



**District of Columbia Water and Sewer Authority**

**MINUTES**

**131<sup>st</sup> Meeting of the Board of Directors  
Thursday, April 3, 2008**

***Present Directors***

Chairman Robin B. Martin, District of Columbia  
Anthony Griffin, Vice Chairman, Fairfax County  
David J. Bardin, District of Columbia  
Keith Stone, District of Columbia  
Timothy Firestine, Montgomery County  
Robert Hoyt, Montgomery County  
David Byrd, Prince George's County  
Daniel Tangherlini, District of Columbia  
Dr. Jacqueline Brown, Prince George's County  
Alan Roth, District of Columbia

***Present Alternate Directors***

Joseph Cotruvo, District of Columbia  
David Lake, Montgomery County  
Steven McLendon, District of Columbia  
Jimmie Jenkins, Fairfax County  
Kathleen Boucher, Montgomery County  
Beverly Warfield, Prince George's County  
Paivi Spoon, Prince George's County

***WASA Staff***

Jerry N. Johnson, General Manager  
Avis M. Russell, General Counsel  
Linda R. Manley, Secretary to the Board of Directors

***Presentation***

Bob Berringer, URS  
Ed Marcus, Amawalk Consulting

Chairman Martin asked for a motion to approve the March 6, 2008 minutes. The minutes were Moved and Seconded with unanimous approval.

**Environmental Quality and Operations Committee**

*Reported by: David Lake, Chairman*

The Environmental Quality and Operations Committee met on Thursday, March 13, 2008.

Mr. Lake reported that the Blue Plains Plant is running great. The 12-month rolling average is below 300 million gallons per day.

Mr. Lake noted that the management staff will meet with EPA on April 9<sup>th</sup> to discuss both the technical and legal issues associated with the total nitrogen wet weather plan.

The engineering staff is looking at alternatives to the egg-shaped digester project that the Authority delayed and has been successful in finding alternatives. A presentation was provided that indicates that many of the inflation factors and factors associated with construction of such a project continue to escalate. Staff will provide the Committee options and it is anticipated that a Board work session will be scheduled in June to discuss those options.

The Committee is recommending four action items, one joint use for an O&M manual and four non-joint use items related to sewer construction, lateral replacements and water valve and hydrant replacement.

The Committee recessed and the suburban members of the Committee left the dias to allow the new ad-hoc Committee on Drinking Water Quality (District members) chaired by Dr. Cotruvo to convene its meeting.

The Committee reconvened and received a presentation by Dr. Perry McCarty, Professor Emeritus, Stanford University, on climate change implications of waste treatment.

Mr. Bardin made a request at the Board meeting that staff provide the Board the dollar amount spent on joint-use facility capital projects.

**D.C. Water Quality Committee (ad-hoc)**

*Reported by: Dr. Joseph Cotruvo*

Dr. Cotruvo noted that this was the first meeting of the Committee and it is comprised of the District members of the Environmental Quality and Operations Committee.

The Committees discussed its ground rules, mission statement and scope. In the discussion of the Committee's draft scope and mission statement, the Committee agreed that both the scope and mission statement should be broader. Dr. Cotruvo read the final scope and mission statement approved by the Committee. He noted that he will coordinate closely with Mr. Roth's Committee in regards to public communications and public confidence.

The Committee received a report on the Lead and Copper Rule Compliance Testing. Mr. Kiely informed the Committee that all of the samples that were analyzed were well within the EPA requirement of 15 parts per billion and the 90 percentile was on the order of 8 parts per billion. Also, Mr. Kiely provided the Committee a status on the lead service replacements completed in the first quarter of fiscal year 2008.

Dr. Cotruvo noted that Brendan Shane from the DC Department of the Environment spoke to the Committee on behalf of Board member George Hawkins regarding the Independent Study of Water Quality that was recommended by Councilmember Graham.

The Committee discussed the report of pharmaceuticals being detected in the drinking water.

Mr. Bardin requested that the General Manager provide in the Lead Service Line Program Quarterly Report the number of feet of lead service lines removed and the number of feet remaining. Chairman Martin agreed that the quarterly report should include the footage numbers.

Mr. Griffin noted that Fairfax County has a direct interest in any discussions around the acquisition of the Washington Aqueduct, which is one of the recommendations from the Board's governance study, because approximately 25,000 customers of the Aqueduct through the City of Falls Church live in Fairfax County. Therefore, he is requesting that he and Mr. Jenkins are informed of any discussions regarding the possible acquisition of the Aqueduct.

### **Customer and Community Services Committee**

*Reported by: Alan Roth, Chairman*

The Committee met on Tuesday, March 18<sup>th</sup>.

The Committee discussed the Authority's billing system and some glitches that were discovered in the system both related to the SPLASH contributions and those electing to participate in the budget plan. The Committee discussed whether the Authority was doing enough to publicize and promote the availability of the budget plan.

