



District of Columbia Water and Sewer Authority

Minutes

***7th Special Meeting of the Board of Directors
Regarding Lead Service Issues
Tuesday February 24, 2004***

Present Directors

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

Present Alternate Directors

Larry Coffman
Michael Dutton
Paul E. Folkers
David Lake
Stephanie Nash
Brenda Richardson
Jim Wareck
Donna Wilson

WASA Staff

Jerry N. Johnson, General Manager
Wendy Hartman Moore, Interim General Counsel
Linda R. Manley, Board Secretary

I. Opening

Chairman Gerstell called the special meeting to order at 9:39 a.m. The Secretary called roll and determined the presence of a quorum.

II. Announcements

Chairman Gerstell briefly went over the purpose of the special meeting: to address the question of lead in the drinking water in regards to addressing public concern and to find remedies as quickly as possible. He then opened the floor for questions and/or comments. Mr. Johnson, the General Manager, introduced Mr. Thomas Richichi of Beveridge & Diamond, a national expert on the lead and copper rules.

III. Presentation – Lead Rule Overview

Mr. Richichi gave a presentational overview of the history of the lead rule, including the EPA's requirements and objectives. He stated that the main objective was to lower lead levels in drinking water throughout the U.S. The objective of the rule: to lower exposure level from 50 parts per billion to 15 parts per billion. He then spoke about the reasons why lead was a concern, and addressed the methods taken to reach the standards. Sources of increased lead levels were then provided: homeowner's service line, sink fixtures in home, plumbing/piping in homes. He then detailed the solution: corrosion control - treating the water so lead will not seep into the water through the piping. He then became particular in his discussion, turning to the local corrosion control plan which he said had been approved by the EPA and was effective for a number of years. He explained how possible exceedance is monitored and the three major steps that should be taken if such exceedance is found:

1. If there is suddenly a variation in levels the corrosion control plan must be examined. (considered the most important)
2. Public Education
3. Lead line replacement (a mitigation measure)

He concluded by opening the floor for questions.

IV. Discussion – Lead Rule Overview

Mr. Bardin asked about the EPA's research regarding the effect of new chemicals or a change in chemicals on lead. He then asked generally how much the EPA spends a year on research regarding the issue of lead. Mr. Richichi stated that there would be an investigation of other chemicals' effects on lead levels and that he believed the EPA spent somewhere in the millions of dollars in research.

Mr. Bardin then asked if there was mention of lead in drinking water in 1996 when Congress reenacted the Safe Drinking Water Act. Mr. Richichi said it was addressed with no significant changes and that law requires the revisitation of regulations. He made mention of a court challenge to the rule and Mr. Bardin asked if this was related to the lead rule. Mr. Richichi responded in the affirmative, that it was regarding the

responsibility of the water authority versus the responsibility of the homeowner for service line maintenance and replacement.

Mr. Bardin asked if the 1991 rule was a consensus. Mr. Richichi responded that there was criticism though there was agreement that standards were adequately protective and that the issue of levels in relation to water from the tap needed to be addressed, which it was.

Mr. Bardin asked why certain places were regulated by regional EPA while most were state regulated. Mr. Richichi responded that it was a state's choice to take on that responsibility and in non-state controlled areas it could be a matter of choice or some other reason. Mr. Bardin then asked for confirmation that the responsible states are appropriated funds for assistance with costs of regulating water and further, controlling regional EPA offices also receive these funds. Mr. Richichi confirmed the states do receive grants and believe the same applied to the regional EPA offices.

Ms. Murray asked if there was concern regarding more than public education and guidance in terms of the rules. Mr. Richichi stated that there is, that regulations require women, pregnant women and children be targeted for testing as well as education in regards to areas where lead exceedance is found.

Mr. Bardin asked about the 1991 regulations' perception of risk to a fetus. Mr. Richichi expressed their was great concern as lead can be a neurotoxin but agreement was reached that at 15 parts per billion or below it was not an issue.

Mr. Bardin asked if there were separate responses to a 16 parts per billion exceedance versus a 600 parts per billion exceedance. Mr. Richichi answered that the first response to such a level increase is working with the corrosion control to decrease the level to 15 parts per billion.

