



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

*Meeting of the
Governance Committee*

Tuesday, May 14, 2019

9:00 a.m.

Meeting Location: **HQO- 125 O Street SE,
Washington, DC 20003
2nd Floor Boardroom**

AGENDA

- 1. **Call to Order** **Ellen Boardman, Chairperson**
- 2. **FY 2018 Certified Business Utilization Report**.....**Korey Gray, Compliance Officer**
- 3. **Blue Drop Update** **Alan Heymann, President of Blue Drop, LLC**
- 4. **Amendment to DC Water Board Bylaws** **Gregory Hope, Interim EVP, Legal Affairs**
- 5. **Executive Session ***
- 6. **Adjournment****Ellen Boardman, Chairperson**

*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.



FY 2018 Certified Business Utilization Report

Tommy Wells, Chairman





DC Water Local Small Business Enterprise and EPA Fair Share Programs

OUR POLICY

The District of Columbia Water and Sewer Authority (DC Water) is committed to promoting economic and business development in the District of Columbia and the region it serves.

DC Water actively encourages and supports the participation of certified local businesses, local small business enterprises, and disadvantaged (minority and women-owned) business enterprises in its contracting and procurement activities.

OUR MISSION

To enhance participation, growth and development of the local, small, minority and women-owned business communities.

DC Water Local Small Business Enterprise and EPA Fair Share Programs

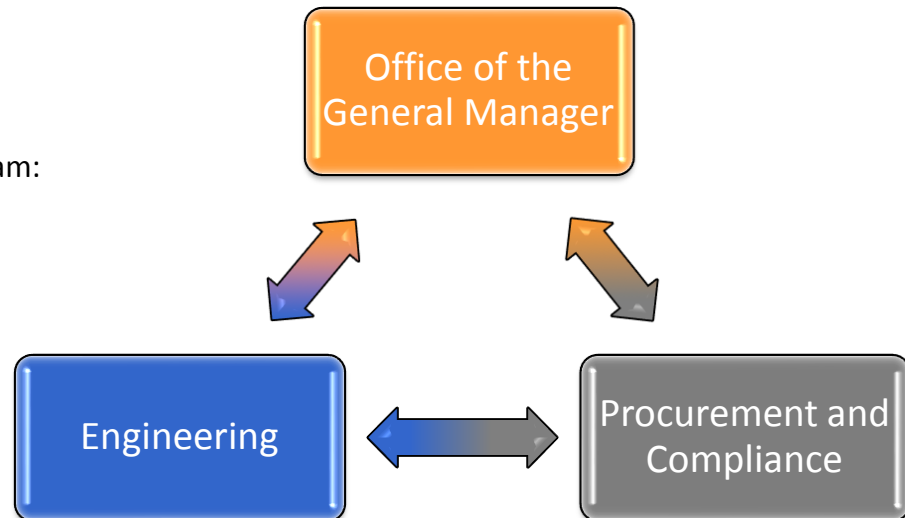
DC Water Business Development Plan

Timeline of implementation

- June 3, 1999 – Business Development Plan authorized by DC water’s Board
- June 12, 2009 – First revision to the Plan (current form)
- January 25, 2015 – Second revision to the Plan

There are Three (3) Elements to DC Water’s Compliance Program:

Outreach and Advocacy
Monitoring and Reporting
Support Services



DC Water Local Small Business Enterprise Program

➤ Local/Small Preference Program for Discretionary Projects

Applicable to large discretionary (non federal supported) procurements

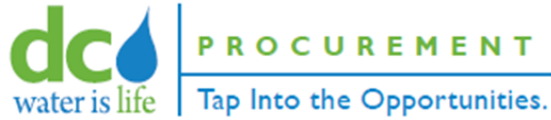
- A geographic preference program
- Encourages participation by local and small firms in the User Jurisdiction
- Utilization of Preference Points for Request for Proposal (RFP)

Local = 5 points

Small = 5 points

- Firms may be certified as local and receive 5 points OR
- Firms may be certified as small and receive 5 points OR
- Firms may be certified as local and small and receive 10 points

The maximum number of eligible preference points for a proposal is ten (10) points Under no circumstances will firms be allowed to receive more than a 10 point preference in the evaluation of proposals

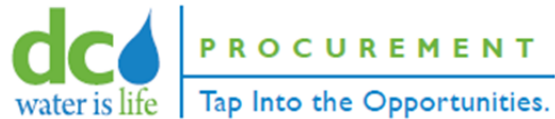


DC Water EPA Fair Share Program

- DC Water’s MBE and WBE Fair Share Objectives are:

Services	Fair Share Objectives (%)	
	MBE	WBE
Professional (A/E Agreements)	28	4
Construction	32	6

- Objectives are based on goals established by DC Water (every 3 years) and accepted by the EPA
 - Availability Analysis
 - Race Neutral Goals
- DC Water has the highest goals in EPA’s Region 3: DC, DE, MD, PA, VA, & WV
- Institution of Six (6) Affirmative Steps to ensure DBEs have equitable access to the available procurements.
 - Exceed goals in dollars paid to certified firms as well as to the number of certified firms participating on DC Water Projects.
- DC Water’s policy is to meet or exceed EPA objectives for MBE and WBE participation in prominent and leadership roles



