



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

DC Retail Water and Sewer Rates Committee

Friday December 18, 2015

9:30am

- 1. **Call to Order** Alan Roth, Chairman
- 2. **System Availability Fee Update (Attachment A)** Mark Kim
- 3. **Action Item (Attachment B)** Mark Kim
 - **Proposed System Availability Fee Effective April 1, 2016 (Action Item 1)**
- 4. **DC Retail Water and Sewer Rates Committee Workplan** Mark Kim
 - **FY 2016 Proposed DC Retail Rates Committee Workplan (Attachment C)**
- 5. **Other Business** Mark Kim
- 6. **Executive Session**
- 7. **Agenda for January 26, 2016 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 (November 17, 2015)

There were no follow-up items from the November 17, 2015 committee meeting



Proposed FY 2016 System Availability Fee

Presentation to the DC Retail Water and Sewer Rates Committee, December 18, 2015

District of Columbia Water and Sewer Authority



Blue Plains Advanced Wastewater Treatment Plant

System Availability Fee Overview

- **Many utilities have implemented a fee assessed to new development (or redevelopment) to recover the investment in available system capacity:**
 - Water supply and treatment
 - Water storage and distribution
 - Wastewater and stormwater conveyance
 - Wastewater treatment

- **The proposed System Availability Fee is designed to recover the proportionate share of system costs for new developments or redevelopments and is based upon meter size**

Proposed System Availability Fee Schedule

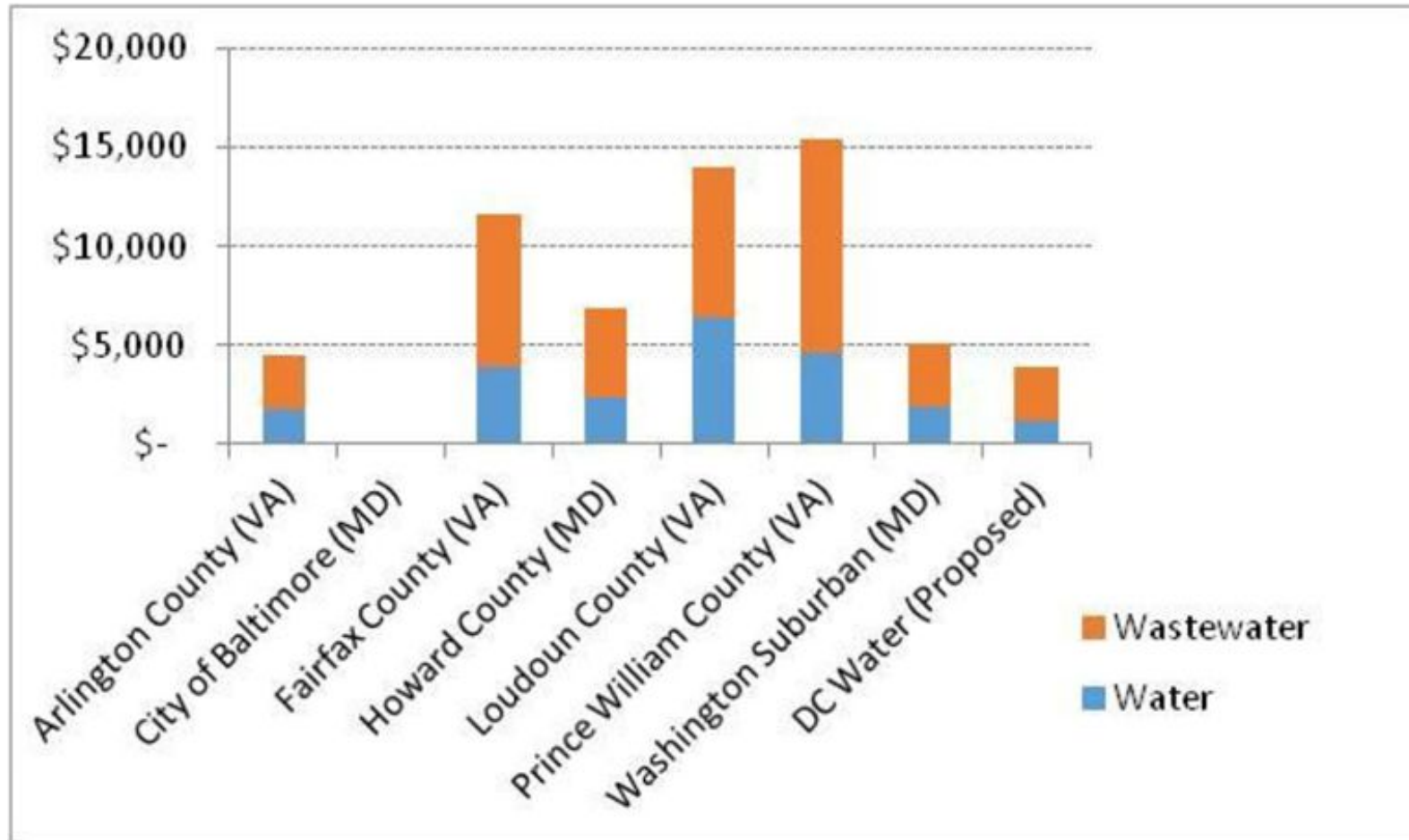
💧 Residential customers accounts 1 inch and less will use the same set of fees

