



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

BOARD OF DIRECTORS

*Retail Rates Committee
Friday, December 19, 2008
11:00 a.m.*

MEETING MINUTES

COMMITTEE MEMBERS

David J. Bardin, Acting Chairman
William M. Walker, Board Chairman (Telephone)
Howard Gibbs
F. Alexis Roberson
Joseph Cotruvo

WASA STAFF

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

Presenter

Louis Desjardins
David Early
Lauren Foley

Call to Order

Acting Chairman Bardin called the scheduled Retail Rates Committee meeting to order at 11:00 a.m.

Impervious Surface Project Update

Database Development and Other Deliverables (Attachment – A)

Mr. Adebo introduced Mr. Louis Desjardins for the update on the impervious surface project. Mr. Desjardins summarized the project status, noting that WASA is still on track to implement the impervious area charge on April 1, 2009. The QA/QC will be complete by the end of December and the full system testing will begin in January.

Updated IAC Analysis (Attachment - B)

Mr. Bardin complimented the General Manager, staff, and consultants for the extensive new and consolidated information set out in Attachment B, including its appendix.

Mr. Adebo and Mr. David Early of PB Consult provided a joint update on the Impervious Area Charge analysis. The analysis, which improved on 2003, 2005, and 2008 analyses, was provided in a presentation to the committee focused on updated estimates of Impervious Area, Equivalent Residential Unit (ERU), Impervious Area rate and Customer Impacts. Mr. Adebo explained to the committee that these estimates were generated from information contained in the cleansed database using WASA's customer classification and further refines information that was provided to the committee back in September, based on August 2008 statistics. The September analysis used customer classifications provided in the Office of Tax and Revenue database. Mr. Early further updated the committee that inputs to the rate analysis include the assignments of all features for all

properties in the District, WASA premise rules, and Impervious Only (IO) properties that were not previously in WASA records. The updated analysis reaffirms and supports an Equivalent Residential Unit of 1,000 sq. ft. which is based on the median impervious area computed from all single family residential properties. Mr. Adebo continued the presentation by highlighting differences between the updated analysis and the August 2008 statistics. First Mr. Adebo highlighted that the residential share of ERUs changed from 23.5% to 24.4%, federal share changed from 24.1% to 21.0%, and commercial share changed from 30.1% to 33.2%. Highlights from Mr. Adebo's presentation included the following: total single family residential ERUs to be charged are 104,285 and all other ERUs are 323,237, for a total ERU 427,522 (slightly less than the August 2008 statistics); number of properties and total area by WASA customer grouping differs slightly from the August 2008 statistics; total land area for commercial increased from 19.3% to 22.5%, federal decreased from 37.1% to 30.5% and multi-family decreased from 8.6% to 6.7%. In addition impervious area by WASA customer group changed slightly from the August 2008 statistics. Total impervious area for residential customers increased from 26.8% to 28.8%, commercial customers increased from 28.8% to 32.5%, and federal customers decreased from 22.9% to 17.9%. The total number of properties for all customer groupings combined is now 133,580 compared to 130,203 in the August 2008 statistics.

Mr. Adebo further stated that although, comparison of share of ERUs to share of water consumption by customer group differs slightly from August 2008 statistics, it was generally consistent with expectations. The federal and municipal customers increased in the allocated share of the CSO program under the impervious billing approach and multi-family properties decreased in cost allocated due to the high-density of persons per square footage of land use.

Mr. Early then added that with the latest analysis the Authority is now able to provide the total impervious area sq. ft. for Impervious Only (IO) customers. This group of customers has a total impervious area of 48 million sq. ft. and a total of 15,755 properties. These IO customers will begin to contribute to their share of the CSO-LTCP. There are approximately 2,544 properties that have an existing WASA account and will be billed for impervious area only (no water/sewer). There are approximately 13,211 properties where a new account will need be created in order to bill impervious area only. IO sq. ft. totals 34 million sq. ft. and, of that, parking lots constitute 40% of the impervious area.

Mr. Bardin asked how the latest analysis classifies the second of two adjacent properties owned by the same apartment house company, if the building with a water meter is all on one property and outdoor parking spaces for building residents are on the second property? The latest analyses classify the second property, with the parking spaces, as "Impervious Only" (IO) and WASA plans to set up a new account for that second property, even though it has the identical owner as the property with the building and the water meter. Mr. Bardin asked for a rough estimate of how many of the 13,211 new account IO properties are owned by existing WASA customers. Neither Mr. Adebo nor Mr. Early had an answer.

Finally, Mr. Adebo concluded that the updated analysis still supports an annual impervious area charge in FY 2009 of \$14.88 per ERU or a monthly charge of \$1.24 per ERU.

Business Process Update (Attachment C)

Mr. Adebo introduced Ms. Lauren Foley for the update of the impervious area charge policies and procedures. Ms. Foley summarized the structure of the impervious area policies and procedures manual. WASA shall use information contained in the District of Columbia's Geographic Information System (GIS) planimetric database. All surfaces shall be classified as either pervious or impervious and the amount of impervious area on a property is determined annually. For administrative ease, most customers will be billed monthly, but IO customers with less than 25 ERUs will be billed at six month intervals.