DC Water Local Small Business Enterprise and EPA Fair Share Programs

Acronyms and Definitions

- **CBE** – Certified Business Enterprise – The unique certification for District based local and local small business enterprises from the Department of Small and local Business Development
- **Certified Firms:** For the purposes of this report, certified firms collectively refers to LBEs, LSBEs, MBEs and WBEs.
- **CFR:** Code of Federal Regulations.
- **DBE** – Disadvantaged Business enterprise: An entity owned or controlled by a socially and economically disadvantaged individual.
- **EPA** – Environmental Protection Administration.
- **Exempt Awards** – Non Competitive purchases and awards as identified in Section 5332 of the DC Water Procurement Regulations.
- **Fair Share Objective** – Amount of funds reasonably commensurate with the total project funding and the availability of qualified MBEs and WBEs taking into account experience on EPA-assisted projects and other comparable projects in the area.
- **LBE** –Local Business Enterprise - A business enterprise as defined by the District of Columbia or a user jurisdiction.
- **LSBE** – Local Small Business Enterprise - A business enterprise as defined by the District of Columbia or a user jurisdiction.
- **MBE** - Minority Business Enterprise - For the purpose of the fair share objectives, a Disadvantaged Business Enterprise (DBE) other than a Small Business Enterprise (SBE), a Labor Surplus Area Firm (LSAF), a Small Business in Rural Areas (SBRA), or a Women's Business Enterprise (WBE).
- **P Card Purchase** – Purchases made through the Authority's Purchase Card Program.
- **Small Purchase** – Purchase made in size ranging from \$25,000.00 – \$99,999.99.
- **User Jurisdiction** – DC Water's user jurisdiction consisting of the District of Columbia, Fairfax County, Loudoun County, Montgomery County, Prince George's County.
- **WBE** – Women Owned Business Enterprise: for the purpose of the federal mandated program and fair share objectives, a business which is certified as such by a state, federal agency, or a business which is at least 51% owned by a woman or women, who also controls and operates it.



DC Water Local Small Business Enterprise and EPA Fair Share Programs

FY 2018 Participation Summary

Total Value of Awards in FY 2018 – \$93.33M

Report is divided into five (5) sections:

I. Exempt Awards

Total Awards – \$4.05M

LSBE Participation - \$0.0M

II. Simplified Acquisitions

Total Awards - \$18.89M

LSBE Participation - \$3.05M

III. Large Discretionary Awards

Total Awards - \$25.71M

Total LSBE Participation - \$14.09M

Total Green Infrastructure Awards – \$8.04M

Total CBE Participation – \$7.20M

IV. EPA Eligible Awards

Total Awards - \$41.01M

Total MBE Awards - \$10.36M

Total WBE Awards - \$2.32M

V. EPA Assisted Awards

Total Awards - \$3.67M

Total MBE Awards - \$3.22M

Total WBE Awards - \$.455M



Section I

Exempt Awards

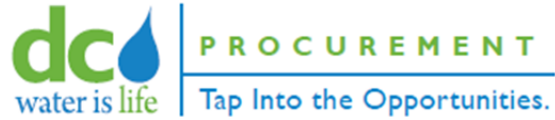
DC Water FY 2018 Procurement Report

Exempt Procurement Awards/Expenditures:

- DC Water Purchase Card Expenditures

- Procurement awards issued for:
 - Utilities (Electric Power, Telephone Service)
 - Legal Services
 - Specialty Parts and Components
 - Rider Contracts with entities other than DC Water (GSA/COG contracts)
 - Sole Source Contracts
 - Solar Panel Contract

These actions are not subject to the Business Development Plan.



DC Water FY 2018 Procurement Report

FY 18 Active Procurements

Categorical Exemptions, Legal Services, Riders, Sole Source, Utilities, Solar Power Project

- Total Number of Active Projects: 3
 - Total Value: \$4,052,169.00

- Though exempt, the Solar Power Project is using M/WBE firms:
 - MBE - \$79,800.00
 - WBE - \$483,970.00

Section II

Simplified Acquisitions

DC Water FY 2018 Annual Report

Simplified Acquisitions:

- Limited Competition
 - Purchases not on contracts.

- Purchases not exceeding \$100,000.
 - Quotations must be obtained from at least two qualified sources.

These actions are not eligible for preference points under the Business Development Plan.



DC Water FY 2018 Annual Report

FY 2018 Procurement Results – Small Purchases (less than \$100k)

- **Total Value of Purchase Orders Issued: \$18,896,721.64**
- **Total Number of Purchase Orders: 4385**

Location	# of PO's	Value of PO's
DC	134	\$2,409,448.73
PGC	920	\$1,232,410.72
MC	33	\$471,976.99
FC	193	\$872,454.79
LC	1	\$26,000.00
Out of UJ	3104	\$13,907,830.71

