

**Presented and Adopted: September 2, 2004**  
**SUBJECT: Approval of Contract No. 990040, W.M.Schlosser**  
**Company, Inc.**

**#04-62**  
**RESOLUTION**  
**OF THE**  
**BOARD OF DIRECTORS**  
**OF THE**  
**D.C. WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority, ("the Authority"), at the Board meeting held on September 2, 2004, upon consideration of a joint-use matter, decided by a vote of eleven (11) in favor and none (0) opposed, to approve the following action with respect to Contract No. 990040, W.M. Schlosser Company, Inc.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute Change Order No. 16 of Contract No. 990040, W.M. Schlosser Company, Inc. The purpose of this change is to authorize payment for additional supplementary heating provided for the Solids Processing Building (SPB) over the Winter 2003/2004 as well as for miscellaneous small changes resulting from differing site conditions. The change order amount is \$46,066.

This resolution is effective immediately.

  
Secretary to the Board of Directors

**Presented and Adopted: September 2, 2004**  
**SUBJECT: Approval of Revised Fiscal Year 2003-2012 Ten Year Financial Plan**

**#04-63**  
**RESOLUTION**  
**OF THE**  
**BOARD OF DIRECTORS**  
**OF THE**  
**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("the Authority") at its meeting held on September 2, 2004 decided by a vote of eleven (11) in favor and none (0) opposed, to take the following action with respect to the Revised Fiscal Year 2003 – 2012 Financial Plan:

**WHEREAS**, prudent utility financial management requires a long-term financial plan that integrates common elements of the ten-year capital improvement program, future capital financing plans, projected operating and maintenance budgets, revenue requirements and projected rate increases to support long-term capital and operating needs; and

**WHEREAS**, the Board has adopted a series of financial policies in the areas of capital financing, long-term financial planning, and rate-setting to assure the short-term and long-term financial health of the Authority; and

**WHEREAS**, these policies include:

1. A requirement that retail rates be based on annually updated and adopted ten-year forecasts of operating and capital budgets;
2. A requirement that retail rate increases be implemented in a gradual and predictable manner, avoiding large one-time rate increases;
3. Maintaining senior debt service coverage at 140 percent; and
4. Maintaining cash reserves equivalent to approximately six months' operating expenses.

**WHEREAS**, these financial policies have allowed the Authority to receive strong bond ratings that will reduce debt service costs over the ten-year planning period; and

**WHEREAS**, the Board at its January 6, 2004 meeting, consistent with its policies, approved a ten-year financial plan in conjunction with the proposed FY 2005 operating and capital budgets; and

**WHEREAS**, implementation of the lead service replacement policy requires adoption of a revised ten-year financial plan that includes the full \$272,000,000 needed to implement the plan; and

**WHEREAS**, the Finance and Budget Committee met on July 22, 2004, and recommended that the Board adopt the revised Fiscal Year 2003 – 2012 Ten Year Financial Plan as expressed in numerical goals and summarized in the attached Schedule A.

**NOW THEREFORE BE IT RESOLVED THAT:**

The Board of Directors hereby approves and adopts the revised Fiscal Year 2003 – 2012 Financial Plan as expressed in the proposed Fiscal Year 2005 Operating and Capital Budgets, and as modified by the attached Schedule A. The Board further directs the General Manager to employ best efforts to achieve the results projected on the attached Schedule A.

This resolution is effective immediately.

  
Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER & SEWER AUTHORITY**  
**FY 2003 - 2012 FINANCIAL PLAN**  
*(In 000's)*

