



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

BOARD OF DIRECTORS  
278<sup>th</sup> MEETING  
THURSDAY, SEPTEMBER 2, 2021

MINUTES

**Present Directors**

Tommy Wells, Chairperson  
Rachna Bhatt, District of Columbia  
David Franco, District of Columbia  
Floyd Holt, Prince George's County  
Anthony Giancola, District of Columbia  
Joe Leonard, Jr., Alternate to Vacant Position, District of Columbia  
Adam Ortiz, Montgomery County  
Tara Jackson, Prince George's County  
Eleanor Ku Coddling, Fairfax County  
Ivan Frishberg, Alternate to Vacant Position, District of Columbia  
Fariba Kassiri, Montgomery County

**Present Alternate Directors**

Kendrick E. Curry, District of Columbia  
Howard Gibbs, District of Columbia  
Jared McCarthy, Prince George's County  
Lavinia A. Baxter, Prince George's County  
Sarah Motsch, Fairfax County  
Steven Shofar, Montgomery County  
Adriana Hochberg, Montgomery County  
Jed Ross, District of Columbia

**D.C. Water Staff**

David Gadis, CEO and General Manager  
Matthew Brown, Executive Vice President for Finance and Procurement, Chief Financial Officer  
Gregory Hope, Deputy General Counsel  
Linda R. Manley, Board Secretary

**Call to Order and Roll Call**

Chairperson Wells called the 278<sup>th</sup> meeting of the District of Columbia Water and Sewer Authority's Board of Directors to order at 9:30 a.m. The meeting was held via Microsoft Teams. Ms. Manley called the roll, and a quorum was established.

## **Approval of the July 1, 2021, Meeting and July 27, 2021, Special Meeting Minutes**

Chairperson Wells asked for a motion to approve the July 1, 2021, meeting and the July 27, 2021, Special Meeting minutes. The motion to approve the July 1, 2021, meeting and the July 27, 2021, Special Meeting minutes was moved, seconded, and unanimously approved by the Board of Directors.

### **Chairperson's Overview**

Chairperson Wells indicated that D.C. Water had experienced a number of challenges that have been addressed including the boil water alert, the Third Street Tunnel water main break, and water pipe breaks. He stated that crisis communications have improved dramatically with the community and that it is hard to get it to be perfect when you cannot anticipate what the emergency will be.

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

Reported by: Adriana Hochberg,

Ms. Hochberg stated that the Committee met on July 14, 2021. Ron Lewis, Benefits Manager, provided an update on the results of the group life and disability insurance services request for Proposals (RFP) which was issued to ensure that D.C. Water was getting the best rates for basic life, supplemental, dependent life, voluntary accidental death and dismemberment, and short-term disability and long-term disability. Mr. Lewis reported that two vendors submitted responses—New York Life/Cigna and Standard. The staff proposed New York Life/Cigna to receive the contract. Ms. Hochberg reported that she asked the staff to provide an analysis of why New York Life/Cigna was the best when its proposal had a higher price. Mr. Lewis stated that there was a \$350,000 difference in pricing proposals, but New York Life/Cigna provided a higher commitment to perform more administrative tasks which increased their score.

Ms. Hochberg indicated that they received an update on D.C. Water's Heat Stress Policy. Mr. Porter stated that the Heat Stress Policy had not changed, and it continued to be based on heat indexes. At 100 degrees Fahrenheit heat index, workers are brought in off the street unless they are working to complete emergency work. Also, crew work schedules are adjusted around the heat of the day. Mr. Porter also reported that the Safety Department also conducts heat stress campaigns which include talks, information graphics, safety bulletins, and heat advisory notifications.

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

Reported by: Adam Ortiz, Chair

Mr. Ortiz stated that the Committee met on July 15, 2021. Aklile Tesfaye, Vice President of Wastewater Operations, provided an update on the performance of the Blue Plains Plant which was as usual excellent and met all permit parameters and requirements. Through June a total of nearly a billion gallons of combined water flow were captured; 1,500 tons of residuals were removed, and on average 400 wet tons of biosolids were processed.

Carlton Ray, Director of the Clean Rivers Program, reported that a project management approach has been utilized by staff. The projects have operated under budget for engineering services and exceeded requirements for DBE, WBE, and other preferred contract requirements.

