



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

**BOARD OF DIRECTORS
289th MEETING
THURSDAY, September 1, 2022**

MINUTES

Present Directors

Tommy Wells, Chairperson, District of Columbia
Rachna Bhatt, Vice Chairperson, District of Columbia
Fariba Kassiri, Montgomery County
David Franco, District of Columbia
Ivan Frishberg, Alternate to Vacant Principal, District of Columbia
Floyd Holt, Prince George's County
Anthony Giancola, District of Columbia
Steven Shofar, Alternate for Vacant Principal, Montgomery County
Jared McCarthy, Alternate for Tara Jackson, Prince George's County
Christopher Herrington, Fairfax County

Present Alternate Directors

Andrea Crooms Prince George's County
Howard Gibbs, District of Columbia
Sarah Motsch, Fairfax County
Ivan Frishberg, District of Columbia
Adriana Hochberg, Montgomery County
Jed Ross, District of Columbia

D.C. Water Staff

David Gadis, CEO and General Manager
Marc Battle, EVP and Chief Legal Officer
Matthew Brown, EVP for Finance and Procurement, Chief Financial Officer
Linda R. Manley, Board Secretary

Call to Order and Roll Call

Chairman Wells called the 289th meeting of the District of Columbia Water and Sewer Authority's Board of Directors to order at 9:31 a.m. The meeting was held via Microsoft Teams. Linda Manley, Board Secretary, then called the roll and established a quorum.

Approval of the July 7, 2022, Meeting Minutes

Chairperson Wells asked for a motion to approve the July 7, 2022, meeting minutes. The motion to approve July 7, 2022, meeting minutes was moved, seconded, and unanimously approved by the Board of Directors.

Chairperson's Overview

Chairperson Wells indicated that they are coming out of August recess and, like the schools and other organizations, will begin to pick up the pace of work again. He stated that the October meeting would be held in person since the budget would be adopted, and some personnel matters would be addressed at that time. Chairperson Wells announced that there would be two in-person meetings a year, and October would be one of them. That will allow Board members to socialize prior to the meeting. Also, it will allow the public to view meetings in the incredibly beautiful, functional, environmentally sustainable, and responsible headquarters building.

Finance and Budget Committee

Reported by: Anthony Giancola, Committee Chairperson

Chairperson Giancola reported that the Committee met on Thursday, July 28, 2022. Budget Director Oyeyemi provided the June 2022 Financial Report. With 75 percent of the fiscal year completed, operating revenues were \$619.8 million, or 77.5 percent of the budget. Operating expenditures were \$434 million or 65.9 percent of the budget. Capital disbursements were \$257.6 million or 45.4 percent of the budget.

Ms. Oyeyemi reported that operating expenditures reflect higher spending for chemicals and energy based on current market conditions. Chairperson Giancola stated that he was concerned and noted that the capital program is at 45 percent while 75 percent of the budget. He remains concerned about whether the budget will be expended at the end of the fiscal year, at the current rate, and by the end of the fiscal year.

The retail accounts receivable reports reflect a delinquent amount of \$29.6 million for 13,131 accounts or 10.1 percent of total customer accounts at the end of June. In May 2022, D.C. Water received a payment of \$982,700 from FEMA as a reimbursement for the eligible COVID-19 costs under the Presidential Declared Disaster Public Assistance COVID Grant.

In his reporting out on the Committee's monthly meeting, Chairperson Giancola stated that John Deignan, Program Manager, Lead Services, provided an update on the Lead-Free D.C. Program. D.C. Water has provided 2,200 total replacements, including 1,100 free and discounted replacements, saving customers over \$1.2 million in direct project costs. Homeowner participation has been a challenge from the program start but has shown an increase due to expanded outreach and promotional efforts. There was an increase in signed homeowner agreements from 40 percent to 63 percent for the block-by-block program and homeowner participation of blocks under construction from 68 percent to 74 percent. Chairperson Giancola stated that this is headed in the right direction and is very good.

Next was a review of the recommendations proposed for legislation by the Lead-Free Task Force to enhance the program. Included are mandates for replacement, incentives and penalties, customer outreach and notifications, prioritization, lead assistance programs, auditor and monthly reporting filter programs, and thermal expansion tax for premise building. Mr. Deignan reported that legislation language had been drafted with ongoing public feedback before finalizing before the Council.

Committee Chairperson Giancola reported that a new investment strategy as of October 2021 is beginning to affect the portfolio, where yields will increase with new purchases made in July 2022. As planned, D.C. Water is gaining value. Chairperson Giancola stated that he has requested that a brief summary be prepared for the monthly report to highlight the investment strategy and yields and note established performance goals.

