



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

BOARD OF DIRECTORS

Finance and Budget Committee

Thursday, December 22, 2005

9:00 a.m.

MEETING MINUTES

COMMITTEE MEMBERS

Paul Folkers
Anthony Griffin

BOARD MEMBERS

Alexander McPhail
Beverly Warfield
David J. Bardin

WASA STAFF

John Dunn, Chief Engineer
Michelle Cowan, Acting CFO
Avis Russell, General Counsel
Linda R. Manley, Board Secretary

Paul Folkers called the meeting to order at 9:10 a.m.

Committee Action on FY 2006 and Proposed FY 2007 Budgets

The Committee discussed seven action items for the Board to consider at their January 2005 meeting:

1. Revised FY 2006 operating budget
2. Proposed FY 2007 operating budget
3. FY 2005 – 2014 financial plan
4. FY 2005 – 2014 capital improvement program (lifetime & cash disbursements basis)
5. FY 2007 capital authority request
6. Capital projects reimbursement
7. Proposed FY 2006 stormwater enterprise fund budget

Ms. Cowan reviewed the seven action items. The Committee agreed to forward all action items to the full Board for consideration at their January meeting, with appropriate modifications to reflect appropriate Committee review prior to the meeting on the following:

1. The FY 2007 capital improvement budget and associated schedules for potential project estimate revisions:

- a. Financing Washington Aqueduct projects – David Bardin stated that at the December 13 Environmental Quality and Operations Committee meeting, the District of Columbia members of that Committee took the position that the WASA Board of Directors should not approve the \$71 million Washington Aqueduct funding proposal for FY 2007, but should instead place a funding cap of \$23 million, which is the amount approved by the Board at its January 2005 meeting. Mr. Bardin stated that the funding cap would be consistent with the Board’s policy of gradual and predictable rates.

Mr. Griffin responded that he would not reach a final decision concerning this matter until staff conducts further research into the matter including identifying any potential cost impact associated with delaying the Washington Aqueduct’s project timeline.

Ms. Cowan noted that staffs have aggressively pursued this issue and identified several viable options to address this matter. Staff will provide this information to the Board for consideration prior the its January meeting.

After further discussion, Mr. Griffin suggested that staff forward correspondence to the full Board, by way of the Environmental Quality and Operations Committee, including an analysis of all issues involved. The correspondence should present various options, the pros and cons of each option and the potential financial impacts of delaying WASA’s funding of the Washington Aqueduct’s projects currently reflected in WASA’s proposed budget. Mr. Griffin asked that this item be pulled out and voted on separately rather than voting on the entire capital improvement budget as a single item. On behalf of the Committee, Mr. Folkers recommended that the Washington Aqueduct issue be pulled out and that the Committee recommend the capital improvement program to the full Board for action at their January meeting.

- b. Proposed modifications to the existing lead service replacement policy, given updated information now available on the number estimated lead lines and analysis of alternate funding scenarios.

2. History and timeline of any known delinquent wholesale customer payments.

Mr. Bardin stated that at the December 16 Retail Rates Committee meeting, a majority of the Committee members voted in favor of the proposed seven percent retail rate increase, while he voted in opposition to the rate increase. Mr. Bardin also referenced questions forwarded to staff from Mr. McPhail requesting alternate rate scenarios for the outyears. Mr. Johnson assured the Committee that staff are currently conducting research and will respond to Mr. McPhail’s questions prior to the January Board meeting.

After discussion, the Committee recommended each of the action items for Board review and action in January with additional Committee review on matters outlined above prior to the Board meeting.

Mr. Folkers adjourned the meeting at 10:14 a.m.