

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

**BOARD OF DIRECTORS
285th MEETING
THURSDAY, APRIL 7, 2022**

MINUTES

Present Directors

Tommy Wells, Chairperson
Rachna Bhatt, District of Columbia
Howard Gibbs, Alternate for David Franco, District of Columbia
Floyd Holt, Prince George's County
Anthony Giancola, District of Columbia
Joe Leonard, Alternate for Vacant Principal District of Columbia
Steven Shofar, Alternate for Vacant Principal, Montgomery County
Tara Jackson, Prince George's County
Christopher Herrington, Fairfax County
Fariba Kassiri, Montgomery County

Present Alternate Directors

Jared McCarthy, Prince George's County
Sarah Motsch, Fairfax County
Jed Ross, District of Columbia
Jared McCarthy, Prince George's County
Andrea Crooms, Prince George's County
Steven Shofar, Montgomery County

D.C. Water Staff

David Gadis, CEO and General Manager
Marc Battle, Executive Vice President, Chief Legal Officer
Matthew Brown, Executive Vice President for Finance and Procurement, Chief Financial Officer
Kishia Powell, Executive Vice President for Operations, Chief Operating Officer
Linda R. Manley, Board Secretary

Call to Order and Roll Call

Chairperson Wells called the 285th meeting of the District of Columbia Water and Sewer Authority's Board of Directors to order at 9:30 a.m. Linda Manley, Board Secretary, called the roll and a quorum was established. The meeting was held via Microsoft Teams.

Approval of the March 3, 2022 Meeting Minutes

Chairperson Wells asked for a motion to approve the March 3, 2022 meeting minutes. The motion to approve the March 3, 2022 meeting minutes was moved, seconded, and unanimously approved by the Board of Directors.

Chairperson's Overview

Chairperson Wells stated that it was opening day, more steps back to normal and an exciting day.

Environmental Quality and Operations Committee

Reported by: Sarah Motsch, Chairperson

Chairperson Motsch indicated that the Committee met on Thursday, March 17, 2022. The update on the Advanced Wastewater Treatment Plant at Blue Plains was provided, along with some accomplishments of staff. Ryu Suzuki, Process Engineering Manager briefed on the development by staff of an analytic tool to monitor the health of multimedia filters performance that may be declining and identify potential issues with underdrains. In addition, an update was provided by Aklile Tesfaye, Vice President of Wastewater, on the performance of complete treatment and weather facilities for February 2022. It showed that performance parameters were excellent, and all aberrational and effluent parameters were within limits. Combined weather flows of 140 million gallons were captured by the tunnel system and treated through the plant.

It was reported that on-site energy generation from the Combined Heat and Power Facility and the solar panels was 25 percent of total consumption at Blue Plains.

Biosolids met all Class A Exceptional Quality requirements by EPA. Bloom sales were three times more than previously recorded for February due to implementation of a field pad system, which allows trucks to access wet farm fields.

The Research and Development Team had a paper selected as among the best papers published in the Water Environment Research Journal for 2021. The topic was a value-based evaluation of the feasibility of a carbon source for use in another innovative nitrogen removal process piloted at Blue Plains.

Chairperson Motsch stated that the Committee received an update on the Soapstone Sewer Rehabilitation Project from Chief Operating Officer Powell and her staff highlighted numerous defects in existing sewer pipe. The park is located on National Park Service property at Albermarle Street, Northwest and Broad Branch Road. Also covered were the extent of repairs required, the benefits to the community, including a decrease in major sewage spills and odors in the park, and long-term recreational use following restoration of the park trail. There has been a significant reduction in the risk of emissions of contaminants.

The staff also provided an updated on the project at an Advisory Neighborhood Community meeting and answered questions on various issues. Another meeting will be held in April 2022 when the air quality monitoring during construction will be addressed. To date D.C. Water has participated in 23 public engagement activities related to the project.

Chairperson Motsch reported that the Committee recommended three contracts to the Board for approval. They decided to pull the contract for the District Department of Transportation (DDOT) S Street revitalization from 7th Street, N.W., to Florida Avenue, N.W. This was done to take advantage of an opportunity to save money for taxpayers by having DDOT pick-up 50 percent of the cost for the stormwater pipe.