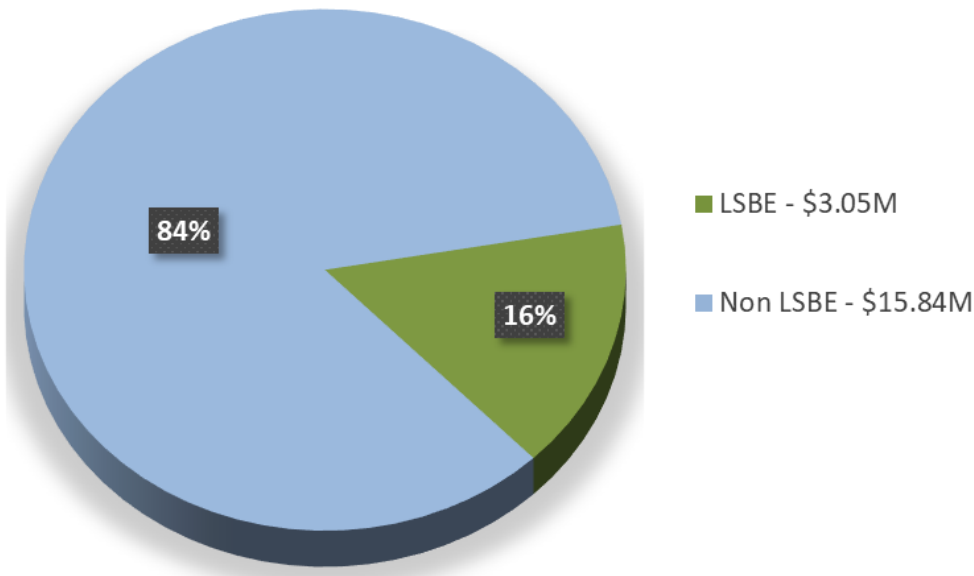


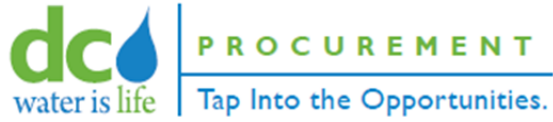
DC Water FY 2018 Annual Report

FY 2018 Procurement Results – Small Purchases (less than \$100k)

- **Total Eligible Purchases: 4385**
- **Total Value of Purchase Orders Issued to LSBE: \$3.05M (16%)**
 - Total Number of Purchase Orders: 404
- **Total Spent with LSBE: \$3.05M**

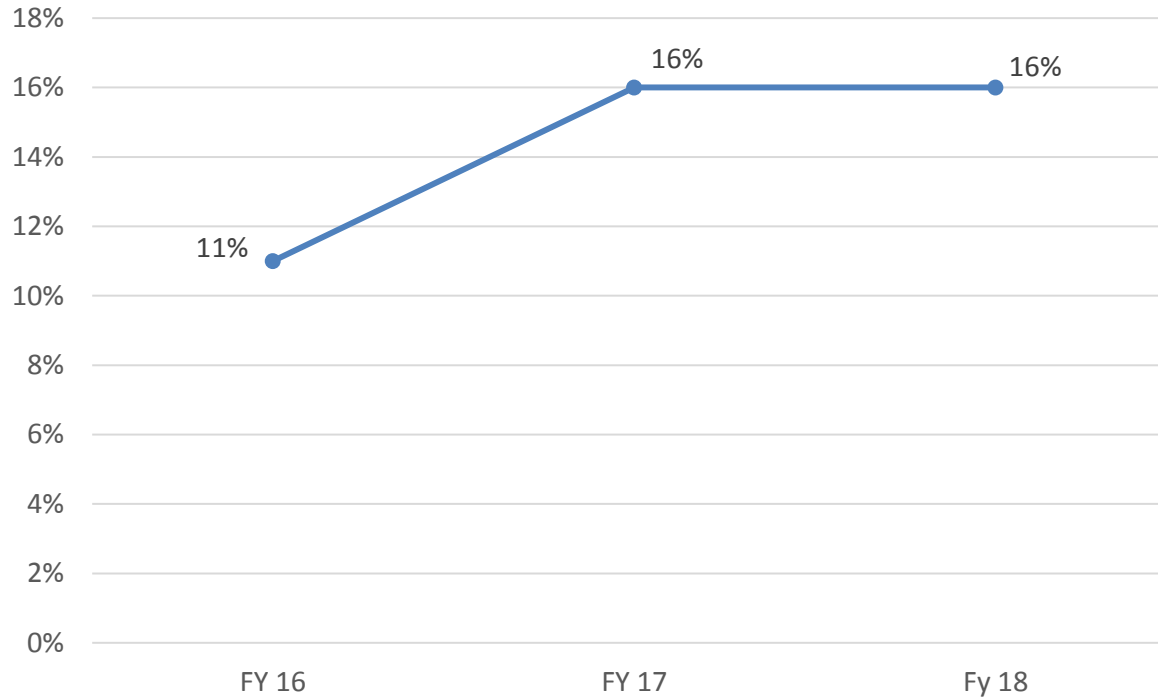
FY 18 LSBE Participation
Based on Awards