The presentation by Ms. Foley (attachment C) outlined a number of procedures that will be utilized within customer service to apply impervious area and appropriately bill customers. Ms. Foley reviewed condominium assignment of impervious area and ERU billing, treatment of properties with less than 100 square feet of impervious area and properties that do not currently receive a water and sewer bill, disputes, updating of the database, and general billing responsibility. These assumptions and processes, as well as others, were included within the Committee package and discussed during the meeting. The procedures include collection procedures and payment application priorities.

The impervious area database uses the following data layers; Office of tax and Revenue/Real Property Tax Administration Owner polygons, DC-GIS Planimetric Layers, District Department of Transportation Street centerline Information and DC WASA's Premises.

The current process for customer billings will also cover appeals to the impervious area charge. Any customer who believes that their bill is inaccurate may inquire further by contacting a customer care associate. The burden of proof shall be on the appellant. In response to a question by Mr. Gibbs, Ms. Russell said that only a site survey by a registered Professional Land Surveyor would satisfy that burden.

Within twelve months of implementation, the Authority shall consider whether a credit and incentives policy should be implemented.

Legislative Update

Mr. Fry updated the committee on the impervious surface area (IA) legislation. On December 16 the City Council had its second reading on the impervious area legislation. There was no further discussion.

Customer Assistance Program (CAP) Expansion

CAP Proposal Review (Attachment D)

Mr. Adebo updated the committee on the CAP expansion. The public hearing for the CAP expansion was on November 5. One witness signed up to testify but did not show at the hearing. No public comments were given at the hearing. One email correspondence was received from a Mr. Fred Nicely on November 14, 2008. Mr. Nicely disagreed with the proposed discount. Mr. Adebo summarized the fiscal impact of the expanded CAP program.

Mr. Bardin requested that the graph comparing "Average Monthly Bill for CAP Customers" for FY 2007, 2008, 2009, and 2010 that had been distributed at the meeting be shared with all Board members in the January Board package. In response to Mr. Bardin, Mr. Adebo said that WASA's most recent data indicate that CAP customer average monthly consumption is 8.11 Ccf, slightly below the 8.33 Ccf for all single family residential customers.

In addition, Mr. Bardin requested that, when the Board or its committees consider proposed retail rate changes in future years, staff consistently provide similar graphic comparisons of impacts on CAP customers – as has been staff's practice with respect to all single family residential customers.

FY 2010 Rate and Fee Proposal

Rates Calendar (Attachment – E)

Mr. Adebo updated the committee on the FY 2010 rates calendar. Mr. Adebo mentioned that in the Budget and Finance committee meeting earlier this morning the members of the Retail Rates Committee were updated on the FY 2010 budget presentation and if they requested additional updates regarding the budget presentation he would update the committee. There was no further discussion.

Action Items

Approval of proposed FY 2009 mid-year implementation of Impervious Surface Area Charge (IAC) (Attachment – F)

The retail rates committee recommended the proposed FY 2009 mid-year implementation of the Impervious Surface Area Charge to the full Board for adoption in January 2009 as a proposal, subject to formal hearing before the District of Columbia members of the Board.

Approval of proposed FY 2009 Expansion to the Customer Assistance Program (CAP) (Attachment – G)

The Retail Rates Committee recommended the proposed FY 2009 Expansion to the Customer Assistance Program (CAP) to the full Board for adoption in January 2009 as a final action.

Approval of Fiscal year 2008 – 2017 Ten Year Financial Plan (Attachment – H)

The Retail Rates Committee recommended the proposed Fiscal Year 2008 – 2017 Ten Year Financial Plan to the full Board for adoption in January 2009.

Approval of the Proposed Water and Sewer Rates, Impervious Area Charge, Right of Way and PILOT for Fiscal Year 2010 (Attachment – I)

The Retail Rates Committee recommended the proposed Water and Sewer Rates, Impervious Area Charge, Right of Way and PILOT for Fiscal Year 2010 to the full Board for adoption in January 2009 as a proposal.

At the full Board meeting on January 8 the District of Columbia members of the Board may revise some of the proposals. For example, during the Committee's discussion Chairman Walker asked whether the proposed percentage increases in water and in sewer rates might be held below 10%; and Mr. Bardin expressed doubts about the proposal to increase the Payment in Lieu of Taxes (PILOT) fee. Moreover, during the Finance and Budget Committee earlier that morning, Chairperson Tangherlini had asked for additional analyses in advance of the Board meeting of possible reductions of the total operating budget by \$7½ and \$15 million; and the Retail Services Committee's agenda calls for review of lead service line replacement budget proposals later that morning.

Other Business

No discussion

Adjournment

Hearing no further business, Acting Chairman Bardin adjourned the meeting at 12:33 pm.