Mr. Ortiz indicated that COO Kisha Powell reported to the Committee on the Advanced Energy Group's Stakeholder Challenge and the participation of D.C. Water. The objective is to develop a portfolio of projects that combine equity, carbon reduction, and resilience considerations. D.C. Water successfully competed against other local utilities to be the district's representative in the competition. Reducing D.C. Water's carbon footprint was presented, and a workshop has been planned with the Board to discuss various project tools and the finalizing of the list of projects to be included by D.C. Water in the challenge.

Len Benson, Senior Vice President for CIP Delivery, presented an updated on engineering management and construction management in response to questions raised by the Committee. COO Powell presented projects that were previously performed under contract but have been brought in-house and other projects they were working to change with justification. This meant that additional engineers had to be hired and local laws changed which concerned regulations on licensure.

Ten joint use and three non-joint use contracts were considered by the Committee and recommended for approval by the Board.

Mr. Ortiz reported lastly that an update was presented by COO Powell on the Potomac Interceptor Rehabilitation and the Land Water Conservation Fund. She spoke of the status of the project and issues that may affect the project's schedule and present a risk to the Authority. Mr. Benson noted that the scope of the project is to rehabilitate and rebuild the sewer located in the Great Falls region of the Potomac in Virginia. Completion of sixty percent of the design in Phase One is nearing. It was originally scheduled to be completed in January 2022. Virginia's Department of Conservation and Recreation is intervening and requiring for Manhole 31 that a land conservation process be completed prior to the start of construction which could delay completion for up to four years. They must reach concurrence with the Virginia agency by the end of the summer. Delay puts the sewer at risk of failure that would significantly impact the Potomac Interceptor.

Mr. Ortiz indicated that the Committee advised the staff to prepare a briefing letter of concern and submit it to the Virginia Governor and send copies to the Department of Homeland Security, the Army Corps of Engineers, the Department of the Interior, EPA, and the District Office of Federal and Regional Affairs. The letter should state that there is a threat to the region's water source and that it is an interjurisdictional issue. The Committee also advised them to inform the Virginia members of the Board of the issues on the Potomac Interceptor Project.

### **Audit Committee**

Reported by: Floyd Holt

Mr. Holt stated that the Committee met on Thursday, July 22, 2021. The first agenda item was an action item to execute option year one and fund option year two and three of the audit contract for goods and services. Wayne Griffin presented a background briefing on RSM's internal audit services being provided to the Authority. He also detailed RSM's responsibility to subcontract 10 percent of internal activities to TFC Consulting in fulfillment of the Local, Small Business Enterprise participation goals.

Mr. Griffin noted the fact that RSM and D.C. Water had agreed to decrease cumulative spending during Fiscal Year 2021 to allow the Authority to leverage funds and reduce the costs in accordance with pandemic-related revenue shortfalls. He indicated that the Contract

Representative noted that RSM had met expectations for the contract regarding performance, timeliness of response, and adherence to D.C. Water's policies and procedures.

Mr. Holt confirmed that since there were no further questions or comments the Committee recommended that the full Board approve the contract's option year.

Dan Whelan presented the FY 2021 Audit Plan and status update. He reported that all audits within the Plan have been complied with and will be issued within the next quarter.

The annual risk assessment process will begin in August and RSM will update and monitor the audit plan as needed for changes in the control and operating environment.

Jill Reyes indicated the changes in the FY 2021 Audit Plan and informed them that the pre-production Oracle risk assurance review was completed. Areas of improvement and necessary changes have been communicated to Management. A post-production assessment will be conducted at the beginning of FY 2022 to ensure that the recommendations are appropriately implemented.

Ms. Reyes reported that the Strategic Plan monitoring audit was deferred to FY 2022 based on the recent development of a new Strategic Plan. This deferral will allow Internal Auditors to review operational effectiveness of the new internal control process during rollout. She indicated that the Materials Management audit originally scheduled for FY 2022 had been flipped to FY 2021 in place of the deferred Strategic Plan monitoring audit.

Ms. Tomeo presented the status of open status high risk audit findings. The training, licensing, and certification findings' target date was extended to January 1, 2022, due to the delay in the Oracle implementation go-live of the learning management module.

RSM's audit team worked with D.C. Water's contract representatives to determine whether contract requirements were met and found that invoices were approved and paid on time, and that proper controls and evaluations were in place.

Mr. Giancola inquired about the current process of tracking and monitoring COTR (Contracting Officer's Technical Representative) training. Dan Bae, Vice President for Procurement and Compliance), indicated that tracking COTR training is now done manually but is in the process of being automated to ensure that training is completed. Mr. Giancola stated that efforts should be made to confirm that COTR supervisors have completed the required training.