DC Water FY 2018 Annual Report

DC Water Simplified Acquisitions
LSBE Participation
3 Year Review



➤ **Spending percentage for LSBE Remain the same in FY 2017 & 2018**

Section III

Large Discretionary Awards

Local Small Business Enterprise Participation

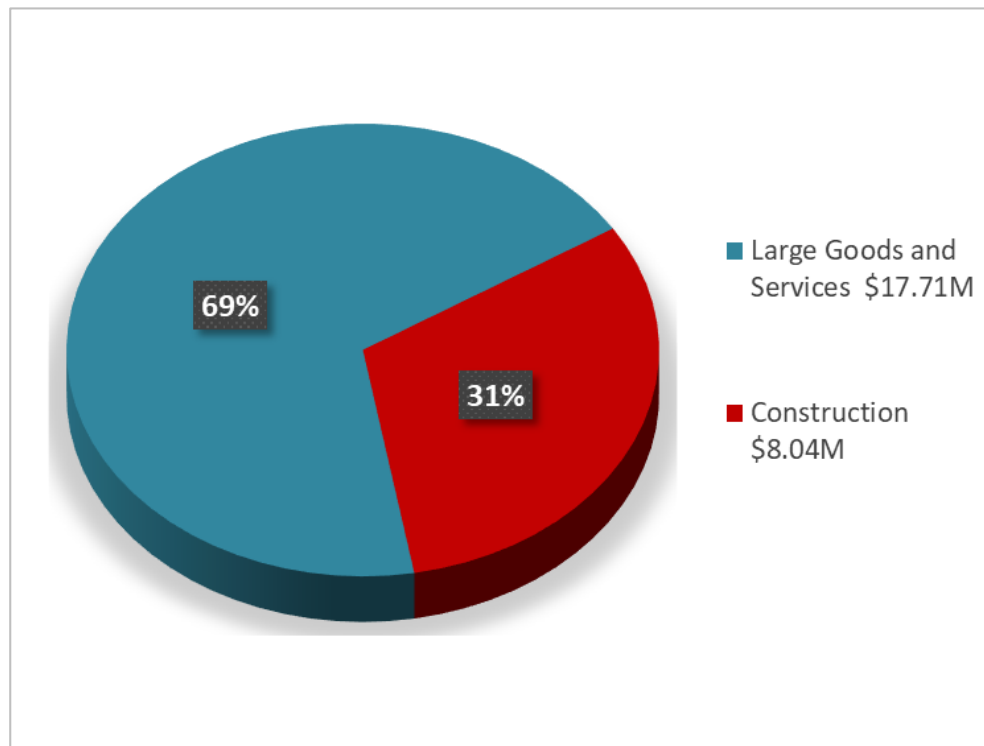
DC Water FY 2018 Annual Report

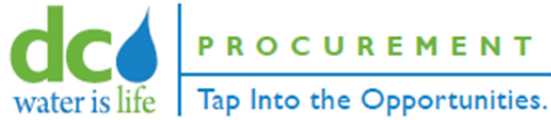
Program Overview

- Program applies to discretionary competitive awards.
 - Large Goods and Services
 - Construction (non federally supported)
 - Green Infrastructure Projects
 - Subject to a 50% CBE Goal

DC Water FY 2018 Annual Report

FY 2018 Procurement Results – Active Eligible Discretionary Awards





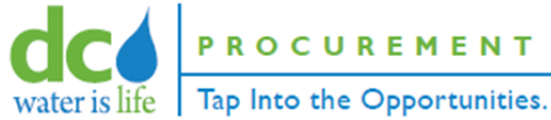
DC Water FY 2018 Annual Report

FY 2018 Procurement Results – Discretionary Awards Large Goods and Services

- Total Number of Active “Eligible” Awards:
 - Total Value: \$17.71Million

FY 18 Active Procurements Large Goods and Services		
	# of Awards	Value
DC	12	\$ 4,534,041.32
PGC	4	\$ 615,810.99
MC	2	\$ 1,801,455.95
FC	4	\$ 5,119,636.40
LC	0	\$ 0
Outside User Jurisdiction (OUJ)	22	\$ 5,644,870.23
UJ	22	\$ 12,074,943.76
OUJ	22	\$ 5,644,870.23

- Total Awards with LSBE Participation:16
 - Total Value: \$ 6,881,837.05(38.85%)



DC Water FY 2018 Annual Report

FY 2018 Procurement Results – Discretionary Awards Construction

- Total Number of Projects: 2 (Green Infrastructure Projects)
 - Total Base Award: \$8,046,119.47

FY 18 Active Procurements Large Goods and Services		
	# of Awards	Value
DC	2	\$ 8,046,117.49
PGC	0	\$ 0
MC	0	\$ 0
FC	0	\$ 0
LC	0	\$ 0
Outside User Jurisdiction (OUJ)	0	\$ 0
UJ	2	\$ 8,046,117.49
OUJ	0	\$ 0