Mr. Bardin asked if any part of the regulations dealt with the issue of public education to the illiterate population. Mr. Richichi responded in the affirmative in that there are various methods for reaching the general public.

Mr. Bardin asked if any other authorities switched from chlorine to chloramines and if this resulted in an increase in lead content. Mr. Richichi stated that a number have switched but that he did not know whether there were increases or not.

V. Presentation – Lead Issue in D.C.

Mr. Marcotte, using slides, began with a short historical overview of lead issues in the D.C. area including the statement that lead service line replacement dates back to the mid 1980's in the D.C. area. He spoke about the extensive test data recently compiled and released and then outlined the recent avenues of public exposure they've taken: attendance at various meetings, hotline expansion, letters to customers, public school testing program.

Mr. Johnson presented Mr. Kiely to speak further about the call center. Before Mr. Kiely spoke, Mr. Johnson talked briefly about the call center pointing out that it had relocated and tripled in size.

Mr. Kiely then detailed specifics of the call center, the number of employees and the extensive coverage time. He addressed response time as immediate and presented data on the logged calls and emails. He spoke about the public's desire for test kits and presented the numbers of test kits processed and delivered. There were some issues to be worked out regarding the delivery of the kits though generally the process was a success.

VI. Discussion – Lead Issue in D.C.

Chairman Gerstell asked if there were any outside contractors involved in staffing the call center. Mr. Kiely responded that the call center is primarily staffed by WASA employees with five contractual temporary employees.

Chairman Gerstell then asked about current wait time for calls and after hour calls. Mr. Kiely responded that there is generally no wait time and at night there is voicemail that is followed up the next morning. He also spoke about the importance of email and the number of questions coming in through that method.

Chairman Gerstell asked if the phone call system was linked to the general customer information system, specifically if someone called to report not receiving their lead kit would the information be available to the operator. Mr. Kiely said they are linked currently though previously they were not and that the information would be available.

Ms. Murray asked about the number and monitoring to which Mr. Kiely responded that this was not being run through an automatic call distribution system, that it is a live call center. He went on to say that he did not believe calls were being dropped and that the majority of people who do not get through are calling an incorrect number. Ms. Murray asked if anyone was calling to double-check this and Mr. Kiely responded in the affirmative.

Mr. McPhail questioned when someone would receive a test kit if they called that day and when they would get the response to that kit. Mr. Kiely answered that due to the current volume of requests, the kits are mailed within three business days and generally delivered within two to three days after mailed. In addition, he noted that three additional days are added for pickup and that results from samples take 30 days. The entire process would generally span 38 days.

Mr. McPhail asked how the results are conveyed to the customer. Mr. Kiely responded that customers receive a letter informing them of their test results.

Mr. Bardin asked how many kits WASA has in total picked up. Mr. Kiely did not have that number as it was being calculated. Mr. Marcotte believed it was over a thousand returned demonstrating that more kits have been sent out than returned.

Mr. Bardin then asked if results from the current round had returned. Mr. Marcotte stated they had not and that it would be within the coming weeks.

VII. Presentation – Engineering/Finance Information

Mr. Johnson introduced the following information presentation by saying that it was in response to inquiry on various levels regarding lead service line replacement, how it is going to happen, the manpower involved, etc.

Mr. Marcotte then described six different scenarios for replacement, stating that these were being made without specific recommendation:

1. Baseline, with 500 physical replacements added to the current plan of 800 in the current year, increasing to 1600 per year. - \$386 million dollars projected
2. Each year at least seven percent replacement set as an absolute goal – \$395 million dollars projected
3. Current program replacing 1600 by replacement or testing until 2008 - \$125 million dollars projected
4. Variation of above program, upon reaching optimum corrosion control technology lines would still be replaced at a slower rate, committing to a 20 year final elimination of all services
5. Replacing all lead services over a 5 year period - \$351 million dollars projected
6. Seven year replacement program - \$361 million dollars projected

Variants on each option that are more ambitious, considering replacement of aging mains and therefore examining a more systematic approach to this replacement of older lines seemed pragmatic. This involves additional costs, around \$100 million onto each scenario. The only scenario under \$100 million additional cost involves partially replacing service lines and then stopping which adds on \$30 million. He then opened the floor for questions.

