



**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
239th MEETING OF THE BOARD OF DIRECTORS
Thursday, February 1, 2018
9:30 a.m.
5000 Overlook Avenue, SW
Room 407**

- I. **Call to Order (Chairman Tommy Wells)**
- II. **Roll Call (Linda Manley, Board Secretary)**
- III. **Approval of January 4, 2018 Minutes**
- IV. **Chairman's Overview**
- V. **Committee Reports**
 1. **Human Resource and Labor Relations Committee (Bradley Frome)**
 2. **Governance Committee (Ellen Boardman)**
 3. **Environmental Quality and Operations Committee (James Patteson)**
 4. **DC Retail Water and Sewer Rates Committee (Rachna Bhatt)**
 5. **Joint Meeting of the DC Retail Water and Sewer Rates/Finance and Budget Committee meeting (Rachna Bhatt)**
 6. **Audit Committee (Nicholas Majett)**
- VI. **Issues of General Interest**
 - **2018 Anacostia River Tunnel System Commissioning Presentation (Carlton Ray)**
- VII. **CEO/General Manager's Report (Henderson J. Brown IV, Interim)**
- VIII. **Summary of Contracts (FYI)**
- IX. **Consent Items (Joint Use)**
 1. **Approval to Execute Contract No. 17-PR-DOS-38, Allied Universal Security Services – Resolution No. 18-09 (Recommended by the Environmental Quality and Operations Committee 01/18/18)**
 2. **Approval to Execute a Contract Modification to Contract No. 16-PR-HCM-44-AC, MB Staffing, LLC – Resolution No. 18-10 (Recommended by the Environmental Quality and Operations Committee 01/18/18)**
 3. **Approval to Execute Contract No. 17-PR-DMS-40, M.C. Dean, Inc. – Resolution No. 18-11 (Recommended by the Environmental Quality and Operations Committee 01/18/18)**

4. [Approval to Execute Change Order No. 02 of Contract No. 140080, Capitol Paving of DC, Inc. – Resolution No. 18-12](#) (Recommended by the Environmental Quality and Operations Committee 01/18/18)
5. [Approval to Execute Contract No. DCFA #487-WSA, EPC Consultants, Inc. – Resolution No. 18-13](#) (Recommended by the Environmental Quality and Operations Committee 01/18/18)
6. [Approval to Execute Supplemental Agreement No. 13 of Contract No. DCFA #431, Samaha Associates, PC – Resolution No. 18-14](#) (Recommended by the Environmental Quality and Operations Committee 01/18/18)

X. Consent Items Non-Joint Use

1. [Approval to add Funding for Option Year One of Contract No. 17-PR-CCO-07, Mueller Systems – Resolution No. 18-15](#) (Recommended by Environmental Quality and Operations Committee 01/18/18)
2. [Approval for Notice of Final Rulemaking to Revise the Effective Date of the System Availability Fee \(SAF\) Regulations from January 1, 2018 to June 1, 2018 – Resolution No. 18-16](#) (Recommended by DC Retail Water and Sewer Rates Committee 01/23/18)

XI. Executive Session – To discuss legal, confidential and privileged matters pursuant to Section 2-575(b) of the D.C. Official Code

XII. Adjournment (Chairman Tommy Wells)

1 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.

Upcoming Committee Meetings

- Environmental Quality and Operations Committee – Thursday, February 15th @ 9:30 a.m.
- DC Retail Water and Sewer Rates Committee – Tuesday, February 20th @ 9:30 a.m.
- Finance and Budget Committee – Thursday, February 22nd @ 11:00 a.m.



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

BOARD OF DIRECTORS
Human Resources and Labor Relations
Committee
January 17, 2018

MEETING MINUTES

Committee Members Present

Bradley Frome – Committee Chairman
Ellen Boardman
Rachna Butani
Anthony Giancola

DC Water Staff Present

Henderson Brown, Interim General Manager
Meena Gowda, Acting General Counsel
Mustaafa Dozier, Chief of Staff
Linda R. Manley, Board Secretary

Union Presidents Present

Barry Carey, AFSCME 2091
Barbara Milton, AFGE 631
Jonathan Shanks, AFGE 872
Calvert Wilson, AFGE 2553
Michelle Hunter, NAGE R3-06

1. Call to Order

Chairman, Bradley Frome called the meeting to order at 10:40 a.m.

2. Continued tension between labor and management at DC Water

Barbara Milton expressed concerns of retaliation and building tensions towards her union, AFGE Local 631. Ms. Milton stated Labor Relations interferes with already established relationships with DC Water managers. Ms Milton further shared that correspondence and requests from her union have been ignored by the Labor Relations team.

The sentiment shared by the remaining Union presidents is that the relationship between Labor and Management is strained. Michelle Hunter conveyed that while her union does not have specific issues to raise, the tension between Local 631 and Management does have an overall impact on the unions as a group. Jonathan Shanks stated that if both parties can come to the table the issues at hand can be resolved. Elizabeth Stachura, Manager, Labor Relations acknowledged that there were challenges particularly with AFGE Local 631, but that the issues were not personal and that she was hired to achieve the best results for the Authority. Ms. Stachura vehemently expressed that there is no animus toward Ms. Milton or her union.

Human Resources and Labor Relations Committee
Minutes for January 17, 2018
Page 2 of 3

Barry Carry expressed concerns regarding hiring practices at DC Water stating that the current hiring practices benefit applicants who have relationships with managers versus qualified individuals. Calvert Wilson did not have any concerns to discuss with the Board, however commended Labor Relations and HCM Director Roger E. Brown Jr. for resolving matters previously presented to the Board.

Henderson Brown, Interim CEO and General Manager stated he had a fair and robust meeting with the Union Presidents just the day before and expressed that the Authority is committed to enhancing the relationship between Labor and Management.

3. Advancing Blue Performance Management

Barbara Milton stated the Authority proposed rolling over her contract in exchange for agreeing to bargain as a group respect to Advancing Blue. Board member Rachna Butani asked Ms. Milton if the attorney hired by AFGE 631 is a national attorney or just for the district and who compensates the attorney. Ms. Milton replied that the attorney is just for her local and that union member dues compensate the attorney. Ms. Butani further inquired whether Ms. Milton was at liberty to share how much she spent on attorney fees last year. Ms. Milton responded that she was not at liberty to disclosure cost allocated to attorney fees.

Ms. Milton continued to explain the unions agreed and signed a document accepting the Authority's proposal, however they were informed that DC Water management would not rollover the contracts. Ms. Milton explained that correspondence was sent to the Chief of Staff regarding this issue and requested any proposed stipulations, however they received no response. Ms. Milton stated that since no response was received, the unions decided to enter into individual bargaining for Advancing Blue as they perceive to be a working conditions issue.

The unions received correspondence from Elizabeth Stachura, Labor Relations Manager, ruling that Advancing Blue is a compensation issue and the unions have to bargain together over impact and effects. However, the Chief of Staff's response stated that it is part of the working conditions and unions believed they could negotiate individually. The unions believe this is a violation of the working conditions and in addition DC Water management has failed to provide information showing the implementation of Advancing Blue to non-union employees. Specifically, Jonathan Shanks stated that the unions are requesting more information that explains the rating system in detail. Michelle Hunter expressed her concerns regarding performance goals. Mrs. Hunter believes that goals for office workers are easily achievable, however both parties should work together to find a solution that establishes goals for members that work in the field with varying jobs. Calvert Wilson stated he would like to see more personalized goals versus broad goals. Henderson Brown believes that the challenges with Advancing Blue are resolvable and believes both labor and management can work together to find solutions before the deadline of April 1st.

Human Resources and Labor Relations Committee
Minutes for January 17, 2018
Page 3 of 3

4. Executive Session

No executive session required

5. Adjournment

The meeting adjourned at 11:47 a.m.



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

Governance Committee

Wednesday, January 17, 2018

11:35 a.m.

MEETING MINUTES

Committee Members

Ellen O. Boardman, Chairperson
Rachna Bhatt
Ivan Frishberg
Nicholas A. Majett
Anthony Giancola
David Franco (via phone)
Bonnie Kirkland (via phone)
Emile C. Thompson (via phone)

D.C. Water Staff

Henderson J. Brown IV CEO/General
Manager
Meena Gowda, General Counsel
Alan Heymann, Chief Marketing Officer,
Blue Drop President
Linda Manley, Board Secretary

Call to Order

Chairperson Boardman called the meeting to order at 11:35 a.m.

Agenda Item #1 – Blue Drop Activity Update

Alan Heymann, DC Water’s Chief Marketing Officer and President of Blue Drop, presented Agenda Item #1 – Blue Drop Activity Update.

Mr. Heymann highlighted some of the significant purposes for which Blue Drop was established: 1) to provide relief from rising rates to DC Water ratepayers, both wholesale and retail; and 2) to elevate the state of the water sector by sharing the expertise of DC Water. He then reviewed the key aspects of Blue Drop’s governing structure: 1) Blue Drop has an independent Board of Directors; 2) the Chief Executive Officer/General Manager of DC Water sits as the Chairperson of the Blue Drop Board and Member Representative of DC Water; 3) Blue Drop is a single member non-profit LLC with DC Water as the sole member; and 4) Blue Drop is a disregarded entity of DC Water for tax purposes and a blended component unit of DC water for audit purposes.

Next Mr. Heymann discussed the business lines and revenue streams of Blue Drop which include existing and prospective consulting projects, and the marketing and selling Bloom, class-A Biosolids.

In terms of the consulting business line, Mr. Heymann described Blue Drop's current consulting projects with the Springfield Water and Sewer Commission, a utility organized similar to that of DC Water, and the Upper Blackstone Water Pollution Abatement, which is Blue Drop's first re-branding project.

Chairperson Boardman asked how Blue Drop acquires its consulting projects. Mr. Heymann responded that the vendors generally approach Blue Drop with consulting opportunities after learning about Blue Drop's services at conferences, trade shows or through other marketing activities.

Committee Member Giancola asked how much Blue Drop is paid for its consulting services. Mr. Heymann responded that Blue Drop's compensation depends on a project's duration and scope, but typically the compensation amount is between \$25,000 and \$150,000 per project. He added that the compensation may be shared with subcontractors that participate on a specific project.

Committee Member Majett inquired about the customer base of Blue Drop, and whether it was regional, national or international. Mr. Heymann responded that while Blue Drop's focus has been on customers within North America, specifically the United States, Blue Drop has participated in a brief engagement with a Canadian municipality.

Chairperson Boardman inquired about the use of DC Water's resources (employees) to provide expertise on consulting projects for Blue Drop, such as the rebranding campaign in Massachusetts. Mr. Heymann responded that Blue Drop and DC Water have a Shared Services Agreement that describes the nature of personnel exchanges and compensation for DC Water employee time to participate on such projects. For instance, he stated that John Lisle's group will be involved in the Massachusetts rebranding campaign and will be compensated pursuant to the Shared Services Agreement.

Committee Member Bhatt further inquired about compensation for DC Water employees when participation on Blue Drop projects falls outside of the normal scope of a DC Water employee's duties, hours or capacity. Mr. Heymann explained that Blue Drop has not established a mechanism to compensate DC Water employees extra for doing Blue Drop work, nor does Blue Drop want to create a disincentive for DC Water employees to perform DC Water work. He added that Blue Drop has been looking to work with partners so the excess capacity in DC Water is not exhausted or over-extended.

Mr. Heymann moved on to discuss Blue Drop's prospective clients, identifying: 1) a large western waste water utility, with which Blue Drop is in contract negotiations; and

2) a large southern water/wastewater utility, with which Blue Drop is in active discussions for consulting work.

Committee Member Franco asked Mr. Heymann to provide the value of the prospective Blue Drop contracts and whether any of those contracts were multi-year contracts. In response, Mr. Heymann explained that the contract duration with the large western wastewater utility would most likely be for five (5) to six (6) months; while the contract with the southern water/wastewater utility has the potential to be a multi-year contract. He added that the combined total for both contracts could be valued between \$500,000 and \$1 Million.

Chairperson Boardman asked Mr. Heymann to brief the Board on Blue Drop's revenue streams (Blue Drop's consulting and Bloom business lines) and whether the revenue amounts and the amount of work generated under those business lines have met his expectations to date. Mr. Heymann responded that the current consulting work that has been acquired has been easier than expected. Mr. Heymann went on to state that it's difficult at this point to assess future expectations without understanding the scope of potential clients that are ready to work with Blue Drop. Based on his assessment of the market, Mr. Heymann believes there is a recognition among other utilities that there is real value in stakeholder engagement, which bodes well for the Blue Drop consulting business line.

Mr. Franco inquired about the amount of excess capacity available at Blue Drop to grow and seek future opportunities. Mr. Heymann responded that there is some excess capacity still available at the current levels in Blue Drop and DC Water. However, Mr. Heymann recognized that Blue Drop capacity is a concern, which is why Blue Drop has expanded its capacity through partnerships with small communications firms and through other subcontractors. Mr. Heymann stated that Blue Drop's full capacity has not been reached yet, but it is something that he is monitoring.

Chairperson Boardman noted that the reporting of contract values is important in understanding the net profits of the contracts, especially in cases of partnerships and subcontractors with other firms and companies.

Committee Member Frishberg inquired about exploiting the excess capacity of DC Water and the best ways to use DC Water's expertise as a competitive advantage. Mr. Heymann responded that Blue Drop has a market advantage to compete with local entities to obtain contracts for consulting and other services offered by Blue Drop. He stated that while local communications firms, for example, may understand the particular region, Blue Drop and DC Water understand the water industry. He also noted that another Blue Drop advantage is that it is currently the only public sector utility utilizing its employees to offer consulting services.

Mr. Heymann went on to state that Blue Drop's main marketing focus is consulting on communications and marketing opportunities. He stated that Blue Drop has not turned down any opportunity to date, but it is not actively pursuing opportunities outside of

consulting on marketing and communications. Mr. Brown stated that Blue Drop was not restricted in expanding the scope of its consulting services outside of marketing and communications.

Committee Member Bhatt inquired whether Blue Drop had any type of non-solicitation clause in its contracts out of concern that Blue Drop clients may attempt to acquire DC Water employees. Mr. Heymann responded that he would review the contract language and provide a follow-up to the Board to ensure DC Water's and Blue Drop's interest in its personnel is protected.

Committee Member Kirkland asked a follow-up question regarding protecting Blue Drop and/or DC Water's Intellectual Property (IP) and inquired about the type of protections that are in place to preclude clients from packaging and selling the expertise they have learned from Blue Drop. Mr. Heymann responded that Blue Drop acknowledges the risk that client utilities could share or sell the knowledge it garnered from Blue Drop.

Chairperson Boardman added that, going forward, careful contract language should be included in Blue Drop contracts to address these two (2) issues and any limitations of packaging and marketing similar IP.

Mr. Heymann next discussed Blue Drop's open vendor contracts. Mr. Heymann noted that Blue Drop has 1) the vendor contracts with three (3) local trucking companies to transport Bloom to customers in DC, Maryland and Virginia; 2) a vendor contract with a part-time Controller for accounting and book keeping; 3) a vendor contract with JustWorks for Human Resources and benefits support; and 4) a vendor contract with the audit firm of Mullins P.C.

Mr. Heymann then moved on to discuss Bloom's Marketing and Sales in FY17. First, Mr. Heymann gave an overview of the Bloom program and the calculation of DC Water's cost savings under the program. Mr. Heymann outlined the program as follows:

- 1) DC Water's existing land application costs to manage DC Water biosolids is \$43/ton.
- 2) To avoid the land application disposal fee, DC Water pays Blue Drop a \$5/ton marketing fee (for price support) and pays Blue Drop a reimbursement fee for local trucking costs up to \$25 per ton for Blue Drop to take and sell the waste. The fee structure is set forth in the Marketing and Sales Agreement between DC Water and Blue Drop.

Mr. Heymann stated that 7,806 tons were diverted under Blue Drop's Bloom program in FY 2017. He noted that the original land application costs of the 7,806 tons would have costs DC Water \$335,658 had they not been diverted. He stated that the total trucking costs for the 7,806 tons was \$50,337 and that marketing fees were \$30,810. Mr. Heymann stated that DC Water's cost savings (or cost avoidance) under the

Bloom marketing program was: $\$335,658 - (\$50,337 + \$30,810) = \$254,511$. Mr. Heymann also noted that the sales revenue for Bloom was \$26,746 in FY 2017.

Committee Member Franco inquired about the actual costs for Blue Drop to market and sell Bloom to achieve greater profits. Mr. Heymann responded that the rate of return for marketing and selling Bloom is greater than that of the consulting services, and he would provide the actual costs associated with Bloom activities to the Board by the next Committee meeting.

Committee Member Thompson inquired about the cost-savings formula and how the cost-savings value is calculated per customer. Mr. Heymann responded that the amount depends upon the arrangement made with each customer. For instance, Mr. Heymann stated that some customers pick up the material, which is why the hauling costs in FY17 are below the \$25 set forth in the Marketing and Sales Agreement.

The Committee discussed the cost-savings value to DC Water. Mr. Heymann explained that DC Water pays the marketing and trucking fees, instead of paying the original land application costs associated with disposal of material. The difference between the two amounts is the gross savings recognized by DC Water.

Mr. Heymann reported that Blue Drop is working with a large wholesaler customer to dry, bag and distribute Bloom in the retail market by the spring. He noted that the bagged Bloom product is the most cost-effective way to sell the Bloom product over a larger regional area.

Mr. Heymann reviewed the research and marketing efforts of Blue Drop. Mr. Heymann shared feedback received from customers during consulting projects, highlighting Blue Drop's success and participation in supporting the growth of customers. He also identified conferences and meetings Blue Drop representatives attended to promote Blue Drop's services and product. Blue Drop's marketing focus for Q1 2018 includes developing case studies, white papers and email lists to share with potential clients.

The Committee viewed a video clip from an NBC Washington December 2017 broadcast on Blue Drop and new revenue strategies at DC Water.

Mr. Heymann advised that, including himself, five (5) DC Water employees contribute time to Blue Drop: Henderson J. Brown, IV, Gloria Cadavid (on leave of absence thru June 2018), Saul Kinter and Sarah Neiderer, who was recently named Blue Drop's Director of Marketing to focus on mass marketing efforts (i.e. advertising, website, and content generation). There are the two (2) Blue Drop employees not connected to DC Water: Kim Marshall, Director of Client Services, and Francesca Valente, Director of Operations.

Mr. Heymann then briefly reviewed Blue Drop's professional employer organization (PEO), JustWorks, which Blue Drop contracts with to manage its human resources,

benefits administration, compliance, and payroll. Mr. Heymann added that Blue Drop has increased the paid time off offered to employees.

Committee Member Bhatt inquired how Mr. Heymann splits his time between DC Water and Blue Drop, and he responded that 75% of his time is spent on Blue Drop activities, while the other 25% is spent in an advisory role to DC Water's CEO/GM, and service to DC Water's Executive Team, Senior Staff, and Strategic Investments Revenue and Opportunities (SIROC) Committee.

Mr. Heymann added that Committee Member Bhatt is now a member of the Blue Drop's Board of Directors, and Henderson J. Brown, IV replaced Mr. Hawkins as Chairperson and DC Water Member Representative, following his appointment to Interim General Manager/Chief Executive Officer for DC Water.

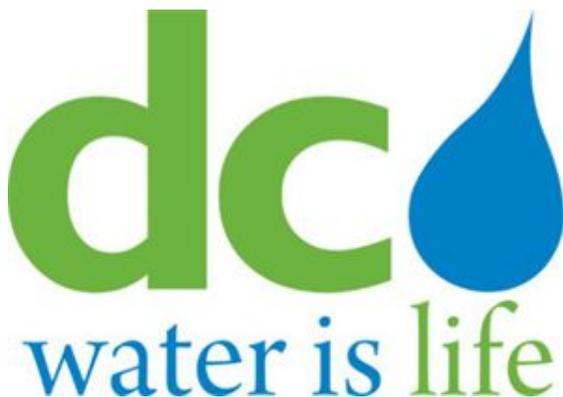
At the conclusion of Mr. Heymann's presentation, Chairperson Boardman recognized Mr. Heymann for his current efforts and progress made by Blue Drop over the past fourteen (14) months.

Conclusion

There being no further business, Chairperson Boardman adjourned the meeting at 12:55 p.m.

Follow-Up Items for September 2017 Governance Committee Meeting

1. Alan Heymann to review vendor contracts with Blue Drop's attorney Nick Carambulas to ensure there is a non-solicitation clause, as well as non-compete clause to protect the interests of DC Water's resources and the Intellectual Property of Blue Drop and DC Water. He will provide the Committee with an update at the next Committee Meeting.
2. Alan Heymann will provide the Committee with the actual costs associated with Bloom activities by the next Committee Meeting.



**District of Columbia
Water and Sewer Authority
Board of Directors
Environmental Quality and Operations Committee Meeting
Thursday, January 18, 2018**

9:35 a.m.

MEETING SUMMARY

Committee Members

James Patteson, Chairperson
Anthony Giancola
David Franco (via phone)
Howard Gibbs
Rev. Kendrick E. Curry
Ivan Frishberg

DC Water Staff Present

Henderson Brown, Interim General Manager
Leonard Benson, Chief Engineer
Linda Manley, Secretary to the Board
Meena Gowda, Acting General Counsel
Craig Fricke, Director, DETS
Matthew Brown, Chief Financial Officer

I. Call to Order

Mr. Patteson called the meeting to order at 9:35 A.M.

II. FY 2018 – FY2027 CAPITAL BUDGET

Leonard Benson, Chief Engineer, DC Water, Craig Fricke, Director, Department of Engineering and Technical Services, DC Water and Matthew Brown, Chief Financial Officer, DC Water, provided a briefing to the Committee regarding DC Water’s proposed 10-year Capital Improvement Program (CIP) lifetime budget and cash disbursement options.

Mr. Brown summarized the budget adoption calendar to the Committee as follows:

- Wholesale Customers briefing was held on January 5, 2018
- Reviews, recommendations and actions by the Environmental Quality & Operations, the Finance & Budget and the DC Retail Water & Sewer Rates Committees to be held on January 18, January 23 and January 23, 2018, respectively.
- Board Action scheduled for February 1, 2018.

Mr. Benson mentioned that answers to specific questions received from Board members after the January 4th budget workshop were mailed out earlier and that if any clarifications were needed, they would be provided by DC Water staff as needed. Mr. Benson also mentioned at the budget workshop on January 4, there was a summary question from the Board about whether the 10-year CIP 'Baseline' budget proposed by DC Water would ensure that the Authority's infrastructure would remain in a good state of repair. An additional question also posed by the Board inquired what the estimated cost would be if the Authority opted to adopt a budget aligned with Asset Management principles and practices.

Mr. Benson began by defining what 'good state of repair' meant. For the purposes of DC Water, "An asset or system is in a 'good state of repair' when no backlog of needs exist and no component is beyond its useful life. State of good repair projects correct past deferred projects and replace capital assets that have exceeded their useful lives." With this definition in mind, Mr. Benson stated that the proposed Baseline 10-year CIP Budget would not enable all of the Authority's infrastructure to remain in a 'good state of repair'. The 10-year CIP developed within the current year's budget guidelines and constraints (i.e., the Baseline budget) is projected to be approximately \$3.7 billion. The other two budget scenarios, namely, the alternative option (i.e., Constrained budget) providing approximately \$80 million per year above the Baseline option and the Asset Management Level Recommended Funding (i.e., AM Ramp-up budget) option providing approximately \$160 million per year above the Baseline option are projected to be \$4.25 billion and \$4.8 billion, respectively.

Next, Mr. Benson described the level of funding for each service area under the Baseline option as follows:

- DC Clean Rivers: Fully Funded to meet consent decree requirements
- Wastewater: Generally Funded to meet National Pollutant Elimination System (NPDES) permit and established levels of service
- Water:
 - Pumping station and storage facilities Generally Funded to current service levels
 - Small Diameter Water Main Replacement (SDWMMR) program Generally Funded to meet 1% replacement/rehabilitation goal
 - Large Diameter Replacement/Rehabilitation Generally Funded
- Sewer: Substantially underfunded, particularly for rehabilitation of sewer lines and pump station rehabilitation
- Non-Process: Fully Funded for Headquarters, Fleet and Sewer Operations facilities

The Committee inquired what 'Generally Funded' meant. Mr. Benson replied that Generally Funded indicated the service area has been allocated enough budget to maintain current levels of service with manageable risks; but with the expectation of increased Operation & Maintenance (O&M) and emergency repair related costs over time.

Next, Mr. Benson stated DC Water's approach to Asset Management as consisting of:

- Utilizing a Facilities Plan (FP) to define long term capital needs, consider the condition and anticipated service life of assets and incorporate feedback from key stakeholders including Operation & Maintenance departments,
- Utilizing an Asset Management Plan (AMP) to incorporate input from key stakeholders to define risk in accordance with Asset Management principles and DC Water criteria and validate and inform the prioritization of capital improvements,
- Utilizing a Capital Improvement Plan (CIP) to define project scope, schedule and delivery approach; establish lifetime budgets and forecast spending to meet financial limits and

update annually to reflect performance and/or changes to needs and priorities.

Often, because of fiscal constraints, project and program needs defined by Asset Management processes are deferred, delayed or phased. When capital improvements are delayed or deferred, the following challenges arise:

- Risk exposure to permit compliance, health & safety, system reliability and public confidence/DC Water reputation increases, and
- Cost increases due to increased likelihood of emergency repairs and operations & maintenance needs occurs.

Mr. Fricke stated that the goal of asset management of linear assets is to have an integrated set of processes to minimize the lifecycle costs of infrastructure assets, at an acceptable level of risk, while continuously delivering established levels of service. If the average age of an asset is significantly less than its residual service life, this indicates that either the system is relatively new or extensive investment has gone into the system. Conversely, if the age of an asset is significantly greater than its residual service life, it is an indication that the system is older and in need of investment. The ideal target value is to have a residual service life that is 40% to 60% of an assets age.

Mr. Fricke next gave an overview of the KANEW modeling of DC Water's water and sewer systems. The KANEW model is a long range, strategic planning model developed by the Water Research Foundation (WRF) for identification of renewal needs for water and sewer networks. It uses anticipated life expectancies and age distribution of pipes to develop a system-wide statistical model and calculate annual renewal needs for different pipe cohorts (i.e., logical groupings of pipes based primarily on size and material).

The Committee inquired as to what the impact would be if the Baseline budget option was adopted. Mr. Fricke replied that current levels of service would likely be maintained, but with the expectation of increased Operations & Maintenance and emergency repair related costs. The Committee also requested that DC Water look back at the previous five years and see if O&M costs and incidences of emergency repairs were increasing over that time. Mr. Matthew Brown responded that DC Water will discuss the results of the research with the Committee.

Mr. Fricke next detailed the service life expectancies and projected renewal requirements predicted by the model for the following sanitary sewer cohort types:

- Large Brick/Concrete Pipe – 11 miles or 1.6%
- Small Brick/Concrete Pipe – 26 miles or 3.8%
- Large Reinforced Concrete Pipe (RCP) – 42 miles or 6.2%
- Small Reinforced Concrete Pipe (RCP) – 45 miles or 6.6%
- Large Vitrified Clay Pipe/Other (VCP) – 12 miles or 1.8%
- Small Vitrified Clay Pipe/Other (VCP) – 541 miles or 80%

He indicated that the large number of small VCP pipes needing replacement starting in FY 2018, indicated that this particular cohort is critically overdue with respect to its replacement/renewal needs. Analysis of VCP pipes shows a current average age of 80 years while the service life expectancy is 100 years.

Mr. Fricke also detailed the service life expectancies and projected renewal requirements as predicted by the KANEW model for the following Small Diameter Water Main (SDWM) cohort types:

- Ductile Iron pipe – 148 miles or 14%
- Lined Spun Cast Iron pipe – 215 miles or 20%
- Unlined Spun Cast Iron pipe – 369 miles or 35%
- Unlined Pit Cast Iron pipe – 331 miles or 31%

He noted that the large number of Unlined Pit Cast Iron pipe needing replacement starting in FY 2018, indicating that this particular cohort is critically overdue with regard to its replacement/renewal needs.

The Committee also inquired why the graphs showing the Baseline budget forecast over the 10-year period varied significantly on an annual basis. Mr. Fricke replied that the variation is a reflection of the organization's attempt to meet the current budget constraints as they vary across the 10-year period.

Mr. Benson then stated that although the fiscal challenges faced by the Authority are serious, DC Water is not an exception. He read the following excerpt from a report published by the American Water Works Association (AWWA) in 2012, entitled "Buried No Longer," that indicates these challenges being faced are industry-wide: "Restoring existing water systems as they reach the end of their useful lives and expanding them to serve a growing population will cost \$1 Trillion over the next 25 years, if we are to maintain current levels of service. Delaying the investment can result in degrading water service, increasing water service disruptions, and increasing expenditures for emergency repairs. Ultimately, we will have to 'catch up' with past deferred investments and the more we delay the harder the job will be when the day of reckoning comes."

