



**DISTRICT OF COLUMBIA  
WATER AND SEWER AUTHORITY**

Board of Directors

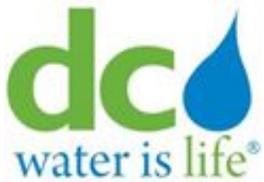
*Governance Committee*

**January 17, 2018**

**11:30 a.m.**

- 1. Call to Order ..... Ellen Boardman, Chairperson**
- 2. Blue Drop Update ..... Alan Heymann, Chief Marketing Officer**
- 3. Executive Session \***
- 4. Adjournment**

\*The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); contract negotiations under D.C. Official Code § 2-575(b)(1); legal, confidential or privileged matters under D.C. Official Code § 2-575(b)(4); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2-575(b)(10); proprietary matters under D.C. Official Code § 2-575(b)(11); decision in an adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14), and other matters provided in the Act.



Approved and Adopted: November 3, 2016  
RESOLUTION #16-90  
OF THE BOARD OF DIRECTORS  
D.C. WATER AND SEWER AUTHORITY  
SUBJECT: Approval to Authorize the General Manager to Establish Blue Drop, LLC

# Governance Committee Update

Wednesday, January 17, 2018

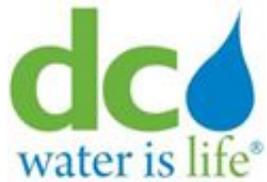
**Alan Heymann**

Chief Marketing Officer, DC Water  
President, Blue Drop

The members of the Board of Directors ("Board") of the District of Columbia Water and Sewer Authority (the "Authority") at the Board meeting held on November 3, 2016, upon consideration and approval by a vote of ten (10) in favor and none (0) opposed, to take the following action to authorize the General Manager to establish a not-for-profit entity under the laws of the District of Columbia to be known as Blue Drop, LLC.

WHEREAS, District of Columbia Home Rule Act states, "[n]otwithstanding any other provision of this chapter or any District of Columbia law, the financial management, personnel, and procurement functions and responsibilities of the District of Columbia Water and Sewer Authority shall be established exclusively pursuant to rules and regulations adopted by its Board of Directors," D.C. Code § 1-204.96(a); and

the District of Columbia created DC Water pursuant to the Department of Public Works Act of 2001 at section 1001.01 et seq.



## What is Blue Drop?

Blue Drop is a separate, nonprofit organization created by DC Water in November, 2016.

### Board Resolution #16-90:

- a. Providing relief from rising rates, fees, and charges to DC Water's customers in the District of Columbia, to other participating jurisdictions as defined in D.C. Code § 34-2202.01(5), and to users of the joint-use sewage facilities as defined in D.C. Code § 34.2202.01(4);
- b. Advancing and promoting innovative strategies and technologies in the treatment and delivery of potable water, the treatment and collection of wastewater, and related products and services;
- c. Improving the state of the water and wastewater treatment sectors by sharing knowledge, research, and expertise throughout the country and the world;
- d. Promoting resource recovery and conservation; and
- e. Other purposes consistent with and complementary to the principles described in this Resolution.



## Blue Drop oversight and accountability

Blue Drop is guided by a 9-member independent Board of Directors. The CEO/General Manager of DC Water is the Chairperson. The Blue Drop Board meets 3x/year.

Blue Drop is a single-member District of Columbia nonprofit LLC. DC Water is the sole member. The CEO/General Manager of DC Water is the Member Representative.

For tax purposes, Blue Drop is a “disregarded entity” of DC Water. For audit purposes, Blue Drop is a “blended component unit” of DC Water.

Blue Drop reports to the DC Water Board through the Governance Committee 3x/year.

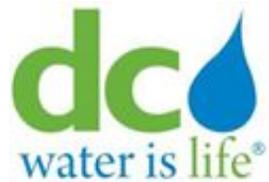


## What does Blue Drop do?

- Blue Drop provides consulting services to other utilities, focused on stakeholder engagement (external affairs), leadership development, green infrastructure and customer service.
- Blue Drop markets and sells Bloom, under an agreement with DC Water.



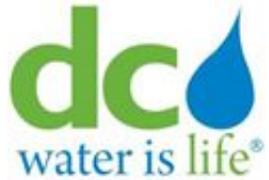
(These are Blue Drop's only lines of business.)



