

Presented and Adopted: September 7, 2017
SUBJECT: Approval to Exercise Option Year Three of Contract No.
14-PR-DFS-08, M & N Contractors, LLC

#17-49
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 its meeting on September 7, 2017 upon consideration of a joint use matter, decided by a vote of nine (9) in favor and none (0) opposed to exercise Option Year Three of Contract No. 14-PR-DFS-08, M & N Contractors, LLC.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to exercise Option Year Three of Contract No. 14-PR-DFS-08, M & N Contractors, LLC. The purpose of the option is to continue providing janitorial services at D.C. Water's office space and facilities. The option amount is \$765,000.

This Resolution is effective immediately.


Secretary to the Board of Directors

Presented and Adopted: September 7, 2017
SUBJECT: Approval to Execute Change Order No. 13 of Contract No. 100150, Pepco Energy Services

#17-50
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 its meeting on September 7, 2017 upon consideration of a joint use matter, decided by a vote of nine (9) in favor and none (0) opposed, to execute Change Order No. 13 of Contract No. 100150, Pepco Energy Services.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute Change Order No. 13 of Contract No. 100150, Pepco Energy Services. The purpose of this change order is for Pepco Energy Services to provide emergency temporary heat exchange systems as needed to support CHP system operation and to replace 18 heat exchangers made of 316L Stainless Steel with 18 heat exchangers made of materials with MIC resistant properties. The change order amount is \$1,050,000.

This Resolution is effective immediately.


Secretary to the Board of Directors

Presented and Adopted: September 7, 2017

SUBJECT: Approval to Extend Option Year Two of Contract No. WAS-12-066-AA-RE, Polydyne, Inc.

**#17-51
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 its meeting on September 7, 2017, upon consideration of a joint use matter, decided by a vote of nine (9) in favor and none (0) opposed to extend Option Year Two of Contract No. WAS-12-066-AA-RE, Polydyne, Inc.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute the extension of Option Year Two of Contract No. WAS-12-066-AA-RE, Polydyne, Inc. The purpose of this extension is to continue the delivery of dry polymer to the District of Columbia Water and Sewer Authority to condition biosolids in the pre-dewatering step. The option extension amount is \$1,700,000.

This Resolution is effective immediately.


Secretary to the Board of Directors

Presented and Adopted: September 7, 2017

Subject: Approval to Amend Regulations for Water System Replacement Fee, Customer Classifications and Definitions, Effective October 1, 2017

**#17-52
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 on September 7, 2017, decided, in a non-joint use matter, by a vote of four (4) in favor and none (0) opposed, to approve the following action to amend the regulations for Water System Replacement Fee, Customer Classifications and Definitions, effective October 1, 2017.

WHEREAS, the Board has adopted a revised rate setting policy that requires rates, charges and fees, together with other revenue sources, yield reliable and predictable revenue sufficient to pay for the Authority’s projected operating and capital expenses; and

WHEREAS, the Board has adopted financial policies that mandate maintenance of senior debt coverage and cash reserves; and

WHEREAS, on September 3, 2015, the Board adopted a new Water System Replacement Fee (“WSRF”) charged to residential, multi-family and non-residential customers to recover the annual cost of renewing and replacing 1% (one percent) of aging water infrastructure; and

WHEREAS, the WSRF adopted by the Board includes a provision that sets the amount of the monthly WSRF charged to a Residential customer whose premises is served by a meter larger than 1”, at (\$9.67 per month or \$116.04 per year); and

WHEREAS, on September 11, 2015, the Authority published the Notice of Final Rulemaking in the *D.C. Register* (DCR) at 62 DCR 12422 for the WSRF effective October 1, 2015, and began collection of the WSRF on October 1, 2015; and

WHEREAS, after implementation, the Authority received inquiries from residents and representatives of the Chain Bridge Road Corporation, a cooperative housing association, (Chain Bridge) seeking clarifications regarding its customer classification, meter size and billing frequency of the WSRF; and

WHEREAS, on April 5, 2016, Chain Bridge wrote to the Advisory Neighborhood Commission (ANC) 3D seeking assistance in addressing the amount of the WSRF charged their community of 15 single family homes; and