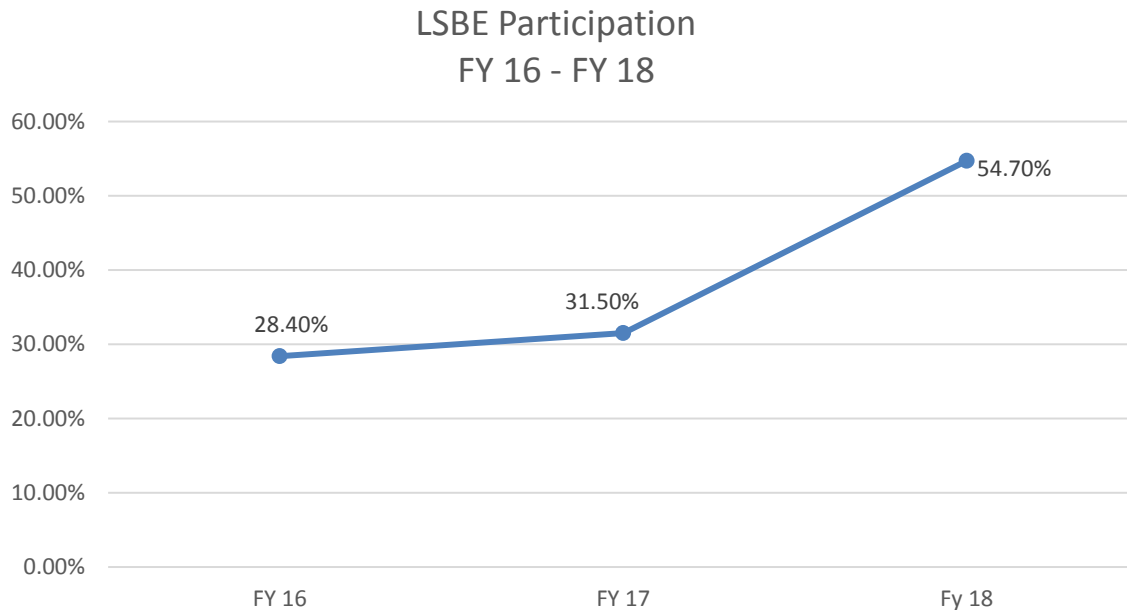
- Total LSBE Participation: \$7,209,229.48 (89.60%)

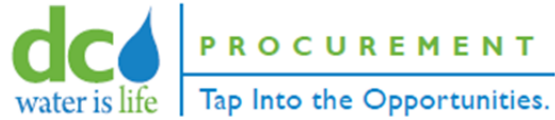


DC Water FY 2018 Annual Report

FY 2018 Procurement Results – Discretionary Awards Combined: Goods and Services & Construction

- **Total Value of Active Discretionary Projects: \$25,761,933.46**
- **Total LSBE Awards: \$14,091,066.53**
 - **% Achieved: 54.70%**





DC Water FY 2018 Annual Report

Large Discretionary Projects (Active in FY 2018)

- Includes projects awarded in prior years, and still working in FY 18.

Total Number of Active Goods and Service Projects: 307

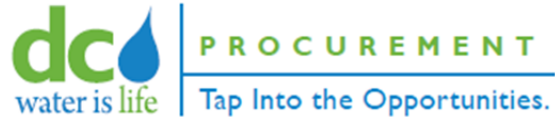
- Value of Eligible Projects: \$87.02M (Based on PO Values)
 - Total LSBE Awards: \$28.11M (32.31%)

Total Number of Active Construction Projects: 3 (GI Projects)

- Value of Eligible Projects: \$34.88M
 - Total CBE Awards: \$31.11M(89.2%)

Section III

EPA Eligible (Not funded) Non-Discretionary Awards



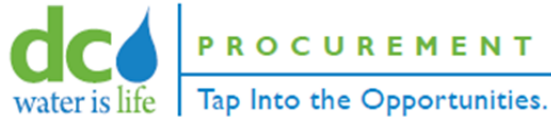
DC Water FY 2018 Annual Report

FY 2018 Procurement Results – EPA Eligible Participation

Total Number of Awards: 4

- Total Value of Awards: \$41,016,003

Though not actually funded, these projects were solicited as being subject to the EPA Fairshare Objectives



DC Water FY 2018 Annual Report

FY 2018 Procurement Results – EPA Eligible Participation

Construction Awards (4)
Total Value: \$41,016,003.00

MBE Utilization

- Avg MBE Goal 25.26%
- Range: 32% Highest Goal/ 9% Lowest Goal

Actual MBE Participation

	DCW MBE	%
Award	\$ 10,360,766.63	25.26%

Number of Projects Meeting (Expected to Meet) the MBE Goal: 4

WBE Utilization

- Avg WBE Goal 6%
- Range: 10.9% Highest Goal/ 2% Lowest Goal

Actual WBE Participation

	DCW WBE	%
Award	\$ 2,328,458.24	5.68%

Number of Projects Meeting (Expected to Meet) the WBE Goal: 4



DC Water FY 2018 Annual Report

EPA Eligible Projects (Active in FY 2018)

- Includes projects awarded in prior years, and still working in FY 18.

