



District of Columbia Water and Sewer Authority

MINUTES

***91st Meeting of the Board of Directors
Thursday, September 2, 2004***

Present Directors

Glenn S. Gerstell, Chairman
Bruce Romer, Vice Chairman
David J. Bardin
Alfonso N. Cornish
Michael Hodge
Alexis Roberson
Anthony Griffin
Lucy Murray
Alexander McPhail
Fariba Kassiri

Present Alternate Directors

Larry Coffman
David Lake
James Wareck
Stephanie Nash
Robert Stalzer
Michael Dutton

WASA Staff

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

Chairman Gerstell convened the September 2, 2004, Board of Directors meeting at 9:35 a.m.

Ms. Manley, Board Secretary, called the roll to establish a quorum.

Approval of Minutes of July 2, 2004 Meeting

It was Moved and Seconded that the minutes of the Board of Directors meeting of July 2, 2004 be approved. The motion carried unanimously.

Committee Reports

Community and Customer Service

Reported by: Alexander McPhail

Mr. McPhail reported that the Customer and Community Services Committee met on July 8th. The Committee covered four items: the automatic meter reading program, the work plan, the call center and the Authority's experience from the lead service line efforts.

The automatic metering program is about 92 percent complete.

The Committee discussed its work plan and agreed to have a formal government relation's strategy by October 2004. The Committee will begin thinking about a detailed plan for community service outreach and have an outline on how to accomplish that by February. Also, the Committee will develop two ideas for initiatives in the community that are not related to the Authority's core business.

The Committee discussed undertaking a customer survey in calendar year 2005 and plan to discuss that more in the September meeting.

The Committee reviewed the Authority's website and requested that staff concentrate on what can be done to enhance the website to be a better tool for outreach to the community.

The Committee received a report on the Call Center and its performance. In addition, WSSC will tour the Call Center in July, and WASA is being recognized for its state-of-the-art efforts in this area.

Retail Rates Committee

Reported by: Glenn S. Gerstell

The Retail Rates Committee composed of the District of Columbia members of the Board, met on July 1st, as well as earlier this morning. The Committee had two items to consider: (1) proposed rate increase (2) proposed rate decrease.

In October 2003, the Board adopted a proposed rate increase of approximately 5 percent. This was in keeping with the need to have a steady, slow, but still predictable series of rate increases over an extended period of time, perhaps as many as 10 years to fund a multi-billion dollar capital improvement program. The bulk of the rate increases will pay for interest on the funds that are raised for the capital program, as

opposed to, for example, using rate increases to fund operations, salaries, of which there is essentially very little increase in that regard.

The proposal that was originally contemplated in October 2003, and on which the Board had an extensive rate making process, including public hearings and community meetings, as well as additional meetings of the Retail Rates Committee, would change the rate for water from \$1.74 per hundred cubic feet of water to \$1.83. It would change the sanitary sewer service rates from \$2.63 for a hundred cubic feet of water used, to \$2.76. The net effect of this increase would be to change the typical residential customer bill by approximately \$1.75 a month, a relatively modest increase, but nonetheless one that was necessary. The Committee approved management's recommendation and the recommendation is before the Board later on in the meeting.

The Committee also considered the question of whether it should make some kind of acknowledgement to the customers in the form of a rate discount, a decrease or some adjustment to bills, recognizing that many of the customers have had a lot of anxiety over the lead issue. Some customers are understandably concerned over the communications that the Authority provided over the past year and the Authority has certainly heard from its customers on this issue.

While the Committee members were very concerned about the lead issue and certainly have a lot of sympathy for that, there are a number of matters that came up that have caused the deferral of that proposal. The possibility of a rate discount or decrease or an adjustment to the bills would require a full rate making process, even though we would be proposing to lower the bills only slightly were that proposal to be adopted.

Then, there is a difference of opinion among the Committee members as to whether to go forward with this possible discount because it really would just be a gesture and somewhat illusory in the sense that if the Authority gave a discount, this would apply to all 118,000 customers, most of whom did not have lead service lines.

The ultimate cost is going to be borne by the very customers who would be receiving the benefit of this acknowledgement.

The Committee decided to table the recommendation for future consideration.