WHEREAS, Chain Bridge suggested that because of how the WSRF regulations were written, each homeowner in Chain Bridge was responsible for approximately \$1,033 per household per year in WSRF charges because the customer, Chain Bridge, was responsible for \$15,500 per year in WSRF charges since their property is serviced by a single private water line with a combined 6 inch meter, that supplies both domestic water and a private fire hydrant; and

WHEREAS, during the public comment period held prior to adoption the WSRF, the Authority published two proposed rulemakings (on February 15, 2015 at 62 DCR 2367 and on July 17, 2015 at 62 DCR 9798), held 8 Town Hall Meetings from April 1, 2015, through April 30, 2015, and held a Public Hearing even though the WSRF is not subject to the public hearing requirements of 21 DCMR Chapter 40; and

WHEREAS, during the comment period, the Authority did not receive any comments that the proposed WSRF would adversely affect Chain Bridge or individual homeowners in that community; and

WHEREAS, upon receipt of the letter from the ANC, the Authority's Director of Customer Service, in a letter dated April 20, 2016, informed Chain Bridge that the amount of the WSRF charged is based on the meter size, which in the case of Chain Bridge is a combined 6" water meter that serves both the fire suppression and domestic use, and the size of the connection to the Chain Bridge development is necessary to supply the required pressure and water delivery capacity for its private fire hydrant; and

WHEREAS, the April 20, 2016 letter also advised Chain Bridge to consider evaluating the properties water infrastructure with the DC Fire Department, District Department of Consumer and Regulatory Affairs and its fire insurance provider to determine whether it was possible or practicable to reduce the water capacity requirements and thereby reduce the size of the service line; or alternatively to consider separating the water service lines from the fire service line to separate the domestic use line, and thereby reduce the meter size to 3" or 4", thereby reducing the WSRF to \$232 or \$561 per month; and

WHEREAS, on May 15, 2016, Chain Bridge wrote to Ms. Ellen Boardman, Governance Committee Chairperson, to point out that either eliminating the fire hydrant or making extensive modifications to the Chain Bridge water supply system would be cost prohibitive, and that because the Authority staff do not have the authority to vary from the current rate schedule, it was necessary to request assistance from the Board to reduce Chain Bridge's payment obligation to a level identical to that paid by the largest single family homes in the District of Columbia (\$9.67 per month per house); and

WHEREAS, on August 23, 2016, counsel for Chain Bridge wrote to Chairman Matthew Brown, requesting that the Board consider action at its next meeting to: (i) waive the

method used by the Authority to calculate the WSRF for Chain Bridge because of “unique circumstances”; and (ii) impose a payment obligation that resulted in a fee for Chain Bridge equivalent to the amount assessed to single family homes in D.C., including a credit for the higher fees paid after beginning of the fiscal year; and

WHEREAS, Chain Bridge also requested that charges at the higher rate be suspended retroactively from October 1, 2015, until such time as the Authority could complete a study of its request, and Chain Bridge had a “reasonable opportunity to review and prepare a response to any study undertaken;” and

WHEREAS, on October 20, 2016, the Water Quality and Water Services (WQWS) Committee met in executive session to discuss the legal issues, rationale and path forward to address the concerns raised by counsel for Chain Bridge; and

WHEREAS, in a letter dated November 9, 2016, the General Counsel provided Chain Bridge counsel an update on the direction given Authority staff to study of the impact of the WSRF on Chain Bridge and other similarly situated properties in the District of Columbia, including an analysis of the benefits and burdens common to properties in situations similar to Chain Bridge, and to make recommendation regarding the realignment of existing or perceived inequalities resulting from application of WSRF regulations; and

WHEREAS, on March 16, 2017, the Environmental Quality and Operations (EQ&O) Committee met to discuss the findings of the WSRF study commissioned by staff; and

WHEREAS, on March 16, 2017, the staff reported that it had identified the Southern Homes and Gardens Cooperative as the only other property in the District of Columbia situated similarly as Chain Bridge; and