| Meter Size | # of Accounts | Est Usage (gpd) | Water Fee | Sewer Fee | Total Fee |
|---------------------------------------|---------------|-----------------|-----------|-----------|-----------|
| Residential Accounts (5/8", 3/4", 1") | 101,440 | 206.24 | \$ 1,135 | \$ 2,809 | \$ 3,944 |

💧 All Multi-Family and Non-Residential accounts and Residential accounts larger than 1 inch will have fees based on meter size

| Meter Size | # of Accounts | Est. Usage (gpd) | Water Fee | Sewer Fee | Total Fee |
|---------------|---------------|------------------|-----------|-----------|-----------|
| 1" or smaller | 10,917 | 233 | \$1,282 | \$3,173 | \$4,455 |
| 1"x1.25" | 0 | 372 | \$2,047 | \$5,066 | \$7,113 |
| 1.5" | 4,173 | 998 | \$5,491 | \$13,591 | \$19,082 |
| 2" | 3,803 | 2,022 | \$11,125 | \$27,536 | \$38,661 |
| 3" | 1,064 | 5,907 | \$32,500 | \$80,442 | \$112,942 |
| 4" | 1,091 | 15,156 | \$83,388 | \$206,394 | \$289,782 |
| 6" and larger | 710 | 41,666 | \$229,246 | \$567,408 | \$796,654 |

Regional Fee Comparison (Residential 1" and Less)



* Source: Raftelis Financial Consultants, Inc. 2013 Survey

Regional Fee Comparison (Non-Residential)

| Utility | Service | Size | Fee | DC Water Proposed Fee | Difference |
|--|---------|------|-----------|-----------------------|------------|
| Fairfax Water Authority (VA) | water | 2" | \$42,150 | \$11,125 | \$31,025 |
| | water | 10" | \$605,700 | \$229,246 | \$376,454 |
| Howard County DPW (MD) | water | 2" | \$7,680 | \$11,125 | (\$3,445) |
| | water | 10" | \$336,000 | \$229,246 | \$106,754 |
| Loudoun Water Authority (VA) | water | 2" | \$78,168 | \$11,125 | \$67,043 |
| Prince William County Service Authority (VA) | water | 2" | \$55,200 | \$11,125 | \$44,075 |
| Loudoun Water Authority (VA) | sewer | 2" | \$94,752 | \$27,536 | \$67,216 |
| Prince William County Service Authority (VA) | sewer | 2" | \$129,600 | \$27,536 | \$102,064 |