It was reported by Ms. Franzen, Senior Manager, Department of Water Services, that out-of-service fire hydrants are below the ceiling set by MOU with the D.C. Fire and Emergency Medical Services Department. There were no clusters of out-of-service hydrants in the system.

According to COO Powell D.C. Water does not repair private hydrants. Staff will clarify the requirements concerning maintenance and repair of private hydrants and report at a future meeting.

Last on the agenda was Ms. Schmelling, Director of Water Quality, who reported on the status of the EPA's drinking water regulated monitoring for February 2022. There were zero positive Total Coliform results from the samples for February 2022. The next semester of Lead and Copper Rule sampling will commence in April.

Finance and Budget Committee

Reported by: Anthony Giancola, Chairperson

Chairperson Giancola stated that the Committee met on Thursday, March 24, 2022. Eric Brown, a consultant with the Public Finance Management organization, was also in attendance.

The Committee discussed and recommended two action items, the February 2022 Financial Report and a report on the 2022 bond transaction update.

Ms. Oyeyemi, Director of Budget, delivered the monthly report. At the end of February 2022 operating revenues were \$378.1 million or 47.4 percent of the budget. Operating expenditures were \$240.3 million or 36.5 percent of the budget. Capital disbursements were \$138.3 million or 24.4 percent of the budget.

Chairperson Giancola reported that Ms. Oyeyemi provided an overview of capital disbursements, highlighting that lower spending on capital equipment is primarily attributed to delays in procurement and delivery of fleet equipment. Chairperson Giancola inquired about the underspending of the capital program at 24 percent and if there will be a catch-up later in the fiscal year. The underspending is mostly due to the schedule slippage in the Potomac Interceptor projects and water projects which are related to permitting and coordination activities with DDOT. The projects are still on budget and schedule to be completed on time.

The Chairperson mentioned that there has been a low participation in the Lead Free D.C. Program. Capital project performance will be provided at the next quarterly briefing which is anticipated next month.

Mr. Boykin, Director of Finance, and Eric Brown, Director with PFM Financial Advisors, provided an update on the series 2022 bond transaction. D.C. Water issued approximately \$400 million in bonds, locking in low interest rates at 3.17 percent for a 30-year tax exempt debt and 2.5 percent for an 11-year taxable debt. The variable rate pricing was completed on March 10, 2022, and the fixed rate pricing was completed on February 24, 2022, the same day that Russia invaded Ukraine. This resulted in uncertainty in the market. Despite that, D.C. Water worked hard to secure the low interest rates and was successful, prior to the Federal Reserve raising their rates a week or so after that. Chairperson Giancola commended the D.C. team and the PFM Financial Advisors for their success.

CFO Brown presented details on the bond transaction. Details are provided in the Committee's meeting minutes on D.C. Water's website. He stated that the details include new money financing results of \$100 million for Clean Rivers, \$200 million for capital improvement projects, \$75 million for the Washington Aqueduct capital upgrades, and \$25 million to retire previously issued commercial paper.

CFO Brown reviewed the refunding results with the present value savings of about \$25.5 million annually with cash flow savings of \$900,000 to \$1.5 million annually from fiscal year 2022 to 2044. He stated that this was excellent savings as a result of these transaction.

Chairperson Giancola reported that Board member Franco asked about the status of developer deposits, including the balances and the aging report. He indicated that it had been extremely difficult for developers to get those deposits back from D.C. Water. Mr. Boykin noted that the Permits Office would provide reports to the Environmental Quality and Operations Committee, and he suggested adding another slide to the monthly report to address this issue. He also stated that a verbal briefing would be helpful to add to the Finance and Budget Committee meeting in the future.

Chairperson Giancola stated that there are two follow-up items to address in the future. The first is to provide a briefing on the management plan to resolve the Soldiers Home account dispute. The second is to provide an update on the balances in process for developer deposits as part of a future monthly report.

Issue for General Interest

Board Member Herrington indicated that he noticed an article in the Washington Post about a sinkhole and a dispute between D.C. Water and the District's Department of Transportation on the stormwater pipe. He asked if this would be addressed, and if the Board could receive an update on the status of the resolution of this issue. Chairperson Wells deferred this to CEO Gadis. CEO Gadis stated that this had been resolved and that they would be happy to discuss it at one of the next meetings.

