



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

Meeting of the Governance Committee

Tuesday, January 29, 2019

9:00 a.m.

Meeting Location: 5000 Overlook Ave, SW, Room 407

AGENDA

- 1. Call to Order** **Ellen Boardman, Chairperson**
- 2. DC Water Works! FY 2018 Annual Report** **Korey Gray, Compliance Officer**
- 3. Blue Drop Update** **Alan Heymann, President of Blue Drop, LLC**
- 4. Conflict of Interest**..... **Mustaafa Dozier, Chief of Staff**
- 5. Executive Session ***
- 6. Follow-Up Items**
 - A. Alan Heymann to provide strategic plan with clear direction and measurable goals*
- 7. Adjournment**

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



District of Columbia Water and Sewer Authority
David L. Gadis, CEO and General Manager



FY 2018 Annual Report

Presented to the

Governance Committee

Ellen Boardman, Chairperson

Tuesday, January 29, 2019



District of Columbia Water and Sewer Authority
David L. Gadis, CEO and General Manager

DC WaterWorks Program

As part of the Board's Strategic Initiatives, the DC WaterWorks Program encourages and supports the development and employment of local residents as employees on DC Water construction and service projects.

Program Goals

- Fifty-One percent (51%) of the total contractor workforce will be local residents.

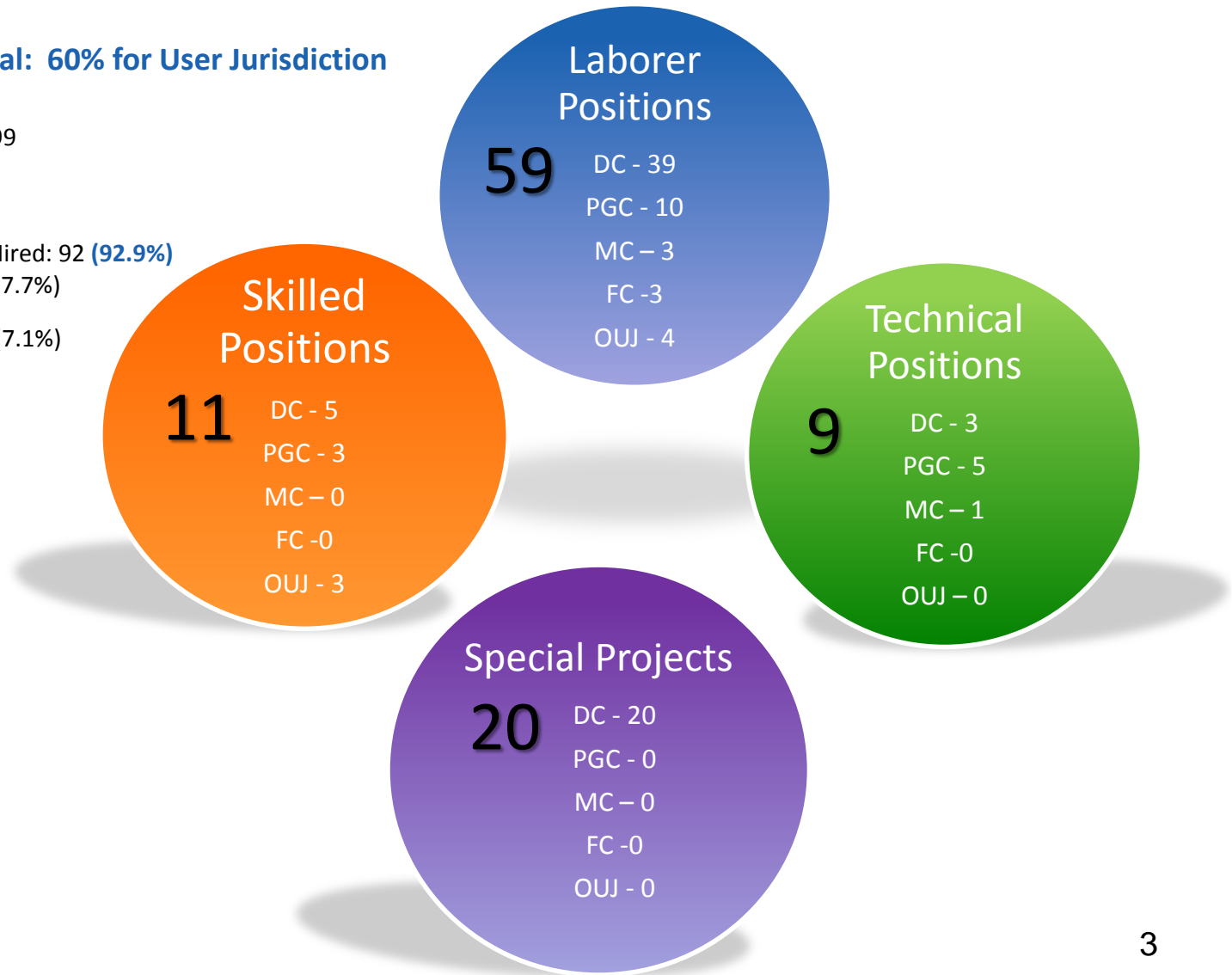
- Sixty percent (60%) of new jobs created by contracts or procurements entered into by DC Water with contractors will be filled by local residents.
 - New Jobs mean both union and non-union job openings, including vacancies created as a result of internal promotions, terminations or other separations, and expansions of the contractor's workforce.



