



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

*Retail Rates Committee  
Tuesday, April 22, 2008  
9:00 a.m.*

**MEETING MINUTES**

**BOARD MEMBERS**

Robin Martin, Chairman  
David J. Bardin  
Howard Gibbs  
Brenda Richardson

**WASA STAFF**

Jerry N. Johnson, General Manager  
(via teleconference)  
Len Benson, Acting Chief Engineer  
Olu Adebo, Acting Chief Financial Officer  
Avis Russell, General Counsel  
Linda Manley, Board Secretary

**PRESENTERS**

David Tweety, Project Manager, PB Consult  
Rachel Arulraj, PB Consult

Chairman Martin called the meeting to order at 9:00 a.m.

**Impervious Surface Rate Project**

**Management Project Assessment**

Mr. Adebo, Acting CFO discussed status of the Impervious Area Surface project with the Retail Rates Committee. Mr. Adebo noted that a risk analysis was requested by the Retail Rates Committee and has been included within the committee package. Mr. Adebo stated that WASA has gained a lot of ground on the IAB project since Mr. Tariq, Project Manager, was brought on board, including the development of strategies to mitigate project risk. Mr. Johnson, General Manager, joined the meeting through telephone conference and Mr. Adebo continued the review of the risk matrix. PB Consult will begin to deliver a minimum of 40,000 cleaned out property polygons with impervious surface and premise information in April and May with the remainder scheduled for delivery in line with the consultants contract by late June or first week in July. WASA will begin to review and QC the data to mitigate integration issues upon delivery of the full data base. Mr. Johnson noted that after review of the project risks, internal discussions with executive staff on the availability of resources and the status and potential work involved in quality assurance reviews, that there is greater risk involved in the project with an October 2008 start date than with a mid-FY 2009 implementation. Therefore, it is recommended by the General Manager that WASA take an additional six month period to complete the IAB process and staff will be prepared to discuss its QA/QC plan in two weeks. Mr. Johnson mentioned that PB Consult will be held to the contract delivery time frame, but WASA needs to ensure that all of the moving, component parts involved in the process (including legislative changes) are in place and tested prior to sending out the first bill. Chairman Martin noted that WASA has spent many years developing trust in its billing process and having a poor billing system would create a tremendous problem as to the agency.

Chairman Martin asked Mr. Johnson to discuss the legislative issues. Mr. Johnson summarized the activities over the last few months in review of specific legal aspects of the IAB implementation. The

question originally posed was whether WASA has the authority to implement an IAB rate. The conclusion was that under the enabling legislation, WASA has the ability to set rates and charges with modifications. However, the DC code provision related to the sewer charges are very specific and provides for a volumetric sewer charge based on water use. That being the case, the DC City Council would have to amend the legislation to allow for use of an impervious surface area sewer charge.

Chairman Martin mentioned he was surprised to have learned about the need for legislation because this question was asked months ago. Mrs. Russell noted that General Counsel advised the CFO that implementation of a new charge that is not water or sewer would require legislative change in order to apply liens as an enforcement mechanism. General Counsel stated that Mr. Johnson requested that alternate paths be investigated so as not to impact the lien law. Ms. Russell stated that discussion followed and she determined that since the IAB impact is related to the sewer charges, it would be better to unbundle the sewer charge versus creating a new charge. Ms. Russell further explained that the sewer charge would be two components: one for sewer treatment, the other impervious area. After further research it was found that WASA would have to change the definition of calculating the sewer charge because there is a part of the DC code that has to do with water and sewer that is not in the WASA enabling legislation, and that was the law that was in effect when WASA was created. WASA is still obligated to operate under those existing provisions. Mr. Bardin asked whether the new rate created in the enabling law which established WASA supersede the older municipal codes and thus would provide the legal authority for WASA to move forward. Ms. Russell mentioned she would be hesitant to answer this question on what the impact or the interpretation of one law has over another.

Mr. Bardin asked Ms. Russell if she had drafted a proposed amendment. Ms. Russell replied affirmatively. However, the General Manager had requested that General Council revise the amendment to make it broader for flexibility. Chairman Martin asked would this be an amendment to the original code WASUA operated under. Mrs. Russell replied it would be an amendment to the DC code. Mrs. Richardson asked whether WASA can proceed with the project in the six month timeframe if the legislative issue is resolved. Ms. Russell replied yes. Mr. Adebo noted that the possible legislative options and timelines have been developed for the review by the Committee if so desired. There was additional discussion regarding actions necessary to complete the project and implement the IAB in April 2009, such as internal staffing, hiring activities and current data availability from OCTO.