The Committee also requested DC Water provide water main break data over the past ten years. Mr. Charles Kiely, AGM, Customer Service, replied the information will be provided at the next EQO Committee meeting.

Mr. Benson then noted that the American Society of Civil Engineers' 2016 report card for DC's infrastructure ranked both the city's drinking water and wastewater infrastructure as a C+. Mr. Benson provided the Committee with a handout that compared DC Water's CIP program with three cities we consider our peers with respect to aging water and sewer infrastructure, Chicago, Philadelphia and New York. The Committee requested to see the debt servicing of these utilities. Mr. Matthew Brown responded that information will be provided to the Committee.

Mr. Benson next summarized the additional realities and considerations that affect development of the CIP as follows:

- Permitting
- Contractor availability
- Market considerations
- In-house resources/capability
- Procurement/contracting
- MBE/WBE goals

Mr. Benson described the level of funding for the different service areas under the AM-Ramp up option as follows:

- DC Clean Rivers: Fully Funded to meet Consent Decree
- Wastewater: Fully Funded to meet NPDES permit and established levels of service
- Water:
 - Pumping stations and storage facilities: Fully funded

- Small Diameter Water Main Replacement (SDWMR) program: Fully Funded to ramp up to 2% asset management replacement level
- Large diameter: Generally Funded
- Sewer:
 - Pumping stations: Fully Funded
 - Sewer lines replacement program Fully Funded to ramp up to 2.7% asset management replacement level
- Non-Process: Fully Funded for Headquarters, Fleet and Sewer operations facilities

The Committee inquired as to the possibility of renegotiating the consent decree schedule and its terms with the Federal government since the budget and expenditures associated with the DCCR program have a significant impact on the 10-year CIP. Mr. Henderson Brown, Interim General Manager, DC Water, replied that DC Water is open to discussing this internally and with the Committee members in subsequent meetings with the aim of formulating an action plan.

Mr. Matthew Brown summarized the three discussed 10-year CIP budget scenarios, namely, the Baseline option (currently proposed for adoption), the Constrained option and the Asset Management option and their comparative impacts to customers on an annual basis. The Committee inquired if a budget can be obtained with a contingency for revision based on whether additional District or Federal funding is secured. Mr. Brown replied that a budget could not be passed with line item that is based on a contingent funding source and amount that is not guaranteed. However, regardless of the budget option adopted, he stated it is possible to indicate the impact of receiving or not receiving additional funding can have. Mr. Brown also suggested the Committee take some additional time to consider the options discussed during this meeting and recommend a budget for adoption during February's Committee meeting.

Mr. David Franco, Mr. Kendrick Curry and Mr. Howard Gibbs stated their preference to adopt the Baseline 10-year CIP budget option while Mr. Anthony Giancola stated a preference to adopt the Constrained 10-year CIP budget option. Mr. James Patteson and Mr. Ivan Frishberg indicated their preference to adopt the AM-Ramp up 10-year CIP budget option.

The Committee decided to postpone a decision on adopting the CIP budget pending further discussion at the January 23 joint meeting of the DC Retail Water and Sewer Rates Committee and the Finance and Budget Committee.

III. CONSTRUCTION MANAGEMENT CONTRACT FOR DIVISION J – NORTHEAST BOUNDARY TUNNEL

Mr. Carlton Ray, Director, Clean Rivers Project, gave a briefing on the Construction Management (CM) contract for Division J – Northeast Boundary Tunnel. He stated the project will enable a 98% reduction in Combined Sewer Overflow (CSO) volume and provide relief for chronic flooding in the northeast boundary drainage area, when completed in 2023. He also mentioned that the Northeast Boundary Tunnel project is DC Water's largest project to date (~\$580M) and the largest component of the Clean Rivers Project. At completion, the tunnel will have an inside diameter of 23 ft, a length of 27,000 ft and have depths ranging from 60 ft to 140 ft. Mr. Ray also stated that the procurement process for the CM services for the Division J project was similar to other procurements for CM services on the Clean Rivers Project.

Next, Mr. Ray summarized the contractor evaluation criteria used in awarding the contract as follows:

- Specialized experience and technical competence of the firm and its personnel (including joint venture or association partners and subconsultants), considering the types of services required and the complexity of the project
- Record of past performance on similar projects considering effectiveness, quality or work, and project success
- Compliance with the Business Development Plan requirements stated herein
- Proposed technical and management approach to accomplish the work, demonstrating familiarity with the types of problems likely to be encountered during the project, and recognition of the appropriate response level of effort
- Capacity to perform the work (including any specialized services), considering the firms' current and planned workload and the availability of proposed individuals
- Acceptability under other appropriate evaluation criteria including but not necessarily limited to capability to perform the work, record of past achievements and avoidance of personal and organizational conflicts of interest

Mr. Ray stated that the CM services follows the same cost share percentages as the Tunnel construction, which in turn is based on the User Share as agreed upon in the 2012 Intermunicipal Agreement. The CM contract cost splits for the Northeast Boundary Tunnel project are as follows:

- Portion of Tunnel south of W Street (i.e., 47% of overall cost) is for CSO control and is therefore joint use with an LTCP split of 7.1% Suburbs and 92.9% District
- Portion of Tunnel north of W Street (i.e., 53% of overall cost) is for flood control and is therefore District only with a CAPM split of 100% District.

Mr. Ray stated it is the Contracting Officer's recommendation that EPC Consultants be awarded the Construction Management contract in the amount of \$28,033,187.

IV. ACTION ITEMS

JOINT USE

1. Contract No. 16-PR-HCM-44 – MB Staffing, LLC, Temporary Personnel Staffing
2. Contract No. 17-PR-DOS-38 – Allied Universal Security Services, Protective Services
3. Contract No. 17-PR-DMS-40 – M.C. Dean, Inc., Annual Maintenance and Repair of Industrial Electrical Control Equipment & Other Systems
4. Contract No. 140080 – Capitol Paving of DC, Inc., Public Space Restoration Contract FY15 – FY17
5. Contract No. DCFA #487-WSA – EPC Consultants, Inc., Division J – Northeast Boundary Tunnel
6. Contract No. DCFA #431-WSA – SAMAHA Associates PC, Basic Ordering Agreement – Architectural and Related Services for Facilities

Mr. John Bosley, Chief Procurement Officer, DC Water, presented Action Items 1 to 3. Mr. Len Benson, Chief Engineer, DC Water presented Action Items 4 and 6. Mr. Carlton Ray, Director – Clean Rivers, DC Water, presented Action Item 5.

Action Item 1: Request to execute contract modification to add funding to the temporary staffing contract option year one.

The Committee inquired as to why temporary staffing was needed. Mr. Bosley replied that this

arrangement enables DC Water to satisfy short-term staffing requirements on an as needed basis without the need to hire full time employees who might otherwise be underutilized.

The Committee also asked about the reason for the 15% rate reduction. Mr. Bosley replied that the reduction was negotiated from the fees charged by the contractor to DC Water.

Action Item 2: Request to execute a new contract for protective services throughout all DC Water facilities.

The Committee inquired if the current security staff will be affected by this contract. Mr. Bosley replied it is highly unlikely.

Action Item 3: Request to execute a contract for the annual maintenance and repair of industrial electrical control equipment & other systems.

The Committee suggested that DC Water provide an update to the Committee on the general trends and DC Water's record of being able to attract more than one bidder across the different contract types awarded (Goods & Services, Construction Services, A&E...etc.).

Action Item 4: Request to execute a change order for a contract to provide permanent restoration of paved and non-paved surfaces in public space after the completion of repair and replacement activities by the Department of Water Services and the Department of Sewer Services.

The Committee inquired if DC Water was looking to escalate the issue of onerous pavement restoration requirements that lead to increased cost to the District government. Mr. Benson and Mr. Henderson Brown, Interim General Manager, DC Water, replied that this is a matter that DC Water will discuss with the City Administrator.

Action Item 5: Request to execute a contract to provide onsite construction management (CM) services during DC Water's Clean Rivers Project Division J – Northeast Boundary Tunnel (NEBT) construction contract. This project is required by consent decree.

The committee inquired whether the contractor had a local presence/representation. Mr. Ray replied in the affirmative.

Action Item 6: Request to execute a Supplemental Agreement to provide architectural/engineering and other related services on a Task Order basis, related to projects identified in the Master Facilities Plan and other projects as needed.

The Committee inquired why DC Water did not re-procure this contract. Mr. Benson replied that the incumbent contractor was very qualified and had been performing well, which provided for expediency in renewing the existing contract. However, Mr. Benson added that the Committee's point is noted and that DC Water will issue a Request for Qualifications for selection of a firm to fulfill DC Water's ongoing routine architectural services.

The Committee recommended all the joint use action items to the full Board.

NON-JOINT USE

1. Contract No. 17-PR-CCO-07 – Mueller Systems, 1.5 inch & 2 inch Positive Displacement Meters

Mr. John Bosley, Chief Procurement Officer, DC Water, presented Action Item 1.

Action Item 1: Request to add funding for Option Year 1 of contract for the supply and delivery of 1.5 inch and 2 inch positive displacement meters.

The Committee recommended the non-joint use action item to the full Board.

V. OTHER BUSINESS/EMERGING ISSUES

None.

VI. EXECUTIVE SESSION

None.

VII. ADJOURNMENT

Meeting adjourned at 12:31 p.m.

Follow-up Items

1. Assistant General Manager, Customer Service: Provide water main break data over the past 10 years.
2. Chief Financial Officer, DC Water: Provide data over the previous five years to see if increased O&M costs and incidences of emergency repairs have been increasing over that time.
3. Chief Financial Officer, DC Water: Provide information on debt servicing for the Chicago, Philadelphia and New York water utility organizations for comparison with DC Water.
4. Chief Procurement Officer, DC Water: Provide an update to the Committee on general trends and DC Water's record of attracting bidders across the different contract types.



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

DC Retail Water and Sewer Rates Committee

Tuesday, January 23, 2018

9:30 a.m.

MEETING MINUTES

Committee Members in Attendance

Rachna Butani Bhatt, Chairperson
Tommy Wells, Chairman
Howard Gibbs
Anthony Giancola
Reverend Dr. Kendrick Curry
David Franco

DC Water Staff

Henderson Brown, Interim General Manager
Matthew Brown, Chief Financial Officer
Meena Gowda, Acting General Counsel
Syed Khalil, Director of Rates & Revenue
Lola Oyeyemi, Director of Budget
Linda Manley, Secretary to the Board

Via Telephone:

Ivan Frishberg
Ellen Boardman
Emile Thompson

Call to Order

Chairperson Butani convened the meeting at 9:30 a.m.

FY 2019 & FY 2020 Proposed rates, Charges & Fees (Attachment A)

Matthew Brown, Chief Financial Officer, updated the committee on the budget approach. He stated that the Budget Workshop was held on January 4th. On January 18th, the Environment Quality and Operations Committee (EQ&OPs) met to review the capital program. The Proposed FY 2019 Budget assumes 5% water & sewer rate increase in the outer years of the financial plan with one year adjustment in FY 2019. The Proposed FY 2019 Budget funds the operations of the treatment plant, various conveyance systems and prioritizes capital investments.

Mr. Brown informed the Committee about the two alternatives on the capital investment that were discussed with the EQ&OPs Committee:

1. Full investment in asset management principles
2. Invest half of what asset management principles require

Mr. Brown provided an overview of the management's recommendation on a multi-year rate proposal for FY 2019 and FY 2020 and the FY 2018 – FY 2027 Financial Plan. He mentioned that under the

management recommendation and two capital scenarios the rates are the same for FY 2019 and FY 2020. The EQ&OPs Committee did not make a formal recommendation. He stated that the benefits of a multi-year rate include revenue certainty and budget discipline, whereas potential risks are reduced financial flexibility and limited ability to modify approved rate increases. He noted that many utilities propose multi-year rates and some utilities go out as far as ten years. Reverend Curry inquired if Prince George's, Fairfax County and neighboring counties have multi-year rates. Mr. Brown replied that he will get back with the information. He mentioned that DC Water for many years proposed single year rates, which required that we go out to each ward for outreach every year.

Mr. Brown provided an overview of rates and revenue. Because of the recalculation of the Clean Rivers Impervious Area Charge (CRIAC), the water and sewer rate will increase by 13% in FY 2019 and by 5% in FY 2020 and beyond. The average residential household customer overall will pay less than what was forecasted two years ago. In order for the proposal to be revenue neutral, household customers would pay an increase of 14% in water and sewer rates. We are able to employ some fiscal discipline this year and propose 13% rate increase in FY 2019. Last year, the CRIAC was projected at \$28.41 in FY 2019 and with the recalculation the proposed CRIAC is \$23.00 per ERU in FY 2019 and at \$25.58 per ERU in FY 2020. The Customer Metering fee and Water System Replacement Fee (WSRF) will remain the same. Overall rate increase is 5.6% in FY 2019, which is less than the 6.1% forecasted last year.

Mr. Brown explained the trends in the historical and projected customer bill and combined rate increases. He gave an overview on the revenue comparison by customer class, proposed FY 2019 and FY 2020 rates, charges and fees and average residential customer monthly bill slides. He mentioned that Mr. Franco asked in previous meeting why DC Water uses 6.20 Ccf for average residential customer monthly bill. He replied that the average residential customer uses 6.20 Ccf, or 4,638 gallons and that 78% or 82,940 households use 7 Ccf or less per month. Water usage is declining every year. He stated that many of our costs don't vary with decline in usage. The federal government has a target to reduce their water usage. The Financial Plan assumed 1% decline in consumption every year. In FY 2016, the average household usage was revised to 6.20 Ccf per month from 6.69 Ccf per month. He noted that overall increase in the average residential customer monthly bill in FY 2019 and FY 2020 is 5.6%. He pointed out that in FY 2019 the water and sewer bill component increased by \$7.81 (or 13%) and the CRIAC decreased by \$2.18 (or 8.7%) resulting in an overall average customer bill increase of 5.6%.

Mr. Brown stated that the average Customer Assistance Program (CAP) customers save nearly 60% off their water bill. Discounts are provided for the first 4 Ccf per month for water, sewer, PILOT and ROW. In addition, CAP customers receive 100% discount on their Water System Replacement Fee (WSRF) and 50% discount on their CRIAC. As compared to average residential customer's bill of \$107.99, CAP customers will receive a bill of \$45.03. Mr. Giancola asked how many customers could take advantage of the CAP program. Mr. Brown replied roughly 3,000. Mr. Giancola asked how many people could take advantage of the CAP program. Mr. Brown explained that DC Water uses the Low Income Home Energy Assistance Program (LIHEAP) eligibility criteria. Customers who are eligible for LIHEAP program automatically become eligible for the CAP program. Chairman Wells mentioned that about 22,000 households a year take advantage of the LIHEAP program. Mr. Giancola asked if everyone is aware of the CAP program and how would they take advantage of it and what is the impact on revenues. Mr. Kiely informed the Committee that the Department of Energy and Environment (DOEE) approves people who are apartment dwellers and not homeowners. He explained that you can have a 100 unit apartment building of which 10 units within the apartment building are getting the credit and the rest would not be eligible. Anyone that applies for gas and electric LIHEAP automatically qualifies for a credit if he/she is a homeowner or a tenant. Chairman Wells asked if these are people that get power bills but not water bills. Mr. Kiely replied only because we do not separately meter apartment buildings.

Mr. Brown briefly described the Financial Plan objectives. The Ten- Year Financial Plan helps the management to monitor progress in meeting financial goals and targets and satisfying all indenture requirements and Board policies. The rating agencies like to see a balanced Ten-Year Financial Plan, which helps DC Water's credit ratings. He updated the Committee on the \$4.0 billion Ten-Year Capital

Investment Plan (CIP). He further noted that over the next ten years, DC Water will borrow 40% of the CIP or approximately \$1.6 billion. Mr. Brown informed the Committee that under the current assumptions in the Ten-Year Financial Plan, the projected average residential customer bill ranges from \$102 in FY 2018 to \$154 in FY 2027.

Mr. Brown informed the Committee on the recommendations:

Adopt proposed FY 2019 & FY 2020 rates, charges and fees

- 13% increase in FY 2019
- 5% increase in FY 2020

Adopt FY 2018 – FY 2027 Financial Plan

- 10-year CIP disbursement budget
- Projected water and sewer rate increases

Reverend Curry stated that the numbers presented are conservative in estimation but he was concerned that these do not account for the number of customers who will not be able to pay their bills. With that in mind how much revenue can be put aside into the Rate Stabilization Fund (RSF) to be able to increase the amount that could go to CAP customers. Mr. Brown replied that DC Water serves every CAP customer who is eligible. With regard to the RSF, it has a balance of \$61.45 million. The practice has been in some years to budget amounts for the RSF, however, the proposed Ten-Year Financial Plan does not have any planned contributions. In the event that there is a revenue surplus or year-end savings that amount is put in the RSF and this Board can decide what to do with the RSF. The RSF has been used in the past to reduce the capital expenditures so that the rates would not spike. We also ran some scenarios internally about applying \$61.45 million dollars to capital expenditures and it did not have a significant impact on the bills we charge our customers. Reverend Curry inquired why did DC Water choose LIHEAP to be the eligibility standard for CAP customers. Mr. Brown replied that the LIHEAP is an existing program for which eligibility is already defined by federal law and by both income and household size. He stated that we want to provide assistance to people who need it but we also worry about administrative burden because we are not an organization that is equipped to determine income eligibility.

Mr. Franco inquired about whether there were any plans to use the \$61.45 million RSF for the capital budget. Mr. Brown replied that there is nothing in the current Financial Plan to use the RSF. He noted that management plan is to build the RSF to \$100 million due to substantial increase in capital expenditures just beyond the proposed capital plan.

Mr. Giancola asked how much money is in SPLASH and what criteria is used by the Urban League to give out the money. Mr. Brown replied that it is about \$100,000. There are two sources that contribute to SPLASH: 1) DC Water Employees 2) Customers. Mr. Giancola inquired if DC Water can revise the criteria by which the Urban League gives out money. Mr. Kiely replied that DC Water caps the contribution at \$350 per customer. The Urban League financial guidelines look at the current financial status. He noted that SPLASH is similar to the Salvation Army where a customer needs immediate help to pay a bill one time. The money is generated by customers through a round-up or a contribution every month. The money then rolls up and DC Water collects the money and deposits it into the Urban League account. DC Water pays the Urban League administration cost. Every dollar collected goes to the Urban League account. The reason DC Water uses LIHEAP is because it really deals with the poverty limit across the country. The administration burden is on DOEE. DOEE sends DC Water a file with everyone who is qualified. LIHEAP provides eligible customers assistance for gas, electric and oil. Many apartment dwellers qualify for those programs but not necessarily people who are tenants of homes. Reverend Curry inquired when the LIHEAP reviews its criteria. Mr. Kiely replied that LIHEAP evaluates the criteria every year. Mr. Kiely stated that customers can qualify for CAP and still be eligible for SPLASH. He noted that SPLASH is principally designed for customers that have an immediate circumstance (layoffs, company went out of business) and are seeking aid.

System Availability Fee Review (Attachment B)

Mr. Brown updated the Committee on the System Availability Fee (SAF). He noted that there is an SAF action item to extend the effective date from January 1, 2018 to June 1, 2018. The SAF regulations were published and no comments were received during the public comment period which ended on January 21, 2018. We anticipate coming before this Committee in February with a proposal regarding revising the SAF. There will be an open house to discuss the SAF with members of the public on Friday February 9th from 10:00am – 3:00pm at DC Water Board room. A notice will be published in the DC Register and will be sent out to various email lists. Reverend Curry asked why the open house is being held at DC Water as opposed to in the community. Mr. Brown replied that the meeting will be held at DC Water because it is a meeting regarding proposed regulations that we wanted open and available to all. We discussed specific outreach to various organizations but there was one concern that if, DC Water made that time available to one organization then, it must be available to all. Everyone can comment through the rulemaking process and all comments will be received and summarized for the Committee. Reverend Curry asked what Public Relations plan for the open house is. Mr. Brown stated that External Affairs will distribute the notice and it will be published in the DC Register and will be emailed to contacts. This is one additional opportunity and is not the only opportunity for the public to comment. There is the rulemaking process where anyone can submit comments through this process. Chairperson Butani asked if DC Water will send this notice to the individuals who specifically wrote letters and commented. Mr. McDermott replied that DC Water staff has the previous letters, as well as, the major engineering firms' contacts. In addition, DC Water will send emails out to the customers and put the notice on DC Water's website. Mr. Franco asked if there is a press release on the open house. Mr. Lisle, Director, External Affairs responded that the press release will go out today. Mr. Franco asked to make sure that the affordable housing community is notified.

Mr. Brown briefed the Committee on the SAF timeline. He stated that many utilities have implemented a fee assessed to new development (or redevelopment) to recover the investment in available system capacity. DC Water's SAF is designed to recover the proportionate share of system costs for new developments or redevelopments that require additional system capacity and is based upon meter size and average flow per meter size. All revenue will be applied to the Capital program as PAYGO, to reduce debt service costs for all retail customers.

Mr. Brown mentioned that the SAF methodology and the calculation of the SAF was done by Raftelis Consultant. The SAF is a one-time fee based upon prior capital investments made by DC Water in certain system assets, specifically, only "trunk and treatment assets". The assets were valued at replacement cost less accumulated depreciation and outstanding debt service principle. The net system asset value is calculated at a cost per gallon per day (GPD) based on total system capacity. The capacity for any new account (development or redevelopment) is based on meter size and GPD for that meter size.

Mr. Brown continued to inform the Committee on the methodology and stated that the SAF was based on meter size. There are some utilities that use fixtures count instead of meter size. The SAF methodology used by DC Waters is consistent with industry standards published by American Water Works Associations (AWWA) and Water Environment Federation (WEF). He mentioned that the SAF is consistent with the WSRF that was implemented by the Board.

Mr. Brown explained that DC Water uses meter size for water usage and demand on the system. He added that fire service demand is excluded which is consistent with the WSRF. One of the comments received regarding the SAF was necking down. DC Water allows property owners to "neck- down" water lateral lines to smaller water meter sizes. DC Water allows reductions by one standard pipe size. Any reductions greater than one pipe diameter would be by exception and will be approved by the Permit Office. Mr. Franco asked what will be the criteria for exceptions. Mr. McDermott replied the criteria is to calculate your meter to the right-size. Reverend Curry asked how many customers have taken advantage

of necking down. Mr. McDermott responded that only 3 customers have requested necking down however, with newer projects about 20 customers have requested necking down.

Mr. Brown mentioned that a SAF credit will be given if development/redevelopment projects are removing existing connections from the water and sewer system. He further explained a sample redevelopment scenario with SAF credit on the slide.

Mr. Brown informed the Committee on the SAF fee structure and stated that the SAF is based on meter size and gallons per day (GPD). He noted that DC Water capped the SAF for 6" and larger meter size at \$796,654 because there are very few meters larger than 6" in the system. Water usage is closely correlated to meter sizes up to 6". There is less correlation of water usage and meter sizes larger than 6". Some of the meters are only used for emergency water connections and under normal operations, had no flow at all, which further skewed the calculation of average flow. Due to these reasons, 6" meters and larger were grouped (totaling 699 meters) to get a more consistent average. In 2016 and 2017 no large meters greater than 6" were installed for new development.

Mr. Brown updated the Committee on the SAF revenue projections. He noted that there were many questions on the revenue projections. There were assumptions made on the SAF revenues. There are variations in the SAF projections based on business cycles. The SAF revenues were calculated for FY 2016 and FY 2017 to what the actuals would have been. In FY 2016 \$11.0 million and in FY 2017 \$8.5 million would have been collected. The figures are very conservative in regard to financial projections and 100 percent of the revenue would go to pay off our debt service costs. Mr. Gibbs inquired if the SAF is a set fee or will it change. Mr. Brown responded that the SAF would be reviewed every three years.

Mr. Brown mentioned there is an SAF action item to extend the effective date from January 1, 2018 to June 1, 2018 that the Committee will need to recommend to the full Board.

Chairperson Bhatt asked as to what extent is DC Water reaching out to the Mayors team to weigh in with their suggestions with regards to these items. Mr. Brown replied that Mr. McDermott spent some time working with developers regarding the \$5.0 million projected SAF fees for Barry Farms. There were some initial calculations where the credits were not applied correctly. Chairperson Bhatt asked that management contact the Mayors team to provide their recommendation on the SAF.

Action Items (Attachment C)

The Committee did not take action on action items 1 and 2. The Committee moved action item 3 to the full Board for approval:

- Proposal of FY 2019 & FY 2020 Rates (Action item 1)
- Proposal of Ten Year Financial Plan FY 2018 – FY 2027 (Action Item 2)
- Approval of Final Action to Extend the Effective Date of the System Availability Fee (Action Item 3)

DC Retail Water and Sewer Rates Committee Workplan (Attachment D)

There were no comments on the Committee workplan.

Agenda for February 20, 2018 Committee Meeting (Attachment E)

There were no comments on the February 20, 2018 agenda.

Other Business

No other business

Executive Session

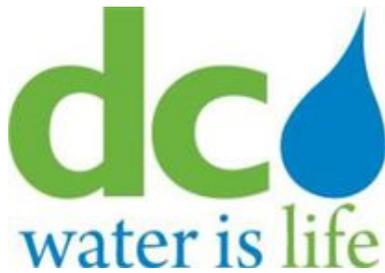
The committee made a motion to go into executive session and reconvened into public session at 10:49 a.m.

Adjournment

The meeting was adjourned at 10:50 a.m.

FOLLOW-UP ITEMS – DC Retail Water and Sewer Rates Committee Meeting (January 23, 2018)

- 1) Provide to the Committee information whether Prince George’s County, Fairfax County and neighboring counties use multi-year rates. (Dr. Reverend Curry) **Status:** (February 2018)
- 2) For the SAF open house, notify the affordable housing community. (Mr. Franco) **Status:** (January 2018)



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

**Joint Meeting of the DC Retail Water & Sewer
Rates and Finance & Budget Committees**

Tuesday, January 23, 2018

10:30 a.m.

MEETING MINUTES

Committee Members

Rachna Butani Bhatt, Committee Chairperson
Tommy Wells, Board Chairman
Anthony Giancola
David Franco
Howard Gibbs
Rev. Kendrick Curry

DC Water Staff

Henderson J. Brown IV, Interim General Manager
Matthew T. Brown, Chief Financial Officer
Meena Gowda, Acting General Counsel
Syed Khalil, Director, Rates and Revenue
Lola Oyeyemi, Director, Budget
Craig Fricke, Director, Engineering & Technical Services
Linda R. Manley, Board Secretary

Committee Members (via conference call)

Ivan Frishberg
Emile Thompson

Call to Order

Ms. Rachna Butani Bhatt called the meeting to order at 11:06 a.m.

FY 2019 Proposed Budget

Matthew Brown, CFO, reviewed the budget proposal as presented to the Board during the budget workshop held on January 4, 2018. The proposal includes the FY 2019 operating budget of \$582.8 million, FY 2018 – FY 2027 Capital Improvement Plan (CIP) disbursements budget of \$4.0 billion, capital lifetime budget of \$11.1 billion, two year water & sewer rate increases of 13% in FY 2019 and 5% in FY 2020, and other revenue requirements under the ten-year financial plan. Mr. Brown explained that the proposed combined rate increase of 5.6% for water, sewer and Clean Rivers Impervious Area Charge (CRIAC) is lower than the previously forecasted combined increase of 6.1% in last year's financial plan.

The proposed FY 2019 operating budget increase of \$20.8 million over the approved FY 2018 budget is mainly as a result of projected increases in personnel services due to the ratified union contract and other nonunion salary adjustments, and debt service needed to finance the Authority's CIP, offset by projected savings from on-site electricity generation from the Combined Heat & Pressure (CHP) facility and lower biosolids hauling costs from the Digesters. Mr. Brown highlighted various operational budget risks including

the impact of higher Plant flows on chemical costs, CHP electricity generation, new facilities slated to be placed into operation (such as Filtrate Treatment and the Wet Weather Facilities), changes in healthcare costs; insurance premiums due to increased asset portfolio; litigation costs and insourcing of major contracts across the Authority.

The ten-year CIP disbursement budget includes an increase of \$250.5 million over last year's plan of \$3.75 billion mainly due to updated schedule for the DC Clean Rivers projects, and other infrastructure improvements in the Water and Sewer service areas. The revised FY 2018 budget of \$450 million is \$62.7 million above the approved FY 2018 budget mainly for spending projections to meet the deliverables and milestones for the Clean Rivers' program. Mr. Brown reviewed the Additional Capital Programs and noted that the ten-year CIP and ten-year financial plan do not include projected costs for the Advanced Treatment project at the Washington Aqueduct.

