



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

DC Retail Water and Sewer Rates Committee

Tuesday August 25, 2015

9:30am

- 1. **Call to Order** Alan Roth, Chairman
- 2. **Action Item (Attachment A)** Mark Kim
 - (Action Item 1) Approval of Proposed Amendment for the Water System Replacement Fee (effective October 1, 2015)
- 3. **Business Office Update & Alternate Payment Sites for Ratepayers (Attachment B)** Mark Kim
- 4. **DC Retail Water and Sewer Rates Committee Workplan** Mark Kim
 - FY 2015 Proposed DC Retail Rates Committee Workplan (Attachment C)
- 5. **Other Business** Mark Kim
- 6. **Executive Session**
- 7. **Agenda for September 22, 2015 Committee Meeting (Attachment D)** Alan Roth, Chairman
- 8. **Adjournment**

* The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); contract negotiations under D.C. Official Code § 2-575(b)(1); legal, confidential or privileged matters under D.C. Official Code § 2-575(b)(4); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2-575(b)(10); proprietary matters under D.C. Official Code § 2-575(b)(11); decision in an adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14), and other matters provided in the Act.

FOLLOW-UP-ITEMS – DC Retail Water and Sewer Rates Committee Meeting (June 23, 2015)

- 1. Religious or nonprofit institutions – how do other local utilities handle these customers? Do they receive a discount or subsidy on their water rates? On what grounds? (Mr. Gibbs)
Status: Completed
- 2. Residential construction for fire suppression – is it mandatory on all new construction? Check with DCRA and Permits. (Ms. Butani) Status: Completed

3. Communications plan – External Affairs should draft a letter from the GM to customers announcing the new rate structure, and possibly include sample bill with call out boxes showing the changes.
(Ms. Butani) Status: Completed

Attachment A

DC Retail Water and Sewer Rates Committee

Action Item

1. Approval of Proposed Amendment for the Water System Replacement Fee
 - Approval of Proposed Amendment for the Water System Replacement Fee (effective October 1, 2015)

Action Item 1

DC RETAIL WATER AND SEWER RATES COMMITTEE APPROVAL OF PROPOSED AMENDMENT FOR THE WATER SYSTEM REPLACEMENT FEE

ACTION ITEM 1: APPROVAL OF PROPOSED AMENDMENT FOR THE WATER SYSTEM REPLACEMENT FEE (WSRF)

DC Water requests that the DC Retail Water and Sewer Rates Committee recommend to the Board of Directors the publication for final rulemaking, an additional proposed amendment to the District of Columbia Municipal Regulations pertaining to the Water System Replacement Fee (WSRF), as shown below:

21 DCMR 112.10(b) Residential customer, whose premise is served by a single two inch (2") meter used for both Demand Flow and Fire Flow, shall be charged a monthly Water System Replacement Fee set forth in section 112.10(a) for a one and one-half inch (1.5") meter.

This rulemaking will be effective, October 1, 2015.

The proposed schedule of rulemaking shall be as follows:

- June 23th – Rates Committee recommendation for proposed amendment
- July 2nd – Board meeting approval of proposed rulemaking
- July 17th – Publish Notice of Proposed Rulemaking
- August 17th – 30-day public comment period ends
- August 25th – Rates Committee recommendation for final amendment before Board Meeting
- September 3rd – Board meeting approval of final rulemaking
- September 18th – Publish Notice of Final Rulemaking
- October 1st – FY 16 WSRF goes into effect



Alternate Payment Sites - APS -

Presentation to:

DC Water Retail Water and Sewer Rates Committee

Mark Kim, Chief Financial Officer

August 25, 2015

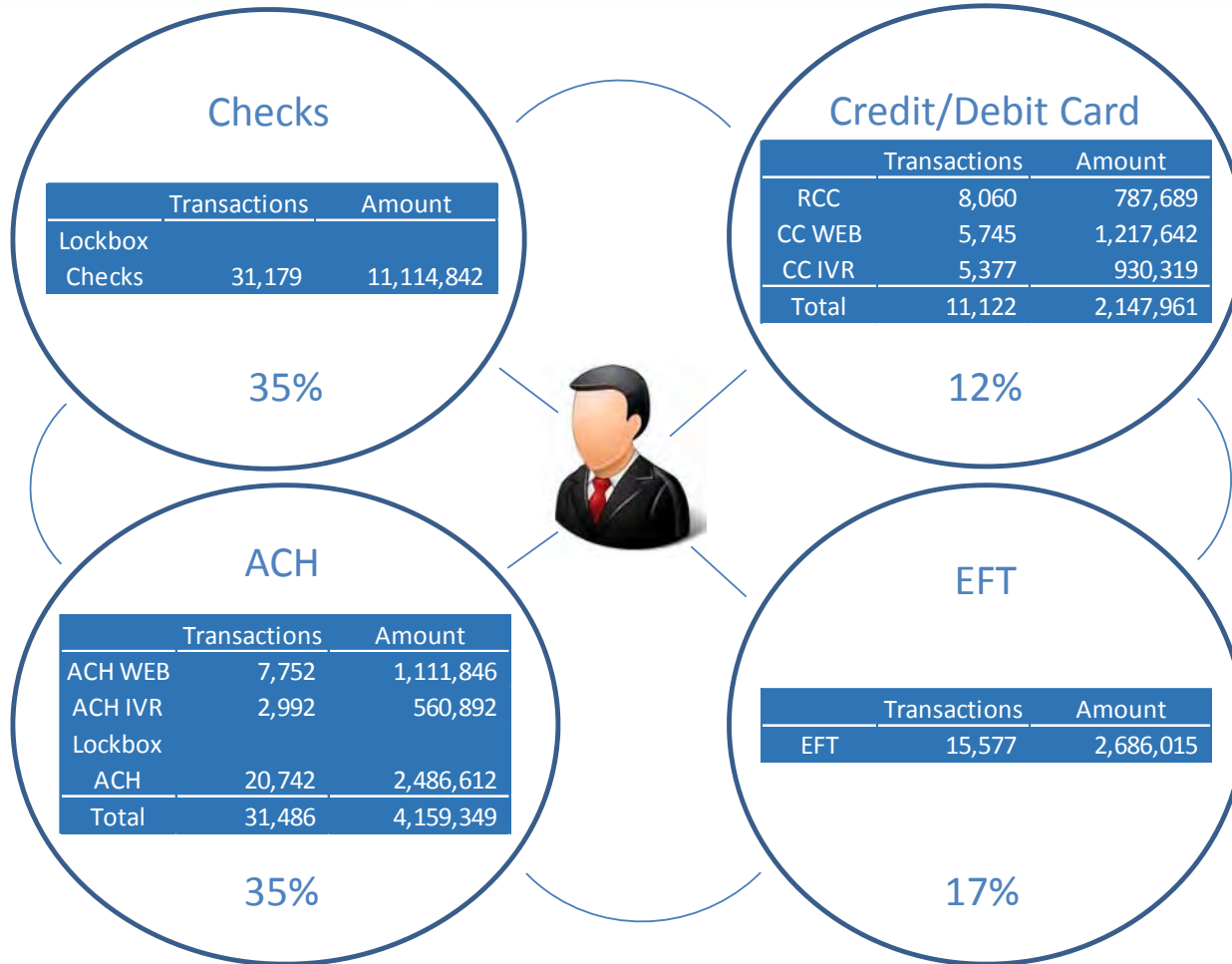


Alternate Payment Proposal

- DC Water is introducing a new customer friendly payment option. A new payment option called the “*Alternate Payment Sites*” or **APS** offers customers convenience of making payments in their neighborhoods. Customers within the DC, Maryland, and Northern Virginia metropolitan area will soon be able to pay their DC Water bill via a DC Water selected payment vendor.
- An RFP for payment vendors has been completed. We anticipate the vendor accepting customer payments by September 1, 2015.
- The APS selected vendor has multiple locations in the underbanked areas of Washington, DC. A total of 192 payment locations are within the DC, Maryland, and Northern Virginia metropolitan area.
- This new APS feature will allow customers to save on train and bus fare, which would have been needed for transportation to pay water bills at 810 First Street.
- The new feature will allow customers greater convenience. They can pay our bill at the same time and place as other bills such as gas, electric, and phone.