Environmental Quality and Operations Committee

Reported by: David J. Bardin

Mr. Bardin reported that the Committee met on July 15 and was provided with a presentation by Mr. Benson on the Blue Plains plant performance.

The Committee was also provided a status of the NPDES permit for the plant. The Authority is in harmony with the D.C. Department of Health, a regulatory agency and approaching EPA on certain issues regarding the NPDES permit.

The Committee requested that they receive a written status on plant performance and permit reports in advance of the meeting. This will allow the Committee to consider

issues, and prepare questions they may have, to better fulfill the Committee's oversight function.

The Committee discussed the budget concerns and issues with the D. C. Lead Service Replacement Program. Questions have been raised regarding the procurement regulations and policies of D.C. WASA itself. Management's plan is to remove at least 2500 lead service lines in FY 2005 which begins October 1 and the 2500 lead service lines in FY 2006 and then ramp up further to 4,000 service lines a year in each of the next four years. The program will require a program lifetime budget increase of \$272 million, and the Committee is recommending amendments to the 10-year financial plan and the capital improvement program which reflects that addition.

The Committee reviewed the Authority's procurement regulations and the concern was if there was anything in the procurement regulations that inhibit the success of the lead removal program, particularly the bonding requirements. In the normal case, you would expect that the bonding is for one big job which when the job is finished, whether it is a \$1 million job or a \$200 million job, that is when the full bonding requirement would be lifted. In the case of the lead line removal, a given contractor is undertaking to remove hundreds of lead lines in batches and, as a batch is completed, maybe the Authority no longer needs that part of the full bonding requirement.

Staff reported to the Committee that the Authority received a number of bids on the three contracts that were awarded. Two of the four anticipated contracts will be EPA funded and will fall under the requirements for EPA procurement.

The Authority's regulations grant the General Manager discretion which the General Manager assured the Committee he would use, if necessary, to waive bonding and insurance requirements if the General Manager determines that a waiver will assist small, local and disadvantaged businesses to remove obstacles to participate in the Authority's contracts and that the interest of the Authority is not adversely affected.

The Committee discussed the status of the Blue Plains digester project and considered two issues: (1) the gas utilization and the future long range prospects for exploiting the gas and either marketing the gas to outside parties or of use by WASA itself to generate electricity or make some other use of it. It is methane gas, which is very much like natural gas that you buy from Washington Gas Light, company.

The Committee discussed the question of the height of the digesters. The present restriction on the site limits the height of the digesters to 90 feet and the plan is to design and construct digesters, which will be significantly higher than 90 feet. The Committee learned that management submitted an application to the Zoning Commission to approve a planned unit development. This is one of the ways in which you could have a change made and the planned unit development program would come before the Zoning Commissioners at their September monthly meeting to decide whether to set it down for hearing. The Authority was waiting for a recommendation by the Mayor's Office of Planning to the Zoning Commissioners on that question and anticipate a favorable recommendation, but it had not been made yet.

The Committee concluded that since this project is behind and has taken a long time to get the application in, and the Authority is actually spending money to design digesters which are higher than the law now allows, the Committee will exercise close oversight on this issue. The Committee requested that a report be provided to the Committee at its monthly meetings until the matter is resolved. In addition, the Chairman and Committee is to be e-mailed at every step in which progress is made, or a stumbling block shows up, and any change.

The Committee is recommending four action items on the agenda for Board approval.

CSO Stormwater Subcommittee

The Stormwater Management Subcommittee met and discussed first a green roof that Blake Real Estate has put on part of the roof at its headquarters building at 1425 K Street. The Chair of the Committee asked that Ms. Manley arrange for a tour of that roof for the Committee and invite the full Board.

The Committee was informed that the MS-4 Permit is moving in the direction that the Authority would want; namely that WASA is not named as a permittee as was once suggested by some of the EPA staff, but only the District of Columbia government be named as a permittee.

The Committee discussed the possibility of modifying the long-term control plan, to add more elements of separation in addition to replacing some of the tunnel proposals focusing on the possibility of some separation in the southern part of Capitol Hill, and south of East Capitol Street toward the river. The staff's presentation showed that it would be significantly more costly than relying on tunnels. Using general statistics they concluded that it might be a 4 to 1 cost difference per gallon of overflow avoided.

