



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS**

**Customer and Community Service
Committee Meeting
Thursday, June 10, 2004
10:00 a.m.**

Meeting Minutes

Board Members in Attendance

Alexander McPhail
David J. Bardin
Stephanie Nash

WASA Staff in Attendance

Jerry N. Johnson, General Manager
Michael Marcotte, Chief Engineer
Paul Bender, Chief Financial Officer
Johnnie Hemphill, Assistant to the
GM for Government Operations
Wendy Hartman Moore, Interim General
Counsel
Charles Kiely, Customer Service Director
Linda R. Manley, Board Secretary

Chairman McPhail called the meeting to order at approximately 10:15 am.

Lead Service Line Update

Mr. Marcotte updated the Committee on plans for the lead service line removal. WASA plans to have 1,000 lead service lines replaced this year. Over 900 have been completed to date. One of the lessons learned is that WASA need to take advantage of the pre-winter season to get the work done quickly. Now some time has past and WASA have October and half of November before it gets too cold to do any work. Thus, and depending on the weather, WASA could possibly get some work done in November and December.

Mr. Bardin stated that WASA should be sure that it is working with homeowners to determine if they want to have the lead service line replaced on their property.

Mr. McPhail asked how big an issue is the 6-year timetable for replacement of lead service lines in public space.

Mr. Marcotte stated that, early on the lead crisis, WASA informed the Operations Committee about some of the uncertainties and identified a 5-7 year plan as the fastest possible way for the work to be done. Now some time has past and WASA is continuing to work in coordination with DDOT and one of the issues that recently surfaced is the question of what constitutes a reconstruction project as opposed to something less dramatic. DDOT's definitions seem to vary and we are trying to determine their definition of "reconstruction". Depending on the audience, DDOT tends to characterize their jobs differently. WASA observed a crew working in upper northwest on a job that was characterized as a minor reconstruction so WASA decided not to participate in that project. DDOT erroneously informed the Advisory Neighborhood Commissions that this was a missed opportunity by WASA to replace lead service lines.

Mr. Bardin asked if WASA had an opportunity for DDOT to open the street even with just a handful of lead service lines, why wouldn't WASA participate.

Mr. Johnson stated that, in this case, there were only three or four lead service lines and no testing had been done to show any high lead concentrations. It was also our understanding that this job just a re-topping of the street, which would not normally trigger a replacement. Mr. McPhail indicated that WASA should work with them to get a clearer understanding of their definition of "reconstruction".

Mr. Johnson stated that one of the issues we see in the timing of this matter is that DDOT has a 10-year program of "reconstructing streets", so matching a five or six year program to do lead service lines is not exactly going to fit together. He indicated that there are a number of real practical reasons for going with the 10-year program. When we initially discussed the timeframe in which it would take to remove all the lead service lines in public space, there were no obstacles included in the timetable of five to seven years. That's how the 6 years got established. In looking at this and recognizing some of the issues that DDOT has, the fact that they are on a 10-year road replacement & rebuilding schedule program that lays things out on a 10 year schedule, the staff thought that a 10-year time frame would be more practical and certainly more achievable. There are a great number of uncertainties when looking at a shorter number of years. Public disruption that would occur in the city, and the number of things that we have coming up in that point of time. And even though the disruption is for the right reasons, WASA would get a lot of flack if we take a long time with much of the city torn up.

Mr. Bardin questioned who would be giving WASA difficulty and added, the printed information in the press is complimentary of WASA in this regard.

Mr. Johnson stated that those were opinions that were expressed whether WASA should undertake a full service line replacement program. The practical reality is that during the time when cable companies were tearing up all the streets in the city, and when we had experienced over 500 water main breaks and had to dig all over the city, we had a lot of bad publicity. WASA was blamed for the majority of problems that people were having in the streets. This is why I think the staff recommends that WASA should move to a 10-year program. In addition to doing this WASA is also pursuing cleaning the lining and main repairs, we are doing valve replacements and a number of other projects. There is a lot of disruption and WASA can't just focus on this one project in isolation with all the other things it is doing in the street.

Mr. McPhail asked what the rate impact difference between 6 ½ years and 10 years.

Mr. Bender responded that it is more logistics and a communication issue than a money issue. He feels that WASA have to do a lot more communicating with its customers because even if you do it on a ten-year schedule, there is going to be substantial disruption and WASA must have the community behind us.

