



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

BOARD OF DIRECTORS 287th MEETING THURSDAY, JUNE 2, 2022

MINUTES

Present Directors

Rachna Bhatt, First Vice Chairperson, District of Columbia
David Franco, District of Columbia
Jed Ross, Alternate to Chairman Tommy Wells, District of Columbia
Fariba Kassiri, Montgomery County
Floyd Holt, Prince George's County
Anthony Giancola, District of Columbia
Steven Shofar, Alternate for Vacant Principal, Montgomery County
Tara Jackson, Prince George's County
Christopher Herrington, Fairfax County

Present Alternate Directors

Sarah Motsch, Fairfax County
Howard Gibbs
Andrea Crooms
Adriana Hochberg, Montgomery County
Jared McCarthy, Prince George's County

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, Legal Affairs
Linda R. Manley, Board Secretary

Call to Order and Roll Call

First Vice Chairperson Bhatt called the 287th meeting of the District of Columbia Water and Sewer Authority's Board of Directors to order at 9:31 a.m. Linda Manley, Board Secretary, called the roll and a quorum was established. The meeting was held via Microsoft Teams.

Approval of the May 5, 2022 Meeting Minutes

First Vice Chairperson Bhatt asked for a motion to approve the May 5, 2022 meeting minutes. The motion to approve the May 5, 2022 meeting minutes was moved, seconded, and unanimously approved by the Board of Directors.

Chairperson's Overview

First Vice Chairperson Bhatt reminded everyone that the Board meeting on Thursday, July 7, 2022 will be in person in the Boardroom at the D.C. Water Headquarters Building. Breakfast will be available from 8:15 a.m. to 9:15 a.m. and will allow Board members, especially new members, to interact with fellow Board members and staff.

Governance Committee

Reported by: Christopher Herrington

Board Member Herrington stated that the Committee met on Tuesday, May 10, 2022, at 9:00 a.m. The first agenda item was a report from Francesca Valente, Vice President of Blue Drop, on the FY 2022 second quarter activities. As part of strategic priorities, Blue Drop had a 55,000 ton target for Bloom sales for FY 2022, but recorded actual sales of 30,294 tons, 55 percent of the target. This was due to supply and demand imbalances. Blue Drop is evaluating small off-site storage blending and curing options for Bloom to address the supply and demand imbalances.

Board Member Herrington reported that there was a 10 percent fuel cost increase that impacted savings opportunities. Blue Drop is still aggressively pursuing the target and its efforts have resulted in a new monthly sales record of 10,500 tons for March and Bloom was sold out in April and May.

Headquarters events are moving ahead, with an average of 75 inquiries per month. The Fiscal Year 2022 event target was 40 events and Blue Drop held 11 paid events which included a bridal expo. A full-time events manager has been hired.

Board Member Herrington also reported that the renewable energy credits target for FY 2022 was \$2,000 and as of March \$1,089 has been collected.

The cell tower update showed that with a target of \$245,000 for FY 2022, as of March, \$160,826 in revenue has been collected. Negotiations have been completed with T-Mobile for two additional cell tower locations, valued at \$30,000 per site per year.

Board Member Herrington indicated that Wendy the Water Drop children's book series is in its second edition and has sold 223 copies and 300 copies have been distributed to schools and community groups. Also, 25 items of branded merchandise have been sold with net sales of \$2,794. Ten percent of the sales have been donated to the Splash Program.

For intellectual property for FY 2022, Blue Drop renewed a licensing agreement with Ovivo for five years, with an annual minimum payment of \$100,000. Intellectual property's target for FY 2022 is \$650,000 and so far, this fiscal year Blue Drop has collected revenue of \$697,197.

The Committee received an update from Korey Gray, Director of Compliance, on D.C. Water Works. His update included many successes and benefits gained by the community. Also covered were a review of the good skills positions, contractors involved, and steps to support minority businesses. Mr. Gray reported statistics on the number of positions filled and new hires by ward. The Green Infrastructure Initiative requires 51 percent of new jobs to be filled by District residents. Mr. Gray also indicated that D.C. Water's strategic partners which are the District Department of Employment Services and the University of the District of Columbia, refer individuals for hire on D.C. Water projects and for training programs.

Board Member Herrington continued to summarize information received on the D.C. Water Skills Training Initiative with the D.C. Sustainable Energy Utility, the Department of Facilities Training Program, and the D.C. Water's Apprenticeship Program. As apprentices, employees train for positions in Buildings and Grounds, Paint Shop, Utility Services, and Utility Operations Maintenance Services, including both mechanical and electrical services.

Under strategic initiatives, they also partner with local agencies by serving on boards and advisory committees. D.C. Water will participate in the D.C. Infrastructure Academy Open House and the D.C. Infrastructure Partners Reception held in May 2022.