Next, CFO Brown reviewed DC Water's operating revenue requirements which includes the revised FY 2018 budget of \$620.5 million and proposed FY 2019 budget of \$649.5 million. Projected increases in revenue of \$29 million in FY 2019 and \$36.3 million in FY 2020 reflect a multi-year water and sewer rate increase of 13% for FY 2019 and 5% for FY 2020; and changes to the CRIAC charges from last year's adopted ten-year financial plan. The lower proposed CRIAC charges of \$23.00 per ERU (equivalent residential unit) for FY 2019 and \$25.58 per ERU for FY 2020 are as a result of updated cost of service study which is undertaken every three years and lower debt service costs from the issuance of century bonds in recent years that were not initially contemplated in the last cost of service study. The Customer Metering Fee and Water System Replacement Fee will remain the same as FY 2018.

The projected overall combined rate increase for water, sewer and CRIAC would decrease from the 6.1% adopted in last year's financial plan to 5.6% under the current proposal for FY 2019. CFO Brown provided in-depth review of the projected monthly bill for the average residential and CAP customer based on average consumption of 6.2 Ccf, which in FY 2019 comprises of approximately 33% in fixed fees and 67% for volumetric charges under the current proposal. He also provided the sensitivity analysis for an average household based on estimated consumption of 2 Ccf and 10 Ccf, with the related changes in the fixed fees and volumetric charges as a percent of the total bill in the respective categories. Management continues to explore revenue alternatives and prioritize operational needs and capital improvements as part of its customer affordability program in view of the projected rate increases over the next ten years.

Next, CFO Brown provided an overview of the alternative scenarios for the capital improvement program including the projected increases in water and sewer rates, CRIAC and average customer bill. The proposed combined rate increases for FY 2018 to FY 2020 are the same under the proposed/baseline plan and two alternative scenarios, with changes starting FY 2021 through FY 2027.

Mr. Craig Fricke, Director, Engineering & Technical Services, gave an overview of the ten-year CIP options by service area (Clean Rivers, Wastewater, Water, Sewer and Non Process Facilities) that were discussed at the Environmental Quality and Operations Committee (EQ&OPS) meeting on January 18, 2018. His review included comparative analysis of the funding level requirements and identified risks by service area under the proposed/baseline plan of \$4.0 billion and two alternative scenarios namely, the constrained plan of \$4.6 billion and the asset management plan of \$5.1 billion. These scenarios were compared using several prioritization categories such as Consent Decree, National Pollutant Discharge Elimination System (NPDES) permits & levels, health and safety issues, specific mandates and relative risks. Within the

different scenarios, the service areas and facilities that are fully funded, generally funded and underfunded were also identified. Mr. Fricke discussed the state of DC Water's assets and related "useful life" expectancy and that the asset management helps to prioritize based on risks and available spending projections. The Authority's replacement rates for the water and sewer systems are comparable with similar large cities.

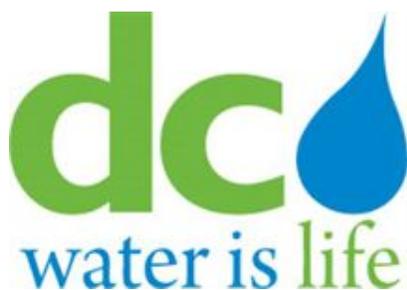
Committee members and Management had in-depth discussions on opportunities and risks relative to the current state of the capital infrastructure, limited funding from the Federal and District government, possible renegotiation and extension of the Consent Decree timeline, and the additional revenue requirements to support the mandated Clean Rivers program and ramp up investments in water and sewer consistent with the asset management based principles and best practices. Other deliberations included alternative options to provide additional relief for low income residents and not-for-profit organizations such as churches and cemeteries, other than the eligibility requirements/guidelines under the Customer Assistance Program (CAP) administered by the Department of Energy & Environment (DOEE) and Serving People by Lending a Supporting Hand (SPLASH) by the Greater Washington Urban League.

Committee members expressed concern for the rising costs of water bills that may discourage people from choosing to live in the District. They tasked Management to explore how to generate the additional revenues to meet DC Water's infrastructure maintenance and replacement needs while ensuring fair and equitable rates.

Henderson Brown, Interim General Manager stated that management is currently having discussions with the District regarding relief options from the CRIAC charge for some advocacy groups. He also noted that the presented CIP alternatives already included conservative assumptions and management will reconsider all the options to decide the best approach to mitigate effect on the customers and at the same time, meet the Authority's revenue requirements. Management will continue the budget discussions with the various committees and seek their recommendations in February for Board adoption at their meeting scheduled in March 2018. This schedule is required to support the planned bond issuance during Spring.

Adjournment

Hearing no further business Committee Chairperson Bhatt adjourned the meeting at 12:37 p.m.



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

Audit Committee

Thursday, January 25, 2018

9:30 a.m.

Meeting Minutes

COMMITTEE MEMBERS PRESENT

Nicholas Majett, Chairman
Howard Gibbs
Anthony Giancola
Bonnie Kirkland (by phone)
Sarah Motsch (by phone)

INTERNAL AUDIT STAFF PRESENT

Dan Whelan, RSM US LLP
Jill Reyes, RSM US LLP
Kelly Johnson, RSM US LLP
Sophie Tomeo, RSM US LLP
Ethan Bickford, RSM US LLP
David Luker, RSM US LLP
Matt Blondell, RSM US LLP

DC WATER STAFF PRESENT

Henderson Brown, Interim General
Manager
Biju George, Chief Operating Officer
Matthew Brown, Chief Financial Officer
Tamika Taylor, Associate General
Counsel
Linda Manley, Board Secretary

EXTERNAL AUDIT STAFF PRESENT

Paul Geraty, KPMG
Richard McLean, KPMG

Call to Order (Item 1)

Nicholas Majett called the Audit Committee meeting to order at 9:32am.

FY 2017 Financial Statements (Item 2)

Matthew Brown shared that the Authority's balance sheet remains strong with a total net position of \$1.9 billion, which is an increase of \$194.6 million from last fiscal year. Operating revenue increased by 8.0%, while operating expenses increased by 5.1% over the prior year.

Matthew Brown reported that Standard and Poor's Investors Service upgraded DC Water's credit rating for senior lien revenue bonds from AA+ to AAA, the highest rating available by a rating agency. Moody's Investor Service upgraded DC Water's credit rating for senior lien revenue bonds from Aa2 to Aa1. Additionally, he reviewed the FY 2017

debt financing. The Authority issued \$100.0 million of 2017 Series A and \$200.0 million of 2017 Series B senior lien revenue bonds.

Matthew Brown added that the Authority's operating revenue remains well diversified and stable. Despite operating expenditures growth, there was a decrease in contractual services expenditures this fiscal year. The Authority's net capital assets value has continued to increase dramatically. Operating revenue has doubled over a 10 year period, with an average monthly bill increasing by just short of 90%, while inflation has been 18% in the same 10 year period.

Board member Howard Gibbs voiced concern over the pain ratepayers have started to feel with the increasing monthly bills, and asked how the Authority can help to alleviate that pain. Matthew Brown responded that this is a conversation that is occurring as the Authority works towards a budget for next year.

External Auditor's Report (Item 3)

Paul Geraty, KPMG, gave an overview of the Authority's FY 2017 financial statements and single audit. He informed the Board that KPMG issued a clean, unmodified opinion on the Authority's FY 2017 financial statements. He stated that no material weaknesses or significant deficiencies were identified regarding internal controls over financial reporting. There were no instances of non-compliance noted. Mr. Geraty shared that a Management Letter will be issued consisting of control deficiencies that did not rise to the level of significant deficiencies or material weaknesses. Board member Anthony Giancola requested to see a copy of the Management Letter once it had been finalized, and wished to know what comments were noted.

Mr. Geraty shared that there were two deficiencies identified in the Management Letter. The first was related to controls over preparation of bank account reconciliations performed monthly. KPMG found that \$0 balance/sweep accounts were not always reconciled timely, although they were ultimately reconciled without issue. The second deficiency was related to write-offs of capital assets. The Authority is in the process of replacing meters, and there were some large write-offs associated with some of the older assets. The useful lives had originally been assigned to those items were higher than they should have been at sixty years, when the organization only used them for fifteen to twenty years. KPMG recommended that the Authority continuously reassess useful lives, but the ultimate financial statement impact of the write-offs were immaterial this fiscal year.

Mr. Geraty added that significant accounting policies were described in Note 2 of the financial statements, and noted that there were no significant changes to the Authority's policies in FY 2017. He summarized the new GASB pronouncements implemented in the current period, none of which had a material impact on the Authority. He shared a summary of GASB pronouncements to be implemented in the future, noting that only

GASB 83 with respect to certain Asset Retirement Obligations could potentially be of material effect to DC Water's financial statements.

Richard McLean, KPMG, reported on the summary of immaterial misstatements that were not ultimately corrected in the financial statement as individually and in the aggregate the misstatements had no material effect. There were no corrected misstatements necessary.

Pertinent to the single audit expected results, Mr. McLean reported that KPMG tested CFDA#66.468 Safe Drinking Water Act in FY 2017. KPMG expects to issue a clean opinion for this single audit with no material weaknesses or significant deficiencies.

Internal Audit Update (Item 4)

RSM Partner, Dan Whelan, presented the FY 2018 audit plan status update. Mr. Giancola confirmed if RSM evaluated the aggressiveness and timing of the internal audit plan. Mr. Whelan confirmed that the audit plan is continually evaluated and that no changes to the plan were made since the last audit committee meeting.

Ms. Sophie Tomeo presented the status of prior audit findings. For audit findings prior to FY 2015, there are three open items including Water Services and GIS mapping. All three open items are in progress, and the GIS mapping items should be closed by the next Committee meeting. For FY 2015 audit findings, there are two open item, one related to the Network Security Assessment Audit and one related to the Intellectual Property internal audit. Mr. Giancola requested the Network Security Assessment item be discussed further during Executive Session. FY 2016 follow-up testing shows 29 items closed, 8 pending testing, and 14 items remain open. Significant progress was made in closing the Business Development Plan and Engineering – Contractor Management Phase II audit findings. Between the two audits, 10 items were closed during the quarter. Mr. Gibbs inquired regarding the open overtime observations, and Biju George, Chief Operating Officer, provided an update on the replacement of the ERP system and its impact on Overtime monitoring and reporting. Ms. Tomeo presented the status of FY 2017 follow-up testing to the Committee for the first time. 14 of the 41 issues are pending testing, and 4 of the issues are closed.

Ms. Tomeo then provided the Committee an update on the Contracting Officer Representative/Contracting Officer Technical Representative (COR/COTR) training and compliance monitoring implementation by management per the Contract Monitoring & Compliance Audit Part II findings. The action plan in place consists of three phases. Phase one has been completed. Phase two consisted of COTR training, which has been delivered to 50 of 55 total COTRs, along with 37 non-COTRs that were proactively trained as potential future COTRs. The remaining five COTRs will be trained in February. Mr. Gibbs questioned whether there were enough CORs/COTRs based on the number of existing and upcoming contracts in the capital plan. Henderson Brown, Interim General Manager, stated that the Authority believed that 87 trained COTR were sufficient for the anticipated needs. Phase three is the implementation of the automated Vendor

Performance Management and Reporting application, which is in-progress. Final user acceptance testing is underway. COTR Training on this new system is planned for February 2018.

David Luker, RSM, then presented the results of the Construction Plan Review and Permitting Internal Audit. Mr. Luker described that the Department of Engineering and Technical Services (DETS) team is responsible for reviewing all design documents for internal DC Water projects. The Department of Wastewater Engineering is responsible for reviewing plant-related design, and Permit Operations is responsible for plans from developers, residential, commercial, or other outside sources that would like to connect or disconnect from DC Water infrastructure. RSM selected six of 12 projects that went through the entire design process this year with the DETS team. The six projects account for a total spend of about \$40 million. Only one \$19 million project made it through the entire design process with Wastewater Engineering this year, so RSM reviewed that project. Lastly, 370 applications were submitted with Permit Operations, and RSM reviewed 60 that made it through the review process for testing.

Matt Blondell, RSM, reviewed the results of testing, noting two high risk observations related to the DETS and Wastewater projects and one high risk finding related to Permit Operations. The first observation was inconsistent monitoring and documentation of the plan review process within DETS and Wastewater. As plans are distributed, a checklist is used to track reviewer actions. However, the checklist was used inconsistently by different Project Managers. A comment tracker review spreadsheet is maintained by the Project Manager throughout the process, and spreadsheets were maintained inconsistently. RSM recommended that the Authority implement an electronic tracking system. Management is in the process of revamping and reviewing the related Standard Operating Procedures (SOP). The second observation related to DETS and Wastewater was non-compliance with their SOP. At the beginning of each project, the SOP requires the use of a design lock-in form. However, this form is not being used consistently. Additionally, pre-advertisement certifications did not have all appropriate certifications for one project reviewed. Management is in the process of revamping their SOPs, and will remove the design lock-in form from the requirement.

The third observation relates to Permit Operations. Within the Maximo system they use to track permit applications, there were not appropriate segregation of duties in place. In some instances, the system reflected that same person reviewed and approved an application. Management has already changed reviewing requirements in the system. If a supervisor reviews an application, they cannot be the same supervisor to approve. Mr. Brian McDermott, Director Permit Operations, explained, upon request of Mr. Majett, that there was no violation of policy but that the procedure had been manually in place and was not consistently documented within Maximo.

Ethan Bickford, RSM, then presented the Fleet Accident and Incident Reporting Internal Audit. He informed the Committee that the purpose of this review was to obtain an understanding of the process from an accident occurring through follow-up and the full data capture and reporting involved with any DC Water fleet vehicle. Mr. Bickford detailed

that GeoTab is a GPS tracking system that is currently in all by 70 of the Authority's 609 vehicles, and the Authority is working to have it installed in the remaining 70. Chief of Staff Mr. Mustaafa Dozier clarified, at the request of Mr. Giancola, the Unions did not need to approve the use of GeoTab in those vehicles, but that they had to be provided with a 60 day notice, which has been given. There was one high risk finding related to a lack of departmental roles and responsibilities. There was no specific owner of the full accident/incident process, and the supervisor of the employee involved in the accident was required to perform the investigation, despite not always having the qualifications to do so. Management has determined that the Department of Security (DSec) will own this process. DSec has designed a program to improve investigations in coordination with other departments.

Ms. Kelly Johnson then provided an update on the fraud, waste, and abuse hotline that is monitored by the internal audit department. She informed the committee that the hotline received five calls since the last Committee meeting and that three were fraud related. The three new fraud related claims were all deemed to be unsubstantiated. Mr. Giancola inquired as to the process that is performed when a fraud claim is made, and Ms. Johnson detailed that in the Hotline SOP, all fraud claims are brought to the attention of the OGC. Mr. Giancola further inquired as to whether any fraud investigations had been substantiated, and Mr. H. Brown clarified that in his current tenure, none of the fraud claims had been substantiated. Ms. Johnson detailed that 7 cases have been closed this quarter and that there are 3 cases currently open. She then provided detailed analysis regarding the hotline calls received between FY 2016 and FY 2018 to date. The analytics detailed calls by type, department, and outcome.

Executive Session (Item 5)

There was a motion to move into Executive Session to discuss legal, confidential, and privileged matters pursuant to Section 2-575(b)(4) of the D.C. Official Code. The motion was seconded and motion carried. The Audit Committee went into Executive Section at approximately 11:07am. The Committee reconvened into public session.

Adjournment (Item 6)

The Audit Committee meeting adjourned at approximately 11:11am.

Follow-up Items

The Audit Committee requested the following items:

1. KPMG to provide Management Letter to the Committee
2. KPMG to provide updated Appendix II to the Committee (that in the presentation was illegible)



District of Columbia Water and Sewer Authority



Briefing on:

2018 Anacostia River Tunnel System Commissioning

Briefing for:

Board of Directors

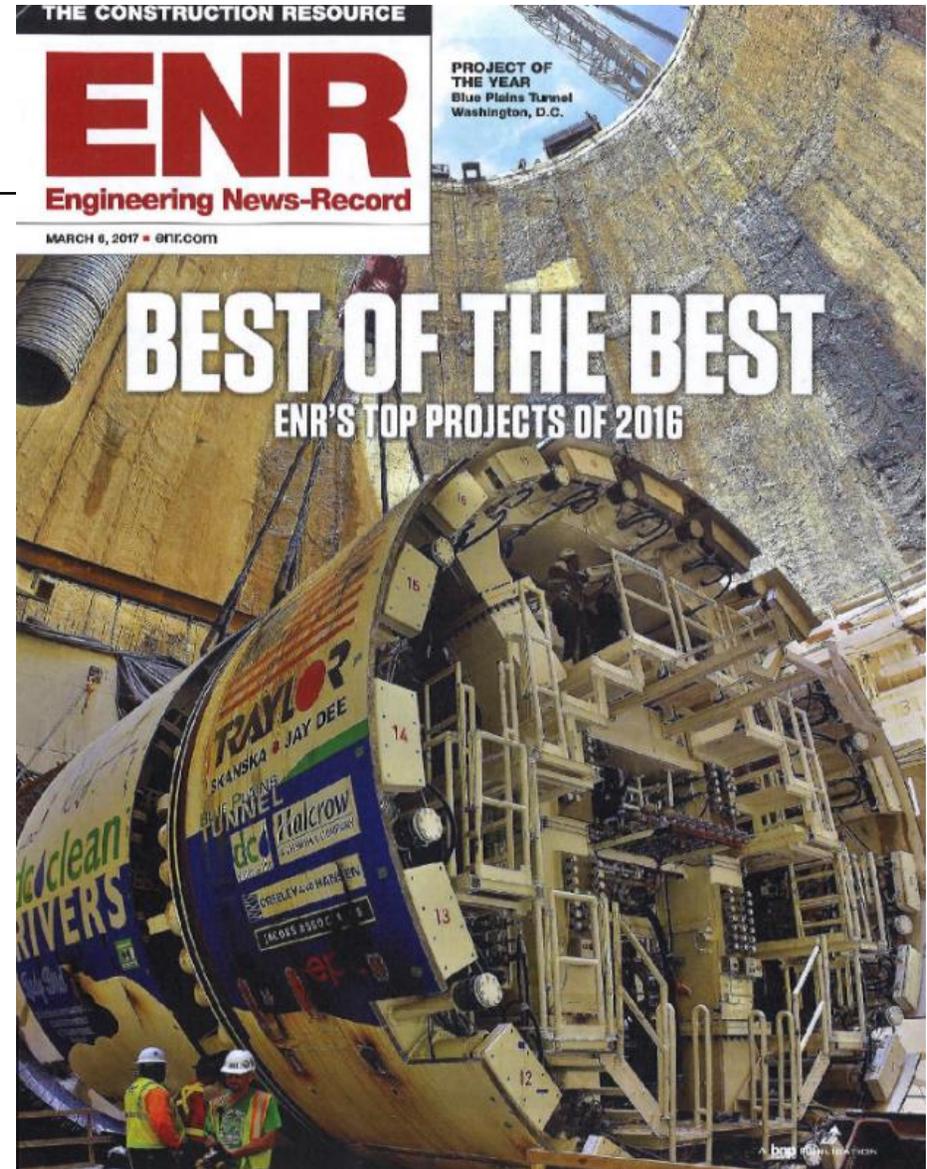
February 1, 2018



DCWATER.COM

Agenda

- Background and Consent Decree Requirements
- Status of Active Contracts
- Commissioning Coordination
- Questions



DC Clean Rivers Project Overview

Controls Combined Sewer Overflows



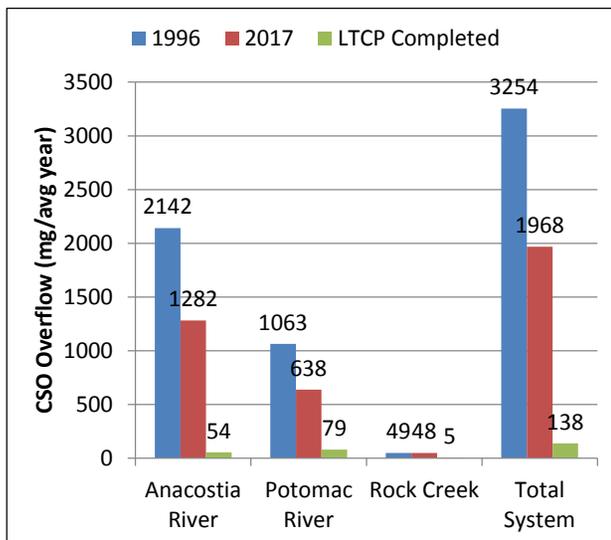
Addresses Chronic Sewer Flooding



▲ Flooding at 1st and V Streets NW

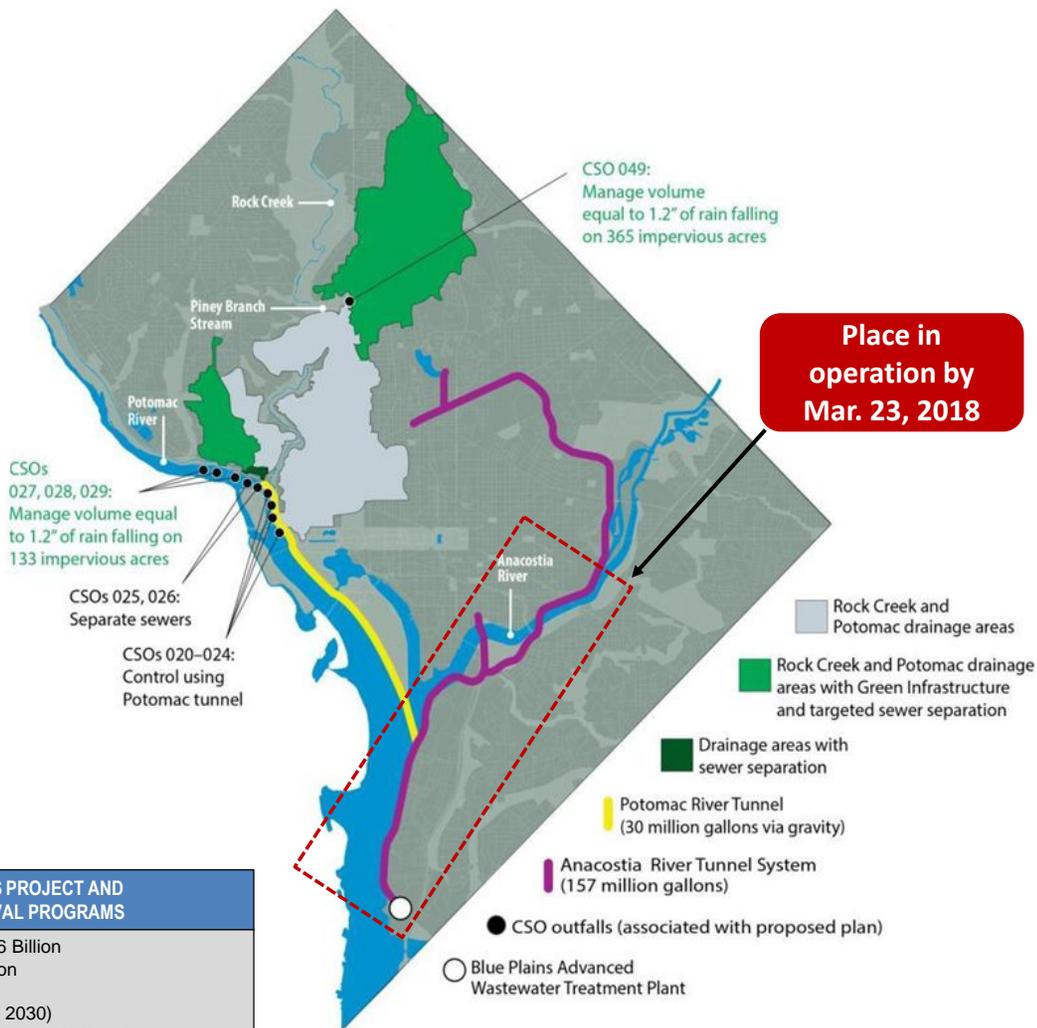


▲ Flooding at 1st and Rhode Island Ave NW



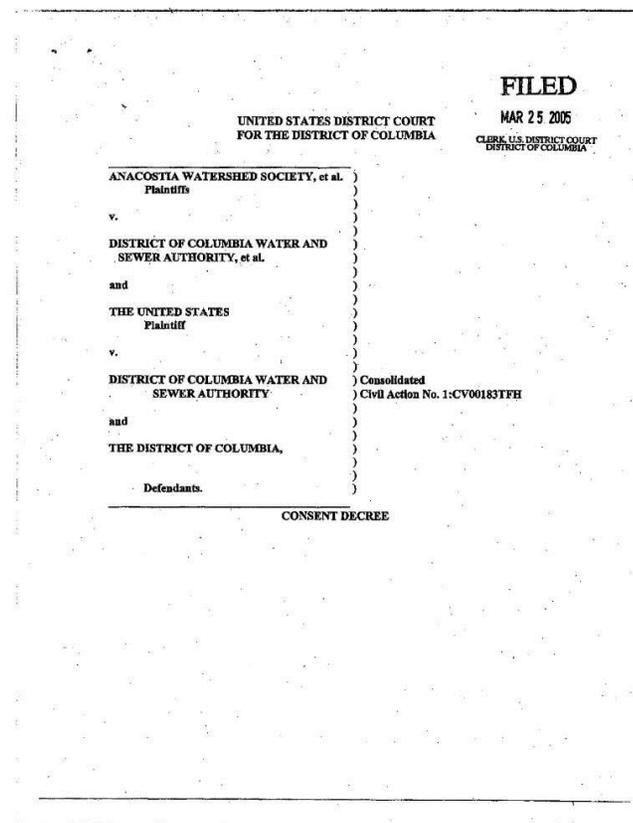
DC CLEAN RIVERS PROJECT AND NITROGEN REMOVAL PROGRAMS

- DC Clean Rivers Project: \$2.6 Billion
- Nitrogen Removal: \$950 Million
- Total > \$ 3.5 Billion
- 25 yr implementation (2005 – 2030)
- 96% reduction in CSOs & flood relief in Northeast Boundary
- Approx 1 million lbs/yr nitrogen reduction predicted



Consent Decree Requirements

- Signed by EPA, DOJ, District and DC Water
- Place in operation all facilities south of RFK Stadium by **March 23, 2018**
 - Blue Plains to Main Pumping Station and CSO 019
- “Place in Operation” means to achieve steady state operation and to operate consistently in such a way as to accomplish the intended function, even though all construction close-out activities (such as completion of a punchlist and resolution of contract disputes or close-outs) may not yet be completed.
- Significant stipulated penalties for failure to meet deadline



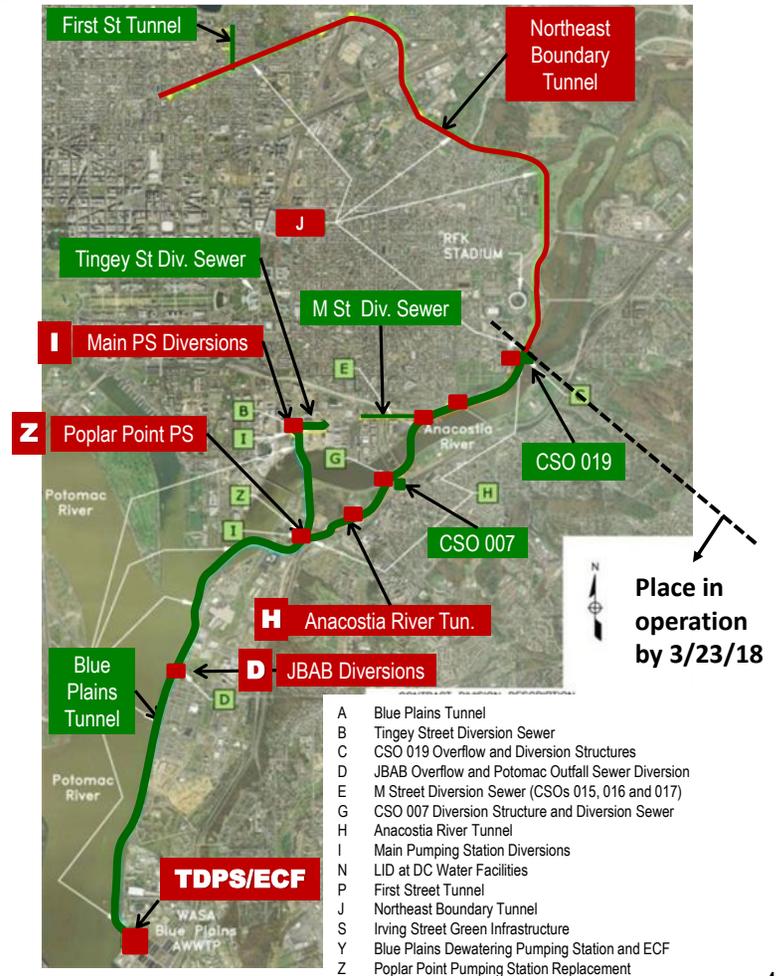
Active Contracts Anacostia River Tunnel South of RFK