Total Number of Active Construction Projects: 35

- Value of Eligible Projects: \$1.093B
 - Total MBE Awards: \$275.45M (25.29%)
 - Total WBE Awards: \$49.95M (4.57%)
- *Number of Projects achieving M/WBE Goals (as indicated on Fact Sheet): 31

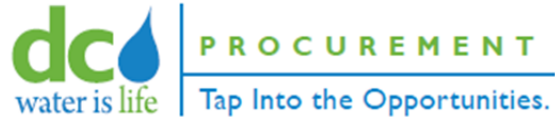
Total Number of Active Design Projects: 4

- Value of Eligible Projects: \$27.39M
 - Total MBE Awards: \$7.59M (27.73%)
 - Total WBE Awards: \$2.85M (10.44%)
- *Number of Projects achieving M/WBE Goals (as indicated on Fact Sheet): 4

Though not actually funded, these projects were solicited as being subject to the EPA Fairshare Objectives

Section IV

EPA Fair Share Objective Awards and Expenditures

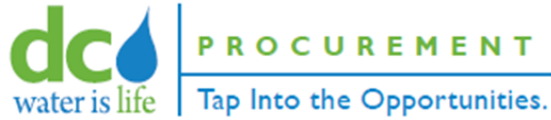


DC Water FY 2018 Annual Report

FY 2018 Procurement Results – EPA Assisted Projects

Total Number of Projects: 1

- Total Value of Award: \$3,676,741.50



DC Water FY 2018 Annual Report

FY 2018 Procurement Results – EPA Assisted Projects (1)

Total Value: \$3,676,741.50

MBE Utilization

➤ MBE Annual Goal: 32%

Actual MBE Participation: 88%

	DCW MBE	%
Award	\$ 3,220,825.57	88%

Number of Projects Meeting (Expected to Meet) the MBE Goal: 1

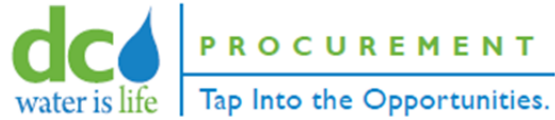
WBE Utilization

➤ WBE Annual Goal: 6%

Actual WBE Participation 12%

	DCW WBE	%
Award	\$ 455,915.93	12%

Number of Projects Meeting (Expected to Meet) the WBE Goal: 1



DC Water FY 2018 Annual Report

EPA Assisted Projects (Active in FY 2018)

- Includes projects awarded in prior years, and still working in FY 18.

Total Number of Active Projects: 5

- Value of Active Projects: \$70.656M
 - Total MBE Awards: \$21.69M (30.69%)
 - Total WBE Awards: \$4.83M (6.84%)
- *Number of Projects achieving M/WBE Goals (as indicated on Fact Sheet): 5

Section V

Accomplishments



FY 2018 Accomplishments

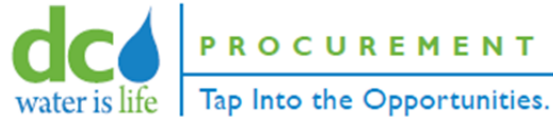
DC Water implemented a number of initiatives to increase awareness and participation of certified business enterprises and payroll compliance on DC Water projects. These include:

- Recovered \$27,000 in payroll restitution for contractor employees.
- Conducted twenty three (23) one-on-one Vendor Day meetings with certified business enterprises principally located throughout the DC Water User Jurisdiction.
- Participated in ten (10) business opportunity roundtables for Construction, Industrial Suppliers, and IT Service providers.
- Ongoing outreach support to certified firms and advocacy with bidding primes.

As a result, in FY 18 over twenty-five (25) new certified firms registered with DC Water, six (6) awards were made to certified primes that had not done work with DC Water previously, and several new certified firms were used as subcontractors.

Particular focus was made on increasing participation of certified Women Owned businesses. For example, Annie's Hardware, a local certified woman owned retail hardware store was introduced to DC Water through its "Vendor Day" program in May 2017.

Initially, Annie's Hardware supplying tools to DC Water through its P-card program. However, in 2018, the firm was awarded a portion of the Maintenance, Repair, and Operations (MRO) Stock IDIQ contract – with a potential value of to \$1.2 M.



DC Water FY 2018 Certified Business Outreach

October 2017

- P Card Vendor Roundtable (DC Water)
- Three (3) Vendor Days (DC Water)

November 2017

- Metropolitan Washington Airports Authority “Annual Business Opportunity Seminar” (Dulles, VA)
- Industrial Supplier Roundtable (DC Water)

January 2018

- Prince George’s Community College Minority Business Development Weekly Business Development Radio Address (Bowie, MD)
- MD/DC Supplier Development Council Breakfast (Bowie, MD)
- Five (5) Vendor Days (DC Water)

March 2018

- WSSC Women’s Business Expo (Laurel, MD)
- Fort Myer Vendor Roundtable (Washington, DC)
- Two (2) Vendor Days (DC Water)

April 2018

- US Hispanic chamber of Commerce Business Summit (Chantilly, VA)

May 2018

- MD Washington MCA Minority Business Outreach (Baltimore, MD)

June 2018

- DC Government Small business Summit (Washington, DC)
- Four (4) Vendor Days (DC Water)

July 2018

- Prince George’s County Vendor Day (Greenbelt, MD)
- Three (3) Vendor Days

August 2018

- Minority Business Development Agency Med Week (Washington, DC)
- Six (6) Vendor Days

Governance Committee Update

May 14, 2019



Re-introducing the Blue Drop team.



