



## DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

### BOARD OF DIRECTORS 290<sup>th</sup> MEETING THURSDAY, OCTOBER 6, 2022

#### MINUTES

##### Present Directors

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

##### Present Alternate Directors

Adriana Hochberg, Montgomery County  
Jared McCarthy, Prince George's County  
Howard Gibbs, District of Columbia  
Jed Ross, District of Columbia

##### D.C. Water Staff

David Gadis, CEO and General Manager  
Matthew Brown, EVP and Chief Financial Officer (via Microsoft Teams)  
Gregory Hope, Deputy General Counsel  
Alfonzo Kilgore Stukes, Acting Board Secretary

##### Call to Order and Roll Call

Chairman Wells called the 290<sup>th</sup> meeting of the District of Columbia Water and Sewer Board of Directors to order at 9:32 a.m. The meeting was held in person and also via Microsoft Teams. Chairperson Wells stated that there would be at least two in-person meetings annually. Alfonzo Kilgore Stukes, Acting Board Secretary, then called the roll, and a quorum was established. The Chairperson asked if the quorum included members on virtual and Mr. Stukes indicated that it had those participating virtually.

##### Approval of the September 1, 2022, Meeting Minutes

Chairperson Wells asked for a motion to approve the September 1, 2022, meeting minutes. The motion to approve September 1, 2022, meeting minutes was moved, seconded, and unanimously approved by the Board of Directors.

##### Chairperson's Overview

Chairperson Wells congratulated Floyd Holt, Principal from Prince George's, for his reappointment.

Chairperson Wells then read a Resolution of Appreciation from the Board of Directors of the District of Columbia Water and Sewer Authority. The Resolution concerns Linda R. Manley, retiring Secretary to the Board, for her service to the Board, various general managers, and the customers and citizens of the Greater Washington Region and her steadfast dedication and consummate skills during her tenure from September 25, 1996, through September 30, 2022. The Resolution recognized her management of the Board meetings from the 1<sup>st</sup> to the 290<sup>th</sup> without missing one. The Resolution records the Board's profound appreciation to Ms. Manley for her outstanding contributions and distinguished service and expresses its best wishes for her future endeavors. An excerpt from the Resolution follows:

"Whereas, on September 30, 2022, Ms. Manley concluded 26 years of distinguished service to the District of Columbia Water and Sewer Authority, D.C., in her position as Secretary to the Board of Directors.

And, whereas Ms. Manley, with a quiet, steady hand, advised and shepherded the D.C. Board leadership team, including D.C. Water Board Chairman Michael Rogers, Glen Gerstell, Robin Martin, William Walker, Allen Lew, Matthew Brown, and me, Tommy Wells, and D.C. Water General Managers Larry King, Jerry Johnson, George Hawkins, and David Gadis to govern and manager D.C. Water as a world-class utility.

And whereas Ms. Manley provided the continuum leadership from 1985 as the Water and Sewer Program Coordinator through the transition from the Water and Sewer Utility Administration to D.C. Water and managed the Board of Director's meeting from the 1<sup>st</sup> to the 290<sup>th</sup> without missing one.

Therefore, it is resolved that the Board of Directors records its profound appreciation for Linda R. Manley for her outstanding contributions and distinguished service to D.C. Water and expresses its best wishes to her in her future endeavors."

This Resolution was effective immediately.

The Chairperson then opened the meeting for comments and expressions from the Board members regarding Ms. Manley. The following Board members commented to Ms. Manley: Mr. Giancola, Mr. Gibbs, Mr. Holt, Mr. Franco, Mr. Herrington, Mr. Shofar, Ms. Kassiri, and Chairperson Wells. Finally, Ms. Hochberg read an anonymous poem on retirement.

Mr. Gadis commended Ms. Manley for her exemplary services and stated that a formal celebration in her honor would follow today's Board meeting.

### **Governance Committee**

Reported by: Christopher Herrington, Vice Chairperson

Vice Chairperson Herrington stated that the Committee met on September 13 and first received a briefing from Wayne Griffith, Chief of Strategy and Performance, on the staff recommendations for revising the Board's By-laws to change the Strategic Planning Committee title, charge, and composition. He stated that the Committee is now composed of all Board members. The recommendation is to focus on strategic management, reducing the committee size, and providing input during the development update and implementation of the strategic goals in the Strategic Plan Blueprint 2.0 and the 5-year Strategic Management Phase.

He noted that changing the title to Strategic Management Committee, expanding the Committee's role by adding bi-annual meetings in the first and third quarters, and adding language that the Committee's charge will include actions required of or desired by the Board of Directors that are consistent with how other current committees are outlined in the By-laws. The Governance Committee members agreed to recommend the proposed By-law changes.