- Comparisons for regional utilities that publish System Availability Fee by meter size are shown here
- Some utilities do not publish fees for larger accounts or they scale fees differently
- WSSC charges its fee based upon number of fixtures and not meter size

Sample System Availability Fee

| Development / Redevelopment Scenarios | | Fee Due |
|---------------------------------------|--|-------------|
| 1. | New 1" Residential connection (water and sewer connection) | \$ 3,944 |
| 2. | New 3" Non-residential connection with projected water and sewer needs of 5,907 gallons per day (gpd) | \$ 112,942 |
| 3. | New 4" Non-residential connection with projected water and sewer needs of 15,156 gallons per day (gpd) | \$ 289,782 |
| | less: demolition of 20 Residential 1" active water and sewer connections | \$ (78,880) |
| | Net amount due | \$ 210,902 |

Preliminary Revenue Projections

-  Preliminary revenue projections are based on the number of new permits issued less an allowance for redevelopment credits

| Meter Size | Proposed Fee | Estimated # per year | Estimated Redevelopment Credit % | Net Additions | Projected Incremental Revenue |
|-------------------------------|--------------|----------------------|----------------------------------|---------------|-------------------------------|
| 1" Meter (Residential std) | \$3,944 | 150 | 40% | 90 | \$ 354,960 |
| 1.5" Meter | \$19,082 | 50 | 40% | 30 | \$ 572,460 |
| 3" and larger | \$112,942 | 100 | 40% | 60 | \$ 6,776,520 |
| Total: | | | | | \$ 7,703,940 |

Recommendation

- 💧 Management recommends adoption of the System Availability Fee effective April 1, 2016

APPENDIX: Water Fee Calculation

| | | OCLD | RCNLD | OCLD + CIP | RCNLD + CIP |
|--------------------|---------------------------|----------------|------------------|------------------|-----------------------------------|
| Categories: | | | | | |
| AQU | Aqueduct | \$ 233,657,382 | \$ 333,682,481 | \$ 263,657,382 | \$ 363,682,481 |
| SEN | Little Senaca Reservoir | 6,334,718 | 14,973,524 | 6,334,718 | 14,973,524 |
| WAT | Water Transmission (8) | 563,052,893 | 866,774,067 | 563,138,002 | 866,859,177 |
| | Unrestricted Reserves (5) | 49,175,000 | 49,175,000 | 49,175,000 | 49,175,000 |
| Total Buy-In Value | | \$ 852,219,992 | \$ 1,264,605,073 | \$ 882,305,102 | \$ 1,294,690,182 |
| | less: Debt Service Credit | 20.0% | \$ (228,099,829) | \$ (228,099,829) | \$ (238,382,031) \$ (238,382,031) |
| Net Buy-In Value | | \$ 624,120,163 | \$ 1,036,505,243 | \$ 643,923,071 | \$ 1,056,308,151 |

| | | Unit Cost (in \$/gpd) | | Unit Cost (in \$/gpd) | |
|------------------------------|---------------------------|-----------------------|-----------------------|-----------------------|--------------------|
| | | OCLD | RCNLD | OCLD + CIP | RCNLD + CIP |
| | | | | | |
| Categories: | | | | | |
| AQU | Aqueduct | 192 | \$ 1.217 \$ 1.738 | \$ 1.373 | \$ 1.894 |
| SEN | Little Senaca Reservoir | 192 | 0.033 0.078 | 0.033 | 0.078 |
| WAT | Water Transmission (8) | 192 | 2.933 4.514 | 2.933 | 4.515 |
| | Unrestricted Reserves (5) | 192 | 0.256 0.256 | 0.256 | 0.256 |
| Total Buy-In Value | | \$ 4.439 | \$ 6.586 | \$ 4.595 | \$ 6.743 |
| | less: Debt Service Credit | 192 | \$ (1.188) \$ (1.188) | \$ (1.242) | \$ (1.242) |
| Net Buy-In Value (in \$/gpd) | | \$ 3.251 | \$ 5.398 | \$ 3.354 | \$ 5.502 |
| Water Capacity per ERU (gpd) | | 206.24 | 206.24 | 206.24 | 206.24 |
| Fee per ERU | | \$ 670.41 | \$ 1,113.38 | \$ 691.68 | \$ 1,134.65 |