New Opportunities filled through WaterWorks (October 1, 2017 – September 30, 2018)

DC WaterWorks New Hire Goal: 60% for User Jurisdiction

- Total Number of Positions Filled: 99
 - DC WaterWorks Hires: 51
 - Contractor Filled: 48
- Total User Jurisdiction Residents Hired: 92 (92.9%)
 - Total DC Residents Hired: 67 (67.7%)
- Total Outside User Jurisdiction: 7 (7.1%)

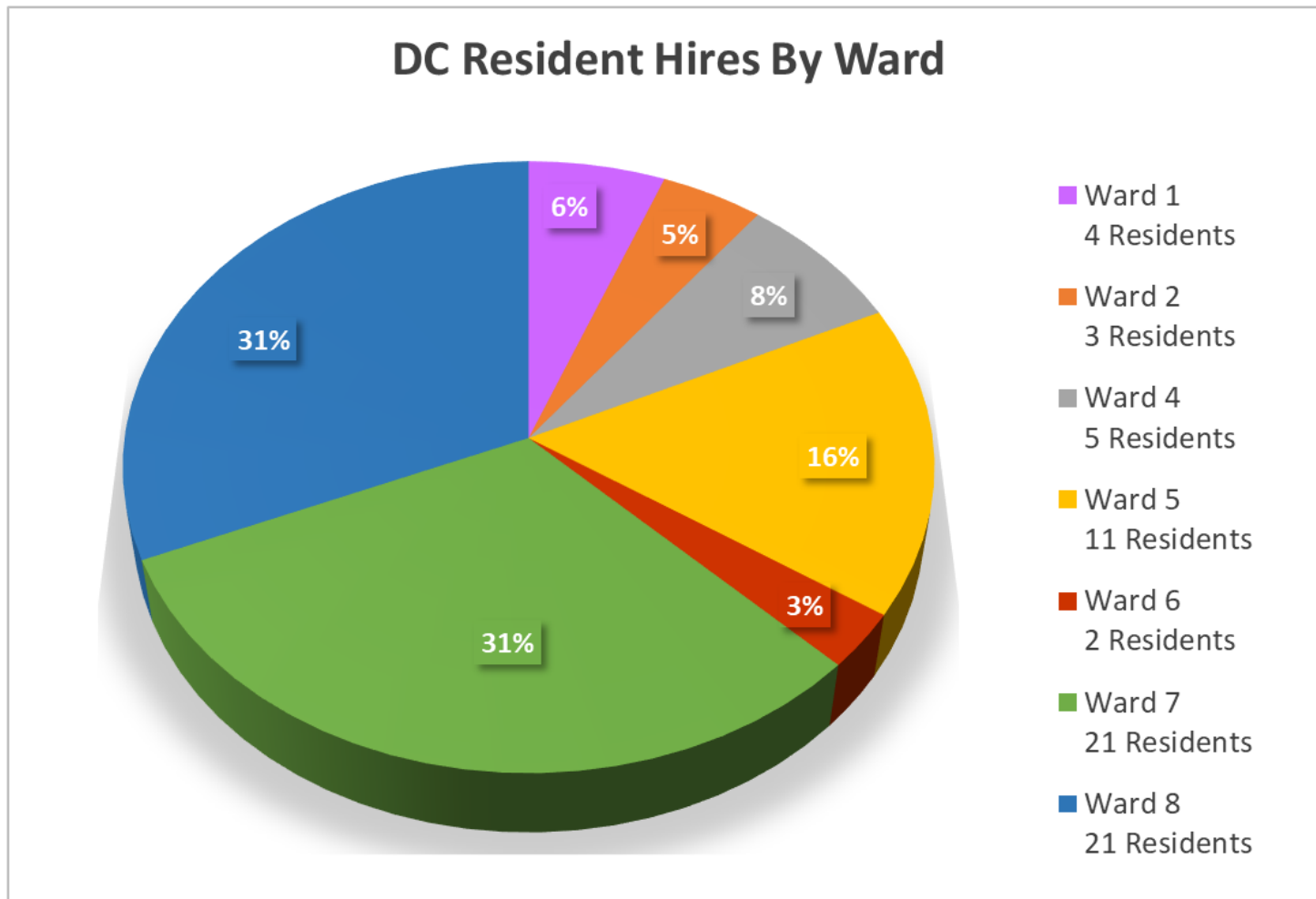




New Opportunities filled through Water Works (October 1, 2017 – September 30, 2018)

DC Resident Hires by Ward

Total DC Resident Hires: 67





DC WaterWorks Program

Strategic Partner Referrals

DC WaterWorks maintains a group of 21 Strategic Partners consisting of: Government agencies, community-based organizations, private contractors and union-affiliated groups that act as referral partners for contractor employment and training opportunities.

In FY 18 the Strategic Partners contributed to the placements of 52 individuals on DC Water projects or training programs.

Partner	Number of Placements	Placement Type(s)
Court Services and Offender Supervision (CSOSA)	1	Laborer – 1
District Department of Employment Services (DOES)	13	Technician – 1, Laborer – 3, Skilled Laborer – 1, Special Project – 8
District Department of Public Works (DPW)	3	Laborer -1, Operator – 2
Earth Conservation Corps (ECC)	3	Laborer – 3
Sasha Bruce	2	Apprentice – 1, Laborer – 1
Southeast Welding Academy (SEWA)	2	Laborer – 1, Skilled Laborer – 1
University of the District of Columbia (UDC)	22	Admin – 1, Laborer – 9, Services – 1, Skilled Laborer – 1, Special Project – 10
Washington Interfaith Networks (WIN)	1	Admin - 1
Washington Parks and People (WPP)	5	Technician – 1, Laborer – 2, Special Project - 2



District of Columbia Water and Sewer Authority
David L. Gadis, CEO and General Manager

Commercial Driver's License Training Program





Commercial Driver's License Training Program

- DC Water, through the Department of Facilities, conducted a second CDL training cohort.
- Thirteen (13) Participants.
- Participants earn \$15.00 per hour as Temporary Employees with MB Staffing.
- Training Goals:
 - 80% Graduation (10)
 - 50% Placement of the Graduates (5)

Status:

- Program Completed
 - 11 Completed the Program