Human Resources and Labor Relations Committee

Reported by: Adriana Hochberg

Board Member Hochberg reported that the Committee met on Wednesday, May 11, 2022 with union presidents participating. The first union issue was on the Oracle Payroll errors and omissions being experienced. Sharell Taylor and Barbara Milton, President of AFGE Local 631, read a statement into the record regarding their concerns on Oracle's deficiencies which include the processing of payroll being too time-consuming, going from approximately 90 minutes under the old system to 8 hours with Oracle. They stated that the old Dayforce Payroll System was more automated and user-friendly. Another issue they raised was inadequate training prior to the Oracle rollout. The unions have asked for full disclosure about Oracle pay and benefits errors and pay distributions for direct deposit.

Board Member Hochberg stated that she has heard the unions concerns and agree that employees need to be paid on time and that the amount due should be accurate. She indicated that implementation of any new system is challenging and involves a lot of work. Board Member Hochberg encouraged D.C. Water's staff to share what went well and areas that still require action since the rollout.

CEO Gadis stated that they have been successful and have listened to employee concerns. Errors have been corrected and are decreasing. He indicated that they would continue the conversations. CEO Gadis emphasized that accuracy is the number one priority for the 1,100 employee payroll system. He noted that the industry average is about 10 percent and their error averages have been 10 percent, 8 percent, 5 percent, and then only about 20 corrections for the last payroll cycle. CEO Gadis stated that Oracle is the fourth module of ERP, and that Oracle is the hardest piece of the ERP and most critical. Mr. Spears, Vice President of Labor Relations, agreed that multiple meetings have taken place with union leadership.

Union AFGE Local 631 President Barbara Milton shared concerns regarding changes in working conditions for union employees. She stated that unions were bypassed and not given advance notice or an opportunity to bargain terms and conditions before implementation of changes. Ms. Milton reported that examples of these issues include the timekeeping system and changes to retirement plans and 457 data. Mr. Spears responded that staff would continue to work with the unions.

The final item on the agenda was an update of D.C. Water holidays. Mr. Lewis, Benefits Manager, requested a revision of the list with the addition of Juneteeth National Independence Day on June 19th. This is a clarification of the implementation of the Presidential Inauguration. Mr. Lewis informed the Committee that Congress enacted the Juneteeth National Independence Act on June 17, 2021, which established the Juneteeth National Independence Day. The Board was asked to approve the addition to the list of holidays observed by D.C. Water. It was also proposed that Presidential Inauguration Day be observed as established and scheduled by the Office of Personnel Management in accordance with its holiday fact sheet. There is no in-lieu-of-holiday when Inauguration Day falls on a non-workday.

Board Member Jackson requested clarification for making changes to holidays, the scope of D.C. Water's obligation to inform unions in advance, and the protocol for doing so. The Committee recommended to the full Board the addition of the Juneteeth holiday. Also, the staff was asked to provide additional information and clarification on Inauguration Day at the next Committee meeting.

Environmental Quality and Operations Committee

Reported by: Sarah Motsch

Board Member Motsch stated that the Committee met on May 19, 2022 and received a briefing from Aklile Tesfaye, Vice President for Wastewater Operations, on the Blue Plains Plant performance. In April all performance parameters were excellent for completed treatment and the Wet Weather Treatment Facility. All operational and effluent parameters were within the NPDES Permit limits.

The following other issues were updated, and details are available in meeting materials:

(1) The tunnel system captured 207 million gallons of combined wet weather flows and treated it through the Blue Plains Plant. Of those flows 63 million gallons were treated through the Wet Weather Treatment Facility. No flows went through the CSO outfall during April; (2) Onsite energy generation from the Combined Heat and Power Facility and solar panels was 27 percent of the average consumption at Blue Plains, exceeding the goal of 20 percent per month; and (3) Over 11,000 wet tons of biosolids were produced and all were Class A Exceptional Quality. Almost 8,000 wet tons of biosolids or 72 percent of the total produced, were sold as Bloom. Marketing is on track to exceed the FY 2022 goal.

Board Member Motsch informed the Board that Dr. De Clippeleir Director of Clean Water and Technology, briefed on D.C. Water's collaboration with the District Department of Health to participate in the National Wastewater Surveillance System for SARS-COV-2. D.C. Water measures the genetic material present in sewage at Blue Plains and tracks the levels so that the Department of Health can gain information on infection rates in the region, including the rate of community spread of the COVID-19 disease. The CDC drives this surveillance project. The Department of Health uses the data to develop tools and guidance to direct the public.