#### Consultant's Project Update and Deliverables

Mr. Tweedy, Project Manager PB Consult, updated the committee on the status of the consultant's portion of the project. Mr. Tweedy stated PB will start delivering the data as stated earlier by Mr. Adebo. Mr. Tweedy mentioned PB is on schedule to complete the project on time. Important progress has been made with regards to finalizing the database model, initiating the business process task and coordinating with Alliance on the customer bill so that Alliance can go forward to do their work. There was discussion regarding the application of ERUs with condominiums and the expectation to deliver 40,000 records by April 30 which was only a week away. Mr. Adebo mentioned that the first batch of data received from PB should have non residential properties as a priority.

Mrs. Arulraj of PB Consult updated the Committee on the technical aspects of the database development. Mr. Gibbs asked Mrs. Arulraj to define and describe the clean up necessary within the property records. Mrs. Arulraj explained that PB has to define the property boundaries of each parcel, identify the ownership based on OTR data, and then review each impervious item to ensure that they align within the correct property boundaries. These steps are sequential for an individual property, but the entire dataset of parcels are in various stages of this process which allows them to provide large groups of records to WASA for review while PB continues to work on the remaining parcels within the database. Mrs. Arulraj informed the Committee that PB now has most of the missing properties from a meeting with OTR on Monday April 21, 2008. Chairman Martin asked does PB have a sense of how many new customers there might be. Mrs. Arulraj replied that they are still reviewing and explained the PB QA/QC process on the data development.

Chairman Martin asked whether any other actions from the Committee are necessary if the General Manager's recommendation to implement the impervious area surface rate in April 2009 is accepted. Ms. Russell stated that no further action is required by the Board and staff can proceed to publish in the register the 8.5% rate increase already approved by the Board under Resolution #08-18. Chairman Martin stated that it makes sense to understand what WASA QA/QC processes are by the next Committee meeting. Mr. Bardin asked if the General Manager would give the Committee assurances that with the six month delay, the project can be carried out by WASA and that WASA still doing due diligence on the project. Mr. Johnson replied that WASA has done a significant amount of due diligence and WASA is not abandoning the project. Mr. Bardin asked the General Manager to provide a response after the meeting as to when WASA first proposed the October 1, 2008 implementation date for the IAB and when the Committee will receive a draft notice of proposal on rate actions on impervious surface rates. Chairman Martin suggested that this be considered with management's proposal to be forthcoming in two weeks.

Mr. Gordon Fry, Director of Legislation Affairs, discussed the legislative options available for discussion: 1.) Budget Support Act – Attachment, 2.) Stand Alone Bill, 3.) Emergency or Temporary Legislation. Mr. Fry stated he has requested a meeting with Council committee staff. Mr. Bardin ask at what point in time does the legislation need to be in effect so as not to impact WASA action on impervious surface charges. Ms. Russell recommended that legislation be in effect when the Board takes action on proposed rule making. Chairman Martin suggested that WASA needs to advise the City Administrator's Office. Chairman Martin suggested that staff prepare a timeframe to enact this legislation.

#### **Independent Rates Consultant Selection Update**

Mr. Adebo updated the Committee on the independent rate consultant selection. Mr. Adebo stated that WASA received the RFP packages last Friday with three responses. WASA will be evaluating the responses through Wednesday and WASA expects to finalize the recommendation Thursday with a package going out to the committee. Chairman Martin recommended that the Committee not interview those firms, but would let the Committee members make a final decision after receiving the list of respondents and comments from staff on Thursday. It was requested that the names and locations of each firm be provided to Mr. Bardin in response to his inquiry during the meeting.

#### **Committee Work Plan Goals Quarterly Update**

Mr. Adebo provided a quarterly review of the Committee work plan goals. Mr. Adebo mentioned that he wants to get Committee input on the milestones. Chairman Martin asked whether Mr. Adebo wanted this document to be inserted in the Committee work plan. Mr. Adebo replied that this is the only Committee item on the work plan. Mr. Bardin suggested that staff strike out language referring to stormwater. Mr. Bardin asked about the status of the legal review of applying customer assistance to impervious area sewer rates. Ms. Russell stated that WASA has researched the EPA provision and confirmed that EPA does allow reduced rates for low income customers. It appears that WASA will have to create a low income customer classification, but General Counsel will continue to research to clarify actions needed to apply CAP to the impervious program.

Chairman Martin stated that the last column in the work plan should be 2008 rather than 2009. Mr. Adebo requested that the development of a credit and discount program for impervious surface area be taken off the FY 2008 work plan as the Committee has agreed to defer the implementation of discounts to next year. Chairman Martin asked whether the work plan has historically looked at one year or has it reflected multiple year planning. Mr. Adebo replied that the work plan has traditionally included items for completion in the current fiscal year.

#### **Adjournment**

Hearing no further business, Chairman Martin adjourned the meeting at 11:15 am