APPENDIX: Wastewater Fee Calculation

| | | OCLD | RCNLD | OCLD + CIP | RCNLD + CIP |
|--------------------|---------------------------|------------------------|------------------|------------------|------------------|
| Categories: | | | | | |
| WWT | Wastewater Treatment | \$ 1,407,632,232 | \$ 4,379,762,892 | \$ 1,996,300,232 | \$ 4,968,430,892 |
| CSO | Combined Sewer System (5) | 102,773,706 | 185,231,640 | 755,726,706 | 838,184,640 |
| STW | Stormwater | - | - | - | - |
| SEW | Sanitary Sewer System (6) | 39,628,722 | 67,817,821 | 66,088,422 | 94,277,521 |
| | Unrestricted Reserves (7) | 91,325,000 | 91,325,000 | 91,325,000 | 91,325,000 |
| Total Buy-In Value | | \$ 1,641,359,660 | \$ 4,724,137,353 | \$ 2,909,440,360 | \$ 5,992,218,053 |
| | less: Debt Service Credit | 80.0% \$ (912,399,317) | \$ (912,399,317) | \$ (953,528,123) | \$ (953,528,123) |
| Net Buy-In Value | | \$ 728,960,343 | \$ 3,811,738,036 | \$ 1,955,912,237 | \$ 5,038,689,930 |

| | | Unit Cost (in \$/gpd) | | Unit Cost (in \$/gpd) | | |
|-------------------------------|---------------------------|-----------------------|-----------|-----------------------|-------------|-------------|
| Capacity (MGD) | | OCLD | RCNLD | OCLD + CIP | RCNLD + CIP | |
| Categories: | | | | | | |
| WWT | Wastewater Treatment | 370 | \$ 3.804 | \$ 11.837 | \$ 5.395 | \$ 13.428 |
| CSO | Combined Sewer System (5) | 370 | 0.278 | 0.501 | 2.043 | 2.265 |
| STW | Stormwater | 370 | | | | |
| SEW | Sanitary Sewer System (6) | 370 | 0.107 | 0.183 | 0.179 | 0.255 |
| | Unrestricted Reserves (7) | 370 | 0.247 | 0.247 | 0.247 | 0.247 |
| Total Buy-In Value | | | \$ 4.436 | \$ 12.768 | \$ 7.863 | \$ 16.195 |
| | less: Debt Service Credit | 370 | \$ (2.47) | \$ (2.47) | \$ (2.58) | \$ (2.58) |
| Net Buy-In Value (in \$/gpd) | | | \$ 1.970 | \$ 10.302 | \$ 5.286 | \$ 13.618 |
| WWater Capacity per ERU (gpd) | | | 206.24 | 206.24 | 206.24 | 206.24 |
| Fee per ERU | | | \$ 406.33 | \$ 2,124.68 | \$ 1,090.24 | \$ 2,808.59 |

APPENDIX: Regional Impact Fee Links

Arlington County: <http://topics.arlingtonva.us/building/new-water-sewer-service/>

Fairfax Water: <http://www.fairfaxwater.org/rates/FairfaxWaterRates2014.pdf>

Howard County: <http://www.howardcountymd.gov/Departments.aspx?ID=1520>

Loudoun Water: <http://www.loudounwater.org/Developers-and-New-Construction/Availability-and-Connection-Charges/>