Paul Guttridge, Director of Capital Improvement Program (CIP) Infrastructure Management, provided a CIP quarterly update which showed total spending anticipated to be \$99 million below, but not to exceed the budget ceiling. Spending for the Lead-Free D.C. Program is \$21.4 million below the baseline which is due to lower than anticipated customer participation rates in the Lead-Free D.C. Program and the Emergency Repair/Replacement Project. It was assumed that the participation rate would be 90 percent, but it was 70 percent this quarter and 40 percent last quarter. Board Member Motsch stated that there has been significant improvement but was not there yet.

David Parker, Director of Wastewater Engineering, provided an update on the Engineering Enforcing Plan which includes efforts for in-sourcing engineering contracts. This includes construction management and program management work, peak workload relief, staff augmentation work, and work which requires subject matter experts not found in-house. Benefits will include retention of institutional knowledge, succession planning, and cost-savings by employee in-house staff. Currently 50 percent of construction management work is done in-house, and the goal is an increase to 70 percent.

The Committee asked about vacancy rates for engineering positions and the challenges filling them. Mr. Parker was optimistic that the advertised positions will be filled.

The Committee recommended five contracts for Board approval.

Board Member Motsch reported that Moussa Wone, Director of the Clean Rivers Project, provided an update on the D.C. Clean Rivers Program. The Anacostia Tunnel System is performing well and through April 2022 over 13 billion gallons of overflow and 8,100 tons of trash, debris, and other solids were captured. The Northeast Boundary Tunnel is the last leg of the Anacostia Tunnel System and scheduled to be placed in operation in mid-2023. This will be ahead of the Consent Decree deadline of March 2025. The Potomac Tunnel System has two projects ongoing—the DSO 025/20 Zero Separation Project and the advanced utility construction. Procurement for final design and construction of the Potomac Tunnel System is underway and the plan is for it to in operation February 2030.

The Green Infrastructure Rock Creek Project B work commenced in March 2022 and is planned to be placed in operation by January 2024.

The Clean Rivers Project is \$42.6 million under budget to date. Meeting materials are available on the website which outlines full details.

Finance and Budget Committee

Reported by: Anthony Giancola, Chairperson

Chairperson Giancola reported that the Committee met on May 26, 2022 and received the Monthly Financial Report for April. Operating revenues were \$504.7 million or 63.1 percent of the budget. Operating expenditures were \$334.7 million or 50.8 percent of the budget. Disbursements were \$194.4 million or 34.3 percent of the budget. He stated that project variances were due to various issues including supply chain controls, COVID-19, delays with permit issuances, and the impact of DDOT restrictions.

CFO Brown reported to the Committee the FY 2022 year-end projections. The overview shows an anticipated revenue of \$3.4 million, estimated operating budget underspending of \$1.8 million, and debt service underspending of \$7.5 million. He provided a summary of projected

net underspending of \$17.3 million of the total operating budget, compared to the approved budget. One concern was the current vacancy rate of 13 percent, higher than the budgeted rate of 5 percent. Chairperson Giancola suggested that the vacant rate be raised in future budgets based on the historical trend.

There is a projected overspending in utilities due to market price volatility, certainly in the electricity area, overspending in chemicals due to higher unit costs for major chemicals, and overspending in supplies due to increased maintenance costs, coupled with raising inflation, and supply chain concerns.

Chairperson Giancola reported that CFO Brown reviewed the options available to the Board for the allocation of the project year-end surplus. This included amendments to the Board approved 2023 Capital Budget to carry forward a portion of the unspent funds in the various service areas to cover projects, slippages, and invoice payments for major capital projects. This includes the amendment of the budget for vehicle purchases by \$10.4 million, and the Washington Aqueduct by \$7.2 million. There was also an option of placing funds of \$3 million in the Rate Stabilization Fund and to amend the 2023 budget to cover projected shortfalls in chemicals and energy costs.

CFO Brown stated that for these projections, the final recommended projected net cash position will be presented to the Committee at the end of the meeting in June, with anticipated Board action in July.

The last report to the Committee was the July 1, 2022 to July 1, 2023 insurance renewals provided by Ms. DeLeon, Risk Manager. Chairperson Giancola stated that she provided background information on the extraordinarily difficult insurance marketing conditions faced at this time. The increase in cyber-insurance premiums in the last renewal exceeded 150 percent and brokers expect this year's renewal will be as high as 130 percent more than last year. The current premium is \$109,000 for \$5 million in coverage and costs may be as high as \$250,000 on the renewal. Chairperson Giancola asked whether self-insuring cyber-exposure has been considered and was told that it is an option being considered to lower the premium.