Current Customer Options



Data for May 2015 excludes 810 First St



Selected Vendor for APS -192 Locations-

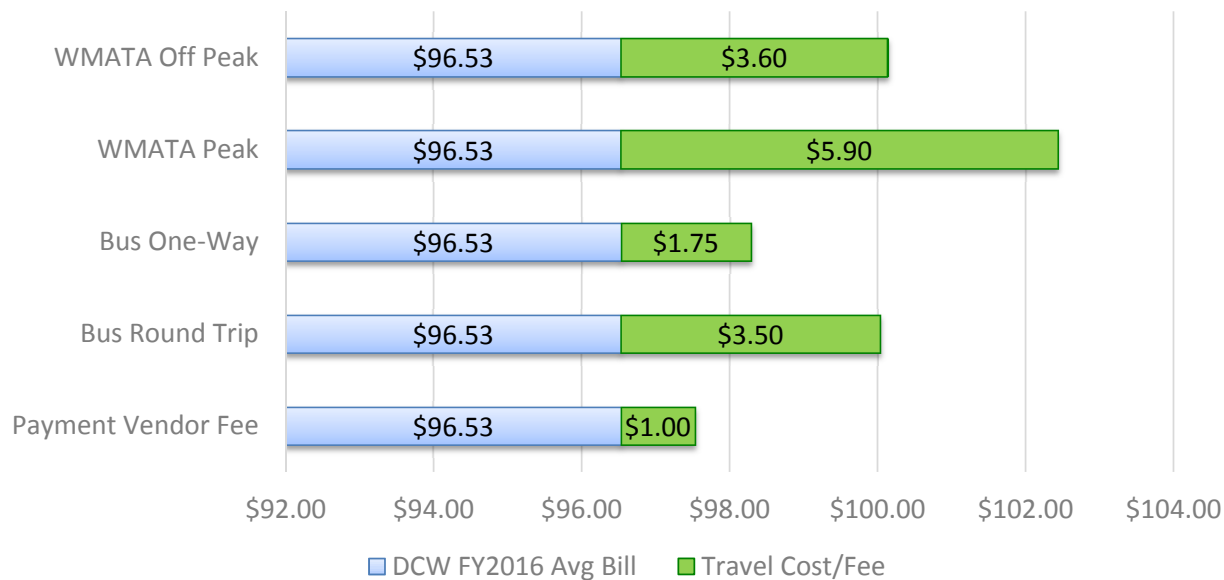
- DC Water customers will soon be able to pay their water bills at major retail stores.
- Payments made at each location will reflect real time data for visibility to the customer and DC Water's customer service department.

DC Locations 52	MD Locations 117	Northern VA Locations 23
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water is life

Travel Cost 810 First St vs. Payment Vendor



DC Metro train fare one way

- Off-peak time = \$1.75 minimum and \$3.60 maximum
- Peak time = \$2.15 minimum and \$5.90 maximum

Average Residential proposed water bill for FY2016 = \$96.53

Proposed vendor fee = \$1.00



810 First St Overhead Expenses

- It cost DC Water approximately **\$0.44** to collect **\$1.00** of revenue from the Business Office
- DC Water spends on average **\$59.07** to service each customer that visits our business office



Business Office Overhead	Monthly	Annually
Rent	\$ 9,700	\$ 116,400
Parking (5 Spaces)	\$ 1,400	\$ 16,800
Security Costs (1 armed guard)	\$ 7,100	\$ 85,200
Employee Salaries (5 full time+1 temp)	\$ 30,000	\$ 360,000
Total Expenses	\$ 48,200	\$ 578,400

	Monthly	Annually
Number of Cash Customers	816	9,792
Cash Payments	\$ 109,228	\$ 1,310,730

Cost per Customer = \$59
Cost to Collect \$1 of Cash Revenue = \$0.44

Data for May 2015



APS Convenience Fees

- The proposed APS convenience fee to convert 810 First St customers is \$1.00

	Transaction	Amount	Percentages
Cash	816	109,228	24%
Checks	2,180	2,166,844	65%
Credit Cards	353	98,986	11%
Totals	3,349	2,375,057	100%

- Monthly 750 current payments processed by selected vendor
- Monthly $3,349 + 750 = 4,099$ (4,100) \times \$1.00 = \$4,100
- Annually $\$4,100 \times 12$ months = \$49,200



- Will DC Water absorb the over the counter APS fee?