In addition, questions were raised and will be examined in future meetings of the subcommittee as to what the tunnel program really mean in terms of management demands on the Authority, resources (internal and external).

It was reported to the Committee that there is a project manager recruitment going on and an RFP for preliminary planning kinds of design and staff expects to have a decision in February.

The General Manager informed the Committee that he would soon be appointing a storm water manager to fill the position. In addition, the General Manager and Mr. Benson assured the Committee that in the future the CIP quarterly reports will include information on the long-term control plan and the commitment on the one hand and actual expenditure of the congressional funds which have generously been provided by Congress.

The Committee asked the General Manager about a letter received from a labor union relating to types of paints that the Authority used and what the safety implications were. The Committee was assured that Mr. Lawliss, Director of Safety, would prepare a response to that letter.

Finance and Budget Committee

Reported by: Michael Hodge

Mr. Hodge reported that the Finance and Budget Committee met on July 22nd. Mr. Bender reported that the operating costs of revenues and capital disbursements were on track. However, operating costs were somewhat less than anticipated. The \$13.3 million was budgeted, but the projection is that in 2004, \$11.2 million will be needed.

The Committee received a report on the status of the sewer billings to Howard University and the Soldiers Home and learned that there is still some disagreement there. The Committee will be apprised of the progress that staff makes in those discussions.

The rate cap on the generation portion of the Authority's electric bill will be lifted in February of next year and this means that rates can increase by as much as 50 percent. In response, staff formed an energy working group to examine the procurement process and review other options. In addition, staff is mindful that the digester program will provide some opportunities for co-generation and possibly produce some cost savings, but the magnitude of any savings is yet to be determined.

There is still an outstanding issue on funding for the service replacement lines and whether those costs will be capitalized. This is something that the Board has to consider.

Third quarter projections for the capital program are for continued accelerated disbursements for capital construction projects, and overall spending will be 115 percent of the \$224.5 million budget at the end of the fiscal year.

The Authority went to market recently and as of the date of the Finance and Budget Committee meeting, the interest rates ranged from 1.05 to 1.35 percent.

Mr. Hodge reported that the ten year cost to implement the lead policy adopted by the Board is approximately \$300 million.

Mr. Bender outlined the rate impacts of the replacement program, which was approximately a 9 percent rate increase for 3 years, or a \$6 per month addition to customers' bills in 6 to 7 years. Ms. Murray requested an analysis in the fall, showing the impact of this rate increase on the District's lowest income population.

Chairman Gerstell stated that with the interest rate of 1.23 percent that Mr. Hodge mentioned in his report, it saved the Authority over \$10 million in interest rate costs.

Summary of Recommendations from Covington & Burling

Chairman Gerstell stated that the Board had received a report from Eric Holder who is the partner at Covington & Burling and the former Deputy Attorney General of the United States. Mr. Holder headed up an inquiry undertaken at the Board's request of

looking at the Authority's actions in connection with the lead line issue, and the Authority's communications and actions associated with it.

The report was made available publicly in early August and was distributed to the Board members. In addition, the report has extensive discussion of the investigation, and a series of recommendations. Chairman Gerstell requested that Mr. Holder and his team come and make a presentation to the Board directly and asked each Committee of the Board to address the recommendations at their respective Committee meetings.

Mr. Holder thanked the members of the Board and wanted to state publicly so that the public understands the level of cooperation that his team received from the Authority.

Mr. Holder stated that if you look at the findings that his team made and the issues that they identified, they were institutional in nature, structural in nature, and concerns with the way in which communication occurred, both internally and on an inter-agency basis. Also there were recommendations on how the Board can be more effective, and more appropriately involved in these kinds of issues in the future. As a result of that, his team came up with 20 recommendations that were designed to improve and enlarge the system of internal checks and balances, to improve oversight practices and also to improve interagency communications.

There were five recommendations, 9 through 13 that dealt with specific things that Mr. Holder felt the Board should really focus on. Among those is advocating for the appointment of Board members with pertinent technical expertise. It is the team's strong feeling that the addition of a person or persons with technical expertise to the Board will be of great use as these issues or other issues present themselves in the future.