<b>OPERATING</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
Operating Receipts (1)	\$ 265,014	\$ 261,534	\$ 275,156	\$ 295,296	\$ 313,512	\$ 331,417	\$ 351,764	\$ 365,271	\$ 380,170	\$ 392,584
Operating Expenses	\$ 186,538	\$ 213,381	\$ 210,616	\$ 217,955	\$ 221,416	\$ 225,010	\$ 228,816	\$ 232,553	\$ 239,880	\$ 247,279
Debt Service	\$ 36,786	\$ 45,055	\$ 60,739	\$ 62,887	\$ 82,767	\$ 101,020	\$ 117,937	\$ 122,563	\$ 125,524	\$ 133,384
Net Revenues After Debt Service	\$ 41,690	\$ 3,098	\$ 3,801	\$ 14,455	\$ 9,328	\$ 5,387	\$ 5,011	\$ 10,155	\$ 14,767	\$ 11,921
Operating Reserve	\$ 118,738	\$ 103,242	\$ 96,592	\$ 99,897	\$ 101,091	\$ 102,302	\$ 103,532	\$ 104,779	\$ 107,940	\$ 111,195
Rate Stabilization Fund (2)	\$ 21,500	\$ -	\$ -	\$ (4,000)	\$ (6,000)	\$ (6,000)	\$ (5,500)	\$ -	\$ -	\$ -
Senior Debt Service Coverage	507%	384%	207%	217%	170%	153%	144%	144%	147%	142%
Proposed Rate Increases	-5.3%	2.5%	5.0%	6.5%	9.0%	9.0%	9.5%	8.0%	6.0%	5.0%

(1) Includes interest earnings on senior lien revenue bonds' debt service reserve fund

(2) FY2003 contribution of \$7 million to Rate Stabilization Fund brought the total fund balance to \$21.5 million

**Presented and Adopted: September 2, 2004**  
**Subject: Approval of Fiscal Year 2003-2012 Capital Improvement**  
**Program Revised Lifetime Budget**

**#04-64**  
**RESOLUTION**  
**OF THE**  
**BOARD OF DIRECTORS**  
**OF THE**  
**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The Board of Directors, (the "Board") of the District of Columbia Water and Sewer Authority, (the "Authority") at its meeting on September 2, 2004, decided by a vote of eleven (11) in favor and none (0) opposed, to take the following action with respect to the Fiscal Year 2003 – 2012 Ten-Year Capital Improvement Program revised lifetime budget:

**WHEREAS**, the Board's financial policies require an annually updated Ten-Year Financial Plan, which includes a Ten-Year Capital Improvement Program; and

**WHEREAS**, the Board at its meeting on January 6, 2004, approved the Authority's Fiscal Year 2003 – 2012 Ten-Year Capital Improvement Program with a lifetime budget totaling \$4,976,192,000; and

**WHEREAS**, the Board at its meeting on March 4, 2004, approved the Authority's Fiscal Year 2003 – 2012 Ten-Year Capital Improvement Program with a revised lifetime budget totaling \$5,029,513,155 and related disbursements budget of \$1,761,491,000 needed because of revisions to the scope of the egg-shaped digester project; and

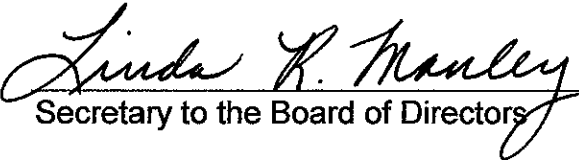
**WHEREAS**, implementation of the lead service replacement policy requires that an additional \$272,000,000 be added to the Fiscal Year 2003 – 2012 Capital Improvement Plan Lifetime Budget; and

**WHEREAS**, the Environmental Quality and Operations Committee and the Finance and Budget Committee met on July 15, 2004, and July 22, 2004, respectively and recommended that the Board adopt the Capital Improvement Plan Lifetime Budget as revised; and

**NOW THEREFORE, BE IT RESOLVED THAT:**

The Board of Directors hereby approves and adopts the District of Columbia Water and Sewer Authority's Fiscal Year 2003 – 2012 Capital Improvement Plan with a revised lifetime budget totaling \$5,301,513,155 (Attachment A) and as further detailed in the General Manager's Proposed Fiscal Year 2005 Operating and Capital Budgets dated October 16, 2003 and accompanying materials.

This resolution is effective immediately.