WHEREAS, the Southern Homes and Gardens Cooperative is comprised of 92 single-family townhomes with two private fire hydrants and is served by a 8”x4”x1” combine fire and domestic service; and

WHEREAS, staff recommended that the Committee assess the impacts on both properties and on any other similarly situated properties; and

WHEREAS, on March 16, 2017, the EQ&O Committee deferred action and requested additional information from staff on the costs expended to conduct the study and to allow the General Manager to provide comments on the relevant issues at the Committee’s next scheduled meeting; and

WHEREAS, on April 20, 2017, the General Manager informed the EQ&O Committee that action to address the issues raised by Chain Bridge and other questions relating to the WSRF would be addressed through a rulemaking amendment to the WSRF and Customer Classification regulations, and that the recommended changes in regulations would be presented to the DC Retail Water and Sewer Rates Committee; and

WHEREAS, on May 25, 2017, the General Manager recommended to the DC Retail Water and Sewer Rates Committee that the Board authorize: 1) amendment of the WSRF regulations to add a new subparagraph to allow multi-family customers whose premises meet certain requirements to request a WSRF adjustment to modify the combined domestic meter size based on peak domestic water demand, excluding fire demand; 2) that retroactive credits and refunds of past assessments paid not be provided; 3) amendment of the Customer Classification regulations to clarify the definitions for Residential, Multi-Family and Non-Residential customers to include cooperative housing associations and other clarifications; and 4) amendment of the definitions set forth in Chapter 41, Section 4199 of the Retail Water and Sewer Rates regulations to define the terms for Condominium, Cooperative Housing Association and Dwelling Unit used in the Customer Classification regulations; and

WHEREAS, the DC Retail Water and Sewer Rates Committee considered the recommendations made by the General Manager, expressed support for the not providing retroactive credits and refunds, and recommended that the Board consider for public comment the proposed rulemaking to amend the WSRF, and the above described Customer Classification and Definitions to address the WSRF impacts to multi-family communities comprised of single family dwellings served by a master meter; and

WHEREAS, after consideration and discussion of the recommendations of the DC Retail Water and Sewer Rates Committee, the District members of the Board approved the publication of the proposed rulemaking; and

WHEREAS, on June 16, 2017, DC Water published a Notice of Proposed Rulemaking (NOPR) in the District of Columbia Register (DCR) at 64 DCR 5696 for a 30 day public comment period, ending July 17, 2017, which if adopted, would amend regulations for the Water System Replacement Fee, Customer Classifications and Definitions; and

WHEREAS, during the comment period, the Authority received one comment that would not affect the proposed amended regulations for the Water System Replacement Fee, Customer Classifications and Definitions; and

WHEREAS, on July 25, 2017, the DC Retail Water and Sewer Rates Committee met to consider the comments received during the public comment period; and

WHEREAS, on July 25, 2017, the DC Retail Water and Sewer Rates Committee recommended the amendments to the regulations for the Water System Replacement Fee, Customer Classifications and Definitions to the Board of Directors.

WHEREAS, after consideration of the recommendations of the DC Retail Water and Sewer Rates Committee, the District members of the Board of Directors, upon further consideration and discussion, agreed to approve the amendments to Water System Replacement (WSRF), Customer Classifications and Definitions, effective October 1, 2017.

NOW THEREFORE BE IT RESOLVED THAT:

1. The General Manager is authorized to amend the WSRF regulations codified in 21 DCMR § 112.10 and Customer Classification and Definitions provided in 21 DCMR § 4104 and 4199, as provided in Attachments 1 and 2, effective October 1, 2017.
2. The General Manager is authorized to take all steps necessary in his judgment and as otherwise required, to publish a Notice of Final Rulemaking in the District of Columbia Register in the manner provided by the District of Columbia Administrative Procedure Act.

This resolution shall be effective immediately.