There were four follow-up items. One is to provide more information on interest rates and earnings related to investing in securities. Chairperson Giancola stated that earnings are now at \$1.1 million below the budgeted amount of \$1.76 million. They hope to get more information next month. The second follow-up item was to provide further discussion regarding the rollover of underspent capital improvement funds from FY 2022 to 2023. Third, to provide an update on the memorandum of understanding with DDOT on construction project safe spaces. And fourth, to provide further discussion and review of permit fees, particularly regarding the write-off of liabilities and the proposal to add staff to advance projects on an expedited basis.

CEO/General Manager's Report

Reported by: David Gadis, CEO/General Manager

CEO Gadis first congratulated Kishia Powell, Chief Operating Officer (COO), for being named among the top ten COOs and operations professionals nationwide regardless of the industry. This was awarded on May 12 at the 2022 OnCon Icon Awards and was by peer voting.

CEO Gadis then moved to the State of the Utility update, an overview of relevant programs, initiatives that support strategic objectives, which relate to the five imperatives: health, safe-and-wellness, reliable, resilient, sustainable and equitable which are part of the Strategic Plan

Blueprint 2.0. He presented five updates on actions and initiatives relating to equitable, reliable, resilient, and sustainable imperatives.

Due to COVID-19 pandemic, D.C. Water has been unable to offer the Authority's Summer Internship Program to local graduate and undergraduate students. CEO Gadis announced that they recently welcomed 28 young scholars to the program from local schools which include the University of Maryland, George Washington University, the University of the District of Columbia, Virginia Tech, and Georgetown University. The disciplines at D.C. Water include wastewater treatment, water services, sustainability, procurement, IT, human resources, finance, marketing and communications, and emergency management. CEO Gadis stated that they were happy to have the students at D.C. Water this summer.

Also related to equitable imperatives, CEO Gadis announced that after a two-year hiatus, service disconnections will resume in June of 2022. Customers with larger outstanding balances will be the priority, under a tiered approach. By the end of the calendar year the objective is to address all delinquent accounts. Customers can apply for assistance through the Department of Energy and the Environment and set up payment arrangements. An effort will be made to reach out to all the customers in advance. The disconnections are projected to begin June 27, 2022. The communication campaign plan with customers will include the Office of the People's Counsel, DOEE, and the Office of the Mayor.

CEO Gadis was informed by COO Powell that the Authority's Blue Plains Advanced Wastewater Treatment Plant has earned another Platinum Peak Performance Award from the National Association of Clean Water Agencies. This recognition honors ten consecutive years of 100 percent compliance with EPA's and the NPDES requirements.

Marc Battle, Chief Legal Officer, accepted the 2022 Global Water Award presented at the Global Water Summit on May 17, 2022 in Madrid, Spain.

D.C. Water was celebrated for the Smart Water Project of the Year in recognition of the impact of the Authority's Event Management System (EMS). EMS acts as an early warning system for non-routine events including real-time flood data, enabling the Authority to provide a faster response time and reduce the impact of flooding and water system emergencies across the District. CEO Gadis recognized for outstanding leadership on this project Tom Kuczynski, Vice President of Information Technology and Shared Services, and his team.

CEO Gadis' last update was on the Clean Rivers Project which he called a key piece of D.C. Water's efforts to revitalize water waste within the District and enhance sustainability. He provided an update on the status of the tunnel systems and other useful information. See the CEO/General Manager's Report for more details.

Board Member Giancola had questions for CEO Gadis. He stated that on Page 2 CEO Gadis referred to a function where there was a taste test of bottled water with D.C. water. He wanted to know the results. CEO Gadis replied that D.C. water tasted better than any of the bottled water, 100 percent. Board Member Giancola stated that he was delighted that the Internship Program was kicked off. He asked if it would be convenient to have the interns attend the July 7th meeting of the Board at the Headquarters Building. CEO Gadis replied that it was already done. Board Member Giancola also stated that he wanted to see improvements in both the preventative maintenance programs for Fleet and Facilities and the availability of priority vehicles.

CEO Gadis reminded the Board members of the 25-year celebration in June. First Vice Chairperson Bhatt indicated that notices were sent electronically to the members. Ms. Manley was asked to send it again to Board Member Giancola.

Consent Action Items Joint Use

First Vice Chairperson Bhatt asked for a motion to approve joint use action items. Board Member Giancola moved to approve Resolution Nos. 22-30 to 22-35 and it was seconded by Board Member Kassiri. The motion to approve Resolution Nos. 22-30 to 22-35 was unanimously approved by the members of the Board.

Consent Action Items (Non-Joint Use)

Chairperson Wells asked for a motion to approve non-joint use action items. Board Member Gibbs moved to approve Resolution No. 22-36 and it was seconded by Board Member Giancola. The motion to approve Resolution No. 22-36 was unanimously approved by the District members of the Board.

First Vice Chairperson Bhatt adjourned the meeting at 10:12 a.m.


Linda Manley, Board Secretary