Another recommendation was that the Board should be more involved in the reporting of these kinds of issues and at least perhaps on a biannual basis receive an update as to where the agency stands with regard to the issues. In addition, the Board should consider the creation of an executive committee. The team understands that that would require statutory changes, but it is the team's recommendation that a committee composed of the Chairman of the Board and various Committee heads would go a long way in ensuring that the communications process is faster, to ensure that issues are raised in a way that they are identified, maybe a little sooner than they were in the past.

Mr. Holder stated that if an executive committee was put in place, and did have the ability to meet in executive session, that information issues that were discussed in that setting would be shared with the public as well.

The Board's involvement in major public education efforts is clearly one of the problems that happened in the past. The team recommends that strong involvement by the Board in formulating what public education efforts are going to look like would be very useful, given the wide breadth of experiences that people on the Board have. Having more people, especially people who are ultimately responsible for the stewardship of the organization, involved in those public education efforts would be something very good.

Mr. Holder stated that it is recommended that a review of the structure of the executive responsibility be conducted, to ensure that people below the level of the general manager have adequate resources or are appropriately delegating task, not to micro manage, but to ensure that the Board is comfortable with the way the organization at the level below the general manager is conducting business.

Ms. Murray stated that the Board did have a couple of people with very strong engineering background when a lot of the monitoring was going on and it was not picked up. Ms. Murray asked Mr. Holder that if you put someone back on the Board with a strong engineering background how would that help prevent or redirect the lead situation.

Mr. Holder stated that you have to look at the recommendations in their totality and he felt that having people with a strong engineering background and a public health background on the Board would certainly help. But they can only help if they have access to information. There has to be some mechanism to ensure that the people on the Board who have these skills and talents and this background are in possession of the relevant information. This is one of the reasons why the focus is on this whole question of coming up with better ways that this agency communicates internally and then also on an interagency basis.

Mr. Lake stated that certainly from the Operations Committee, which existed at that time, it had some of the expertise there and the issue is communication which Mr. Holder pointed out in his report in which he strongly supports. Mr. Lake reiterated that the issue is communication not an issue of qualification.

Chairman Gerstell asked Mr. Holder to expand on the notion of an executive committee. He felt that based on comments from Board members when the issue of an executive committee was presented a couple of years ago, Board members strongly felt that the establishment of a governance committee might hinder communication because instead of matters flowing from management generally to the entire board, it would flow only to a smaller executive committee and almost by definition there would be some additional layer of communication that would need to occur to the full Board, etcetera.

Mr. Holder stated that putting together a smaller group than this Board to concentrate on these kinds of issues, he believes will enhance communication. If you have the committee heads, these are kinds of issues that are cross cutting. They are not going to be simply an operations issue, they are not going to simply be in some other committee. There are a variety of places where lead in the water impacts this agency. Therefore, if you have an executive committee that has the ability to come together on a short notice, then, you can have conversations about issues, that are not at the stage where you want to decide to take final action, but what the possibilities of action might be, and to have those kinds of conversations out of the public view. Ultimately these conversations are going to be shared in some form with the public, that would foster a spirit of openness and increase the rapidity with which these issues are considered and make the Authority more responsive.

Mr. Burke of Covington & Burling stated that the consideration of an executive committee is not to replace the forms of communication that the report also advocates

in the present Board structure. He stated that this is an avenue to ensure that information flows rapidly on issues that rise quickly and on issues for which full information is not yet available.

Mr. Holder stated that as Covington & Burling makes this recommendation, it is mindful of the fact that there is, in some ways, tension between this recommendation and the general notion of the way in which government is conducted in the District where everything is open. Mr. Holder stated that having a structure, an executive committee that would have the ability to get together periodically between Board meetings, on an emergency basis, and have the ability to speak openly, frankly, with one another in a way that perhaps is not possible in a public setting, would all go towards increasing communications and dealing with problems in a faster way.

Ms. Roberson asked what would be the authority of the executive committee? Mr. Holder replied that it would be up to the Board to decide how the committee would be structured. From his perspective this would be a group that would simply augment that which the Board already does. Understanding that the ultimate responsibility lies with the larger body, but given the multitude of issues that this larger body has, it would seem that to have the heads of the various committees getting together on a regular basis and also on an emergency basis, would ensure that communication would be enhanced.

