



**Revised FY 2009  
and Approved FY 2010**

# Operating Budgets

**INVESTING IN PERFORMANCE**

*William M. Walker, Chairman of the Board*

*Jerry N. Johnson, General Manager*

*Olu Adebo, Chief Financial Officer*

Adopted January 8, 2009



**District of Columbia  
Water and Sewer  
Authority**



## **DC WASA'S VISION**

Provide world-class water and wastewater services as a leading steward of the environment.

## **DC WASA's MISSION**

Serve all its customers with outstanding service by providing reliable and cost-effective water and wastewater services in accordance with best practices.

## **DC WASA's VALUES**

- Respectful, responsive, and sensitive to the needs of our customers and employees
- Ethical and professional conduct
- Vigilant to ensure optimal health, safety, and environmental outcomes
- Dedicated to teamwork and cooperation
- Committed to equity, trust, and integrity in all that we do

*(Adopted by the DC WASA Board of Directors on July 3, 2008)*



## DC WASA's CRITICAL SUCCESS FACTORS

“Critical Success Factors and Objectives represent the most significant aspects of the Authority’s ability to execute its mission and achieve its world-class performance. *These factors provide the basis for the refinement of concrete metrics, targets, and accountabilities for improvement.*”

- **Environmental Stewardship**  
Design and implement environmentally responsible policies, programs, and technologies that protect our region’s waterways, air, and lands.
- **Customer Confidence and Communications**  
Effectively anticipate, respond in a timely manner to, and communicate about the needs of our customers, the public, and other regional stakeholders with honesty, respect and transparency.
- **Operating Excellency**  
Excel in all aspects of water delivery, wastewater collection and treatment, and customer service.
- **Financial Integrity**  
Plan and control all financial resources in a manner faithful to our customers, bondholders, and suppliers.
- **High Performing Workforce**  
Attract, develop and retain staff required to sustain our values, achieve our vision, and execute our mission.

(Adopted by the DC WASA Board of Directors on July 3, 2008)



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(As of January 1, 2009)

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## **ACKNOWLEDGEMENTS**

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Jerry N. Johnson

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Tanya L. DeLeon, Risk Management, Manager  
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Jay McCoskey, Customer Service, Director

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John Christodoulakis, Procurement, Director



## ACKNOWLEDGEMENTS

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*The Finance and Budget Department would like to extend its appreciation to all the departmental staff members whose hard work and dedication helped make this document possible.*



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**District of Columbia Water & Sewer Authority**

For the Fiscal Year Beginning

**October 1, 2008**

*Charles S. Cox*

President

*Jeffrey R. Emswiler*

Executive Director



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and Approved FY 2010

# Operating Budgets

SECTION I

## General Manager's Message

*DC WASA operates Blue Plains, the largest advanced wastewater treatment plant in the world, with one of the lowest staffing ratios among large cities.*



District of Columbia  
Water and Sewer  
Authority



**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**  
5000 OVERLOOK AVENUE, S.W., WASHINGTON, D.C. 20032

January 8, 2009

Mr. William M. Walker, Chairman  
and Members of the Board of Directors  
District of Columbia Water and Sewer Authority  
5000 Overlook Avenue, S.W.  
Washington, D.C. 20032

**Subject: Transmittal of Adopted FY 2010 Budgets**

Dear Chairman Walker and Members of the Board of Directors:

I am pleased to submit the revised FY 2009 and FY 2010 budgets as adopted by the Board at its regular meeting held on January 8, 2009. These budgets are intended to meet the mandate provided for in District of Columbia Law 11-111, which specifies that *“...WASA shall prepare and submit to the Mayor, for inclusion in the annual budget, annual estimates of the expenditures and appropriations necessary for the operation of the Authority for the year...”*

This transmittal letter serves as an addendum to the October 2008 General Manager’s budget letter. The originally published letter and budget overview are included in their entirety as they contain, in more detail, DC WASA’s operating priorities for the next two fiscal years and beyond. This year we will also publish our very first edition of the District of Columbia Water and Sewer Authority Budget in Brief, which will provide a summary of our budget proposals for fiscal years 2009 and 2010.

Please note that there are no material changes between the original submission and the Board-adopted budget. However, this document includes several revisions to certain charts and additional information, which might further enhance the reader’s review and understanding of DC WASA’s budgets.

These budget documents are a result of the extensive budget reviews conducted through the various committees of the Board. The reviews began in October 2008 and concluded with the operating and capital disbursements budget approvals in January 2009.



The Board and its Strategic Plan, which includes critical success factors and objectives, will further guide the Authority in executing our mission and achieving the goal of world-class performance. Our budget process reflects the entire organization's strong commitment to service quality, equity, trust and integrity in all we do.

Since our creation just over 12 years ago, DC WASA has made significant and continuing investments in our infrastructure first to reverse the deterioration and now to make further improvements. Most recently, we completed a comprehensive assessment of our water and sewer systems. This assessment revealed that some of our underground pipes are more than a hundred years old, near the end of their useful life, and require significant improvements. Much work lies ahead as the District ratepayers, like those in many other cities nationwide, invest in upgrades to aging water and sewer infrastructure. We are working to address these costly but necessary repairs and improvements, while continuing to provide reliable day-to-day drinking water that meets national safety standards and wastewater treatment services that are so essential to public health.

With the adoption of these budgets, the DC WASA Board of Directors has endorsed a spending plan to continue our upgrades to critical infrastructure, and to meet increasingly stringent federal regulatory requirements. This budget contains the resources required to meet the goals of the Board's Strategic Plan. The Board-adopted budgets are as follows:

**1) Revised FY 2009 Operating Budget**

- \$363.2 million, at the same level as the Board-approved FY 2009 budget

**2) Adopted FY 2010 Operating Budget**

- \$393.6 million, or \$30.4 million above the revised FY 2009 budget

**3) Capital Disbursements Budget**

- \$3.2 billion, an increase from last year's approved CIP of \$109 million

As an enterprise fund, DC WASA pays for most of its costs through user fees and charges. These rates are currently moderate compared to other like utilities nationwide, but are projected to increase over the next ten years. Increases are mostly driven by debt service cost to pay for capital improvements.

Beginning May 2009, the Authority plans to unbundle the sewer charge by implementing an impervious surface area charge (IAC). Impervious surfaces are the part of a property that contributes relatively more run-off during periods of wet weather. With this change, the Authority will start to recover the cost of the Combined Sewer Overflow Long-Term Control Plan through a charge based on the amount of impervious area on each property, rather than the current method of recovery, which is based on the volume of water consumed in each household. This change would decrease the current sewer charge by \$0.16 per Ccf, from \$3.57 to \$3.41 and introduce a monthly IAC of \$1.24 per Equivalent Residential Unit (ERU). An ERU is defined as 1,000 Square feet of impervious surface area. A full description of this proposal can be found in the "Rates and Revenue" Section of this budget document.

In January 2009, the DC WASA Board approved the following FY 2010 rate proposals for advertisement and public comment:

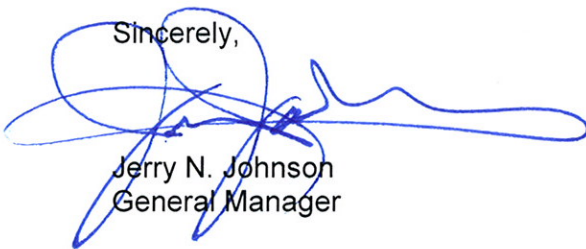
1. Water and sewer rate increase of 10.0 percent
2. Impervious surface area charge increase from a monthly fee of \$1.24 to \$2.20 per ERU (effective on May 1, 2009)
3. District of Columbia Right of Way and PILOT fee increase from \$0.52 to \$0.57 per Ccf (100 Cubic Feet)

The Board will host a public hearing on the rate proposals in the spring. If the Board adopts the proposed rates in September, they will go into effect in October 2009.

DC WASA is sensitive to the difficult economic times and the impact these rate proposals might have on our customers, so the Board has directed that we actively continue to pursue opportunities to lower the proposed rate adjustment while maintaining vital services and necessary infrastructure upgrades. Also starting in FY 2009, the Board expanded the Customer Assistance Program (CAP) to provide more relief for eligible customers. The CAP now provides a credit for sewer services in addition to the existing water service credit. This new credit of 400 cubic feet (Ccf) or 2,992 gallons (one Ccf = 748 gallons) per month per household more than doubles the value of the credit for eligible customers.

It has been my pleasure to work with the Board and our customers throughout the first 12 years of WASA's existence and I look forward to ensuring our continuing commitment to high quality and cost effective delivery of services to our customers. I would like to take this opportunity to welcome and thank our recently appointed Board Chairman, Mr. William M. Walker, for the high caliber of leadership he provides to the Board and DC WASA. In addition, I extend special thanks to our Chief Financial Officer, Finance and Budget Director, the Finance and Budget staff as well as the many other DC WASA employees who assisted in developing the budget documents. This budget as well as additional information on the Authority is available on our website at [www.dcwasa.com](http://www.dcwasa.com).

Sincerely,



Jerry N. Johnson  
General Manager

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**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**  
5000 OVERLOOK AVENUE, S.W., WASHINGTON, D.C. 20032

October 23, 2008

Mr. Robin B. Martin  
Chairman  
and Members, Board of Directors  
District of Columbia Water and Sewer Authority  
5000 Overlook Avenue, S.W.  
Washington, D.C. 20032

Dear Chairman Martin and DC WASA Board Members:

I am pleased to present the District of Columbia Water and Sewer Authority's (DC WASA) revised FY 2009 and proposed FY 2010 budgets for your consideration. These budgets are intended to meet the mandate provided for in District of Columbia Law 11-111, which specifies that "...WASA shall prepare and submit to the Mayor, for inclusion in the annual budget, annual estimates of the expenditures and appropriations necessary for the operation of the Authority for the year..." Preparation of DC WASA's budget documents, which includes the operating budgets, ten-year plan, and capital improvement program, began in May. The proposed budgets are submitted for Board review in October, with final Board action planned for January 2009.

**Revised FY 2009 and Proposed FY 2010 Operating and Capital Budgets**

Our revised FY 2009 Operating Budget totals \$363.2 million, the same as the Board-approved FY 2009 budget. For FY 2010, the operating budget request totals \$398.4 million, an increase of \$30.4 million, primarily driven by increased debt service for the Authority Capital Improvement Plan (CIP), escalating costs of power, chemicals and fuel. The proposed FY 2010 budget also accommodates an increase for the Payment in Lieu of Taxes (PILOT) to the District of Columbia, which totals \$15.5 million, an increase of \$1.3 million. (PILOT increases at the same rate as DC WASA's water rate increases, in accordance with the memorandum of understanding with the District). The Right of Way Fee remains at \$5.1 million, the same as the FY 2009 approved budget. Our Ten-Year CIP budget (disbursements) totals \$3.2 billion, an increase of approximately \$100 million from last year's approved CIP of \$3.1 billion. This is due primarily to the addition of high priority water and sewer infrastructure projects (approximately \$32 million), and the addition of \$30 million for Phase II of our Fire Hydrant Upgrade and Replacement Program. The change in the CIP is also attributable in part to a \$100 million increase for the biosolids digester program that will help us improve the



quality of the product, produce clean energy, and enhance our ability to achieve our environmental goals to include reducing the volume of biosolids. These increases are offset, in part, by reductions in the Lead Service Replacement Program.

These budget proposals contain resources needed to support various initiatives and to meet regulatory requirements; and, to ensure the continued integrity of the water, sewer and wastewater systems. If approved by the Board, this proposal would increase water and sewer rates by 10 percent and adjust the monthly impervious area charge from \$1.24/per equivalent residential unit (ERU) to \$2.20 beginning October 1, 2009. The proposals will enable us to provide the necessary services to our customers while maintaining our permit requirements in all areas including:

- Implementation of the Board's Strategic Plan initiatives.
- Continued implementation of the twenty-year Combined Sewer Overflow Long-Term Control Plan (CSO LTCP).
- Continued support of the District's Anacostia River development efforts through the CSO LTCP, operating facility relocations and other facilities changes.
- Conduct a system-wide cost of service study and alternative rate evaluation.
- Continued improvements in our processes to ensure accurate and timely responses to our customers, the media and other stakeholders.
- Additional evening crews to help respond to customer service needs.
- Technology enhancements to improve our processes and the delivery of services to our customers
- Improved customer service in a reorganized and more efficient DC WASA construction permit application and approval process.
- Succession planning to identify future organizational leadership.
- Implementation of the \$3.2 billion capital improvement program in facilities at various locations throughout the District and region:
  - Addressing water and sewer system infrastructure improvements
  - Continuing upgrades at the Blue Plains Wastewater Treatment Plant.
  - Addressing issues related to the Chesapeake Bay Program for Biological Nutrient Removal (BNR) and meeting a more stringent nitrogen discharge requirement.
  - Investing in biosolids management approaches that will create clean energy, reduce the volume of biosolids to be hauled away (reducing air pollution through less hauling), improve the quality of biosolids (providing beneficial use throughout the region. In addition to these anticipated out-year results, this investment will help to reduce the growth of the operating expenses at Blue Plains.
  - Additional funding to support the upgrades to fire hydrants and the joint DC WASA and Fire and EMS fire hydrant inspection upgrade and replacement program in the District.

DC WASA's budgets are developed using a ten-year planning horizon, and include input ranging from regulatory requirements, infrastructure needs determined by various facility master plans for major systems; Board determined priorities; and funding and rate affects our customers. The Revised Fiscal Year 2009 and Proposed Fiscal Year 2010 budgets as presented continue to provide resource allocations that will fund activities necessary to serve our more than 2 million customers throughout the DC Metropolitan region, while investing in a continuing and growing commitment to environmental stewardship.

Just 12 years ago, DC WASA was created as an independent agency of the District government. Since then, we have made over \$1 billion investment in our infrastructure to reverse deterioration and to stabilize much of the water, sewer and wastewater treatment systems, while enhancing our capacity to deliver the higher quality services that are the foundation for building customer confidence. During this brief history, DC WASA has evolved into a nationally recognized trendsetter leading the industry in deploying technology to improve operations and customer services. We have built a solid reputation among the environmental leaders in this community. This is the result of our successful initiatives to update our systems, processes and infrastructure while building the solid financial foundation required to sustain our commitment to achieving excellence in customer services and protecting the environment:

- Our water is safe to drink, meeting or exceeding the requirements of the Safe Drinking Water Act;
- Our award winning and nationally renowned wastewater treatment plant operates under some of the strictest environmental standards in the nation; and
- Our solid financial condition is robust and durable with over six months operating cash reserves, an AA bond rating (our delinquent accounts receivables are at an all time low of \$6.1 million, and our use of state of the art technology and customer service functions are among the strongest in the industry).

### **A Model Among Peers**

Last year, at the request of the District of Columbia Council, the Board of Directors engaged the services of an independent consulting team, URS Corporation and Amawalk Consulting Group LLC, to examine DC WASA's financial and management practices to identify ways to contain rising rates for retail and wholesale customers.

The independent consultants examined the efficiency of DC WASA, while evaluating the capital and operating budgets and ten-year financial plan. They also reviewed the merits and schedules for planned capital investments. At the conclusion of their review, the consultants issued an 85-page report and a summary of their work (available on our website at [www.dcwsa.com](http://www.dcwsa.com)). The report concluded that DC WASA's projected rate increases were lower than the average percentage increases experienced by other large cities, some of which are dealing with similar infrastructure needs. When compared to similar utilities, and other utilities in the region, DC WASA's rates are in the middle of the group. In addition, the consultants found that in various areas, DC WASA's average operational activity costs were also lower than other utilities of similar size. During the consultants' report to the DC WASA Board, the Authority was touted as ***"the best kept secret on the East Coast, a beacon worth emulating by other organizations in the industry."***

I am extremely proud of the work we have done over the last 12 years, the results of which are shown in the conclusions from this independent review. We have efficiently managed our operations and compare favorably when benchmarked with other leading utilities (not just water and sewer). DC WASA remains committed to protecting the environment, providing superior customer service, continuing our plans to upgrade the aging water sewer and treatment plant infrastructure as we strive to sustain our status as a world-class organization.

Even with such extraordinary progress, DC WASA continues to confront significant challenges, including mounting costs of compliance with environmental mandates and the resulting impact on our ratepayers; implementing planned upgrades and improvements to our systems; improving services to all our customers and meeting our commitment to a clean environment.

### **Infrastructure Challenges**

DC WASA, like most older cities, is responsible for underground pipes that are more than 100 years old and very near the end of their projected life span. In this “Replacement Era” as it has been often referred to, utility budgets will have to adapt to the fact that pipe networks that have never before required significant upgrades or replacement investment due to their long life will present a growing demand on financial resources that must be met in addition to our other ongoing demands. As communities review these issues, there will be a growing conflict between the need to replace worn-out infrastructure and the need to invest in compliance with new and stricter regulatory standards. The current demands for investment in wastewater infrastructure and compliance with Clean Water Act Regulations, including federal mandates for meeting combined sewer overflow (CSO) and stormwater requirements, will compete for revenue on the same household utility bill. Ultimately, the rate-paying public will incur the costs for financing the replacement of the nation’s aging infrastructure either through rates or taxes. The needed capital funds to address these infrastructure challenges in the District is a critically important challenge given DC WASA’s commitment to keep water and sewer rates affordable. Although DC WASA began to address its inherited infrastructure challenges over a decade ago, a recent review of our sewer and water systems identified nearly \$600 million of additional infrastructure investment that is not currently included in this year’s budget request. Over the next several months, we will study alternatives for funding this additional infrastructure requirement, while being sensitive to affordability issues for our customers. The CIP budget proposal includes several high priority projects from these various assessments.

### **Investing in Performance**

The budgets presented to you in this document contain many of the resources needed to fulfill the Board’s Strategic Plan and to focus on many of the challenges outlined. We will also focus on long-term plans and projects that will not only improve service to our District and regional customers but also fulfill our commitment to a clean environment.

Our customers rely on us to provide essential services 24 hours a day, every day. With our customer’s in mind, in July 2008, the Board approved its 2008 – 2013 Strategic Plan, “A Guide for Measurable Progress and Achievement.” This Strategic Plan provides

a blueprint or roadmap to success in meeting the organizational mission and to achieving its goals. The Board's Strategic Plan identifies five Critical Success Factors: Environmental Stewardship; Customer Confidence and Communications; Operating Excellence; Financial Integrity; and High Performing Workforce. These factors are the basis for the Plan's two dozen concrete objectives that the Board will use to measure the organization's progress over the next five years.