## Consulting Customers

- All existing engagements center around external affairs and stakeholder engagement.
  - Springfield (Mass.) Water and Sewer Commission (communications strategy and campaign development)
  - Upper Blackstone Water Pollution Abatement District (rebranding)





## Consulting Customers

- Two proposals to potential clients submitted and under review.
  - Large western wastewater utility (awaiting contract execution)
  - Large southern water/wastewater utility (active discussions)



## Vendor Contracts

- Three local trucking companies for transportation of Bloom to customers in DC/MD/VA. Contracts are at-will and costs vary by distance and tonnage.
  - Payne Trucking
  - FTC
  - Deja Vue
- Your Part Time Controller provides accounting and bookkeeping support monthly and at end of year.
- JustWorks provides HR and benefits support.
- Mullins P.C. conducts Blue Drop's end-of-year audit.



## Bloom Marketing and Sales

- DC Water existing land application costs: \$43 per ton.
- DC Water/Blue Drop marketing and sales agreement includes a \$5 per ton marketing fee (price support) and reimbursement for local trucking up to \$25 per ton.
- This agreement has a not-to-exceed value of \$900,000 and expires September 30, 2019.

Organization	Fresh Tons Diverted	Original Land Application Cost	Local Trucking	Marketing Fees	Sales Revenue	Cost Savings
Blue Drop	7,806			\$30,810	\$26,746	
DC Water		\$335,658				\$254,511
Local Haulers			\$50,337			

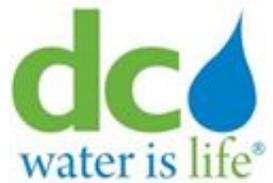
Numbers are cumulative FY 2017 (ended 9/30/17).



## Bloom Marketing and Sales

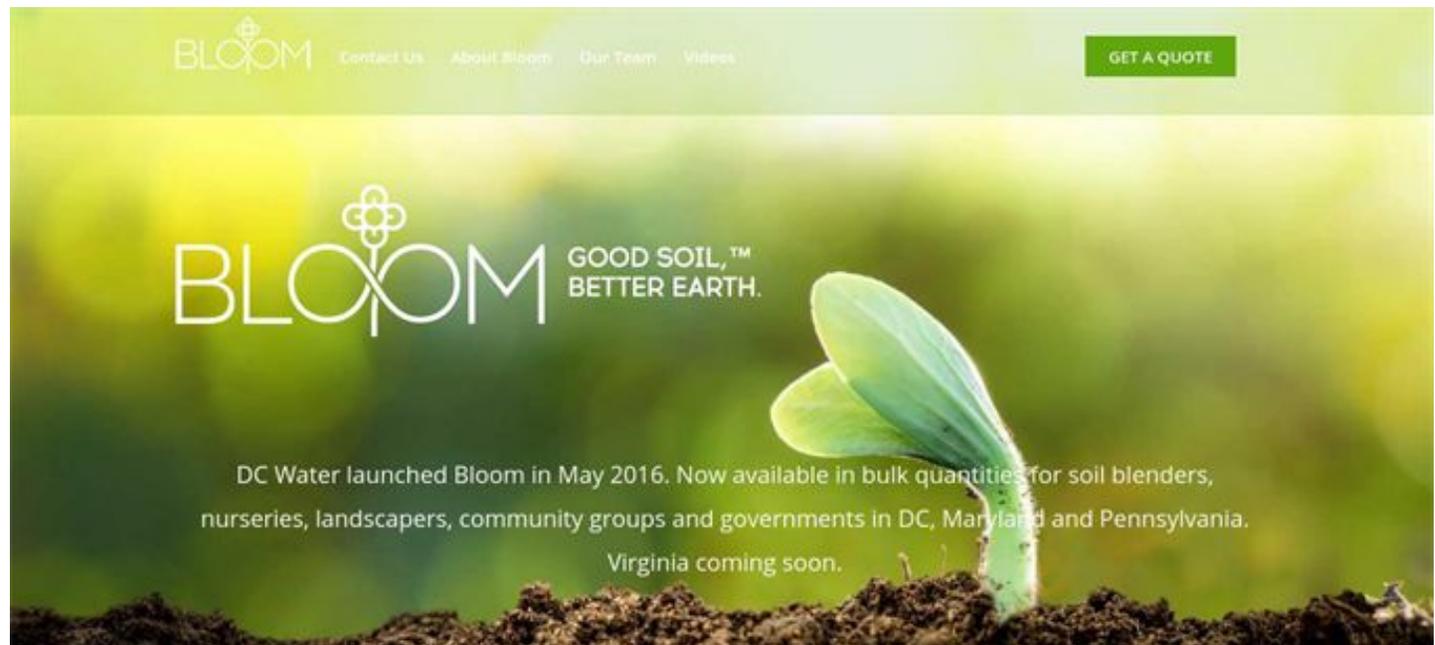
- Calendar year 2017 numbers (tentative): 8,500+ tons diverted.
- Working to target farmers for the first time.
- Virginia marketing/sales permit anticipated.
- Working with large wholesale customer to dry, bag and distribute Bloom for retail sale in the DC area in time for spring.





