



**District of Columbia
Water and Sewer Authority**

Board of Directors

Retail Services Committee

Tuesday, July 28, 2009

11:00 a.m.

MEETING MINUTES

Committee Members Present

Joseph Cotruvo, Chairman
Howard Gibbs
David J. Bardin

WASA Staff Present

Avis Russell, Interim General Manager
Leonard Benson, Acting Chief Engineer
Meena Gowda, Acting General Counsel
Linda Manley, Board Secretary

I. CALL TO ORDER

Dr. Cotruvo called the Retail Services Committee Meeting to order at 11:38 a.m.

II. WATER QUALITY MONITORING

1. Coliform Testing:

Charles Kiely, Assistant General Manager, reported that two (2) samples tested positive for coliform in the month of July. Follow up testing was negative at both sites, and investigations are currently being conducted to determine the cause for the positive results.

2. LCR Compliance Testing:

Mr. Kiely reported that WASA has begun its second semester monitoring period; and 50 test kits were dropped off on July 27, 2009. The 90th percentile for samples collected and analyzed during the first monitoring period (January – June) was six (6) ppb, which is the lowest of any monitoring period since 2000.

III. FIRE HYDRANT PROGRAM

1. Service Status:

Mr. Kiely reported that the current “out-of-service” list for fire hydrants stands at 145. Of

these, 26 are categorized “inaccessible” and 119 are scheduled for repair or replacement. Mr. Kiely reported that the replacement process has slowed slightly recently due to changes in the permitting process. The pace should pick up again in August.

2. Fire Hydrant Inspection Frequency:

In response to the question posed at last month’s meeting, Ms. Avis Russell, Interim General Manager, reported that reducing the frequency of inspections from two (2) per year would have a negligible effect on insurance rates. Mr. Kiely gave a brief presentation concerning the Insurance Services Office (ISO) rating scale/system and the role that water supply plays in determining the rating that the District receives. Mr. Kiely reported that the last rating for the District was given in 1963. At that time the District received the second highest rating possible. It was reported that ISO is again undergoing the process for evaluating the District’s insurance rating. It is anticipated that this process will be completed in the next six (6) months. Dr. Cotruvo requested that the Fire Department be invited to attend a future Retail Services Committee Meeting (fall 2009) to discuss the continuing need for two (2) fire hydrant inspections per year, given that much progress has been made in upgrading the fire hydrant inventory.

IV. COSTS OF 2010 LSR PROGRAM

Dr. Cotruvo briefed the Committee on why the agenda item was added to this meeting – the need to identify areas in the approved budget for potential cost savings was brought up at last week’s Finance and Budget Committee and Retail Rates Committee meetings. Also, Dr. Cotruvo provided a brief historical background of the LSR Program and updated the Committee on the current status of the Program and the current Board Resolutions that drive the Program.

Mr. Dave McLaughlin, DETS Acting Director, provided the Committee with responses to the questions raised in Dr. Cotruvo’s e-mail dated July 24, 2009 at 07:46 pm. Mr. McLaughlin reported that the currently approved FY10 Budget allocates \$11 million toward the LSR Program. However, the proposed revised FY10 budget, based on the Board policy adopted in January this year, stands at \$5.5 million – a savings of \$5.5 million. Mr. McLaughlin also provided: the breakdown of costs per Element (e.g., Element 1 – LSR Replacement in conjunction with watermain replacement); the annual capital and operating cost splits; and the projected future spending on the Program through 2017.

Ms. Russell presented the Committee with the WASA staff recommendation for the future Program, which is to continue to perform replacements in conjunction with watermain work and customer demand replacements. However, consideration could be given to eliminating replacements working ahead of DDOT paving projects. The Committee discussed the recommendation and the potential effects on the proposed residential rate increase for next year. It was estimated that the modifications to the LSR Program discussed would decrease the proposed budget by an additional \$1.2 million per year. Ms. Russell reported that a new BOD Resolution will be required to amend the Program. The Committee requested that WASA staff draft a proposed new resolution and provide it at the next meeting.