Chairperson Wells asked Mr. Giancola if he had any concerns about whether the budget was on time as the fiscal year is concluding and if D.C. is where it should be. Mr. Giancola replied no, and stated that a big concern was that the execution rate was much lower than in other years, maybe not reaching 70 percent of the execution rate. Chairperson Wells asked him if the pandemic had any impact on execution. Mr. Giancola stated that the pandemic did have an impact but felt that at the end of the third year, they should be expecting some stability. Chairperson Wells said they expect the Committee to continue monitoring this and also that the Environmental Quality and Operations Committee is expected to make this an agenda item for their September meeting and determine what is being done in terms of performance.

Environmental Quality and Operations Committee

Reported by: Sarah Motsch, Chairperson

Chairperson Motsch stated that the Committee met on July 21, 2022, and received an update on the Blue Plains Advanced Wastewater Treatment Plant's performance. All parameters were excellent, and effluent parameters were within NPDES permit limits. A total of 133 mgs of combined wet weather flows were captured by the tunnel system and treated through the Plant. The Wet Weather Treatment Facility has captured 100 percent of the volume associated with precipitation.

Electrical energy generated at the Plant from the Combined Heat and Power Facility and the solar panels was 27 percent of average consumption, exceeding the established 20 percent goal.

In June, 15,840 wet tons of biosolids were produced, and all were Class A Exceptional. Approximately 3,200 wet tons of biosolids were sold as Bloom, and the remainder was land applied through contracts. Bloom sold 104 percent of the cumulative sales goal for June 2022.

Chairperson Motsch updated on the Lead-Free D.C. Program and reported that since launch, customers have saved more than \$3.2 million in direct private-side costs. With expanded outreach and promotional efforts, signed agreements increased from 40 percent to 63 percent for homeowner participation, and blocks under construction have increased from 68 percent to 74 percent.

D.C. Water hosted the Mayor, EPA Assistant Administrator, and the White House Infrastructure Coordinator for a walk-through of the Lead-Free D.C. Program to celebrate Infrastructure Week.

Independent contractors were solicited to produce cost estimates for the program with a report due in July 2022. Recommendations are included in the Committee's meeting package and were highlighted in the Finance and Budget Report.

COO Powell and staff briefed on recent EPA health advisory levels for perfluoroalkyl substances (PSAs) which are man-made compounds that repel water and oil. D.C. Water will do research on PSAs in the system, water, and wastewater treatment plants. They are under consideration to be labeled hazardous waste and regulated under CERCLA. The U.S. House of Representatives has passed a bill which, if adopted, will ban the land application of Bloom, a significant impact on D.C. Water. D.C. Water anticipates new method reporting levels and MCLs will detect PFAS in the system and require significant increases in the Washington Aqueduct capital budget. EPA is expected to set the final MCLs in early 2024 and draft to public comment in the fall of 2022. No regulations exist for wastewater treatment, but it is anticipated in the near future. D.C. Water will report PFAS on the website and perform studies to develop enhanced sampling to collect data and quantify concentrations. The NPDES Permit will expire in 2023 and it is anticipated that PFAS monitoring requirements will be added to the next permit issuance.

D.C. Water has partnered with the University of Arizona to perform a PFAS study on groundwater where biosolids are land-applied. If land application of biosolids is banned, that will leave only incineration and landfilling as options for disposal. If classified as hazardous waste and regulated, landfill will no longer be available. D.C. Water will continue to coordinate nationally with other organizations and update its website. Board Member Frishberg suggested that public communication be clear on D.C. Water's positions on PFAS elimination support.

Board Member Crooms commented about liability indemnification and how legal action is taken against polluters. Chief Legal Officer Battle indicated that those issues should be discussed in a scheduled executive session and not in an open forum.

Chairperson Wells stated that he appreciates the expertise and support being provided by this Committee to keep this on the front burner.

Board Member Giancola asked if the Corps of Engineers is involved with these discussions in that the District gets its water from the Aqueduct. Committee Chairperson Motsch responded that it is anticipated that the Aqueduct will have to do improvements to their facility if there are regulations and requirements in terms of permit limits associated with PFAS. This will impact D.C. Water in terms of fees and rates paid by customers and what options will be available. Committee Chairperson Motsch stated that COO Powell sent her a note stating that they had been engaged in regional discussions. Board Member Frishberg stated that it has been a really good conversation and he really appreciates the D.C. Water team and their focus on research to develop the fullest understanding and chart its course.