Vice Chairperson Herrington reported that Committee Chairperson Leonard ended the meeting by acknowledging Ms. Manley's time, commitment, and service to D.C. Water, the Board, and Board committees.

### **Human Resources and Labor Relations Committee**

Reporting by: Adriana Hochberg, Chairperson

Chairperson Hochberg stated that the Committee met on September 15, 2022, and presented seven Union topics on the agenda. The first topic was the American Disabilities Act and pregnancy concerns. Mr. Spears, Labor Relations Manager, stated that they adhere to the ADA law, policy, and procedures and provide employees with an interactive process. There is also consultation with a medical director on a case-by-case basis. Discussion included the fact that ADA does cover pregnancy. Mr. Spears reported that the workforce received compliance training and stated that Management could add a module after consulting with Barbara Milton and the other union presidents.

The second Union item was related to the D.C. Water Retirement Enhancement Committee. Unions have significant concerns about enhancing the retirement system to increase or improve it. Mr. Spears stated that the Retirement Enhancement Committee was formed under the master agreement on compensation and consisted of the Unions and Management. It meets twice yearly to discuss possible enhancements to the retirement plan. He also reported that D.C. Water could not offer a different plan currently. The Committee inquired whether D.C. had done any benchmarking on retirement benefits. Management confirmed that a third party report showed that D.C. Water's retirement and health care plans were robust and generous and at or above market. The unions requested that communication between Management and them be improved.

The third item was related to the new parental leave benefit passed in July and the implementation status. Mr. Spears informed them that they are writing the policy and working on the next steps toward implementation. The estimated date of implementation is closer to October.

The agenda related to Management plans for L.W. positions in the Facilities Department was removed from the agenda because of an upcoming meeting with COO Powell and members of People and Talent.

Next was the item concerning Cigna Dental and that some providers were no longer taking HMO Cigna. There also was an issue with out-of-pocket costs. Mr. Spears reported that there would be a pamphlet available with plan information and in-person discussions across the Authority during the enrollment period. Those employees with questions and concerns should contact the Benefits Office. Mr. Spears indicated they would set up a separate meeting with the Union Presidents to discuss the dental plans.

The sixth issue concerned D.C. Water's new Fleet Management facility, and Union President Milton asked why the work is not being brought in-house instead of done by contractors. COO Powell informed them that fleet work is done through a temporary employment agency and that it has been challenging to keep temporary employees who receive opportunities for higher pay and benefits. She also stated that they do not have time to stop and recruit in-house staff. They consider the costs but will continue to work with the Budget Office. Ms. Powell reported no immediate changes planned in the operational structure. Also, they are moving to a specialized contractor who will provide and maintain proper resources to meet the specific performance objectives and standards, including the availability of sufficient vehicles and equipment.

Next was the agenda item on advertising RW-03 entry-level positions. Union President Cole stated that he had raised the issue years ago and that these positions are vital to D.C. Water and benefit the community. COO Powell indicated that the Apprenticeship Program is available and has less rigorous requirements, including not requiring high school diplomas and accepting GEDs. The Committee asked for a future presentation on the program.

The last agenda item was on changing Columbus Day to Indigenous People Day. The Committee recommended that the full Board approve this action item.

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

Reported by: Christopher Herrington, Committee Member

Board Member Herrington indicated that he would report in place of Committee Chairperson Motsch, who could not attend. The Committee met on Thursday, September 15, 2022, and received a performance update on the Blue Plains Advanced Wastewater Treatment Plant. The Vice President for Wastewater reported significant rainfall in August. 420 mgs of combined wet weather flows were captured in the tunnel system and treated through Blue Plains. Approximately 27 mgs of overflow occurred, with 94 percent captured, exceeding the 80 percent goal. During the August rainfall event, the tunnel captured 165 mgs of total volume. All operational and effluent parameters were within NPDES Permit limits.

Biosolids produced were over 12,000 wet tons, and all met the EPA Class A Exceptional quality requirements.

Board Member Herrington reported that D.C. Water was cited by the D.C. Department of Energy and Environment by Administrative Order for exceeding permit limits for siloxanes removed from digest or gas to prevent damage to equipment at the Combined Heat and Power Facility. Engineering studies have established the new lowest achievable emission rates for siloxane destruction. These new emission rates will be corrective action offered by D.C. Water, due February 23, 2023, under the Administrative Order.