Alan Heymann
Kim Marshall Client Services
April Thompson Bloom Marketing
Francesca Valente Operations

Governance Committee Update May 14, 2019



The Blue Drop Board

Chair: David Gadis (DC Water CEO)

Cathy Bailey

Rachna Butani Bhatt

Scott Glass

Andy Kricun

Robert Mallett

Georgia Ravitz

Debra Silimeo

(two positions vacant)

Governance Committee Update May 14, 2019



Checking in, 2-½ years into our 3-year launch period

1. Our different lines of business to date
2. An overall snapshot of lifetime finances
3. A look at what's next

Governance Committee Update May 14, 2019



Checking in, 2-½ years into our 3-year launch period

Our new priorities, as of summer 2018

- Gather all of the DC Water non-ratepayer revenue projects, coordinate them, collect the revenue.
- Focus on areas of growth and revenue (less so on consulting).
- Become self-sustaining by the end of the three-year startup.
- Run Blue Drop exclusively with Blue Drop employees.
- New strategic plan by the fall.



Our different lines of business to date

- **Consulting**
- **Bloom** with partner support
- **DC Water's Existing Intellectual Property Contracts**
with partner support
- **Cell phone tower leases** with partner support
- **HQO event rentals** with partner support

Governance Committee Update May 14, 2019



Our different lines of business to date

Consulting

- 8 clients, in 6 states and 1 Canadian province
- 10 projects
- \$510,000 gross revenue
- ~\$51,000 net revenue
- Two contracts won on open RFP's
- 0-55% profit margins
- 2 repeat clients

Governance Committee Update May 14, 2019



Our different lines of business to date

Bloom (all time through April 30, 2019)

Tons diverted	37,510
Production diverted	7.6%
Revenue to Blue Drop	\$310,313
Cost savings to DC Water	\$1,030,418
Cost of program to Blue Drop (includes estimated staff time)	\$215,008



Our different lines of business to date

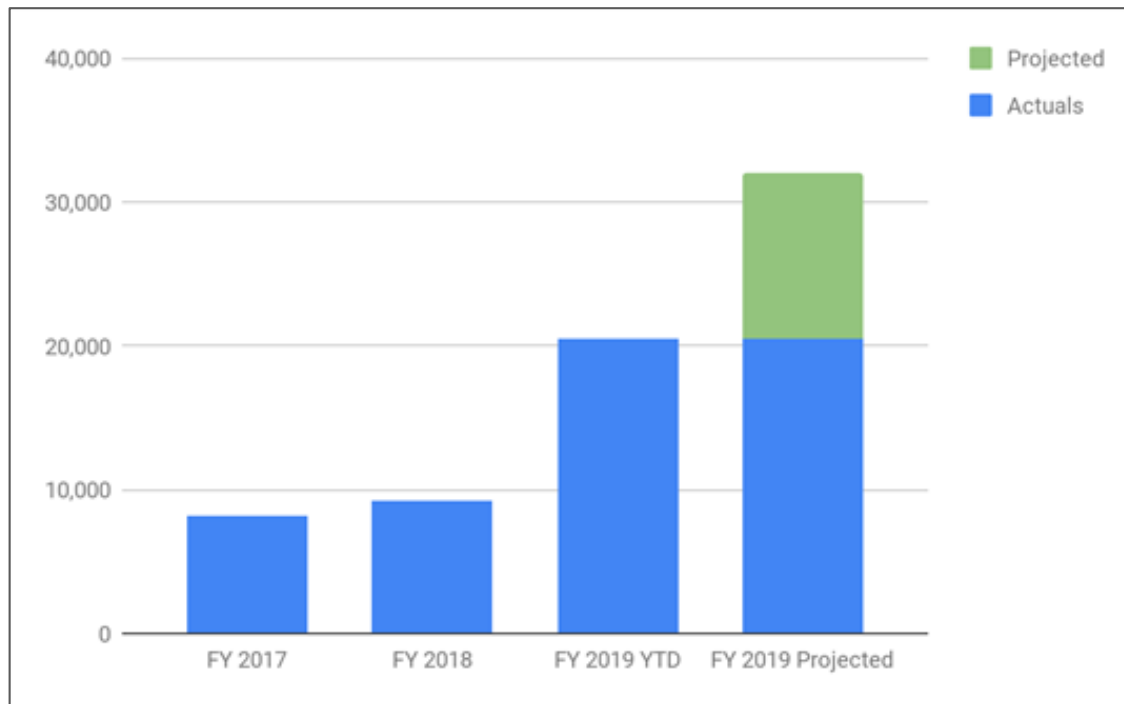
Bloom milestones

- 2017: 8,236 2018: 9,250 2019 YTD: 20,452
- 2017-18 sales growth: 18 percent
- 2018-19 (year to date) sales growth: 726 percent
- Most successful month: April 2019 (10,097 tons)
- Production sold out for two entire weeks (4/8 and 4/15/19)
- Bagged product in stores at Homestead Gardens, W.S. Jenks, and multiple DC Ace Hardware locations



Our different lines of business to date

Bloom



Governance Committee Update May 14, 2019

Our different lines of business to date

DC Water's Existing Intellectual Property Contracts

- \$100,000 invoiced and paid to date since Blue Drop's involvement (Ovivo)
- \$380,000 anticipated by end of fiscal year (Suez)
- Next major project: Pipe Sleuth

