



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

BOARD OF DIRECTORS

*Retail Rates Committee
Tuesday, January 22, 2008
9:30 a.m.*

MEETING MINUTES

BOARD MEMBERS

Robin Martin, Chairman
David J. Bardin
Joseph Cotruvo
Howard Gibbs
Brenda Richardson
F. Alexis Roberson
Alan Roth
Keith Stone

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 9:30 a.m.

Impervious Surface Rate Project

Project Update and Deliverables

David Tweedy, PB Consult (PB), provided an update on the Impervious Surface Rate project. Mr. Tweedy noted that a project gant chart will be provided to WASA within a week that will show the general flow of the project to incorporate the IAB detail project management plan. Mr. Tweedy stated that the updated project schedule would demonstrate the progress achieved on the project tasks and milestones. Mr. Tweedy reviewed the progress on the database tools and noted that GSA has committed to a meeting and they hope to receive the GSA data files within the next couple of weeks. GSA is not on the critical path according to Mr. Tweedy.

Chairman Martin asked for time deadlines for Committee decision on critical path items to make recommendations to the board. Mr. Adebo stated that management has identified four policies on the critical path requiring Committee decisions in February for Board action in March; use of ERU, impervious definition, credit incentives and exemptions. Additionally, a rate needs to be established for publication in the DC Register and the public hearing process. In order to meet the October 1, 2007 implementation goal, committee decision is needed in March for Board action in April. Chairman Martin asked for an update on those policies discussed by staff and management so that the Board is fully aware of all assumptions made thus far. Mr. Bardin requested that staff provide a draft notice of proposed rate making to begin discussion on February 27th. He also requested that the committee consider proposing impervious rates for both fiscal years 2009 and 2010. Chairman Martin stated he would reserve judgment on setting rates for three years. Mr. Adebo stated that the notice of proposed rule making will be a draft notice that won't have a recommended value until the March committee meeting. Mr. Stone asked about reserving a second public hearing in June or

July in the event that additional input from customers is required for both the volumetric rates and the impervious rates. The Committee concurred with the second date.

Ms. Russell noted that it might be confusing to publish the volumetric rates to the public and later publish a separate set of impervious area rates. It was decided that the CFO and General Counsel would work on the technical language to ensure notification of both the proposed volumetric rate increased and the Board's work on the impervious rate. Ms. Russell asked the Committee for a consensus to take an action straight to the next Board meeting if it is determined that an action is indeed required. The committee agreed.

Chairman Martin noted that rate smoothing has not been addressed. Mr. Adebo replied that options brought to the Committee can include the establishment of a reserve to achieve rate smoothing if it is the desire of the Committee.

Communication Plan/Outreach Efforts Update

Mr. Adebo updated the Committee on the outreach activities. Meetings have been held with the majority of the City Council members. In January, staff met with Council member Jim Graham and Congress women Eleanor Holmes Norton. Meeting with second priority stakeholders, (such as AOBA) will be scheduled for the upcoming months. Chairman Martin noted that WASA public meetings have not been well attended in the last year and he wanted to identify ways to reach out to more people. Mr. Adebo replied that Rosborough Communication has been engaged to provide advice on communications tools used to deliver this message, to help draft a message and coordinate meetings. An extensive list of stakeholders has been developed and that has been shared with the Customer Service Committee. A sample bill is being developed and will be included as a bill insert in a future mailing. Chairman Martin replied the Board is very anxious to get this message out.

Preliminary Impact Analysis

Mr. Adebo introduced Dan Lanning of PB Consult to go through the preliminary Impact Analysis presentation. Mr. Lanning updated the committee on the District total impervious area, residential, non residential and unknown properties that could either be residential or non residential. At this time, the breakdown of customer classes is not complete. Mr. Bardin asked if the total impervious area include impervious area in the road right of way or only impervious area on the property lots. Mr. Lanning replied it does not include right of way. Mr. Lanning updated the committee on the total known parcels, residential and non residential parcels. Mr. Bardin stated when the RFP went out, it was anticipated that there were forty thousand non residential instead of twenty six thousand as shown in the presentation. Mr. Adebo replied when the RFP was developed it was based on an older dataset from the District on the parcels. Mr. Lanning discussed the impervious area data and parcel data confidence levels being ninety and seventy percent respectively. Mr. Lanning further explained that the analysis is missing thirty percent of the parcel data which is mostly the federal government. Mr. Adebo stated that there are several steps in collecting and compiling the data. All the data from WASA and OCTO has been collected.

Chairman Martin asked if the confidence levels or risk areas will be incorporated within the updated gant chart as critical path items? Mr. Adebo noted that one area of risk is receipt of the federal data and a contingency plan may be required.