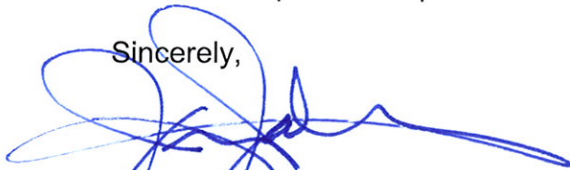
As part of the effort to implement the Strategic Plan we have established a "design team" that, beginning in October 2008, embarked on an intensive effort to develop clear performance measures that management and the Board will use to assess progress in achieving the Strategic Plan objectives. This initiative will not only establish measures, it will also create performance targets. These concrete objectives, and new measures and targets will help us set longer term and annual priorities to help us determine how we allocate resources through the ten-year financial plan and develop the operating and capital budgets we need to sustain and improve services. Ultimately, these measures will be used by DC WASA's management to assess and improve work processes while monitoring performance on a monthly, quarterly and annual basis. Formal deployment of the performance measurement and process improvement system is planned for 2009.

A discussion and overview of DC WASA's budget and some of our achievements and challenges follows. You will find additional detail about the organization throughout the document.

It has been my pleasure to work with the Board to demonstrate, in concrete terms, our commitment to high quality and cost effective delivery of services to our customers. I extend a special thanks to the Finance and Budget staff who worked arduously to produce this document and to the DC WASA departments whose efforts in developing this document were key to its development. I would like to take this opportunity to thank outgoing Chairman, Martin for his leadership and dedication to DC WASA. During his tenure, Chairman Martin made an enormous commitment of time and energy, providing strong leadership to the Board and guidance to management; he has worked tirelessly to ensure that DC WASA remains both effective and sensitive to the needs of the people, businesses and visitors in our community.

I welcome the opportunity to work with the Board in the coming weeks as we review this budget, a demonstration of our commitment to serve the public and protect the environment.

Sincerely,



Jerry N. Johnson  
General Manager





Revised FY 2009  
and Approved FY 2010

# Operating Budgets

SECTION I *continued*

## Budget Overview and Performance

*DC WASA employees in maintenance, wastewater treatment and sewer services take pride in industry competition.*

*Pictured here are personnel competing nationally in timed events that test operational and technical skills.*



District of Columbia  
Water and Sewer  
Authority

## **BUDGET OVERVIEW AND PERFORMANCE**

DC WASA successfully completed another year of operations by meeting several key milestones, while also dealing with our share of challenges, as we pursued our mission of serving all our customers with outstanding service. In developing our budget, for DC WASA's thirteenth year of operation, amidst the challenges and unpleasant realities of the worst fiscal crisis facing the Nation, and the ever changing and challenging regulatory environment in the water and wastewater treatment industry, we have focused on the priorities set by our Board of Directors. The following discussion provides highlights of our FY 2008 performance and a summary of the revised FY 2009 and approved FY 2010 budgets. This information is presented within the context of the DC WASA Board of Director's 2008 – 2013 Strategic Plans, "A Guide for Measureable Progress and Achievement." We provide more detailed information throughout the remainder of this document.

### **STRATEGIC PLAN CRITICAL SUCCESS FACTOR – CUSTOMER CONFIDENCE & COMMUNICATIONS**

This Strategic Plan Critical Success Factor requires us to effectively anticipate, respond in a timely manner to, and communicate about the needs of our customers, the public, and other regional stakeholders with honesty, respect and transparency. The Board also identified a number of objectives under each critical success factor.

#### **CONSISTENTLY DELIVER SAFE DRINKING WATER**

Although we work in a highly regulated environment and we are committed to meeting or exceeding all regulatory mandates. Compliance in the water system is especially more challenging because water treatment and distribution systems are by their nature very dynamic. The Washington Aqueduct's treatment regimen and DC WASA's commitment to simultaneously comply with many federal drinking water standards is challenging because it requires continual monitoring, research and operational readiness in managing the complex treatment and distribution systems. In FY 2008, the Authority fully complied with all water quality standards, meeting all of the strict requirements of the Safe Drinking Water Act, inclusive of our compliance with federal standards under the U.S. Environmental Protection Agency's Lead and Copper Rule. The FY 2009 and FY 2010 operating budgets and ten-year capital program reflect our continued commitment to providing clean and safe drinking water that our customers can rely upon. These budgets provide for significant water and sewer system capital and operational improvements that help us maintain and enhance water quality and system reliability.

## **EXCEED EXPECTATIONS REGARDING TIMELY AND ACCURATE RESPONSES TO CUSTOMERS AND OTHER STAKEHOLDERS**

In FY 2008, we continued to make investments in our employees, process improvements, technology and training, to ensure better service delivery to our customers. These improvements in FY 2008 and our plans are detailed below.

**Customer Survey** – To evaluate customer satisfaction, as well as attitudes and perceptions about DC WASA as an organization and the services we provide, we plan to undertake a customer survey in FY 2009. This survey will compare our performance with results of a similar survey that was undertaken in FY 2006. In the FY 2006 Gallup, Inc. survey, respondents to the survey rated DC WASA highly in several areas (e.g., overall customer satisfaction, easy and accurate billing, courteous and knowledgeable customer service representatives, the *What's On Tap* customer newsletter and the DC WASA website, [www.dcwasa.com](http://www.dcwasa.com)). Since the FY 2006 survey, we have worked hard to address the concerns expressed over the perception of lead in the drinking water; improve the permitting process; promote our on-line bill pay option and continue to improve the reliability of our water distribution system. We value our customers' opinions and will consider the FY 2009 survey results in developing future year budgets and work plans.

**Customer Service Handbook** – In FY 2008, we updated our customer service handbook, initially published in FY 2007. This handbook provides our customers with valuable and helpful information such as DC WASA contact information, including emergency contacts; how to establish and terminate service; water conservation; understanding and paying their bill; and customers' rights and responsibilities. We continue to provide the handbook to new customers when they establish service with us.

**Meter Reading and Customer Service through Automated Meter Reading Technology (AMR)** – At the end of FY 2008, the AMR program was 99 percent complete with just under 1,000 residential and commercial meters remaining to be converted. In 2002, we started installing these new automated meters, which use radio frequency and cell phone technology to send daily water usage information from the meter to DC WASA. DC WASA will continue to work aggressively with customers to complete the remaining installations using a combination of contractors and DC WASA staff. We have initiated a special mailing to these customers requesting access to change the remaining meters, and we are optimistic that with their support and cooperation we will complete our AMR installation program by year-end.

**High Use Notification Application (HUNA)** – We are proud of this advance in customer service, which allows our customers to use this powerful application tool developed here at DC WASA. Once our customers sign up for the service, they can access this data through the web at [www.dcwasa.com](http://www.dcwasa.com). HUNA analyzes daily consumption and provides monthly and yearly averages on an account level. HUNA further presents data in graph form, thus enabling our customer care associates to quickly analyze consumption patterns. This feature is available on the web for customer use as well and daily meter readings are available with a simple click of the mouse. HUNA's alert feature notifies customers of metering anomalies as they happen. This affords the customer time to address the problem or at least be aware before we generate their bill. Most utilities perform a high/low check after the billing process. We are not aware of another utility in North America that provides this service across all bill classes. HUNA is an example



of how DC WASA continues to capitalize on the initial investments in automated meter reading (AMR) technology; voice and data technology, and web-enabled tools to lead the industry with technology that supports excellent customer service at minimal cost to our ratepayers.

**Command Center Improvements** – DC WASA’s Command Center handles all water, sewer or meter-related emergencies. It also, coordinates our efforts with other District agencies relating to emergencies. In FY 2008, we continued extensive training of our Command Center personnel by incorporating field visits with both our Water and Sewer Services Departments. We continued to work with the Safety and Security Department to offer National Incident Management System NIMS training and certification to management personnel. We have added an additional supervisory position to provide greater coverage. In addition, DC WASA along with the District Fire and Emergency Medical Services Department (FEMS) developed a comprehensive process to identify, repair, replace and track fire hydrants. This collaborative effort has resulted in a more efficient data management program that supports stronger interagency cooperation and coordination. This process has enhanced the confidence of District residents in our joint efforts to improve emergency preparedness and the public infrastructure upon which we rely.

**Customer Assistance Program (CAP) Discount** – We are continuing our commitment to help improve the quality of life for those of our customers who are least able to pay, by providing relief through our customer assistance programs (CAP). Through CAP, we provide eligible customers a discount of 4 Ccfs per month on their water bills. Since it began, participation in CAP has continued to increase. In FY 2008, 5,814 customers received a discount on their bills. On January 8, 2009, the Board approved final rule making, to expand this program to include an additional 4 Ccfs per month on the sewer portion of the bill. This expanded program will more than double the credits available for our eligible customers in these tough economic times. The additional credits are retroactive to October 1, 2008. The District Department of Environment, Office of Energy, administers this program for the Authority and several other local utilities.

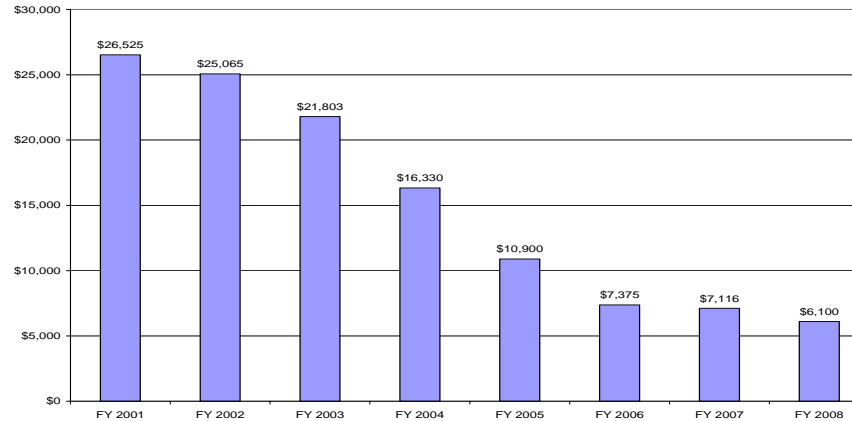
**Serving People By Lending A Helping Hand Program (S.P.L.A.S.H.)** – We further assist our customers through our S.P.L.A.S.H. program. Contributions to this program have grown due to the convenience of the bill round-up feature which enables customers to make donations with their payments to assist other customers in paying their water and sewer bills. In FY 2008, we received S.P.L.A.S.H. contributions totaling \$88,421.90 and assisted 202 customers as of August 2008. The Greater Washington Urban League administers this program for the Authority.

**Improved Arrears Management Program** – We continue our efforts to improve our collection rate on delinquent accounts. We want to ensure that convenient payment alternatives assist in reducing arrearages. In addition to the “Process Notification Outbound Calling Program”, coupled with our “Dialing for Dollars Program”, we again participated in the Districts annual tax sale. In FY 2008, we are pleased to announce that we now accept checks via the web and IVR at no cost to the customer (most organizations charge for this feature). In addition, our budget-billing feature enables customers to normalize billing and monthly payments.

**Process Notification Program** – This program provides a friendly reminder phone call to customers when their payments are past due. This program has enabled us to better manage our customer receivables. Initially, we used the program for our residential

customers only. In FY 2007, we expanded the program to include our commercial customers as well. This program directly contributed to the achievement of an all-time low delinquent accounts receivable of \$6.1 million at the end of FY 2008. When DC WASA was established in 1996, this delinquency was about \$34 million.

**Retail Accounts Receivable Over 90 Days  
As of September 30, 2008  
(In \$000's)**



## CUSTOMER CONFIDENCE AND COMMUNICATIONS

We have undertaken a number of effective programs and projects to support the Board's commitment to ensuring a well-informed workforce and public. Employees in departments throughout the Authority are credited for the progress made over the year in educating the public on customer services, infrastructure improvements and sometimes difficult and complex issues as well as a better understanding of what DC WASA does in service to the public and to the environment. In the area of communications, strategies and activities are implemented through publications, community meetings, media relations and issues management. Our accomplishments for FY 2008 and planning for FY 2009 include the following.

- We continue to enhance and expand the website, [www.dcwasa.com](http://www.dcwasa.com), with content updates, alerts, work zone activity, press releases and additional pages, features and customer service options. We posted an interim step of a re-design that included a dynamic homepage with revolving headline stories and a database on the condition status of public fire hydrants accessed through Google Earth. In 2009, we will launch a substantially improved DC WASA web site with a new design and project narratives, information architecture and functionality.

- Extensive and specialized customer and stakeholder communications were developed and disseminated to the media and public to address a number of high-profile issues and projects during FY 2008. Subjects of press accounts and DC WASA-hosted meetings included proposed rate increases; pharmaceuticals in the Nation’s water supply and other drinking water quality issues; the fire hydrant upgrade program, modification to the Lead Service Line Replacement program; major infrastructure construction projects; and the new impervious area billing (IAB) structure; and infrastructure condition awareness. Communication plans for FY 2009 include further IAB communications, marketing and awareness campaigns for our customer assistance programs; new website offerings; rate adjustments and continuation of CSO LTCP communications.
- The monthly customer newsletter, *What’s on Tap*, is an effective, widely read communication vehicle with “news-you-can-use” about DC WASA water, sewer and customer services, major infrastructure projects, utility rates, environmental and conservation programs, drinking water quality, District government services and a variety of other subjects.
- Our Annual Report, the Consumer Confidence Report and numerous publications and presentations have served to increase customer and stakeholder awareness and understanding of the operations and issues associated with the critically important services we provide. In FY 2009, we will place additional emphasis on marketing our customer assistance programs; providing drinking water information for sensitive populations; and raising awareness of infrastructure needs and projects.
- Well over 80 presentations and guided tours of Blue Plains and other plant facilities were held during the year for Congressional staff, foreign delegations, industry professionals, media representatives, schools, environmental groups and others. We expect this level of activity will continue throughout FY 2009.
- In FY 2009, at the direction of the Board, video production and webcasting services are integrated into the Public Information Implementation Plan to significantly expand communications, while generating interest and raising awareness about DC WASA programs and services.
- DC WASA continues to host community outreach events through existing programs and new ones.
  - *Sewer Science Class* - high school students make and treat their own “wastewater” with the same testing techniques used by technicians at Blue Plains. DC WASA plans to continue providing the *Sewer Science* laboratory during the FY 2009 school year to interested schools throughout the District and other parts of the service area.
  - *For a Better Home...For a Better Community* - This first DC WASA informational outreach event in the Hispanic community was hosted by DC WASA and the Mayor’s Office on Latino Affairs (OLA).The event promoted green and healthy living, with a number of exhibits and District agencies present. We will expand this event in FY 2009.

- The Authority routinely participates in media coverage of a number of national issues such as water quality, the nation's aging infrastructure, wastewater plant security, and the rising cost of service. This year, the History Channel and Public Broadcasting Stations (PBS) highlighted DC WASA in several national television productions.

For our internal audience, the *Focus* newsletter provides employees a reliable source of information from and about all aspects of the organization. This publication effectively communicates information on organizational goals, policies, and our Strategic Plan. Each month, readers can find a variety of interesting stories and topics on carpooling, worksite security and safety, employee recognition, employee career development and training, health and financial benefit options, personal contributions and community volunteers, and a monthly "All in a Day's Work" series. Information concerning our Employee Wellness Program is also readily available. In order to ensure that all DC WASA employees and visitors are aware of current information and events, we installed new flat screen video monitors at our major facilities that provide a tool for continuous communications access to our employees.

### **COORDINATE CLOSELY WITH OTHER UNITS OF THE GOVERNMENT**

DC WASA continues to strengthen its relationships at all levels of government and across the Washington Metropolitan Community. In addition, to legislative and regulatory bodies, we also work with national trade organizations through committee participation and conference calls on matters that potentially affect WASA, its operations and stakeholders.

The financing of environmental initiatives continue to be one of the Authority's highest priorities. For the past five years, we have worked very closely with the Mayor, the Council, the Office of Management and Budget within the Executive Office of the President and the House and Senate Appropriations Committees and Congresswoman Eleanor Holmes Norton to secure additional federal funding for DC WASA efforts to reduce combined sewer overflows. In FY 2008, we received \$8 million in federal appropriations and additional funding is currently under consideration in Congress.

### **COMMUNITY & PUBLIC SERVICE EFFORTS**

At DC WASA, we have consciously sought to cultivate the growth of a culture of volunteer service in which contributing to our community becomes commonplace. Given the tough economic times we now face, we find it most essential to extend a helping hand to our community and while I think we are doing a great job in these areas, there is always room for improvement. The following list provides voluntary service activities, in which DC WASA participated:

**Joint Utility Discount Day** – In September 2008, more than 75 DC WASA employees participated in the annual Joint Utility Discount Day (JUDD) at the Washington Convention Center. Approximately 8,000 District residents applied for discounts on their water, electricity, gas and telephone bills. DC WASA staff helped customers attending JUDD complete applications for the discount, provided information, and conducted demonstrations on water use and conservation in the home. Last year, DC WASA served as lead host for this event.

**DC Public Schools** – DC WASA also provided lessons in *Sewer Science* to more than 300 District students in 2008. *Sewer Science* is an interactive mini-wastewater treatment plant model used to teach the processes involved in treating wastewater and how it is recycled back into Area Rivers. The lab is free of charge and all materials, including workbooks, are included. Over the last year, DC WASA delivered the Sewer Science program to Benjamin Banneker, Ballou STAY, Cardozo High School, Anacostia High School, Wilson High School, Bell Multicultural and Kingsbury Day School. We also displayed the program at events like the Diversity in Environmental Education Fair, the DC Environmental Education Consortium Teacher's Night and the Nation's River Bass Tournament and Living Classrooms of the National Capital Region.

**For a Better Home – For a Better Community (Latino event)** – In excess of 250 members of the community attended this event, hosted by DC WASA and the Mayor's Office on Latino Affairs (OLA) and held at the Sacred Heart School in the Columbia Heights neighborhood. Sixteen vendors participated and all were encouraged to provide bilingual literature and personnel. DC WASA developed fact sheets and other information in Spanish.

**Bread for the Soul** – Employees along with family and friends, participated in the 6<sup>th</sup> Annual Bread for the Soul campaign by donating hundreds of toys and books and more than \$6,000. DC WASA employees also assembled and delivered food baskets to 80 families living with HIV/AIDS in the District of Columbia.

**One Fund** – Each year, our employees continue to give generously to the DC One Fund, the District's only charitable fundraiser that supports a range of non-profit organizations in the Washington, DC area. In FY 2008, we contributed almost \$31,000 toward this worthy cause.

**Susan G. Komen Breast Cancer Walk** – In June 2008, approximately 70 DC WASA employees collaborated with the Susan G. Komen Foundation by participating in an annual 5K walk to support the fight against breast cancer. DC WASA raised more than \$3,000 in donations.