PWCSA: <http://www.loudounwater.org/Developers-and-New-Construction/Availability-and-Connection-Charges/>

WSSC: <https://www.wsscwater.com/business--construction/permit-services/fees--charges.html>

DC Retail Water and Sewer Rates Committee
Action Items

1. Proposed System Availability Fee Effective April 1, 2016

Action Item 1

DC RETAIL WATER AND SEWER RATES COMMITTEE APPROVAL OF PROPOSED SYSTEM AVAILABILITY FEE (Effective April 1, 2016)

ACTION ITEM 1: APPROVAL OF PROPOSED SYSTEM AVAILABILITY FEE (SAF)

DC Water requests that the DC Retail Water and Sewer Rates Committee recommend to the Board of Directors the proposed amendment to the District of Columbia Municipal Regulations pertaining to the System Availability Fee as shown below:

- A. To add a new subsection to establish the System Availability Fee (SAF) (formerly proposed as the Development Impact Fee) set forth in section 112 (Fees) of Chapter 1 (Water Supply) of the District of Columbia Municipal Regulations, as follows:

112.11 Effective April 1, 2016, DCRA Construction Permit Applicants and federal facilities shall be assessed a System Availability Fee (SAF) for new water and sewer connections and renovation or redevelopment projects for existing connections to the District's potable water and sanitary sewer systems based on the SAF meter size in accordance with the following fee schedule and requirements:

- (a) Residential customers shall be charged a System Availability Fee based on the SAF meter size as listed below:

| SAF Meter Size (inches) | Water System Availability Fee | Sewer System Availability Fee | Total System Availability Fee |
|--------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| 5/8" | \$ 1,135 | \$ 2,809 | \$ 3,944 |
| 3/4" | \$ 1,135 | \$ 2,809 | \$ 3,944 |
| 1" | \$ 1,135 | \$ 2,809 | \$ 3,944 |
| 1"x1.25" | \$ 2,047 | \$ 5,066 | \$ 7,113 |
| 1.5" | \$ 5,491 | \$ 13,591 | \$ 19,082 |
| 2" | \$ 11,125 | \$ 27,536 | \$ 38,661 |

- (b) Multi-Family and all Non-Residential customers shall be charged a System Availability Fee based on the SAF meter size as listed below:

| SAF Meter Size (inches) | Water System Availability Fee | Sewer System Availability Fee | Total System Availability Fee |
|--------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| 1" or smaller | \$ 1,282 | \$ 3,173 | \$ 4,455 |
| 1"x1.25" | \$ 2,047 | \$ 5,066 | \$ 7,113 |
| 1.5" | \$ 5,491 | \$ 13,591 | \$ 19,082 |
| 2" | \$ 11,125 | \$ 27,536 | \$ 38,661 |
| 3" | \$ 32,500 | \$ 80,442 | \$ 112,942 |
| 4" | \$ 83,388 | \$ 206,394 | \$ 289,782 |
| 6" | \$ 229,246 | \$ 567,408 | \$ 796,654 |
| 8" | \$ 229,246 | \$ 567,408 | \$ 796,654 |
| 8"x2" | \$ 229,246 | \$ 567,408 | \$ 796,654 |
| 8"x4"x1" | \$ 229,246 | \$ 567,408 | \$ 796,654 |
| 10" | \$ 229,246 | \$ 567,408 | \$ 796,654 |
| 12" | \$ 229,246 | \$ 567,408 | \$ 796,654 |
| 16" | \$ 229,246 | \$ 567,408 | \$ 796,654 |

- (c) The SAF meter size shall be computed for the peak water demand, excluding fire demand in accordance with District of Columbia Construction Codes Supplement, as amended, Chapter 3 (Water Meters) of this title, and DC Water Standard Details and Guideline Masters.
- (d) The System Availability Fee shall be assessed for any new premises, building or structure that requires a metered water service connection to the District's potable water and/or sanitary sewer systems.
- (e) The System Availability Fee shall be assessed for renovation or redevelopment projects for any premises, building or structure that requires a metered water service connection to the District's potable water and/or sanitary sewer systems.
- (f) For a renovation or redevelopment project on a property that already had/has a DC Water meter(s) and account(s), DC Water shall determine the net System Availability Fee based on the difference between the property's new System Availability Fee determined by the new SAF meter size(s) and the System Availability Fee determined by the old meter size(s) for the meters(s) being removed from the system.
- (g) If the net System Availability Fee is zero or less, no System Availability Fee shall be charged.