Mr. Bardin asked why the confidence level is 90% since the photographs cover everything? Mr. Kuhr stated all data may not be included because the photo is dated as of 2005 and things may have changed. The confidence level reflects the unknown changes since the last verification of data by OCTO. Chairman. Martin noted that there might be a need for a Board policy as to how often the data is updated for billing purposes. Mr. Adebo replied the policy group plan is to refresh the data once a year in the database and the expectation is that changes that occur during the

course of the year would be updated periodically. Chairman Martin re-stated the need for all management assumptions and draft policies to be brought to the Committee for review.

Mr. Bardin asked that the consultants revise the slide header for all future uses to total area of the parcel to sq. ft. Mr. Bardin requested two charts in February one a similar chart of impervious area and the second the correlation of impervious area in a parcel. Mr. Lanning further explained slide four. Mr. Bardin requested that the Board receive on slide three via email the impervious area by sq. ft. before the end of January.

Timeline for Board policy approvals

Mr. Adebo updated the Committee on the Board policy timeline action items. Chairman Martin replied that the Committee is looking forward to getting additional information from the consultant and that the timeframe may need to be modified based upon receipt of that information. Mr. Adebo replied that Schedule D is a revised project plan and some of the elements of the project, like database development, will be accelerated.

There was discussion about the actual percentage of completion on some of the data activities. Work on the architecture, presentation of data by requested categories and other systems deliverables is still outstanding for management and Board review. Mr. Bardin inquired as to the confidence that the majority of the money coming to WASA from impervious rates will be from non-residential properties. Mr. Tweedy replied that roughly three fourths of the income will be from non-residential and the aggregate numbers are very accurate. It is the individual accounts that will require additional work and reconciling with the consultant team.

Board Policy Discussion

It was noted that an ERU is the amount of impervious surface (measured in sq. ft.) on a typical, single family residential (SFR) property as defined by a governmental agency. Mr. Lanning noted that many utilities use a multiple of the ERU to relate the non-residential property charges to the residential charges. Chairman Martin requested clarification on the seeming conflict of using a residential equivalent to relate to a commercial or other non-residential property. Mr. Lanning explained that this is the current method used by about half of the utilities using an ERU. They use the ERU as a base and then calculate additional charges relying on the actual impervious service of the individual property. Mr. Gibb's asked is every residence in the city being assessed an ERU. The response was affirmative. Mr. Lanning presented commonly used options for calculating ERUs and applying this unit of measure within a rate structure.

There was some additional discussion regarding the actual available data on square footage of impervious surface, breaking out row houses from single family houses and similar inquiries. The consultant acknowledged that additional analysis is still required and some additional data will be available in February. Some subsets may not be available if the original source materials do not define the parcels in the requested categories.

Mr. Bardin asked if the ERU size would be recalculated every year. Mr. Cromwell replied that the update would depend upon the availability and receipt of updated data from the original source. At that time, the ERU is recalculated. Mr. Lanning explained the advantages and disadvantages of the ERU and recommended that WASA use the ERU as a billing unit for the residential parcels, but determine impervious area size of non-residential parcels on a parcel by parcel basis and calculate the number of ERU's that apply to the non-residential based upon the actual size compared to the average ERU size. Mr. Bardin requested the need to put together some typical hypothetical customer situations such as a row house with or without impervious rates. Chairman Martin asked management to submit a recommended policy to the committee in February.

The second policy item was a follow up to the December 2007 discussion on the definition of impervious. As requested, Steve Kuhr presented the defined layers received from DC Office of Technology and DC Office of Tax and Revenue, with notations as to the areas used by the consultant in their identification of impervious areas. Mr. Kuhr described the datasets and mentioned that all of them are not useful for impervious surface calculation. He referenced the items that are useful as well as provided explanations for other areas that might sound as though they should be considered, but really represent merely dots on a map rather than defined, measurable surface areas. Mr. Kuhr noted that satellite imagery layer is used as a QA/QC process.

Mr. Bardin asked if there are defined criteria for an appeal process. Mr. Adebo stated that this is under development and it's not on the critical path. Mr. Gibbs stated the Department of Environment (DOE) has engineers that can survey the amount of runoff contribution, know LID policies and other initiatives. He suggested that management look to DOE for assistance when drafting the appeals process. Mr. Adebo replied it will be brought forward during the business process development.

Finally, Mr. Adebo introduced the topic of credit and appeals processes for the Impervious Surface Billing program. He recommended that the Board make a positive affirmation in its intent to have a credit or incentive program in the future. Mr. Bardin asked that Ms. Manley email to the Committee the Philadelphia presentation presented in the Stormwater Task Force meeting on January 17, 2008.

DC Stormwater Rate Adjustment

Mr. Johnson informed the Committee that staff has had a discussion with the Director of DC Department on the Environment and he said we will get a response back after the January 22nd.

Other Business

None

Hearing no further business, Chairman Martin adjourned the meeting at 12:36 pm.