Ms. Murray stated that the issue of a governance committee was presented to the Board a couple of years ago. The larger issue is governance and making sure that you get diverse voices at the table on all of the issues. Ms. Murray stated that she could see easily in a board like the WASA Board basically "people with the technical backgrounds" making a lot of decisions that affect a lot more people than just lawyers and engineers. Ms. Murray stated that she feels it is worth consideration to establish an executive committee, but there needs to be some surety that diverse voices are at the table making those kinds of decisions.

Mr. Holder stated that the executive committee would be another mechanism by which the Board could be more effective and that Ms. Murray was correct that you have to be sensitive to the concerns that she raised.

Mr. Griffin asked Mr. Holder to compare the proposal for an executive committee to the existing mechanism where the Chairman can call an emergency meeting of the Board. Mr. Griffin asked if the special call emergency meeting would be an alternative to the communication issue. Mr. Holder affirmed that the Chairman clearly has that ability to call a special meeting. However, it is his view that the executive committee would serve this institution as well, not only in emergencies, but in the more routine matters. Mr. Holder stated that even with some routine matters, an executive committee could meet on a regular basis, have the ability to be called into session on an emergency basis, enhance the ability of the WASA Board to consider these issues, promote communication within the Board and also the Board's communication with management in the agency.

Mr. Griffin stated that he has serious concerns about the executive committee in relationship to the existing committee structure, which is designed to give the scrutiny

necessary that the Board as a whole is less likely to give. There is a process in place and a schedule and it is pretty rare when something comes up that has to be handled *within days versus something that is already in the mill and is on a schedule to be handled through the committee structure and through the normal Board meeting process.* He understands why Covington & Burling is making the recommendation, but he is trying to balance that against the requirements of the Authority.

Vice Chairman Romer stated that maybe the way to effectively deal with this really gets into the obligation to look at the governance of WASA as a result of the regionalization study that was done four years ago. The Authority has obligated itself within the next 12 months to look at WASA's role, mission, governance and cope. The issue of an executive committee should be on the agenda as part of the regionalization study.

Mr. Bardin asked Mr. Holder if he listened to the tapes of any of the Board or Committee meetings. Mr. Holder replied that they did not listen to tape recordings of the meetings.

Mr. Bardin stated that the Board should think about Covington & Burling's recommendations by taking some of the major lessons here and ask ourselves what could have been done differently, not to replay history, but to learn from history.

Mr. Bardin stated that the first and fundamental mistake which Covington had not been asked to investigate, was the way the decision was made to switch from chlorine to chloramines, a decision by the Washington Aqueduct, a decision made after a great deal of discussion. It was not a mystery that they were going that way. The Board heard about it and the public heard about it. Mr. Bardin stated that no one raised the question whether that switch from free chlorine to chloramines could cause an unintended consequence to the corrosivity of the water and, thereby, rip out protective films, or scales, from the insides of lead pipes.

Mr. Bardin strongly concurred with the recommendations from Covington & Burling that the Board should advocate to the Mayor to appoint a public health expert to the Board. Maybe that expert would have raised the question.

Mr. Bardin stated that he can not imagine how an executive committee could have effectively raised the question which nobody succeeded in raising.

Mr. Bardin stated that he agrees with Vice Chairman Romer, the first priority is to proceed with the regionalization study.

Mr. Griffin stated that although the Board is somewhat critical of one of Covington & Burling's recommendations, and from his perspective, he felt that Covington & Burling performed a valuable service and much appreciated, he did not want Mr. Holder and his team leaving, giving the tenor of the questions from the Board about the executive committee thinking that the Board is hostile. He felt overall that Covington & Burling performed a very valuable service for the Board. Mr. Bardin stated that the Covington & Burling report is an illuminating report on the facts and a thought-provoking report on the recommendations and he is grateful for the report.

General Manager's Report

Mr. Johnson reported that the Authority will produce a video during the summer that the Authority can utilize to demonstrate to the residents and others what to expect when it begins the lead service line replacements in their area. The lead service replacement is extremely disruptive to communities. Therefore, he has asked John Dunn to join him and he will make the presentation as part of the General Manager's Report.