**AIDS Walk Washington** – In October 2007, DC WASA participated in the 2007 AIDS Walk Washington to benefit the Whitman-Walker Clinic. DC WASA employees contributed more than \$890, and six staff members and their families participated in the annual 5K walk.

**Girls and Boys Town of Washington** – DC WASA provided the greenery and with the help of our summer, interns painted the emergency shelter, cleaned the residence of a new family-teacher and landscape the grounds at Girls and Boys Town. Additionally, over the winter holiday season, DC WASA staff donated gifts to children in the residential homes and emergency shelter as part of the “Secret Santa” program.

## **STRATEGIC PLAN CRITICAL SUCCESS FACTOR – FINANCIAL INTEGRITY**

This Strategic Plan Critical Success Factor focuses on planning and control of all financial resources in a manner faithful to our customers, bondholders, and suppliers.

### **Revised FY 2009 and Approved FY 2010 Operating and Capital Budgets**

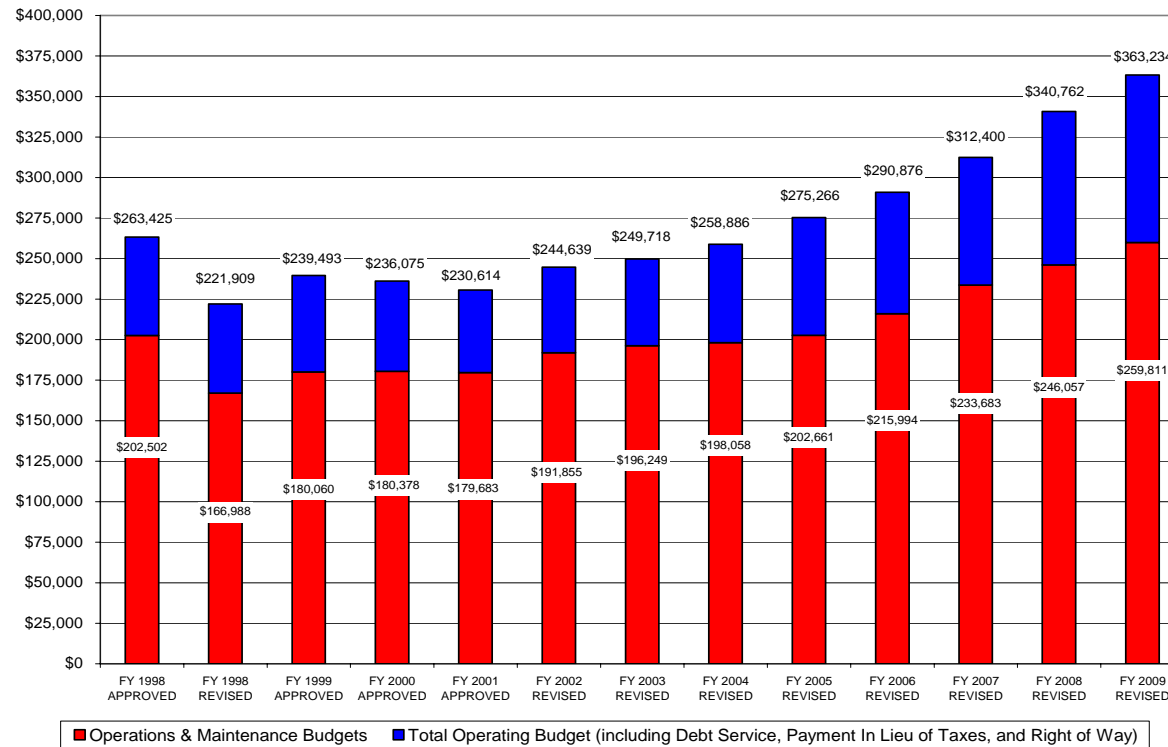
Our revised FY 2009 Operating Budget totals \$363.2 million, the same as the Board-approved FY 2009 budget. For FY 2010, the operating budget request totals \$3936 million, an increase of \$30.4 million, primarily driven by increased debt service for the Authority Capital Improvement Plan (CIP), escalating costs of power, chemicals and fuel. The approved FY 2010 budget also accommodates an increase for the Payment in Lieu of Taxes (PILOT) to the District of Columbia, which totals \$15.5 million, an increase of \$1.3 million. (PILOT increases at the same rate as DC WASA’s water rate increases, in accordance with the memorandum of understanding with the District). The Right of Way Fee remains at \$5.1 million, the same as the FY 2009 approved budget. Our Ten-Year CIP budget (disbursements) totals \$3.2 billion; an increase of approximately \$100 million from last year’s approved CIP of \$3.1 billion. This is due primarily to the addition of high priority water and sewer infrastructure projects (approximately \$62 million), and the addition of \$30 million for Phase II of our Fire Hydrant Upgrade and Replacement Program. The change in the CIP is also attributable in part to a \$100 million increase for the biosolids digester program that will help us improve the quality of the product, produce clean energy, and enhance our ability to achieve our environmental goals to include reducing the volume of biosolids. These increases are offset in part by reductions in the Lead Service Replacement Program.

We review each of these budget proposals in more detail, with the focus of ensuring operational efficiencies and cost effectiveness, while maintaining a high level of performance. Details of our accomplishments and outlook follow.

### ***Operating Budget***

As shown in the chart below, the Authority’s budget was held below the FY 1998 approved budget level for eight years, primarily because of various internal improvement plans that reduced staffing and improved operational efficiency. Starting in FY 2005 budgets started to increase because of significant increases in electricity and chemical costs, tied to various other factors; such as deregulation in the electric industry, severe storm weather and continuing political tension in the Middle East, which affected oil prices.

**OPERATING BUDGET HISTORY**  
**FY 1998 – FY 2009**  
(In 000's)



As shown on the following table, our revised FY 2009 operating budget of \$363.2 million is the same as the Board-approved FY 2009 budget. However, there are adjustments within categories of the budget that reflect the uncertain financial securities market as well as inflationary pressures from electricity and chemical markets resulting from the world crude oil market volatility. Important initiatives, such as those described have been incorporated into this budget to ensure that DC WASA continues to invest in those services and functions that will best serve our customers and the public.

For FY 2010, the operating budget request totals \$393.6 million, an increase of \$30.4 million. The increase in our approved FY 2010 budget compared to the revised FY 2009 is primarily due to 17 percent increase in debt service cost, tied to planned issuance of new debt in FY 2009 to support our CIP. Additionally, we project increases in personnel costs, electricity and chemical costs.

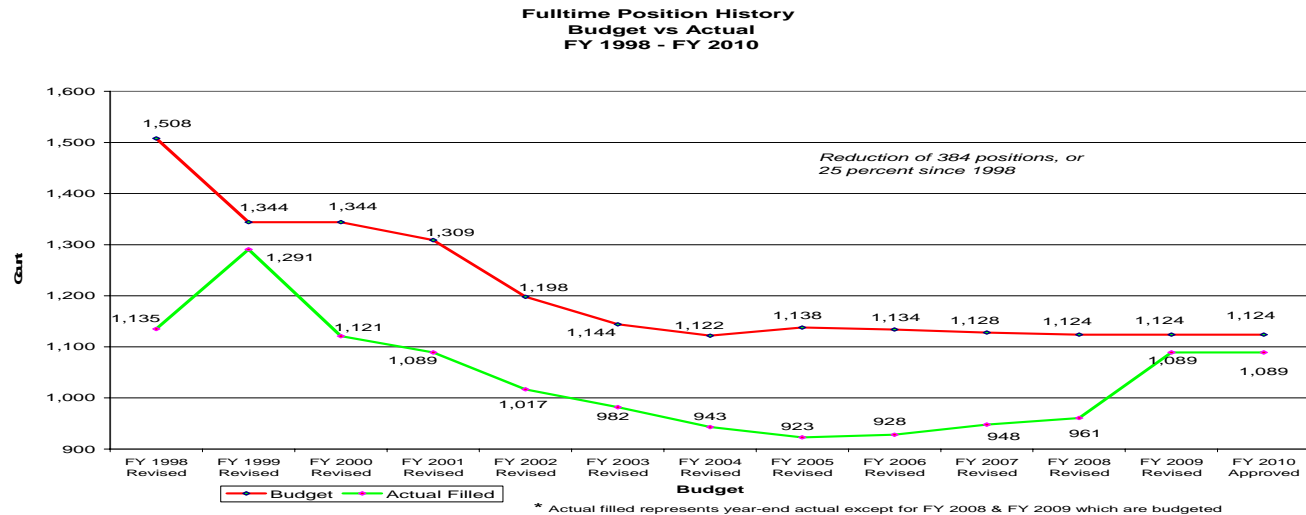


### FY 2009 & FY 2010 Operating Budgets (In 000's)

	FY 2008 Approved	FY 2008 Revised	Increase / (Decrease)	Percentage Change	FY 2009 Approved	FY 2009 Revised	Increase / (Decrease)	Percentage Change	FY 2010 Approved	Increase / (Decrease)	Percentage Change
Operations & Maintenance Expenditures	240,679	<b>246,057</b>	5,378	2.2%	252,683	<b>259,811</b>	7,128	2.8%	<b>274,746</b>	14,935	5.7%
Payment in Lieu of Taxes	13,469	<b>13,097</b>	(372)	-2.8%	14,210	<b>14,079</b>	(131)	-0.9%	<b>15,487</b>	1,408	10.0%
Right of Way Fee	5,100	<b>5,100</b>	-	0.0%	5,100	<b>5,100</b>	-	0.0%	<b>5,100</b>	-	0.0%
Debt Service	81,938	<b>76,508</b>	(5,430)	-6.6%	91,240	<b>84,244</b>	(6,996)	-7.7%	<b>98,290</b>	14,046	16.7%
<b>Total Operating Budget</b>	<b>\$ 341,186</b>	<b>\$ 340,762</b>	<b>\$ (424)</b>	<b>-0.1%</b>	<b>\$ 363,233</b>	<b>\$ 363,234</b>	<b>\$ 0</b>	<b>0.0%</b>	<b>\$ 393,623</b>	<b>\$ 30,390</b>	<b>8.4%</b>
<b>Personnel Services</b>	88,304	<b>88,067</b>	(237)	-0.3%	92,235	<b>92,917</b>	682	0.7%	<b>96,493</b>	3,576	3.8%
Authorized Positions	1,124	<b>1,124</b>	-	0.0%	1,124	<b>1,124</b>	-	0.0%	<b>1,124</b>	-	0.0%

### Staffing

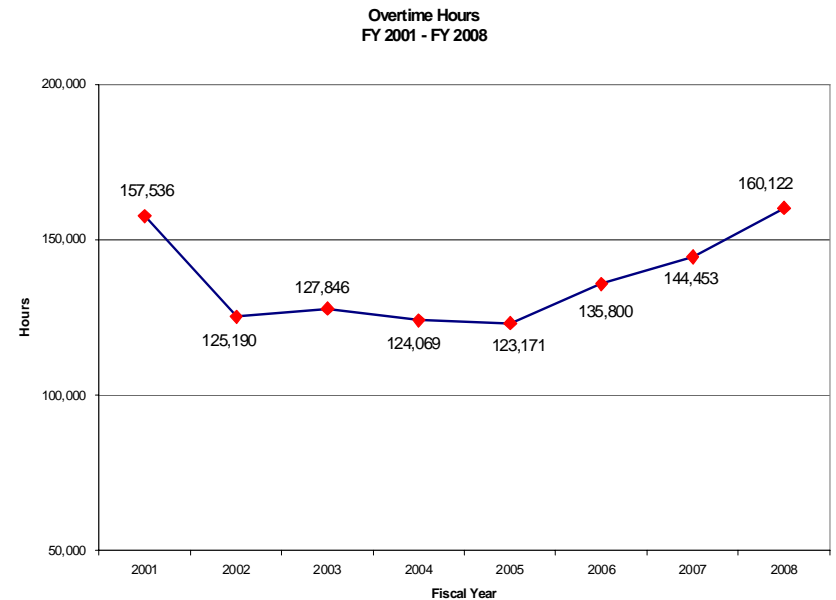
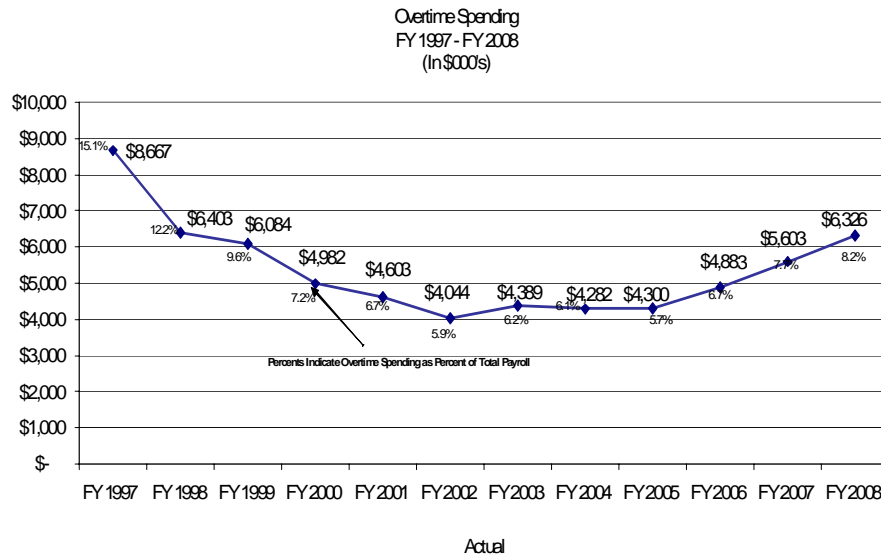
Since FY 1998, the Authority's approved position level has decreased by approximately 25 percent from 1,508 to 1,124 positions in FY 2008. Our position level has remained flat since that time. (See chart below).



This planned reduction was a result of our various internal improvement plans implemented at the Authority since FY 2000. These plans were designed to ensure a more competitive and efficient organization. We continue to focus on automation and technology to achieve these goals. However, future staffing adjustments may be necessary as we review our organizational structure, capital project delivery methods and business process improvements to ensure the most cost effective management of our capital programs and service delivery.

### Overtime

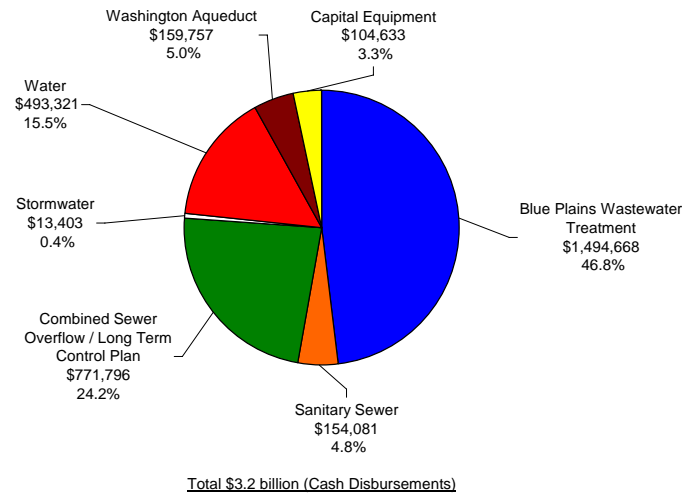
From fiscal years 2002 through 2006, the Authority kept overtime costs steady at an all time low. Beginning in FY 2007 and following in FY 2008, we experienced higher than expected vacancy rates coupled with emergency response to infrastructure repairs. We also experienced increased overtime because of activity related to fire hydrant inspections consistent with the MOU with the District's Fire and Emergency Medical Services (FEMS). DC WASA is actively reviewing opportunities to better control costs by reengineering some of our processes and continuing our efforts to fill vacant positions in critical areas. In some areas, new evening shifts will be created to improve the efficiency of our response to customers, while reducing the need for overtime use to respond to after-hours emergencies and work in progress.



## CAPITAL IMPROVEMENT PROGRAM

DC WASA's ten-year capital improvement program (CIP) totals \$3.2 billion (cash disbursements basis), approximately \$109 million more than last year's plan, attributable primarily to additional funding for the biosolids management digester project that will be described in more detail within Section VI of this book.

### FY 2008 – 2017 CAPITAL IMPROVEMENT PROGRAM (In \$000's)



## ACHIEVE REASONABLE RATES INCLUDING RELIEF FOR THOSE LEAST ABLE TO PAY

### *Retail Rates and Fees*

In 1997, shortly after DC WASA's creation, the Board eliminated all discounted and free service and adopted a 42 percent rate increase to compensate for ten years without any increase and the resulting lack of maintenance and investment in an aging and deteriorating water and sewer infrastructure. Since that time, there have been gradual increases in retail rates – ranging from 2.5 to 7.5 percent. This is a continued reflection of the Board's policy to keep rates reasonable and affordable in order to minimize the impact on retail customers. Additionally, since DC WASA does not make a profit, in years of better than expected performance, any excess revenues that are generated above the system need, are placed in a Rate Stabilization Fund or are used to fund capital projects, both of which lower customer rate increases in the future.

We have carefully reviewed our Ten-Year Financial Plan and near-term rate increases required to provide sufficient revenues to cover our capital program and resulting debt service costs over the same period. As shown in the chart below, our budget proposal includes a 10 percent retail water and sewer rate increase in FY 2010, following a 7.5 percent increase in FY 2009, with rate increases ranging from 3.0 percent to 13 percent over the balance of the ten-year plan. DC WASA's proposed rate increases are primarily required to fund increasing debt service costs, which will rise from 23.2 percent of the FY 2009 budget to 25 percent of the FY 2010 operating expenses. These debt service costs finance the District's share of DC WASA's proposed \$3.2 billion capital program, which is discussed in more detail later in this book.

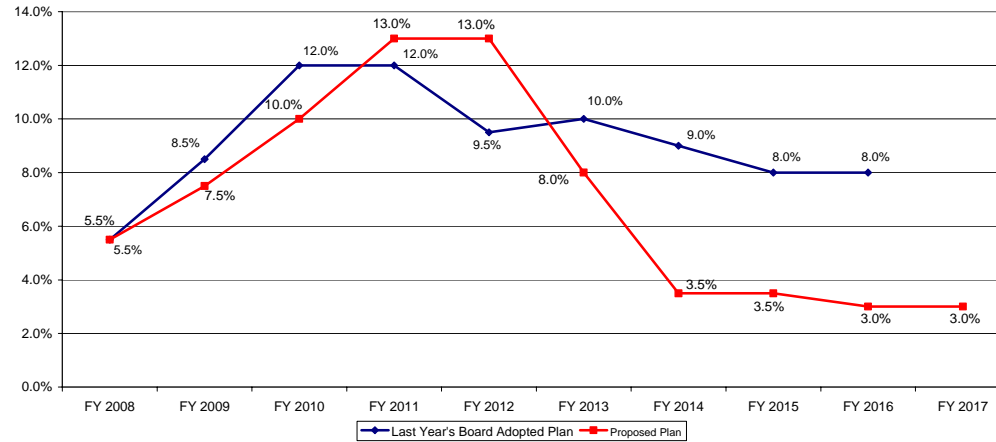
In addition to the proposed retail rate increase, we are proposing an approximate \$0.05 per Ccf increase in the PILOT fees alone to ensure that we fully recover the costs of this District of Columbia fee. These fees represent cost assessed by the District of Columbia since 1997 and rise in accordance with increases in the water rate. Through FY 2008, WASA has paid over \$140.7 million in the PILOT portion of this fee alone. The ten-year plan projects annual increases to the PILOT fees between \$700 thousand to \$2.3 million.