Mr. McPhail indicated that if WASA is considering changing the date because of lessons WASA has learned so far, his initial inclination is to say October 31, 2012 or December 31, 2012. It could be explained that the reason for the change is that it's very difficult to work with DDOT - with the money issue being second.

Mr. Bardin asked if there is a way to organize work in such a way that WASA hit the houses, which are likely to have young children who are most vulnerable.

Mr. Marcotte responded, it is possible if WASA wanted to do this by block. There are some practical difficulties, and some statistical rules we can use to identify areas that have higher numbers of young families, young children. Staff talked about the difficulty in replacing lead service lines to specific households – customers don't always stay in the same place. There's a danger of a customer selling their home and moving down the block to another lead service line after you've replaced the lead service line to the home they are currently occupying.

Mr. Bardin noted that WASA should have the capacity to immediately deal with a small number of replacements so that anytime the Department of Health indicated that a high blood lead levels existed in a household, even if this would likely be attributable to paint dust, we could do an immediate replacement.

Mr. Bardin indicated that corrosion control will not result in a zero lead reading. He stated that corrosion control is not designed to give you zero and will not give you uniformity across the system. The first presentation made to the Board indicated that if you look at the same house, with the same water, and the same corrosion control, cycle after cycle, you have no way of predicting the results of any one sample. He expressed his strong opposition for relying on corrosion control as the ultimate public health savior.

Mr. Marcotte indicated that he preferred doing replacements by Wards, where statistically there are more children and young families.

Mr. Bardin commented on the past policy to replace homeowner's lead service line when WASA replaced the public portion, if the homeowner had the money to remove the lead line on their property. Then and only then would the city remove the lead line. He characterized the program as one for the affluent, and not available to the poor.

Mr. Johnson responded that DC was not the only city that operated in that manner – Richmond, Virginia also operated this way. The General Manager thought was that as long as the pipes weren't disturbed, there wasn't a problem as long as we were below the action level. If a customer wanted to remove the line and were willing to pay the price, we removed it.

WASA surveyed approximately a dozen cities across America that are dealing with elevated action level issues in the lead service lines, and in all instances, they are replacing the service line only to the property line. Madison WI, passed a local ordinance requiring the homeowner to replace his or her line at the time the city does theirs. They have loans in place to assist homeowners. We have found that the burden is always on the homeowner and in most cases, fairly straightforward. St. Paul offered \$200.00 grants to the first 300 applicants who replaced their portion of the line.

WASA's replacement of the service line to the property line, might not make sense to some, but it is the national practice and since WASA have very little to go on in terms on how other cities are handling the private side, what WASA is doing is kind of groundbreaking.

Staff is double checking New York, and the information staff received is that New York came below the action level about 4 years ago and has since "declared victory". Their documents are very explicit who is responsible for service line replacements, even if they are in the public space-for example, if a crew goes out and opens up the street and

there is water bubbling out in the street and find that it is leaking from the customers' service line, then the customer is responsible for the repair.

Mr. Bardin asked if any customers have actually taken WASA up on their offer to replace the line all the way through. Mr. Marcotte replied yes, approximately ten or twenty.

Mr. Marcotte stated that payment in advance, has been our practice for this type of work.

Mrs. Wendy Hartman Moore stated that typically WASA's fees are in advance. When asked if there is a legal reason why fees would have to be in advance she responded, no there isn't, but noted two points: One, there is typically a 45-day notice – that is a 45-day period for a person to pay for installing the meter. And two, we don't have lien rights so we don't have a way of enforcing the collection of this money.

Mr. Johnson informed the Committee that a local bank has indicated that the property owner with a lead service line will automatically receive a loan approval if they are replacing the lead service line. WASA is then out of the loop, the lead service line is replaced and the relationship is then with the bank and the customer. We do not have to deal with liens, with over- extending our credit, or any of those complications.

Mr. Bardin asked what Bank was offering this service and Mr. Johnson replied, Wachovia. Mr. Bardin asked when would the program be implemented. Mr. Johnson replied that Wachovia will implement the program once it receives the approval from WASA.

Mr. Johnson also discussed the program established by the Department of Housing and Urban Development that allows for a limited number of dollars for grant money for lead service line replacement.

Mr. McPhail stated that there is a proposal from the staff that WASA should go to a 10-year replacement cycle. WASA worked out a standardized schedule of replacing lines on the private space, and have come up with at least two financing options for the non-CAP customers and maybe three options for the CAP customers. He asked if Wachovia was available for everyone and Mr. Johnson replied, that he thought that they would make the program available for everyone.