Data for May 2015 is for 810 First St ONLY



Next Steps

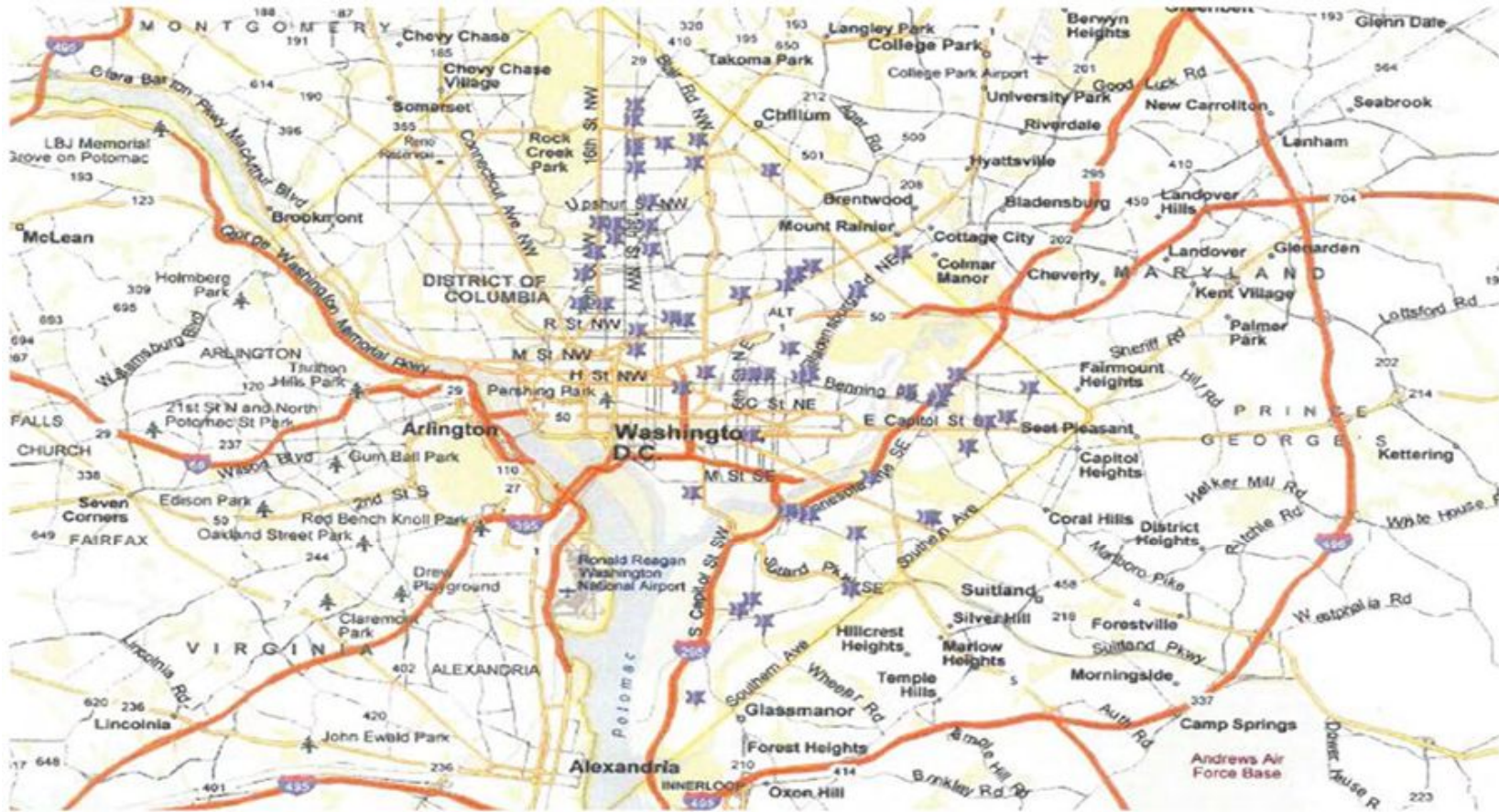
- Develop customer communications strategy
- Implement APS (Sept 2015)
- Report back to Finance & Budget (Dec 2015)
- Close Business Office (Target Jan 2016)



