



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

**BOARD OF DIRECTORS
264th MEETING
THURSDAY, MAY 7, 2020**

MINUTES

Present Directors

Tommy Wells, Chairperson, District of Columbia
Krystal Brumfield, First Vice Chairperson, District of Columbia
Floyd Holt, Prince George's County
Ellen Boardman, District of Columbia
Adam Ortiz, Montgomery County
Rachna Bhatt, District of Columbia
Randy Bartlett, Fairfax County
David Franco, District of Columbia
Joseph Gill, alternate for Riddick, Prince George's County
Emile Thompson, District of Columbia
Adriana Hochberg, alternate for Fariba Kassiri, Montgomery County

Present Alternate Directors

Lavinia A. Baxter, Prince George's County
Howard C. Gibbs, District of Columbia
Sarah Motsch, Fairfax County
Rev. Kendrick Curry, District of Columbia
Steve Shofar, Montgomery County
Jed Ross, District of Columbia
Ivan Frishberg, District of Columbia
Joe Leonard, District of Columbia

DC Water Staff

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

Chairperson Wells called the 264th meeting of the District of Columbia Water and Sewer Authority's Board of Directors to order at 9:36 a.m. He stated that the meeting was being held electronically via Microsoft Teams. Ms. Manley called the roll and a quorum was established.

Approval of the April 2, 2020 Minutes

Chairperson Wells asked for a motion to approve the April 2, 2020 minutes. The motion to approve the April 2, 2020 minutes was moved by Mr. Franco, and seconded and unanimously approved by the Board of Directors.

Chairperson's Overview

Chairperson Wells stated that D.C. Water's employees are critical to the city and that they are doing an incredible job. He informed everyone that he could not be prouder to be a part of the organization as they face this crisis. Chairperson Wells stated that he is proud of D.C. Water's team and leadership.

Environmental Quality and Operations Committee

Reported by: Adam Ortiz, Chair

Mr. Ortiz stated that the Committee met via teleconferencing on April 16, 2020. Len Benson, Chief Engineer, presented the Committee's joint use and non-joint use action items that they considered for recommendation for approval by the full Board. The Committee inquired about the authority of the contractor to decide when and how D.C. Water funds were disbursed through Contract No. 170180, miscellaneous facilities upgrades. Mr. Benson assured them that the contractor, Ulliman Schutte, will only make suggestions and recommendations to D.C. Water employees who will make the decisions. The contract is not considered sole source but is part of a Basic Ordering Agreement (BOA). They also wanted to know how D.C. Water ensures that individual task orders from the BOA are pricewise competitive. Mr. Benson informed them that the Authority conducts independent engineers' estimates for all tasks orders prior to negotiation and procurement to ensure that prices reflect current and competitive market conditions. The Committee recommended approval of the two contracts by the full Board.

D.C. Water and Sewer Rates Committee

Reported by: Rachna Bhatt, Chair

Ms. Bhatt indicated that the Committee met on April 28, 2020 through Microsoft Team. CFO Brown informed them that there were three presentations and two action items on the agenda.

Carolyn MacKool, Director of Customer Service, provided an update on the Advanced Metering Infrastructure (AMI) Project and the new program that D.C. Water is working on with the District to provide assistance to customers in arrears. There will be \$2.175 million worth of emerging energy assistance available to residential customers who meet the criteria in one of the three Customer Assistance Programs.

A presentation was given to extend the comment period on the Proposed 2021/2022 rates, charges and fees rulemaking and public hearing date. CFO Brown stated that the Committee is seeking Board approval to change the public hearing date and extend the public comment period for the FY 2021 and 2022 rates, charges, and fees rulemaking process. This proposal is in response to the Mayor's COVID-19 pandemic public health emergency which was extended to May 15.

CFO Brown noted that the Board of Directors determines the rates based on the approved budget and financial plan. He introduced John Lisle, Vice President of Marketing and Communications, to provide an update regarding the revised plan for the Fiscal Year 2021/2022 rate-making process given the current pandemic conditions. Mr. Lisle stated that town hall meetings as well as other public outreach programs will solicit feedback from customers. A rate making web page has already been established to show customers the rate-making process and related document. The Committee has recommended approval of the new hearing date and extension of the public comment period to August 10, 2020 from June 15, 2020.

Director MacKool made a presentation on amending the bill challenge regulations to be consistent with current practice. The current regulation is that a customer can pay and notify D.C. Water in writing or not pay and notify in writing within 10 days after receipt of the bill if they have an issue. She stated that the issue with customers is the ability to pay the bill instead of a problem with the accuracy of the bill. Ms. MacKool noted that D.C. Water works with customers so that their bills can be paid and refers them to the Customer Assistance Programs and make payment arrangements. She indicated that they review all circumstances around receipt of the bill and determine if they should extend dispute flexibility up to the bill due date or 30 days after bill issuance. It is proposed to codify the current practice to refine current regulations, clarify the date when a customer may pay a bill under protest, notify D.C. Water of the reason the customer believes the bill is incorrect to within 30 calendar days of the bill date, modify the date when a customer must notify D.C. Water of a bill challenge and not make payment from 10 business days to within 30 business days after the bill date.