General Manager's Report

Reported by: David Gadis, CEO and General Manager

CEO Gadis stated that his State of the Utility frame updates around D.C. Water's organizational imperatives as presented in the Blueprint 2.0 Strategic Plan. These are health, safety, reliability, resilient, sustainable, and equitable. This report has three updates on actions and initiatives related to the equitable imperative. CEO Gadis reported that under the leadership of Kirsten Williams, Chief of Communications and Stakeholder Engagement and Executive Vice

President of Marketing and Communications (OMAC), the Authority has expanded its traditional approach to community engagement regarding proposed rate changes. This will bring greater equity and transparency to the ratemaking process.

A number of events and activities have been held and scheduled to offer a preview of the proposed rate adjustments. This includes a virtual public meeting held in April to offer a preview while also briefing on Lead Free D.C. initiatives and the impact of the Clean Rivers project on local waterways. Two virtual community meeting sessions April 20 at 6 p.m. in the Capital View Public Library and the presentation on the following night (Thursday, April 21, at 6 p.m.) in the M.L King Public Library.

CEO Gadis reported that along with traditional meetings, the Office of Marketing and Communications, in partnership with the District Government and Legal Affairs will brief additional groups of stakeholders, to include Council staff, the Mayor's Office on Community Relations, Advisory Neighborhood Commissioners, and more than 20 District non-profit agencies that will serve low and moderate income families. Public service announcements will be made, and partnerships established with the District's Office of Cable Television. CEO Gadis also stated that Emanuel Briggs, Manager of Community Outreach and Marketing, and his team of ambassadors will continue to spread information at major community events and pop-up appearances. Due to concerns from the Engineering team regarding the replacements, possible drops in pressure and a boil water advisory, OMAC has reached out to the District's Homeland Security and Emergency Management agencies, more than 20 public information officers and the Metropolitan Washington Council of Governments. All upcoming meetings will be listed on D.C. Water's website.

CEO Gadis then commended Ms. Williams and her team and Dusti Lowndes, Director of the Office of Emergency Affairs, and her team, on their exceptional collaboration organizing some of the briefings on the potential disrupted service.

The equitable imperative includes fostering and promoting diversity and an inclusive culture. To accomplish this, D.C. Water has over the last two months celebrated Black History Month in February, Women's History Month highlighting the Women of Water's special event entitled Resilience: A Conversation with D.C. Water's Executive Women featuring Kishia Powell, Lisa Stone, and Kirsten Williams from the Senior Executive team. The We Are D.C. Water Campaign also is delivering equity to employees internally and across social media channels.

In conclusion, CEO Gadis reported that ahead in April he will inform the Board more on the delegation of employees who are traveling to Singapore and Malaysia to participate in the Singapore International Water Week. This will deepen D.C. Water's partnership and relationship with the water utility in Johor Bahr, Malaysia that visited D.C. Water in October. This travel is sponsored by the U.S. State Department as part of their Water Smart Engagements Program.

Board Member Giancola complemented the people doing facilities preventative maintenance. Their numbers have gone from 63 to 83 percent completed which is great. He stated that fleet preventative maintenance's numbers are sinking in value—from 22 to 14 percent this past month. The priority vehicle in-service number went from 83 to 75 percent. He stated that they are not seeing much improvement in these areas and is of concern.

Board Member Giancola stated that he was not sure which Board committee oversees the Customer Assistance Programs (CAP), the Emergency Relief Program, and the D.C. Water Cares Program. He noted that they are still seeing low participation in those areas and asked for a briefing on them.

On Page 15 of the CEO Report, it notes food service establishments compliance went from 77 percent in December down to 0 in February. Board Member Giancola wanted to know what this issue is and what D.C. Water does with this.

The final issue from Board Member Giancola is on Page 18 and is on unresolved water quality complaints. The CEO Report noted that 51 percent are not resolved and is due to illness, scheduled leave, and resource needs. He asked if there is enough staff and if they are recovering from COVID. Board Member Giancola wants details on the staffing and recruitment efforts.