- Employment Status
 - 10 Participants Employed





District of Columbia Water and Sewer Authority
David L. Gadis, CEO and General Manager

Department of Facilities Training Program





Department of Facilities Training Program

- DC Water’s Department of Facilities in partnership with the District Department of Employment Services (LEAP and Project Empowerment) selected nine District residents for a six month On the Job Training program.
 - Program Duration – September through February
 - Work Hours – 6:00 am to 2:30 pm
 - Participants are fully subsidized by the District Department of Employment Services
 - Participants have a dedicated mentor from the District Department of Employment Services
 - In addition to the On-the-Job experience, individuals will also participate in classroom-style training inclusive of:
 - OSHA-10
 - CPR
 - Conflict Resolution
 - Workplace Safety
 - Job Readiness
 - Refrigerant Transition and Recovery Certification

Status:

- Program Ongoing
 - 7 Still in the Program
 - 1 was dismissed
 - 1 dropped out





District of Columbia Water and Sewer Authority
David L. Gadis, CEO and General Manager

Senior Community Service Employment Program





Senior Community Service Employment Program

- The Senior Community Service Employment Program is a federal program administered by DOES to help older Americans get back into/remain active in the workforce. It is a part-time work-based training program where participants gain career skills through an on the job training experience.
- DC Water participated in this program for the first time this year and accepted one participant to support Materials Management with Maximo administration/support.
 - Program Duration – One Year
 - Work Hours –9:00 am to 12:00 pm (up to 20 hours per week)
 - Participants are fully subsidized by the District Department of Employment Services



District of Columbia Water and Sewer Authority
David L. Gadis, CEO and General Manager

Green Infrastructure





Green Infrastructure

Pursuant to the MOU between DC Water and the District of Columbia, there is a goal that **51%** of new hires on projects in the Rock Creek and Potomac River Sewersheds with Green Infrastructure (GI) should be District residents.