Ms. Russell also informed the Committee that WASA executive staff is in the process of evaluating other programs in the budget to determine if additional cost savings can be identified.

V. SEWER SYSTEM FACILITIES PLAN UPDATE

Mr. McLaughlin briefed the Committee on the recently completed Sewer System Facilities Plan. Mr. McLaughlin provided a background on WASA's Sewer Capital Improvement Program (CIP). He described the sewer assessment process and inspection priority ranking and their role in overall Program development. Mr. McLaughlin briefed the Committee on the two elements of the Facilities Plan recommendations – the implementation of specific CIP projects and the Service Life Restoration Program (SLRP) – i.e., the ongoing efforts to maintain the reliability and improve the performance of the sewer system. Specific projects in the Plan were reported to cost an estimated \$536M in 2008 dollars. Additionally, \$37M annually (2008 dollars) is recommended for the SLRP.

A Committee Member requested a breakdown of the sewer system projects in terms of “joint use” vs. “non-joint” use. Mr. McLaughlin advised that this information should be available for the September Committee meeting. Dr. Cotruvo requested that WASA also list any “offsets” that can be credited toward the Program, i.e., ongoing repair work should reduce the number (and thereby associated costs) of future main breaks/repairs.

VI. RATE COMPARISON DISCUSSION

Mr. Olu Adebo, Chief Financial Officer, briefed the Committee on the comparison of WASA's water rates with the surrounding water suppliers. Mr. Adebo reported that the rates were comparable with the other Washington Aqueduct (WA) customers. The Committee requested that WASA staff detail WASA's costs for purchasing water and how these costs compare both regionally and nationally with other similar agencies. Mr. Adebo reported that WASA annually reviews the cost of specific components associated with purchasing water from WA.

VII. UPDATE ON DDOE WATER QUALITY STUDY

Ms. Maureen McGowan, District Department of the Environment (DDOE), provided the Committee with a status update for the Water Quality Study. Ms. McGowan reported that a Request for Qualifications (RFQ) was issued by the Metropolitan Washington Council of Governments (COG) to prepare a scope of services for the study. The RFQ has been closed and two (2) submissions were received and are in the review process. Ms. McGowan informed the Committee that funding for the study (\$400,000) is included in draft Federal appropriations, but that without Federal action the source of the funding is still uncertain. She also indicated that the completion date for the study has been pushed back to the fall/winter of 2010, to allow for testing during the warmer summer months.

VIII. ACTION ITEMS – NON-JOINT USE

1. Contract No. 040230 – W.M. Schlosser

The Committee agreed to recommend approval.

2. Contract No. 070110 – Flippo Construction Co., Inc.

The Committee agreed to recommend approval.

IX. EMERGING ISSUES / OTHER BUSINESS

1. DCWASA Stormwater Responsibility

Mr. Benson briefed the Committee on the status of discussions with DDOE on this subject. The Committee discussed the Office of the Attorney General Memo (dated February 4, 2009) from Peter Nickles, which stated that WASA is statutorily responsible for the maintenance, repair, and improvement of the stormwater infrastructure in the District. The Committee also was provided with the opinion prepared by WASA's Office of General Counsel, which takes exception to certain statements in the AG's memo Ms. Russell reported that WASA is continuing to work with DDOE to reach agreement on the roles and responsibilities of various agencies with respect to storm sewer infrastructure.

2. Sanitary Sewer Overflow at National Arboretum

Mr. Kiely gave a presentation to the Committee concerning the recent sanitary sewer overflow into the Hickey Run at the National Arboretum. Mr. Kiely provided details concerning: when the event occurred (June 3, 2009); WASA's initial response and repair work performed; and the DDOE Directive (received on July 9, 2009) and its current status.

3. St. Elizabeth's Water Tower Update

WASA staff provided the Committee Members with a status update in their meeting packet.

4. Bottled Water vs. Tap Water

Ms. Russell briefed the Committee that this fall WASA is proposing to bring before the Committee (and eventually the Board) a resolution that will recommend that Congress and the District Government use, as a standard practice, tap water instead of bottled water.

X. ADJOURNMENT

The meeting was adjourned at 01:59 p.m.