DC WASA's current and proposed rates and fees remain very competitive with other water and wastewater providers of in the mid-Atlantic and the eastern United States. In fact, the FY 2008 independent comprehensive budget review noted that DC WASA's recent rate increases have been much lower than other similar utilities. DC WASA's proposed monthly residential bill (including the IAC, the District's stormwater rate, PILOT and ROW fees) is slightly less than the average of other utilities in DC WASA's benchmark group. Without the stormwater and the PILOT and ROW fees, DC WASA's proposed average monthly residential bill is \$3.90 or 7.0 percent less than the average for comparable utilities. The proposed future rate increases over the ten-year planning period are also consistent with the infrastructure needs identified by regional and national providers. Our rates remain very competitive with other regional and national providers of similar services.

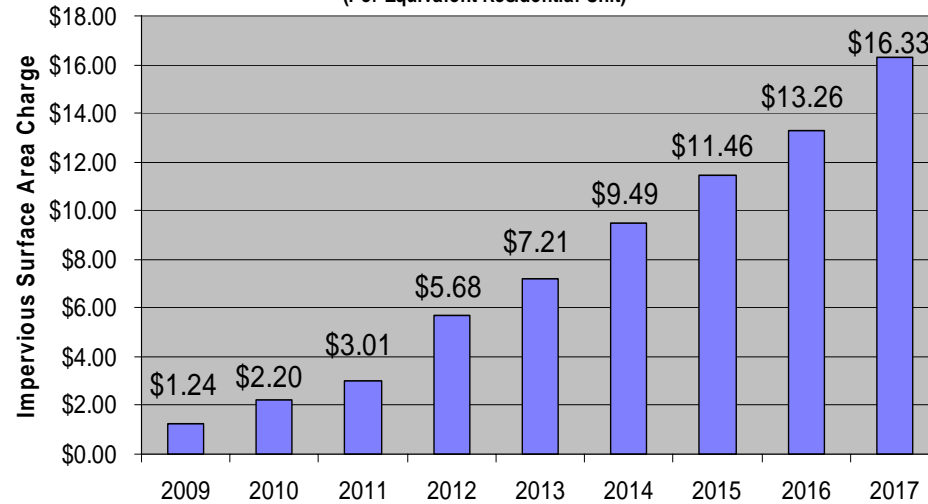
### ***Alternate Rate Structure***

DC WASA expects to go live in May 2009 with the implementation of its new impervious surface area billing charge; preparations are well underway. It is DC WASA's expectation that the FY 2009 volumetric sewer rate will reduce slightly. However, the relative impact on revenue will be neutral due to the new impervious surface area charge. After carefully reviewing our ten-year financial plan and near-term rate increases including the impervious surface area billing charge, our budget proposed the following rate changes: 10 percent retail water and sewer rate increase in FY 2010. In addition, an increase in the monthly IAC charge from the FY 2009 proposed level of \$1.24 per ERU to a FY 2010 rate of \$2.20 per ERU. The charts below demonstrate the current volumetric retail rate proposal and the impervious charge forecast over the ten-year plan. The proposed rate increases are primarily required to fund increasing debt service for both the Combined Sewer Overflow Long Term Control Plan and all other capital program debt costs. Every effort has been made to ensure equity in the allocation of costs. The capital needs are describe in detail later in this book and will cost \$3.2 billion over the next 10 years.

**PROPOSED RATE INCREASES**  
**Comparison of Last Year's Board-Adopted Plan vs. Proposed Plan**  
**FY 2008 – FY 2017**



**IMPERVIOUS SURFACE AREA**  
**MONTHLY CHARGE**  
**(Per Equivalent Residential Unit)**



## Revenues

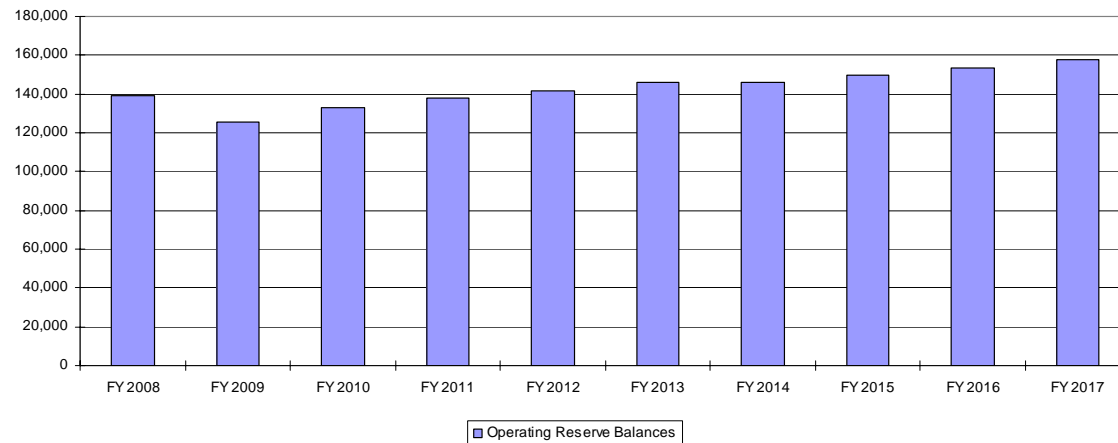
In FY 2008, the Authority ended the year at \$346.3 million or 102.3 percent of budgeted revenues. This performance clearly signals our continued progress over the last few years in accurate revenue forecasting and monitoring. Investments in the customer information and billing system and the AMR program continue to yield great improvements, ensuring more accurate meter reads and consumption data as well as enhanced reporting and tracking functionality to better identify and address potential customer and business issues.

Our revenue budget totals \$353.0 million in FY 2009 and is projected to increase to \$389.8 million in FY 2010. These projections reflect a Board-approved 7.5 percent water and sewer rate increases, a FY 2009 \$0.05 per Ccf increase in PILOT fees, and a FY 2010 proposed 10 percent water and sewer rate increase. Additionally, a proposed combined increase of 9.6 percent in the Right of Way and PILOT fees will recover the full amount charged to DC WASA by the District.

## Cash Reserves

We continue to meet the DC WASA Board policy of maintaining cash reserves equivalent to approximately six months' operating costs, or \$118.6 million in FY 2008. The ten-year plan reflects continued maintenance of this reserve level. As our operations and maintenance budgets grow, our required operating and maintenance reserve levels will grow as well, increasing at approximately 3 percent annually on average after FY 2008.

**Operating Cash Reserve Balances  
By Fiscal Year  
(\$000's)**



### ***Rate Stabilization Fund***

Consistent with Board policy, in years where our financial performance is better than projected, we set aside additional funds that we use in future years where capital spending and debt service peak, helping to avoid “spikes” in rate increases for our retail customers. At the end of FY 2008, the Rate Stabilization Fund balance totaled \$43.6 million.

The Rate Stabilization Fund is in addition to the Board-required six-month operating and maintenance reserve. Additional contributions will be determined each year based on actual financial performance, and only if all other Board policy and indenture requirements are met. In October 2008, the Board approved a transfer of \$10 million into the Rate Stabilization Fund based on FY 2008 year-end performance. We currently project that the fund would be fully utilized by FY 2010 under the proposed ten-year financial plan.

### ***Bond Ratings***

DC WASA's record of sound financial operations was rewarded in April 2008, when Standard & Poor's Rating Services raised its bond rating of our senior debt to a "AA" level. This rating helps to reduce the interest rates we pay on our debt borrowings, resulting in lower customer bills. DC WASA's ratings for the other two rating agencies remained at the double “AA” level, the second highest rating category available to state and local issuers.

<b>Rating Agency</b>	<b>Senior Rating</b>
Moody's Investors Service	Aa3 Stable Outlook
Standard & Poor's	AA Stable Outlook
Fitch Ratings	AA - Stable Outlook

### ***Capital Financing Plans and Debt Issuance***

Implementation of our capital-financing plan continues as planned and meets the dual objectives of providing maximum flexibility while resulting in as low a cost of capital as possible. Specifically, this plan includes three primary components:

- *Pay-As-You-Go financing* –we use “Pay-Go” to pay down higher cost debt or reduce future debt issuances.
- *Interim Financing Program* – in early FY 2002, we developed a \$100 million commercial paper program for this purpose, which has been extremely successful. Based on current capital spending projections, we believe that the balance - \$66 million of our commercial paper financing will be utilized beginning the first quarter of 2009.
- *Permanent Financing* – we successfully issued \$290.3 million of tax-exempt subordinate lien fixed rate revenue bonds in April 2008. The bonds were issued to refund all of the Series 2004 tax-exempt auction rate bonds and a portion of the 2007B taxable auction rate bonds. Taxable commercial paper was issued to refund \$44 million of the 2007B bonds. We envision issuing our next permanent financing in January 2009. In order to yield the best possible interest rate savings, we evaluate our debt portfolio on a regular basis. Given the current turmoil in the financial market, we will constantly re-evaluate our plan and approach making adjustments as necessary.

### ***Other Financial Accomplishments and Issues***

**Independent Budget Review** – Last year, at the request of the District of Columbia Council, the Board of Directors engaged the services of an independent consulting team, URS Corporation and Amawalk Consulting Group LLC, to examine DC WASA’s financial and management practices to identify ways to contain rising rates for retail and wholesale customers. Amawalk found that DC WASA is operating efficiently and effectively. This conclusion was supported measured comparisons with the water and sewer systems of other cities. For example, the Blue Plains wastewater treatment plant is an award-winning facility from a quality of treatment perspective but it also has a very competitive ratio of plant staff to the volume of million gallons of wastewater processed. In customer billing, the automated meter reading system and new customer information system provide WASA with customer information and other resources that are among the best in the industry. The bond rating agencies also recognizes the efforts of WASA. These agencies rate DC WASA’s bonds very highly, and thereby enable us to efficiently and inexpensively finance ongoing capital improvements to the water, sewer and wastewater systems.

**Insurance Review** – In FY 2008, we successfully renewed all of our insurance coverage at essentially the same coverage and terms, with slightly higher costs than last year. Our use of multiple, qualified brokers last year improved competition and rendered favorable results in the cost of our property and associated insurance coverage. Total insurance costs for the 2008/2009 insurance year including the additional terrorism charge and all broker fees are 3 percent higher than prior-year actual costs.

**Rolling Owner-Controlled Insurance Program (ROCIP)** – In FY 2004 and FY 2005, we implemented another “industry-best practice” with our ROCIP program, under which DC WASA procures broad insurance coverage for most construction contractors. The result is substantially higher insurance coverage levels for all contracts; the ability to qualify more small, LSDBE, MBE/WBE contractors and subcontractors who may have trouble obtaining insurance at levels required by DC WASA; potential cost savings; and implementation of a uniformly strong safety program for all DC WASA contractors. At the end of FY 2008, 56 projects, and 174



contractors had been enrolled in the ROCIP program (including most of the lead service line replacement contracts), and preliminary savings estimates exceed \$1million. As of FY 2008, the dollar value for all ROCIP contracts totaled \$464 million, of which contracts totaling \$55 million were awarded to MBE/LSDBE contractors. Over the five-year program, DC WASA anticipates an estimated savings in the \$4 to \$5 million range.

**External Audit** – FY 2007 marked our eleventh consecutive unqualified audit opinion on our audited financial statements, and the tenth consecutive year that the Comprehensive Annual Financial Report received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA). We plan to submit our application for consideration for a similar award for FY 2008. We also received the Distinguished Budget Presentation Award for our FY 2008 Budget document.

### **STRATEGIC PLAN CRITICAL SUCCESS FACTOR – ENVIRONMENTAL STEWARDSHIP AND OPERATING EXCELLENCE**

This Strategic Plan Critical Success Factor focuses on designing and implementing environmentally responsible policies, programs, and technologies that protect our region's waterways, air, and lands. Our commitment is to excel in all aspects of water delivery, wastewater collection and treatment and customer service.

The FY 2009 and FY 2010 operating budgets and ten-year capital program reflect our continued commitment to meeting this goal. The budgets provide for significant water and sewer system improvements. We have also outlined initiatives that will improve water quality, reduce combined sewer overflows, and improve our wastewater treatment processes. Following is a discussion of these initiatives.

#### **WATER SYSTEM INITIATIVES**

In light of significantly reduced lead levels achieved through the application of an "optimal corrosion control treatment", the DC WASA Board of Directors has reexamined the "Lead Service Line Replacement Program" and has adopted a different strategy. The implementation plan for this modified program is under development. DC WASA will of course continue to focus on water quality and make improvements to ensure that our systems are both effective and reliable. As evidence of that commitment, our CIP includes over \$400 million (cash disbursements basis) for water distribution system improvements. Following are some of the major investments we are making in the water system.

##### ***Fire Hydrants***

DC WASA initiated a fire hydrant replacement program in October 2005 and committed \$26.5 million to fund replacement/upgrade of up to 3,000 hydrants for the District of Columbia by 2011. In October 2007, DC WASA and FEMS entered into an agreement that established a regular inspection program and five-year target for replacement of non-standard fire hydrants. As of September 2008,

we have replaced over 2,500 fire hydrants in public space and we will meet our target of 3,000 in FY 2009. This capital budget includes a proposal for Phase II of the DC WASA Hydrant Upgrade/Replacement Program for approximately \$30 million in additional funding to replace over 3,000 additional fire hydrants by FY 2015.

### ***Water System Facilities Planning***

DC WASA began work on its first Water System Facilities Plan in 1998 and this was completed in September 2000. This Facilities Plan evaluated the existing system and provided an assessment of improvements needed. Specifically, the 2000 Facilities Plan identified fourteen major projects and a small diameter water main rehabilitation program to be included in the CIP at a ten-year cost of approximately \$300 million. At this time, 9 of the 14 projects included in the Facilities Plan have been completed or are under construction.

DC WASA began updating the 2000 Facility Plan in 2007 and completed the update in August 2008. The plan is now under review and the information will be integrated into the planning for future Capital Improvement Program projects. This major study will provide the opportunity to review and update priorities for the overall system upgrade as well as timing for various projects.

### ***Water-Main Management Program***

DC WASA's water system contains approximately 1,300 miles of pipe, of which, approximately 1,060 miles are 12-inches in diameter and smaller. Small diameter water mains account for over 80 percent of the pipes in the system. Currently, DC WASA has a program to replace pipe when the condition warrants replacement, or to clean and line unlined cast iron pipe provided the pipe is in serviceable condition. Also included is the replacement of appurtenances, such as large and small valves, fire hydrants and house service lines in public space.

In light of concerns expressed regarding fire suppression at the beginning of FY 2008, the Board directed the General Manager to study the small mains. A study, Evaluation of Small Diameter Water Mains-Fire Flow Analysis, was completed in November 2007. The study identified three areas where fire flows could not meet identified criteria. However, only one of these locations is a populated area, Mayfair Parkside in Northeast, DC. To correct this deficiency, DC WASA expedited the design and construction of a replacement water main. Construction is now complete and the new water main is in service. Fire flows now exceed requirements. DC WASA's main replacement program will serve to gradually replace pipe that has exceeded the useful service life, improve available fire flows, and remove corrosion by-products in order to improve water quality.

### ***Improvements East of the Anacostia River***

We are investing over \$85 million in water system improvements east of the Anacostia River to improve water pressures, replace old cast iron water mains with new ductile iron pipe, replace the existing pumping station originally constructed in 1913, construct a new elevated water storage facility and replace lead water services in public space with new copper pipe. The result will be improved water quality and service reliability. Some of this work has been completed including:

- Rehabilitation of the two existing Anacostia elevated water tanks;
- Replacement of a 12-inch main along Livingston Road, SE;
- Improvements to the two Ft. Stanton underground reservoirs; and
- Replacement of a twenty-inch water main along Martin Luther King, Jr. Boulevard, SE.

Following the 2000 Systems Facilities Plan, several of the projects that we are implementing will resolve low-pressure issues that historically have been a problem in the southern portion of the Anacostia First High Service Area including areas near Specialty Hospital of Washington – Hadley, Greater Southeast Hospital, Saint Elizabeth’s Hospital, and Congress Heights. The result will be a new service area with higher normal operating pressures in the southern portion of the Anacostia First High Service area.

Two major elements to improve the water pressure and reliability are the replacement of Anacostia Pumping Station and construction of an elevated water storage facility. The existing 1913 vintage Anacostia Pumping Station is currently being replaced with a new fully automated pumping station at the same site with construction scheduled to be completed mid-FY 2009. The new elevated water storage facility at St. Elizabeth’s Hospital Campus will improve water line pressure and reliability in the southern portion of the service area. We are continuing to work with District authorities to complete the requisite historic review and to obtain zoning approvals. The construction of this elevated storage facility is dependent on the schedule for this historic review, which is now underway. Currently, based on information supplied by the District Historic Review officer, the facility is estimated to be in service in FY 2013.

In addition, the following water main projects are underway:

- A major transmission main project will provide additional transmission capacity and redundancy is underway and scheduled for completion in FY 2009. In addition, we will replace mains that cannot withstand the increased pressure created by other system improvements.
- A small diameter main replacement project is under construction and is schedule to for completion in FY 2010. These new mains replace local distribution mains that cannot withstand the increased pressure created by the new pressure zone.
- While we are making small diameter main replacement in Anacostia, we will also complete lead service line replacements so that neighborhood disruption will be minimized.

As part of this project, we are making special outreach efforts to our customers to keep them informed of project progress and the impact the project has on their daily water service.