APPENDIX



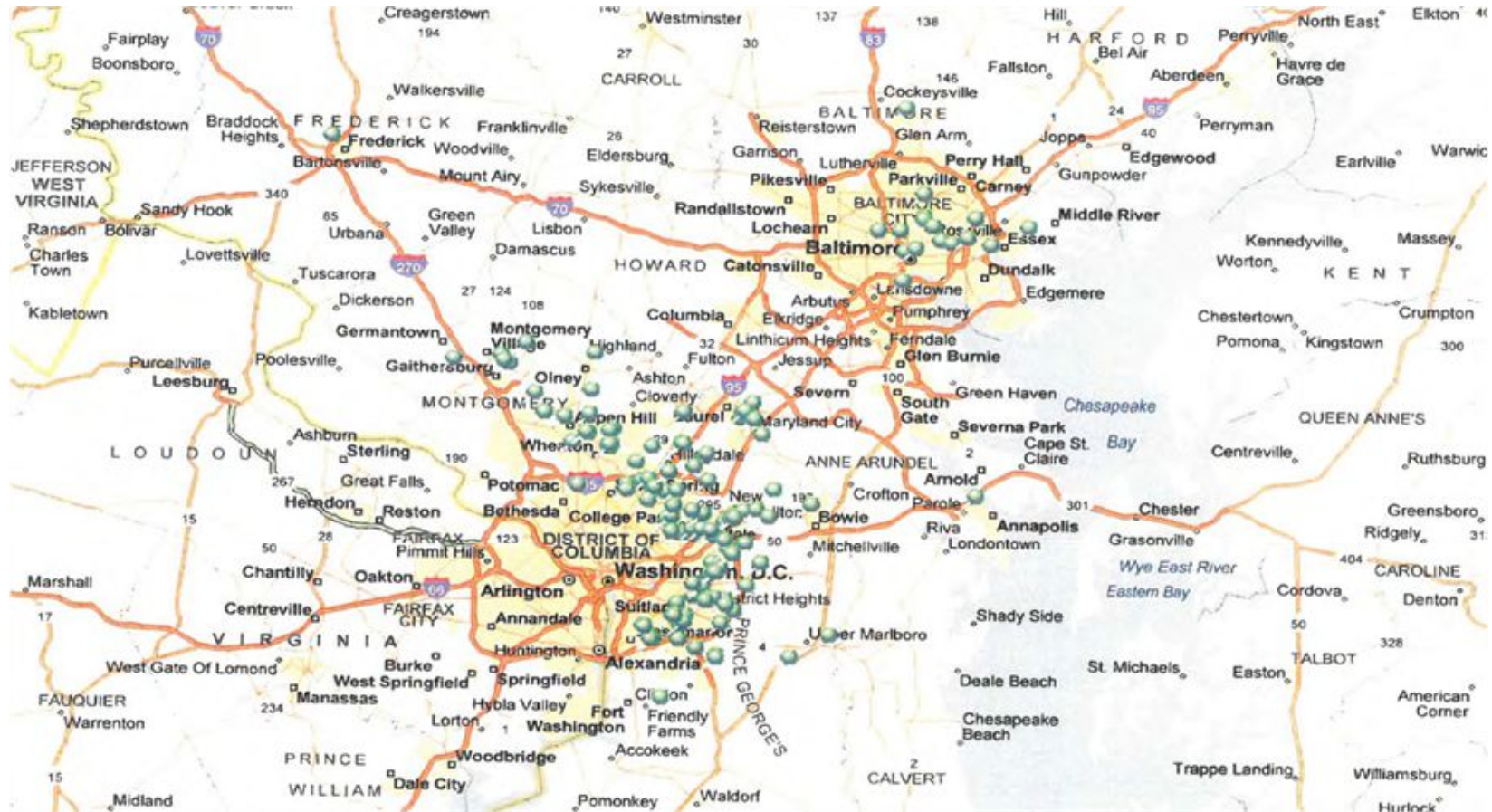
District of Columbia APS Locations



- Thumb tacks represent the District of Columbia APS 52 locations



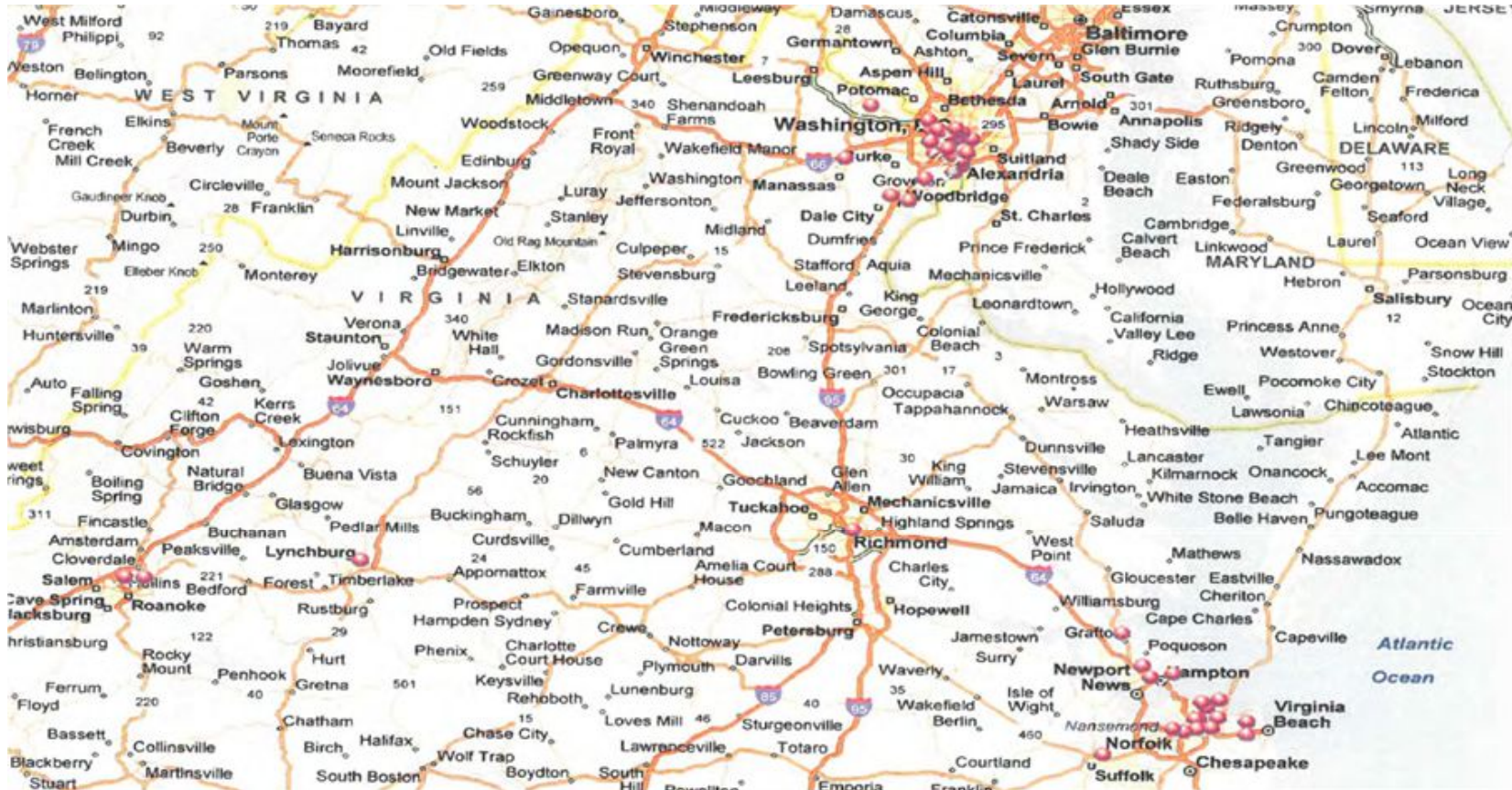
Maryland APS Locations



- Thumb tacks represent the Maryland APS 117 locations



Northern Virginia APS Locations



- Thumb tacks represent the Virginia APS 23 locations

FY 2015 Proposed Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department
1. Develop Realistic Retail Rate Revenue Projections and Alternative Retail Revenue Sources			
<i>a. Propose and establish Retail Rates in FY 2016</i>			Rates and Revenue
i. RRC preliminary recommendation on FY 2016 rates	December 19, 2014	√	
ii. FY 2016 Budget workshop	January 8, 2015	√	
iii. RRC final recommendation on proposed FY 2016 rates	January 27, 2015	√	
iv. Board approval	February 5, 2015	√	
v. Publish Proposed Rates in DCMR	February 20, 2015	√	General Counsel
vi. Public Outreach	April 2015	√	External Affairs
vii. Public Hearing	May 13, 2015	√	Board Secretary
viii. Public comment period ends	June 15, 2015	√	
ix. RRC final recommendation to approve FY 2016 rates	June 23, 2015	√	
x. Board Approval on FY 2016 rates	July 2, 2015	√	
xi. Publish Final Rates in DCMR	July 17, 2015	√	General Counsel
<i>b. Amendment to the Water System Replacement Fee (WSRF)</i>			
i. Committee proposal to amend the WSRF	June 23, 2015	√	
ii. Board approval on proposed amendment to WSRF	July 2, 2015	√	
iii. Publish proposed rulemaking in DCMR	July 17, 2015	√	General Counsel
iv. Public comment period ends	August 17, 2015	√	
v. RRC final recommendation to approve amended WSRF	August 25, 2015	√	