## Bloom Marketing and Sales

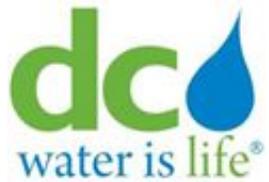
- bloomsoil.com website updated.





## Research and Marketing

- To date: word of mouth and existing staff connections
  - Foundation grants, sole-source procurements and two successful RFP responses
- Database of potential clients developed
  - As of yet, not needed
- Service offerings
  - External affairs and stakeholder engagement
  - Green infrastructure program design
  - Utility leadership and change management
  - Customer service
- Partnerships
  - Small firms owned by utility communicators
  - Expand geographic reach without draining staff

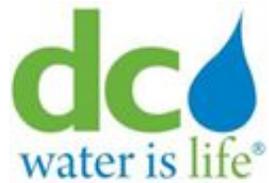


## Research and Marketing

- Consulting customer feedback

“Blue Drop was extremely easy to work with. They brought in experts with hands-on experience from DC Water who provided helpful examples, advice and insights to New Jersey practitioners. By telling the DC Water story, they expanded our view of what is possible and inspire new practices here.”

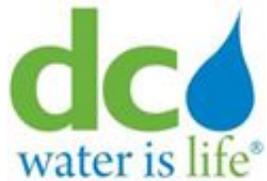
“Helped us advance our customer engagement program by several years in a matter of months.”



## Research and Marketing

- Press coverage
  - GOVERNING magazine in March
  - NBC Washington in December 2017





## Research and Marketing

- Conference and meeting attendance
  - American Water Summit November 28-30, 2017 (Alan attended)
  - Mid-Atlantic Nursery Trades Show January 9-12 (Bloom booth)
  - Future Harvest CASA January 12-13 (Bloom booth)
  - AWWA/WEF Utility Management Conference February 20-23 (Kim attending)
  - NACWA summer conference and leadership summit July 23-26 (Alan planning to attend)



## Research and Marketing

- Future marketing activities
  - Sarah Neiderer named director of marketing
  - Expanded bluedrop.co website and new introductory video coming soon.

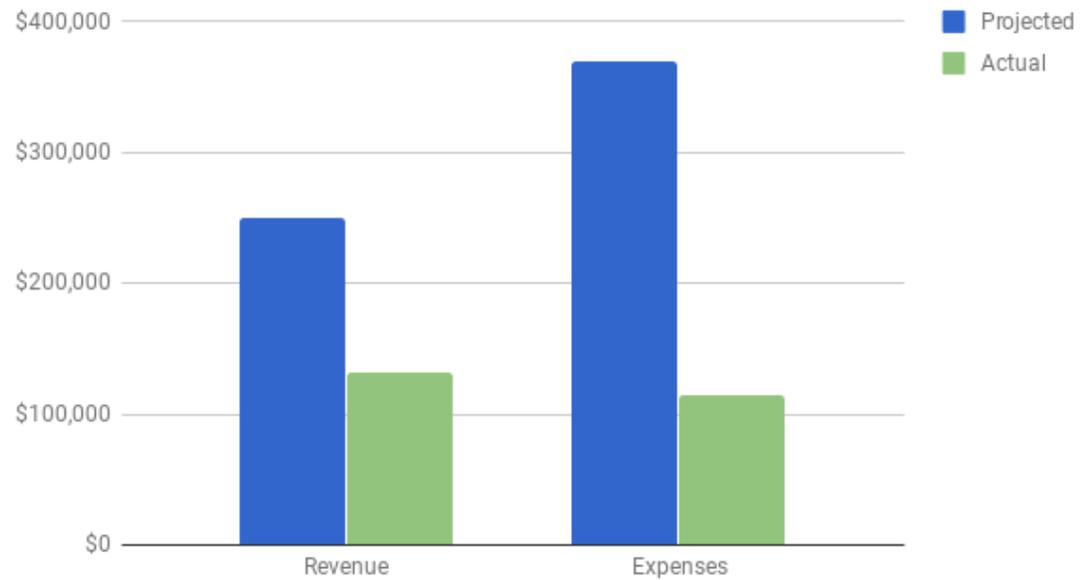


- Focus in Q1 2018: developing content to share with potential clients.
  - Case studies, white papers, email list