The Committee discussed the SPLASH and CAP programs. It was noted that since the transfer of the SPLASH Program from the Salvation Army to the Greater Washington Urban League, the number of applications for assistance has fallen off very substantially. The General Manager informed the Committee that he will have discussions at a high level with the Urban League to discuss their outreach efforts regarding the SPLASH Program and report back to the Committee at its next meeting.

In the case of the CAPS Program which is administered by the DC Office of Energy, the number of declined in applications has increased substantially in the last year. Staff will meet with the DC Office of Energy to discuss the increase in the number of declines.

The Committee discussed the possibility of acquiring broadcasting and/or webcasting capabilities for the Board meetings. The Committee asked staff to do an analysis on the technical requirements and costs, and provide the Committee with a preliminary report at its May meeting.

Dr. Brown asked if the Committee has had discussion on public relations and education regarding the wastewater treatment customers. Mr. Roth deferred the questions to the General Manager. The General Manager said that there was some discussion prior to the change in management at WSSC. He noted that the "Water, Use It Wisely" Campaign was adopted regionally and discussions are underway to raise the public awareness about the campaign. The General Manager stated that as soon as there is an opportunity to sit down with WSSC, he will pursue it more aggressively. He noted that there are other activities being undertaken by the Council of Governments in the Utility Managers Group.

### **Retail Rates Committee (District Members)**

*Reported by: Robin Martin, Chairman*

The Committee met on Tuesday, March 25<sup>th</sup>.

The Committee received a project update on the deliverables for the Impervious Surface Rate Project from PB Consult. On the first issued, the Federal property data. The consultants informed the Committee that they have been provided a link from GSA which has connected them to data on many of the properties in question. Board members will receive the link to review the data directly.

The Committee was informed that the data for nonresidential properties, which is one of the primary pieces of work, is on schedule to be completed in the June/July time frame at this point.

The Committee discussed the customer impact analysis and customer assistance for the impervious area charge. The General Counsel is preparing an answer on whether assistance can be offered on any sewer related billing rate.

The Committee discussed the consultant's selection of individual properties used as examples. It requested staff to come back at its next meeting with a more defensible and statistically reliable portrayal of average customers within different classifications.

The Committee discussed the actual proposed rate under the new impervious surface area rate. The FY 2009 proposal for volumetric water and sewer rates is an 8.5 percent increase. Once the rates are unbundled and the impervious surface area rate is introduced, the sewer rate would increase by only 3.7 percent. The impervious surface area charge for a single family residence would be \$1.24 per month or \$14.92 per year, which would result in an average residential customer's total bill going from \$55.48 to \$55.39 per month.

The Committee discussed the possibility of having a resolution that would authorize the Board to act in September on either the existing rate without the impervious surface rate or the new rate with the impervious surface rate. The Committee was advised by General Counsel that the Committee will have to make a decision on one or the other. The General Manager will have a recommendation on this when the action items are discussed.

Chairman Martin noted that the Retail Rates Committee will look at the Authority's retail rate structure more broadly in the next year.

### **Finance and Budget Committee**

*Reported by: Robin Martin, Chairman*

Chairman Martin reported that the Committee met on Tuesday, March 31. The February 2008 financial report was presented by exception. Revenues and expenses are on budget.

The reissuance of the 2004 and 2007 Auction Rate Security Bonds is on the agenda for approval today. All documentation and legal opinions are in place.

The Authority received word on the auction rate securities results over the past few weeks. One issuance of a week and half ago did not fail, but sold at the maximum rate of 15 percent. The Authority was informed today that the issuances last Thursday and Tuesday of this week were strong. One was at 5.5 percent and the other was slightly under 5 percent.

Mr. Firestine asked if the consultants have looked into the Authority buying back its auction rate securities. Ms. Bisgaier, Public Financial Management, stated that the Authority is proceeding with a bond sale next week on the \$295 million plus the \$15 million and with the rates down in the fours now, there does not seem to be a good reason to proceed to buy back the securities.

The Committee discussed extensively the Independent Comprehensive Budget Review draft report.

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

*Report by: Anthony Griffin, Chairperson*

The Committee met on March 26<sup>th</sup>. The Committee discussed the proposed DC Residency Preference resolution and after a lengthy discussion, the Committee deferred further action until its April 29<sup>th</sup> meeting.

The Committee received a presentation on the status of WASA's Occupational Safety and Health Program by Mr. Lallis, Director of Safety and Security. Staff advised the Committee on the activities undertaken to be proactive in preventing vehicle accidents.

Steven Cook, Labor Relations Manager, updated the Committee on negotiations concerning working conditions with the five unions. He noted that the Authority reached agreement with four of the five unions and the fifth union, National Association of Government Employees, and the Authority have entered mediation.

