



**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

**BOARD OF DIRECTORS  
244<sup>th</sup> MEETING  
THURSDAY, JULY 5, 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  
Timothy Firestine, Montgomery County  
Rev. Kendrick Curry, Alternate for Rachna Bhatt, District of Columbia  
James Patteson, Second Vice Chairman, Fairfax County  
David Franco, District of Columbia (By Telephone)  
Bradley Frome, Prince George's County  
Emile Thompson, District of Columbia  
Bonnie Kirkland, Montgomery County (By Telephone)

**Present Alternate Directors**

Howard C. Gibbs, District of Columbia  
Adam Ortiz, Prince George's County  
Ivan Frishberg, District of Columbia  
Sarah Motsch, Fairfax County  
Patty Bubar, Montgomery County  
Krystal Brumfield, District of Columbia  
Fariba Kassiri, Montgomery County  
Jed Ross, District of Columbia  
Anthony Giancola, District of Columbia

**DC Water Staff**

David L. Gadis, Chief Executive Officer/General Manager  
Henderson Brown, General Counsel  
Matthew Brown, Chief Financial Officer  
Linda R. Manley, Board Secretary

Chairman Wells called the 244<sup>th</sup> meeting of the District of Columbia Water and Sewer Authority's Board of Directors to order at 10:44 a.m. Ms. Manley called the roll and a quorum was established.

### **Approval of the June 7, 2018 Minutes**

Chairman Wells asked for a motion to approve the June 7, 2018 minutes. The motion to approve the June 7, 2018 minutes was moved and seconded. Chairman Wells asked for discussion and there being none, the Board voted unanimously to approve the June 7, 2018 minutes.

### **Chairman's Overview**

Chairman Wells commended the Board on their selection of Mr. Gadis as CEO/General Manager. He stated that he had received feedback from across the City that Mr. Gadis is hard at work and has presented well. He thanked Mr. Gadis also for how quickly he has been working with his staff and for the word "Ateamwork" which he uses in his texts.

Chairman Wells then asked for a motion to amend the agenda by adding Resolution No. 18-57 which directed the General Manager to transfer \$6 million from the Rate Stabilization Fund under the Fiscal Year 2019 budget and to recommend changes to the existing Customer Assistance Program (CAP) and other programs to mitigate the impact of certain D.C. Water fees and charges on low-income residents. Rev. Curry so moved the motion and it was seconded. The Board then unanimously voted to approve the amendment to the agenda.

### **Environmental Quality and Operations Committee**

Reported by: Howard Gibbs, Vice Chair

Mr. Gibbs stated that the Committee met on Thursday, June 21, 2018. Len Benson, Chief Engineer, provided a presentation on the path to asset management and the issue of cost of proactive versus reactive action. Mr. Benson reported that they reviewed the Water Environment Research Foundation (WERF) report on managing infrastructure risk, the consequence of failure for buried assets, and the Sustainable Infrastructure Management Program Learning Environment. They looked at the triple bottom line costs which involve social and environmental impacts--on traffic, on businesses, on the reputation of the organization, and on the environment. The staff also looked at case studies which indicated that costs are eight, nine, or ten times more for reactive actions versus proactive actions. Based on the information Mr. Benson provided and additional research, the Committee decided to do inspections as part of the proactive approach and perhaps provide jobs to low-income people and low-skilled people to do the inspections.

The Committee then received a presentation from Carlton Ray, Director of the Clean Rivers Project, on program management for professional engineering services. He reported that based on the desire for cost savings and changes in the scope of works, they were implementing the use of program management contracts. Mr. Ray stated that Greeley and Hansen was selected to provide professional architectural and engineering services for managing activities of multiple planning, design, procurement contracting, construction management, execution, and oversight funds of the D.C. Clean Rivers Project.

Mr. Gibbs indicated that Aklile Tesfaye, Assistant General Manager for Wastewater, provided an update on the operations and performance of the Blue Plains Advanced Wastewater Treatment

Plant. All performance parameters were excellent and all permit requirements were met. The heavy wet weather events which occurred from May 12 through May 19, 2018 resulted in peak flows to the Plant and complete treatment equaled 630 million gallons per day. Plant performance was excellent, so the event had minimum impact on the quality of treated wastewater discharged into the river.