DC Water is partnered with the University of the District of Columbia to train and prepare District residents to successfully complete the National Green Infrastructure Program (NGICP) exam.

Curricula was developed in partnership with DC Water, the Water Environment Foundation, and other partners across the nation.

In FY 2018, three cohorts were completed.

Results:

Cohort #'s	Test Date	Enrolled	Graduated	Employed	Employed on DC Water GI Contractors	Employed on DC Water Non GI Contractors	Employed with Non DC Water Contractors
4	12/7/2017	15	7	7	4	3	0
5	5/23/2018	14	9	8	4	0	4
6	5/23/2018	17	5	3	1	1	1
Totals		46	21	18	9	4	5



Green Infrastructure

Program Enhancements for FY 19

- Test results will now be available the same day the test is taken
- Cohort sizes to be set according to the job projections for the given year.
- Survey Current and Past Contractors to determine additional training needs.
- Strengthen the entrance requirements to include a Valid Drivers License
- Incorporate the following additional skills trainings into the overall GI program:
 - OSHA 10
 - Tool Recognition
 - CPR/AED
 - Utility Training – Markings and Safety
- Establish a partnership with the following District Agencies so that DC Water’s GI program becomes a referral source for their construction/maintenance employment needs.
 - Department of Parks and Recreation
 - District Department of Transportation
 - Department of General Services
 - Department of Energy and the Environment
 - Department of Public Works



DC WaterWorks Program

FY 2018 Outreach Activities

- **October 2017:** American Job Center Open House and Job Fair – 2 Participants Referred
- **November 2017:** DC Apprenticeship Week Symposium and Expo - 3 Participants Hired
- **February 2018:** Mayor’s Prosperity Job Fair (Ward 8)
- **March 2018:** Infrastructure Academy Open House and Job Fair (Ward 8)
- **May 2018:** Latin American Youth Coalition Green Sector Job Fair- 1 Participant Hired
- **June 2018:** DC Water Targeted Job Fair (American Construction and Environment, Blanchet, Bulldog, Environmental Quality Resources, Mobile Dredging and Pumping) – 5 Participants Hired



FY 2018 DC Water Non-Major Construction Projects Employment Data

The following data summarizes the non-major construction employment data (Cumulative) for FY 18, as of September 30, 2018

In FY 18 (October 1, 2017 – September 30, 2018), there were:

- Thirty-Six (36) Active Projects
- 1,592 contractor job positions on Non-Major Construction contracts.
 - 1,161 positions (72%) were filled (transfers and new hires) by residents within DC Water’s User Jurisdiction.
 - 252 positions (15.8%) were filled (transfers and new hires) by District of Columbia residents.

	# of Positions	%
➤ User Jurisdiction	1,161	72.9%
○ DC	252	15.8%
○ PGC	600	37.7%
○ MC	151	9.5%
○ FC	157	9.9%
○ LC	1	0.1%
➤ Outside User Jurisdiction	431	27.1%
Total	1,592	



FY 2018 DC Water Major Construction Projects Employment Data

(e.g., Clean Rivers, Enhanced Nitrogen Removal, Tunnel Dewatering Pump Stations and Biosolids Management)

The following data summarizes the major construction employment data (Cumulative) for FY 18, as of September 30, 2018

In FY 18 (October 1, 2017 – September 30, 2018), there were:

- Thirteen (13) Active Projects
- 4,243 contractor job positions on Major Construction contracts.
 - 1,993 positions (47%) were filled (transfers and new hires) by residents within DC Water’s User Jurisdiction.
 - 485 positions (11%) were filled (transfers and new hires) by District of Columbia residents.

	# of Positions	%
➤ User Jurisdiction	1,993	47.0%
○ DC	485	11.4%
○ PGC	786	18.5%
○ MC	263	6.2%
○ FC	369	8.7%
○ LC	90	2.1%
➤ Outside User Jurisdiction	2,250	53.0%
Total	4,243	



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

Governance Committee Update

Tuesday, January 29 2019

Alan Heymann
President, Blue Drop

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

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

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



The Blue Drop Team

- Alan Heymann, President
- Francesca Valente, Director of Operations
- Kim Marshall, Director of Client Services

(As of October 1, 2018, Blue Drop is entirely staffed by its own employees.)



