

**DISTRICT OF COLUMBIA**

**WATER AND SEWER AUTHORITY**

# Board of Directors

DC Retail Water and Sewer Rates Committee

## Tuesday, January 28, 2014

9:30 a.m.

 MEETING MINUTES

**Committee Members in Attendance**

 **DC Water Staff**  DC WATER STAFF PRESENTM

Alan Roth, Chairperson

Keith Anderson

Ellen Boardman

Rachna Butani

Howard Gibbs

Robert Mallett

Brenda Richardson

George Hawkins, General Manager

Mark Kim, Chief Financial Officer

Randy Hayman, General Counsel

Lauren Preston, Director Customer Service

Linda R. Manley, Board Secretary

**Call to Order**

Chairman Roth called the Committee meeting to order at 9:31 a.m.

**Update on CAP Water Conservation Options**

Ms. Preston updated the Committee on the Customer Assistance Program (CAP). The Committee had asked staff to evaluate feasibility of a conservation program for CAP customers. Ms. Preston provided the history of the CAP. She explained that the CAP was implemented in FY 2001 to provide a discount of 4 Ccf per month for water services. The program was further expanded to provide a discount of 4 Ccf per month for sewer services and PILOT/ROW fees. In FY 2013, CAP assisted over 5,200 customers and provided $1.2 million in discounts. Since inception, the program has provided over $7.3 million in assistance. The program is administered by DDOE. The maximum value of CAP discount per month for FY 2014 is $34.88 and is proposed to increase to $37.60 in FY 2015.

Ms. Preston provided the following reasons for large water bills:

* Inefficient plumbing fixtures
* Undetected or unrepaired interior plumbing leaks
* Sudden breaks of service lines (frozen pipes or similar damage)
* Large families

Ms. Preston explained that 58 percent of CAP customers have 1 or 2 people in home and 45 percent have at least 1 senior citizen. Their high usage is more commonly due to a leak than wasteful use of water. She provided the following breakdowns of 4,185 CAP customers who had a full year of service at one location with no adjusted bills for leaks or estimated meter readings:

* 1,694 (41%) of CAP customers use <60Ccf per year; they pay for 0-1 Ccf per month
* 1,384 (33%) use between 60 and 108 Ccf per year; they pay for 1-5 Ccf per month
* 1,107 (26%) use more than 108 Ccf per year, paying for 5 Ccf or more per month

Ms. Preston explained that there are about 500 CAP eligible small households (<4 people) with high usage or emergency plumbing services. Within the 500, approximately 390 have one or more seniors. She described some of the ways DC Water can help high use affordability:

* Education/Communication:
* Targeted mailing and phone calls to CAP customers using more than >8 Ccf/month offering advice on saving water
* Leak testing tools distributed with CAP application and DDOE weatherization visits, which DC Water has found to be very effective
* DC Water training for DDOE weatherization staff on water saving techniques and plumbing problems to look for
* Water Use or Bill Reduction – would require Board action or Policy Changes:
* Greater CAP allowance for larger families
* One time forgiveness for water lost due to leaks
* Limited funding to reimburse emergency plumbing repairs – but the General Manager and General Counsel noted that this option presents significant legal questions

Ms. Preston provided estimates of emergency plumbing repairs ranging from $125 to $1,000. She outlined the staff’s recommended future course of action with respect to conservation as follows:

* Encourage conservation program for customers to use high efficiency plumbing fixture replacement
* DC Water will commit to expanded education and communication with CAP customers who have greater than 10 Ccf per month usage on average including providing toilet leak dye tablets, enrollment in HUNA and sending materials
* DC Water will offer DDOE a supply of educational materials on wise water usage and toilet repairs
* DC Water already met with AARP/Legal Services to the Elderly to ask for help with CAP enrollment

Ms. Preston gave an overview of the senior outreach for CAP and reassured the committee that all CAP information is on the web-site for reference.

The Committee thanked Ms. Preston for an interesting and thorough presentation. Committee members followed up with some questions primarily focused on the practicality and legality of a plumbing fixture replacement program sponsored by DC Water for CAP customers. The General Counsel and General Manager explained the legal difficulties and uncertainties associated with DC Water providing improvements on private property that are not performed for the convenience or needs of the system as a whole and that would primarily benefit current or future property occupants and owners rather than the DC Water system as a whole. If a wide-scale conservation program were to be considered, special outreach to low-income customers would be recommended, but the staff would want to examine how much such a program would cost before going further down this path.

**Update on SPLASH Options**

Ms. Preston updated the Committee on the SPLASH program. She explained that the program was established in 2001 to help families in financial distress pay their DC Water bills rather than lose service. The program is administered by the Greater Washington Urban League (GWUL) using funds collected by DC Water from customers, employees and the public. All funds collected for SPLASH are contributed to eligible customers; DC Water pays GWUL a 10% administrative allowance on all donations collected ($12,600 in FY 2013), and supplemental incentive allowancs if certain benchmarks are met.

The program is governed by a Memorandum of Understanding between DC Water and DC Office of Partnerships and Grant Services (OPGS). Under the program, donations are limited to $500 from individuals and $2,000 from corporate donors. Higher donations require compliance with other OPGS procedures.

In FY 2013, SPLASH assisted 359 households and provided $115,455 in contributions.
Ms. Preston added that since inception, the program has provided $822,786 in assistance.She expects that the SPLASH program will reach the $1 million milestone by summer 2015.