VIII. Discussion – Engineering/Finance Information

Mr. Bardin asked if the service line replacement discussed was only for public property. Mr. Marcotte answered that it was.

Ms. Roberson asked if the first two scenarios were already funded. Mr. Marcotte answered that the first two are close to each other and provisions were made for funding them in this fiscal year.

Chairman Gerstell asked for confirmation that the discussion of replacement was based on the assumption that the lines were the major source of the problem or that possibly

the problem could be addressed in other ways such as adjustment of water chemistry. Mr. Marcotte stated that scenario three is related to this issue of chemistry adjustment in fixing the problem. He stated current information indicates that service lines are important to the issue, probably the major contributor to lead in the home but that systems in individual homes should not be overlooked, i.e., lead solder and brass fixtures.

Chairman Gerstell then asked if it was possible to spend the money and still have the problem to which Mr. Marcotte responded that was correct.

Mr. Lake asked about other cities' responses to the issue, their treatments and results. Mr. Marcotte answered that in regards to a change to chloramines the other areas did not generally see an increase in their lead levels.

Mr. Caldwell asked if enough emphasis was being placed on corrosion control versus mitigation. Mr. Marcotte answered in the affirmative and further stated that these two responses were on a parallel course. He pointed out the significance of the area having optimized corrosion control in place and later discovering a problem.

Mr. Caldwell then asked if there was possibly a link with the water chemistry not exclusive to the chloramines issue that could be causing the corrosion issue. Mr. Marcotte responded that they were looking at the issue of corrosion through a broad spectrum.

Mr. Bardin asked about an upcoming preliminary report on the question of chemistry from a team of experts. Mr. Marcotte stated that was correct. Mr. Bardin requested of Chairman Gerstell that there be another meeting of the Board with the experts once the preliminary report was released. He then asked if the issue of corrosion as a result of plumbing and electricity was being discussed. Mr. Marcotte responded in the affirmative.

Mr. Bardin then referred to a news story regarding higher lead readings even after lead service lines were replaced. He asked about Mr. Marcotte's thoughts on that. Mr. Marcotte answered that there was not enough data to reach a concrete conclusion but offered up some thoughts. He believed it raised the issue of rationality in regards to replacing service lines as a long-term strategy and globally it would make sense to attempt all of it.

This began a brief discussion between Mr. Bardin and Mr. Marcotte regarding the replacement of service lines in relation to private property and how to approach this issue.

Mr. McPhail asked why the scenario to replace all lead service lines within five years was considered the least expensive. Mr. Marcotte answered that it related to the time value of money, i.e.: the quicker a project, the less inflation would impact its cost.

IX. Presentation – Rate Impacts

Mr. Johnson introduced Dave Earley and Olu Adebo to present information regarding rate impacts. They presented slides showing the results of each scenario and the cost expenditures involved. Under each scenario the impacts of rate changes each year as well as monthly bill impacts were illustrated. The scenarios were taken into consideration of a 10-year plan, which they show was necessitating rate increases of around 5-6% from 2005-2012. This would be required to finance existing water and wastewater programs as well as a portion of the CSO program. It assumes a 40-year schedule. The six scenarios show rate increases from 6.3 – 7.3% during that same year span. The last two scenarios are completed within the year span so they see the full impact and the others, with the exception of scenario 3, will eventually as well. They show a graph, which illustrates the range of a monthly bill for 100 ccf annual use customer to 2012. Then a slide is presented that demonstrates the annual changes required for each plan. The additional strategy of replacing water mains as well as service lines is then illustrated. In closing Mr. Earley remarked that any additional acceleration of the CSO program would be an addition to the numbers shown.

X. Discussion – Rate Impacts

Mr. Bardin asked if it would be possible to accelerate after the 10 years and not have an impact on the 5 and 7 year plans. Mr. Earley concurred that would be the case.

Mr. McPhail asked if this information assumed payment of the program was by a cash basis and if not why the rate increases for replacement of service lines within 5 years were more than the current program. Mr. Earley stated that it wasn't assumed payment of the program was by a cash basis, rather had to do with maximizing revenue debt and that the rate increase being more correlated to the time frame given.