### ***Lead Service Replacement Program***

Given that District drinking water is compliant with federal standards for lead and there are competing essential infrastructure needs throughout the District, the Board has made changes to the \$438 million LSR Program. In July of 2008, management developed options for completing the LSR Program and presented them to the Board. In FY 2008, DC WASA conducted extensive public outreach and received formal public comment on the LSR Program. Having completed a cost-benefit analysis and consulted with experts from the Centers for Disease Control, U.S. Environmental Protection Agency, and George Washington University Center for Public Health and local health officials, the Board decided to modify the program to encourage full service line replacement and to manage costs. In FY 2009, we will establish the management approach and structure to be able to continue to replace lead service lines in conjunction with DC WASA ongoing water main and DDOT projects and with customer participation. We will also continue to monitor the performance of the program to determine if any adjustments are warranted.

During FY 2008, we continued to include the replacement of broken or defective hydrants, valves and sewer laterals in Lead Service Replacement (LSR). The LSR Program substantially increased the number of fire hydrant replacements within the limits of LSR blocks and continued to coordinate closely with the Hydrant Replacement Program. In order to reduce impacts and costs to ratepayers, LSR construction work continues to be included in water main repair work. We coordinated LSR work with replacement of approximately 25,000 linear feet (LF) of small diameter water mains.

In FY 2008, using a holistic approach that coordinated the LSR program with other DCWASA infrastructure improvements, the LSR program surpassed its annual goal and replaced over 3,000 lead service lines in public space. This success is attributable to improving coordination with the District's Department of Transportation's (DDOT) paving plan and efficiently selecting blocks with a high number of lead service lines outside DDOT's plan. From FY 2003 through The LSR program has removed 596,410 feet of lead pipe, including 539,424 feet from 17,367 lead services in public space and 56,986 feet from 2,801 services in private space.

Recent studies have emphasized the importance of full service line replacement. The LSR Program continues its efforts to improve private side participation and actively encourages property owners to replace the private portion of the service lines. In FY 2007, we implemented postcard reminders in an effort to encourage homeowners to replace the lead services on their property. In early FY 2008, the LSR Program implemented automatic phone call reminders (using interactive voice recognition) for homeowners to return their private property lead service replacement agreements. We will continue our partnership with Wachovia Bank and the District's Department of Housing and Community Development, which enable eligible property owners to finance costs for replacement of lead services on their property.

As evidence of our ongoing commitment to our customers, in FY 2008 we continued to work closely with the Washington Aqueduct to monitor any planned changes to the water supply. In addition, we continued our ongoing relationship with the District's Department

of Health (DOH) and with expert public health advisors. DC WASA continues to research technology changes and review regulatory changes for any potential impacts to the LSR Program.

### ***Water Audit***

Between FY 2003 and FY 2007, DC WASA's sold vs. pumped water ratio continued to climb even as we improved our response to broken mains and service lines while continuing to improve our metering to customers. Although AMR technology has helped improve the accuracy of metered consumption to our customers, we remain committed to improving both the tracking and reporting of water losses. To begin to address this issue, during the latter part of FY 2007, we implemented a water audit program. This program helped to establish a new methodology for tracking and reporting water losses consistent with the American Water Works Association (AWWA) standards. We continued this work during FY 2008, and our consultants have completed the Water Audit Report. In this report, the consultants provided recommendations that would reduce WASA non-revenue water, if they were implemented. We are reviewing the recommendations from the report and will implement many, if not all of them over the next several years.

### ***Watts Branch Park Renovations***

DC WASA has successfully collaborated with the US Fish and Wildlife Service and the District of Columbia Department of the Environment in a combined stream restoration and sewer rehabilitation project that will serve as the nexus for community revitalization. When the stream restoration project was first conceived, DC WASA was consulted to perform a routine identification of the sewers and water mains that would be impacted by the stream work. To respond, DC WASA performed an assessment of the condition of the infrastructure in the area of the stream restoration. This assessment identified Work needed for sewer pipes within the stream and deteriorated storm water outfalls. DC WASA's goal is to rehabilitate the sewers and water mains within Watts Branch and Marvin Gaye Park for a 50+ year useful life such that future disturbances would not be needed for sewer repairs.

Total cost of this project is estimated to be \$5.6 million. The Office of the Deputy Mayor for Planning and Economic Development has agreed to fund one-half, or approximately \$2.8 million of the cost. Construction will begin in FY 2009 and is planned for completion in FY 2010.

***Water Quality*** - We want our customers to be confident that they are drinking high quality water. Over the last year, we continued to provide water audits, sampling and testing as an on demand service for both large and small customers. In addition, our "first-in-the nation" consumption analysis tool allows customers to access their daily, monthly and annual meter reading data. This feature, implemented just over three years ago, capitalizes on the use of our automated meter reading (AMR) technology. During the year, our Water Quality operation participated in community events, where they spoke with customers and provided them with information and devices to conserve water. The water quality Division also ensures high water quality through programs such as reservoir profiling, groundwater investigation analysis, new main water quality testing, bacteria testing after main breaks and research and

cross connection prevention. In FY 2009, DC WASA will continue to monitor Lead levels through pipe loops, and residential profiling in hopes of finding additional ways to further reduce lead levels. In FY 2008 DC WASA has spent over \$756,000 for reservoir cleaning and over \$350,000 in our flushing program.

## **SEWER SYSTEM INITIATIVES**

### ***Combined Sewer Overflow Long-Term Control Plan (CSO LTCP)***

The CSO LTCP is being implemented on a schedule included in a Consent Decree between the United States, the District government and DC WASA. The decree was entered by the Court on March 23, 2005, and calls for DC WASA to complete the CSO LTCP over a twenty-year period. CSO LTCP projects at the top of the list are those that will serve to reduce overflows to the Anacostia River.

The benefits of our twenty-year plan are significant -- when fully implemented, combined sewer overflows will be reduced by a projected 96 percent (98 percent on the Anacostia River), resulting in improved water quality and a significant reduction in locally generated debris from the combined sewer system in our local waterways. In addition, our clean-up efforts on the Anacostia River are a cornerstone of the District's redevelopment initiatives including commercial, residential and other development projects.

This \$2.2 billion plan includes a variety of improvements throughout the District:

- Three large storage tunnels which will allow the storage of flows from storm events until they can be conveyed to Blue Plains for treatment
- Pumping station improvements
- Rehabilitation of the inflatable dams
- Targeted separation of combined sewers in several sections of the District that include areas in Anacostia
- Consolidation and elimination of 14 of 59 outfalls, including 4 outfalls on the Anacostia River
- Funds for low impact development (LID) at DC WASA facilities and to encourage LID across the District

We made great progress on our plan over the last two years. We have completed and met Consent Decree deadlines for most projects that were included in the settlement of a lawsuit against DC WASA regarding implementation of the federal CSO Nine Minimum Controls program. These projects, which were budgeted and planned by DC WASA prior to the lawsuit, are projected to reduce combined sewer overflows by 40 percent. We estimate that work completed to date have reduced combined sewer overflows by 30 percent. We are also underway with engineering design and construction work to separate additional combined sewer areas in Anacostia and Rock Creek Park, and we have submitted a plan to EPA to construct LID projects at DC WASA facilities.

At this time, we have completed a final draft of a Facility Plan for the Anacostia River CSO projects. The Facility Plan includes a Summary Report and detailed implementation schedule. Under the Consent Decree, it was to be submitted to EPA by September 23, 2008. We have made that submittal and are moving the Anacostia River CSO projects into design and construction in accordance with the detailed schedule in the Summary Report.

### **Stormwater System and Management**

Stormwater in the District of Columbia remains a challenge for District policymakers and for the agencies with the responsibility for managing an array of program activities as well as maintaining and improving the infrastructure (catch basins, underground facilities, pump stations, etc.), some of which are over 100 years old. DC WASA management and staff have been engaged in extensive discussions with the District over the last several years regarding how responsibilities for a variety of storm water-related functions are divided among District agencies.

This year's capital improvement program includes \$13.3 million (disbursements basis) for maintenance portions of the separate storm water collection system along with studies and analysis that are requested by the District from time to time. Our CIP does not include capital costs for pipeline improvements or storm water pumping station rehabilitation costs, assuming that these facilities are the responsibility of the District or are ultimately funded from the Storm Water Enterprise Fund.

DC WASA no longer serves as Administrator for the District's municipal separate storm sewer system (MS4) NPDES permit fund. This was transferred to the D.C. Department of the Environment (DDOE) in FY 2007. DC WASA, however, does continue to collect the MS4 fees and transfers those funds to the District on a quarterly basis.

### **BLUE PLAINS INITIATIVES**

At Blue Plains, we provide wastewater treatment services to approximately 2 million people in our service area, including residents of the District of Columbia and significant portions of Montgomery and Prince George's counties in Maryland, and Fairfax and Loudoun counties in Virginia. Wastewater treatment includes liquid process facilities that provide treatment for both sanitary wastewater flows and peak storm flows originating in the sanitary and combined sewer systems, respectively, along with solids processing facilities that treat the residual solids removed by the liquid process facilities. Blue Plains is rated for an average flow of 370 million gallons per day (MGD), and is required by its National Pollutant Discharge Elimination System (NPDES) permit to treat a peak flow rate of 740 MGD through the complete treatment process for up to four hours, and continuous peak complete treatment flows of 511 MGD thereafter. The plant treats these flows to a level that meets one of the most stringent NPDES discharge permits in the United States. Additionally, up to a 336 MGD stormwater flow must receive partial treatment, resulting in a total plant capacity of 1,076 MGD.

The Board, in October 2006, accepted management's recommendation to reject the Egg Shaped Digester Facility bid due to the high bid price and placed the project on hold. Furthermore, the Board accepted management's recommendation that continuous

monitoring be undertaken in four areas: 1) construction bidding environment; 2) regulatory initiatives that could impact the viability of land application; 3) maturing of evolving technologies; and 4) DC WASA's related financial position. As reported to the Board over the past two years, DC WASA has been developing a revised strategy for long-term biosolids management. A wide array of new technologies was investigated and alternative process trains were developed. The most favorable alternative would provide four Cambi thermal hydrolysis trains and four anaerobic digesters, supported by new dewatering equipment and a combined heat and power plant. Nearly all of the annual sludge production would be digested, which would reduce the volume of biosolids to be reused by one-half and would provide digester gas to produce about 12 megawatts of electrical power. The value of the electrical energy and the reduced reuse costs would significantly offset the capital cost required to implement this alternative. The recommended plan requires a budget increase of \$99 million, which is requested in the current CIP proposal.

Since FY 2000, DC WASA has been removing nitrogen in its Biological Nutrient Removal (BNR) process and has consistently met the NPDES permit goal of 7.5 mg/l of total nitrogen. In June 2007, the United States Environmental Protection Agency (EPA) issued a modification to the permit reducing the total nitrogen effluent limit to 4.7 million pounds per year (equivalent to 4.2 mg/l at 370 mgd average annual flow). The capital projects required for Blue Plains to achieve the new permit limit are included in the proposed Capital Improvement Program. Construction for the new projects, required for nitrogen removal and wet weather flow treatment, is scheduled to be completed in FY 2014 and FY 2018, respectively.

The National Association of Clean Water Agencies (NACWA) has lauded Blue Plains on several occasions for its efficient wastewater treatment plant operations. Our work in this area is noted because of DC WASA's excellent record of compliance with federal regulations – a result of optimized operations and maintenance practices. In addition, DC WASA has been, and will continue to collaborate with a number of national and international research foundations, other wastewater treatment plant operators and universities on wastewater and biosolids management research projects designed to answer operational questions and improve existing or develop new processes. These collaborative projects allow DC WASA to expand its research capabilities and to foster peer-reviewed research. This research also contributes to the development of the next generation of wastewater treatment engineers and environmental scientists. An extensive discussion of our continuing research and partnerships is provided later in this document.

### ***Biosolids Management Program***

DC WASA's award-winning Biosolids Management Program has been recognized by the U.S. Environmental Protection Agency, which gave its highest national award for biosolids management for our outstanding operations, technological advances, and promotion of the beneficial uses of municipal wastewater biosolids. As industry-leaders on wastewater and biosolids management research projects, our revised FY 2009 and approved FY 2010 operating and capital budgets include funding for the following significant research efforts:

- Through our sponsorship of the Water Environment Research Foundation (WERF), DC WASA is participating in several projects, including nutrient removal, solids processing technologies, biosolids management, plant automation and plant

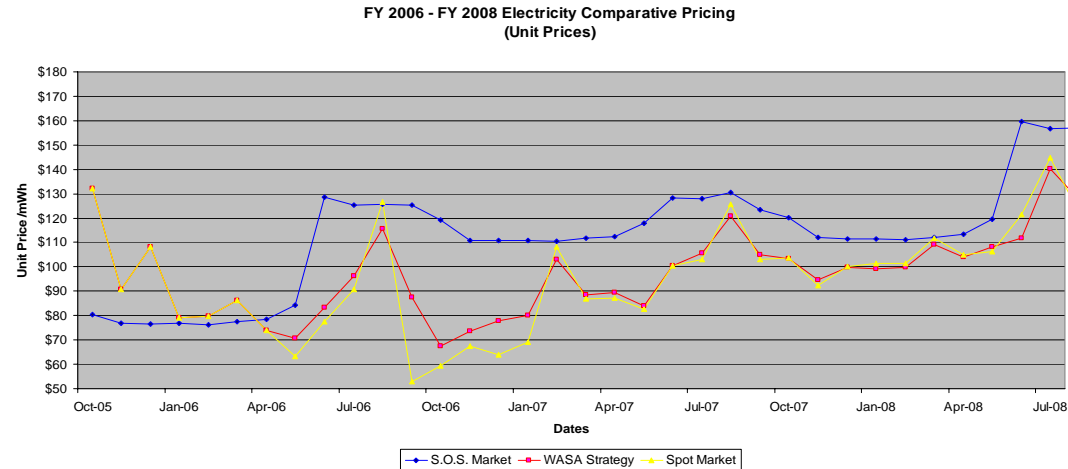


security. DC WASA's General Manager serves on WERF's Board of Directors, and DC WASA staff serves on project advisory committees addressing health and safety and management issues.

- DC WASA, in cooperation with Howard University and utilities in Maryland and Virginia, is leading research to understand the bioavailability of organic nitrogen from wastewater effluents.
- Along with our research partners at the Virginia Polytechnic Institute and State University and George Washington University, DC WASA is conducting laboratory-scale testing of thermophilic digestion and enzymic hydrolysis to understand methods to achieve Class A biosolids. This information will also be part of the evaluation of reducing the required size of an anaerobic digestion facility.
- DC WASA in cooperation with the New York City Department of Environmental Protection and the Alexandria Sanitation Authority is evaluating a new technology to efficiently treat and remove high strength ammonia from recycle streams without external carbon. Three pilot units are being used for testing in association with the University of Innsbruck, Virginia Tech, Columbia University and City College of New York.
- In cooperation with utilities in Maryland and Virginia, DC WASA is evaluating alternate carbon sources for denitrification. These carbon sources include methanol, ethanol, acetic acid, sugar, glycerol and proprietary chemicals. The testing is being coordinated through faculty and students from George Washington University, the University of Cincinnati and Virginia Military Institute.
- DC WASA is initiating pilots at Blue Plains to evaluate ballasted flocculation, a new technology for treatment of excess storm flows.
- DC WASA is initiating pilot tests to evaluate the appropriateness of using moving bed bioreactor technology to meet the new permit limit for total nitrogen discharge from Blue Plains.
- DC WASA, in cooperation with the City of Toronto, is evaluating anaerobic digestion processes to enhance digester gas formation and reduce biosolids inventory.
- DC WASA is evaluating optimization of chemical phosphorus addition.
- DC WASA, in cooperation with the City of Salzburg, Austria, is evaluating bioaugmentation of seed nitrification and denitrification organisms to more effectively use process capacity in a two-stage plant.

## Energy Management & Conservation Initiatives

Electricity continues to represent a significant portion of DC WASA's operating costs, budgeted at \$32.1 million, or 12 percent of our \$259.8 million revised FY 2009 operations and maintenance budget. As the graph below depicts, electricity prices have continued to rise since 2005. This is due, in part, to several factors that include deregulation in the District, rising oil prices, inclement weather patterns, record global demand for power and oil, and regional transmission and grid changes.



In FY 2005, we entered into our first electricity contract for generation services in the deregulated environment. That summer, DC WASA entered into a successor five-year contract for generation that allows us the flexibility to lock in blocks of power at a fixed price when futures pricing meets budget targets. The contract also grants DC WASA access to the wholesale market for electricity, and provides more transparency in reviewing bids from wholesalers.

Electricity costs continue to be a major driver of the operating budget and investigation of energy management alternatives has been undertaken throughout FY 2008. We continue to utilize this five-year contract for electricity generation and in FY 2008, DC WASA was successful in purchasing its electricity for an average cost of \$109 per megawatt hour versus an estimated average cost of \$128 per megawatt hour had we acquired our electricity through the PEPCO Standard Offer Service (SOS). This represented an estimated savings of approximately \$5.8 million in FY 2008. We will continue to mitigate the Authority's exposure from higher energy prices that occur during peak demand periods by periodically locking in portions of our electricity load, especially for the summer and winter periods. As shown in the unit pricing chart above, this strategy has allowed DC WASA to procure electricity at below SOS rates, while reducing our exposure to swings in the spot market. Working with our electric energy service company, we continue to monitor the electricity market on a continuing basis and explore alternatives that could yield additional cost savings. The Department

of Engineering Services continues to evaluate the potential for on-site generation of power in conjunction with their review of biosolids management technologies.

As a proven environmental steward, DC WASA continues to implement environmentally responsive and responsible policies and programs. These actions protect the region's waterways, air, and land. We are now beginning to develop a ten-year energy management plan, which will be guided by the Board's established strategic critical success factors. A new energy manager has been hired to develop and implement the plan. Along with other initiatives, this plan will evaluate our energy baseline, establish quantitative and qualitative goals as well as identify resource requirements. We anticipate Board approval of this plan during fiscal year 2009.

## **EMERGING ISSUES**

As you review our current Ten-Year Plan, it should be remembered that there are a number of important issues and strategic goals that we continue to review and study as we maintain and build the infrastructure necessary to support an excellent organization. Currently, there are a number of important emerging issues that we are closely monitoring to ensure that we maintain reliable and efficient service to our customers. We continue to broaden our planning horizon for projects or operational changes that may be necessary to address regulatory as well as other emerging issues.

As we present this updated CIP for consideration, we want to note that great consideration has been given to important needs that I believe can not be deferred, balanced against the current economic conditions and the impact of our capital program upon our retail and wholesale customers. It must be recognized that local and federal officials have understood the importance of safe drinking water and reliable sewer and wastewater treatment throughout the Washington metropolitan region for many years. The recent bond rating upgrade by Moody's was due, in part, to the recognition that DC WASA has continually re-invested in the infrastructure of an aging and complex system to meet the critical water and sanitary needs throughout our service area. Research by the American Water Works Association (AWWA) verifies that the growing re-investment needs of water and sewerage utilities is significant throughout the nation and provides the potential for economic challenges as agencies may need to grapple with replacement needs against the need to comply with more stringent regulatory standards for safe drinking water and environmental improvements. Many cities like Washington, DC have miles and miles of pipes that were buried 100 years ago or more and which must be replaced over the next few decades. AWWA refers to this as "the dawn of the replacement era". They estimate that \$250 billion nationally may be required over the next 30 years for water infrastructure replacement alone. Ultimately, the utility ratepayers must finance these needs and their associated costs where other sources of funds are unavailable.