Ms. Reyes provided an update regarding the fraud, waste, and abuse Hotline. Three calls were received since the last Committee meeting, and all have been closed with no corrective action needed. Several calls have been received in FY 2021, but no cases were opened.

Mr. Holt requested approval from the Committee for the proposed changes to the internal audit. There were no objections, so the changes were approved.

### **Finance and Budget Committee**

Reported by: Anthony Giancola

Mr. Giancola indicated that the Committee met on Thursday, July 22, 2021, and received the June 2021 Financial Report. Ms. Oyeyemi, Budget Director, provided the report. As of the end of June when 75 percent of the fiscal year was completed, operating revenues were \$517

million or 70.5 percent of the budget. Operating expenses were \$417.4 million or 65 percent of the budget. Capital disbursements were \$280.2 million or 59.5 percent of the budget.

Ms. Oyeyemi informed the Committee that the FY 2022 budget book has been published and is available on the D.C. Water website. Planning activities for development of the FY 2023 budget have begun and the proposed budget will be delivered to the Board in January 2022.

D.C. Water went live with the new Budget and Planning System (BAPS) which is part of the Enterprise Resource Planning Project (ERP).

Chief Financial Officer Brown reported that a significant amount of work went into Phase Three of the ERP Project during the COVID epidemic and applauded the Finance team for their tremendous work.

Ms. Oyeyemi provided an update on the cash investments of the operating reserve which includes the Rate Stabilization Fund of \$90.2 million and the remaining balances of the unrestricted, about \$159 million, and restricted reserve accounts of \$60 million.

Delinquent accounts were at \$25.3 million for 14,177 accounts or about 11 percent of the total customers at the end of June.

Francis Cooper, Director of Enterprise Program Management, updated the Committee and reported that the ERP Project is an Authority-wide effort which includes the modernization of D.C. Water's financial, procurement, budgeting, and human capital systems to reduce the manual effort and lead-time, improve efficiency and quality, and increase productivity. It is divided into five phases as follows: Phase One for the core financials; Phase Two for advanced procurement; Phase Three which went live on June 21, have all been completed.

Remaining is Phase Four, human capital management and payroll, and Phase Five, advanced human resources, which are expected to go live in FY 2022.

Mr. Cooper provided an overview of BAPS, which was successfully implemented on time and under budget, and went live on June 21.

Ms. Oyeyemi reported that D.C. Water engaged the Government Finance Officers Association to assess and recommend general budgeting and best practices as a part of the implementation of BAPS. She reviewed the key findings. There were 25 recommendations, out of which 20 have been implemented. Nine of the long-term recommendations are being implemented, and the remaining, mainly for updates to the financial policies and aligning budget with the Strategic Plan, are under consideration by Management.

BAPS will be used to facilitate the development of the 2023 budget and to align the budget with the Strategic Plan in the future. Ms. Oyeyemi reported that it will be used to streamline the budget preparation time from 18 months to 12 months, with no dependency on the MS Excel programming.

Mr. Cooper reported that the ERP Program budget is \$22.1 million. Current project estimates are \$18.7 million, with actuals to date of \$12.9 million. Lower project cost estimates are due the Authority being able to leverage its staff to perform some activities in addition to the day-to-day activities.

CFO Brown presented an overview of Management's proposed amendment to the 2022 capital budget and the 10-year capital improvement program to cover construction costs for the Lead Free D.C. Program. He indicated that Phase Two of the program is why funding is being requested to ramp up the replacement rate necessary to complete the Lead-Free D.C. Program by 2030. He stated that approximately \$500 million remains unfunded within the Program. The recent submission of District Government budget funds of \$10 million, and commitment for three years will help, but the actions of the Board will assist in advancing the construction starting in FY 2022.

Management's recommendation is to allocate \$25.4 million for the Lead-Free D.C. Program for construction on the public side replacements, funded with the use of contingency in FY 2022. Also included is maintenance of the overall board-adopted CIP budget of \$5.4 billion. D.C. Water is seeking outside funds from the Federal Government and other sources to help fill the gap.

CFO Brown provided a brief overview of the D.C. Water Residential Assistance Program (RAP) and the Multi-Family Assistance Program (MAP). The Committee has recommended transferring unspent funds from the two programs to the FY 2022 budget. The Retail Rates Committee will consider extending both programs in their next meeting.