Secretary to the Board of Directors

Attachment 1

Amendments to Water System Replacement Fee (WSRF) regulations adding paragraph (c) to 21 DCMR § 112.10 are as follows:

- (c) A Multi-Family WSRF adjustment will be provided in accordance with the following rules and procedures:
 - (1) A Multi-Family customer that is a cooperative housing association and whose premises is comprised exclusively of single family attached or detached dwelling structures and served by a master meter, may request a Multi-Family WSRF adjustment to modify the combined domestic meter size based on the peak domestic water demand, excluding fire demand, for that premises.
 - (2) The eligible Multi-Family customer must submit the following information and fees to DC Water for review and processing:
 - (A) Record(s) demonstrating that each unit in the cooperative housing association is a single-family attached or detached dwelling unit;
 - (B) A site plan, prepared by a District of Columbia licensed professional engineer, architect, or master plumber or other licensed professional, drawn to scale showing the water distribution and service lines, location of the meter, fire hydrant(s), structures, and ancillary systems, including, but not limited to irrigation system(s), swimming pool(s) and fountain(s);
 - (C) The proposed modified combined domestic meter size calculated using the meter sizing computations for the peak domestic water demand for the premises, excluding fire demand, prepared by a District of Columbia licensed professional engineer, architect, or master plumber or other licensed professional in accordance with the District of Columbia Plumbing Code; and
 - (D) Payment of the Approved Plan Revision Engineering Review Fee.
 - (3) Upon approval of a request for a Multi-Family WSRF adjustment, the Multi-Family customer will be charged the WSRF based on the approved modified combined domestic meter size as set forth in Subsection 112.10(a). No retroactive credits or refunds will be provided for WSRF billed prior to the approval of the Multi-Family WSRF adjustment.
 - (4) The size of the master meter used to deliver water to the premises will be calculated using the peak water demand including fire demand in accordance with the District of Columbia Plumbing Code.

Attachment 2

Proposed amendments to Customer Classifications and Definitions in 21 DCMR § 4104 and 4199 are as follows:

4104 CUSTOMER CLASSIFICATIONS FOR WATER AND SEWER RATES, FEES AND CHARGES

4104.1 The customer classifications for water and sewer rates, fees and charges shall consist of a residential class, multi-family class, and a non-residential class:

- (a) Residential – a customer whose premises is a single-family dwelling unit used for domestic purposes, whether as a row, detached or semi-detached structure, or as a single dwelling unit within an apartment building, or as a single dwelling unit within a condominium, or as a single dwelling unit within a cooperative housing association, where each unit is served by a separate service line and is individually metered and used for domestic purposes; or a multi-family structure or development of less than four (4) single-family, apartment, condominium, or cooperative housing association dwelling units where all the units are used for domestic purposes and served by a single service line that is master metered; excluding a premises operated as a nursing home, dormitory or transient housing business, including, but not limited to a bed and breakfast, hotel, motel, inn, boarding house or rooming house.
- (b) Multi-Family – a customer whose premises is a multi-family structure or development (such as an apartment, condominium, or cooperative housing association) used for domestic purposes, with four or more single-family, apartment, condominium, or cooperative housing association residential dwelling units served by the same service line that is master metered; excluding a premises operated as a nursing home, dormitory or transient housing business, including, but not limited to a bed and breakfast, hotel, motel, inn, boarding house or rooming house.
- (c) Non-residential – all customers not within either the residential or multi-family class including customers whose premises is comprised of one or more units that is not used for domestic purposes and all units are served by the same service line that is master metered.

Section 4199, DEFINITIONS is amended by adding the following terms and definitions to read as follows:

Condominium – means real estate, portions of which are designated for separate ownership and the remainder of which is designated for common ownership solely by the

owners of the portions designated for separate ownership, provided the undivided interests in the common elements are vested in the unit owners.

Cooperative Housing Association – means an association, whether incorporated or unincorporated, organized for the purpose of owning and operating residential real property, the shareholders or members of which, by reason of their ownership of a stock or membership certificate, a proprietary lease or other evidence of membership, are entitled to occupy a dwelling unit pursuant to the terms of a proprietary lease or occupancy agreement.

Dwelling Unit – any habitable room or group of rooms with kitchen and bathroom facilities forming a single unit located within a building or structure, which is wholly or partially used or intended to be used for living, sleeping and the preparation and consumption of meals by human occupants, and is under the control of and for the use of the occupant.