Blue Drop Board

- DC Water President/CEO is Chairperson as of October.
- New members: Cathy Bailey, Georgia Ravitz, Scott Glass.
- Next meeting: Thursday, February 14.
- Working groups: Financial oversight, revenue generation, Bloom sales and marketing



Cathy Bailey



Georgia Ravitz



	FY18 Actual	FY19 Projected
Blue Drop Revenue	\$385,366	\$1,005,000
Blue Drop Expenses	(\$812,482)	(\$928,476)
Net Profit/(Loss)	(\$465,569)	\$40,524



- Recent highlights
 - FY 2019 goal: 40,000 tons
 - December 2018: 1,074 tons
 - Mid-Atlantic Nursery Trades Show (MANTS) earlier in Jan.
 - Targeted farm conference outreach next.





Bloom Marketing and Sales

FY19 through 12/31/18	
Tons diverted	2606
Blue Drop	
Marketing Fees	\$13,032
Sales Revenue	\$14,653
Total to Blue Drop	\$27,685
DC Water	
Original Land Application Cost (\$45/ton)	\$117,285
Cost of Hauling	-\$40,954
Marketing Fees to Blue Drop	-\$13,032
Cost Savings to DC Water	\$63,299



What's next for Blue Drop?

Blue Drop's brief history

Original idea:

DC Water funds a three-year startup period for Blue Drop. Return on investment comes from avoided costs on biosolids hauling, and eventually a modest revenue waterfall.

New idea:

Startup period ends 9/30/2019. Blue Drop is self-sustaining. Return on investment comes from a significant revenue waterfall (even within the startup period) and from added value on all non-ratepayer revenue projects.

Governance Committee Update January 29, 2019



Blue Drop's brief history

Original idea:

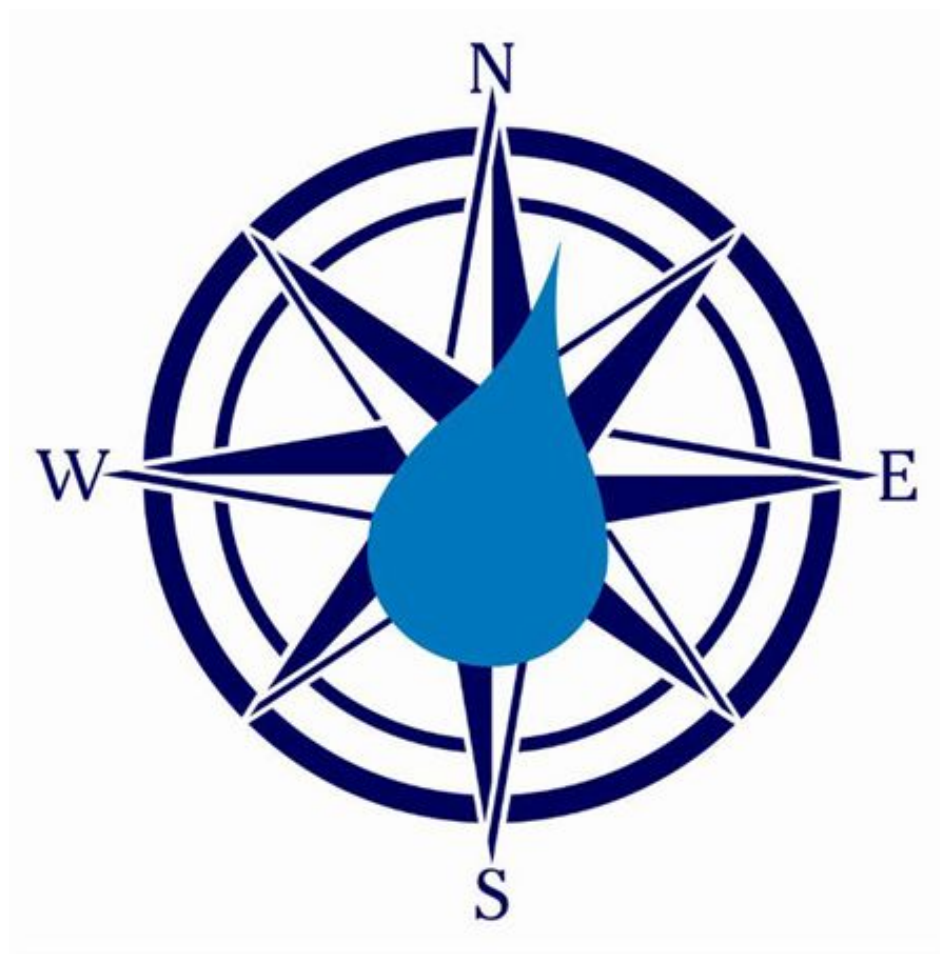
Blue Drop is a boutique peer-to-peer consulting company that also sells biosolids for DC Water.