Vincent Morris, Manager of Communications and Government Relations, provided an update on the Transparency Amendment Act of 2020. He stated that they work closely with the Office of People's Council (OPC) and present responses to OPC's written comments. Mr. Morris reported that D.C. Water is complying with the Customer Protection Amendment Act of 2018. He reviewed the Transparency Act's 10 provisions and the legislation. CEO Gadis stated that D.C. Water is already in compliance with most of the provisions. Chairperson Wells indicated that D.C. Water has to be vigilant to ensure that the Council legislation does not contradict the intent of Congress when D.C. Water was created.

General Manager's Report

Reported by: David Gadis, Chief Executive Officer and General Manager

CEO Gadis began his briefing by presenting highlights from April's General Manager's Report. Team Blue has been striving to keep up with the operational service targets with social distancing and other protocols in place. In some cases they are slightly below targeted levels of service. While keeping all employees safe, they are meeting all regulatory requirements, delivering clean drinking water, treating wastewater, and managing Combined Sewer Overflows (CSOs). CEO Gadis reported that they are adding services which include restoring water connections previously turned off. Customers requested reconnections even though they did not pay their water bill balances at the time. These services were all rendered without compromising the health and safety of D.C. Water's most valued resources, its employees.

The Information Technology Team was congratulated by CEO Gadis for all of their unbelievable efforts during this COVID emergency. They were successful in moving 430 employees out of the building into their homes and providing them with laptops. They also were able to activate Microsoft Teams and terminate Skype a year in advance of the plan. More than 6,700 Team meetings have been hosted since COVID came into play.

CEO Gadis spoke about D.C. Water's efforts to track COVID here from a reimbursement standpoint which includes FEMA/HSEMA and the entire Homeland Security reimbursement under the Mayor's Emergency Declaration.

CFO Brown and his team are continuing to monitor changes in revenue and consumption. The commercial side is down about 30 percent. The multi-family and the residential side are up about 6 to 7 percent. However, this will not cover the decrease in revenue on the commercial side. They will continue to monitor this. CEO Gadis reported that they have begun to take action to try to close some of the shortfalls for 2020. He will continue communicating with the Board and has begun to lay out how they plan to close the gap.

Some good news was announced by CEO Gadis. The new headquarters building was awarded a 2020 Sustainable Design Award and also the Architectural Award by the DC Chapter of the American Institute of Architects.

It was announced by CEO Gadis that they have added another individual to the Executive Team. Kishia Powell who was the Commissioner of the Department of Water Safety Management for Atlanta will come on board as Chief Operating Officer and work remotely due to COVID-19. He asked that she be welcomed aboard. CEO Gadis said that he is proud of the leadership team they have assembled.

Another piece of good news reported by CEO Gadis concerns the refinance of bonds by CFO Brown which has resulted in \$50.4 million in savings coming into play in 2020 through 2037. CEO Gadis thanked the team for continuing its efforts to put D.C. Water in a good place financially.

CEO Gadis then provided an update on COVID and its impact. Through a tracking standpoint three employees have been impacted. He reported that they have isolated employees away from situations where there was not proper social distancing happening and closed a building down. Of the three employees, one has returned to work and two remain out. He congratulated everyone for adhering to new procedures and listening to the Emergency Management Team.

The quarterly Stakeholder Alliance meeting was held in April. CEO Gadis stated that the Alliance called for a demonstration of lead service line mapping. He indicated that he will continue to work and engage them.

The next issue concerned the tunnel boring machine, called Chris, on which CEO Gadis hoped the Board members had received a demonstration. On the Northeast Boundary there are a total of two miles left and they are ahead of schedule. It was scheduled to be completed in 2025 and is now projected to be completed in mid-2022. This project was moved forward to alleviate flooding in the Bloomingdale area. They are very happy with the progress of Chris.

CEO Gadis provided an update on the State of the Utility and highlighted 15 initiatives around high performing teams including resilience, readiness, and effectively engaging with stakeholders. Collaboration will continue on these initiatives and they will continue to communicate with the Board on the initiatives and deliver statements that they all agree on.

The LeadFreeDC Project was highlighted by CEO Gadis. This tracking of the lead issue in Washington, D.C., remains a top priority for him and the Board. With cooperation from the District Government and other D.C. Water partners, it is possible to eliminate all lead service

lines in the city within the next ten years. It is imperative that the lead law gets funding. CEO Gadis announced that they had selected John Deignan from the Office of Marketing and Communication as the Program Manager to lead the LeadFreeDC campaign. He is skilled in working with residents and the community. CEO Gadis also announced that Francis Cooper, Director of Enterprise Performance Management, is also on the team. With the proper leadership and program structure and a set of actionable priorities, the program will move ahead. To continue the transparency and cooperation CEO Gadis stated that he has established a LeadFreeDC External Stakeholder Advisory Group to help guide the program and include the issues of advocacy and the voice of the community. He stated that the American University Environment Defense Fund recent published its academic study on water and led service line replacement which declared that D.C. Water's lead free replacement programs were a model for utilities across the country.