Chairperson Wells asked CEO Gadis to respond to the above issues and concerns. CEO Gadis indicated that they will definitely follow-up and that they are also concerned about some issues. He stated that in regard to Fleet Management, the director has departed and they have someone acting. COO Powell and Maureen Holman are addressing the issues. COO Powell stated that they have an opportunity for improvement. The Acting Director has made significant headway in a few days. She is addressing 70 vehicles to get the preventative maintenance metrics up. Efforts have included looking at registration renewals and inspections. Also with availability concerns, they had to pull some priority vehicles off the street for deep cleaning due to safety issues. She agreed to report details on the process. COO Powell stated that the numbers should start to improve. The Acting Director is putting an action plan in place to address historical concerns. COO Powell also reported that they recently met with Procurement to discuss procuring new units to address availability concerns. They are also working with operations to improve preventative maintenance metrics. Also efforts are moving forward to ramp up recruitment to fill critical positions. She agreed to follow-up on the issues. Food service work pertains to doing inspections on establishments regarding fats, oil, and grease. Their numbers have improved but the lack of resources has impacted them also.

CEO Gadis reiterated that they are taking urgent measures to make improvements, especially hiring, with the infrastructure bill that is coming. Ms. Stone's team has brought on more recruiters and other staff. In trying to fill positions, operators and other positions, applicants are sometimes using it to negotiate with their current employers and it is working. So our efforts continue. CEO Gadis noted that it is challenging at times, but they are continuing to work hard. On the Fleet Management side, the employees are contract employees. They are continuing to review this to determine if they should in-source Fleet. He emphasized that the staff is working hard and doing excellent work to get things done. CEO Gadis thanked Board Member Giancola for pointing this out.

Board Member Herrington stated that when CEO Gadis spoke about recruitment challenges, he thought he was talking about Fairfax County and that they feel the same exact way. He gave CEO Gadis and his staff kudos on employee engagement. Looking at the leading blue initiative and the innovation website and crowdsourcing, he stated that these initiatives are great. He had one question for clarification on the CSS area, catch basins metric that dropped from 100 to basically 2 in January and February. Board Member Herrington wanted more information offline about this. CEO Gadis thanked him for his remarks and asked COO Powell to respond. She agreed to follow-up the issue he raised. COO Powell did state that weather challenges and

other reactive maintenance put them a bit behind on preventative maintenance. She emphasized that they have put together a plan to catch up on preventative maintenance.

Chairperson Wells asked CEO Gadis to have his staff review all the questions from today and refer them to the committees for agenda items. He asked that agendas for all committees be disseminated to all Board member ahead of committee meetings. Members can then make sure their concerns and questions are on the agendas. CEO Gadis stated that he will get with Ms. Manley and make sure this is done.

Consent Action Items Joint Use

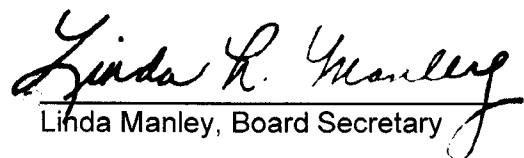
Chairperson Wells asked for a motion to approve joint use action items. Board Member Giancola moved to approve Resolution Nos. 22-25 to 22-26 and it was seconded by Board Member Leonard. The motion to approve Resolutions 22-25 to 22-26 was unanimously approved by the members of the Board.

Consent Action Items (Non-Joint Use)

Chairperson Wells asked for a motion from a District member to approve non-joint use action items. Board Member Gibbs moved to approve Resolution No. 22-27 and it was seconded by Board Member Herrington. The motion to approve Resolution No. 22-27 was unanimously approved by the District members of the Board.

Chairperson Wells then presented the dates and times for upcoming committee and other meetings. He reported that there will be a rate hearing on May 11, 2022 at 6:30 p.m. that will be available on Microsoft Team. The Environmental Quality and Operations Committee will meet Thursday, April 21, 2022, at 9:30; Retail Water and Sewer Rates Committee will meet on Tuesday, April 26, 2022, at 9:30 a.m.; the Audit and Risk Committee will meet Thursday, April 28, 2022, at 9:30 a.m.; Finance and Budget Committee will meet on Thursday, April 28, 2022, at 11 a.m. All are available on Microsoft Teams.

Chairperson Wells stated that there being no further business, the meeting was adjourned at 10:13 a.m.


Linda Manley, Board Secretary