Mr. Johnson reported that the Authority is still ahead of schedule on capital spending. The Authority is about 91 percent of projections as of July, so it certainly expects to exceed that, but has not exceeded any lifetime budgets.

On pages 5 through 7 of the General Manager's Report there is an extensive discussion on the electric procurement. As a result of deregulation, he stated that we have had some substantial changes in the manner in which we go about acquiring and procuring electric service. Blue Plains is the largest single site for electric consumption of any of the Pepco sites and uses about \$15 million of electricity a year. It is expected that those prices are going to go up substantially.

Staff will have a detailed discussion on the electric procurement with the Finance and Budget and Environmental Quality and Operations Committees and the General Manager is requesting that the Board of Directors do something different with regard to their approval of the procurement.

Mr. Johnson reported that there was a water main break in the 500 block of 23rd Street last night that resulted in a substantial amount of water going into a parking garage. He stated that they do not believe that there was any property damage, but there were some photographs taken that may show up in the media. There was another one that is considerably more substantial on an 18-inch main that crosses the Calvert Street Bridge and several years ago something in order of 12, 14 years ago, one of the secondary backup lines was taken out of service and is not suitable for use. This pipe is about 70 feet off the ground. The Authority will have to receive permission from the Park Service to utilize the pipe. The Authority is feeding water into that pressure zone from another zone while it is going about making the repair and has hired a contractor who is on site doing some preliminary work while the Authority is working with the Park Service to get permission to go on to their property to repair the pipe. Mr. Johnson stated that there will be updates on the water main break on the website to keep people informed of the status.

The Authority processed 37,700 lead test kits. It had 20,000 returned and all results have been sent to the customers within 30 days.

The Authority received a favorable bid from WSSC to process the lead samples for \$31 a sample. The Authority received nine bids for the lead samples and tests.

Mr. Johnson reported that orthophosphate or phosphoric acid was added to the system on a system-wide basis. EPA has held two community meetings to announce the event of the addition of that particular chemical.

The Authority was successful with Wachovia Bank in establishing a program to assist homeowners in the replacement of their private lines. In addition, a grant program was established with the Department of Housing and Community Development to provide up to \$5,000 grants for the private side replacement of lead service lines and to date, it is Mr. Johnson's understanding that there has only been about 25 requests for private side replacements.

Mr. Johnson informed the Board that they will be receiving a letter of invitation to a workshop that is co-sponsored by George Washington University and WASA to be held on October 12th and 13. This is a national workshop and there will be a number of national experts from around the country. The workshop is to discuss the District of Columbia's experience regarding the lead issues, lessons learned and future direction. The attendees will also begin to lay some groundwork for changes that we expect to occur in the lead and copper rule.

On page 15 of the General Manager's Report, the performance of the Blue Plains Wastewater Treatment plant is noted. All parameters were met and the Authority has added to the monthly report a number of photos, some of the completed projects at the plant.

Mr. Johnson stated that staff is setting up a tour for the capital projects for the Environmental Quality and Operations Committee and encourages the entire Board to participate in that tour.

Mr. Johnson reported that the MS4 Permit was issued last week to the District of Columbia government.

The Government Financial Officer's Association (GFOA) awarded the Authority the distinguished budget presentation award for the third consecutive year. AMSA has also awarded to the Authority for the third consecutive year its gold award.

The General Manager commended Bernetta Vaughan. Ms. Vaughn acted as the Authority's security manager during the time that the Authority was recruiting for a new security manager. The General Manager commended her for her activity and the contribution that she made to the organization.

Mr. Johnson reported that the Authority has had an exchange of MOU's with the District of Columbia regarding the lead replacement lines. Instead of requesting supplemental appropriation, the District will cover the expenses incurred by WASA and the Health Department. In FY 2004 and then in FY 2005 the Authority will have the responsibility for reimbursing the District either in that year or in subsequent fiscal years. The details have not been worked out, but it is projected that the details of the MOU will be finalized by September 30th. Mr. Bardin asked the General Manager the status of the appointment of a Stormwater Manager. Mr. Johnson replied that he appointed Dr. Mohsin Siddique as Interim Storm Water Manager.