Mr. Gibbs reported that they received good news concerning the execution of the first agreement for the sale of tier one renewable energy certificates which resulted in the receipt of a check for \$290,410 on June 5, 2018. This was earned for the gross megawatt hours generated for the 2017 calendar year by the Combined Heat and Power Facility. Also, Mr. Tesfaye notified the Committee that Bloom sales as of June 1, 2018 totaled 6,957 tons for the calendar year.

Charles Kiely, Assistant General Manager for Customer Care and Operations, provided a brief update on water quality monitoring activities. All tests showed that the water distribution system was performing exceptionally well. Of approximately 9,868 public fire hydrants, 48 were out of service in June. Of the 48, 28 were operationally defective and 20 were out of service because of work on nearby water mains.

Mr. Gibbs informed the Board that Mr. Benson and Mr. Kiely updated them on a recent sinkhole discovered atop the Anacostia force main, which is a 6-mile long, 180 diameter pre-stress concrete cylinder pipe. The damaged section is 8 feet in length and 2 or 3 feet wide. A lot of the sewage coming from Montgomery County flows through the pipe. It was reported that the cause of the pipe damage was internal corrosion caused by hydrogen sulfide. D.C. Water has placed a berm around the excavation site to contain potential spills and is implementing a temporary repair to the pipe.

#### **D.C. Retail Water and Sewer Rates Committee**

Reported by: Rev. Kendrick Curry, Vice Chair

Rev. Curry stated that the Committee met on Tuesday, June 26, 2018 and received an overview of the Fiscal Year 2019 and 2020 rate proposal. The overview provided by CFO Matthew Brown, Chief Financial Officer, included the budget process and management. He informed the Committee that he would recommend the proposed rates and present them to the full Board by the July Board meeting. Mr. Brown reported that there were a couple of challenges, affordability and making investments in infrastructure. He stated that the two fiscal year proposed rates for water and sewer were 13 percent for FY 2019 and 5 percent for FY 2020. There is a Clean Rivers Impervious Area Charge decrease from \$28.41 in FY 2019 to \$23 per ERU per month and \$25.58 for FY 2020. Mr. Brown indicated that total revenues are projected to increase by \$23 million for FY 2019 or 3.7 percent, and to \$36.3 million for FY 2020 or 5.6 percent. There will be a 13 percent increase in water and sewer rates, which reflects debt service costs.

Low income CAP customers will see an average bill of \$45.16 in FY 2019 and \$47.79 in FY 2020, which is a substantial discount of 58 percent. Mr. Brown reported that 4,244 customers were participating in CAP, which represents approximately 3,100 new participants and approximately 1,100 continuing participants. D.C. Water was informed by the D.C. Department of Energy and the Environment that they have nearly 400 customers who are eligible for the CAP program.

Rev. Curry stated that the Committee was briefed by Mr. Brown on the public comments received concerning a proposed rulemaking. Comments included a suggestion to consider the

impact of higher rates on seniors, a suggestion that CAP programs be extended to households which include seniors, and a suggestion that there be exemptions from CRIAC fees for churches and cemeteries.

CFO Brown told the Committee that they were recommending to move to approve proposed FY 2019 and 2020 retail rates, charges, and fees by the full Board.

**Joint Meeting of the D.C. Retail Water and Sewer Rates Committee and the Finance and Budget Committee**

Reported by: Timothy Firestine, Chair

Mr. Firestine stated that the Committee met on June 26, 2018 and received an update on the FY 2018 financial forecast. An update was also received on the FY 2018 operating revenues, operating expenditures, and capital disbursements forecasts. Mr. Firestine reported that the updated FY 2018 revenue forecast of \$626.4 million is slightly ahead of the previous forecast and will be slightly above the budget by approximately \$6 million or 101 percent. The operating expenditures forecast of \$556.7 million will be close to the budget at approximately 99 percent. Capital disbursements will be over the budget at \$480 million or 107 percent.