Div.	Description	Contractor	Status
A	Blue Plains Tunnel	Traylor/Skanska/JD	Complete
B	Tingey St Diversions (CSO 013/014)	Forest City	Complete
C	CSO 019 Overflow	Ulliman Schutte	Complete
D	JBAB Overflow & Diversions, instrumentation + startup	Corman	In progress
E	M Street Diversion Sewer	Corman	Complete
G	CSO 007 Diversion @ 11 th St Bridge	Skanska via DDOT	Complete
H	Anacostia River Tunnel	Impregilo Healy Parsons JV	In progress
I	Main Pumping Stations Diversion	Corman	In progress
Z	Poplar Point PS and Main Overflow Diversion	E.E . Cruz	In progress

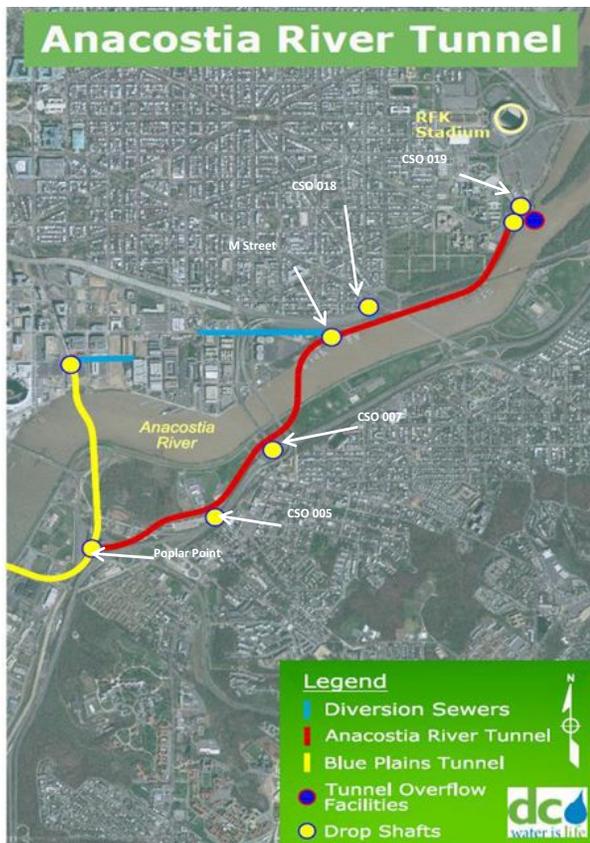
TDPS/ECF	Tunnel Dewatering Pumping Station and Enhanced Clarification Facility	PC/CDM JV	In progress
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Legend
█ Completed █ Construction





Division H – Anacostia River Tunnel Project Status



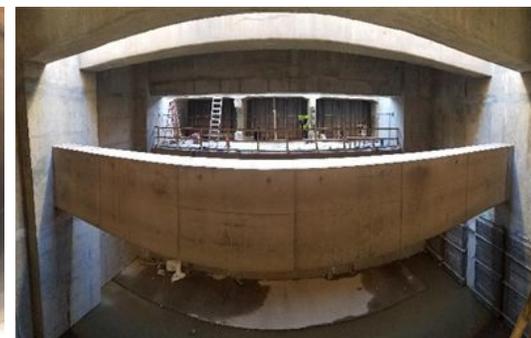
Complete:



Tunnel



Shafts



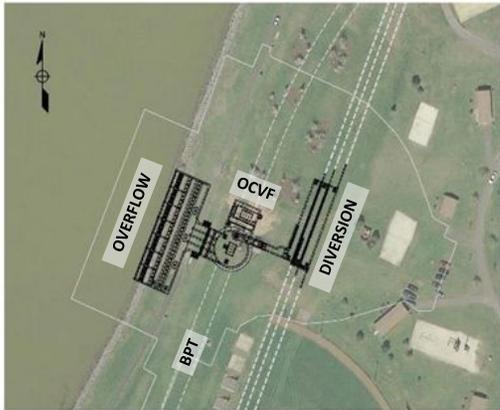
Diversion Structures

Remaining:

- Electrical and instrumentation hookups
- Startup and testing
- Removal of temporary bulkheads

➔ **Substantial completion anticipated Feb 2018**

Division D – JBAB Overflow and Diversion Structures Status



Diversion Structure



Drop Shaft Internals



Overflow Structural Work

Complete:

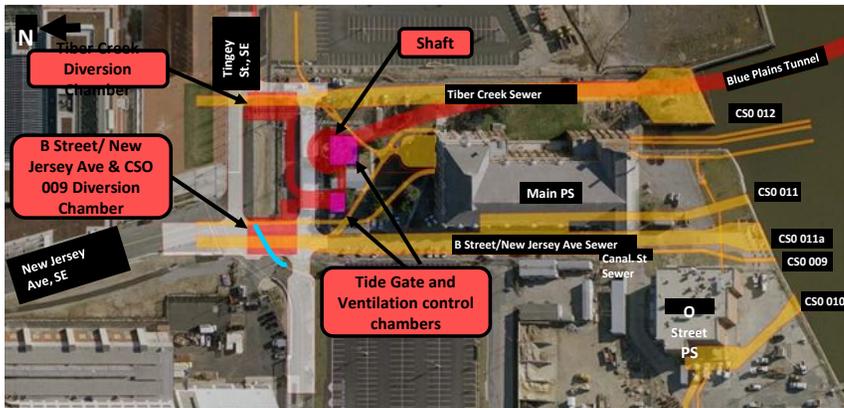
Remaining:

- Drop shaft cover
- Architectural finishes
- Electrical and instrumentation fit-out
- Startup and testing – at JBAB and remainder of tunnel sites

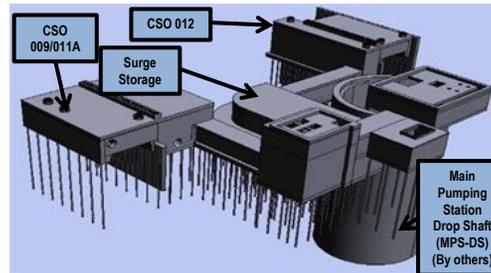
➔ Substantial completion anticipated Feb 2018



Division I – Main Pumping Station Diversions Project Status



Complete:



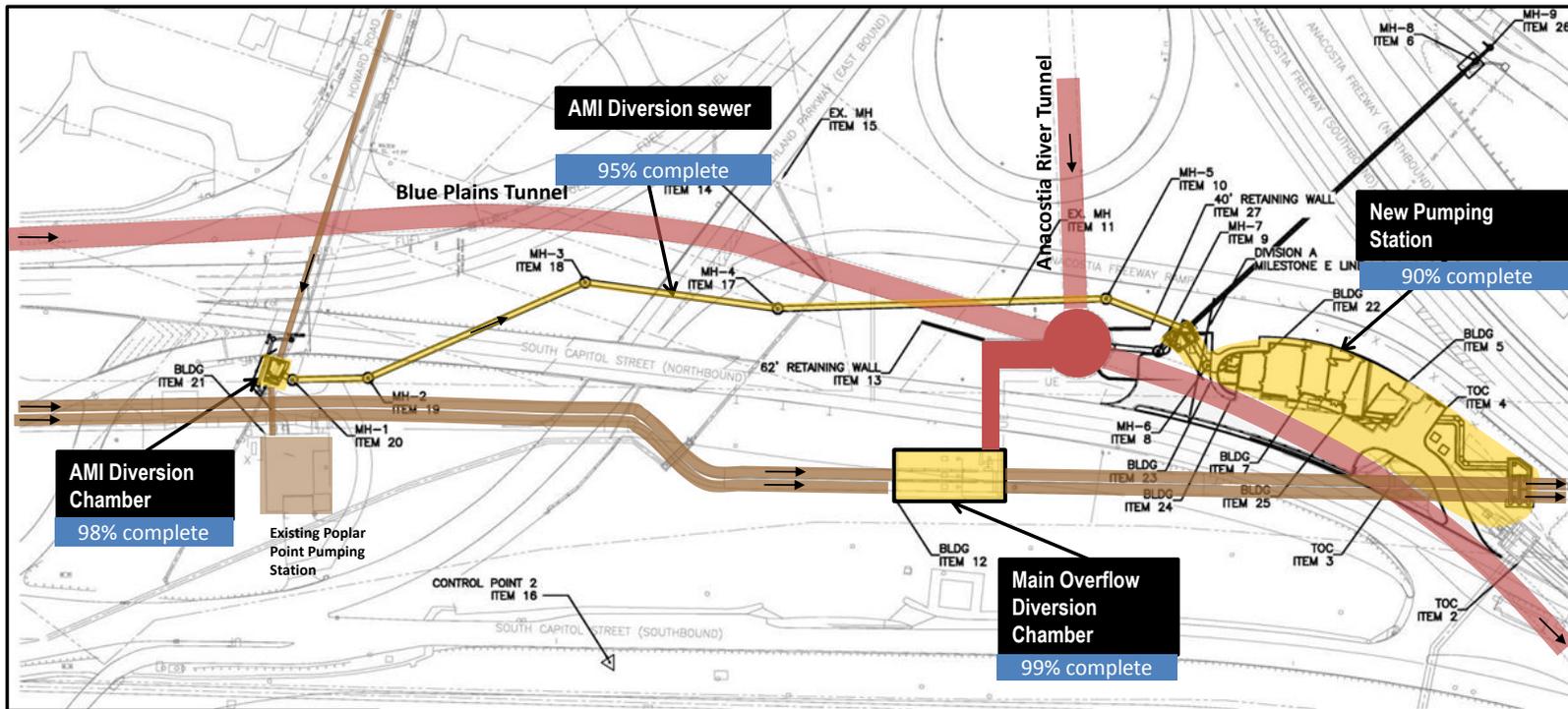
- Drop shaft
- Diversion Structures
- Surge Tank
- Venting & Odor Structures

Remaining:

- Architectural finishes
- Grading & access covers
- Electrical and instrumentation fit-out
- Startup and testing

➔ **Substantial completion anticipated Feb 2018**

Division Z – Poplar Point Pumping Station Status



- Start of Operational Demonstration anticipated in Feb 2018
- Consent Decree obligations can be met after sufficient operation has been performed in core function (pumping sewage) to demonstrate facility operation
- Ancillary items (e.g. break room, landscaping, etc.) not required to meet consent decree



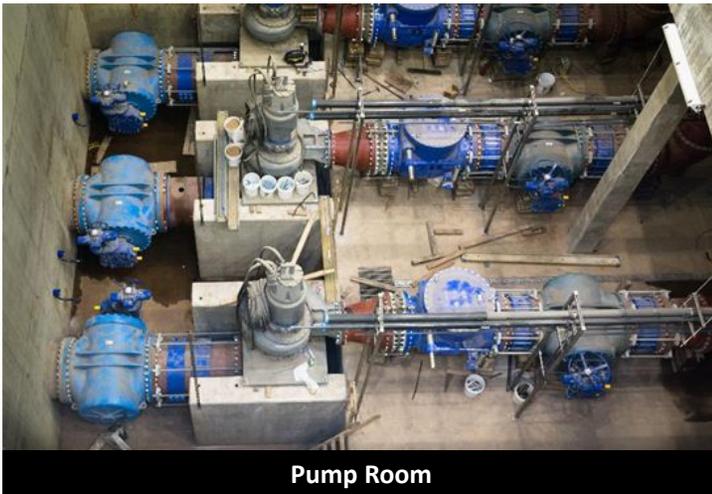
Division Z – Poplar Point Pumping Station Status



Pumping Station



AMI-DS Hobas Pipe Installation



Pump Room



Ventilation Control Equipment



Division Z – Project Challenges and Mitigations

Project Challenges

- Challenging AMI tunnel – differing site conditions
- Limited staging area
- Multiple work sites
- Adjacent highways and ramps limit access between sites and mobility
- Limited availability of skilled labor
- Interfaces with other Clean Rivers Contracts limits site access
- Some work such as flow diversion can only be performed in dry weather and must work around pumping operations
- Availability of other construction work makes it challenges to retain staff

Clean Rivers Mitigations

- Regular meetings with E.E. Cruz senior leadership
- Weekly team meetings to identify ways to improve schedule
- Adding staff in the field to identify preplanning needed to keep ahead of trades
- Authorizing 2nd shift work (Compensating)
- Looking for every opportunity to simplify and accelerate the work
- Shifting work to PCO to reduce costs and accelerate schedule
- Assist with scheduling responsibilities



TDPS/ECF Project Status

- Commissioning Testing on schedule
- Functional Test Sequence 2 (Various combinations of 3 Tunnel Dewatering Pumps run simultaneously) – completed
- Bulkhead Removal between screening shaft and Blue Plains Tunnel - January 22 to February 15, 2018
- Actiflo OD1 completion of 2/15/18 – Compliance with Consent Decree (03/23/2018)
- Commence OD-2 (120-Day period for treating 3 design storms) March 9, 2018
- Substantial Completion/Acceptance July 7, 2018



Tunnel Dewatering Pump Station Facilities



Tunnel Dewatering Pump



Fine Screens



High Rate Clarification (Actiflo)



Chlorination/Dechlorination



Commissioning Coordination Started in March 2017 (1 year in advance of deadline)

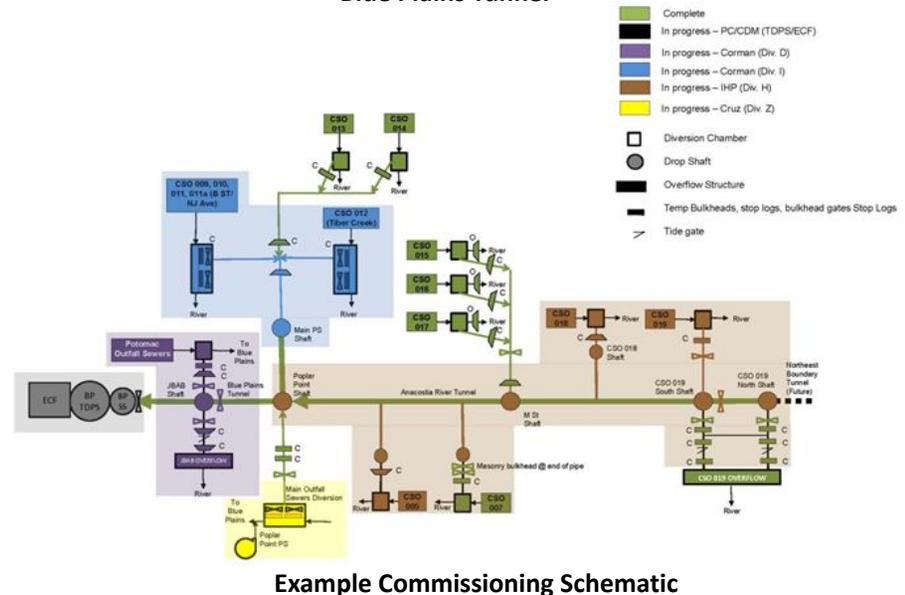
- **Program Level Coordination (Quarterly)**
 - Develop program-wide understanding of overall goals
 - Assess progress
 - Identify opportunities for scope modifications to mitigate schedule risks

- **Contract Interface Level Coordination (Monthly)**
 - Review status of construction
 - Review schedule for completion
 - Review potential conflicts
 - Review safety considerations

- **Project Level Coordination (Weekly, as-needed)**
 - On-site meetings between field teams for detailed coordination of concurrent activities



Blue Plains Tunnel

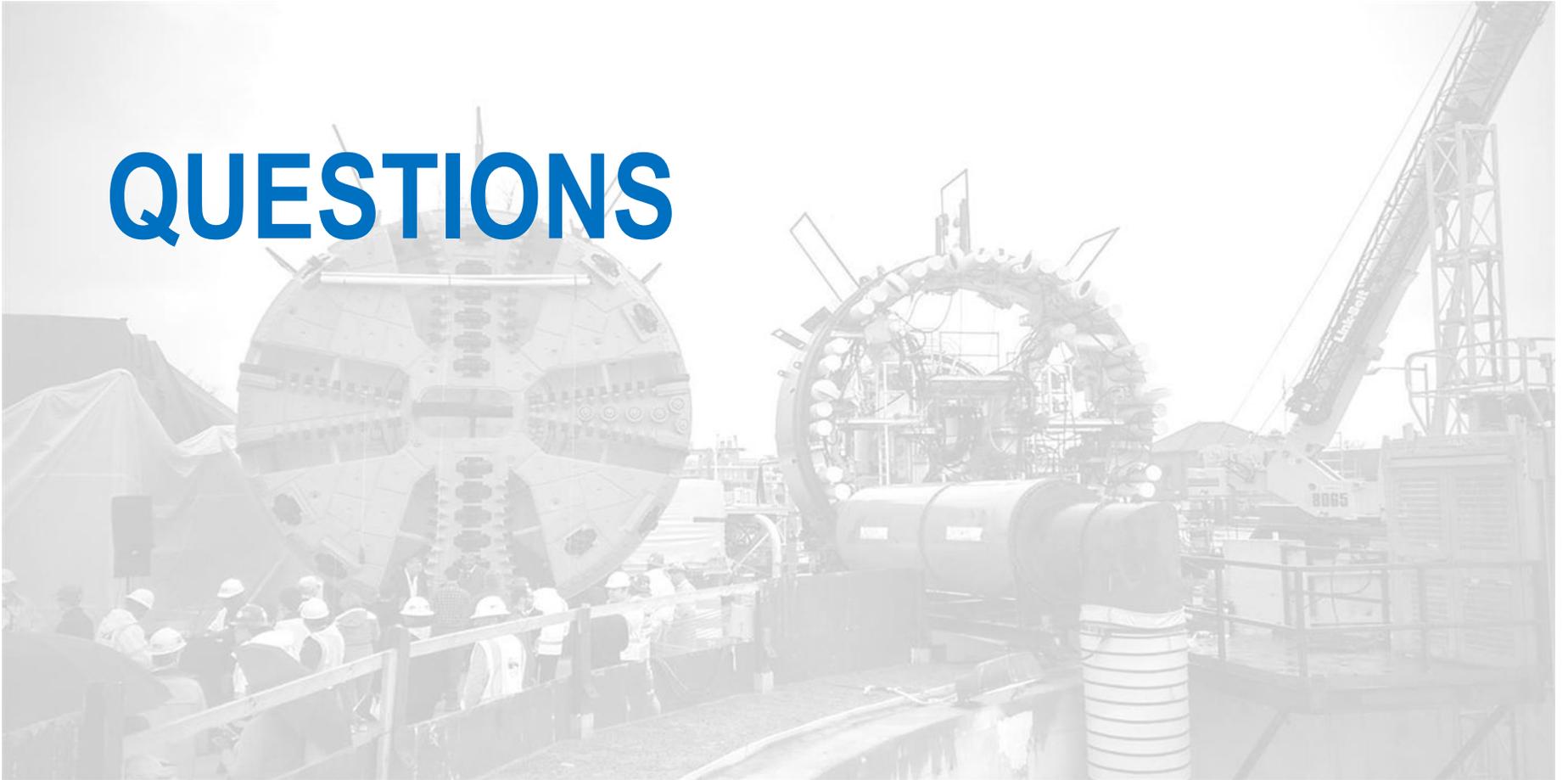


Look Ahead

- Continue to push construction
- Continue commissioning coordination meetings
- Looking forward to March 23, 2018 Place in Operation



QUESTIONS





CEO and GENERAL MANAGER'S REPORT

Henderson J. Brown, IV (acting) – February 2018

Table of Contents

Message from the CEO/GM.....I

Organizational Performance Dashboardi

Financial Highlights1

 Financial Performance Summary 1

 Revenues and Operating Expenses 2

 Capital Spending..... 2

 Operating Cash and Receivables 3

 Investment Earnings..... 3

 Investment Yield..... 4

Customer Care and Operations Highlights.....5

 Customer Service 5

 Fire Hydrants 6

 Permit Processing..... 7

Low Income Assistance Program.....8

 SPLASH Program..... 8

 Customer Assistance Program(CAP) 8

Operational Highlights9

 Drinking Water Quality..... 9

 Waste Water Treatment 10

 Water Distribution Operations..... 11

 Water Balance 11

 Sewer System Operations 12

 Combined Sewer System..... 12

 Human Resources 13

 Electricity Usage Summary..... 14

 Electricity Usage by Service Area 14

 Safety 15

 Vendor Payments..... 15

Interpretation of Charts A

Color Key

Red	Did not meet Target
Yellow	Missed Target but within acceptable range
Green	Met/Exceeded Target
Gray	Budget/Target Value
<transparent>	Green/Yellow/Red based on comparison

Message from the CEO/GM

Clean Rivers Impervious Area Charge (CRIAC)

Over the past several months, DC Water has continued to evaluate the impacts of the Clean Rivers Impervious Area Charge (CRIAC). On January 16, DC Water received a thoughtful letter from Councilmember Mary Cheh, regarding the CRIAC and potential options to lessen the burden of this charge for specific customers in the District of Columbia. As you know, the CRIAC is the primary source of funding for DC Water's Clean Rivers Project, which is part of a court mandated consent decree aimed at reducing combined sewer overflows to the Anacostia and Potomac Rivers, and Rock Creek. District ratepayers are essentially responsible for supporting the majority of the fixed costs it will require to construct tunnels and green infrastructure. DC Water recognizes as the CRIAC continues to increase each year, its affordability must be evaluated and potential options considered, specifically for those significantly impacted by the CRIAC and experiencing financial hardships. As DC Water continues to evaluate potential options, we will be responding to Councilmember Cheh, in addition to the Board of Directors, DC Council and Mayor.

Emergency Management Accreditation Program

The Authority and the Office of Emergency Management (OEM) is undergoing an accreditation through the Emergency Management Accreditation Program (EMAP). To be an accredited program through EMAP, the Emergency Management Program is evaluated and assessed based on 64 standards, and must be found compliant for all 64 standards. These standards cover program management; hazard identification; hazard mitigation; prevention; operational planning and procedures; incident management; resource management, mutual aid, logistics; communications and warning; facilities; training; exercises, evaluations and corrective action; emergency public education and information. The week of January 8th, DC Water's OEM hosted 8 EMAP assessors to facilitate the onsite assessment. The onsite assessment was completed with a majority of the standards found compliant. OEM is under a 30 day supplemental period to complete or prove compliance for 20 standards. After the 30 day supplemental period, the findings from the assessment will be placed in front of the EMAP Commission to make the final determination of accreditation. DC Water is the first utility to undergo the EMAP accreditation process and will be the first utility to be accredited. OEM could not do this without the support from all the departments that have supported this effort.

Cold Weather Response

The extra cold and difficult start to our busy season has been and will continue to be well documented, both locally and nationally. Our teams have responded to well over half of our emergency response activities that we normally address in a year. Since December 30, 2017, we have responded to over 830 water related investigations and have completed over 200 water emergencies (main breaks and service line leaks) while demonstrating an outstanding level of endurance, calm and care throughout.

Early on in the process the operational leaders quickly activated the Incident Management Team (IMT) with the help of the Office of Emergency Management (OEM) group. The IMT was in use around the clock for about 11 days (one of our longest activations) utilizing resources and expertise throughout the authority to ensure that the sudden and extreme uptick in activities was managed and executed effectively and efficiently. A huge thank you is in order for the following as they all played significant roles in supporting our efforts:

- Office of Emergency Management
- Department of Sewer Services

Message from the CEO/GM

- Department of Customer Services
- Command Center
- Department of Distribution and Conveyance Systems
- DETS Construction
- Procurement – Materials Management
- Office of External Affairs
- Department of Water Quality and Technology
- Fleet
- Facilities
- Information and Technology
- Safety
- Security
- Risk Management
- District Government (HSEMA, DPW, and DDOT)

External Affairs

The cold weather snap in early January and resulting spike in water main breaks kept many departments at DC Water busy, and the Office of External Affairs (OEA) was no except. We fielded dozens of media and social media inquiries at all hours, and proactively distributed information about frozen pipes and service disruptions. OEA also participated on DC Water's Incident Management Team during the cold weather emergency.

Government Relations

- Our primary focus has been on working with Council members and staff on issues connected to frustration over IAC charges for customers. That has meant providing information and facts and answering questions about process.
- Also, there was a fair amount of follow up work after the Council hearing with former GM George Hawkins, related to rates, charges and billing.
- We helped prepare Interim GM Henderson Brown for a meeting with Council member Todd and worked also with Todd's office on issues of concern for them.
- Finally, Government Relations also worked with the hill on both the status of funding for Clean Rivers and prospects for future support.
- We kept tabs on the Council vote that culminated in approving two new board members for DC Water, Mr. Ross and Ms. Brumfield.
- Government Relations also kept council staff looped in during the height of the water main break spike and provided specific information about certain locations and broad overviews on our process.
- The team represented DC Water at a DOEE event with board chairman Wells providing new funding and support to Kingman Island on the Anacostia River.

Media Relations

- The cold snap brought both water main breaks and frozen pipes. In advance of the cold snap, OEA issued guidance on preparing pipes for the cold weather. OEA then distributed a release regarding the emergency structure set up to address the largest number of simultaneous breaks in the past 10 years, due to these very low

Message from the CEO/GM

temperatures. We also included guidance to prevent pipes from freezing. OEA managed numerous media inquiries surrounding these issues. In one case we visited the site of one outage to provide fresh photos of the crew response to the serious break.

- We responded to a few reporters who had questions about the lawsuit DC Water filed against the Old Soldiers Home.
- OEA also responded to a Channel 7 on your Side investigation regarding a customer's high water bill and a Channel 9 investigation into a recurring groundwater issue.
- We also worked closely with a Washington Post reporter who was writing a final profile of George Hawkins, providing additional context, details, etc. to round out what is expected to be a very positive story.

Press Releases

- Dec 28: Temperatures are plummeting—protect your pipes
Feb 3: DC Water crews respond to nearly 50 emergencies across the District

Media Coverage

- [The Revelations of George Hawkins](#)
(Water and Finance Management / December 18, 2017)
- [Federal Court Hears Arguments as Wipes Manufacturer Tries to Block DC Wipes Law](#)
(NACWA / December 19, 2017)
- [DC Water Tries to Lower Customers' Bills by Marketing Inventions](#)
(WRC-4 / December 27, 2017)
- [Wintry consequence: Watermains break all over the area](#)
(Washington Post / January 3, 2018)
- [DC Water to use data for watershed management](#)
(CitiesToday / January 9, 2018)
- [Retirement Home for Veterans Facing \\$15M Lawsuit for Unpaid Bills](#)
(WRC-4 / January 11, 2018)

Drinking Water Marketing and Communications

- External Affairs collaborated with regional stakeholders including the Interstate Commission on the Potomac River Basin during and after an unusual discharge event the night of January 3, at the Elysian Heights Wastewater Treatment Plant (EHWTP). There was an unusual discharge into the Potomac River because of a frozen sludge return line. EHWTP is a small community wastewater treatment plant just north of Lucketts, VA. EHWTP treats wastewater and releases effluent upstream of the Washington Aqueduct intakes on the Potomac River. Due to extremely low temperatures, one sludge return line in a clarifier froze and caused TSS to carryover into the discharged effluent.
 - Investigators estimated this unusual discharge began at 10:00 pm and continued until operators arrived onsite at 7:30 am. Approximately 3,000-5,000 gallons of contaminated effluent was discharged. The contaminated effluent continued to move through the disinfection (chlorination/dichlorination) process as it was released. Models indicated that total coliform was diluted more than six-fold by the time the discharged reached the intakes. The Aqueduct's standard treatment processes effectively neutralized potential risk to drinking water.
- External Affairs is coordinating with the Anacostia Waterfront Trust, Anacostia Watershed

Message from the CEO/GM

Society, National Park Service, and other stakeholder groups to promote the Year of the Anacostia (YOTA). In addition to the completion of the Anacostia Tunnel, a landmark goal of our Clean Rivers Project, External Affairs will promote and attend various events around the region, and incorporate the YOTA brand in messaging efforts.

- External Affairs continues supporting the Metropolitan Washington Council of Government's Community Engagement Campaign to plan the 2018 Girl Scouts Wonders of Water event and NBC4 Health and Fitness Expo outreach this spring. On behalf of the Community Engagement Campaign, External Affairs staff will present at the Chesapeake Tri-Association Conference at the end of August to highlight regional efforts to engage the public about the importance of protecting wastewater infrastructure and source water health.
- In the spirit of regional collaboration, External Affairs staff participated in the US Water Alliance's webinar, "One Water for America Policy: Advance Regional Collaboration on Water Management" on 1/18. The webinar illuminated existing issues to the current system of water management that is siloed across distinct municipalities, authorities, private businesses, and multiple regulatory agencies, and advanced regional collaboration as the key to the future of sustainable water management.