Mr. Bardin asked if deferring additional capital would perhaps have less impact on retail rates. Mr. Earley agreed. Mr. Bardin then proposed showing an analysis regarding his last question. The members discussed instructing management to produce other alternatives on a sliding scale.

XI. Presentation – Issue As It Stands in 2004

Mr. Marcotte presented information on the Annual Plan Program. It addresses some 800 locations, going block by block as the best approach. Also there is coordination with DDOT street replacement program to do approximately 150 replacements. In addition there is also coordination with other WASA projects and efforts and ongoing maintenance activities. In conjunction with the replacement of water lines or improvements in water systems there will also be some replacement of service lines, approximately 200 replacements. This brings the total replacements for the year up to approximately 1150. This is also being supplemented to do 500 replacements on a targeted basis based on sampling data and in cooperation with the health department. The final part of the 2004 program involves cooperating and working with private

homeowners. In regards to cost, the initial idea is to split the cost 50-50 and a specific condition of this program would be fully replacing the entire service line. In regards to Department of Health guidance there is talk of providing a device to those who have a lead service line and are within the categories told to refrain from using such water. This could prove to be costly based on the devices on the market.

XII. Discussion – Issue As It Stands in 2004

Mr. Caldwell asked about a proposal on maintenance of point of use devices. Mr. Marcotte responded that it was a work in progress. Based on a question from Vice Chair Romer Mr. Marcotte reviewed the history of the area's corrosion control technology up to 2002 when the action level was triggered. Based on the information available he stated that it was a safe educated guess of 2008 being the goal for reclamation of optimum corrosion control.

Vice Chair Romer asked where the specific responsibility lay for redevelopment of the program. Mr. Marcotte responded that the issue was shared with a number of agencies, with primary responsibility with the Washington Aqueduct. Chairman Gerstell spoke briefly about wanting to continue on simultaneous tracks: replacement of lead lines and the use of point of use treatment devices. There was discussion by the Board regarding making the use of filters, a formal resolution with some in favor and some opposed with the cost issues being a determining factor. The Department of Health's recommendation on the consumption of water through lead service lines for pregnant women and children under the age of 6 is a point of contention. Chairman Gerstell stated that he wanted the six District Members to weigh in on this question to ensure a general consensus in the policy decision-making. Mr. Hodge stated that he favors providing filters. Mr. McPhail stated that also supports providing filters and additionally that it is a matter of policy that the Board should decide.

XIII. Presentation - Public School Testing Program

Mr. Marcotte presented information on the public school testing program. An accelerated testing program of schools was carried out despite lead service lines not really being a factor. This testing was done with the cooperation of the D.C. Public Schools and sampled 154 schools and school facilities. In most buildings, five samples were taken, three fountains and two sinks with the water running 10 minutes at each fixture. The objective was to get an overview of the building's water. There were also some "first flush" samples taken to illustrate the local conditions. 752 samples were collected and 22 additional first draw samples taken. Based on analysis by a certified independent laboratory 98.94% of the samples were below 15 parts per billion. All 22 first flush samples were also below 15 parts per billion. There were eight samples that had a fixture issue leading to a higher lead level, none related to a lead service line. Based on this information the D.C. Public Schools removed the related fixtures.

Mr. Gregory Williams, Director of Facilities for D.C. Public Schools then addressed the Board Members. He thanked the WASA staff and reiterated that the higher lead level

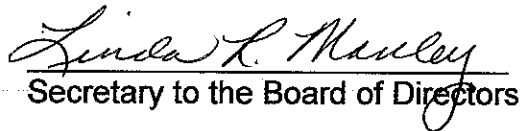
sites were all related to fixtures or internal plumbing. He stated that at all eight high level sites the service was shut off and fixtures and/or fountains are being replaced.

XIV. Closing

Mr. Johnson concluded the overall presentation by stating that WASA is working with other D.C. area schools to do testing. He also restated that a letter would be sent out to other affected residents with lead service lines to encourage testing. With that he concluded the General Manager's report and the staff reports on the issue. Unrelated matters were discussed such as processes for faster return of test samples and a future hearing on rate increases.

With no other business the meeting was adjourned at 12:16 p.m.

Respectfully submitted,


Secretary to the Board of Directors