

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



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Philip H. Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi   
Chief Financial Officer

**DATE:** October 23, 2012

**SUBJECT:** Fiscal Impact Statement – “Water Quality Assurance Amendment Act of 2012”

**REFERENCE:** Bill 19-769, Draft Committee Print Shared with the Office of Revenue Analysis on October 22, 2012

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**Conclusion**

Funds are not sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the bill. Two provisions of the bill impose requirements on DC Water contingent on District funding of at least \$267,000. Implementation of this bill is subject to its inclusion in an approved budget and financial plan.

Two additional provisions, the testing of unregulated contaminants and the establishment of a Water Quality Assurance Panel, will not require resources and can be implemented within the existing budget.

**Background**

DC Water (formerly DC Water and Sewer Authority, or WASA) is an independent instrumentality of the District<sup>1</sup> with responsibility for planning, designing, constructing, operating, maintaining, regulating, financing, and improving water distribution and sewage collection, treatment, and disposal systems. DC Water, in conjunction with the Washington Aqueduct, tests for unregulated contaminants as required by the Environmental Protection Agency’s (EPA) Unregulated Contaminant Monitoring Program (UCM).<sup>2</sup> The program is currently under its third rule (UCMR 3)<sup>3</sup>

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<sup>1</sup> D.C. Official Code § 34-2201.01 *et seq.*

<sup>2</sup> Unregulated Contaminant Monitoring Regulations established pursuant to § 1445(a)(B)(i) of Title XIV of the Public Health Service Act (110 Stat. 1657; 42 U.S.C. § 300j-4(a), note).

<sup>3</sup> Rule 1 was conducted between 2001 and 2005 and rule 2 was conducted between 2007 and 2011.

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and requires the monitoring of 30 contaminants over any twelve month period from 2013 through 2015.

The bill requires DC Water to test for the unregulated contaminants as required by the EPA under UCMR 3 and submit the results to the Mayor and the public. The bill also requires DC Water to study the presence of endocrine disruptor compounds<sup>4</sup> in wastewater effluent and a plan to continually test and remediate unregulated contaminants and endocrine disruptor compounds. The bill commits District funding for these two requirements.

DC Water's UCMR 3 report will be used to inform a newly created Water Quality Assurance Panel (Panel). The Mayor will appoint nine experts<sup>5</sup> to the Panel who will inform the public, provide guidance to the Mayor and DC Water General Manager, and offer recommendations regarding the testing and treatment of drinking water in the District. Following the twelve month study of unregulated contaminants, the Panel will hold a public meeting to discuss the unregulated contaminants findings and offer recommendations, discuss current research, and improve public awareness of water quality issues.

### **Financial Plan Impact**

Funds are not sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the bill.

Two provisions of the bill require a funding transfer from the District to DC Water and are subject to their inclusion in an approved budget and financial plan. DC Water estimates the cost of studying endocrine disruptor compounds to be over \$267,000<sup>6</sup> and is not able to reliably estimate the cost of ongoing testing and remediation.

The remaining two provisions can be implemented with existing resources. DC Water is currently required by the EPA to comply with UCMR 3 and there is no cost associated with implementation. The Panel will be established by the Mayor in conjunction with DC Water. Any administrative costs associated with the Panel are expected to be minimal and can be absorbed within DC Water's existing resources. While it is not currently expected, any ongoing meetings of the Panel beyond what is required in the bill could not be absorbed in DC Water's budget and would require additional resources. There is no impact on the District's budget and financial plan of implementing the Panel.

DC Water is an independent instrumentality of the District and its budget is independent of the District's.

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<sup>4</sup> The bill defines endocrine disruptor compounds as chemicals that can affect hormones in the endocrine system of humans or wildlife and cause adverse physiological effects.

<sup>5</sup> Panel members must have expertise in the fields of water quality, water treatment, toxicology, public health, civil engineering, or environmental engineering. Additionally, two members must be the DC Water General Manager and a representative from the Washington Aqueduct.

<sup>6</sup> DC Water unsuccessfully applied for a grant in July 2012 to study the impact of nutrient control strategies on endocrine disruption and estimated the cost to be \$267,500.