### **Capital Improvement Program Inflationary Increases**

The regional and national construction industries have seen record inflation costs for materials such as steel, copper, aluminum and cement over the last several years. The price of oil also affects this industry as the cost of transporting materials around the world grows along with the cost of plastics and other construction materials. This results in higher bid prices for our capital work.

Additionally, this region has experienced so much development over the last decade that a less-competitive bidding environment also contributed to capital project inflation. This may influence projects such as the Long Term Control Plan, which was originally estimated in 2001. According to Engineer News-Record (ENR), a weekly magazine that provides news, analysis, data and opinion for the construction industry, the cumulative inflation rate since development of the 2001 cost projections was 25 percent as compared to the original cumulative projection of 19 percent. As the economic climate in the country changes drastically, we continue to monitor inflationary trends, the financing available to potential contractors and our current programs to assess the impact on our CIP budget and planning.

### **Anacostia Waterfront Development**

The Office of the Deputy Mayor for Planning and Economic Development has expressed a desire to redevelop the area immediately surrounding the new ballpark to take advantage of the momentum and potential for the area. The DC WASA Departments of Sewer Services, Fleet Management and related facilities are directly across from the new stadium, and we have continued to negotiate with the relevant parties on the potential relocation of our facilities. In the prior year's budget, we included \$42.5 million to cover the estimated costs of relocation and development of a new site. We anticipate no impact on DC WASA ratepayers as these costs are expected to be fully reimbursed by the District. This budget has been rolled over into the current CIP and we will continue to ensure that all appropriate steps are taken to protect the essential public services and assets that are located in the vicinity and to ensure that any potential relocation will not interrupt vital services.

### **North of Massachusetts Avenue (NoMA) Development**

One rapidly developing area of the city is NoMA, the area west of Union Station to New York and New Jersey Avenues and from Massachusetts to Florida Avenues. Many construction projects in this area are underway with many more planned over the next several years. The area is characterized by very old water and sewer infrastructure that needs to be replaced and/or rehabilitated to reliably support the planned development.

In the past few months, we have worked with the Office of the Deputy Mayor for Planning and Economic Development (DMPED) to identify the infrastructure needs. Construction of the water and sewer rehabilitation/improvements is estimated to cost approximately \$35,000,000. The plan is for DC WASA to construct all necessary infrastructures, for the construction to be funded with either DC WASA or District Revenue Bonds, and for the District to create a special tax assessment district to pay for the construction over a 30-year period.

NoMA represents the second area of the city where DC WASA has worked with District to develop an alternative financing structure for needed area-wide water and sewer improvements; the first was the National's ballpark area. We have focused on developing a model framework that can be used for future redevelopment areas whereby alternative financing is obtained for water and sewer improvements without placing any burden on the ratepayers.

## **Sewer and Water System Facility Planning**

During FY 2008, DC WASA completed two very significant infrastructure assessment and planning efforts. In February 2008, a Sewer System Facility assessment was completed. This document culminated a five year effort involving sewer inspection and condition assessment, development of a sewer GIS and database, hydraulic monitoring and modeling to assess system capacity and the development of a prioritized activities for system improvement. This Sewer System Facility assessment identified approximately \$537 million (lifetime funding) for sewer infrastructure improvements. As recommended in the assessment, the current CIP includes funds for an ongoing, annual sewer inspection program, which may identify the need for additional work.

In August 2008, DC WASA received a Water System Facilities Plan Update (update to a plan completed in 2000). This document assessed all water system infrastructures and made prioritized recommendations for improvements to the water pumping, transmission, storage and distributions systems. The Water System Facilities Plan identified approximately \$900 million (lifetime funding) for these infrastructure improvements.

Both of these assessments are under review by staff for presentation of recommendations to the Board of Directors. The approximately \$1.4 billion of funding identified from these assessments has not been programmed or funded in this budget proposal. These assessments represent true infrastructure needs and must be addressed in the near future, as these documents will provide the basis for future Capital Improvement Projects in DC WASA's 10-year CIP. Our current CIP budget proposal does provide for several high-priority projects identified in these assessments, including:

- Upgrades to pumping facilities totaling \$22.1 million. An addition of \$8.3 million in steel water main rehabilitations
- Additional small diameter water main rehabilitation projects totaling \$19.5 million
- Increased funding of \$2 million for sewer inspections
- Increased funding of \$10 million to rehabilitate and relocate sewers

## **Intermunicipal Agreement Negotiations**

In 1985, the District signed the Blue Plains Intermunicipal Agreement (the IMA) with the "Users" of the Blue Plains Wastewater Treatment Plant facilities. The User signatories consist of the District of Columbia, Fairfax County in Virginia, and Montgomery and Prince George's counties in Maryland and the Washington Suburban Sanitary Commission. The IMA outlines terms relating to facility location, sizing, capacity allocations and funding, long-term management of the wastewater treatment and disposal process; the Agreement also establishes a uniform payment basis for facilities and future improvements. IMA signatories share the cost of operations, maintenance and the capital program at the Blue Plains facility. The three surrounding counties comprise approximately 60 percent of the Blue Plains capacity.

## **Funding for Chesapeake Bay Restoration Initiatives**

In the case of our partners in Virginia and Maryland, the state of Maryland has a flush tax to offset ratepayer costs and Virginia has a special appropriation through the General Assembly. District of Columbia residents/customers bear the full cost of these mandated projects through retail rates. We urge the District of Columbia to provide a similar support mechanism for their residents as do its regional partners and as is consistent with provisions made for the metropolitan transit system users.

## **STRATEGIC PLAN CRITICAL SUCCESS FACTOR – HIGH PERFORMING WORKFORCE**

This Strategic Plan Critical Success Factor focuses on attracting, developing and retaining staff required to sustain DC WASA's values, achieve our vision, and execute our mission.

### **Employees and Human Resources**

The Human Resources Department continues to implement new and innovative incentives in an effort to recruit and retain employees, in this very competitive regional job market. Our employees are our most valuable asset and vital to attaining our mission and the Board's strategic goals. We will continue to invest in our employees and provide our managers with the training and tools to provide effective leadership of our employees. Through our various initiatives, during the next two years we will strive to achieve a local and national reputation as an employer of choice and one of the "best places to work."

**Labor Relations & Collective Bargaining Agreements** – Our current collective bargaining agreements for compensation for the five bargaining units expires on September 30, 2011. We reached an agreement that provides fair compensation for our unionized workforce. The negotiated wage increases are competitive and have been validated by economic data analysis of Washington D.C. Metropolitan area work force. This budget reflects the negotiated wage increases of 3.45 percent in FY 2008, 3.75 percent in FY 2009, 3.80 percent in FY 2010, and 4.0 percent in 2011. A four-year agreement provides the stability and leaves DC WASA equipped to meet the organizational challenges it faces over the next few years.

Bargaining agreements for working conditions were recently established for four of the five bargaining units. The fifth is expected to be completed in the near future.

**Personnel Policies & Procedures** – In FY 2008, the Board approved new Personnel Regulations and Personnel Policies and Procedures to reflect changes to the regulations have been completed and is under final review.

**Labor-Management Partnerships** – Currently, there are departmental labor-management partnerships in Maintenance Services, Sewer Services, Facilities and the Safety and Security Departments. Our goal is to continue to improve productivity, develop on-the-job multi-skill training and to increase the awareness of quality and the cost of operations.

**Performance Management** – Our web-based employee performance management system for union and non-union performance management programs continues to improve and enhance the value of the performance evaluations for managers and employees.

**Document Management** – In May 2008, we completed the first pilot in the overall DC WASA-wide Document Management Program. During this phase of the program, we digitized personnel files, which included indexing and, scanning personnel files, and providing quality control by validating the accuracy of the scanned documents. The Human Resource staff began day-to-day scanning of all new personnel documents in May 2008. We provide additional information in our discussion of Technology initiatives and enhancements.

**HR Systems Security** – During FY 2008, we enhanced the security of our HR systems by implementing additional internal controls for each individual user within the Human Resources Department and Payroll unit. We were able to implement all security enhancements in a timely manner and then apply these security enhancements to our performance and document management systems as well.

**Employee Benefits** – DC WASA will continue to provide competitive benefits that are competitive with other employers in the region. The greatest challenge will be keeping the rising cost of health care as low as possible.

**Employee Climate Survey** – In FY 2008, we continued to address issues raised in the employee climate survey. We held multiple meetings with management and employees to discuss ideas to improve the organization. The General Manger also continued to meet with first-line supervisors to discuss ways of improving work unit productivity. Plasma screen electronic message boards were instrumental in providing timely communications to our employees regarding organizational changes and other information. We also continued effective two-way communication training to ensure a shared understanding of information.

**Internship and Youth Programs** – DC WASA remains firmly committed to supporting and encouraging the educational goals of college students. Our internship program exposes students to careers in wastewater collection and treatment, and water distribution.

- **Internship Program** - Participants work closely with diverse groups of professionals and perform critical tasks that are required to operate a large utility. Exposure to careers and opportunities at DC WASA help the interns make conscious decisions about their academic and career choices. In FY 2008, 51 students from 20 colleges and universities participated in DC WASA's internship program, including international students from Serbia, China, India, Pakistan, Nigeria, Thailand, and South America. Students pursued degree programs ranging from two-year undergraduate to



doctoral degrees. Our internship program has also proven to be a successful recruitment tool for DC WASA. DC WASA has hired 12 interns in permanent positions over the past years. Currently, four interns are permanent full-time employees and two are in a special engineering management-training program.

- **Covenant House of Washington** – In addition to our internship program, in FY 2008 we hired five summer workers from the Covenant House of Washington to work in our Facilities Department.
- **DC Chamber of Commerce and Employment Services Summer Youth programs** – We also hired three high school students, and provided them with work experiences in the departments of human resources and maintenance services.

**Wastewater Treatment Operator Trainee Program** – In FY 2008, we completed the first year of the Wastewater Treatment Operator Trainee program. This two-year program prepares participants for certification testing through classroom and on-the-job training. Participants gain practical experience in the wastewater treatment field and once certified, the pool of trainees is eligible to fill vacancies within the Department of Wastewater Treatment. Six trainees received their Level I Wastewater Treatment Operator Certifications and will continue in FY 2009 in pursuit of the Level II Certification.

**Engineering Management Training Program** – To ensure a pool of qualified and diverse candidates is available for future vacancies in the Department of Engineering and Technical Services, the Authority continued to implement the Engineering Management Training Program. Six graduates from Howard University, the University of Virginia, and the University of Pennsylvania with majors in civil, mechanical and environmental engineering began projects, on a rotational basis, in the operating departments to gain hands-on experience. Participants received classroom training on organizational structure and supervisory and interpersonal skills. One candidate obtained an Engineering-in-Training (EIT) certification.

**Succession Planning/Executive Development Programs** – To ensure continuity in leadership for executive and key senior staff positions, the Authority completed a draft design of the succession planning and executive development program. We added an additional component to the program that involved the identification of critical failure positions. These are positions that, if left vacant for an extended period for time would result in a grave impact on Authority operations, the environment and services to the customer. Our succession planning will help to ensure that adequate staffing for the critical failure positions.

As part of its succession planning effort, the Authority continued with its knowledge capture workshops. These workshops capture tacit knowledge of critical processes from employees who are eligible to retire and identify competences that are essential for effective management of the processes. Knowledge capture workshops were completed in the departments of water, wastewater and engineering and technical services. During fiscal years 2009 and 2010, we will provide additional workshops in the departments of engineering and technical services, water, wastewater, sewer services. As part of this planning effort, we will also revise standard operating procedures, where needed and identify any new competencies required.

**Training** – We continue to invest in our employees by funding training and development classes and programs that provide skills training in the areas of safety, technology, government regulations, and professional and career development. In FY 2008, we budgeted \$2.3 million dollars for training. Our training budgets will remain consistent for FY 2009 and FY 2010 at approximately \$2 million for each year. We are committed to ensuring a skilled, safe and competent workforce that is fully capable of supporting our customers' service delivery needs.

In support of various internal improvement program efforts, we continued certification training in the departments of maintenance, water and sewer services. In FY 2009, we will focus on the following training initiatives:

- Continue basic skills, technical training classes, and our adult literacy program using the results from the previously conducted employee skills needs assessment.
- Enhance the self-managed career development program to include a more robust web site, additional workshops and new online assessments.
- Continue the implementation of the wastewater treatment operator trainee and engineering management-training programs to develop a pool of candidates for hard-to-fill positions and expand the diversity of candidates in supervisory positions.
- Continue to provide refresher training on Authority policies to ensure a safe work environment and provide quality services to our customers.
- Continue with the implementation of the maintenance certification-training program.
- Implement the succession planning and executive development program for executive and key senior staff consistent with the Governance Study recommendations.
- Implement a certification program for our water distribution and collections systems departments focused specifically on the pumping branches.
- Implement a follow-up employee climate survey to benchmark organizational progress.

## **INTERNAL AUDIT**

The Internal Audit Office continues to focus on the implementation of its Annual Audit Plan as approved by the Board's Audit Committee. During FY 2008, the Office carried out reviews of the Payroll, Security Contract, Accounts Payable, Purchase Card Program and Time and Attendance as well as site visits to some Local and Small Business Enterprises.

For FY 2009, the Internal Audit Office will work with management as it undertakes the review of WASA's compliance with the Circular A-123 to ensure appropriate accountability and control for its programs and operations.

## TECHNOLOGY INITIATIVES

At DC WASA, we focus all of our technology initiatives on improving both the quality of services we provide to our customers and organizational effectiveness. Our work during FY 2008 and our investments in technology over the next several years are further evidence of our commitment.

**Website Enhancements** – Our website, [www.dcwasa.com](http://www.dcwasa.com), has been a major success. The website, redesigned in FY 2008, provides a user interface that allows customers to more easily and quickly find information. We also developed a continuous website improvement cycle to provide visitors with better quality and to ensure information is current and consistent with the best of breed web technologies. The Authority will continue this process during FY 2009 with a number of steps as part of Phase II, including an improved basic site design structure and increasing the number of interactive flash media used on the site, and use of a new flexible Content Management System.

**Interactive Voice Response** – Through DC WASA's enhanced interactive voice response system (IVR) our customers can pay their bill using either checking or savings accounts. This system also assists with calling campaigns to provide various information to our customers, e.g., IVR was used to inform our customers about changes to our Automated Meter Reading system. During FY 2009, we will make changes that will improve our reporting, customer service, and support of our Impervious Area Charge billing.

**Multi-lingual Customer Support** – Our interactive voice response (IVR) technology enables us to communicate effectively with our multi-lingual customers, with over 100 languages available to offer them the support that all of our customers deserve.

**Technology Strategic Plan** – We continue to focus on implementing the Information Technology Strategic Plan, most recently revised in FY 2005. This Plan outlines a vision for the delivery of information technology services at DC WASA, and a methodology for prioritization of all technology projects (which includes an assessment of cost savings and productivity growth).

In FY 2008, we focused our efforts on continuing to improve our operations by better integrating people and processes through technology. A few key examples of this effort that are already underway or will begin in the near future:

- *Total Enterprise Asset Management System (TEAMS-Maximo)* – During FY 2008, we completed our integration of TEAMS with the DC WASA Financial System. In addition, we implemented functionality that allows for scheduling, tracking and managing work. Several examples of its use include catch basin cleaning and assistance with FEMS requests for DC WASA to perform flow tests on hydrants in certain areas of the District to determine water flow and capacity.
- *Permitting Application Tracking System (PATS-Maximo)* - We listened to our customers and as a result, have completed the first phase of our newly improved permitting process, which allows us to better manage and track the status of our permit applications, including DC WASA's public space permits. The PATS has enabled us to streamline our processes by reducing

paperwork and increase transparency in our permit activities. We are now better able to respond to customer and vendor requests and to measure our performance in this area. In FY 2009, we anticipate going live with Phase II of this project, which would provide access for our customers and vendors to view and track the status of specific permit applications.

- *Geographical Information System (GIS)* – DC WASA’s GIS is a valuable tool that enables employees to look-up information, via the intranet, on our infrastructure; e.g., the exact location of the infrastructure, corresponding street and premise data. This saves time as employees can locate buildings, roads, sidewalks, parks, and assist our field crews and others in locating infrastructure assets. In FY 2009, we will begin reaping the benefits of converting our water network inventory paper maps to digital data. This extensive effort began in FY 2007 and we will complete this work early in FY 2009. Preparing this asset inventory and system map is the first of the EPA recommended best practices to implement asset management for water utilities.

In FY 2009, we will also start maintaining the water and sewer network inventories using GIS and to track development project locations. We will also work on improving the overall integration of the FEMS Mobile Fire Hydrant Inspection in the business processes to reduce the amount of manual work required to capture, dispatch and track the repairs identified by the survey.

- *Impervious Area Billing System (IAB)* - In April 2009, we will go live with the IAB, which will provide the tools required to determine the amount of impervious area on individual properties. Premise spatial data derived from implementing IAB will allow us to support new map-centric dashboards for Automated Meter Reading (AMR), route-planning tools to help reduce fuel costs, and many other business processes.

***Enterprise Records and Document Management System (ERDMS)*** – In FY 2005, DC WASA initiated this system to assist with lifecycle management of documents. In FY 2007 and FY 2008, we completed several major milestones, including a Records Management Plan and the development of ERDMS policies, procedures, and guidelines. This extensive work included appraisal of industry standards and practices, dozens of interviews with DC WASA staff representing all departments resulting in identifying and inventory of approximately 14,000 cubic feet of documents, and multiple review and revision cycles. During FY 2007 and FY 2008, we implemented the following Enterprise Record Management systems:

- *Accounts Payables Document Management System* – allows ready access to invoice images by Accounts Payable and departmental staff. This system is fully integrated with our financial system, thereby eliminating duplicate data entry when documents are scanned and streamlining the invoice approval process.
- *HR Personnel Files Management* – In the beginning of FY 2008, we went live with an ERDMS system to securely store and manage digitized HR Personnel Files. Legacy Personnel Files have been scanned, providing backup and recovery capabilities for these critical documents; and the paper files will be shipped off-site for improved space utilization. We have also implemented a scanning process to capture, digitize and store new records.

