they explained the governance within D.C. Water and how they have integrated the IT strategic plan with the business plan. The office’s organization facilitates the alignment of IT effectively with the products and services provided by D.C. Water. Mr. Kuczynski also provided a description of their evolution to transforming into a digital utility that enables capabilities that allow for proactive management of all aspects of the business. D.C. Water’s cloud first approach allows IT to adapt quickly to changing organizational needs and focusing on internal solutions to reduce risks and increase overall system reliability at a lower total cost of ownership.

Mr. Patteson reported on the update on the fire hydrant upgrade project presented by Charles Kiely, Assistant General Manager for Operations. He stated that 300 District fire hydrants had recently been replaced using in-house crews which resulted in significant cost savings and improved performance. Out of approximately 9,500 public hydrants, 47 were out of service as of December 4th. Of the 47, 29 were operationally defective, while 18 were out of service due to construction activities, other obstructions, and water main repairs.

The water quality monitoring update on coliform testing indicated that there was one positive test sample in November and per regulations, further upstream and downstream tests were conducted which were negative. The Lead and Copper Rule testing showed that the water distribution system was performing exceptionally well.

**Issue of General Interest:**

**D.C. Water’s Response to Extremely Frigid Weather**

Chairman Wells asked Charles Kiely to brief the Board on D.C. Water’s response to the frigid weather which is now occurring and how the City is holding up under conditions it is not built for.

Mr. Kiely noted that most of the issues that the region is experiencing are associated with the weather and the water inside of the pipes getting colder. The city has many older cast iron water mains and when it becomes extremely cold like now, something must give. He reported that they have had 141 water main breaks from December through January 3rd, 69 occurring during the first 29 days of this period and 71 happening in the last 4 days when it has gotten extremely cold.

D.C. Water’s Emergency Management team has been marshaled and they are coordinating all the logistics to respond to D.C. Water customers and that will continue until the crisis is over. Mr. Kiely reported that there are 21 in-house crews out each day and there are presently 11 main breaks that are of special concern. Everything is being worked on, including the little problems like a leaking hydrant or a bubbling valve in the street that is causing icing. The crews have responded great all month. The crews are working on an emergency schedule within the safety rules doing 12 to 14 hour shifts so that D.C. Water can respond quickly to customers.

Chairman Wells asked Mr. Kiely to provide more information on how they respond in this type of emergency because in coming days it is supposed to be in the single digits. Mr. Kiely responded that they have four infrastructure repair and replacement (IR&R) contracts in place to assist in responding on a 24-hour basis. This will remain in place until the weather breaks and everything is completed. As part of the emergency management response team process, there is a planning group and a logistics group. Mr. Kiely indicated that they know how many crews the contractors can provide but if it gets to a point where these crews cannot handle the situation, they can go to the Interim General Manager to activate an emergency plan which can produce more resources from a contractual standpoint. Mr. Kiely assured everyone that they have all the resources necessary to address major emergencies and that it is a very impressive effort from everyone.

Chairman Wells stated that especially on behalf of the Board of Directors he wanted to show how much what they do is appreciated, the staff, the crews, the contractors. He said that most times they are taken for granted because usually they turn on the water and everything is fine. Chairman Wells thanked them very much.

**General Manager’s Report**

Reported by: Henderson Brown, Interim CEO/General Manager

Interim CEO/General Manager Brown informed the Board that his report summary would be delivered in a shorter period and directed. He stated that he is humbled and enthusiastic about the opportunity. He spoke about the major changes that have occurred, especially the resignations of CFO Mark Kim and CEO/General Manager George Hawkins. The national search for a permanent CEO/General Manager is underway and the Board this spring will look at the Strategic Plan which has the achievement date of 2020. Interim General Manager Brown said that there had been public conversations about the impacts on the faith-based community of the Clean Rivers Impervious Area Charge and those conversations will continue. Also, a new collection bargaining agreement was signed last year that was difficult to reach. He recognized union officials Jonathan Shanks and Michelle Hunter in the audience and reported his intention to bridge the gaps needed in the coming year. The Systems Availability Fee and its impact on affordable housing projects will be addressed since they promulgated emergency regulations to suspend the effective date so that they could engage the affected members of the community in solving the problems. Charles Kiely, with help from Chief Information Technology Officer Tom Kuczynski, implemented the new customer information system with a December live date. For the next couple of months Charles Kiely’s team will be on a shakedown cruise making certain that all promises in the program are deliverable.

General Manager Brown reminded everyone that there would be a budget workshop for the Board following the meeting where the hard work would begin in preparing to have transparent, efficient conversation with ratepayers.

General Manager Brown said that he with the executive team is looking forward to what is upcoming and gave the Board and the public his commitment that they will give their best to put everyone in the best position possible.

Chairman Wells opened for questions and comments from Board members. Board member Giancola asked about the EPA’s three-year sanitary survey of D.C. Water’s drinking water system. He wanted to know if there were preliminary results available. Mr. Brown replied that they are waiting for the report and that they have received information that there were no negative findings. All deficiencies previously noted have been addressed.

Mr. Giancola asked about the hearings before the D.C. City Council and wanted to be provided notice and to receive copies of the testimony given at the meetings. General Manager Brown replied that he will make sure the transcripts of the comments are provided.

Board member Franco raised the issue on the continued decline in permit approvals, now at 58 percent. In May of 2017 it was 80 percent with 239 permits and last month it was 58 percent with 237 permits, which is a 28 percent decline. Mr. Franco asked for discussions on how to reverse the trend and make improvements. General Manager Brown stated that they have had conversations about this and that they may have some solutions and would be happy to speak on it. Mr. Franco also wanted to discuss in a coming month the Board’s strategy for the proposed legislation with the Clean Rivers Impervious Area Charge, on affordability, and how the Board can take a more proactive approach in lobbying the District for ways to improve affordability of the Impervious Area Charge and possibly the District’s contribution to that charge for a public right-of-way. Mr. Brown agreed and stated that he has had some conversations with Council members over the holiday break that are trending toward that kind of solution. He has also had conversations with members of the faith-based community and they are willing to assist in identifying solutions. Mr. Franco said he would be interested in knowing if D.C. Water is taking a proactive approach in proposing fair and equitable solutions and how to get the District to where D.C. Water wants to be, avoiding one of the Council members proposing a plan without D.C. Water’s strategy input. Mr. Brown responded that based on his conversations with Council members, he believes they would like D.C. Water to assist them or lead with suggestions to which they will react. He stated that they will advance some of those suggestions in January. Chairman Wells said that this is an interesting question in terms of what the Board’s role should be in helping to move forward a solution, not necessarily having a solution but helping to represent whatever influence they have on behalf of D.C. Water to see that the resolution is adopted—influence is what boards are about. He said he wants this thought through with the Interim General Manager and the team how the Board can be most effective.

**Consent Items (Joint Use)**

Chairman Wells asked for a motion to approve joint use contract action items. Ms. Kirkland moved to approve Resolution Nos. 18-00 through 18-06, and it was seconded. The motion to approve Resolution Nos. 18-00 through 18-06 was unanimously approved by the members of the Board.

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

Chairman Wells asked for a motion by District Members of the Board to approve non-joint use action items. Ms. Boardman moved to approve Resolution Nos. 18-07 and 18-08, and it was seconded. The motion to approve Resolution Nos. 18-07 and 18-08 was unanimously approved by the members of the Board.

Chairman Wells asked for additional questions and comments, and there being none, the meeting was adjourned at 10:17 a.m.

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Secretary to the Board of Directors