- (h) If the net System Availability Fee is greater than zero, DC Water shall provide System Availability Fee credits for the removed capacity and assess the net System Availability Fee.
- (i) Properties under renovation or redevelopment shall not receive a System Availability Fee credit for the DC Water account(s) that are/have been inactive during the twelve month period prior to DC Water's issuance of the Certificate of Approval.
- (j) For DCRA Construction Permit applicants, payment of the System Availability Fee shall be a condition for DC Water's issuance of the Certificate of Approval.
- (k) DCRA Construction Permit applicants that submitted plans and specifications to DC Water prior to the effective date of these regulations, shall not be subject to the System Availability Fee provided:
 - (1) The DC Water Engineering Review fee(s) has been paid;
 - (2) The plans, specifications and other information conform to the requirements of the District of Columbia Construction Codes Supplement, as amended, and are sufficiently complete to allow DC Water to complete its Engineering Review without substantial changes or revisions; and
 - (3) DC Water issues the Certificate of Approval within one year after the effective date of these regulations.
- (l) For federal facilities, payment of the System Availability Fee shall be a condition of DC Water's issuance of the Certificate of Approval.
- (m) After the effective date of these regulations to September 30, 2019, the property owner may request to pay the System Availability Fee in four equal installments, with the final payment due on or before one year after the execution date of a Payment Plan Agreement. Execution of a Payment Plan Agreement and payment of the first installment payment, shall be a condition of DC Water's issuance of the Certificate of Approval.
- (n) In the case that the DCRA Construction Permit is not issued or is revoked or the construction project is abandoned or discontinued, upon written request from the property owner, DC Water shall issue the property owner a refund of the System Availability Fee.

Section 199 is amended by adding the following terms and definitions to read as follows:

Development – the construction of a premises, building or structure that establishes a new water and/or sewer connection.

Redevelopment – the renovation or alteration of a premises, building or structure or reconstruction of a property that increases or decreases the water supply demand or drainage, waste, and vent (DWV) system load. Redevelopment shall not include the up-sizing of a water service or sewer lateral to comply with the D.C. Construction Codes Supplement, provided the water supply demand and DWV system load remain the same.

System Availability Fee – A one-time fee assessed to a property owner of any premises, building or structure to recover the cost of system capacity servicing all metered water service and sanitary sewer connections and renovation or redevelopment projects that require an upsized meter service connection to the District’s potable water system. The fee is assessed based on the peak water demand, excluding fire demand, for new meter water service connection and renovation or redevelopment projects that increase the peak water demand and associated SAF meter size for the property.

The proposed schedule for the rulemaking shall be as follows:

- December 18th – RRC recommendation on proposed System Availability Fee
- January 7th – Board approval of the SAF Notice of Proposed Rulemaking (NOPR)
- January 22nd – Publish SAF NOPR in DC Register
- January 22nd – Public Outreach
- January 22nd to February 22nd – Public comment period
- February 23rd – RRC discuss comments and recommendation on SAF Notice of Final Rulemaking (NOFR)
- March 3rd – Board approval of SAF NOFR
- March 18th – Publish SAF NOFR in DC Register
- April 1, 2016 – Go-live