New idea:

Blue Drop is DC Water's all-purpose marketing and sales arm for generating significant amounts of revenue from non-ratepayer initiatives.

Governance Committee Update January 29, 2019





The Blue Drop Compass: A Strategic Plan for FY 2019-20

Why the Blue Drop Compass?

The purpose of this strategic plan is to guide the transformation of Blue Drop from a startup boutique consulting and sales company into an established and meaningful revenue center for DC Water and its ratepayers.

Blue Drop's success is directly connected to the Customer Affordability strategic program of the DC Water Blueprint strategic plan.



Strategic Priorities

1. Generate revenue (and cost savings) from the marketing and sale of Bloom.
2. Generate revenue from the marketing and sale of excess capacity and energy generation at DC Water.
3. Generate revenue from the marketing and sale of DC Water innovations and technologies.
4. Generate revenue from the marketing and sale of consulting and coaching services.
5. Optimize staffing for revenue generation, relying on additional support from DC Water personnel as needed.
6. Maximize Blue Drop Board's participation in strategic planning, business development and financial oversight.

I. Generate revenue (and cost savings) from the marketing and sale of Bloom.

Goal Outcomes:

- DC Water's resource recovery program is a significant source of value, in partnership with Blue Drop.
- The marketing and sales program uses a combination of expanded in-house staffing and contract support to sell a meaningful fraction of DC Water biosolids as Bloom.
- Bloom is a known and requested brand in the DC metropolitan area, alongside Milorganite and LeafGro. Other jurisdictions consider using the Bloom name (under license) for their similar biosolids products.
- Blue Drop and DC Water conduct biosolids marketing for other utilities under contract, and advise clients on how to set up their own marketing and sales programs.

Strategic Priority owners: Chris Peot, Alan Heymann and Francesca Valente



2. Generate revenue from the marketing and sale of excess capacity and energy generation at DC Water.

Goal Outcomes:

- Blue Drop builds and retains the menu of available DC Water capacity and energy generation across all operating divisions, both inside and outside Blue Plains.
- Blue Drop staff work with DC Water staff to develop new areas of capacity geared toward generating revenue.

Strategic Priority owners: Alan Heymann, Kim Marshall and Aklile Tesfaye



3. Generate revenue from the marketing and sale of DC Water innovations and technologies.

Goal Outcomes:

- Blue Drop supports DC Water in actively managing its portfolio of intellectual property, maximizing the incoming revenue from existing agreements and ensuring the allocation of appropriate resources into future agreements to maximize revenue.
- Blue Drop is the investment engine behind the projects approved by the DC Water Strategic Innovations and Revenue Opportunities Committee, containing risk and minimizing the use of ratepayer funds.

Strategic Priority owners: Alan Heymann, Kim Marshall and Biju George



4. Generate revenue from the marketing and sale of consulting and coaching services.

Goal Outcomes:

- Consulting and coaching are an integrated part of a suite of services offered to client utilities.
- DC Water subject matter experts are available to consult on short- and long-term projects.

Strategic Priority owners: Kim Marshall and Alan Heymann



5. Optimize Blue Drop staffing for revenue generation and management, relying on additional support from DC Water personnel as needed.

Goal Outcomes:

- Blue Drop's management and staff consist exclusively of its own employees.
- Blue Drop's staff size and specialization is optimized for the generation of revenue.
- DC Water personnel support the operational aspects of revenue-generating activities and contribute as short-term subject-matter experts for consulting projects or long-term detailees to Blue Drop for longer projects.