Meetings/Presentations/Events

- In the aftermath of the widespread flooding/backup incidents which occurred on August 12, 2017, DC Water has experienced a resurgence of community interest into the probable cause(s) of these incidents and ways to mitigate them. This has been coupled with requests for DC Water to attend a series of community meetings and provide information and updates on these topics. As part of this, DC Water attended the January monthly meeting of ANC 6E to provide the results of our investigation in their local flooding/backup issues.
- In support of the Saint Elizabeths Water Storage Tower Project and Anacostia 2nd High Residential Pressure Reducing Valve Installation Project, DC Water has been engaging in an intense public outreach campaign for more than a year to publicize the water storage tower project's benefits and impacts and to encourage homeowners' participation in the free PRV installation program. As part of these outreach efforts, members of the project team spent one week going door-to-door to those remaining property owners whom have not submitted signed agreements to allow installation of a PRV. These canvassing activities took place during the week of January 8.

Customer Newsletter

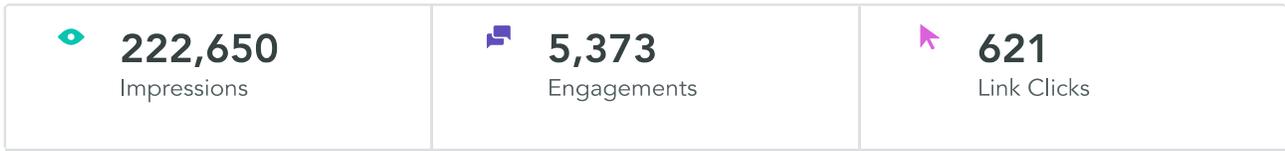
The [January issue](#) of the ***What's on Tap*** customer newsletter included an introduction of the Interim CEO and GM Henderson Brown, including a bio and his guiding philosophy. It also included information on protecting pipes in cold weather, a spotlight on the US Forest Service and information on the Customer Assistance Program.

Tours

- DC Residents 2 Adults
- Audubon Naturalist Society 20 Adults

Message from the CEO/GM

Social Media Overview



Audience Growth

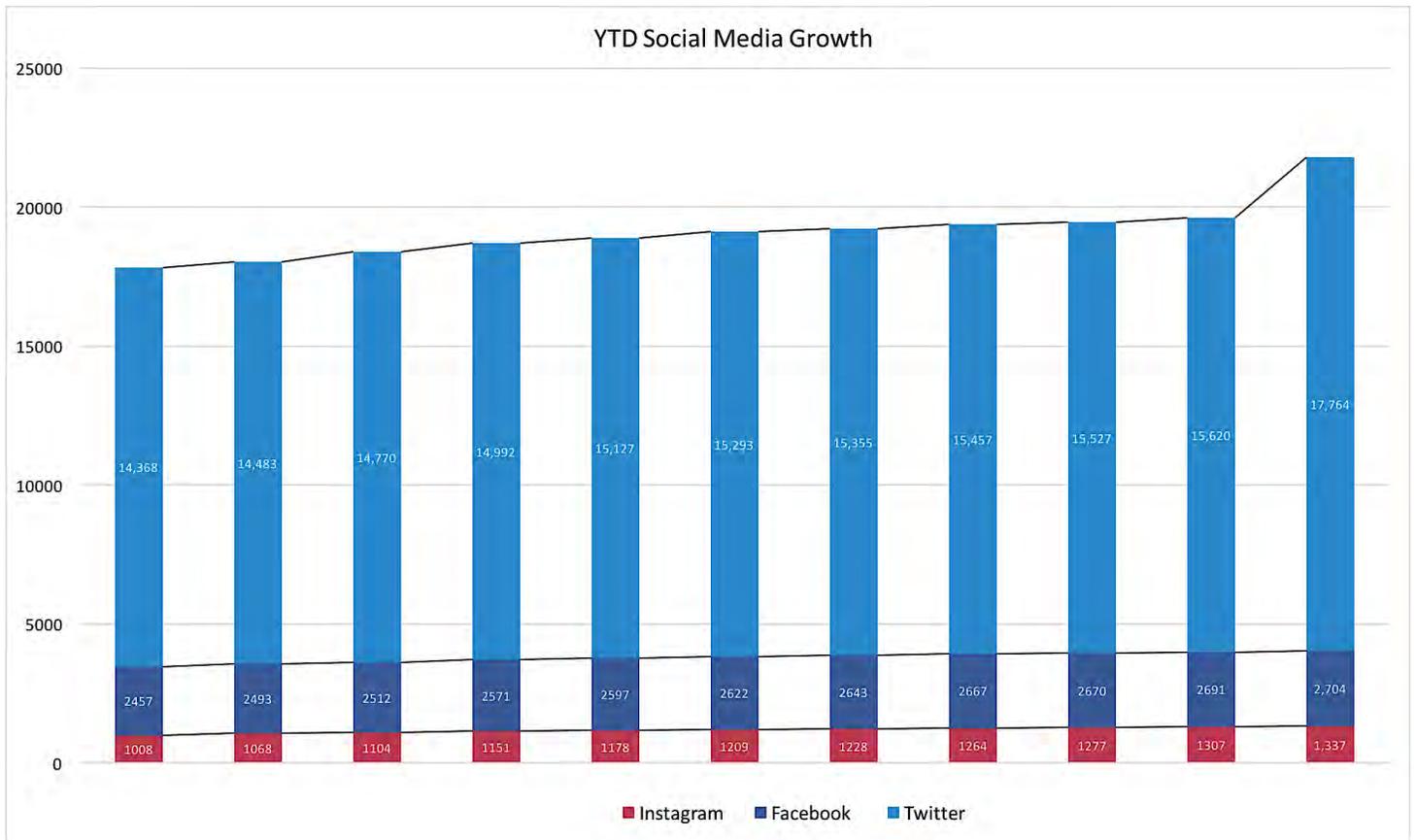
■ FACEBOOK
 ■ TWITTER
 ■ INSTAGRAM

Audience Growth Metrics	Totals	Change
Total Fans	22,506	▲ 1.0%
New Facebook Fans	22	▲ 0.8%
New Twitter Followers	156	▲ 0.9%
New Instagram Followers	39	▲ 3.0%
Total Fans Gained	217	▲ 1.0%

Total followers increased by

▲ 1.0%

since previous date range



www.dewater.com Overview

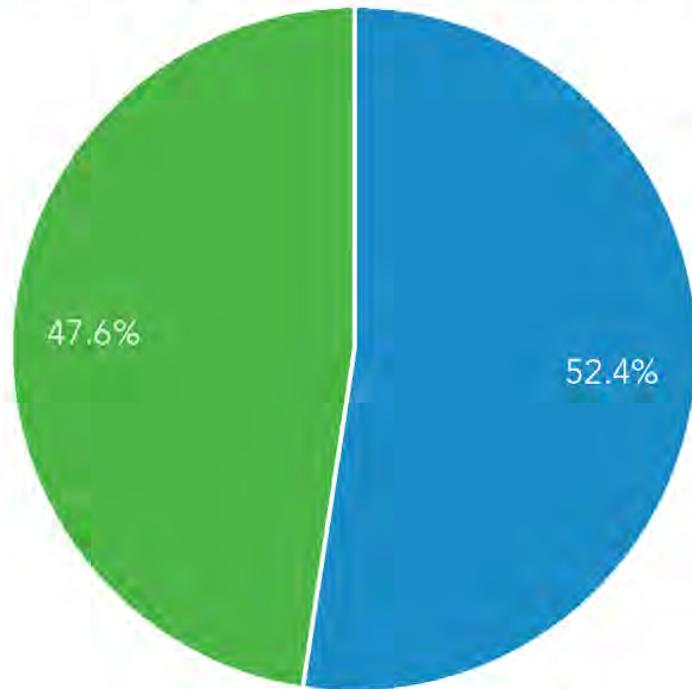
Sessions
67,467

Pages / Session
2.37

Avg. Session Duration
00:02:12

Bounce Rate
29.74%

■ Returning Visitor ■ New Visitor



Top 10 Visited Web pages

Page	Pageviews	% Pageviews
1. /default.cfm	41,516	25.96%
2. /my-dc-water-upgrade	34,570	21.62%
3. /paying-your-bill	12,009	7.51%
4. /careers	7,245	4.53%
5. /contact	6,334	3.96%
6. /payment-and-billing	2,822	1.74%
7. /cold-weather-pipes	2,555	1.60%
8. /projects	1,594	1.00%
9. /rates-and-billing	1,342	0.84%
10. /internal-job-board	1,275	0.80%

ORGANIZATIONAL PERFORMANCE DASHBOARD (December 2017)

Financial Highlights

Net Operating Cash		Operating Revenues		Operating Expenses		Capital Disbursements	
Actual	34,010	Actual	155	Actual	126	Actual	157
Target	20,664	Target	154	Target	140	Target	97
	(\$ thou)		(\$ mil)		(\$ mil)		(\$ mil)
Operating Cash Balance		Delinquent Account Receivables		Core Investments Yield		Short Term Investment Yield	
Actual	153	Actual	3	Actual	1.47	Actual	1.01
Target	126	Target	3	Target	1.79	Target	1.15
	(\$ mil)		(%)		(%)		(%)

Customer Care and Operations Highlights

Call Center Performance	Command Center Performance	First Call Resolution	Emergency Response Time
 Dec	 Dec	 Dec	 Dec
(% of calls rec)	(% of calls rec)	(% of calls rec)	90 86 (% of calls rec)
Fire Hydrants out of Service	Fire Hydrant Insps. and Maint.	Fire Hydrants Replaced	Permit Processing within SLA
 96	22	 250	66
Dec 26 (count)	(count)	Dec 28 (YTD count)	(%)

Low Income Assistance Program

Splash Contributions		Customer Assistance Program	
Actual		Previous	
Target		Current	
	(\$ tho)		(\$ tho)

Operational Highlights

Lead Concentration (ppb)	Total Coliform Rule (%)	Biosolids Production	Total Nitrogen (lbs/yr mil)
		438 (wet tons)	
Plant Effluent Flow (gal mil)	Excess Flow	Water Main Leaks	Water Valve Leaks
	0 (gal mil)	91 (count)	10 (count)
Non-Revenue Water	Sewer Main Backups	Sewer Lateral Backups	Dry Weather CSO
Sold NA	9	131	0
Purchased NA (CCF mil)	(count)	(count)	(events)
Recruitment Activity	Electricity Usage	Employee Lost Time Accidents	Vendor Payments
Filled 4	17	11	Actual 98
Open 153 (count)	(MWh)	(count)	Target 97 (%)

FINANCIAL HIGHLIGHTS

FINANCIAL PERFORMANCE SUMMARY

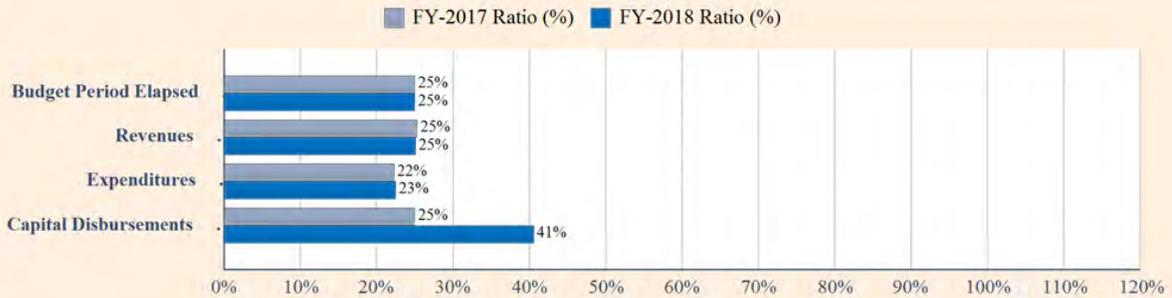
REVENUE, EXPENDITURE, CAPITAL DISBURSEMENT

Cumulative Revenue, Expenditure & Capital Disbursements compared to Budget



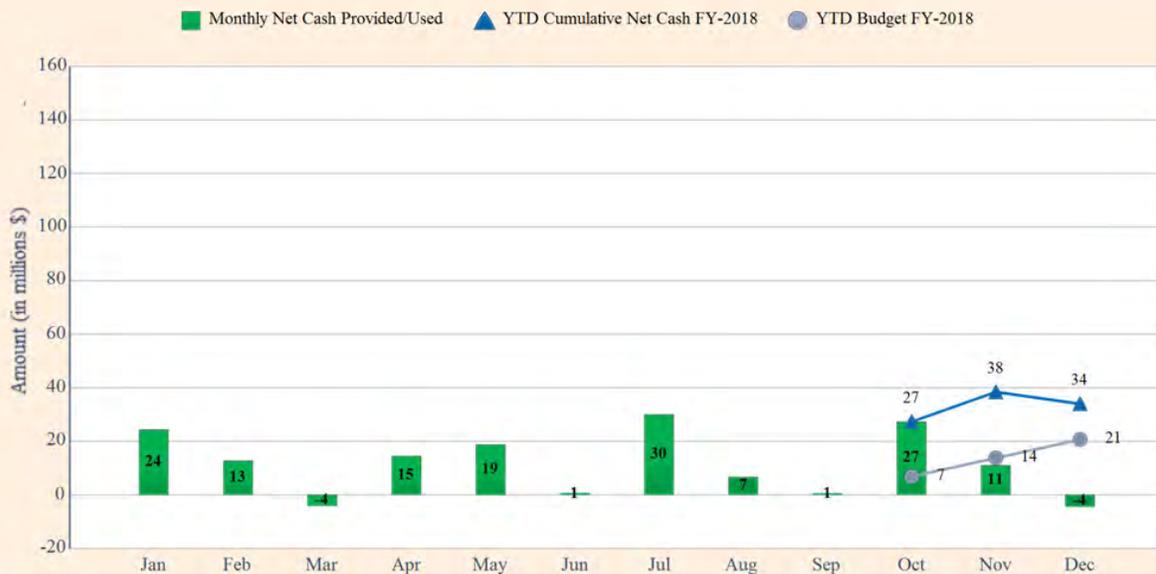
* Subject to revision as part of the ongoing FY 2019 budget review process

YEAR TO DATE ANALYSIS



NET OPERATING CASH

Monthly and YTD Net Operating Cash Provided / Used compared to Budget



Net cash to date for December was above budget by \$13

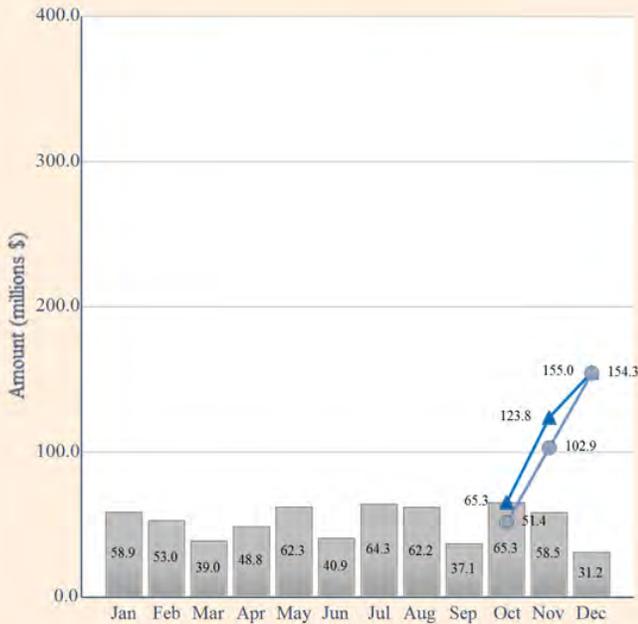
FINANCIAL HIGHLIGHTS

REVENUES AND OPERATING EXPENSES

OPERATING REVENUES

Monthly & Cumulative Revenue compared to YTD Budget

- Actual Monthly Revenue
- ▲ YTD Cumulative Revenue FY-2018
- YTD Cumulative Budget FY-2018

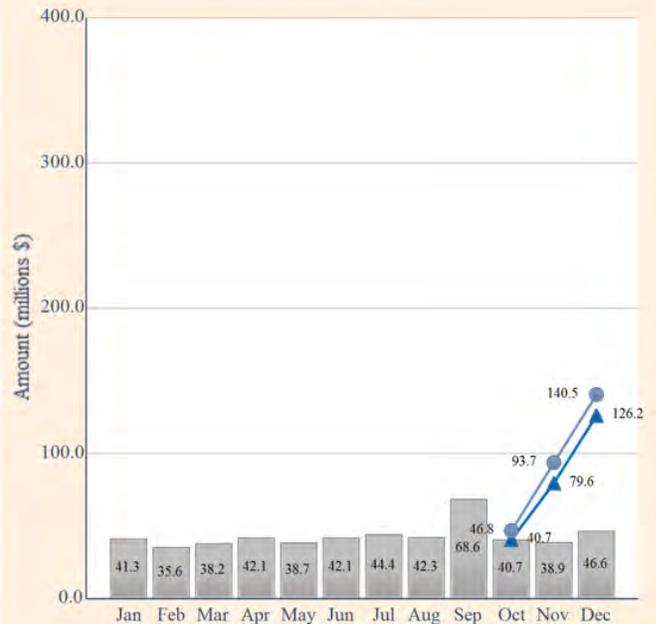


Revenue to date for December was above Budget by \$0.7 Million

OPERATING EXPENSES

Monthly & Cumulative Expenditure compared to YTD Budget

- Actual Monthly Expenses
- ▲ YTD Cumulative Expenditure FY-2018
- YTD Cumulative Budget FY-2018



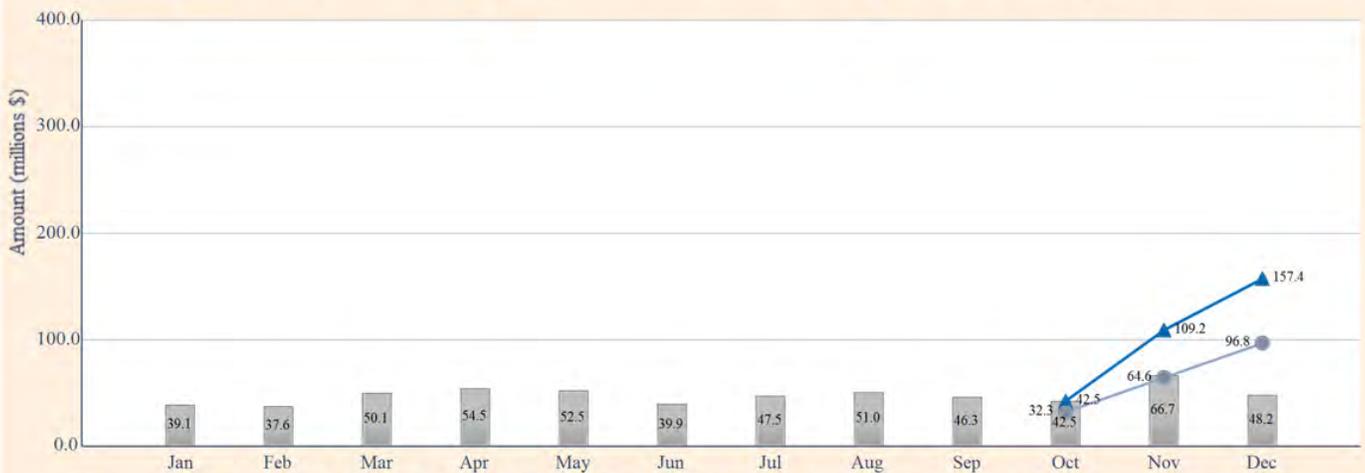
Expenditure to date for December was below budget by \$14.5 Million

CAPITAL SPENDING

CAPITAL DISBURSEMENTS

Monthly & Cumulative Disbursements compared to YTD Budget

- Actual Monthly Disbursements
- ▲ YTD Cumulative Disbursements FY-2018
- YTD Cumulative Budget FY-2018



Disbursements to date for December was above budget by \$61 Million. YTD spending reflects comparison to the straight-lined approved budget.

FINANCIAL HIGHLIGHTS

OPERATING CASH AND RECEIVABLES

OPERATING CASH BALANCE

Average Daily Cash Balance compared to Operating Reserve Target

- Actual Cash Balance FY-2018
- Operating Reserve Target - (126 Million)

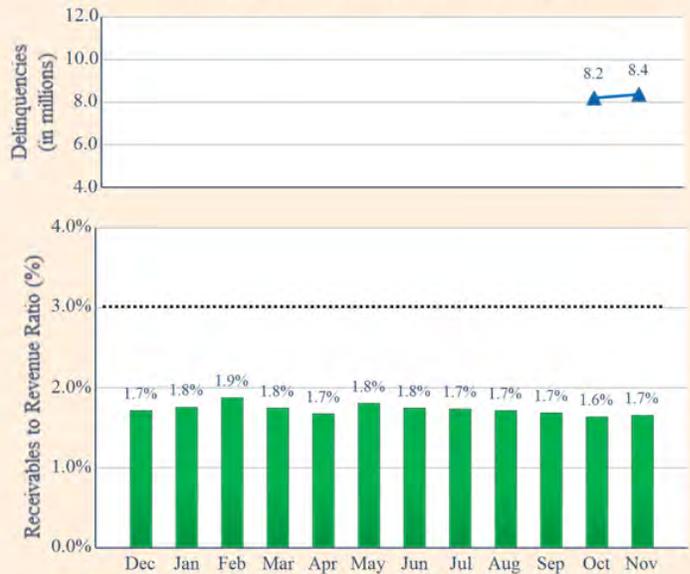


Cash Balance for December was above target by \$27 million

DELINQUENT ACCOUNT RECEIVABLES

Delinquency & Receivables to Revenue Ratio compared to Target

- Receivables to Revenue Ratio
- Delinquencies (in millions)
- Target: Receivables to Revenue Ratio (3%)



December 2017 data is unavailable.

INVESTMENT EARNINGS

INVESTMENT CASH EARNINGS

Monthly & Cumulative Earnings compared to YTD Budget

- Monthly Earnings
- YTD Cumulative Earnings FY-2018
- YTD Cumulative Earnings Budget FY-2018



Earnings to date for December were below Projected Budget by \$44,000

FINANCIAL HIGHLIGHTS

INVESTMENT YIELD

CORE INVESTMENTS YIELD

Monthly Yield compared to Merrill Lynch Benchmark



Yield for December was more than the treasury index by 0.32%

SHORT TERM INVESTMENT YIELD

Short Term Yield compared to Merrill Lynch Benchmark



Short Term Yield for December was less than the Merill Lynch yield by 0.14%

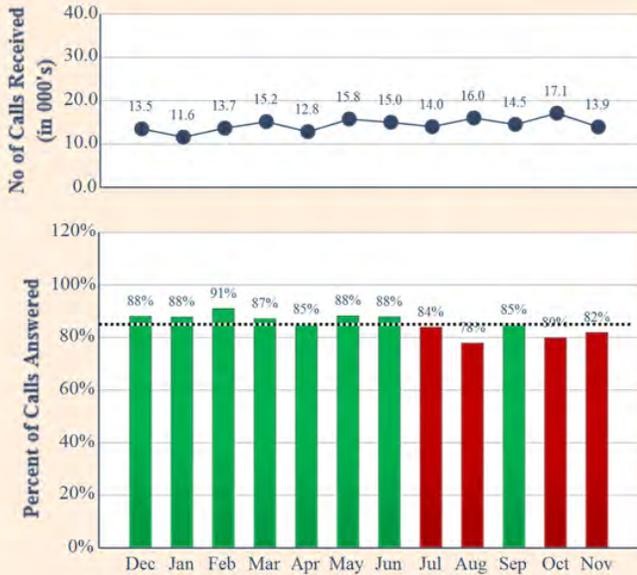
CUSTOMER CARE AND OPERATIONS HIGHLIGHTS

CUSTOMER SERVICE

CALL CENTER PERFORMANCE

Calls Answered within 40 Seconds compared to Target

- Call Center: Calls answered (%)
- No of Calls - Call Center (in 000's)
- Target - Call Center (85%)

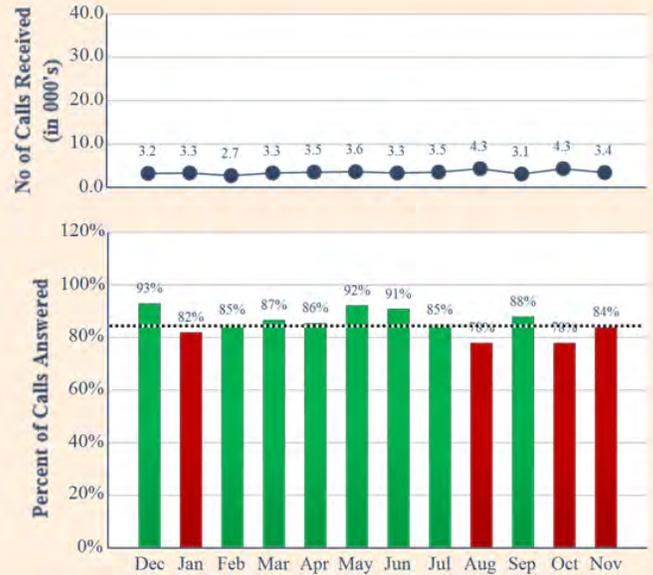


December 2017 data is unavailable.

COMMAND CENTER PERFORMANCE

Calls Answered within 40 Seconds compared to Target

- Command Center: Calls answered (%)
- No of Calls - Command Center (in 000's)
- Target - Command Center (85%)

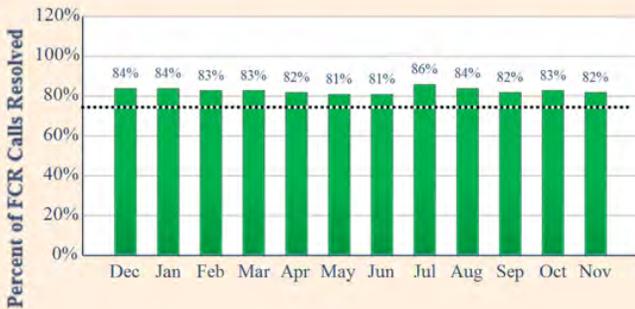


December 2017 data is unavailable.

FIRST CALL RESOLUTION (FCR)

Calls resolved on first contact compared to Target

- FCR (%)
- FCR Target (75%)



December 2017 data is unavailable.