Ms. Preston mentioned about the following SPLASH contributors:

* DC Water Customers
* Typical gift is $15 to $17 per year per recurring donor and is through the bills
* Community Donations
	+ In 2011, DC Water former Board member David Bardin, in conjunction with the GWUL, established a SPLASH account at RAZOO, an online website for private fundraising
* DC Water Employees
	+ About a quarter of DC Water employees contributed, most by payroll deduction which increased the fund by 15 percent vs. FY 2011

Ms. Preston noted that the SPLASH enrollment is funding constrained. To qualify, one must meet income guidelines and be at risk for service shut off. The maximum annual income is based on 60 percent of median income or 200 percent of the Federal poverty level. If approved, customers can receive up to $350 once a year. A customer can receive both SPLASH and CAP.

Ms. Preston discussed SPLASH program outreach activities:

* Through bill inserts
* Messages from the General Manager
* Customer service representative when speaking with customers
* DC Water handbook
* Annual benefit open season
* GWUL advertisements in its literature

In conclusion, Ms. Preston introduced Ms. Epperson, GWUL representative, who gave the Committee an update on the program. Ms. Epperson stated that the program will be more beneficial if the total amount available to the program is increased from the current average of approximately $7,500 monthly to $10,000, which will not only serve more customers but will also be sufficient to last for the entire month. Currently, it is not unusual for the program to run out of money in the middle of the month. Ms. Epperson suggested that DC Water should do more outreaching efforts to help spread the word about the SPLASH program and to identify key customers who are members of Wellness Program (DC Office on Aging) and Supplemental Food Program. Mr. Kim asked Ms. Epperson to explain in further detail the situation in which GWUL runs out of money mid-month, and Ms. Richardson inquired what Ms. Epperson recommends to clients when that occurs.

The Committee members thanked Ms. Epperson for attending the meeting, and thanked Ms. Preston for her presentation. Chairman Roth asked the General Counsel why it was necessary for DC Water, as an independent authority, to be governed in its relationship with GWUL by an MOU with DC OPGS. Counsel explained that DC Water was not independent under its enabling legislation with respect to this issue. Several Committee members stated that DC Water should explore ways to increase contributions for SPLASH and offered various ideas for doing so. Mr. Mallett observed that it seemed odd that it would be made so difficult for individuals or companies to do something charitable. Chairman Roth urged the staff to ask OPGS to free the program from the very restrictive limits on donations while giving due regard to appropriate ethical concerns that some of the MOU provisions are designed to address. He also suggested that perhaps exploring the origins of the Washington Area Fuel Fund – how it was set up, organized, and publicized, and how much money it has distributed relative to SPLASH – may also be fruitful.

Chairman Roth asked that the General Manager, on behalf of the Committee and the entire Board, convey to all DC Water staff our appreciation of their generosity in contributing to the SPLASH program, the results of which were obvious from Ms. Preston’s presentation.

**Retail Water and Sewer Rates Committee Workplan**

Mr. Roth noted that the Committee was ahead of schedule and turned to Mr. Kim to discuss the Committee’s workplan for the next several months:

* **Develop Realistic Retail Rate Revenue Projections & Alternative Retail Revenue Sources:**

Mr. Kim updated the Committee on the FY 2015 Proposed Rates published in the D.C. Register on January 17, 2014. He also added that the Public Outreach is scheduled for March/April and the Public Hearing on May 14, 2014.

* **DC Water Affordability:**

Mr. Kim stated that the negotiations with EPA over CSO Consent Decree on Clean Rivers and the Integrated Planning Framework (IPF) are ongoing items and there will be updates to the Committee.

* **FY 2015 Cost of Service Study**:

Mr. Kim stated that the 2015 Cost of Service (COS) study will look at the possibility of having more affordability options. Two components of the study are: (1) Cost to deliver the service and; (2) Who should bear the cost. DC Water was successful in advancing from two customer classes (Residential and Commercial) to three customer classes (Residential, Multi-Family and Commercial). The next question to be addressed is whether each class is appropriately bearing its costs. He also added that the COS study will look at: (a) Re-Development Impact Fee and (b) High Strength Rate Alternatives. The initial discussion with Raftelis Financial Consulting, Inc. (RFC) is scheduled for February 2014 and a briefing to the Committee on the study will be given in the next committee meeting to be held on March 25, 2014.

* **Delinquent Accounts:**

Mr. Kim stated that Soldiers Home’s delinquency issue would be discussed in the executive session.

* **Develop Alternative Revenue Sources and Achieve Realistic Revenue Projections (DC Water Strategic Plan Framework):**

Mr. Kim mentioned that one of our strategic goals is to develop alternative revenue sources. While we have a committee that is governing the strategic planning implementation, we will also keep this committee apprised of our efforts with respect to generating alternative revenue sources.

* **DCGIS FY 2014 Flyover:**

Mr. Kim stated that a flyover would be carried out in Summer 2014 to update the GIS database in order to assess the impervious area in the District.

**Agenda for February 25, 2014 Committee Meeting**

In light of the workplan outlined above, Chairman Roth and committee members agreed to cancel the February 25, 2014 meeting. The next committee meeting is scheduled for March 25, 2014.

**Other Business**

No other business was discussed.

**Executive Session**

The Committee unanimously moved to an executive session at 11:10 a.m.

**Adjournment**

The meeting was adjourned at 11:35 a.m.

**Follow-Up Items – DC Retail Water and Sewer Rates Committee Meeting (January 28, 2014)**

There were no follow-up items