Audit and Risk Management Committee

Reported by: Floyd Holt, Chairperson

Chairperson Holt asked for a personal privilege to congratulate Board Secretary Linda Manley on her impending retirement, which is well-earned. He stated that he specifically appreciated her guidance to him on issues related to audit. Board Chairperson Wells noted that they hope Ms. Manley will join them in the October meeting when the Board members will have the opportunity to express their terrific appreciation and thanks for her work in helping the Board be effective. CEO Gadis stated that it has been confirmed that she will be joining them for that meeting.

Chairperson Holt reported that the Committee met on July 28, 2022. They received a briefing from Wayne Griffith on the Enterprise Risk Management Program. Phase I has been completed. The team has promoted the program's value, held one-on-one meetings with the senior executive team, and delivered a presentation to front-line managers. Phase II includes a deeper understanding of top enterprise risks, underlying root causes and drivers, and associated risk indicators to enable more effective risk-informed decision-making. All high-risk prior audit findings are pending testing or closed status. Ninety-six percent of previous audit findings from FY 2016 to FY 2022 have been closed.

An audit of the Strategic Plan monitoring was conducted in the third quarter to obtain an understanding of the processes and controls in place for maintaining and monitoring the progress of the Plan. One high-risk finding was related to missing, incomplete, or outdated data around the 123 Blueprint 2.0 goals. There are measurable key performance indicators so that Management can track progress. A number of goals were incomplete and not reported due to their outdated incomplete data from prior periods that had not been updated in the goal master tracker. There is a target date for the closure of findings in March 2023.

The Management assessment of expenditures analysis was conducted to help identify trends that would inform the Management of transactions and facilitate improvement opportunities. The goal was based on objectives around vendor master data and disbursement work in the work order management for time and materials costs.

Three new calls were received by the Fraud, Water, and Abuse Hotline. Only one call remains open and under investigation.

Governance Committee

Reported by: Christopher Herrington, Co-Chairperson

Board Member Herrington stated that the Committee met via Microsoft Teams and received a presentation from Gregory Hope, Deputy General Counsel, on an amendment to the Bylaws to revise the manner in which the public participates in Board, Committee, and public hearings and to clarify provisions where the chairperson or the committees have the discretion to determine if the Board or committee meetings will be held in person or remotely, and to make some other amendments to update the Bylaws. The D.C. Council during COVID-19 enacted temporary legislation that provided for flexibility and made three substantive changes to the D.C. Water Establishment Act. The changes included public alternative remote ways to attend Board and committee meetings, to include information in the notice on the Board's website, and to make public in the Notice of Public Hearing in the D.C. Register at least 45 days before a public hearing and providing a 5-day public comment period. Mr. Hope clarified that D.C. Water is not required to amend the By-laws to comply with the enabling statute, but it provides clarity, consistency, and flexibility. He stated that D.C. Water could adjust timelines as necessary to extend the notice and comment period if it is decided it is beneficial.

Board Member Leonard recommended that D.C. Water provide closed-caption options to the public during meetings and hearings. The staff explained that the Microsoft platform contains a captioning feature for the public. Mr. Hope proposed that the Committee discuss provisions under the Americans with Disabilities Act to incorporate additional changes within the Bylaws to provide individuals with disability reasonable accommodations to attend meetings and public hearings, specifically related to sign language interpretation. Mr. Hope explained that public bodies in the District must record public meetings and provide a transcript upon request per the

Open Meetings Act. The Committee recommended that the full Board approve the proposed Bylaws.

Board Member Herrington reported that the Committee also received an update on the Lead-Free D.C. Program from COO Powell, which was earlier reported in the Finance and Budget Committee by Chairperson Giancola as saving customers more than \$3.2 million in private side costs through funding from the District which was impressive. Board Member Herrington stated that it is proposed that an intended use plan be established for the federal funding for the program, which is fully funded now through the Capital Improvement Program. Chief Legal Officer Battle proposed that there be a discussion of a recommendation to the Board supporting a mandate for replacement, and it was unanimously approved by the Committee members to discuss in a future Board meeting.

Chairperson Wells recommended that all Board members become conversant about public engagement as everyone comes out of the pandemic.

Issues of General Interest

Chairperson Wells reported that one such issue is that of Ms. Manley moving on after shepherding the Board into one of the best boards he has ever served on.

CEO/General Manager's Report

Reported by: David Gadis, CEO and General Manager

CEO Gadis reported on the State of the Utility update which is an overview of relevant programs or initiatives that support D.C. Water's strategic objectives and organizational imperatives as expressed in the Strategic Plan Blueprint 2.0. The imperatives are healthy, safe and well, reliable, resilient, sustainable, and equitable. He stated that he would provide updates on sustainability, healthy, and safe and well imperatives.

