

**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chair, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: December 16, 2008

SUBJECT: Fiscal Impact Statement: "Water and Sewer Authority Equitable
Ratemaking Amendment Act of 2008"

REFERENCE: Bill Number 17-935, Committee Print dated November 21, 2008

Conclusion

Funds are sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation.

Background

The proposed bill would amend D.C. Official Code § 34-2107 to provide that the District of Columbia Water and Sewer Authority (DC WASA) is to include the amount of impervious surface¹ on a property when it calculates sanitary sewer service charges.

The proposed legislation also:

- Requires DC WASA to offer financial assistance programs to mitigate the impact of any increases in retail water and sewer rates on low-income residents of the District;

¹ The proposed bill does not explicitly provide a definition for "impervious surface" but describes it as something that "...either prevents or retards the entry of water into the ground as occurring under natural conditions, or that causes water to run off the surface in greater quantities or at an increased rate of flow, relative to the flow present under natural conditions." The Committee Report from the Committee on Public Works and the Environment, dated November 21, 2008, describes an "impervious surface" as "...a manmade surface that does not allow water to easily penetrate into the earth.. These areas include rooftops, paved driveways, patios, parking lots, athletic courts, etc."

- Requires DC WASA, within 6 months of the effective date of the proposed bill, to provide a report to the Council detailing the number of low-income residents affected by increases in retail water and sewer rates and providing strategies that will significantly increase enrollment in existing discount programs available to low-income ratepayers;
- Authorizes the General Manager of DC WASA, in his or her sole discretion, to restrict combined sewer flow into the District from Maryland and Virginia, so long as the action does not violate D.C. Official Code § 34-2202.18; and
- Requires DC WASA, together with the District Department of the Environment (DDOE), to establish a low-impact design (LID) incentive program designed to help low-income customers reduce the amount of impervious surface area on their property; and
- Requires DC WASA and DDOE to continue to document and analyze the effects of the LID techniques used in the District.

Financial Plan Impact

Funds are sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation. The Office of Property Management (OPM) met with DC WASA in February 2008 to discuss the provisions of the proposed bill, which included determining the additional water and sewer charges that the District would incur under a billing methodology that takes into account the amount of impervious surface on a property. OPM subsequently included sufficient funding in the FY 2009 fixed cost allocation for water and sewer charges assuming that this new billing methodology would be adopted. This represents a baseline change intended to cover the FY 2009 and out-year costs associated with the proposed legislation.²

DDOE could absorb implementing the provisions of the proposed legislation with existing resources. Requirements in the proposed bill pertaining to DC WASA would not impact the District's budget and financial plan.

² Water and sewer charges for other District entities, such as the District Department of Transportation and Department of Public Works, were also taken into account in the fixed cost estimate. The FY 2009 fixed cost allocation for water and sewer was increased by 8.5% in the FY 2009 fixed costs estimates to account for the Impervious Area Charge. The amount allocated to the new charge is approximately \$695,000. The total water and sewer charges for FY 2009 are estimated to be approximately \$8.2 million. The new charge does not go into effect until April 1, 2009.