  
Secretary to the Board of Directors

**FY 2003 - FY 2012 Capital Improvement Plan  
Project Lifetime Budgets by Program Area (\$000's)**

	FY 2005 Approved Mar. 4, 2004	FY 2005 Proposed Sep. 2, 2004	FY 2005 Proposed Total
<b><u>Wastewater Treatment</u></b>			
Liquid Processing Projects	436,807	0	436,807
Plantwide Projects	288,577	0	288,577
Solids Processing Projects	513,156	0	513,156
<b>Sub-total</b>	<b>1,238,540</b>	<b>0</b>	<b>1,238,540</b>
<b><u>Stormwater</u></b>			
Stormwater Extensions/Local Drainage	6,599	0	6,599
Stormwater On-Going Program	6,718	0	6,718
Stormwater Pumping Facilities	24,550	0	24,550
DDOT Stormwater Program	28,507	0	28,507
Stormwater Projects Program Management	7,260	0	7,260
Stormwater Trunk/Force Sewers	21,081	0	21,081
<b>Sub-total</b>	<b>94,715</b>	<b>0</b>	<b>94,715</b>
<b><u>Sanitary Sewer</u></b>			
Sanitary Collection Sewers	15,231	0	15,231
Sanitary On-Going Projects	60,569	0	60,569
Sanitary Pumping Facilities	20,171	0	20,171
Sanitary Sewer Projects Program Management	14,930	0	14,930
Sanitary Interceptor/Trunk Force Sewers	82,100	0	82,100
<b>Sub-total</b>	<b>193,001</b>	<b>0</b>	<b>193,001</b>
<b><u>Water</u></b>			
Water Distribution Systems	291,707	272,000	563,707
Water On-Going Projects	52,085	0	52,085
Water Pumping Facilities	83,053	0	83,053
DDOT Water Projects	40,256	0	40,256
Water Storage Facilities	36,663	0	36,663
Water Projects Program Management	25,044	0	25,044
Meter Replacement /AMR Installation	46,000	0	46,000
<b>Sub-total</b>	<b>574,808</b>	<b>272,000</b>	<b>846,808</b>
<b>Washington Aqueduct</b>	<b>204,570</b>	<b>0</b>	<b>204,570</b>

**FY 2003 - FY 2012 Capital Improvement Plan  
Project Lifetime Budgets by Program Area (\$000's)**

	<b>FY 2005 Approved Mar. 4, 2004</b>	<b>FY 2005 Proposed Sep. 2, 2004</b>	<b>FY 2005 Proposed Total</b>
<b>Capital Equipment</b>	<b><u>101,449</u></b>	<b><u>0</u></b>	<b><u>101,449</u></b>
<b>Sub-total</b>	<b>2,407,083</b>	<b>272,000</b>	<b>2,679,083</b>
<b><u>Combined Sewer Overflow</u></b>			
CSO Program Management	15,254	0	15,254
Combined Sewer Projects	150,176	0	150,176
Long-Term Control Plan (see note 1)	2,457,000	0	2,457,000
<b>Sub-total</b>	<b><u>2,622,430</u></b>	<b><u>0</u></b>	<b><u>2,622,430</u></b>
<b>Total WASA CIP Lifetime (see notes)</b>	<b><u>5,029,513</u></b>	<b><u>272,000</u></b>	<b><u>5,301,513</u></b>

Notes:

- 1 As discussed in Section 1 of this document, the CSO Long-Term Control Plan (LTCP) was approved by the Board of Directors and forwarded to the EPA in August 2002. The total cost of the proposed plan is \$2.6 billion, assuming implementation over 40 years and annual inflation of three percent. WASA's CIP previously included approximately \$143 million (cash disbursements basis) for various CSO-related projects. These include pumping station rehabilitations, fabridams, and other related improvements. These were the only CSO-related projects included in the CIP (excluding CSO program management and plan development), pending input from stakeholders, finalization of a Board-approved plan for submission to the EPA, and development of a financing plan. WASA received \$49.7 million in FY 2003, with a 100 percent match, and has received preliminary indications that an additional \$25 - \$35 million may be received in FY 2004 for initial funding of the LTCP. Because it is highly unlikely that this outside funding will continue to be appropriated without ultimate implementation of the proposed LTCP, we have added the \$2.6 billion LTCP to the lifetime CIP, although because of the 40-year implementation schedule, only \$189.8 million is projected to be disbursed in the current 10-year planning period. In addition, while we have added the LTCP to the CIP to accommodate the potential receipt of these grants, WASA does not intend to undertake any additional LTCP work beyond those \$143 million (cash disbursements basis) of projects previously included in the CIP until completion of an EPA and Board-approved LTCP, except as authorized by the Board of Directors.
- 2 Lifetime budgets shown here represent total budgets for projects that are active during the current 10-year CIP. Lifetime budgets include historical spending prior to the beginning of the current 10-year plan, spending during the 10-year plan, and projected spending beyond the current 10-year plan. Projects completed in FY 2003 will be dropped from the CIP next year.
- 3 These budgets do not include inhouse labor costs, which historically have averaged \$6 to \$8 million annually and are applicable primarily to time charged to capital projects by employees in the Departments of Engineering, Sewer Services, and Water Services.



**Presented and Adopted: September 2, 2004**  
**SUBJECT: Approval of Contract No. 010030, Fort Myer**  
**Construction Co., Inc.**

**#04-65**  
**RESOLUTION**  
**OF THE**  
**BOARD OF DIRECTORS**  
**OF THE**  
**D.C. WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority, ("the Authority"), at the Board meeting held on September 2, 2004, upon consideration of a non-joint-use matter, decided by a vote of six (6) in favor and none (0) opposed, to approve the following action with respect to Contract No. 010030, Fort Myer Construction Co., Inc.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute Change Order No. 1 of Contract No. 010030, Fort Myer Construction Co., Inc. The purpose of this change is to increase the not-to-exceed amount of the contract by \$3,250,000.00 to \$13,250,000.00, which will allow the extension of the contract through September 2005. The change order amount is \$3,250,000.

This resolution is effective immediately.

  
Secretary to the Board of Directors

**Presented and Adopted: September 2, 2004**  
**SUBJECT: Approval of Contract No. GS-35F-0075N**  
**Annance Consulting**

**#04-66**  
**RESOLUTION**  
**OF THE**  
**BOARD OF DIRECTORS**  
**OF THE**  
**D.C. WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority, ("the Authority"), at the Board meeting held on September 2, 2004, upon consideration of a non-joint-use matter, decided by a vote of six (6) in favor and none (0) opposed, to approve the following action with respect to Contract No. GS-35F-0075N, Annance Consulting.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute the extension of Contract No. GS-35F-0075N, Annance Consulting. The purpose of this action is to extend the existing professional services contract with Annance Consulting through September 2005. The contract extension amount is \$1,200,000.

This resolution is effective immediately.

  
Secretary to the Board of Directors

**Presented and Adopted: September 2, 2004**  
**Subject: Final Water and Sewer Service Rates For Fiscal Year**  
**2005**

**#04-67**  
**RESOLUTION**  
**OF THE**  
**BOARD OF DIRECTORS**  
**OF THE**  
**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The District members of the Board of Directors (the "Board") of the District of Columbia Water and Sewer Authority, (the "Authority") at its meeting held on September 2, 2004, decided by a vote of six (6) in favor and none (0) opposed to take the following action with respect to proposed retail rates for water and sewer service (a matter not affecting the general management of joint-use sewerage facilities):

**WHEREAS**, the Board has adopted a rate-setting policy that calls for implementation of retail rate increases in a gradual and predictable manner, avoiding large, one-time rate increases; and

**WHEREAS**, the Board has adopted a ten year financial plan that anticipates rate increases which will generate revenues that are adequate to meet the Authority's projected operating and capital expenses and will insure compliance with Board policies regarding maintenance of senior debt service coverage and cash reserves; and

**WHEREAS**, on January 23, 2004 the Authority published notice of a proposed rulemaking (51 DCR 965) which, if adopted, would have increased the rate for retail metered water service from \$ 1.74 per One Hundred Cubic Feet of water used, to \$1.83 per One Hundred Cubic Feet of water used, effective October 1, 2004; and