Mr. Bardin requested that the General Manager invite a chemist to the Environmental Quality and Operations Committee to explain the issues about corrosivity and orthophosphate.

Mr. Dunn made a presentation to the Board showing the challenges that the Authority will face during the lead replacement program. Mr. Dunn stated that there is a possibility that when you get to the main, the mains are so bad that you can not tap into them and you will have to go from the individual cuts to longer inner pit cuts to lay the new main. There are some instances where the property line is under the porch, which causes conflict because the property owner thinks that this is their property and then find out that it is public space.

Mr. Bardin asked what percentage of total footage of the service lines that WASA had addressed, at least partially, had been in public space and what percentage of that total footage had been in private space. Mr. Dunn said he would have to determine the statistical response to such questions.

Mr. Griffin asked what percentage of homeowners is opting to also replace their internal lines? Mr. Dunn replied under 2 percent. Mr. Dunn stated that to meet EPA criteria, the Authority need to replace 1615 services this year. The plan is to replace 1771. To date, the Authority has completed 1448 which is 82 percent of the goal and 90 percent of the requirement.

Mr. Bardin asked what was the Authority doing besides the minimum required by EPA regulations and the consent agreement with EPA to encourage and persuade homeowners to get their part of the lead service line replaced. Mr. Johnson replied that the Authority has written to homeowners and made them aware of the availability of funds. Wachovia is starting their own outreach program and the Department of Housing and Community Development is doing an outreach program. Mr. Johnson stated that the more aggressive efforts of outreach will be undertaken beginning with the new contracts in the next fiscal year. They are just getting geared up for that and have not done all they can. In addition, there are some efforts being made at the time that the Authority proceed with the public sector replacement portion where actual contact is made with the homeowners as opposed to just leaving the written material and letter at the customer's home.

Ms. Murray asked if the Authority is informing people that they need to be aware of where their property lines are so there will be no surprises when WASA shows up and begins to dig up their lawns. Mr. Johnson stated that staff can certainly include more information about the fact that the property line may not be out on the street.

Chairman Gerstell requested that the General Manager provide the District members with a copy of all of the leaflets, notices, mailings, communications, that the Authority sends to residents before, during and after this construction activity. Mr. McPhail stated that he would add that to the Customer and Community Service Committee agenda for discussion.

Mr. Gerstell requested that the Channel 4 presentation describing the AMR system and the various aspects be a part of the next meeting of the Board.

Consent Items (Joint Use)

1. **Approval of Contract No. 990040, W.M. Schlosser Company, Inc. – Resolution #04-62** – Authorizes the General Manager to execute Change Order No. 16 in the amount of \$46,606.
2. **Approval of Revised Fiscal Year 2003-2012 Ten Year Financial Plan – Resolution #04-63** – The Board of Directors approved and adopted the revised Fiscal Year 2003-2012 Financial Plan.
3. **Approval of Fiscal Year 2003-2012 Capital Improvement Program Revised Lifetime Budget** – The Board of Directors approved and adopted the Fiscal Year 2003-2012 Capital Improvement Plan with a revised lifetime budget totaling \$5,301,513,155.

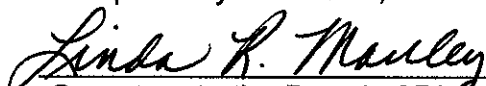
The Motion to Adopt Consent Items (Joint Use) was Moved and Seconded with unanimous approval.

Consent Items (Non-Joint Use)

1. **Approval of Contract No. 010030, Fort Myer Construction Co., Inc. – Resolution #04-65** – Authorizes the General Manager to execute Change Order No. 1 in the amount of \$3,250,000.
2. **Approval of Contract No. GS-35F-0075N, Annance Consulting – Resolution #04-66** – Extension of professional services contract through September 2005.
3. **Approval of Final Water and Sewer Rates for Fiscal Year 2005 – Resolution #04-67** – The Board finds that the Authority's projected expenditures require that it adopt the changes in retail water and sewer rates.

The Motion to Adopt Consent Items (Non-Joint Use) was Moved and Seconded with unanimous approval by those Board members representing the District of Columbia.

Respectfully submitted,


Secretary to the Board of Directors