Next was the Capital Improvement Program update provided by Paul Guttridge, Director of CIP Infrastructure Management. Mr. Guttridge reported that total spending was anticipated to be \$167 million, or 67 percent below the not-to-exceed budget. He presented by service area the significant variances in underspending and the causes. The Committee asked why spending for the fiscal year is at 85 percent of the baseline ceiling. COO Powell indicated that it was 100 percent but was lowered to provide contingency in case targeted spending was exceeded.

Duncan Mukira, Wastewater Engineering Supervisor, briefed on Blue Plains' power liability and the Microgrid Project. The project has a scope to upgrade and modernize the electrical distribution system, including optimizing existing power generation capabilities. The ultimate

goal is to achieve a microgrid that can operate self-sufficiently in the event of loss of service from PEPSCO, such that resiliency is improved. The existing generation includes 13.8 megawatts from the Combined Heat and Power Facility and 3.4 megawatts from the on-site solar installation. An additional 7.3 megawatts of on-site production at Blue Plains is planned via additional solar installations. Mr. Mukira reported that a \$150,000 FEMA grant would be used to complete feasibility studies and develop a microgrid roadmap,

Board Member Herrington noted that the Committee had questions about the impacts on the financial strategy for investments in the Microgrid Project and opportunities through the direct pay provisions of clean energy tax credits available in the Inflation Reduction Act. CFO Brown clarified that a number of initiatives would be considered for investments.

Three joint-use contract items were recommended for approval by the full Board, and one non-joint-use contract item was.

The update on the D.C. Clean Rivers Program was presented by Moussa Wone, Director of the program, and his staff members, Jeffrey Peterson, Senior Manager, and Seth Charde, Senior Manager of Green Infrastructure. The update also included the green and gray infrastructure construction progress.

The following tunnel projects were included in the presentation: (1) Anacostia Tunnel System continues to perform well; (2) Northeast Boundary Tunnel is on the last leg of the Anacostia Tunnel System and should be placed in operation in mid-2023, ahead of the consent decree deadline of March 2025; (3) Final Design of the Potomac River Tunnel is ongoing, with completion in February 2030; and (4) Green Infrastructure Rock Creek Project B construction commenced in March 2020 and is planned to be completed in January 2024.

Board Member Herrington reported that the Clean Rivers Program continues to engage the public through outreach efforts, including community partnership outreach efforts and critical meetings. The Clean Rivers Program is \$42.6 million under budget to date.

### **Finance and Budget Committee**

Reported by: Anthony Giancola, Chairperson

Chairperson Giancola indicated that the Committee met on September 22, 2022, and received the August Financial Report. Ms. Oyeyemi, Budget Director, reported that at the end of August, with approximately 92 percent of the fiscal year completed, operating revenues were \$783.7 million, or 98 percent of the budget. Operating expenditures were \$533.6 million, or 81 percent of the budget. Capital disbursements were \$351 million, or 55.5 percent of the budget.

Ms. Oyeyemi highlighted that the vacancy rate is currently down to 12 percent at the end of August, compared to the 13 percent reported last month. She noted that they had budgeted for a 5 percent vacancy rate, an issue addressed earlier.

Chairperson Giancola stated that at the Committee meeting, Mr. Guttridge, Director of CIP Infrastructure Management, reported that the current forecast for capital disbursements is \$344 million, \$167 million under the approved budget of \$510 million for those projects. During the meeting, Chairperson Giancola expressed concern regarding the continued underperformance of project execution. Mr. Guttridge indicated that staff is working on revising project baselines for F.Y. 2023 based on current issues and delays.

Committee Member Franco asked what would happen to the unexpended CIP funds at the end of F.Y. 2022. CFO Brown responded that unexpended funds would be rolled over for projects in the upcoming year, and future debt issues might be delayed based on CIP spending.

Mr. Parker, Acting Vice President for Engineering, reviewed management actions to improve the F.Y. 2023 CIP performance. These actions are available in the meeting materials for review, and Board members were encouraged to review them.

Mr. Cooper, Director of Enterprise Program Management, briefed on Project Zeus Oracle Cloud Enterprise Resource Planning Project implementation. He indicated that the system modernizes D.C. Water's finance, Procurement, budgeting, and human capital system in five phases.

Next, Mr. Cooper explained the background and need for continued managed care support to build resources and skill sets to maintain and manage the new Cloud applications. He stated that the managed care support platform is a service integrator. The Request for Proposal requirement for managed care support over the three years is 30 percent complete.