Mr. Bardin asked how long it would take to do the paperwork at Wachovia. Mr. Bender replied that this could be done almost the same day. Wachovia just needs WASA to confirm that the person applying for the loan is a customer and they take over.

Mr. Bardin noted his preference that WASA receive the funds and the paperwork upfront to ensure that contractors are committed to doing work on the private side. He expressed concern that if you do not require payment up front, WASA will have issues if Wachovia gives the money directly to the customer, and we do the work, we may never recover the money

Ms. Hartman Moore indicated that the bank would probably require that the money be made out to WASA, because the money is earmarked for home improvements.

Communications Update

Mr. McPhail asked if the CAP program for homeowners was in place and if additional Board action was required. Mr. Bender stated that the CAP program is in place. The Department of Energy, because of their relationships with both Pepco and Washington

Gas has a list of individuals that qualify for the programs. WASA staff has been working with them.

Mr. McPhail asked if WASA did enough advertisement about our programs. He indicated that when he reads the papers he often sees Verizon's advertisements for their customer programs.

Mr. Hemphill responded that while WASA haven't been consistently advertising, we have expanded our program. He also added that WASA tie in directly with individuals that qualify for Pepco and Washington Gas' program.

Mr. Johnson stated that the Department of Energy does an extensive outreach public program for all the utilities. Pepco, Washington Gas, Verizon, and WASA for Joint Utility Discount Day (JUDD) and that WASA's programs are advertised through that venue.

Donna Lewis informed the Committee of WASA's outreach efforts relative to JUDD, to include WASA's display in brochures that are distributed about JUDD. WASA also prints information on the bill, and have bill inserts.

Mr. McPhail asked how WASA compare to other utilities, in terms of participation in our program. Staff responded that we have 100% participation for those customers who are eligible. WASA have fewer eligible because we serve mass meters to the apartment buildings.

Mr. Bardin requested that the Energy office be contacted to determine what their report on JUDD contained. He requested an overview to determine what WASA, Washington Gas and Verizon did. He wanted a candid evaluation so that WASA could know where we could be doing better.

Ms. Lewis expounded on WASA's outreach efforts informing the Committee of the weekly reports generated. Whenever the Public Affairs office goes out into the community, WASA takes advantage of the opportunity to advertise its programs as well as JUDD.

Mr. McPhail asked Edelman, the Public Relations firm hired by WASA what they hoped to accomplish.

Mr. Neil Flieger informed the Committee that Edelman has been working with WASA for about three weeks and they hoped to accomplish three things.

1. Help advise and facilitate communications around the current set of milestones. For example there is a report that is set to come out in response to the EPA with a series of communication issues.
2. To work with Johnnie Hemphill and staff to help develop the communications plan.
3. Help design and implement a long term, non-crisis, positive WASA story and get it out in a in a broader and more positive context.

Mr. Flieger stated that Edelman was operating under a contract through the end of the fiscal year.

Mr. McPhail asked if Edelman was working on this project full-time and how many people were assigned to this project. Mr. Flieger stated that the number of staff and hours worked on this project fluctuates. It would be difficult to determine how many hours and staff will be necessary for the next four months.

Mr. Flieger recommended that WASA not react to events by waiting for bad news to drop on the doorstep. This is not the best way for WASA to manage its public communications or to manage its reputation with the community. WASA must manage the flow of communication. WASA must manage its news flow, and correct any misinterpretations that are created in a story.

Mr. Bardin asked for a description of Edelman and a supplemental statement in writing. Mr. Flieger responded that Edelman is one of the largest Public Relations firm in the country. They have been in the Washington, DC office since 1977. Edelman is one of the five largest public relations firms in the USA and employs over 2,000 people in this country and around the world. The Washington office has 100 people and is located in downtown Washington, DC on K Street.

Mr. McPhail asked how the search for a Public Affairs Director was going. Mr. Johnson replied that he has interviews starting this afternoon and will complete them on Monday. He hopes to extend an offer at that point. We have very strong candidates.

Mr. McPhail adjourned the meeting at 12:25 pm.

Deliverables/Action Items

Mr. Bardin asked that Board members be provided a copy of the updated JUDD brochure.

Mr. Bardin requested that the Energy office be contacted to determine what their report on JUDD contained. He requested an overview to determine what WASA, Washington Gas and Verizon did. He wanted a candid evaluation so that WASA could know where we could be doing better.

Mr. Bardin requested Bios from the staff of Edelman.

Mr. Bardin requested Edelman to provide the Committee with a written narrative of the services their firm provides.