CFO Brown stated that the residential, commercial, and multi-family billing has improved, with \$20 million cash billed. There was a positive variance in wholesale revenue due to the FY 2017 multi-jurisdictional use facilities billing, which was not contemplated when the budget was developed.

Total operations and maintenance expenditure forecast before debt service costs, cash-financed capital improvements, pilot and right-of-way will be slightly over budget at \$3.2 million. Capital disbursements will be over budget by a net of \$30 million for the overall capital program. The updated forecast for the net operating cash surplus is \$18 million. According to CFO Brown, Management's recommendation will be to use the \$18 million cash surplus and apply it to the \$30 million overage in the capital program.

The Committee received a briefing on the Customer Survey. There was a random sampling of 6,589 bill paying customers who were randomly selected, and 1,017 responded, a rate of 15 percent. Level of satisfaction varied by ward and the results indicated an overall satisfaction rate of 71.7 percent, with multi-family slightly lower at 66 percent. The consultant made recommendations that including D.C. Water understanding and managing expectations for future rate increases, increasing communication regarding D.C. Water programs, conducting regular pipe maintenance on properties serving multi-family units, and continuing to conduct satisfaction surveys of customer focus groups every other year. The Board will receive a full copy of the report once it is finalized.

Mr. Firestine reported that the final item was the allocation from the Rate Stabilization Fund. Management is recommending transfer of \$6 million from the Fund to provide rate relief.

Board Member Giancola asked that an item be added to the follow-up items concerning the budget overspending for capital programs by \$30 million. He had asked during the Committee meeting if the overspending was due to change orders or major storm water projects and how it compared to historical spending.

## **General Manager's Report**

Reported by: David Gadis, CEO/General Manager

Mr. Gadis stated that it was still great being here and he wanted to thank the men and women of D.C. Water for what they do on a day-to-day basis. He attended two events that he wanted to mention. The first was Safety Day when D.C. Water has an opportunity to show how important safety is to the organization. This was an opportunity to show participants what D.C. Water does on a daily basis and how dangerous situations can be for the employees.

The second event was the naming of the boring machine which gave the media and others an opportunity to see the boring machine, tunnel, and D.C. Water at work. Mr. Gadis stated that it was a great day to honor the Allen family by naming the boring machine after the late Chris Allen, Assistant Director of the D.C. Clean Rivers Project.

Mr. Gadis announced that D.C. Water will receive an award sometime during July 23<sup>rd</sup> through 26<sup>th</sup> at the National Aquaculture Group (NAQUA) in Ballston, Virginia. This award recognizes D.C. Water as a platinum peak performance award winner in the permit compliance area. D.C. Water and especially the Blue Plains Plant should be very proud of this award.

Mr. Gadis stated that he wants to honor some employees who are doing the blocking and tackling on a day-to-day basis but never get to dance in the end zone. He wants to make sure they get the credit they deserve, and he will bring them forward in this monthly meeting. First were employees who were promoted. They were Pierre Constant who was promoted in a reclassification to his new role as Manager of Compliance, Customer Care and Operations Division; Maureen Schmelling who was promoted to the Director of Water Quality and Technology, Customer Care and Operations Division; and Francis Peters who was promoted to Supervisory Field Technician, Department of Engineering and Technical Services.

The next group was new hires that Mr. Gadis welcomed to the organization. The first was George Spears who was hired in the position of Manager of Labor Relations, Human Capital Management; and Monique Nariboku hired as Program Manager, Contract Management, Department of Distribution and Conveyance Systems.

Mr. Gadis reported that when he first came to D.C. Water he heard about a group of administrative employees who get together to help each other by tutoring for the Certificate in Administration by the Certified Administrative Professionals Program. Mr. Gadis recognized Jessica Simmons, Executive Assistant to the Assistant General Manager for Wastewater Treatment, for completing the certification, and he presented her with a token of appreciation for passing the examination.

The next group of employees was brought to his attention by a customer and relatively new homeowner, through an email. She spoke of Kevin Jhingory and his crew of Reggie Howell, Damian Stevenson, and Allan Whitaker, who assisted them with their plumbing issue and the way they made them feel secure after providing them with an understanding of what was happening within their home. Mr. Gadis stated that they did a fantastic job and have been nominated by him for a Spot Award. He also presented them a token of appreciation.