Our different lines of business to date

Cell phone tower leases

- ~\$80,000 invoiced and paid to date since Blue Drop's involvement
- \$160,000 anticipated by end of fiscal year



Our different lines of business to date

HQO event rentals

- Anticipated start date - October 2019 or sooner
- Anticipated number of events per year - Up to 125
- Anticipated future annual gross revenue - \$500,000
- Discussions ongoing with launch client



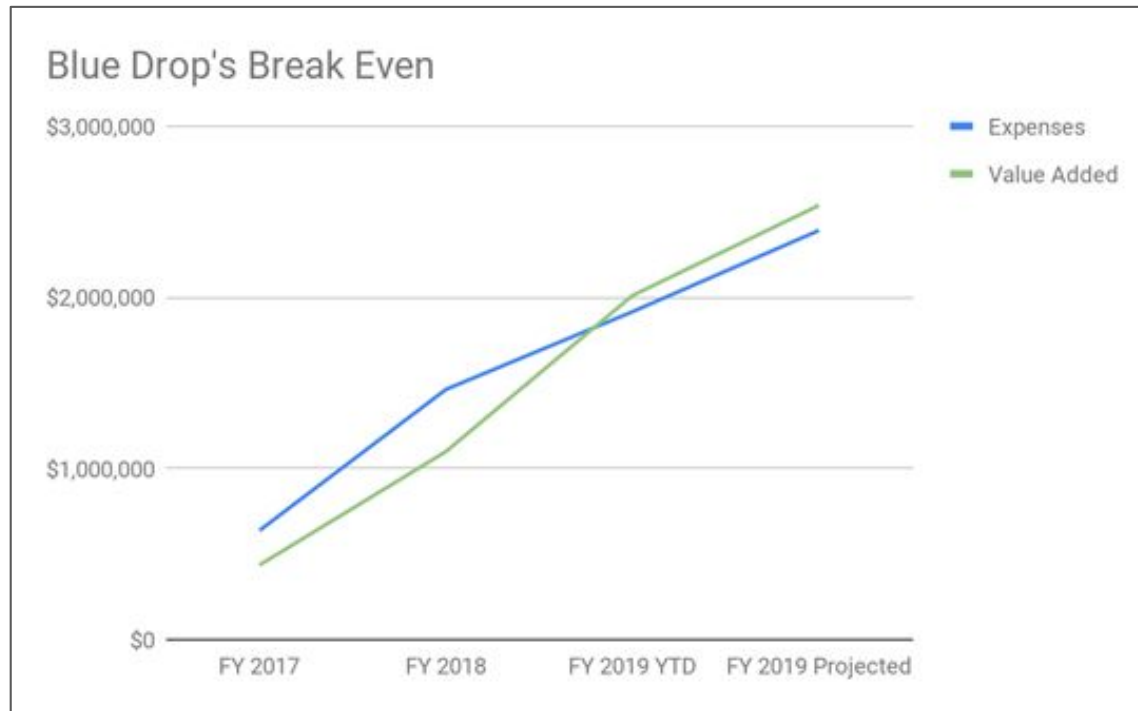
Overall snapshot of our lifetime finances

Bottom line: DC Water financial snapshot to date

DC Water Support	\$2,329,853
Blue Drop Expenses	(\$1,915,693)
Blue Drop Revenue	\$973,750
DC Water Cost Savings	\$1,036,605
DC Water Net Position	\$94,662



Overall snapshot of our lifetime finances



Governance Committee Update May 14, 2019



Overall snapshot of our lifetime finances

The headline: DC Water breaks even for its investment in Blue Drop.

Five months early.

Governance Committee Update May 14, 2019



Overall snapshot of our lifetime finances

Bottom line: Projected DC Water end of FY 2019

DC Water Support	\$2,329,853
Blue Drop Expenses	(\$2,390,803)
Blue Drop Revenue	\$1,375,048
DC Water Cost Savings	\$1,162,040
DC Water Net Position	\$146,285



Overall snapshot of our lifetime finances

Bottom line: Blue Drop financial snapshot to date

DC Water Support	\$2,329,853
Blue Drop Expenses	(\$1,915,693)
Blue Drop Revenue	\$973,750
Blue Drop Net Position	\$1,387,910



A look at what's next

From CEO to Blue Drop: develop a new narrative

1. With startup period nearly complete, many DC Water senior leaders and Board members have joined the organization recently. An orientation into the history and purpose of Blue Drop (including lessons learned) is needed.
2. Blue Drop provides value to DC Water in ways that go beyond strictly revenue generation.



A look at what's next

So what is the new narrative?

Blue Drop **supports** DC Water and its ratepayers **by marketing** products and services **to maximize** revenue and cost avoidance, with a **singularity** of focus and a more **nimble** business structure.



A look at what's next

DC Water/Blue Drop strategy session 4/24/19: action items

1. Update the Blue Drop Compass strategic plan for a 5-year time horizon and growing the existing business lines to maturity.
2. Develop new budget based on the plan.
3. Ensure incentives and duties are aligned for the future of the Bloom program. Get new agreement in place.
4. Continue building staff, allocating resources for future.



Questions?

Governance Committee Update May 14, 2019

