



# **DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

## **BOARD OF DIRECTORS**

*Retail Rates Committee*  
*Thursday, September 6, 2007*  
8:30 a.m.

## **MEETING MINUTES**

### **BOARD MEMBERS**

Robin Martin, Chairman  
David J. Bardin  
Joseph Coutrovo  
Howard Croft  
Kenneth Davis  
Howard Gibbs  
Steven McLendon  
Brenda Richardson  
F. Alexis H. Roberson  
Alan Roth  
Keith Stone  
Daniel Tangherlini

### **WASA STAFF**

Jerry Johnson, General Manager  
Olu Adebo, Acting Chief Financial Officer  
Avis M. Russell, General Counsel  
Linda Manley, Board Secretary

Chairman Martin called the meeting to order at 8:30 a.m. In his opening remarks the Chairman explained that the purpose of this workshop is to review some of the activities involved in establishment of an impervious surface rate for WASA customers. The Committee will also review and recommend to the Board, a contract proposal to accommodate establishing the impervious surface rate. Chairman Martin asked General Manager Johnson to lead the meeting discussion.

### **Impervious Area Rate Briefing**

#### **Background and History**

Mr. Johnson explained that management has expended a considerable amount of time studying how to best balance WASA's rate structure and recover costs for several major projects, the largest of which is the \$2 billion Combined Sewer Overflow Long-Term Plan (CSO). WASA's current rate structure essentially excludes the metering costs and other external payments remitted to the District of Columbia. Customer bills based on volume, with sewer charges billed on the same basis may be unfair, especially in considering CSO and stormwater costs. After considering various approaches, and in trying to develop a sense of fairness in the rate structure, the use of an impervious surface area rate appears to be the best and fairest approach and also reasonably uncomplicated to implement. As an example of the unfairness of the current rate structure, Mr. Johnson compared the identical volumetric usage of a family of four, living in a townhouse, versus that of a 200,000 sq. ft. warehouse with two bathrooms, surrounded by parking lots. The warehouse owner receives comparable bills as the homeowner but contributes more to the problem.

Next, Mr. Johnson referred to a handout distributed to the Committee and discussed the background and historical timeline, which led to the Board's consideration of an impervious surface rate. Mr. Adebo will manage the project, provide day-to-day consultant oversight and ensure quality assurance. The contract program manager is Mr. David Tweedy of PB Consult and he will oversee the project. In addition, there will be a Steering Committee, chaired by Mr. Adebo to ensure coordination between various segments of the organization (e.g., the Chief Information Officer, the Assistant General Manager for Customer Services, Public Affairs and other ad hoc committees).

Next, Mr. Johnson reviewed the FY 2008 rate schedule for rates to be in effect October 1, 2008. The General Manager reviewed key project milestones; additional Committee meetings will be required to address policy matters.

### **Study Overview and Technical Approach**

Mr. Adebo introduced Dave Early of PB Consult who is the Partner in Charge of this assignment. Other key members of the consulting team include:

David Tweedy, Project Manager  
Rachel Arulraj, GIS/Database Development  
Dan Lanning, Rates Development  
John Cromwell, Policy Advisor  
Shina Omopkanwaye, Customer Information System Expert

Mr. Early explained that several of the team members have continued to work with WASA since 2002 and there has been a lot of progress since that time, particularly in terms of advancements in technology available. Chairman Martin asked Mr. Early to focus his presentation on facts the Board should know prior to recommending action on the management proposal to select PB Consult for this assignment at the conclusion of today's meeting. Mr. Early and the consulting team discussed risk management success factors and provided an overview of the impervious area design development process, key tasks and issues. The consulting team discussed the rate design, model and the development approach. WASA will work to ensure good collaboration with other government agencies to ensure the success of the project.

Mr. Martin asked about project flexibility should the Board decide to modify the proposed equivalent residential unit (ERU) approach, to consider including City streets and their impact on the calculation of the impervious rates, or to phase in certain aspects of the impervious surface rate. Mr. Early responded that the schedule does include some flexibility to review those issues, particularly those that are not dependent upon creating a new source of data.

Mr. Bardin added that he does not recall a decision made by the Board to use the ERU approach or to exclude the streets nor do the minutes reflect such a decision. Mr. Bardin explained that the project as a whole is one of the most important ones that will be considered over the next several years. Mr. Bardin asked whether management and the consultants have already accessed the data made available by LimnoTech which provides data on land uses in the District of Columbia. Mr. Johnson responded that WASA engineers are familiar with that study and the data collected. Mr. Bardin asked that if this data are available he does not want to see the work duplicated. Mr. Johnson responded that anytime WASA enters into a consulting agreement, WASA requires that when there are data currently available, the consultant is required to search current and available information and data to prevent duplication of efforts. Any data collected are not the consultant's but WASA's data.

Mr. Bardin asked whether the use of existing data would reduce the price of the PB Consult contract. Mr. Adebo explained that the source of data is the D.C. property tax database and the consultants will be integrating the data to WASA's CIS to the extent that they are relevant to this

study. In addition, Mr. Johnson advised that the Committee's discussions today have included work not currently included in the scope of work so there would have to be some consideration made to assessing the costs associated with additional work proposed by the Board.

Next, Mr. Bardin asked how accurate does the database have to be with regards to the property owner and numbers of square feet. Rachel Arulraj responded that the owner data will be as accurate as the District's property tax data which is essential in distributing bills to the right person. The square footage data will be as accurate as the tax parcel database.

Mr. Gibbs asked whether a licensed surveyor will be involved in the preparation of the impervious surface database. Ms. Arulraj responded that the plan metric dataset available from the District GIS, based on aerial flyover, has an accuracy of 2-1/2 feet.

Mr. Stone asked whether the billing method is debt driven or driven by the Impervious Area Design. Mr. Lanning responded that the driver (or denominator) will be the Impervious Area Design; and the numerator will be the revenue requirement.

Mr. Tangherlini questioned whether or not the WASA Board can make a policy decision and then bill the City accordingly, which raises the question of building such a financing structure without any prior discussions with City Officials or the DCCFO. Mr. Tangherlini asked WASA management to involve the Department of the Environment (DOE) in rate development discussions to prevent duplication of efforts. The DOE is responsible for developing an impervious surface rate for stormwater costs.

Mr. Martin asked if the stormwater impervious surface fee rate was part of the PB Consult's scope of work; Mr. Johnson responded that it is not. Chairman Martin explained that the Committee would consider whether or not WASA would charge all of the CSO revenue requirements through the impervious rate. If WASA takes part of the expense required for CSO work which is actually resulting from street runoff and decides not to put this in the impervious surface rate, but to charge individual and commercial rate holders, that amount would go into the other gallonage rates that we charge.

In reference to the ERU measurement, Mr. Roth asked about the basis of developing the ERU: for example, would mean or median single family home consumption be used? Mr. Johnson responded that this would be a Board policy discussion and decision. Mr. Roth also asked how single family home versus multiple family dwelling fits into that description. Mr. Lanning responded that this too would also require a Board policy discussion and decision.

Mr. Martin stressed the importance of additional Committee meetings to address issues raised during today's Committee meeting as well as other policy matters that may arise.

After discussion, the Committee recommended approval the PB Consult contract for full Board consideration at their meeting.

Hearing no further questions, Chairman Martin adjourned the meeting at 9:40 a.m.