- *Knowledgelink- (Engineering Document Management and Control)* – In FY 2008, we implemented Phase I of our Engineering e-Library. The project addresses the key requirements associated with maintaining engineering documents and developing a repository and redesigned business processes associated with the life cycle of engineering documents (e.g. design documents, as-builts, etc.) related to our large facilities and equipment. After completion, the *Engineering e-Library initiative* will enable quick and easy search and retrieval of records, as well as an assurance that records being retrieved are the most up to date approved records available – translating into greater efficiency and improved service quality.
- *Customerlink (Customer Service Document Management and Control)* – This initiative is in progress and is scheduled to go live in two phases beginning early FY 2009. Upon completion, this Phase system will create an electronic repository, search portal and business process for maintaining a variety of customer service records.

***Supervisory Control and Data Acquisition (SCADA)*** – In FY 2007, the Authority began its SCADA replacement project to address the reliability concerns. We have now incorporated the nine DC WASA water distribution facilities as well as an interconnect with Washington Aqueduct Division into the new system. In addition, we have integrated the new Anacostia Pumping Station, three Sewer Pumping Stations, four Storm Water Pump Stations and nine CSO Fabridam facilities. In FY 2009, we will complete this replacement effort.

***Information Security Program*** – During FY 2008, we continued to formally implement (and document) a comprehensive risk management process that will enable the Authority to identify, analyze, prioritize, and ultimately manage business risks. We will continue this work during FY 2009, and the output will be a risk report that provides assurance to stakeholders that appropriate controls are in place for mitigating risk. Through our SCADA project, we will ensure the Authority's most critical assets are protected.

***Field Service Management System (Mobile Computing)*** – In FY 2008, we successfully deployed a mobile solution for hydrant inspections for DC FEMS. Based on the lessons learned in this project we will be designing similar applications for the DWS crews for various core service groups such as the valve crews and the hydrant crews. We also plan to deploy the existing GIS viewer application to the pilot groups to help us understand the requirements of GIS/GPS technology in the field. In FY2008, the vehicular-based mobile computing hardware components were selected and have been deployed for Phase II of the pilot to the DETS inspectors, and a limited number of Sewer Services and Water Services repair crews with good results opening the door for further deployments in FY 2009.

***Telephone System Upgrade*** – In FY 2008, DC WASA selected a new generation telephone system to replace our aging legacy phone system. The new Alcatel-Lucent solution will utilize a single infrastructure for voice, data, and video offering greater mobility and system redundancy. Additionally, an enhanced Customer Contact application/solution to better support DC WASA's Customer communication.

Over the next two years, we will continue to focus our efforts on the Board's Strategic Plan to ensure that our use of technology ensures even better service to our customers.

## **SAFETY and SECURITY**

We remain committed to providing our employees, contractors, visitors and the public a safe and healthy work environment. To ensure greater coordination and integration of our safety and security efforts, last year we transferred our security functions to the Department of Occupational Safety and Health and created a Department of Safety and Security. During FY 2008, we focused on ways of better measuring our performance, and implementing training to enhance our security program. We will continue this work into FY 2009, with the first step in this process, which is the development of a Comprehensive DC WASA wide Security Plan and Strategy.

**Comprehensive Safety Plan** – Since the development of our first Comprehensive Safety Plan in July 2001, the Board and management have closely monitored DC WASA's progress. The plan includes a substantial agenda that includes training, inspections, investigations, and other related proactive safety tools. This budget provides approximately \$5.4 million to support this commitment during FY 2009 with dedicated resources throughout FY 2010. The result of consistent implementation of this plan throughout the organization has resulted in many positive benefits, including:

- Employees are embracing our safety culture
- Workers compensation costs continue to decline
- Continuing improvement in injuries and accidents measures within the range of national trends
- Development of a comprehensive safety database that helps identify areas for improvements and preventive safety initiatives
- Emergency Response Planning and related activities has become an important component of our Safety Program. We are working to develop emergency response procedures consistent with the national standards, commonly referred to as the National Incident Management System (NIMS). This past year we trained all management officials and most of our employees on the NIMS concepts. We are also working with District of Columbia and regional officials in expanding our overall planning and preparation for emergency events.

**Contractor Safety** – Our Rolling Owner Controlled Insurance Program (ROCIP) augments our standard provisions and further enhances contractor safety. We require all contractors who bid on capital projects to participate in the ROCIP. Each ROCIP contractor receives guidelines for developing and maintaining a safety program through their contract with DC WASA. As part of our safety monitoring process, an independent safety consultant, assigned to the Department of Safety and Security inspects all ROCIP contractor jobsites on a regular basis. The consultant assesses his inspection findings and with the assistance of our Safety & Security and Engineering Departments' preventive measures are developed to improve or enhance existing contractor safety. DC WASA's lost workday case incidence rate is 0.9 (national average is 2.2) and our total recordable incidence rate is 4.3 (national average is 5.9). National statistics are recorded through the Bureau of Labor Statistics. Incidence rates represent the number of

cases per 100 workers working one year (200,000 hours worked); and are calculated using the following formula: Rate = Number x 200,000 / Total hours worked.”

**Homeland Security** – Emergency response planning, and participation in various drills, is a priority for DC WASA. We regularly work with the District of Columbia’s Homeland Security Emergency Management Agency (HSEMA) on planning, drills and responding to actual emergencies. Last April we conducted a major drill with the District of Columbia – Fire and Emergency Medical Services (FEMS) at the Blue Plains Plant. The drill simulated an actual truck tanker fire at the facility. The drill received national attention from the Methanol Institute and the Water Environment Federation. Additionally, over 300 District fire fighters and emergency personnel participated in a DC WASA sponsored hazard awareness-training program we conducted on weekends at the Blue Plains Plant.

## **FLEET MANAGEMENT**

Although cost and usage efficiency are important to us, the environment and safety are also of utmost importance. Our fleet program has had another successful year due to significant capital investments in our fleet, which totals 555 vehicles, at an average life of eight years. Through our structured preventive maintenance program. We were successful in reducing vehicle and equipment downtime through more effective diagnostics and timely repairs and servicing. We continue to explore ways to be more efficient in our use of vehicles and equipment.

Given the current price fluctuations, we are constantly examining automotive fuel purchasing options. The District’s fueling services currently offers the most beneficial fuel pricing. We are also focusing on ways to better measure and control usage, including:

- *Automated Fuel Tracking* – to facilitate accurate reporting of fuel utilization, we continue our installation of automatic fuel tracking computers and fueling rings on all of DC WASA vehicles. To date, we have installed these devices in 82 percent of our fleet.
- *Protecting the Environment.* - A number of our vehicles use alternative fuels such as E85, natural gas, and electricity. With the introduction of Ultra Low Sulfur Diesel (ULSD) in 2006, we have reduced diesel powered vehicle emissions. As we replace our vehicles, we plan to increase the number hybrid and other clean burning vehicles in the fleet. We will also be examining other options, such as biofuel.
- *Right sizing* – annually, we examine our fleet to ensure the right mix of vehicles for efficient delivery of services.

Other improvements and accomplishments include:

- *Top 100 Fleets in America* – DC WASA was recognized among the “Top 100 Fleets in America”. We were ranked number 41 by Fleet Management Magazine from among 4,000 entries.



- *Vehicle Appearance Program* - we take pride in the appearance of our vehicles and continue to ensure that they are properly maintained.
- *Vehicle Identification Tag Program* – Radio frequency tags have been installed in DC WASA vehicles to assist with inventory management.

## **FACILITIES MANAGEMENT**

We completed various renovations in the Central Operations Facility at a total cost of \$9.5 million, of which \$3 million alone was spent in the FY 2008. This included window replacements, HVAC system improvements and complete renovation of the office space for the Department of Engineering and Technical Services; all within the Central Operations Facility (COF). We also made improvements to signs and fencing at our Bryant Street location and completed repaving of our O Street location lot.

Over the next several years, we will spend almost \$5 million, continuing our efforts to retrofit our buildings throughout the Authority to make them accessible to the disabled. We will also finish installation of a comprehensive fire suppression system, and complete renovations needed at our Central Maintenance Facility. As part of our ongoing maintenance efforts, we will be repaving roadways and replacing roofs at various pumping stations and other locations. Through DC WASA's comprehensive space assessment, which is now underway, we will begin to plan and address both short and long-term space needs. DC WASA's management and employees will continue our commitment to improving the environment around us through our DC WASA-wide Recycling Program.

The following sections of this budget document provide further detail on each of the areas highlighted in the preceding summary.



Revised FY 2009  
and Approved FY 2010

# Operating Budgets

## SECTION II

### Summary Information

*In addition to federally required testing, DC WASA's team of water quality technicians collects and analyzes water samples from various locations in the distribution system.*



District of Columbia  
Water and Sewer  
Authority

## KEY FACTS



### Service Area and Operations:

**Date Established:** October 1, 1996

**Service Area:** Approximately 725 square miles

Retail water and wastewater service provided to the District of Columbia

Wholesale wastewater treatment service provided to Montgomery County and Prince George's County in Maryland (through Washington Suburban Sanitary Commission), and Fairfax and Loudoun Counties in Virginia

**Blue Plains:** The largest advanced wastewater treatment facility in the world

**Population Served:** 570,000 in the District of Columbia (2003)  
Over 1.6 million in Maryland and Virginia

### Operation and Facilities:

**No. of Positions:** 1,124 (FY 2009 Revised)

1,124 (FY 2010 Approved)

**Water Pumped:** 111.7 million gallons per day average (FY 2008)

**Treated Water Storage:** 61.7 million gallons / 5 reservoirs and 3 tanks

**Miles of Water Lines:** 1,300 miles

**Wastewater Treated:** 293 million gallons per day average (FY 2008)

**Wastewater Capacity:** 370 million gallons per day (permitted)

**Miles of Sewer Lines:** 1,800 miles

### Financial Information:

**Bond Rating:** Aa3/AA/AA-

**FY 2009 Revenue:** \$353.0 million (cash receipts)

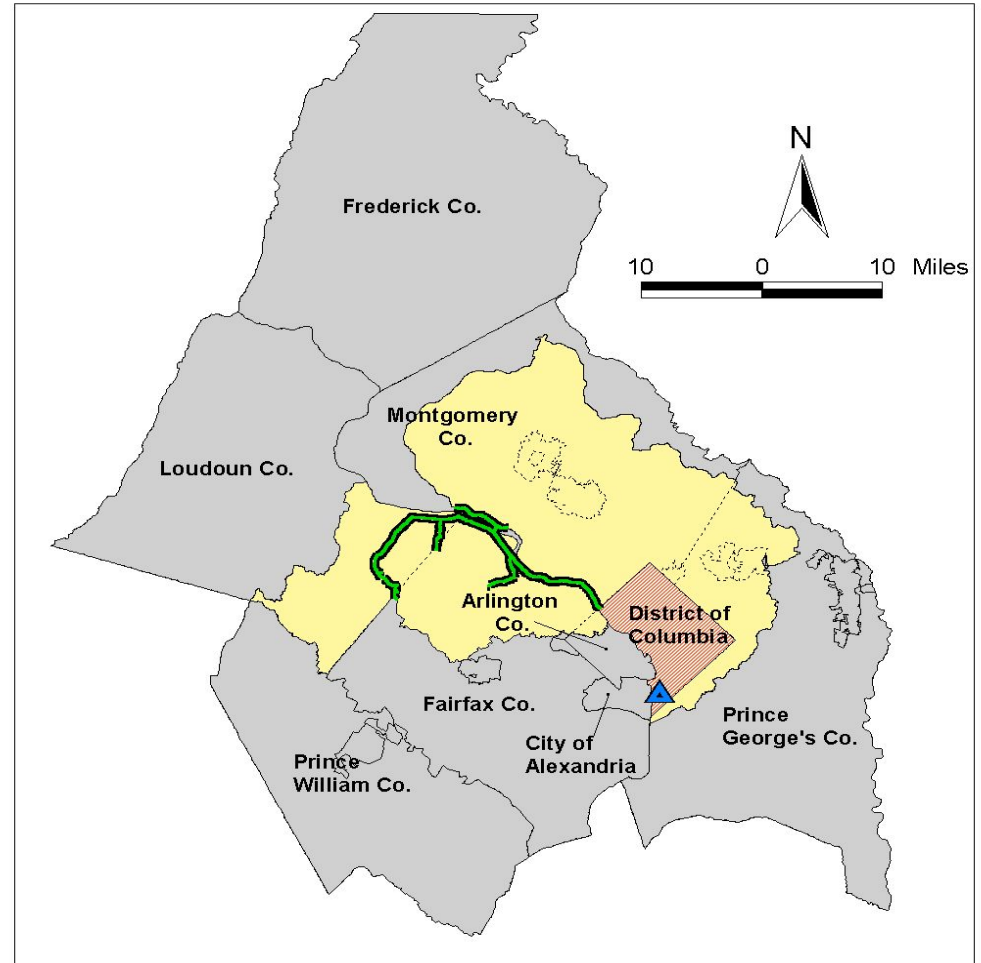
**FY 2009 Operating Budget:** \$363.2 million

**FY 2009 Capital Budget:** \$266.0 million





## Service Area

### District of Columbia-Water and Sewer Authority (DCWASA)



#### Legend Facilities managed by & Service Areas served by DCWASA

-  Blue Plains Wastewater Treatment Plant
-  Potomac Interceptor
-  Jurisdictional Boundaries
-  DC Water Distribution & Sewage Collection Systems
-  Blue Plains Service Area (suburban portion)
-  Blue Plains Service Area (DC portion)

Prepared for DCWASA by Department of Environmental Programs  
Metropolitan Washington Council of Governments  
Created on: February, 2001

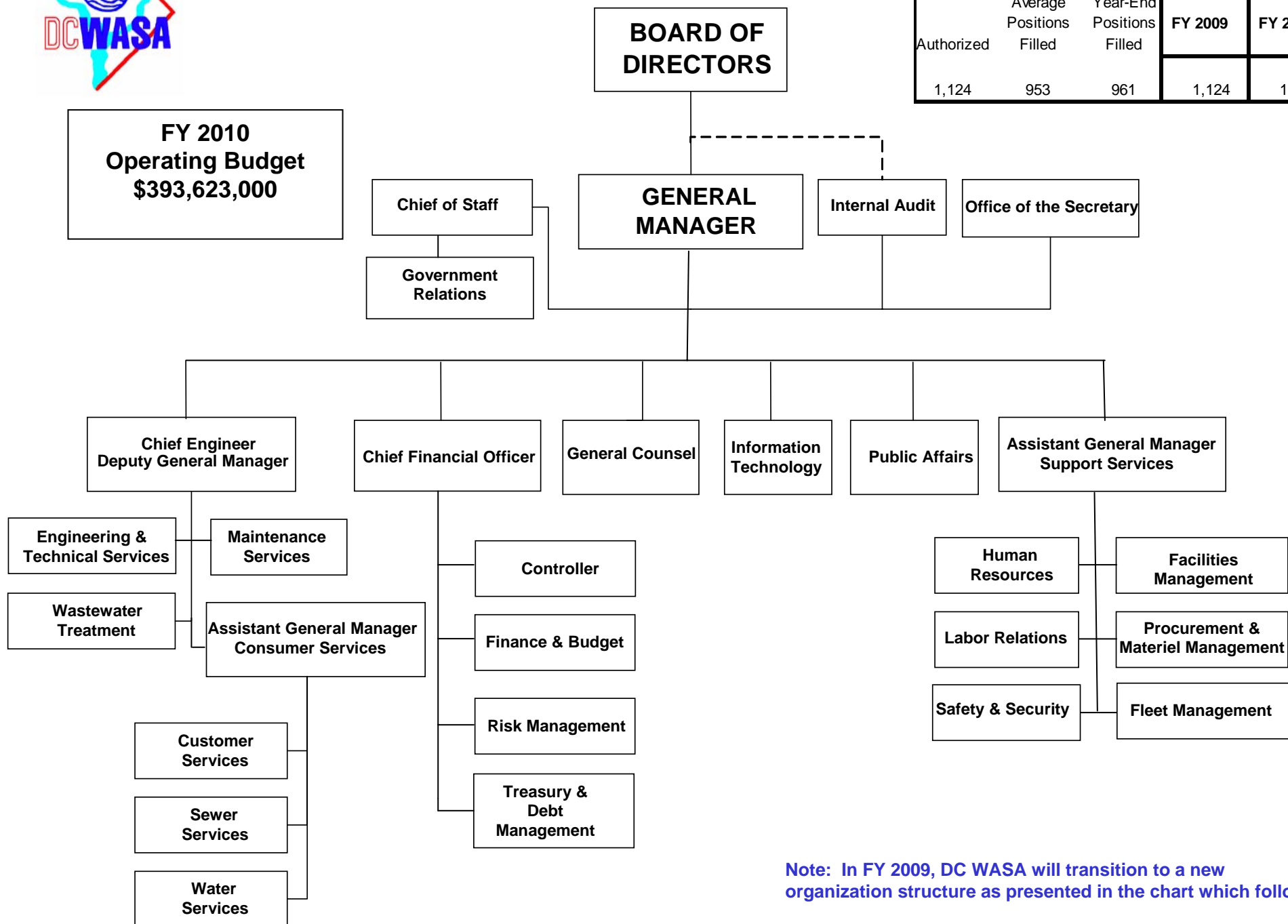
**Note:** DC WASA's service area covers the District of Columbia and portions of Montgomery and Prince George's Counties in Maryland, and Fairfax and Loudoun Counties in Virginia.