EMERGENCY RESPONSE TIME

Calls responded to within 45 Minutes compared to Target

- Response (%) within Target
- Total Emergency Calls Dispatched
- Response Target (90%)



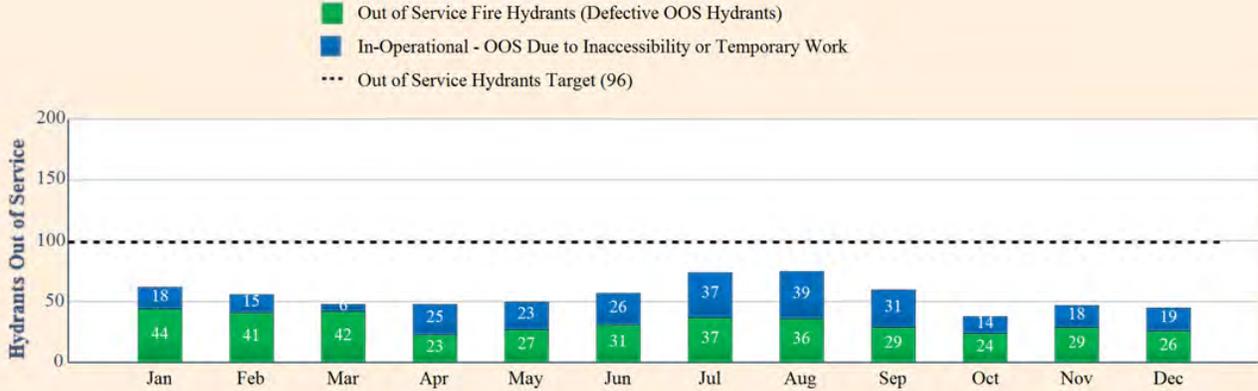
Performance for December was below target by 4%

CUSTOMER CARE AND OPERATIONS HIGHLIGHTS

FIRE HYDRANTS

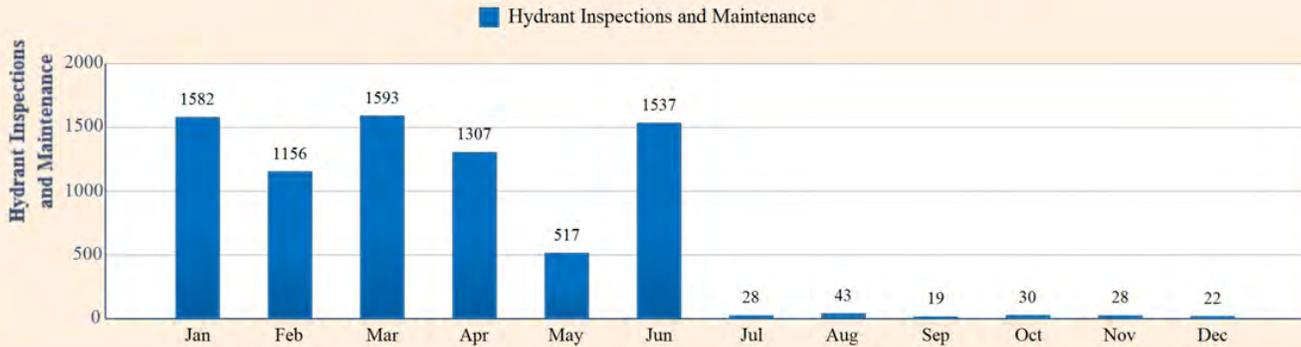
Fire Hydrants Out of Service (OOS)

Total Hydrants Out of Service against Target



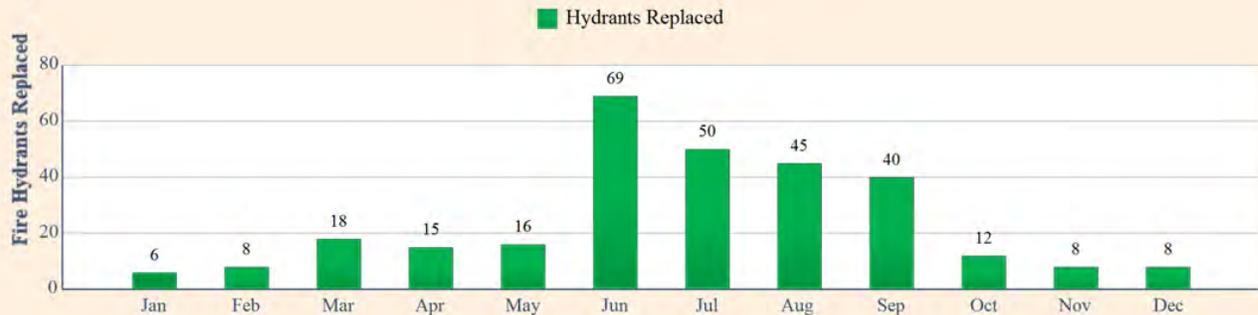
Fire Hydrant Inspections and Maintenance

Total Hydrant Inspection and Maintenance Work Orders Completed per Month



Total Hydrant Replacements Per Month

Annual Replacement Target (250)

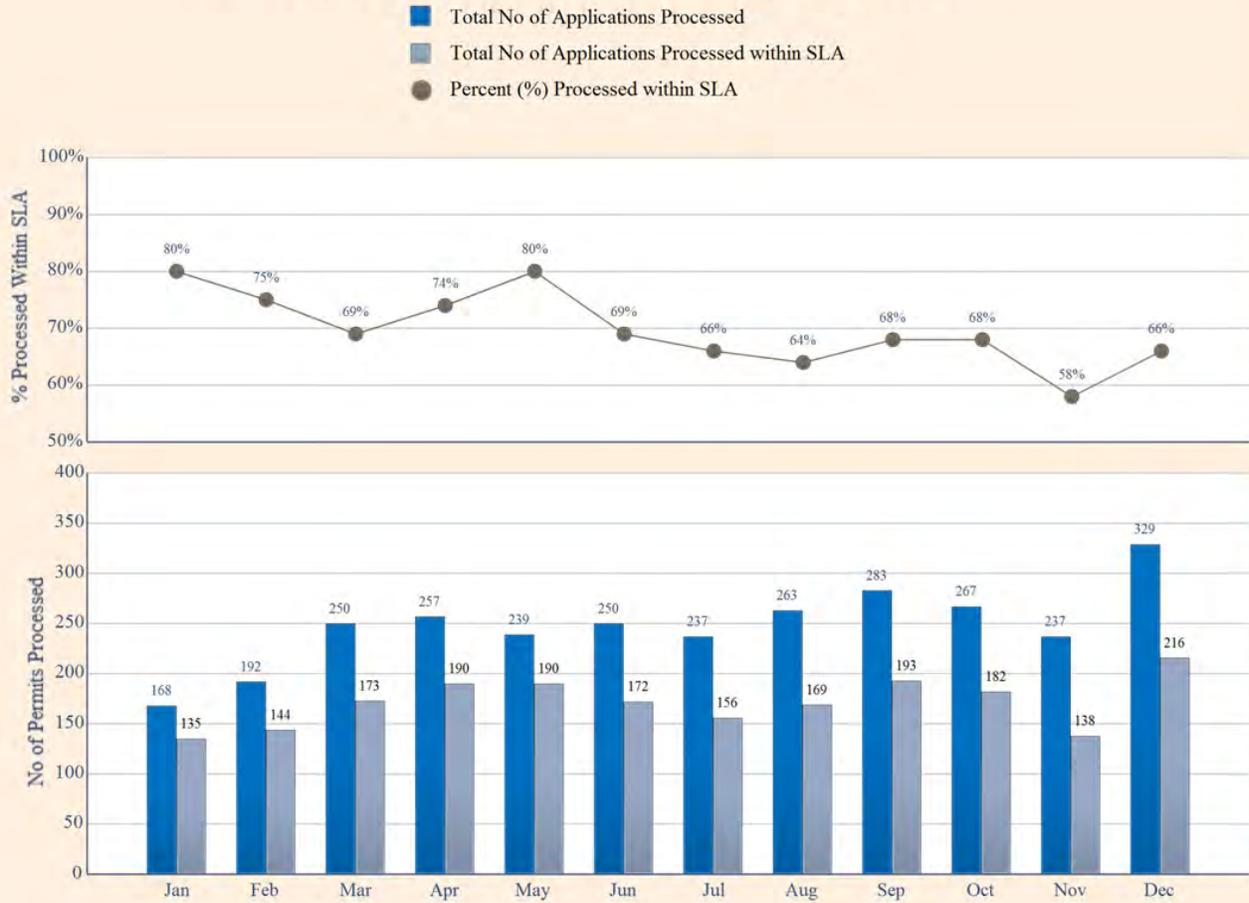


Total replacements as of December were 28 against annual projections of 250

CUSTOMER CARE AND OPERATIONS HIGHLIGHTS

PERMIT PROCESSING

PERCENT OF APPLICATIONS PROCESSED WITHIN SLA



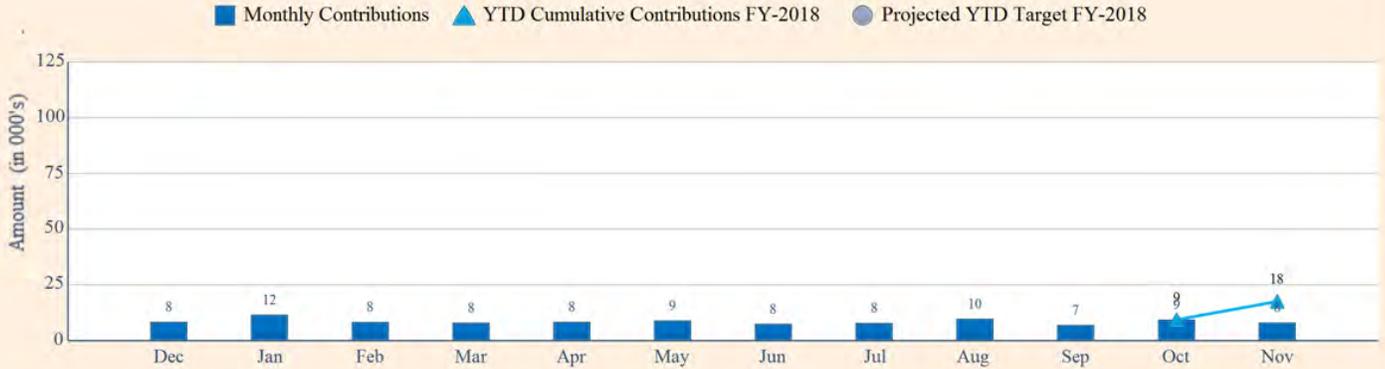
Permits not processed within SLA in December were 34% Note that different SLA's range from 7 days to 45 days

LOW INCOME ASSISTANCE PROGRAM

SPLASH PROGRAM

SPLASH CONTRIBUTIONS

Monthly and Cumulative Contributions compared to YTD Target

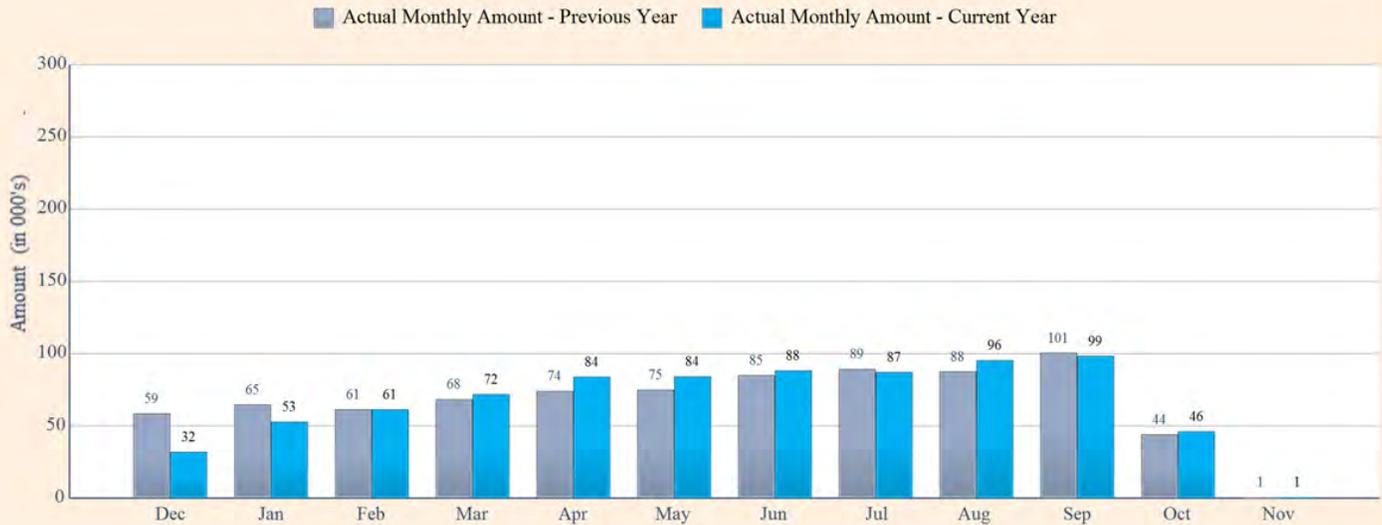


Total SPLASH Contributions to date for November were above target by \$13,670

CUSTOMER ASSISTANCE PROGRAM (CAP)

CUSTOMER ASSISTANCE PROVIDED

Monthly Assistance Provided compared to corresponding Previous Year Periods



OPERATIONAL HIGHLIGHTS

DRINKING WATER QUALITY

LEAD AND COPPER RULE (LCR) COMPLIANCE

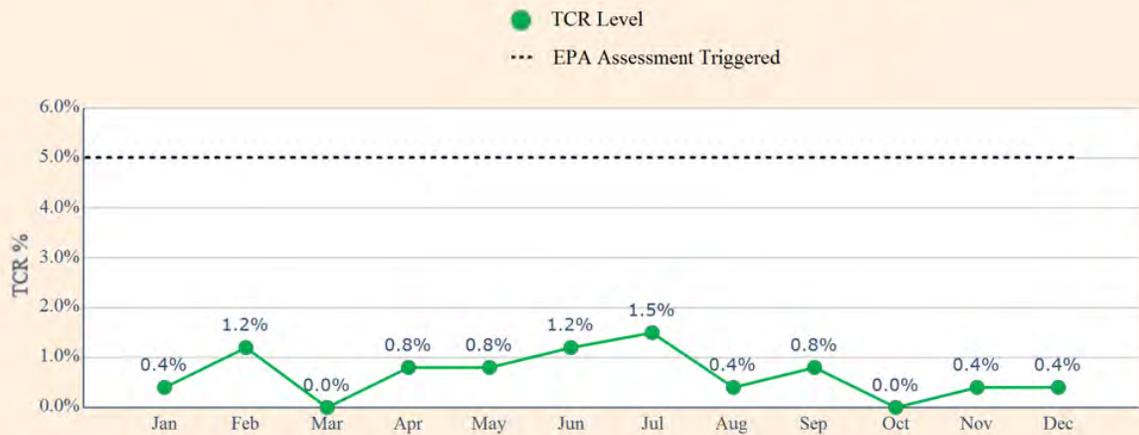
Semi-Annual LCR Monitoring Results



Jul-Dec 2017 results to date

TOTAL COLIFORM RULE (TCR) COMPLIANCE

Total Coliform Positives compared to EPA Maximum Contaminant Level (MCL)



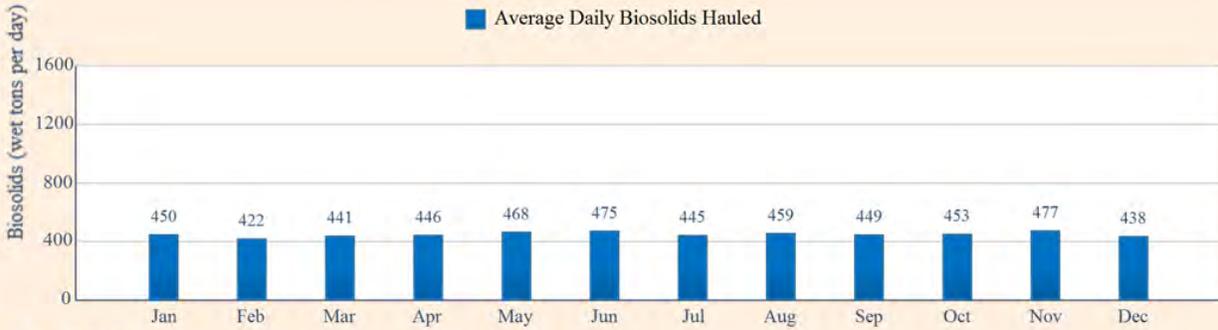
Coliform Positive was recorded at 0.4% in December

OPERATIONAL HIGHLIGHTS

WASTEWATER TREATMENT

BIOSOLIDS PRODUCTION, Dec - 2017

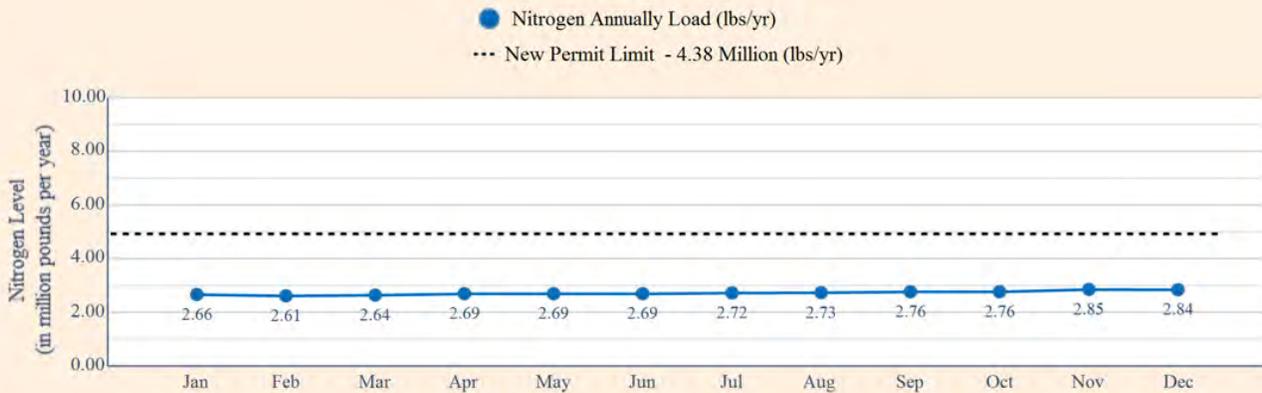
Average Daily Biosolids Production



Biosolids Daily Production for December were 438 wet tons per day

TOTAL NITROGEN

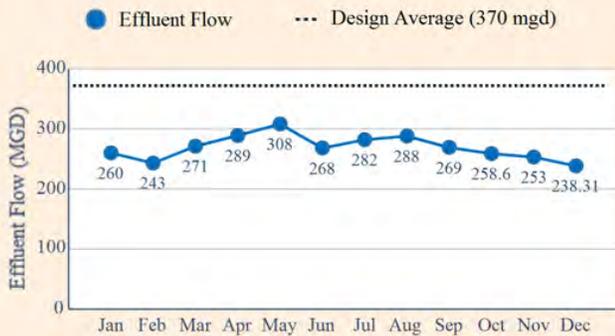
Total Nitrogen Compared to New Permit Levels



Nitrogen level for December were below permit by 1.5 million lbs/yr

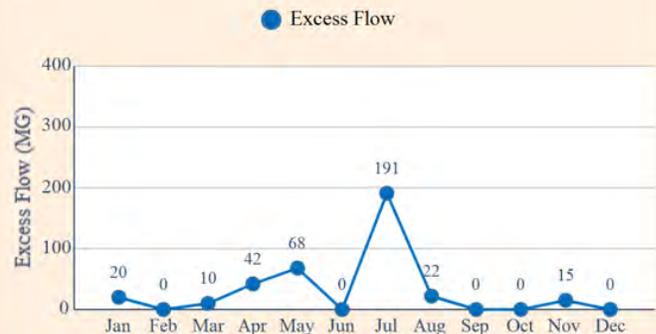
PLANT EFFLUENT FLOW

Effluent Flow compared to Plant Design Average Limit



In December, Influent flow was below design by 146 MGD

TOTAL EXCESS FLOW

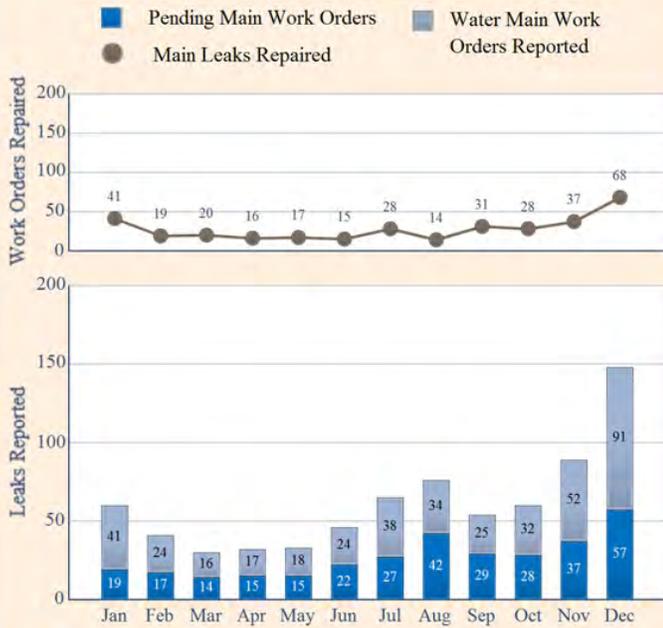


Excess flow events were recorded at 0 MG in December 2017

OPERATIONAL HIGHLIGHTS

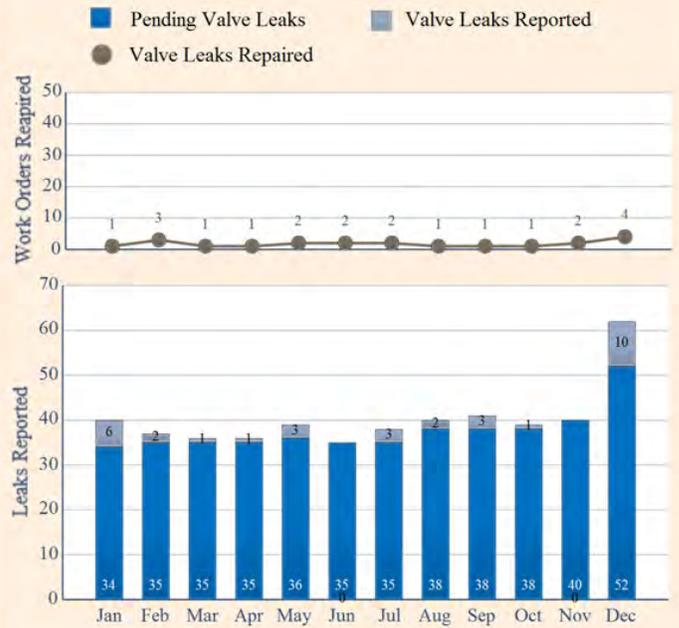
WATER DISTRIBUTION OPERATIONS

WATER MAIN LEAKS



There were 91 Water Main Work Orders reported in December

WATER VALVE LEAKS

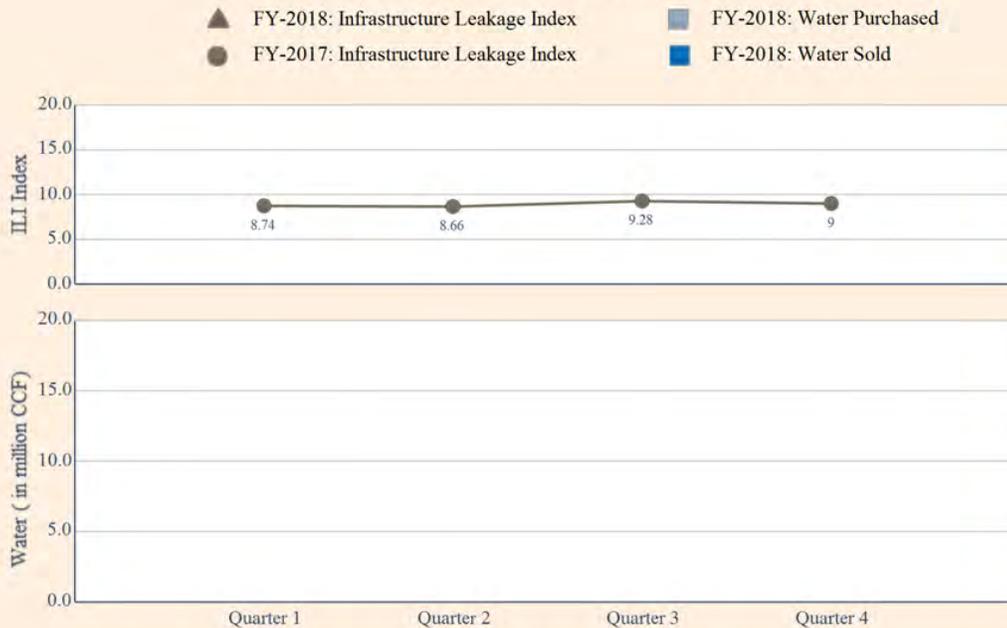


4 leaks were resolved in December

WATER BALANCE

NON-REVENUE WATER

Volume of Water Purchased and Sold per Quarter



In the 1st quarter of FY 2017, 10 out of 13 million cubic feet of water was sold

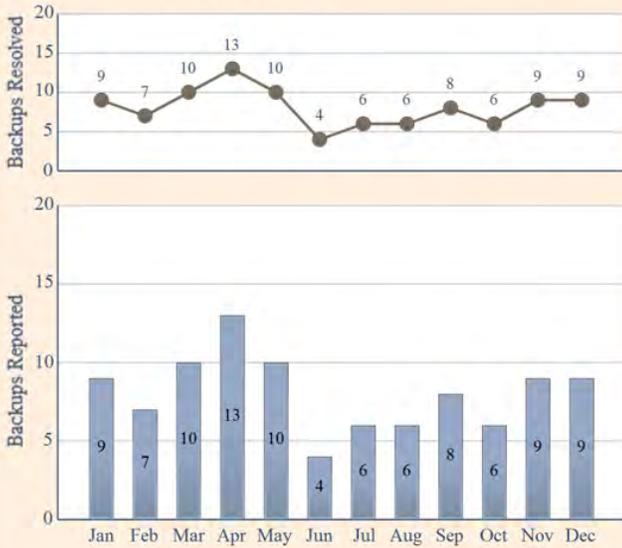
OPERATIONAL HIGHLIGHTS

SEWER SYSTEM OPERATIONS

SEWER MAIN BACKUPS

Sewer Mains Backed Up and Relieved per Month

- Pending Main Backups
- Main Backups Reported
- Main Backups Resolved

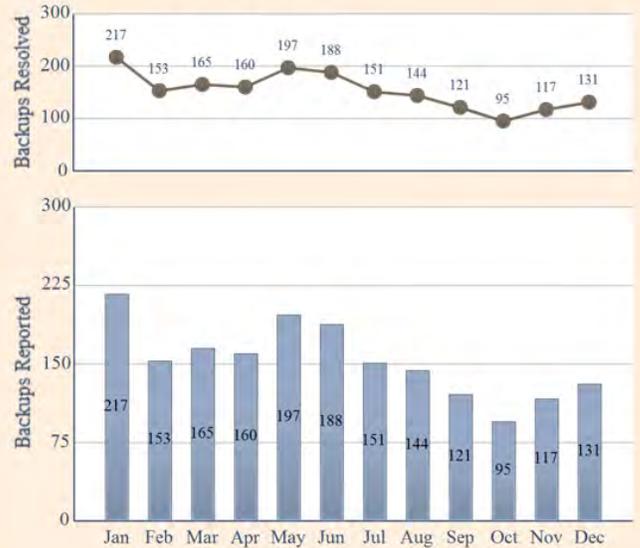


No pending main backups reported

SEWER LATERAL BACKUPS

Sewer Laterals Backed Up and Relieved per Month

- Pending Lateral Backups
- Lateral Backups Reported
- Lateral Backups Resolved



No pending lateral backups reported

COMBINED SEWER SYSTEM

DRY WEATHER CSO EVENTS

Combined Sewer Overflow Volume and No of Events per Month

- Overflow Volume (MG)
- Number of CSO Events



No dry weather Combined Sewer Overflow event were recorded in December 2017

OPERATIONAL HIGHLIGHTS

HUMAN RESOURCES

RECRUITMENT ACTIVITY

PREVIOUS FISCAL YEAR



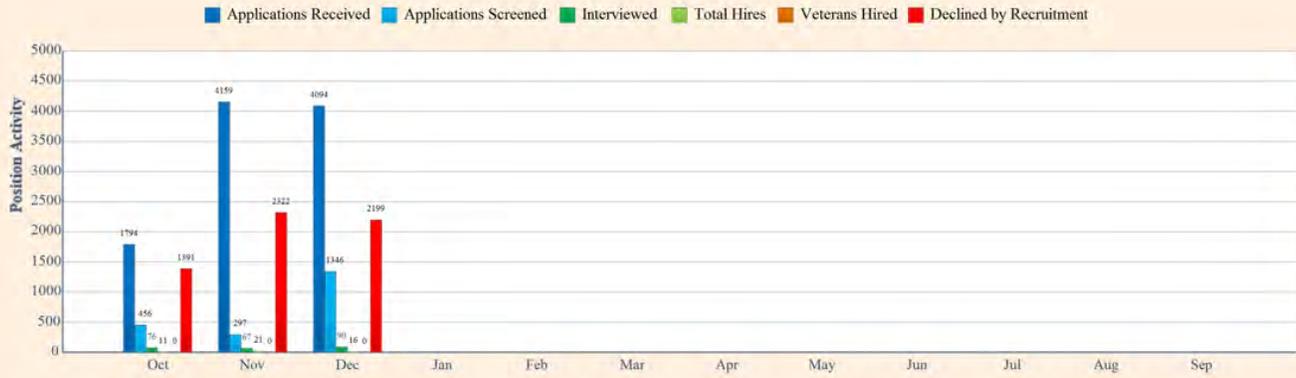
RECRUITMENT ACTIVITY

CURRENT FISCAL YEAR



RECRUITMENT PERFORMANCE METRIC

PREVIOUS FISCAL YEAR



RECRUITMENT PERFORMANCE METRIC

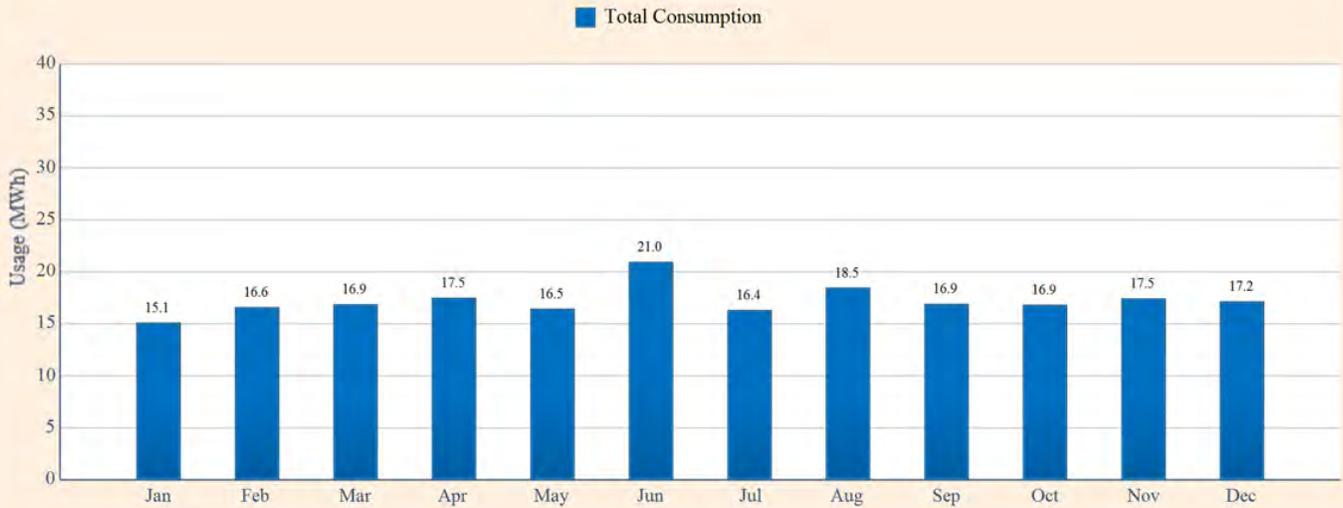
CURRENT FISCAL YEAR



OPERATIONAL HIGHLIGHTS

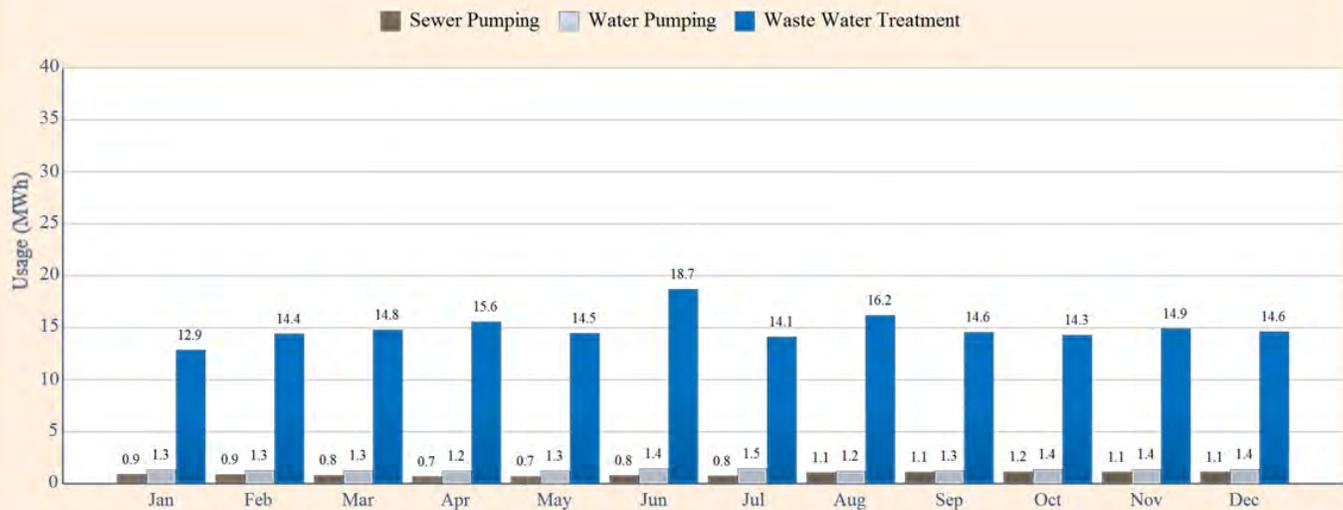
ENERGY CONSUMPTION

ELECTRICITY USAGE SUMMARY



Electricity Consumption in December was 17,165 KWh

ELECTRICITY USAGE BY SERVICE AREA



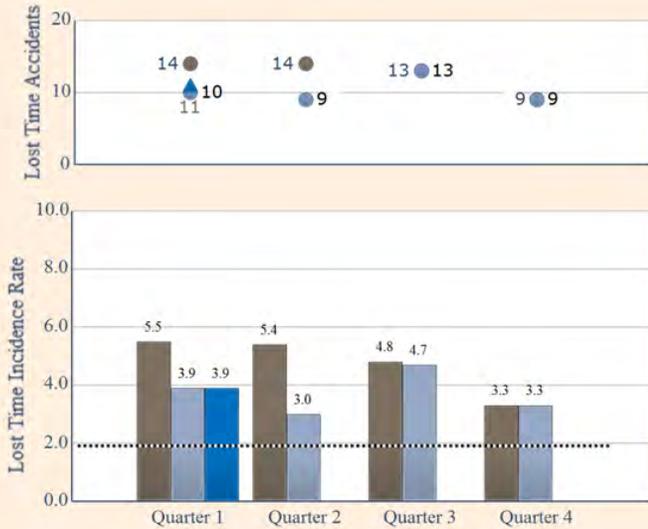
Waste Water treatment had the highest electricity consumption in December at 14,626 KWh