vi. Board approval on amended WSRF	September 3, 2015		
vii. Publish final amended WSRF in DCMR	September 18, 2015		General Counsel
2. 2015 Cost of Service Study for Water & Sewer			
<i>a. 2015 Cost of Service Study for Water & Sewer</i>			Rates and Revenue
i. Present draft COS to Retail Rates Committee	December 19, 2014	√	
ii. Present final COS to Retail Rates Committee	June 23, 2015	√	
iii. Present final COS to BOD	July 2, 2015	√	
<i>b. Alternative Charges: Development Impact Fee (DIF)</i>			
i. RRC recommendation on proposed Development Impact Fee (DIF)	February 24, 2015	√	

FY 2015 Proposed Committee Workplan			
Objective/ <i>Activities</i> /Task	Date of Activity	Completed	Responsible Department
2. 2015 Cost of Service Study for Water & Sewer, (Continued)			
ii. BOD approval of Notice of Proposed Rulemaking (NOPR)	March 19, 2015	√	External Affairs General Counsel
iii. Public Outreach	Postponed for modification of DIF process September 22, 2015	√	
iv. RRC recommendation on amended DIF (now known as proposed System Availability Fee)			
v. BOD approval of amended SAF NOPR	October 1, 2015		
vi. Publish amended SAF NOPR in DC Register	October 16, 2015		
vii. Public Outreach	October 16, 2015		
viii. Public comment period	Oct. 16 – Nov.16, 2015		
ix. RRC discuss comments and recommendation on SAF Notice of Final Rulemaking (NOFR)	November 24, 2015		
x. BOD approval of SAF NOFR	December 3, 2015		
xi. Publish SAF NOFR in DC Register	December 18, 2015		
xii. Go-live	January 1, 2016		
3. 2015 Cost of Service Study for Fire Protection Fee			
a. <i>Fire Protection Service Fee COS</i>			Rates and Revenue General Counsel External Affairs Board Secretary General Counsel