Board Member Rev. Curry requested additional information on the communication strategy that will be used to increase the number of people participating in both programs. Mr. Curd, Executive Vice President for Customer Experience, explained the marketing and communication team plan which includes press releases, social media, and community outreach. They are also working with other government agencies to help spread the word. COO Powell indicated that the staff has used the census tracking data and other data to identify customers who may need assistance.

Mr. Giancola reported that the Committee considered the action items and recommended that the full Board approve them.

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

Reported by: Rachna Bhatt, Chair

Ms. Bhatt stated that the Committee met once in July and once in August, even though the Board was on recess in August. She presented a summary of the July meeting first. CFO Brown provided the monthly Financial Report. He reported that for June revenue trends were consistent with what they had seen year to date in all categories. June was favorable to the budget.

CFO Brown noted that June delinquencies were \$25.3 million, and that half of that amount was pre-pandemic. Delinquent accounts represent about 11 percent of the total accounts. He encouraged everyone to review the by ward delinquent accounts part of the report. Mr. Brown also provided a briefing on the CAP, CAP2, and CAP3 customers who are in arrears by ward.

On developer deposits, CFO Brown reported that there had been a significant amount of refund requests received on 673 accounts for a total of \$3.3 million. They are continuing to work through the forfeiture process.

A presentation was received on the proposal to amend regulations to establish Washington Aqueduct sewer rates. Elaine Wilson, Manager of Water Quality and Pretreatment, presented

the proposal to amend 21 DCMR 4101 to establish a FY 2022 high flow filter backwash rate for the Washington Aqueduct. She stated that the waste characteristics of the filter backwash are similar to groundwater which has a separate rate. The proposed rate also includes a reduction in capital costs due to interruptible flows and reduction in indirect operational cost. The proposed rate of \$3.03 was developed by Raftelis, D.C. Water's Rate Consultant. Expected revenue income is \$4.2 million per year. Since D.C. Water is responsible for 75 percent of the Aqueduct's operating costs, net revenue will be approximately \$1 million per year.

Chair Bhatt reported that the Committee received a proposal to amend the D.C. Water Cares Residential Assistance Program and Multi-Family Assistance Program regulations to extend them into FY 2022. The unexpended balances are \$1.45 million and \$4.21 million, respectively. The proposal had already been presented to the Finance and Budget Committee and action items were recommended to the full Board for approval at their July meeting.

Another presentation by Mr. Curd, Executive Vice President of Customer Experience, on a proposal to amend 21 DCMR Chapter 4 for bill challenge regulations and other rules to make them consistent with current practice. He anticipated publishing the final rulemaking by November 19, 2021.

Chair Bhatt then summarized the presentation by Meisha Lorick, Acting Director of Customer Service, provided at the Special Committee Meeting held on Tuesday, August 31, 2021, to consider only waiving CAP2 recertification requirements for FY 2022. This will be consistent with the August 9, 2021, Public Service Commission Order 20990 which waived the recertification requires in FY 2022 for all FY 2021 Utility Discount Program participants within its purview. CAP1 and CAP3 were both already waived for recertification requirements, and this brings CAP2 in alignment with those two. It was determined that this was prudent for the efficiency of implementing the program and eliminating application requirements and reducing the burden on participants. It will also ensure that FY 2021 participating customers will automatically receive CAP2 benefits for FY 2022. This proposal does not include waiving the recertification requirements for the Multi-Family Assistance Program or the Residential Assistance Program. After much discussion, the Committee decided to recommend approval of this action item.

Chairperson Wells expressed his appreciation and the Authority's for Ms. Bhatt's availability and flexibility as everyone goes through the pandemic and tries to figure out ways to assist customers with bills and affordability. He also thanked her and her Committee for all their actions and responsiveness. Chairperson Wells stated that her Committee has been very important, especially during the pandemic.

Mr. Giancola asked Chairperson Wells how the District and D.C. Water reacted to the flooding that occurred. He stated that he wanted to get a quick report. Chairperson Wells indicated that CEO Gadis would provide information on the flooding in his report.

### **General Manager's Report**

Reported by: David S. Gadis, CEO/General Manager

Mr. Gadis noted that as part of his State of the Utility update to the Board, he provides an overview of a key initiative that contributes to the Authority functioning as a high-performing team, enhances the resilience and readiness, and promotes the effective engagement with stakeholders. He stated that this month the focus will be on activities supporting the strategic emphasis on the financial planning and transparent processes of D.C. Water.

