



**Testimony of Robin B. Martin**  
**Chairman of the Board of Directors**  
District of Columbia Water and Sewer Authority

**Before the U.S. House of Representatives Subcommittee on  
Federal Workforce, Postal Service, and the District of Columbia  
of the Committee on Oversight and Government  
Danny K. Davis, Chairman**

Tuesday, April 15, 2008

Thank you, Chairman Davis.

I am also pleased to be here with my colleagues on the DCWASA Board of Directors, including Dan Tangherlini, the City Administrator for the District of Columbia, Timothy Firestine and Jacqueline Brown, the Chief Administrative Officers of Montgomery and Prince George's Counties, and Anthony Griffin, the County Executive of Fairfax County.

DCWASA was created out of remarkable compromise requiring extraordinary foresight and leadership. The General Manager is prepared to provide a comprehensive overview of the organization, so I appreciate the opportunity to share briefly my views about the opportunities and challenges facing this agency.

The Board of Directors is working very hard with management to build on past successes. Among our chief objectives is working to give the average consumer of drinking water in this community, including those people who work in this complex, the comfort to turn on the tap and drink the water with confidence.

Distributing drinking water is only a part of our mission, but it is critically important, having been the subject of hearings before this very committee just a few years ago.

The Board continues to strengthen its oversight of this critical mission area. Most recently, for example, I appointed Dr. Joseph Cotruvo to chair the Board's *ad hoc* Committee on DC Drinking Water Quality. His extremely broad and deep experience will prove invaluable to the Board and to management as we continue to evaluate and enhance our effectiveness in this important mission area.

We must continue to maintain our distribution system which includes over a thousand miles of pipes in public space, tens of thousands of valves, many pumping stations, storage and other facilities.

We have a continuing interest in strengthening our relationship with the US Army Corps of Engineers Washington Aqueduct. The Aqueduct provides drinking water treatment services. This is a critically important relationship, and most of our consumers and many policymakers are unaware of the bifurcation in the District's drinking water treatment and delivery system.

The most controversial problem in DCWASA's short history was a drinking water quality issue – the exceedance of the Lead and Copper Rule lead action level. The Board's Lead Service Replacement (LSR) Program to replace all public lead services by 2016 grew directly out of the lead issues the District faced in 2003-2004, and in which this Committee took a very direct interest.

The experiences in 2004 provided a series of lessons for DCWASA which the Board and management have taken to heart. Among the most prominent was the importance of transparency. Information from the point of view of a consumer is power and it must be openly and widely shared.

As the DCWASA Board began to explore publicly the merits of potentially modifying the ongoing Lead Service Replacement Program last year, we have once again been subjected to severe criticism from certain advocates and to some negative media coverage as well.

The planned effort by management to reach out to the community on this matter has not been comfortable, but it has been a success. There is an ongoing dialogue with the public about a path forward, and while for some stakeholders the issue remains DCWASA's credibility, for most it is reaching an understanding of what constitutes safe water and implementing policies ensuring the delivery of a safe water product.

#### Environmental Stewardship

Environmental stewardship is, of course, everyone's responsibility. We at DCWASA, however, have a unique obligation and interest in protecting the environment, particularly our historic waterways like the Anacostia and Potomac rivers, Rock Creek and the Chesapeake Bay.

Our commitment is not rhetorical; it is tangible and measurable, and we are proud to be in the forefront of efforts around the region.

DCWASA is investing an enormous amount of capital to restore and preserve area waterways, and the Board oversees the development of the most cost-effective initiatives to achieve these laudable goals.

I have confidence in management, but it is the Board's responsibility to ensure that these large projects, over \$2 billion in the case of the Long Term Control Plan and nearly \$1 billion in the case of the Chesapeake Bay nitrogen removal program, are well planned, executed and financed.

I also regard it as our responsibility to provide strategic guidance to management in its negotiations with the Environmental Protection Agency to ensure that these programs are technically achievable and affordable.

I am also pleased to report to you that we have already had measurable success in working with environmental community to ensure our future success. Last year and on a continuing basis we have worked with our sometime adversaries to support champions in Congress who are working to help fund these important programs.

### Strategic Planning

One of the principal responsibilities we have is to ensure that DCWASA is planning for the future. We are now completing a rigorous process of evaluating and updating DCWASA's existing 5-year Strategic Plan.

Ultimately, we will define a series of initiatives and ongoing activities that are critical areas for success, such as environmental stewardship, customer service and system reliability. For each area we will commit to concrete and measurable markers of success.

These "success factors" will drive departmental and even individual performance work plans. The associated outcomes will allow us to measure achievement and whether we are succeeding in our goal of becoming a utility that performs at the top of its class across the board.

### Independent Budget Review and Rating Agency Upgrade

Mr. Chairman, in 2007 DCWASA was charged by the District of Columbia Council to engage an independent consultant to review the budget to study ways to contain rising retail rates, and to review capital improvement plan disbursements and the financial plan.

The Board of Directors enthusiastically supported the idea of an outside review and the final report provides some important findings and conclusions.

DCWASA compares very favorably in a variety of categories when benchmarked against other utilities. For example, DCWASA management practices in some areas are already among best in class. The report also includes recommendations for areas of improvement.

The report found that DCWASA is better than average on the affordability index using median household income as a guide compared to more than 20 other large utilities, while recognizing challenges to those in need.

The independent review of the budget is one step along a long path we are taking to try to ensure that our development, planning and execution of operations and the capital program are as effective and efficient as possible.

Just as the report was being completed, we learned that Standard and Poor's had awarded DCWASA an unsolicited bond rating upgrade.

In this market environment I regard the upgrade as an endorsement not only of DCWASA's performance, but of the market's high level of confidence in its governing Board and its management.

Utilities around the nation are confronting a trillion dollars in infrastructure costs; states and municipalities are facing large revenue shortfalls; and other debt issuers are confronting serious challenges, but DCWASA continues to earn the confidence of bottom-line oriented rating agencies and bond holders.

Nevertheless, each Member of the Board of Directors has a responsibility to ensure the continuing financial health of DCWASA. We must provide adequate resources for the daily operations upon which customers throughout our service area rely, as well as for the major investments in environmental stewardship.

The DCWASA Board is encouraging management to be innovative in meeting our obligation to address increasingly stringent environmental mandates, but these costs are becoming ever more burdensome to lower-income residents.

So far, Congress and the administration have been very strong partners in these efforts, providing in excess of \$100 million in funding, for example for the CSO Long Term Control Plan, and we want to continue this partnership which is critical to our success.

Federal government agencies are an important group of customers, and the Board is committed to maintaining fairness and equity in our retail rate structure for all of our customers.

For example, we are now engaged in an intensive effort to develop an "impervious surface area" rate that will more equitably allocate the cost of the CSO Long Term Control Plan among our ratepayers. Although this proposed change will be revenue neutral, it will allocate more of the cost of the Plan to the users who actually produce more of the stormwater run-off that contributes to combined sewer overflows.

DCWASA has earned a well-deserved reputation among industry insiders for its financial management, administrative prowess, research, capital program planning, development and project management and execution. Like other utilities, we face major challenges, but we have a solid foundation upon which to build for the future.

Again, thank you, Mr. Chairman, for this opportunity to address the Committee. I would be happy to respond to any questions.