OPERATIONAL HIGHLIGHTS

SAFETY

EMPLOYEE LOST TIME INCIDENCE RATE

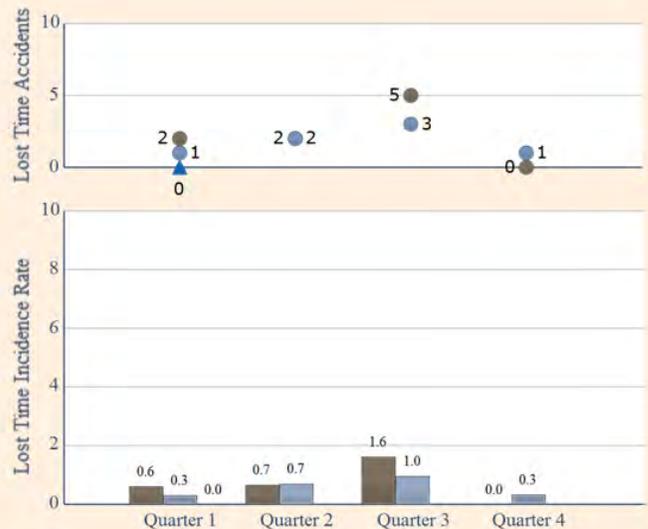
- FY-2016: No of LT Accidents
 - FY-2016: LT Incidence Rate
 - FY-2017: No of LT Accidents
 - FY-2017: LT Incidence Rate
 - ▲ FY 2018 No of LT Accidents
 - FY 2018 LT Incidence Rate
- Target/National: LT Incidence Rate



In the 1st quarter, 11 lost time accidents were reported

CONTRACTOR LOST TIME INCIDENCE RATE

- FY-2016: No of LT Accidents
- FY-2016: LT Incidence Rate
- FY-2017: No of LT Accidents
- FY-2017: LT Incidence Rate
- ▲ FY 2018 No of LT Accidents
- FY 2018 LT Incidence Rate



In the 1st quarter, 0 lost time accident was reported

VENDOR PAYMENTS

VENDOR PAYMENT PERFORMANCE



Monthly performance for December was above Budget by 0.6%

INTERPRETATION OF CHARTS:

FINANCIAL HIGHLIGHTS

Revenue, Expenditure, Capital Disbursement

- Bulls eye shows the variance for YTD budget against actual for revenues, expenditures and capital disbursements
- Bar graph shows **total** for the fiscal year budgeted(grey)-revenues, expenditures and capital disbursements against YTD actual(blue)
- Horizontal line graph shows a YTD progress analysis as compared to the previous year

Net Operating Cash

- Bar graph shows monthly net operating cash provided/used
- Line graph denoted by (Δ) compares YTD actual against budget (O). This element is dynamically color coded*

Operating Revenues

- Bar graph shows monthly operating revenues
- Line graph denoted by (Δ) compares YTD revenue against budget (O). This element is dynamically color coded*

Operating Expenses

- Bar graph shows monthly operating expenses
- Line graph denoted by (Δ) compares YTD expenditure against budget (O). This element is dynamically color coded**

Capital Disbursements

- Bar graph shows monthly capital disbursements
- Line graph denoted by (Δ) compares YTD disbursements against budget (O). This element is dynamically color coded**

Operating Cash Balance

- Bar graph shows monthly average cash balance compared to the target of \$125 million; indicated by grey dotted line

Delinquent Account Receivables

- Bar graph shows monthly Receivables to Revenue ratio against target of 3%; indicated by grey dotted line. This element is dynamically color coded**
- Line graph denoted by (Δ) shows delinquency in actual dollars

Investment Cash Earnings

- Bar graph shows monthly investment cash earnings
- Line graph denoted by (Δ) compares the YTD earnings against budget (O). This element is dynamically color coded*

Core Investments Yield

- Bar graph shows the monthly investment yield compared to the monthly target (grey) benchmark as set by the US Treasury Bill. This element is dynamically color coded*

Short Term Investment Yield

- Bar graph shows the monthly short term investment yield compared to the monthly short term target (grey) benchmark as set by the US Treasury Bill. This element is dynamically color coded*

Dynamic Color Coding Legend

*	**
<p>Red - when the actual is lower than 3% of budget or target</p> <p>Yellow - when the actual is within 3% of budget or target</p> <p>Green - when the actual is equal to or higher than budget or target</p>	<p>Red - when the actual is higher than 3% of budget or target</p> <p>Yellow - when the actual is within 3% of budget or target</p> <p>Green - when the actual is equal to or lower than budget or target</p>

Symbols where the color code applies- (Δ, □)

A

CUSTOMER CARE AND OPERATIONS HIGHLIGHTS

Call Center Performance

- Bar graph shows monthly percentage of calls answered within 40 seconds against target of 85%; indicated by grey dotted line. This element is dynamically color coded***
- Line graph denoted by (O) shows the number of calls received by the call center every month

Command Center Performance

- Bar graph shows monthly percentage of calls answered within 40 seconds against target of 85%; indicated by grey dotted line. This element is dynamically color coded***
- Line graph denoted by (O) shows the number of calls received by the command center every month

First Call Resolution (FCR)

- Bar graph shows monthly percentage of calls resolved on first contact against target of 75%; indicated by grey dotted line. This element is color dynamically coded***

Emergency Response Time

- Bar graph shows the percentage of emergency calls responded to within 45 minutes against target of 90%; indicated by grey dotted line. This element is dynamically color coded***
- Line graph denoted by (O) shows the total calls dispatched per month

Fire Hydrants Out of Service (OOS)

- Bar graph shows total hydrants not available for use against target of 91; indicated by grey dotted line. This element is dynamically color coded****
- The bar graph is stacked (blue) to show hydrants that are inaccessible. Inaccessible hydrants are not measured against the target of 91

Fire Hydrant Inspections and Maintenance

- Bar graph shows the total number of fire hydrants repaired per month

Fire Hydrant Replacements

- Bar graph shows the total number of hydrants replaced per month against target of 21; indicated by grey dotted line. This element is dynamically color coded****

Total Applications Processed within Service Level Agreement (SLA)

- Bar graph shows
 - the number of permits processed per month(dark blue)
 - the number of permits processed within SLA per month(light blue)
- Line graph denoted by (O) shows the percentage of permits processed vs. processed within SLA

Dynamic Color Coding Legend

***	****
Red- when the actual is lower than 5% of budget or target Yellow- when the actual is within 5% of budget or target Green- when the actual is equal to or higher than budget or target	Red- when the actual is higher than 5% of budget or target Yellow- when the actual is within 5% of budget or target Green- when the actual is equal to or lower than budget or target

Symbols where the color code applies- (Δ, □)

LOW INCOME ASSISTANCE PROGRAM

SPLASH Contributions

- Bar graph shows monthly SPLASH contributions
- Line graph denoted by (Δ) shows the YTD contributions against target (O). This element is color coded***

Customer Assistance Program (CAP)

- Bar graph shows monthly CAP assistance
- Line graph denoted by (Δ) shows the YTD contributions against budget (O). This element is color coded***

OPERATIONAL HIGHLIGHTS

Lead and Copper Rule (LCR) Compliance

- Line graph denoted by (Δ, O) shows semi-annual LCR monitoring results against target of 15ppb; indicated by grey dotted line. This element is color coded****

Total Coliform Rule (TCR)

- Line graph denoted by (Δ) shows total coliform positives against the EPA maximum contaminant level of 5%. This element is color coded****

Biosolids Production

- Bar graph shows monthly average daily biosolids production

Total Nitrogen

- Line graph denoted by (Δ) shows monthly total nitrogen level against the current permit (dark grey) and 2015 permit (light grey) levels. This element is color coded****

Plant Effluent Flow

- Line graph denoted by (Δ) shows monthly influent flow against the plant design average limit of 370MGD. This element is color coded****

Excess Flow

- Line graph denoted by (Δ) shows monthly excess flow

Water Main Leaks

- Bar graph shows the water main leaks reported
- The bar graph is stacked(dark blue) to show the pending leaks carried over from the previous month if any; bar graph(light blue) shows new water main leaks reported for the given month
- Line graph denoted by (O) shows the number of main leaks repaired per month

Water Valve Leaks

- Bar graph shows the water valve leaks reported
- The bar graph is stacked(dark blue) to show the pending leaks carried over from the previous month if any; bar graph(light blue) shows new water valve leaks reported for the given month
- Line graph denoted by (O) shows the number of valve leaks repaired per month

Dynamic Color Coding Legend

***	****
Red- when the actual is lower than 5% of budget or target	Red- when the actual is higher than 5% of budget or target
Yellow- when the actual is within 5% of budget or target	Yellow- when the actual is within 5% of budget or target
Green- when the actual is equal to or higher than budget or target	Green- when the actual is equal to or lower than budget or target

Symbols where the color code applies- (Δ, □)

Non Revenue Water

- Bar graph shows the volume of water purchased(dark blue) and water sold(light blue) per quarter
- Line graph denoted by (Δ, O) shows the Infrastructure Leakage Index(ILI) for the current and previous year

Sewer Main Backups

- Bar graph shows the sewer main backups reported
- The bar graph is stacked(dark blue) to show the pending backups carried over from the previous month if any; bar graph(light blue) shows new sewer main backups reported for the given month
- Line graph denoted by (O) shows the number of main backups resolved per month

Sewer Lateral Backups

- Bar graph shows the sewer lateral backups reported
- The bar graph is stacked(dark blue) to show the pending backups carried over from the previous month if any; bar graph(light blue) shows new sewer laterals backups reported for the given month
- Line graph denoted by (O) shows the number of lateral backups resolved per month

Combined Sewer dry weather Overflow (CSO) Events

- Bar graph shows dry weather CSO events per month
- Line graph denoted by (O) shows the volume in Million Gallons(MG) per dry weather CSO event

Open Positions

- Bar graph (dark blue) shows open positions carried over from the previous month.
- Bar graph (light blue) shows new positions added in the given month.
- Bar graph (olive green) shows positions filled in the given month.
- Bar graph (orange) shows positions cancelled in the given month.
- Bar graph (light green) shows net remaining open positions at the end of the given month.

Electricity Usage Summary

- Bar graph shows total electricity consumption per month

Electricity Usage by Service Area

- Shows a monthly breakdown by service area of electricity usage
- Dark blue shows for Waste Water Treatment Service Area
- Light blue shows Water Pumping Service Area
- Brown shows Sewer Pumping Service Area

Employee Lost Time Incidence Rate

- Bar graph shows quarterly Employee Lost Time (LT) incidence rate as compared to the National average LT rate of 2.0; indicated by grey dotted line. Light blue represents the previous year, brown represents the year before previous and dark blue the current fiscal year.
- Scatter graph denoted by (Δ, O) shows the number of Lost Time accidents and comparison is also made between the current year and the previous years.

Contractor Lost Time Incidence Rate

- Bar graph shows quarterly Contractor Lost Time (LT) incidence rate. Light blue represents the previous year, brown represents the year before previous and dark blue the current fiscal year.
- Scatter graph denoted by (Δ, O) shows the number of Lost Time accidents and comparison is also made between the current year and the previous years.

Dynamic Color Coding Legend

***	****
<p>Red- when the actual is lower than 5% of budget or target</p> <p>Yellow- when the actual is within 5% of budget or target</p> <p>Green- when the actual is equal to or higher than budget or target</p>	<p>Red- when the actual is higher than 5% of budget or target</p> <p>Yellow- when the actual is within 5% of budget or target</p> <p>Green- when the actual is equal to or lower than budget or target</p>

Symbols where the color code applies- (Δ, □)

Vendor Payment Performance

- Bar graph shows monthly Vendor Payment Performance percentage against monthly target of 97%; indicated by grey dotted line. This element is dynamically color coded**
- Line graph denoted by (O) shows the YTD vendor payment performance %.

Dynamic Color Coding Legend

***	****
<p>Red- when the actual is lower than 5% of budget or target</p> <p>Yellow- when the actual is within 5% of budget or target</p> <p>Green- when the actual is equal to or higher than budget or target</p>	<p>Red- when the actual is higher than 5% of budget or target</p> <p>Yellow- when the actual is within 5% of budget or target</p> <p>Green- when the actual is equal to or lower than budget or target</p>

Symbols where the color code applies- (Δ, □)

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Consent Agenda

Summary of Contracts

239th Meeting of the DC Water Board of Directors

Thursday, February 1, 2018

Joint Use Contracts

- 1. Resolution No. 18-09, Contract No. 17-PR-DOS-38, Allied Universal Security Services.** The purpose of the contract is to provide highly trained and reliable commissioned Special Police Officers to safeguard DC Water's property and personnel, to prevent and deter unauthorized access or removal of property, and to assist DC Water in all other security related matters. This amount currently exceeds the budget available for this contract, and anticipated cost reductions in other line items will be used as needed. The contract amount is \$5,857,481.76. (Recommended by Environmental Quality and Operations Committee 01/18/18)
- 2. Resolution No. 18-10, Contract Modification to Contract No. 16-PR-HCM-44-AC, MB Staffing, LLC.** The purpose of the contract modification is to continue temporary staffing services for various DC Water Departments. The contract modification amount is \$250,000. (Recommended by Environmental Quality and Operations Committee 01/18/18)
- 3. Resolution No. 18-11, Contract No. 17-PR-DMS-40, M.C. Dean, Inc.** The purpose of the contract is to provide maintenance and repair to all industrial electrical control equipment and associated systems located at DC Water Blue Plains facility. The contract amount is \$1,400,000. (Recommended by Environmental Quality and Operations Committee 01/18/18)
- 4. Resolution No. 18-12, Change Order No. 02 of Contract No. 140080, Capitol Paving of DC, Inc.** The purpose of the change order is to provide additional funding to meet the restoration requirements in the public space. The change order amount is not-to-exceed \$2,500,000. (Recommended by Environmental Quality and Operations Committee 01/18/18)
- 5. Resolution No. 18-13, Contract No. DCFA #487-WSA, EPC Consultants, Inc.** The purpose of the contract is to provide construction management, contract administration and resident engineering and inspection services to assist DC Water's Clean Rivers Project during construction of the Division J – Northeast Boundary Tunnel. The contract amount is \$28,033,187. (Recommended by Environmental Quality and Operations Committee 01/18/18)

6. **Resolution No. 18-14, Supplemental Agreement No. 13 of Contract No. DCFA #431, Samaha Associates PC.** The purpose of the supplemental agreement is to design and construct administrative services for a new Fleet Services facility and Sewer Services Field Operations facility. The supplemental agreement amount is \$4,000,000. (Recommended by Environmental Quality and Operations Committee 01/18/18)

Non-Joint Use Contracts

1. **Resolution No. 18-15, Option Year One of Contract No. 17-PR-CCO-07, Mueller Systems.** The purpose of the option is to continue providing 1.5-inch and 2-inch positive displacement meters in order to support the demands from daily operations. The option amount is \$128,634.50. (Recommended by Environmental Quality and Operations Committee 01/18/18)

Presented and Approved: February 1, 2018
**SUBJECT: Approval to Execute Contract No. 17-PR-DOS-38, Allied
Universal Security Services**

#18-09
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("the Authority") at its meeting on February 1, 2018 upon consideration of a joint use matter, decided by a vote of ___() in favor and ___() opposed to execute Contract No. 17-PR-DOS-38, Allied Universal Security Services.

Be it resolved that:

The Board of Directors hereby authorizes the Interim General Manager to execute Contract No. 17-PR-DOS-38, Allied Universal Security Services. The purpose of the contract is to provide highly trained and reliable commissioned Special Police Officers to safeguard DC Water's property and personnel, to prevent and deter unauthorized access or removal of property, and to assist DC Water in all other security related matters. This amount currently exceeds the budget available for this contract, and anticipated cost reductions in other line items will be used as needed. The contract amount is \$5,857,481.76.

This Resolution is effective immediately.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

**GOODS AND SERVICES CONTRACT AWARD
PROTECTIVE SERVICES
(Joint Use)**

Approval to execute a new contract award (base year) for protective services throughout all DC Water facilities in the amount of \$5,857,481.76.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: Allied Universal Security Services 1551 N. Tustin Avenue Suite 650 Santa Ana, CA 92705	SUBS: Preeminent Protective Services, Inc. 1050 17 th Street, NW, Suite 600 Washington, DC 20036 LSBE	PARTICIPATION: 21.3%
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DESCRIPTION AND PURPOSE

Base Period Contract Value:	\$5,857,481.76
Base Contract Period:	1 Year
No. of Option Years:	4
Anticipated Contract Start Date:	02-15-2018
Anticipated Base Period Completion Date:	02-14-2019
Proposals Received:	3
Proposal Price Range:	\$5,857,481.76 - \$7,427,433.00
Preference Points Received:	2.13

Purpose of the Contract:

The purpose of this contract is to provide protective services for DC Water.

Contract Scope:

The contract will provide highly trained and reliable commissioned Special Police Officers (SPOs) to safeguard DC Water's property and personnel, to prevent and deter unauthorized access or removal of property, and to assist DC Water in all other security related matters. This amount currently exceeds the budget available for this contract, and anticipated cost reductions in other line items will be used, as needed.

Supplier Selection:

Procurement advertised the event and also held an outreach event where 10 potential security service providers attended the event. 3 firms responded to the solicitation. The award recommendation is based on the overall highest rated offeror with the lowest price.

Firms	Evaluated ranking
Allied Universal Security Services	1
Security Assurance Management, Inc. (LSBE)	2
Metropolitan Protective Services (LSBE)	3

PROCUREMENT INFORMATION

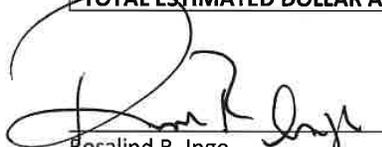
Contract Type:	Fixed Price	Award Based On:	Highest Rated Offeror
Commodity:	Goods and Services	Contract Number:	17-PR-DOS-38
Contractor Market:	Open Market with Preference Points for LBE and LSBE Participation		

BUDGET INFORMATION

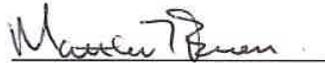
Funding:	Operating	Department:	Department of Security
Service Area:	Blue Plains AWTP	Department Head:	Steve Caldwell

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	83.65%	\$4,899,783.49
Washington Suburban Sanitary Commission	12.07%	\$706,998.05
Fairfax County	2.84%	\$166,352.48
Loudoun Water	1.25%	\$73,218.52
Other (PI)	0.19%	\$11,129.22
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$5,857,481.76

 1/10/2018
 Rosalind R. Inge
 Assistant General Manager
 Support Services
 Date

 1/10/18
 Dan Bae
 Director of Procurement
 Date

 1/11/18
 Matthew T. Brown
 Chief Finance Officer
 Date

 1-25-18
 Henderson J. Brown IV
 Interim General Manager
 Date

Presented and Approved: February 1, 2018
SUBJECT: Approval to Execute a Contract Modification to Contract
No. 16-PR-HCM-44-AC, MB Staffing, LLC

#18-10
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("the Authority") at its meeting on February 1, 2018 upon consideration of a joint use matter, decided by a vote of ___() in favor and ___() opposed to execute a contract modification to Contract No. 16-PR-HCM-44-AC, MB Staffing, LLC.

Be it resolved that:

The Board of Directors hereby authorizes the Interim General Manager to execute a Contract Modification to Contract No. 16-PR-HCM-44-AC, MB Staffing LLC. The purpose of the contract modification is to continue temporary staffing services for various DC Water Departments. The contract modification amount is \$250,000.

This Resolution is effective immediately.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

GOODS AND SERVICES CONTRACT MODIFICATION

**Temporary Personnel Staffing
(Joint-Use)**

Approval to execute contract modification to add funding to the temporary staffing contract option year one in the amount of \$250,000.00.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: MB Staffing, LLC 819 7 th Street, NW Suite 311 Washington, DC 20001 LSBE	SUBS: N/A	PARTICIPATION: 100%
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DESCRIPTION AND PURPOSE

Original Contract Value:	\$200,000.00
Original Contract Dates:	11-01-2016—10-31-2017
No. of Option Years in Contract:	4
Modification Value:	\$319,912.31
Modification Dates:	04-01-2017—10-31-2017
Option Year 1 Value:	\$400,000.00
Option Year 1 Dates:	11-01-2017—10-31-2018
This Modification Value:	\$250,000.00
This Modification Dates:	02-15-2018—10-31-2018

Purpose of the Contract:

To contract for temporary staffing services for DC Water Department of Human Capital Management. Departments submit their individual requests to procurement for temporary staffing services as their need arises. Currently, External Affairs, Permit Operations, Finance, Waste Water Treatment, Board of Directors, Fleet and Procurement are using the contract.

Reason for the Modification:

MB Staffing was awarded a contract for temporary staffing services after a competitive RFP process in 2016. Adding the funding to the contract will allow the continuation of its usage through the end of option year 1 by the respective departments listed in the table.

Department	Position
Waste Water Treatment	Office Assistant/Data Entry (4) – Operations Assistant (1)
Chief Finance Office	Staff Accountants (3)
Fleet/Procurement	CDL – Training – Water Works Program (21)

Procurement also negotiated additional 15% rate reduction, effective January 1, 2018.

Spending Previous Year:

Cumulative Contract Value:	11-01-2016 to 10-30-2018: \$919,912.31
Cumulative Contract Spending:	11-01-2016 to 12-31-2017: \$617,583.79

Contractor's Past Performance:

According to the COTR, the Contractor's timeliness of service, conformance to DC Water policies, Procedures and contract terms and invoicing meet expectations.

PROCUREMENT INFORMATION

Contract Type:	Firm Fixed	Award Based On:	Highest Rated
Commodity:	Services	Contract Number:	16-PR-HCM-44-AC
Contractor Market:	Open Market with Preference Points for LBE and LSBE Participation		

BUDGET INFORMATION

Funding:	Operating	Department:	Human Capital Management
Service Area:	DC Water Wide	Department Head:	Roger E. Brown Jr.

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	83.65%	\$209,125.00
Washington Suburban Sanitary Commission	12.07%	\$30,175.00
Fairfax County	2.84%	\$7,100.00
Loudoun County	1.25%	\$3,125.00
Other (PI)	0.19 %	\$475.00
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$250,000.00


 _____, 1-10-18
 Mustafaafa Dozier Date
 Chief of Staff


 _____, 1/10/18
 Dan Bae Date
 Director of Procurement


 _____, 1/11/2018
 Matthew T. Brown Date
 Chief Financial Officer,


 _____, 1-25-18
 Henderson J. Brown IV Date
 Interim General Manager

Presented and Approved: February 1, 2018
SUBJECT: Approval to Execute Contract No. 17-PR-DMS-40,
M.C. Dean, Inc.

#18-11
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("the Authority") at its meeting on February 1, 2018 upon consideration of a joint use matter, decided by a vote of ___() in favor and ___() opposed to execute Contract No. 17-PR-DMS-40, M.C. Dean, Inc.

Be it resolved that:

The Board of Directors hereby authorizes the Interim General Manager to execute Contract No. 17-PR-DMS-40, M.C. Dean, Inc. The purpose of the contract is to provide maintenance and repair to all industrial electrical control equipment and associated systems located at DC Water Blue Plains facility. The contract amount is \$1,400,000.

This Resolution is effective immediately.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

GOODS AND SERVICES CONTRACT AWARD

**Annual Maintenance and Repair of Industrial Electrical Control Equipment & Other Systems
(Joint Use)**

Approval to execute a contract with contract value of \$1,400,000.00 for the base year

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: M.C. Dean, Inc. 1765 Greensboro Station Place Tysons, VA 22102	SUBS: N/A	PARTICIPATION: N/A
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DESCRIPTION AND PURPOSE

Base Year Contract Value:	\$1,400,000.00
Option Years:	2
Anticipated Contract Start Date:	03-01-2018
Anticipated Base Year End Date:	02-28-2019
Bid Opening Date:	07-17-2017
Bids Received:	1
Bid:	\$1,401,996.00
Preference Price Reduction Awarded	\$0.00

Purpose of the Contract:

The Department of Maintenance Services (DMS) has a need for a qualified contractor to maintain and repair all industrial electrical control equipment and associated systems located at DC Water Blue Plains facility.

Contract Scope:

DMS requires a qualified contractor to provide, as needed, one supervisor with a DC Master Electrical license and up to six technicians that are DC Journeyman licensed to perform maintenance and repair tasks on all assigned industrial electrical systems under the direction of DC Water's Contracting Officer's Technical Representative (COTR). Specific services provided include: supervision, labor, transportation, replacement parts, modifications, installation, and maintenance of industrial electrical equipment and other related equipment at various DC Water facilities including but not limited to motors, control panels, MCCs (motor control center) and VFDs (variable frequency drive).