**WHEREAS**, the same notice also proposed an increase in the rate for retail sanitary sewer service from \$2.63 for each One Hundred Cubic Feet of water used, to \$2.76 for each One Hundred Cubic Feet of water used, effective October 1, 2004; and

**WHEREAS**, the sum of the two proposed rates, \$4.59 per One Hundred Cubic Feet of water used, effective October 1, 2004, for retail metered water service plus retail sanitary sewer service, combined, would approximate 61 1/2 cents per 100 Gallons of metered water; and

**WHEREAS**, the comment period on the notice of proposed rulemaking ended on February 22, 2004; and

**WHEREAS**, the Authority also published a public hearing notice in the D.C. Register on March 19, 2004 (51 DCR 2869) which described the same rate proposals; and

**WHEREAS**, a notice of public hearing on the rate proposals was also published in the March 25<sup>th</sup>, 2004 edition of the Washington Post, District Extra, and also posted on the Authority's website; and

**WHEREAS**, on April 1, 2004 a public hearing was held to receive comments on proposed rates for water and sewer services; and

**WHEREAS**, the Authority also conducted neighborhood community meetings at the Francis A. Gregory Branch Library (April 26, 2004), the Chevy Chase Branch Library (May 3, 2004) and the Watha T. Daniel/Shaw Branch Library (May 19, 2004) to receive comments on the proposed rates; and

**WHEREAS**, the record of the April 1, 2004 public hearing was left open for a period of fifty-seven days through May 28, 2004, and

**WHEREAS**, the Retail Rates Committee met on July 1, 2004 to consider the comments offered at the April 1, 2004 public hearing; comments received during the open record period; and recommendations from the General Manager regarding action on the proposed rate increases; and

**WHEREAS** the Retail Rates Committee has considered comments made at the April 1, 2004 public hearing and during the record period of such hearing, including the General Manager's report on the matter which sets forth the basis for the proposed rate adjustments; and

**WHEREAS**, the end result of adopting the proposed rate increases would raise by \$1.75 per month (\$21.00 per year) to \$493.44 per year, bill payments due from WASA's average residential customer, based on the most recent 12-months' billing data for WASA residential customers being billed monthly under Automatic Meter Reading; and

**WHEREAS**, after consideration of the comments offered at the public hearing, information provided by the General Manager and discussion, the Retail Rates Committee has recommended adoption of final rules and rates that:

1. Provide for a Fiscal Year 2005 increased revenue requirement from retail rates of approximately \$8.7 million;
2. Implement a retail rate increase of approximately 5 percent for Fiscal Year 2005, effective October 1, 2004; and

**WHEREAS**, after consideration of the recommendation of the Retail Rates Committee, the report of the General Manager on this subject and public comments at and during the record period of the April 1, 2004 public hearing and during the comment period of the proposed rulemaking, the Board has determined that the recommendation of the Retail Rates Committee has merit.

**NOW THEREFORE BE IT RESOLVED THAT:**

The Board finds that the Authority's projected expenditures require that it adopt the following changes in retail water and sewer rates:

1. Revise retail water rates as follows:

- A. Increase the rate for water service from \$1.74 per One Hundred Cubic Feet of water used, to \$1.83 per One Hundred Cubic Feet of water used, effective October 1, 2004;

2. Revise retail sewer rates as follows:

- A. Increase the sewer service rate from \$2.63 per One Hundred Cubic Feet of water used, to \$2.76 per One Hundred Cubic Feet of water used, effective October 1, 2004.

**NOW THEREFORE BE IT FURTHER RESOLVED THAT:**

- 1. The General Manager shall publish a notice of final rulemaking that is consistent with the intentions expressed in this resolution.
- 2. The General Manager is authorized to take all actions as may be required to insure that the final regulations conform to the publication requirements of the Office of Documents.

This resolution is effective immediately.

  
Secretary to the Board of Directors