The Committee reviewed its work plan and received an overview and accomplishments by staff in the past year. The achievements included the revised statement of investment policy, high bond ratings, the 24<sup>th</sup> consecutive unqualified audit opinions on the 2021 Financial Statements, development of the F.Y. 2023 budget, a 2-year rate proposal, and amendments to the 2023 budget; that covered anticipated cost pressures for chemicals and energy and funds for additional vehicles.

D.C. Water earned its 24<sup>th</sup> consecutive Government Finance Officers Association award, Certificate of Achievement and Excellence in Financial Reporting, and the 21<sup>st</sup> consecutive and coveted Distinguished Budget Presentation Award.

Also, D.C. Water issued the first Environmental, Social, and Governance Report by a municipal water utility.

The Committee recommended full Board approval to extend managed care support for the Oracle ERP System for \$315,000.

CFO Brown and the Committee members expressed their appreciation to Linda Manley on her retirement for her selfless service, hard work, and dedication to staff and Board members over the years.

Chairperson Giancola reported that Committee Member McCarthy took over chairing the meeting upon his early departure.

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

Reported by: Ivan Frishberg, Vice Chairperson

Vice Chairperson Frishberg noted that he was reporting on the Committee's meeting in the absence of Chairperson Bhatt. He did not attend the Committee meeting but delivered the meeting summary on her behalf.

The meeting was conducted on September 27, 2022, and included the briefing by CFO Brown on the August Financial Report. Highlights included overall year-to-date collections versus the

budgeted, which are favorable by 4.1 percent, the most significant favorable variance from the residential, commercial, and multifamily categories. August receipts were higher than budgeted since water consumption is higher during summer. Delinquent rates have stabilized since the pandemic peak. The rate decreased from \$29.4 million in July 2022 to \$29.3 million at the end of August, and delinquent accounts decreased and represented 9.7 percent of total accounts.

District Government and Housing Authority receipts were slightly higher in the summer months. Collection efforts underway for residential and commercial accounts are going well. Multifamily delinquent accounts are growing.

Vice Chairperson Frishberg reported that CFO Brown asked the Committee if the report on delinquent accounts by zip code and customer class could be discontinued into the next fiscal year as required through July. During the Committee, Chairperson Bhatt surveyed the Committee and found no objections to stopping the report.

Ms. Lorick, Interim Director of Customer Care, stated they are seeking full Board approval and adoption of final rulemaking for the D.C. Water CARES Program. It entails the removal of the F.Y. 2022 CAP2 recertification waiver language and the extension of D.C. Water CARES Residential Assistance Program (RAP) and the Multifamily Program (MAP) into F.Y. 2023 with calculation charges. Under the F.Y. 2023 budget, RAP and MAP will be modified to increase owner incentives and participation. The CAP2 will be updated for clarity of language for program renewals. Annual customer reapplication will be required for CAP2 benefits, consistent with CAP and CAP3 programs.

It was also reported that an updated fiscal year reference for F.Y. 2022 and a revised benefit calculation multiplier from 3 to 6 for MAP only. There will be a revision also of credit distribution from 90 percent to tenants and 10 percent to owners to 80 percent to tenants and 20 percent to owners for MAP only. The Committee recommended approval to the Board

Vice Chairperson Frishberg indicated that several studies are scheduled to be conducted this year, which include the cost of service studies on the operating reserve and indenture required renewal, the placement fund and Rate Stabilization Fund, and the federally-owned studies on the federally-owned water mains, stormwater, and water resilience.

### **Issues of General Interest**

Board Member Giancola asked whether there were plans to recognize Veterans Day at D.C. Water. CEO Gadis replied that there were plans.

### **CEO/General Manager's Report**

Reported by: David Gadis, CEO/General Manager

CEO/General Manager Gadis indicated that the State of Utility update provides an overview of relevant programs and initiatives supporting D.C. Water's strategic objectives. They are based on organizational imperatives expressed in the Strategic Plan Blueprint 2.0—health, safety, reliable, resilient, sustainable, and equitable.

CEO Gadis stated that they had seen increases in the last several months of individuals coming to Board meetings online and in person. He indicated that D.C. Water has navigated through the COVID pandemic and performed admirably under challenging circumstances. However, it will take a very long time for the virus and its impacts to be under control. Supply chain issues

continue, from gas stations to grocery stores, consumer prices are high and continue to rise for D.C. Water and in personal lives.