Another email was received from a concerning Gregory Bolden and William Anderson, Leak Technicians. They were commended for addressing their emergency and thinking outside of the box. Mr. Gadis presented them with a token of appreciation also.

Mr. Gadis pointed out another group of employees who were present, 48 summer college interns, who are from all over the country including Florida, Alabama, Oklahoma and Michigan. He welcomed them and thanked them for spending time at D.C. Water.

Mr. Gadis reemphasized the need for recognizing what employees do on a day-to-day basis and the teamwork within D.C. Water.

### **Resolution No. 18-57 (Agenda Amendment)**

Chairman Wells then moved the meeting to the agenda item which was added at the beginning of the meeting regarding Resolution No. 18-57. Chair Firestine of the Finance and Budget Committee stated that they held a joint meeting with the D.C. Retail Water and Sewer Rates Committee to discuss the resolution to transfer \$6 million from the Rate Stabilization Fund in Fiscal Year 2019. The funds are to fund programs designed to augment, enhance, and expand the Customer Assistance Program (CAP) to mitigate the impacts of increases in retail water and sewer rates on low-income residents. Mr. Firestine indicated that there was much discussion about the concerns raised and they tried to address them in the resolution. However, there remained Committee members who wished to propose language changes to the resolution.

Chairman Wells asked for a motion to move the resolution to the Board for approval. Rev. Curry moved and it was seconded that Resolution 18-57, which authorizes the transfer of \$6 million from the Rate Stabilization Fund for Fiscal Year 2019, go before the Board. The resolution was then up for discussion and/or amendments. Ms. Boardman then moved to amend the Resolution as follows:

- Page 1, Line 6, last line, delete “and cemeteries.” The thrust of the amendment is to eliminate references to cemeteries throughout the resolution.
- Ms. Boardman stated that the second proposed change is in the preamble on Page 1, Line 7, which begins “Charges on low-income residents and cemeteries,” delete “and cemeteries.”
- On Page 3, Line 6, delete the last whereas clause which begins, “Upon consideration of the record and circumstances...”
- Also Line 6 starting with “residence”, end the sentence after residence and delete the remainder of the whereas clause.
- On Page 4, that reads “Now, therefore, be it resolved,” Item No. 1, Line 4, after the word “customers,” put a period. This deletes “to assist non-residential customers that operate a cemetery” through the end of that section.
- On the bottom of Page 4, 4D, renumber. Subsections E and F become D and E.

Chairman Wells asked for a second to the motion, which was received. Rev. Curry was asked if he, as the original maker of the motion, would accept the above as a friendly amendment. Rev. Curry agreed to accept the friendly amendment.

Chairman Wells asked if there was an objection and/or discussion. There being none, Chairman Wells moved Resolution No. 18-57 to be voted on as part of the Consent Items (Joint Use). Chairman Wells thanked the Board for its extraordinarily good work under pressure and challenging timing. He stated that the Board is a deliberate body with members who take their positions very seriously in protecting and supporting D.C. Water. He also stated that he appreciates the hard work of the staff. District Board members and members from the

surrounding counties share in guiding the utility and ensuring the fiscal integrity of D.C. Water. Everything is done while seeking rate relief for the customers. Chairman Wells stated that D.C. Water is working with the Mayor's Initiative to make available \$6 million and with the City Council on the \$1 million they have designated to provide rate relief. He thanked them for being a gold standard board.

**Consent Items (Joint Use)**

Chairman Wells asked for a motion to approve joint use action items. It was moved and seconded to approve Resolution Nos. 18-49 through 18-51 and 18-57. The motion was unanimously approved by Board members.

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

Chairman Wells asked for a motion from District member of the Board to approve non-joint use action items. It was moved to approve Resolution Nos. 18-52 through 18-56. The motion and seconded was unanimously approved by the District Board members.

Chairman Wells wished the Board members a good recess in August. The meeting was adjourned at 11:30 a.m.

  
Secretary to the Board of Directors