FY 2016 Proposed Committee Workplan

| Objective/ <i>Activities</i> /Task | Date of Activity | Completed | Responsible Department |
|------------------------------------|------------------|-----------|------------------------|
|------------------------------------|------------------|-----------|------------------------|

| | | | |
|---|---|---|---|
| 1. Develop Realistic Retail Rate Revenue Projections and Alternative Retail Revenue Sources | | | |
| <ul style="list-style-type: none"> a. <i>Propose and establish Retail Rates in FY 2017 & FY 2018</i> <ul style="list-style-type: none"> i. RRC FY 2017 & FY 2018 Budget presentation to Board ii. RRC recommendation on proposed FY 2017 & FY 2018 rates iii. Board approval on proposed FY 2017 & FY 2018 rates iv. Publish Proposed Rates in DCMR v. Public Outreach vi. Public Hearing vii. Public comment period ends viii. RRC final recommendation to approve FY 2017 & FY 2018 rates ix. Board Approval on FY 2017 & FY2018 rates x. Publish Final Rates in DCMR | <ul style="list-style-type: none"> November 5, 2015 November 17, 2015 December 3, 2015 December 24, 2015 April 2016 May 11, 2016 June 13, 2016 June 28, 2016 July 7, 2016 July 22, 2016 | <ul style="list-style-type: none"> √ √ √ | <ul style="list-style-type: none"> Rates and Revenue General Counsel External Affairs Board Secretary General Counsel |

| | | | |
|--|---|---|---|
| 2. Alternative Charges (Carry over item from FY 2015) | | | |
| <ul style="list-style-type: none"> a. <i>System Availability Fee (SAF)</i> <ul style="list-style-type: none"> i. RRC recommendation on proposed System Availability Fee ii. BOD approval of SAF NOPR iii. Publish SAF NOPR in DC Register iv. Public Outreach v. Public comment period vi. RRC discuss comments and recommendation on SAF Notice of Final Rulemaking (NOFR) vii. BOD approval of SAF NOFR viii. Publish SAF NOFR in DC Register ix. Go-live | <ul style="list-style-type: none"> December 18, 2015 January 7, 2016 January 22, 2016 January 22, 2016 Jan. 22, – Feb. 22, 2016 February 23, 2016 March 3, 2016 March 18, 2016 April 1, 2016 | <ul style="list-style-type: none"> √ | <ul style="list-style-type: none"> Rates and Revenue General Counsel External Affairs General Counsel |

| | | | |
|--|--|--|---|
| 3. Delinquent Accounts | | | |
| <ul style="list-style-type: none"> a. <i>Soldiers Home Negotiations</i> | <ul style="list-style-type: none"> Monthly, as needed | | <ul style="list-style-type: none"> General Counsel |

| FY 2016 Proposed Committee Workplan | | | |
|---|-------------------------------|-----------|------------------------------|
| Objective/Activities/Task | Date of Activity | Completed | Responsible Department |
| 4. Water System Replacement Fee | | | |
| a. <i>Evaluate data on the 1,500 residential customers with 1.5" meters including how many have fire suppression meters and reassess the WSRF in FY 2016.</i> | Quarterly | | Customer Service/ Permitting |
| 5. Potomac Interceptor Cost of Service | | | |
| a. <i>Potomac Interceptor Cost of Service (FY 2017 – FY 2019 rates are proposed)</i> | April 2016 | | Rates & Revenue |
| 6. Strategic Plan | | | |
| a. <i>Develop Alternative Revenue Sources and Achieve Realistic Revenue Projections (DC Water Strategic Plan Framework)</i> i. Identify and evaluate potential revenue generating initiatives annually | On-going updates to Committee | | Rates and Revenue |
| 7. DCGIS FY 2014 Flyover | | | |
| a. <i>Update Committee on FY 2014 Flyover</i> | January 26, 2016 | | Customer Service |



Attachment D

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

**TUESDAY, January 26, 2016; 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 February 23, 2016 Committee Meeting | Committee Chairman |
| Adjournment | |

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