i. RRC recommendation on proposed Fire Protection Service Fee	February 24, 2015	√	
ii. BOD approval of Notice of Proposed Rulemaking (NOPR)	March 19, 2015	√	
iii. Publish NOPR in DC Register	April 3, 2015	√	
iv. Public Outreach	April 2015	√	
v. Public Comment Period Ends	May 4, 2015	√	
vi. Public Hearing	May 13, 2015	√	
vii. Public comment period ends	June 15, 2015	√	
viii. RRC approval of proposed Fire Protection Fee	June 23, 2015	√	
ix. BOD approval of Notice of Final Rulemaking (NOFR)	July 2, 2015	√	
x. Publish NOFR in DC Register	July 17, 2015	√	
4. Delinquent Accounts			
a. <i>Soldiers Home Negotiations</i>	Monthly, as needed		General Counsel
5. Strategic Plan			
a. Develop Alternative Revenue Sources and Achieve Realistic Revenue Projections (DC Water Strategic Plan Framework)	On-going updates to Committee		Rates and Revenue
i. Identify and evaluate potential revenue generating initiatives annually			

FY 2015 Proposed Committee Workplan			
6. DCGIS FY 2014 Flyover			
a. <i>Update Committee on FY 2014 Flyovers</i>	February 24, 2015	√	Customer Service
b. <i>Update Committee on FY 2014 Flyover</i>	October 27, 2015		



Attachment D

D.C. WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS
RETAIL WATER & SEWER RATES
COMMITTEE MEETING

TUESDAY, September 22, 2015; 9:30 a.m.
AGENDA

Call to Order	Committee Chairman
Monthly Updates	Chief Financial Officer
Committee Workplan	Chief Financial Officer
Other Business	Chief Financial Officer
Agenda for October 27, 2015 Committee Meeting	Committee Chairman
Adjournment	

*Detailed agenda can be found on DC Water’s website at www.dewater.com/about/board_agendas.cfm