On August 8 and 10, 2022 the Washington Metropolitan area experienced intense precipitation. The second day the rain gauges in Northeast D.C. recorded 2 inches of rain in only 30 minutes. The area along Rhode Island Avenue under the Metro tracks are chronically flooding. One new business adjacent to the underpass named District Dogs and other businesses were heavily impacted. District Dogs received extensive media coverage. COO Powell met with Mayor Bowser, Council Member McDuffie, and civic leaders and representatives from District agencies to provide a briefing on the situation and the possible steps the Authority and District agencies could take to assist the affected businesses and homeowners in the area and mitigate future floods and assist with recovery. CEO Gadis stated that he also met with the owner of District Dogs to express condolences for his business flooding.

Like many other coastal cities, the District will have ongoing challenges from climate change and sea level rises. CEO Gadis reported that through the D.C. Flood Task Force which he is honored to lead, alongside Board Chairperson Tommy Wells, D.C. Water will continue to lead the response and strategy for mitigating flooding within the District. Under the Clean Rivers Program D.C. Water is constructing the Northeast Boundary Tunnel Project pursuant to consent decree requirements and chronic flooding in all areas. The Northeast Boundary will mitigate most storm surface ponding and flooding for a 15-year storm. Most storms will be contained but low spots may still flood.

CEO Gadis indicated that in sustainability in the fiscal sense D.C. is performing well against budget commitments, with revenues up and expenses down. The team has done a great job in continuing to increase revenues and payments by customers through COVID and deserves applause. CEO Gadis reported that strides are also being made with capital programs that COO Powell would speak about. Budget planning for FY 2024 is underway, with a kickoff meeting for staff scheduled during the current week. The Office of Strategy and Performance, along with the Finance staff, is aligning the budget with the strategic program and imperatives of Blueprint 2.0. This will fully leverage the new Oracle ERP and the budget and planning system.

Under the healthy and safe, and well imperatives, the People and Talent team prepared a diverse and comprehensive suite of health and wellness offerings for employees. Classes and webinars were offered on physical health, such as arm and core workouts and leg exercises, and maintaining a healthy weight.

On August 3, 2022, People and Talent held the 2022 Intern Expo at Blue Plains. It was well attended by senior executive members and employees to encourage interns. Many interns have become full-time employees, and they will continue those efforts in the future. The D.C. Water basketball league was reactivated for a teambuilding that had not occurred since 2019 and COVID. The players commit themselves to team building, teamwork, and building trust, and accountability.

CEO Gadis reported that President Biden had chosen him to serve on the President's National Infrastructure Advisory Council. The highly qualified and diverse industry and government leaders advise the White House on how to reduce physical and cyber risks and improve the security and resilience of the nation's critical infrastructure sectors.

It was also stated by CEO Gadis that they have been in contact with Jackson, Mississippi, and its Governor and Mayor. COO Powell and Kristen Williams will work with Homeland Security to provide help as they move through their tragedy.

Chairperson Wells thanked him for these good and impressive actions. He also thanked CEO Gadis especially for reaching out to Jackson, Mississippi.

Board Member Giancola also thanked CEO Gadis for his report and the team's actions and congratulated him on being appointed to the Task Force. He stated that he noticed that the Information Technology team is experiencing issues with staffing and getting behind with maintenance efforts. He urged everyone to keep an eye on those areas and said that he hoped to see improvement in the future.

COO Powell spoke about the capital programs that they are behind on and strategies to address them. She stated that the team has not seen with the Lead-Free D.C. Program the number of replacements planned and projected based on the budget. This has impacted projections for the Capital Improvement Program. Although there have been improvements, they still lag, and COO Powell stated that it is somewhat out of their control.

There have also been impacts on linear work, the small dam, and the Water Main Replacement Program. Due to COVID, many of those projects were deferred. One issue flagged was called a 1,200-foot rule which limits productivity if D.C. Water cannot advance the work more quickly, thus impacting spending. They have set up a meeting with the District Department of Transportation to discuss this and other things that are impacting the work so that productivity and spending can improve in the public space. Also, there have been delays with the Northeast

Boundary Tunnel construction under the Clean Rivers tunnel connection. COO Powell stated that overall, this should not impact D.C. Water's ability to meet the consent decree deadline. The contractor's team was also significantly impacted by COVID. There have also been delays in the Sewer Services Program and Soapstone and the need to execute work and address health and safety concerns. They are working with the National Park Service to advance projects, as well as regarding the Potomac Interceptor and the need to impact the need to negotiate with the contractor and address issues with permitting. COO Powell stated that the staff is working on advancing work and working closely with Procurement. They have changed their procurement strategies and transitioned Procurement from Engineering to Procurement over the last two years. Lastly, they are transitioning the Project Information Management System from an old legacy system to a new system tied into Oracle. This required training 400 users over the last year.