The first item is D.C. Water's new Budget and Planning System (BAPS). This will deliver new tools and efficiencies for employees and will enhance transparency with budget and financial reporting. This will facilitate the preparation, submission, review, and approval of budgets in far greater detail. It will generate more accurate and customized financial reports and offers enhanced forecasting and planning tools for the financial team. BAPS also offers credentialed staff the ability to securely work in the system from any location in the country.

CEO Gadis reported that as part of the engagement process, he led three in-person employee town hall meetings as D.C. Water's employees returned to work. The employee response was overwhelmingly positive, and many employees expressed their excitement about returning to work. Blueprint 2.0 (D.C. Water's Strategic Plan) was presented, and important days were shared about the return to work at various worksites. The employee town halls were held at Bryant Street, the Blue Plains Plant, and the Headquarters facility. The last session was also presented virtually for those who could not attend. A comprehensive guide was prepared to assist in the returns. Topics covered included guidance on parking availability, connectivity issues, and the cleaning and disinfecting of surfaces by the Facilities Department. The guide was distributed to the staff who returned on July 12 and will be updated and distributed also to the other employees when they return.

As part of his report, CEO Gadis commented on the most recent rain events which Mr. Giancola inquired about. CEO Gadis reported that D.C. fared well and dodged a bullet as the storms passed through. Average calls were received by the Call Center, with no flood complaints received. Chairperson Wells thanked Mr. Gadis. He stated that the communications response for the Third Street Tunnel was highly professional and very well done in coordinating with the District's Department of Transportation (DDOT) and the community and commuters.

Board Member Giancola thanked CEO Gadis also. He stated that he hoped that DDOT absorbed some of the costs and that D.C. Water did not absorb all of it. CEO Gadis indicated that they were working through it. He stated that this was one of the toughest breaks he had seen in his career. It was because of where it was located, in an auxiliary area of the tunnel that was hard to get to. CEO Gadis stressed that they have gotten better at this and that D.C. Water is becoming a high performing team. They also are communicating better internally and externally. He thanked them for their positive comments.

Another question from Mr. Giancola related to Page 12, 13, and 15 which deals with preventive maintenance and facilities, fleet, and service repairs completion. He wanted to acknowledge that they still have low completion rates and below targets. In the Information Technology area on Page 13, the schedule performance and budget performance are below targets. He wondered if IT was adequately staffed. In Sewer Operations on Page 13 the performance is below targets in catch basin and sewer cleaning, and cleaning and inspection of sewers. Mr. Giancola said that he was concerned because this continues. He also pointed out that the on Page 17 wastewater reaction maintenance is below targets. There is a comment included that states that it will take three to five years to transform the culture to proactive maintenance. He asked how to do this and if it was a staffing issue or a culture issue. Mr. Giancola wanted to know what year they are in. On Page 18 the PEPCO damage to the Northwest Boundary sewer concerns him and he wants to know who pays. He indicated that the responses could be offline and later. CEO Gadis stated that he would like to get back to Mr. Giancola and copy all the Board members in writing. It was agreed.



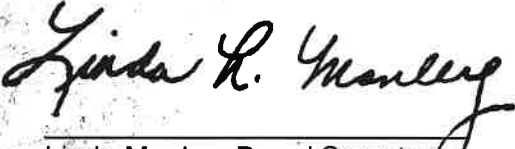
Chairperson Wells indicated that they would move to the action items which are all non-joint use, to be acted on only by the D.C. members.

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

Chairperson Wells asked for a motion from a District member to approve the non-joint use items. Mr. Gibbs moved to approve Resolution Nos. 21-75 through 21-77 and it was seconded. The motion to approve Resolution Nos. 21-75 through 21-77 was unanimously approved by the District Board members.

Chairperson Wells reviewed the upcoming schedule of committee meetings. The Governance Committee will meet on Wednesday, September 8, 2021, at 9:00 a.m.; Human Resources and Labor Relations Committee will meet with union presidents on Wednesday, September 8, 2021; at 11:00 a.m.; Environmental Quality and Operations Committee will meet on September 16, 2021, at 9:30 a.m.; Finance and Budget Committee will meet on September 23, 2021; at 9:30 a.m.; D.C. Retail Water and Sewer Rates Committee will meet on Tuesday, September 28, 2021, at 9:30 a.m. He reported that all committee meetings will be available by video just like this meeting is.

There being no further business, Chairperson Wells adjourned the meeting at 10:29 a.m.

  
Linda Manley, Board Secretary