CEO Gadis stated that his State of the Utility briefing would be limited to actions and efforts relating to the sustainable imperative and capital programs, Procurement, and transformation. He reported on his decision early in his tenure to start the Procurement Transformation Initiative to consolidate all capital programs procurement under the Department of Procurement. CEO Gadis then outlined the status and progress achieved, including conducting an organizational assessment in 2019 and identifying recommendations based on the results. These included consolidating capital procurement goods and services and materials management under the Department of Procurement's Capital Programs. He reported that a team was made up of highly qualified capital professionals and under the guidance of an Executive Procurement Steering Committee and support from the Enterprise Program Management Office. From this, the Delegation of Authority was revised, commissioned an implementation and change management team was created, new procurement standard operating procedures were, and engaged D.C. Water's engineering, construction, operations, and compliance teams.

According to CEO Gadis, these efforts increased transparency and accountability, removed barriers to participation, increased competition, and provided a flexible and agile procurement process that supports successful CIP delivery today. On March 31, 2022, Procurement reported that all milestones had been completed and that transformation was complete.

Since completion, progress has been significant, which includes expanded outreach, early engagement with the business community approach, right-sizing of contracts, reducing the need for bonding and working capital, increased participation, and awarded prime contracts to DBE, WBE, and certified firms, and generated negotiated savings of more than \$50 million in the first two years.

Recognition of progress has resulted in Rudy Gonzalez, Director of Procurement, Capital Programs, receiving the Engineering Excellence Award from the American Council of Engineering Companies for innovative procurement outreach and early engagement efforts. In September 2022, the Capital Program Department was awarded the Inaugural 2022 Trailblazer Award, category of Procurement Transformation, by the Institute of Supply Chain Management. CEO Gadis thanked everyone, notably CFO Matt Brown, COO Kishia Powell, and Vice President of Finance and Procurement Dan Bae, for bringing Management's vision to reality and the Engineering Construction and Operation teams' collaboration and collaboration partnership.

CEO Gadis then pointed to the employees in the back of the room with white shirts and some wearing helmets. They identified them as the finest competitors and most exceptional professionals at the Authority today. This year was the first time D.C. Water's Blue Wave Operation Challenge Team competed in Tri-Con in several years. The Team did not take away trophies, but everyone is proud of their unity, commitment, and team spirit. He asked the Team to stand to be recognized, and the audience applauded them. CEO Gadis played a video of the competition. He recognized Chairperson Wells as an honorary member of the Operations Challenge Team.

Chairperson Wells recognized Board Member Giancola, who commended the Blue Wave Team. He then inquired about the Fleet Maintenance Program and stated that fleet preventative maintenance targets 96 percent. They went from 37 to 22 percent in the past month. A reason given was that half the staff was out with COVID. Board Member Giancola advised everyone to be careful and that moving into another facility might be positive due to better air circulation. He



commended the efforts on Procurement and thought it was a significant accomplishment. Board Member Giancola commented about the low execution rate on CIP and indicated that they might overestimate how much can be accomplished. He is hopeful that COVID will not continue to impact D.C. Water as much, especially the supply chain issues, and is encouraging the additional efforts being taken to overcome it. CEO Gadis agreed and said he is hopeful that the new Fleet Facility will be beneficial. It has more work bays and space to store more parts.

Board Member Franco commended the team on the marketing efforts. The Lead-Free Program has come a long way, and the participation rate is now improving—75 percent.

Board Member Gibbs indicated that he noticed in the Environmental Quality and Operations report that there were a million dollars in sales boom and felt that it was a significant accomplishment that everyone should be proud.

### **Consent Action Items Joint Use**

Chairperson Wells summarized the resolutions and recognized Resolution No. 22-62 concerning the approval of the performance evaluation, salary increase, and bonus for the CEO and General Manager. He then asked for a motion to approve the joint use action items. Board Member Franco moved to approve Resolution Nos. 22-56 through 22-62, and it was seconded. The motion to approve Resolution Nos. 22-56 through 22-62 was unanimously approved by the members of the Board.

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

Chairperson Wells summarized the resolutions and asked for a motion to approve the non-joint use action items. Board Member Franco moved to approve Resolution Nos. 22-63 through 22-66, and it was seconded. The motion to approve Resolution Nos. 22-63 through 22-66 was unanimously approved by the District members of the Board.

Chairperson Wells stated that with the approval of Resolution No. 56 concerning the Strategic Planning Committee title, composition, and charge, the following Committee members would serve on the Committee: Committee Vice Chairperson Tara Jackson, members included Rachna Bhatt, Anthony Giancola, Floyd Holt, Sarah Motsch, Adriana Hochberg, Howard Gibbs, and Christopher Herrington. He also announced that the Committee would meet bi-annually.

Chairperson Wells noted that following the meeting, they will celebrate Linda Manley.

With no other business, Chairperson Wells adjourned the meeting at 10:32 a.m.

  
Alfonzo Kilgore Stukes, Acting Board Secretary