COO Powell said they would provide more details at the next Environmental Quality and Operations Committee meeting. Also, they will discuss Fleet Management, where they are getting resources through a temporary staffing agency which hopefully will change to an agency where they can get more specific resources.

Chairperson Wells reiterated that they have a jointly lead task force that includes agency heads across the city to address flooding and that the city is in a climate disaster which will get worse. Cities and utilities across America are experiencing climate disasters which include droughts, issues with drinking water and types of storms that overwhelm their systems and flood their cities. They will provide a report to the Board on the task force. Chairperson Wells thanked CEO Gadis for his leadership.

Lastly, Chairperson Wells noted the amount of emphasis on equity, on who is impacted by flooding. He does not want people to think that the Mayor or CEO Gadis look at low-income neighborhoods, like the Watts Branch and the two years ago flooding of low income residents in multi-family buildings. The media's attention may be on businesses, but the task force prioritizes low-income residents.

Chairperson Wells stated that he was pulling from the agenda the cleaning contract, Clean Team Janitorial Services, and it would be discussed in Executive Session and might or might not come back as a separate motion. He then listed the items, which remained as consent items.

Consent Action Items Joint Use

Chairperson Wells asked for a motion to approve joint use action items. Board Member Herrington moved to approve Resolution Nos. 22-47, 22-48 and 22-50 and it was seconded. The motion to approve Resolution Nos. 22-47, 22-48 and 22-50 was unanimously approved by the members of the Board.

Rudy Gonzalez, Director of Procurement, then informed Chairperson Wells that one of the factsheets presented to the Environmental Quality and Operations Committee and approved by the Board in July. He reported that D.C. Water has received a protest from one of the respondents and per regulations they cannot address an award protest until the Board awards the contract. Mr. Gonzalez stated that if the Board approved that contract, they would look at the merits of the protest. If they uphold the protest, they will not execute and cite the contract. They will come back and either re-advertise and re-solicit the contract or have another remedy. If it is determined to have no merit, they will then proceed.

Chairperson Wells informed the Board members that there are two kinds of protests. One is pre-award and the other is post-award. It is possible if not probable that there is going to be a protest post-award of a significant contract. The only way it could be post-award is after the Board approves it. Chairperson Wells stated that he would ask Mr. Battle, General Counsel, during Executive Session to field any questions the Board members may have about the contract or process. Since there is not an official protest yet, he indicated that he would not highlight the contract in a public meeting. He asked Mr. Gonzalez if they have received an official protest and Mr. Gonzalez replied yes, they did receive a protest, but it was premature. Rather than make the respondent re-submit and go through the motions, they accepted it even though the timing was off. It was accepted as a post-award protest. So, yes, they do officially have a protest in house.

Chairperson Wells asked if in-house official protests are public documents subject to the Freedom of Information Act (FOIA). Mr. Gonzalez said he would defer to Legal Counsel Battle. Legal Counsel Battle said he would tend to agree but would take a quick look and make sure. Chairperson Wells agreed and stated that the decision would be made after the Executive Session because they want to remain transparent. They do not want to do anything without advice from the Board's Legal Counsel. He then deferred to Legal Counsel.

Consent Action Items (Non-Joint Use)

Chairperson Wells asked for a motion to approve non-joint use action items. Board Member Herrington moved to approve Resolution Nos. 22-51 thru 22-55, and it was seconded. The motion to approve Resolution Nos. 22-51 thru 22-55 were unanimously approved by the District members of the Board.

Executive Session

Prior to convening in Executive Session, Chairperson Wells requested that Chief Legal Counsel Marc Battle, Procurement Director Rudy Gonzalez, COO Kisha Powel, and CEO David Gadis join them along with anyone else from their team to discuss the two issues raised. After discussion, they would reconvene in Executive Session.

Chairperson asked for 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. It was so moved and seconded. A roll call vote was conducted, and the motion was approved unanimously. The Board went into Executive Session at 10:34 a.m. The public meeting was resumed at 12:03 p.m.

There being no questions and items for discussion, the meeting was adjourned.


Alfonso Kilgore Stokes, Acting Board Secretary