The Committee discussed personnel matters in executive session.

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

*Reported by: Jerry Johnson, General Manager*

The General Manager stated that he will present his report that was distributed to the Board by exception. He asked the General Counsel to brief the Board on the outcome of the EAB hearing and noted that the legal implications and strategy will be discussed in the executive session.

The General Counsel stated that the decisions by the Environmental Appeals Board (EAB) came down to three issues: (1) if compliance schedules should be in the permit and the EAB decided that they should; (2) the Friends of the Earth and the Sierra Club's position with the water quality standards was that the language in the permit had not gone through the appropriate process in terms of the comment period and that portion was remanded by the EAB for EPA to follow the appropriate process; and (3) the EAB determined that WASA had not submitted sufficient argument to review the issue of the allocation for nitrogen. WASA filed a motion for reconsideration of the last issue. In summary, the case was remanded on two of the issues and WASA requested reconsideration on the third issue.

The General Manager informed the Board that Moody's affirmed the Authority's A-1 rating on its Subordinate Lien Bonds and a double A-3 rating on the Senior Lien Bonds. Fitch affirmed a Double A minus rating on the Authority's

Subordinate Lien Bonds and an A plus rating on the Senior Lien Bonds. Finally, Standard and Poor's upgraded the Authority's Senior Lien Bonds from double A minus to double A and upgraded the Subordinate Lien Bonds from an A plus to a double A minus.

Mr. Bob Berringer, URS, and Ed Marcus, Amawalk Consulting, briefed the Board on the Independent Comprehensive Budget Review. Chairman Martin noted that all Board members have been provided a copy of the full report and asked that the consultants discuss their recommendations which are the key to the Authority's future actions. After discussion, Chairman Martin noted that many of the recommendations describe work that is already underway or work that the Authority has done in the recent past. Certain recommendations may be an extension of what the Authority has done before, or some may require a review and change in policy, as in the case of lowering the Authority's reserves. Chairman Martin congratulated Mr. Berringer and Mr. Marcus on the Independent Comprehensive Budget Review Report.

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

1. Approval to execute Supplemental Agreement No. 4 of Contract No. DCFA #393-WSA, Black & Veatch Corporation – Resolution No. 08-36
2. Approving the Final form of Certain Documents, Authorizing the Sale and Setting Terms and Details of the Series 2008 Subordinated Bonds – Resolution No. 08-37

In response to a question on Resolution No. 08-37, Ms. Barbara Bisgaier, Public Financial Management, noted that the \$44 million bond issue will be in a variable rate mode which means that at any time with one month's notice you can start to retire it.

Motions to adopt Resolutions No. 08-36 and No. 08-37 were Moved and Seconded with unanimous approval by the Board of Directors.

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

1. Approval to execute Option Year Three of Contract No. 040260, Anchor Construction Company – Resolution No. 08-38
2. Approval to execute Option Year Three of Contract No. 040270, Anchor Construction Company – Resolution No. 08-39
3. Approval to execute Option Year Two and Contract Modification No. 4 of Contract No. WAS-06-014-AA-VW, Wachs Utility Services – Resolution No. 08-40

The motion to adopt Resolution Nos. 08-38, 08-39 and 08-40 as amended was Moved and Seconded with unanimous approval by the District members of the Board of Directors.

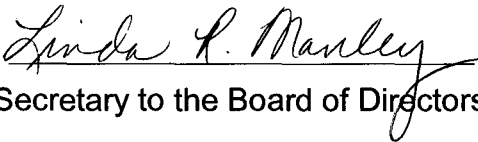
The Board then moved to Resolution No. 08-41, Approval of Proposed Water and Sewer Rates, Right-of-Way and PILOT Fee for Fiscal Year 2009. Chairman Martin noted that the resolution should be moved and second prior to discussion and asked the General Manager to present his recommendation. Mr. Tangherlini moved the motion and David Bardin seconded the motion.

The General Manager noted that his recommendation is to withdraw the resolution from consideration today. He stated that he has been asked a series of questions regarding the resolution and raised a number of issues with both staff and consultant with respect to the Authority's capacity to get the impervious surface rate implemented by the October timeframe. Therefore, he is recommending the withdrawal of the resolution and proposed bring it back to the Retail Rates Committee at its next meeting. The General Manager noted that the definitions regarding the impervious surface charge will be embedded in the publication of the regulations. The General Counsel noted that her staff is working on all of the revisions to the DCMR that are necessary as a result of the changes that are being made with regard to the impervious surface rate. The revisions will be presented at the Retail Rates Committee's April meeting.

After discussion of the resolution, Mr. Tangherlini withdrew his motion.

The Board convened into an executive session at 11:47 a.m. to discuss a personnel and legal matters.

The Board reconvened into the public meeting and adjourned the meeting at 12:48 p.m.

  
Secretary to the Board of Directors