## Profit/Loss for FY 2017

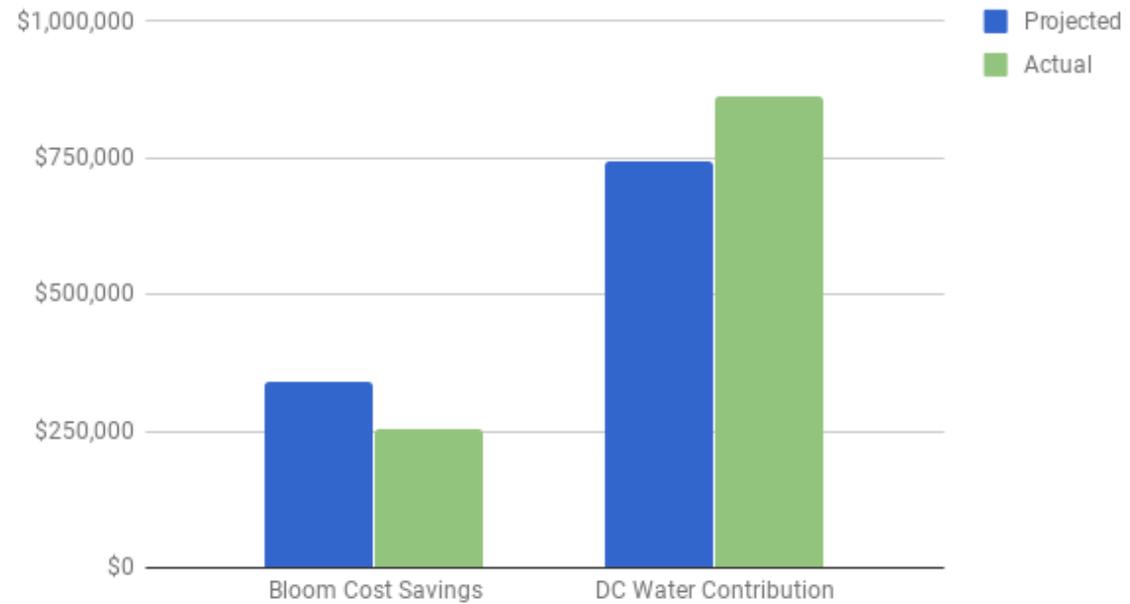
Blue Drop Expenses and Revenue





## DC Water Support for FY 2017

Bloom Cost Savings and DC Water Contribution





## Personnel Information

- The Blue Drop staff consists of 7 people.
- Of these, 5 are DC Water employees in the Office of the General Manager.
  - Their hours are an in-kind contribution from DC Water to Blue Drop, and range from 10-75 percent of their time.
  - Henderson Brown, Alan Heymann, Gloria Cadavid\*, Saul Kinter, Sarah Neiderer.
  - \*Gloria on leave of absence through June 2018.
- Blue Drop also has 2 employees not connected to DC Water.
  - Kim Marshall, Director of Client Services
  - Francesca Valente, Director of Operations



## Personnel Information

- Blue Drop has renewed its JustWorks insurance coverage for 2018 and increased the amount of paid time off (PTO) available to employees.
- Blue Drop staff took part in an in-depth planning session and discussion of roles and responsibilities in early January 2018.



## Assets and liabilities

- Blue Drop owns no real property. Personal property includes furniture, computers and telephones.
- Blue Drop has no debt.
- Overdue and nearly-overdue accounts receivable: roughly \$10,000 as of December 31. All for Bloom-related charges.

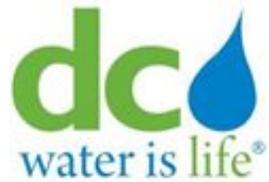
## Legal Affairs and Other Business

- Rachna Butani Bhatt now a member of Blue Drop Board.
- Board has 8 voting members; bylaws allow up to 9.
- Henderson Brown replaces George Hawkins as Chairperson and DC Water Member Representative.



## Legal Affairs and Other Business

- Board member Robert Mallett has agreed to a role in overseeing Blue Drop's finances.
- Board is scheduled to meet February 9, June 1 and October 12.
  - Please join us for lunch!
- Blue Drop plans to vacate its space at 810 First Street, NE (former DC Water payment office) in October.
- New office will be near the new DC Water Headquarters.



Presented and Adopted: November 3, 2016  
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## Further questions?

**Alan Heymann**

Chief Marketing Officer, DC Water

President, Blue Drop

[alan@bluedrop.co](mailto:alan@bluedrop.co)

(202) 765-3292 x101

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