Board Member Adam Ortiz thanked CEO Gadis for the lead free campaign and voiced his complete support. He asked CEO Gadis about the correspondence from Councilwoman Cheh concerning her questions about the virus being in the water. He also asked if there was any risk of transmission through sewage at the Blue Plains Wastewater Treatment Plant. CEO Gadis stated that there has not been a case from the CDC about anyone in the country having contracted the virus through sewage. Councilwoman Cheh's question centers on the buzz of testing raw sewage. CEO Gadis indicated that it is difficult in the District to do such testing and it is very expensive. D.C.'s combined sewer system also causes a problem. CEO Gadis stated that it can be done with difficulty based also on the large size of Blue Plains. Also, D.C. Water's system is a regional system, so there would be difficulty in dividing it. He informed them that the tests would have to be taken in the city in dry weather. CEO Gadis presented other difficulties in testing. He informed them that he had not heard of any community in the country doing testing on sewage. CEO Gadis stated that there is COVID in sewage but not at such a concentrate level to be dangerous. He reported that they have armed employees with N-95 masks, face shields, and other personal protective equipment. They recently met with the union leadership to talk about this. D.C. Water is in fantastic shape and will continue to monitor this. If an agency requires testing, they will definitely perform the testing.

Board Member Lavinia Baxter asked for background on the new Department of Information Management and what the reporting structure is. This department was set up in the Engineering and Technical Services Department because they wanted to pay really close attention to the Capital Improvement Program (CIP). No new staff was required. This alleviated the need for the "brown fold" which required project documents to be sent throughout the building for signatures which was quite time-consuming. The process is now automated so that documents can be signed on the phone or desktop. They are trying to streamline the processes and procedures throughout the CIP Program. Chairperson Wells informed CEO Gadis that he thought Ms. Baxter was talking about the changes related to marketing and communications and government affairs. CEO Gadis stated that they have moved toward having a greater focus on government relations. Mr. Morris has done a fantastic job working on communications and government affairs. They have also leveraged Marc Battle's expertise and experience in this area. He informed them that they were moving government affairs under Marc Battle and Jonathan Carpenter. Ms. Baxter asked for an organizational chart illustrating the reporting lines. CEO Gadis agreed to make the information available within a few days.

Chairperson Wells asked about when the Board could expect an amended 2020 budget based on the 30 percent drop in rate recovery or revenue from commercial customers in order to end the years without a deficit. CEO Gadis stated that there is lag time in the consumption and the bill. They have not yet gotten to the point to estimate what 2020 will look like. He noted that

even with COVID and the reduction in revenue, they believe there will be money saved on expenses. CFO Brown stated that the increases in residential and multi-family consumption will not offset the decreased consumption in commercial customers. He reported that they are no longer charging late fees and they are reconnecting customers. They have seen an increase in receivables. These issues will continue to be monitored.

For the March Financial Report CFO Brown stated that they had operating budget savings of about \$12.7 million. There is also some debt service savings that were to go to the Rate Stabilization Fund to be applied over the next two years. CFO Brown reported that the Budget Office has worked closely over the last several weeks with the department heads on specific initiatives so that year to date savings can be realized over the entire fiscal year. He stated that they are working on a plan to close the gap. They are still planning to go to the Finance and Budget Committee in May with a forecast of both revenues and expenditures. CFO Brown indicated that they are holding the budget so that it cannot be expended. They are also working with the Department of Procurement to close out purchase orders that are no longer deemed critical. All of the efforts they are taking will be reported at the Finance and Budget Committee meeting in May. They will also provide a projection of where they will be at the end of the fiscal year.

Chairperson Wells asked for D.C. Water's planning process in response to the Mayor's ReOpen DC Program. CEO Gadis indicated that the Emergency Management Team has begun to move toward recovery at this point in time. D.C. Water will be in sync with the Mayor and D.C. moving forward. They will also be in sync with the counties.

Consent Items (Joint Use)

Chairperson Wells asked for a motion to approve joint use contract action items. Ms. Brumfield moved to approve Resolution No. 20-38, and it was seconded. The motion to approve Resolution No. 20-38 was unanimously approved by the members of the Board.

Consent Items (Non-Joint Use)

Chairperson Wells asked for a motion by the District members to approve non-joint use action items. Ms. Boardman moved to approve Resolution Nos. 20-39 through 20-41 and it was seconded. The motion to approve Resolution Nos. 20-39 through 20-41 was unanimously approved by the District members of the Board.

There being no further business before the Board, Chairperson Wells adjourned the meeting.


Linda R. Manley, Secretary to the Board