The requested contract amount, \$1,400,000 is for the base year; the contract will be executed one year at a time with 2 option years and available funds will be released on an annual basis. The Department is in the process of improving internal capacity to reduce dependency on this contract through recruitment of qualified technicians, training, and licensing. This amount currently exceeds the budget available for this contract, and anticipated cost reduction in other budget line items will be used if the insourcing efforts are not realized fully within the contract years.

Supplier Selection:

DC Water contacted 26 potential contractors during the solicitation process. However, only M.C. Dean, Inc. was able to meet all requirements and is the only contractor who was able to respond to DC Water's solicitation. DC Water's Technical Evaluation Team rated M.C. Dean's proposal high and selected them for the new contract award. The newly negotiated labor rates will also generate approximately \$60,000 annual cost savings.

No LBE/LSBE participation.

PROCUREMENT INFORMATION

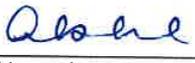
Contract Type:	Firm Fixed	Award Based On:	Highest Rated
Commodity:	Goods and Services	Contract Number:	17-PR-DMS-40
Contractor Market:	Open Market with Preference Points for Local and Small Businesses		

BUDGET INFORMATION

Funding:	Operating	Department:	Department of Maintenance Services
Service Area:	Blue Plains AWTP	Department Head:	Salil Kharkar

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	41.92%	\$586,880.00
Washington Suburban Sanitary Commission	43.33%	\$606,620.00
Fairfax County	9.81%	\$137,340.00
Loudoun County	4.29%	\$60,060.00
Other (PI)	0.65%	\$9,100.00
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$1,400,000.00

 , 01/09/18
 Akile Tesfaye Date
 Assistant General Manager,
 Blue Plains

 1/9/18
 Dan Bae Date
 Director of Procurement

 1/9/18
 Matthew T. Brown Date
 Chief Financial Officer

 1-24-18
 Henderson J. Brown, IV Date
 Interim General Manager

Presented and Approved: February 1, 2018
SUBJECT: Approval to Execute Change Order No. 02 of Contract No. 140080, Capitol Paving of DC, Inc.

#18-12
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("the Authority") at its meeting on February 1, 2018 upon consideration of a joint use matter, decided by a vote of ___() in favor and ___() opposed to execute Change Order No. 02 of Contract No. 140080, Capitol Paving of DC, Inc.

Be it resolved that:

The Board of Directors hereby authorizes the Interim General Manager to execute Change Order No. 02 of Contract No. 140080, Capitol Paving of DC, Inc. The purpose of the change order is to provide additional funding to meet the restoration requirements in the public space. The change order amount is not-to-exceed \$2,500,000.

This Resolution is effective immediately.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

**CONSTRUCTION CONTRACT CHANGE ORDER:
Public Space Restoration Contract FY15 – FY17
(Joint Use)**

Approval to execute Change Order No. 02 not to exceed \$2,500,000. The modification exceeds the General Manager's approval authority.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME:	SUBS:	PARTICIPATION:
Capitol Paving of DC, Inc. 2211 Channing Street, NE Washington, DC 20018	No MBE contractors No WBE contractors	0.0% 0.0%

DESCRIPTION AND PURPOSE

Original Contract Value:		\$ 19,692,300.00
Value of this Change Order:		\$ 2,500,000.00
Cumulative CO Value, including this CO:		\$ 9,000,000.00
Current Contract Value, including this CO:		\$ 28,692,300.00
Original Contract Time:	1095 Days	(3 Years, 0 Months)
Time extension, this CO:	0 Days	
Total CO contract time extension:	0 Days	(0 Years, 0 Months)
Contract Start Date (NTP):	04-09-2015	
Anticipated Contract Completion Date:	04-08-2018	
Cumulative CO % of Original Contract:	46%	
Contract Completion %:	89%	

Purpose of the Contract:

Permanent restoration of paved and non-paved surfaces in public space after the completion of repair and replacement activities by the Department of Water Services and the Department of Sewer Services.

Original Contract Scope:

Repair and/or replacement of asphalt and concrete roadways, brick and concrete sidewalks, landscaped areas, and other miscellaneous repairs that result from excavations performed in public space.

Previous Change Order Scope

The contract had exhausted 80% of its budget during the first 18 months of this three-year contract hence a change order was required to provide additional funding in order to restore public space in conjunction with our operational activities. Over the past two years we have experienced a marked increase in spending in order to restore public space resulting from infrastructure failure in the water distribution and sewer collection systems. Numerous large main breaks resulted in extensive roadway reconstruction significantly increasing the restoration costs. Another factor contributing to increased restoration quantities was the increased scope of restoration for street cuts required by DDOT practices especially on moratorium streets.

Current Change Order Scope:

- The contract has currently exhausted 89% of the modified contract value with four months remaining in this three-year contract. The quantities, and therefore the costs, of restoration are highly variable in this contract. Large catastrophic main breaks can cause extensive damage to multiple blocks of streets leading to tremendous restoration costs. In order to be able to respond

to such occurrences, a change order is required to provide additional funding to meet the restoration requirements in the public space.

- The contract is used to undertake restoration of public space associated with repair activities of DC Water's existing underground assets. We continue to experience consistent increase in spending in order to restore public space resulting from infrastructure failure in the water distribution and collection system and lead service line replacements. During the current year, large main breaks as well as small diameter main replacement activities resulted in extensive roadway reconstruction significantly increasing restoration expenses. Some examples include roadway reconstruction at 4560 MacArthur BLVD NW, (total cost \$354,364), 16th St & Tuckerman St NW (total cost \$109,015), @Barry PL @Georgia Ave NW (Total Cost \$64,647.57), and @North Capitol St @Chillum PL BN (Total Cost \$64,946.91).
- DDOT practices continue to be a factor increasing restoration quantities thus the scope of work for roadway cuts. They continue to require resurfacing of moratorium streets curb to curb for even small cuts thus increasing restoration quantities associated with the mill-and-overlay as well as PCC base installations.

PROCUREMENT INFORMATION

Contract Type:	Fixed Price	Award Based On:	Lowest responsive, responsible bidder
Commodity:	Construction	Contract Number:	140080
Contractor Market:	Open Market		

BUDGET INFORMATION

Funding:	Capital	Department:	Water Services
Service Area:	Water/ Sanitary	Department Head:	Jason Hughes
Project:	FK, GS		

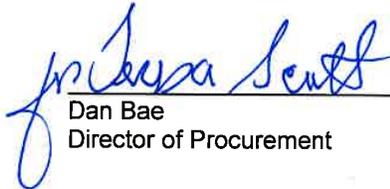
***ESTIMATED USER SHARE INFORMATION**

User	Share %	Dollar Amount
District of Columbia	100.0%	\$ 2,500,000.00
Federal Funds	0.00%	\$
Washington Suburban Sanitary Commission	0.00%	\$
Fairfax County	0.00%	\$
Loudoun County & Potomac Interceptor	0.00%	\$
Total Estimated Dollar Amount	100.0%	\$ 2,500,000.00

*Under the terms of the IMA, the capital costs associated with each joint use facility are to be split among the users in proportion to the peak flow each user is allocated. It is not possible, at this time, to allocate costs by individual facility. It is anticipated that as projects are developed for work associated with specific facilities and costs are developed, the individual users will be notified and billed accordingly.


 Matthew T. Brown
 Chief Financial Officer
 Date 1/12/18


 Charles Kiely
 Assistant General Manager
 Customer Care & Operations
 Date 1/19/18


 Dan Bae
 Director of Procurement
 Date 1/12/18


 Henderson J. Brown IV
 Acting CEO and General Manager
 Interim
 Date 1-25-18

Presented and Approved: February 1, 2018
SUBJECT: Approval to Execute Contract No. DCFA #487-WSA,
EPC Consultants, Inc.

#18-13
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("the Authority") at its meeting on February 1, 2018 upon consideration of a joint use matter, decided by a vote of ___() in favor and ___() opposed to execute Contract No. DCFA #487-WSA, EPC Consultants, Inc.

Be it resolved that:

The Board of Directors hereby authorizes the Interim General Manager to execute Contract No. DCFA #487-WSA, EPC Consultants, Inc. The purpose of the contract is to provide construction management, contract administration and resident engineering and inspection services to assist DC Water's Clean Rivers Project during construction of the Division J – Northeast Boundary Tunnel. The contract amount is \$28,033,187.

This Resolution is effective immediately.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

**ENGINEERING SERVICES
Division J – Northeast Boundary Tunnel
(Joint Use)**

Approval to execute an architectural and engineering services contract for \$28,033,187.00.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME:	SUBS:	PARTICIPATION:
EPC Consultants, Inc. 655 Davis Street San Francisco, CA 94111	Shrewsberry & Associates Princeton, NJ	MBE 15.0%
<u>Headquarters</u> San Francisco, CA	Belstar, Inc. Fairfax, VA	MBE 3.3%
(MBE)	Cube Root Washington, DC	MBE 3.3%
	Keville Enterprises Herndon, VA	WBE 4.0%
	HAKS New York, NY	13.7%
	RK&K Fairfax, VA	6.1%
	HNTB Corporation Arlington, VA	3.2%

DESCRIPTION AND PURPOSE

Contract Value, Not-To-Exceed: \$28,033,187.00
 Contract Time: 2128 Days (5 Years, 10 Months)
 Anticipated Contract Start Date: 03-01-2018
 Anticipated Contract Completion Date: 12-28-2023

Other firms submitting proposals/qualification statements:

- HDR*
- Jacobs/ Black & Veatch*
- Parsons/ Gilbane
- Shannon & Wilson, Inc.

* Asterisk indicates short listed firms

Purpose of the Contract:

To provide onsite construction management (CM) services during DC Water's Clean Rivers Project Division J – Northeast Boundary Tunnel (NEBT) construction contract.

This work is required by a Consent Decree.

Contract Scope:

- Provide construction management, contract administration and resident engineering and inspection services to assist DC Water's Clean Rivers Project during construction of the Division J – Northeast Boundary Tunnel.
- CM services will be provided at the following NEBT construction site locations:

CSO 019 Construction Site	Robert F. Kennedy (RFK) Temporary Access Area
Langston Golf Course	Mt Olivet Road Construction Sites (e.g., Diversion & Shaft)
W Street Construction Site	Rhode Island Avenue Construction Site
Michigan Avenue Construction Site	T Street Construction Site
Channing Street Construction Site	Florida Avenue Construction Site
4 th Street Construction Site	R Street Construction Site
Pumping Station Construction Site	

PROCUREMENT INFORMATION

Contract Type:	Cost Plus Fixed Fee	Award Based On:	Highest Ranking Score
Commodity:	Professional Services	Contract Number:	DCFA #487-WSA
Contractor Market:	Open Market		

BUDGET INFORMATION

Funding:	Capital	Department:	DC Clean Rivers Project
Service Area:	Combined Sewer Overflow	Department Head:	Carlton Ray
Project:	CY		

****ESTIMATED USER SHARE INFORMATION**

CY – Allocation (LTCP – CSO 019 to W Street)

User	Share %	Dollar Amount
District of Columbia	92.90%	\$12,240,754.97
Federal Funds**	0.00%	\$
Washington Suburban Sanitary Commission	5.54%	\$ 729,965.37
Fairfax County	1.01%	\$ 133,080.33
Loudoun County & Potomac Interceptor	0.55%	\$ 72,469.48
Total Estimated Dollar Amount	100.00%	\$13,176,270.15

CY – Allocation (CAPM – W Street to R Street)

User	Share %	Dollar Amount
District of Columbia	100.00%	\$14,856,916.85
Federal Funds	0.00%	\$
Washington Suburban Sanitary Commission	0.00%	\$
Fairfax County	0.00%	\$
Loudoun County & Potomac Interceptor	0.00%	\$
Total Estimated Dollar Amount	100.00%	\$14,856,916.85

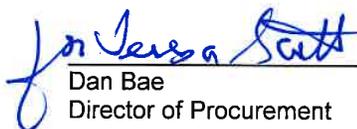
Total Combined Allocation

User	Share %	Dollar Amount
District of Columbia	96.66%	\$27,097,671.82
Federal Funds**	0.00%	\$
Washington Suburban Sanitary Commission	2.60%	\$ 729,965.37
Fairfax County	0.48%	\$ 133,080.33
Loudoun County & Potomac Interceptor	0.26%	\$ 72,469.48
Total Estimated Dollar Amount	100.00%	\$28,033,187.00

** The construction contract may be funded in part by prior congressional appropriations for CSO projects.


 Matthew T. Brown
 Chief Financial Officer
 Date: 1/12/18


 Leonard R. Benson
 Chief Engineer
 Date: 1-11-18


 Dan Bae
 Director of Procurement
 Date: 1/12/18


 Henderson J. Brown IV
 Acting CEO and General Manager
 Interim
 Date: 1-25-18

Presented and Approved: February 1, 2018

**SUBJECT: Approval to Execute Supplemental Agreement No. 13 of
Contract No. DCFA #431, Samaha Associates PC**

**#18-14
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("the Authority") at its meeting on February 1, 2018 upon consideration of a joint use matter, decided by a vote of ___() in favor and ___() opposed to execute Supplemental Agreement No. 13 of Contract No. DCFA #431, Samaha Associates PC.

Be it resolved that:

The Board of Directors hereby authorizes the Interim General Manager to execute Supplemental Agreement No. 13 of Contract No. DCFA #431, Samaha Associates PC. The purpose of the supplemental agreement is to design and construct administrative services for a new Fleet Services facility and Sewer Services Field Operations facility. The supplemental agreement amount is \$4,000,000.

This Resolution is effective immediately.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

ENGINEERING SERVICES SUPPLEMENTAL AGREEMENT:

**Basic Ordering Agreement – Architectural and Related Services for Facilities
(Joint Use)**

Approval to execute Supplemental Agreement No. 13 for \$4,000,000. The modification exceeds the General Manager's approval authority.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME:	SUBS:	PARTICIPATION:
Samaha Associates PC 10521 Rosehaven Street Suite 200 Fairfax, VA 22030	JVP Engineers Washington, DC	MBE 15.5%
	Wiles-Mensch Corporation Reston, VA	MBE 6.5%
	Forella Group, LLC Fairfax, VA	MBE 4.0%
	Kim Engineering Silver Springs, MD	MBE 2.5%
	Carroll Engineering Hunt Valley, MD	WBE 2.0%
	The Studio of Sandra Ragan Washington, DC	2.5%
	Cagley Structural Engineering Rockville, MD	1.0%

DESCRIPTION AND PURPOSE

Original Contract Value:	\$ 3,500,000.00
Value of this Supplemental Agreement:	\$ 4,000,000.00
Cumulative SA Value, including this SA:	\$11,274,545.00
Current Contract Value, Including this SA:	\$14,774,545.00
Original Contract Time:	1,826 Days (5 Years, 0 Months)
Time extension, this SA:	1,255 Days (3 Years, 5 Months)
Total SA contract time extension:	2,323 Days (6 Years, 5 Months)
Contract Start Date:	07-31-2010
Contract Completion Date:	12-31-2021

Purpose of the Contract:

To provide architectural/engineering and other related services on a Task Order basis, related to projects identified in the Master Facilities Plan and other projects as needed.

This work is to be funded by The District of Columbia. Work will not proceed until those funds have either been released or an agreement is in place to reimburse DC Water by The District of Columbia.

Original Contract Scope:

- Professional architectural/engineering (A/E) and other related services required for the design of new and/or adaptive re-use of buildings, including re-design and renovations of interior space.
- Funded projects to be included under this contract: design and construction of a new warehouse (central) at Blue Plains; modifications to Central Operations Facility (COF) to reuse space after some departments relocate to new Headquarters Facility; modifications to Building F at O Street for field service personnel; new Fleet Services facility; new Sewer Services facility; renovations to Bryant Street; and other related projects. Task Orders will only be assigned for funded projects.

Previous Supplemental Agreement Scope:

- Provide design services to complete the design for the new warehouse and visitor center/security services building.
- Services related to the regulatory approval phase and site-infrastructure design for the new Administrative Headquarters building to be located at 'O' Street Facilities.
- Provide services during the construction phase of the Administrative Headquarters facility.
- Additional services related to implementation of the Master Facilities Plan.

Current Supplemental Agreement Scope:

- Design and construction administrative services for a new Fleet Services facility
- Design and construction administrative services for a new Sewer Services Field Operations facility.

PROCUREMENT INFORMATION

Contract Type:	Lump Sum	Award Based On:	Highest Ranking Score
Commodity:	Engineering Services	Contract Number:	DCFA #431
Contractor Market:	Open Market		

BUDGET INFORMATION

Funding:	Capital	Department:	Engineering and Technical Services
Service Area:	Non-Process Facilities	Department Head:	Craig Fricke
Project:	HH		

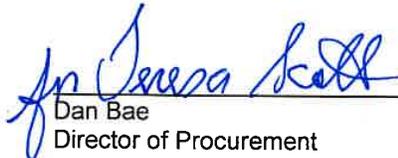
***ESTIMATED USER SHARE INFORMATION**

User	Share %	Dollar Amount
District of Columbia	100.00%	\$4,000,000.00
Washington Suburban Sanitary Commission	0.00%	\$
Fairfax County	0.00%	\$
Loudoun County & Potomac Interceptor	0.00%	\$
Total Estimated Dollar Amount	100.00%	\$4,000,000.00

* The user shares shown above are provisional and are subject to agreement by the IMA Leadership Committee.

 1/11/18
 Matthew T. Brown Date
 Chief Financial Officer

 1-11-18
 Leonard R. Benson Date
 Chief Engineer

 1/12/18
 Dan Bae Date
 Director of Procurement

 1-25-18
 Henderson J. Brown IV Date
 Acting CEO and General Manager
 Interim

Presented and Approved: February 1, 2018
SUBJECT: Approval to Execute Option Year One of Contract No. 17-PR-CCO-07, Mueller Systems

#18-15
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("the Authority") at its meeting on February 1, 2018 upon consideration of a non-joint use matter, decided by a vote of ___() in favor and ___() opposed to execute Option Year One of Contract No. 17-PR-CCO-07, Mueller Systems.

Be it resolved that:

The Board of Directors hereby authorizes the Interim General Manager to execute Option Year One of Contract No. 17-PR-CCO-07, Mueller Systems. The purpose of the option is to continue providing 1.5-inch and 2-inch positive displacement meters in order to support the demands from daily operations.

This Resolution is effective immediately.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

**GOODS AND SERVICES CONTRACT FUNDING
1.5-Inch & 2-Inch Positive Displacement Meters
(Non-Joint Use)**

Approval to add funding for Option Year 1 for the supply and delivery of 1.5" and 2" positive displacement meters in the total of \$128,634.50.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME:	SUBS:	PARTICIPATION:
Mueller Systems 10210 Statesville Blvd Cleveland, NC 27013	N/A	N/A

DESCRIPTION AND PURPOSE

Base Year Contract Value:	\$1,700,000.00
Original Contract Dates:	01-16-2017 to 01-15-2018
No. of Option Years:	2
Prior Modification Values:	\$164,593.00
Prior Modification Dates:	03-01-2017 to 01-15-2018
Option Year 1 Value:	\$135,406.00
Option Year 1 Dates:	01-16-2018 to 01-15-2019
Option Year 1 Additional Funding:	\$128,634.50
Option Year 1 Dates:	01-16-2018 to 01-15-2019

Purpose of the Contract:

To provide 1.5-inch and 2-inch positive displacement meters in order to support the demand from the AMR replacement program and daily operations. The base year included requirements for both the AMR program and daily operations. The Option Year requirement only includes daily operations.

Contract Scope:

This contract provides DC Water's Department of Customer Care and Operations (CCO) 1.5-inch and 2-inch positive displacement meters and related parts to support daily operations. Mueller was selected through competitive solicitation in 2017. This request is to approve the remaining funding required for FY18.

Spending Previous Year:

Cumulative Contract Value:	01-16-2017 to 01-16-2018: \$1,999,999.00
Cumulative Contract Spending:	01-16-2017 to 01-18-2018: \$1,864,593.00

Contractor's Past Performance:

According to the COTR, the Contractor's quality of products and services, timeliness of deliverables; conformance to DC Water's policies, procedures and contract terms; and invoicing all meet or exceed expectations and requirements. No LBE/LSBE participation.

Presented and Adopted: February 1, 2018

Subject: Approval for Notice of Final Rulemaking to Revise the Effective Date of the System Availability Fee (SAF) Regulations from January 1, 2018 to June 1, 2018

**#18-16
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The District members of the Board of Directors (“Board”) of the District of Columbia Water and Sewer Authority (“the Authority”) at the Board meeting held on February 1, 2018 decided, in a non-joint use matter, by a vote of ____ () in favor and ____ () opposed, to take the following action to authorizing the publication of the Notice of Final Rulemaking to revise the effective date of the System Availability Fee Regulations from January 1, 2018 to June 1, 2018.

WHEREAS, on June 17, 2016, DC Water published a Notice of Final Rulemaking for amendments to the System Availability Fee (SAF) and relevant definitions in the *D.C. Register* at 63 DCR 8505, effective January 1, 2018; and

WHEREAS, the Authority has determined that implementing the SAF regulations on the effective date of January 1, 2018 could present significant fiscal impacts to the District’s New Communities Initiative, which includes redevelopment, one for one replacement and/or augmentation, of affordable housing units in the Barry Farm, Lincoln Heights/ Richardson Dwellings, NW1, and Park Morton communities; and

WHEREAS, each of the above redevelopment projects are projected to increase the availability of affordable housing units in the District; and

WHEREAS, it is possible that negative fiscal impacts will impede these redevelopment projects and may have an immediate impact on preservation of the public peace, health, safety, welfare, or morals; and

WHEREAS, on December 7, 2017, the DC Retail Water and Sewer Rates Committee recommended that the Board amend the SAF regulations through an Emergency and Proposed Rulemaking to revise the effective date of the SAF regulations from January 1, 2018 to June 1, 2018 in order to allow sufficient time for the Board to evaluate the potential for and likelihood of negative fiscal impacts to affordable housing, and consider options to lessen such impacts, yet still achieve the purposes of the SAF; and

WHEREAS, after consideration of the recommendations of the DC Retail Water and Sewer Rates Committee, the District members of the Board of Directors, upon further consideration and discussion, agreed to approve the amendment of the SAF through an

Emergency and Proposed Rulemaking to revise the effective date of the SAF regulations from January 1, 2018 to June 1, 2018 for the immediate preservation of public peace, health, safety, welfare, or morals; and

WHEREAS, on December 22, 2017, DC Water published a Notice of Emergency and Proposed Rulemaking to revise the effective date of the SAF regulations from January 1, 2018 to June 1, 2018 and relevant definitions in the *D.C. Register* at 64 DCR 013134, effective January 1, 2018.

WHEREAS, on January 23, 2018, the DC Retail Water and Sewer Rates Committee met to consider the comments received during the public comment period, and recommended that the Board amend the SAF regulations through a Notice of Final Rulemaking to revise the effective date of the SAF regulations from January 1, 2018 to June 1, 2018 in order to allow sufficient time for the Board to evaluate the potential for and likelihood of negative fiscal impacts to affordable housing, and consider options to lessen such impacts, yet still achieve the purposes of the SAF; and

WHEREAS, after consideration of the recommendations of the DC Retail Water and Sewer Rates Committee, the District members of the Board of Directors, upon further consideration and discussion, agreed to take final action to amend the effective date for the System Availability Fee regulations from January 1, 2018 to June 1, 2018.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board hereby adopts and approves the publication of the Notice of Final Rulemaking to revise the effective date of the System Availability Fee from January 1, 2018 to June 1, 2018, as follows:

21 DCMR 112.11 Effective June 1, 2018, DCRA Construction Permit Applicants and federal facilities shall be assessed a System Availability Fee (SAF) for new water and sewer connections and renovation or redevelopment projects for existing connections to the District's potable water and sanitary sewer systems based on the SAF meter size in accordance with the following fee schedule and requirements:

2. The Board directs the Interim General Manager to amend the Authority's Water Supply regulations at 21 DCMR § 112.11 as provided in Attachment A, effective upon publication in the *D.C. Register*.

This resolution shall be effective immediately.

Secretary to the Board of Directors

Attachment A

Chapter 1, WATER SUPPLY, of Title 21 DCMR, WATER AND SANITATION, is amended as follows:

Section 112, FEES, is amended by revising the effective date of Subsection 112.11 to read as follows:

112.11 Effective June 1, 2018, DCRA Construction Permit Applicants and federal facilities shall be assessed a System Availability Fee (SAF) for new water and sewer connections and renovation or redevelopment projects for existing connections to the District's potable water and sanitary sewer systems based on the SAF meter size in accordance with the following fee schedule and requirements:

- (a) Residential customers shall be charged a System Availability Fee based on the SAF meter size as listed below:

SAF Meter Size (inches)	Water System Availability Fee	Sewer System Availability Fee	Total System Availability Fee
5/8"	\$ 1,135	\$ 2,809	\$ 3,944
3/4"	\$ 1,135	\$ 2,809	\$ 3,944
1"	\$ 1,135	\$ 2,809	\$ 3,944
1"x1.25"	\$ 2,047	\$ 5,066	\$ 7,113
1.5"	\$ 5,491	\$ 13,591	\$ 19,082
2"	\$ 11,125	\$ 27,536	\$ 38,661

- (b) Multi-Family and all Non-Residential customers shall be charged a System Availability Fee based on the SAF meter size as listed below:

SAF Meter Size (inches)	Water System Availability Fee	Sewer System Availability Fee	Total System Availability Fee
1" or smaller	\$ 1,282	\$ 3,173	\$ 4,455
1"x1.25"	\$ 2,047	\$ 5,066	\$ 7,113
1.5"	\$ 5,491	\$ 13,591	\$ 19,082
2"	\$ 11,125	\$ 27,536	\$ 38,661
3"	\$ 32,500	\$ 80,442	\$ 112,942
4"	\$ 83,388	\$ 206,394	\$ 289,782
6"	\$ 229,246	\$ 567,408	\$ 796,654
8"	\$ 229,246	\$ 567,408	\$ 796,654
8"x2"	\$ 229,246	\$ 567,408	\$ 796,654
8"x4"x1"	\$ 229,246	\$ 567,408	\$ 796,654
10"	\$ 229,246	\$ 567,408	\$ 796,654
12"	\$ 229,246	\$ 567,408	\$ 796,654
16"	\$ 229,246	\$ 567,408	\$ 796,654

- (c) The SAF meter size shall be computed for the peak water demand, excluding fire demand in accordance with D.C. Construction Codes Supplement, as amended, Chapter 3 (Water Meters) of this title, and DC Water Standard Details and Guideline Masters.
- (d) The System Availability Fee shall be assessed for any new premises, building or structure that requires a metered water service connection to the District's potable water and/or sanitary sewer systems.
- (e) The System Availability Fee shall be assessed for renovation or redevelopment projects for any premises, building or structure that requires a metered water service connection to the District's potable water and/or sanitary sewer systems.
- (f) For a renovation or redevelopment project on a property that already had/has a DC Water meter(s) and account(s), DC Water shall determine the net System Availability Fee based on the difference between the property's new System Availability Fee determined by the SAF meter size(s) and the System Availability Fee determined by the old meter size(s) for the meters(s) being removed from the system.
- (g) If the net System Availability Fee is zero or less, no System Availability Fee shall be charged.
- (h) If the net System Availability Fee is greater than zero, DC Water shall provide System Availability Fee credits for the removed capacity and assess the net System Availability Fee.
- (i) Properties under renovation or redevelopment shall not receive a System Availability Fee credit for the DC Water account(s) that have been inactive for more than twenty-four (24) months prior to DC Water's issuance of the Certificate of Approval.
- (j) For DCRA Construction Permit applicants, payment of the System Availability Fee shall be a condition for DC Water's issuance of the Certificate of Approval.
- (k) DCRA Construction Permit applicants that submitted plans and specifications to DC Water prior to the effective date of these regulations, shall not be subject to the System Availability Fee provided:
 - (1) The DC Water Engineering Review fee(s) has been paid;
 - (2) The plans, specifications and other information conform to the requirements of the D.C. Construction Codes Supplement, as

amended, and are sufficiently complete to allow DC Water to complete its Engineering Review without substantial changes or revisions; and

- (3) DC Water issues the Certificate of Approval within one year after the effective date of these regulations.
- (l) For federal facilities, payment of the System Availability Fee shall be a condition of DC Water's issuance of the Certificate of Approval.
- (m) After the effective date of these regulations to December 31, 2020, the property owner may request to pay the System Availability Fee in four equal installments, with the final payment due on or before one year after the execution date of a Payment Plan Agreement. Execution of a Payment Plan Agreement and payment of the first installment payment, shall be a condition of DC Water's issuance of the Certificate of Approval.
- (n) In the case that the DCRA Construction Permit is not issued or is revoked or the construction project is abandoned or discontinued, upon written request from the property owner, DC Water shall issue the property owner a refund of the System Availability Fee.