Strategic Priority owners: Francesca Valente and Alan Heymann



6. Maximize Blue Drop Board's participation in strategic planning, business development and financial oversight.

Goal Outcomes:

- More members of the Board join in the financial oversight of Blue Drop as it becomes a larger and more mature company.
- The Board divides into working groups to support the generation of revenue according to the first four strategic priorities of the Blue Drop Compass, and to oversee Blue Drop's personnel activities and policies.

Strategic Priority owners: David Gadis, Alan Heymann and Francesca Valente



Further questions?

Alan Heymann

President, Blue Drop

alan@bluedrop.co

(202) 765-3292 x101

Governance Committee Update January 29, 2019





District of Columbia Water and Sewer Authority
David L. Gadis, CEO and General Manager

Conflicts Policy Update

Presented to the

Governance Committee

Ellen Boardman, Chairperson

Tuesday, January 29, 2019



District of Columbia Water and Sewer Authority

Overview

- Update on Standards of Conduct and Confidential Disclosure Statement
- Update on Procurement and Vendor Conflict of Interest Disclosure



Follow-Up Actions

- Revised and updated DC Water's Standards of Conduct Policy
 - Policy and revisions modeled off of District's BEGA
 - Policy grants CEO and GM express authority to waive conflicts of interest
 - Policy administered by People and Talent with assistance from Office of Legal Affairs
- Developed Confidential Disclosure Statement
 - Disclosure modeled off of District's BEGA Disclosure Statement
 - Annual disclosure based off calendar year
 - Includes 18 comprehensive conflict question categories and final catch-all question



Follow-Up Actions

- All senior leaders of DC Water will receive training on the Policy and Confidential Disclosure Statement on January 29, 2019
- All required employees, at time of hire, or by February 1st of each year, must submit their Confidential Disclosure Statements
 - If material changes occur during year, then one must file supplemental statement(s)
- People and Talent will be responsible for implementing this Policy and developing training for relevant DC Water employees



Procurement: Proposed Changes to Policy, Process, and Forms

- Added 3 clear disclosure requirements to the Procurement Manual (see next slide):
 - Disclosure by vendor selection committee members (already in practice)
 - Disclosure by proposers/bidders at each solicitation (already in practice)
 - Recurring annual disclosure by incumbent vendors with contracts (NEW)
- The proposed is consistent with DC Gov't but additional best practice benchmark assessment will be performed:
 - A phone survey was conducted with DC Gov't and also 2 of the largest accounting firms
- Simplified procurements (small procurement under \$100K) will be exempt from this policy



District of Columbia Water and Sewer Authority

Implementation Timeline: To be Completed by January 31, 2019

- Procurement member training: By January 31, 2019
- A communication guide to all departments: By January 31, 2019
- Procurement members will then immediately execute on new policy/process/forms in current/new solicitations
- Recurring audits:
 - Procurement will conduct random audits every year to determine compliance with the new policy/process



Amend Procurement Manual Chapter 2 Ethics

2.4.2 Conflict of Interest Disclosure

- Except for the small and micro purchases for goods, services, or construction that have an anticipated dollar value not exceeding \$100,000, any Authority employees, agents and contractors who participate in any type of solicitation described herein or a contractor that is under contract with the Authority to provide any products and services, including construction, must complete, sign, and submit the respective conflict of interest disclosure form in accordance with the provisions set forth below. The Contracting Officer, in his or her sole discretion, will make the final determination on the approval/acceptance or rejection of any disclosed conflicts of interest and/or any mitigation plan. If any disclosed conflict of interest is rejected or remains unresolved, then the employee, agent or contractor shall not in any way participate in a solicitation or be approved for a contract award or contract renewal. Unresolved conflicts of interest may result in the termination of an existing contract.



Amend Procurement Manual Chapter 2 Ethics

1. Any Authority employee or agent who participates in the selection of a contractor or participates in the approval process of a procured contract must complete and sign an Authority approved conflict of interest disclosure form before participating in the selection or approval process.
2. Any contractor or offeror who participates in any type of solicitation must complete, sign, and submit an Authority approved conflict of interest disclosure form with its offer, proposal, or bid to be considered a responsive bidder.
3. Each year a contractor is under contract with the Authority to provide any products and/or services, including construction services, the contractor must complete, sign, and submit an Authority approved annual conflict of interest disclosure form to the Authority. The date and time of the submission of the annual disclosure form shall be determined by the Contracting Officer. Failure to timely submit an annual form may result in the non-renewal or termination of any existing contract.