POSITIONS				
FY 2008			FY 2009	FY 2010
Authorized	Average Positions Filled	Year-End Positions Filled		
1,124	953	961	1,124	1,124

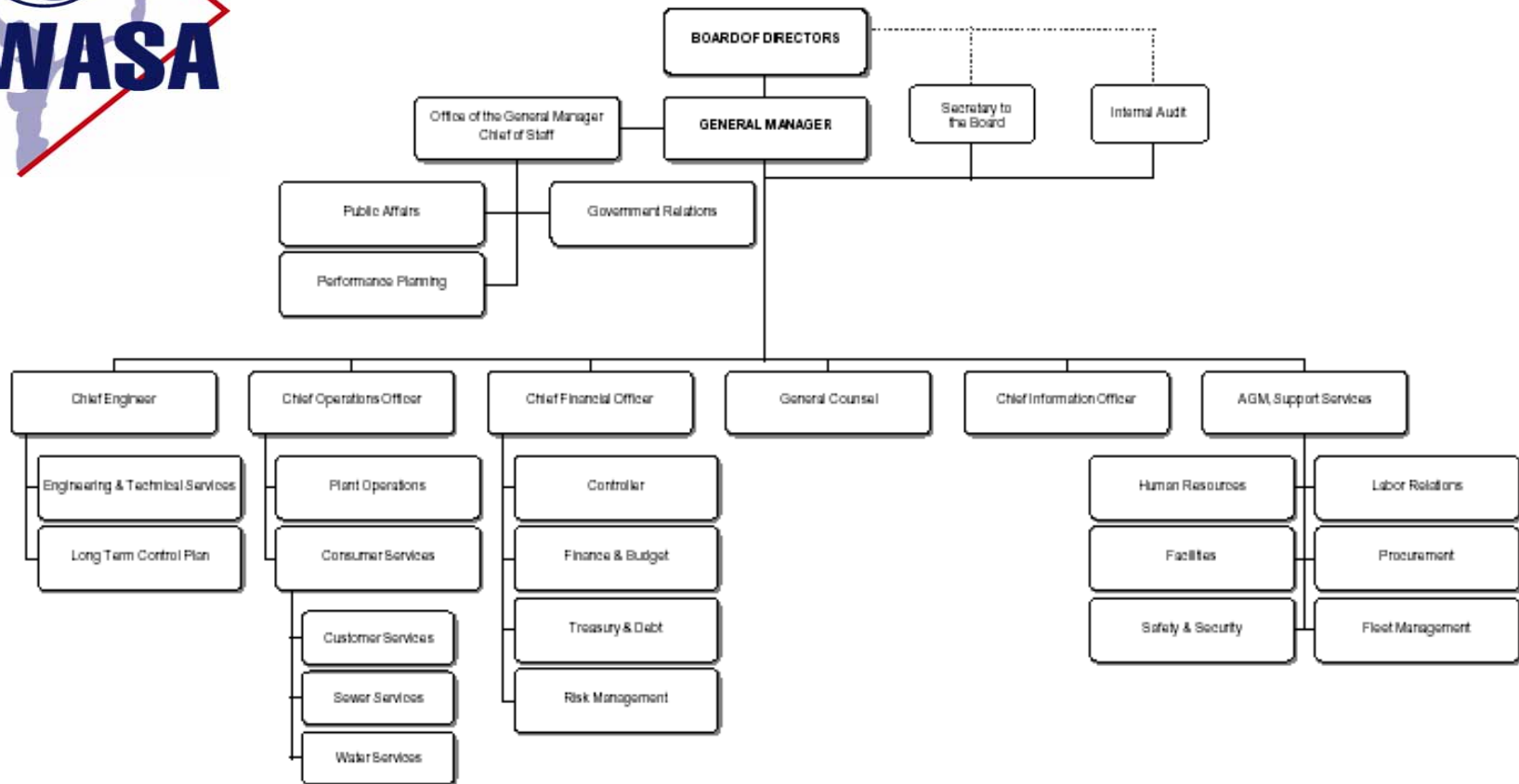
**FY 2010  
Operating Budget  
\$393,623,000**



**Note: In FY 2009, DC WASA will transition to a new organization structure as presented in the chart which follows.**



D. C. Water & Sewer Authority  
Organization Chart



## PRIMARY WASA PERFORMANCE MEASURES & TARGETS

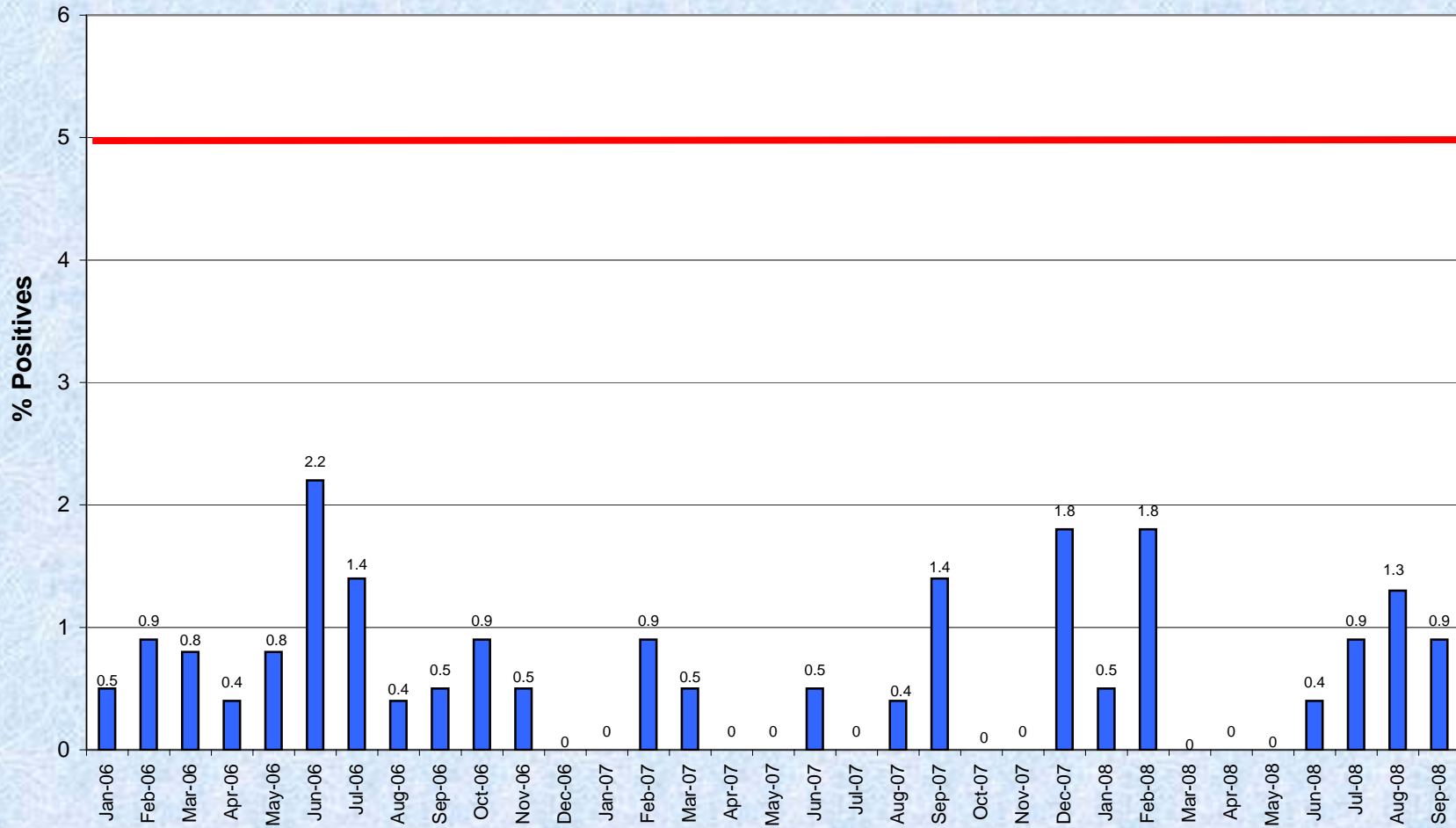
Description	Performance Target	FY 2008 Actual Performance	FY 2009 Target
<b>Customer Service</b> <ul style="list-style-type: none"> <li>• Meter Reading Accuracy Rate</li> <li>• Calls Answered on Non-Peak Days</li> </ul>	<ul style="list-style-type: none"> <li>• 99.9% for AMR meters</li> <li>• 97% serviced in 2 minutes</li> <li>• 85% serviced in 40 seconds</li> </ul>	<ul style="list-style-type: none"> <li>• 99.9% for AMR meters</li> <li>• 95% serviced in 2 minutes</li> <li>• 89% serviced in 40 seconds</li> </ul>	<ul style="list-style-type: none"> <li>• 99.9% for AMR meters</li> <li>• 85% serviced in 40 seconds</li> </ul>
<b>Water System</b> <ul style="list-style-type: none"> <li>• Drinking Water Quality</li> <li>• Response Time for Water Main Breaks</li> <li>• Percent of Known Fire Hydrants in Service</li> </ul>	<ul style="list-style-type: none"> <li>• Meet or surpass EPA requirements</li> <li>• Respond to 95% in less than 45 minutes</li> <li>• Repaired 84% of mains within ten days</li> <li>• 99%</li> </ul>	<ul style="list-style-type: none"> <li>• Below action level on Lead and Copper Rule in January through June period; on track to be below action level for July to December period</li> <li>• Responded to 3,212 emergency service orders, of which 2,635 (82%) were responded to within 45 minutes</li> <li>• Repaired 465 leaking mains, of which 421 (91%) were repaired within 10 days</li> <li>• 98%</li> </ul>	<ul style="list-style-type: none"> <li>• Continue compliance with all EPA drinking water requirements</li> <li>• Respond to 95% within 45 minutes</li> <li>• Repair 90% in ten days</li> <li>• 99%</li> </ul>
<b>Wastewater System</b> <ul style="list-style-type: none"> <li>• EPA Wastewater Quality Standards</li> <li>• Catch Basin Cleaning</li> </ul>	<ul style="list-style-type: none"> <li>• 100% compliance with EPA wastewater quality standards</li> <li>• 25,000 per year</li> </ul>	<ul style="list-style-type: none"> <li>• 100 % compliance with EPA wastewater quality standards</li> <li>• 28,341 per year</li> </ul>	<ul style="list-style-type: none"> <li>• 100% compliance with EPA wastewater quality standards</li> <li>• 28,000 per year</li> </ul>
<b>Financial</b> <ul style="list-style-type: none"> <li>• Senior Debt Service Coverage</li> <li>• Operating Cash Reserves</li> <li>• Investment Performance</li> </ul>	<ul style="list-style-type: none"> <li>• 140% Board policy</li> <li>• 6 months Operations &amp; Maintenance (O&amp;M) expenses – Board policy – \$111.3 million – FY 2007 target</li> <li>• Exceed three months Treasury Bill rate by at least 15 basis points</li> </ul>	<ul style="list-style-type: none"> <li>• 468% - FY 2008 actual</li> <li>• \$118.6 million – FY 2008 actual</li> <li>• Exceeded by 198 basis points</li> </ul>	<ul style="list-style-type: none"> <li>• 140% Board Policy</li> <li>• \$125.5 million – Board Policy</li> <li>• Exceed three months Treasury Bill rate by at least 15 basis points</li> </ul>



# DC DRINKING WATER TOTAL COLIFORM RESULTS

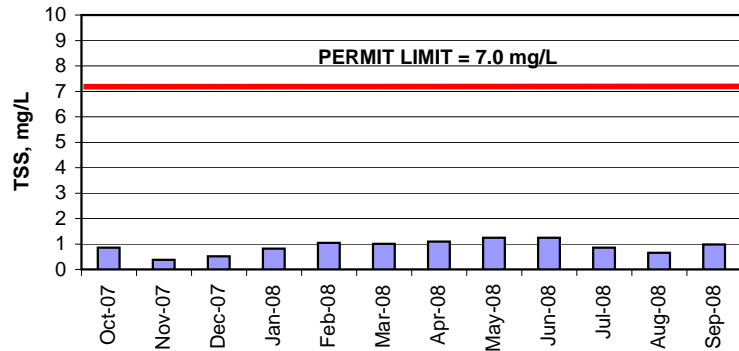
January 2006 - September 2008

Environmental Protection Agency - Maximum Contaminant Levels = 5% positives per month



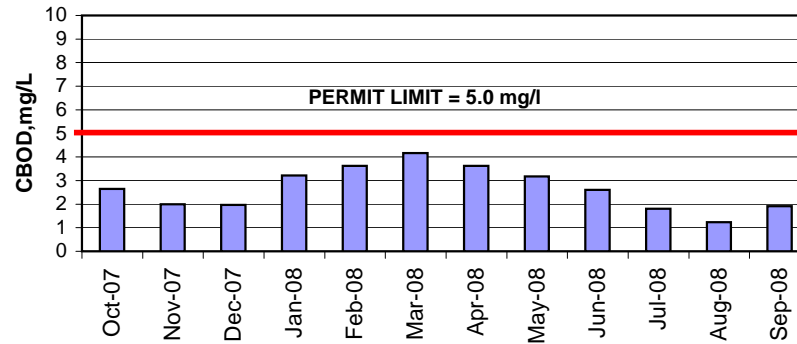
**BLUE PLAINS WASTEWATER TREATMENT PLANT  
PLANT EFFLUENT QUALITY  
OCTOBER 2007 - SEPTEMBER 2008**

**MONTHLY AVERAGE  
EFFLUENT SUSPENDED SOLIDS  
TSS, mg/L**



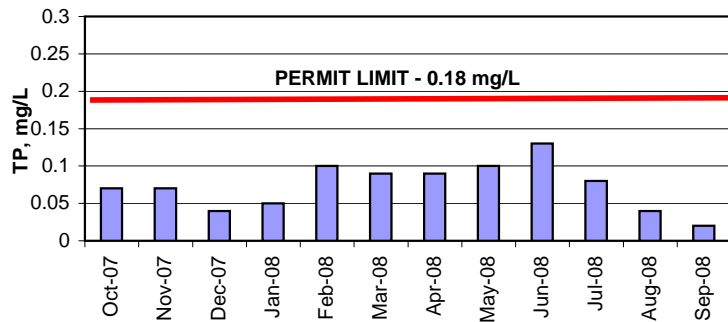
Effluent Total Suspended Solids (TSS) is a measure of the amount of solid materials that remains suspended after treatment.

**MONTHLY AVERAGE  
EFFLUENT CBOD, mg/L**



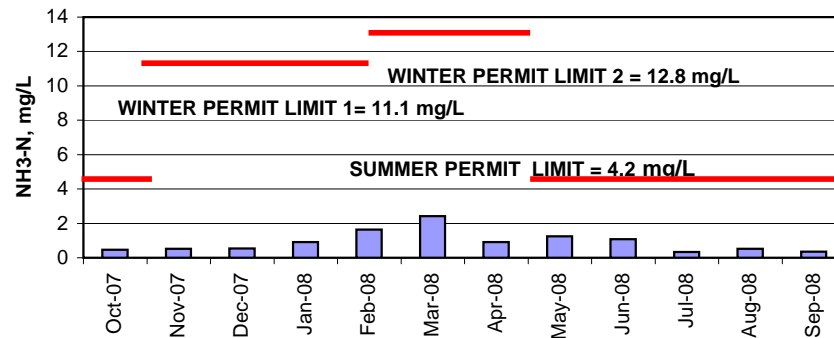
Carbonaceous Biochemical Oxygen Demand (CBOD) is a measure of the amount of dissolved oxygen required for the decomposition of organic materials.

**MONTHLY AVERAGE  
EFFLUENT TOTAL PHOSPHORUS  
TP, mg/L**



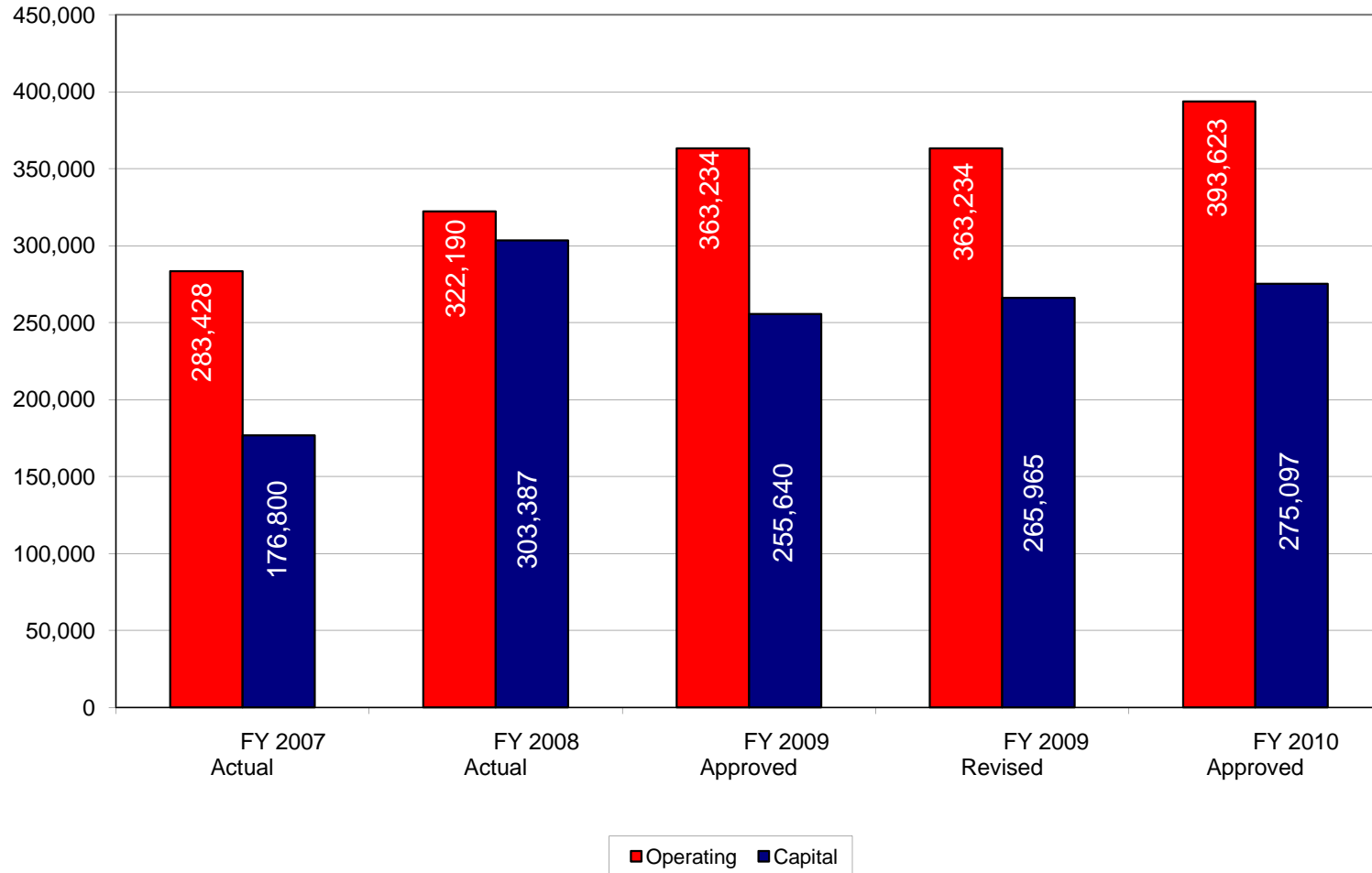
The total Phosphorus (TP) is a measure of the particulate and dissolved phosphorus in the effluent.

**MONTHLY AVERAGE  
EFFLUENT AMMONIA NITROGEN  
NH3-N, mg/L**

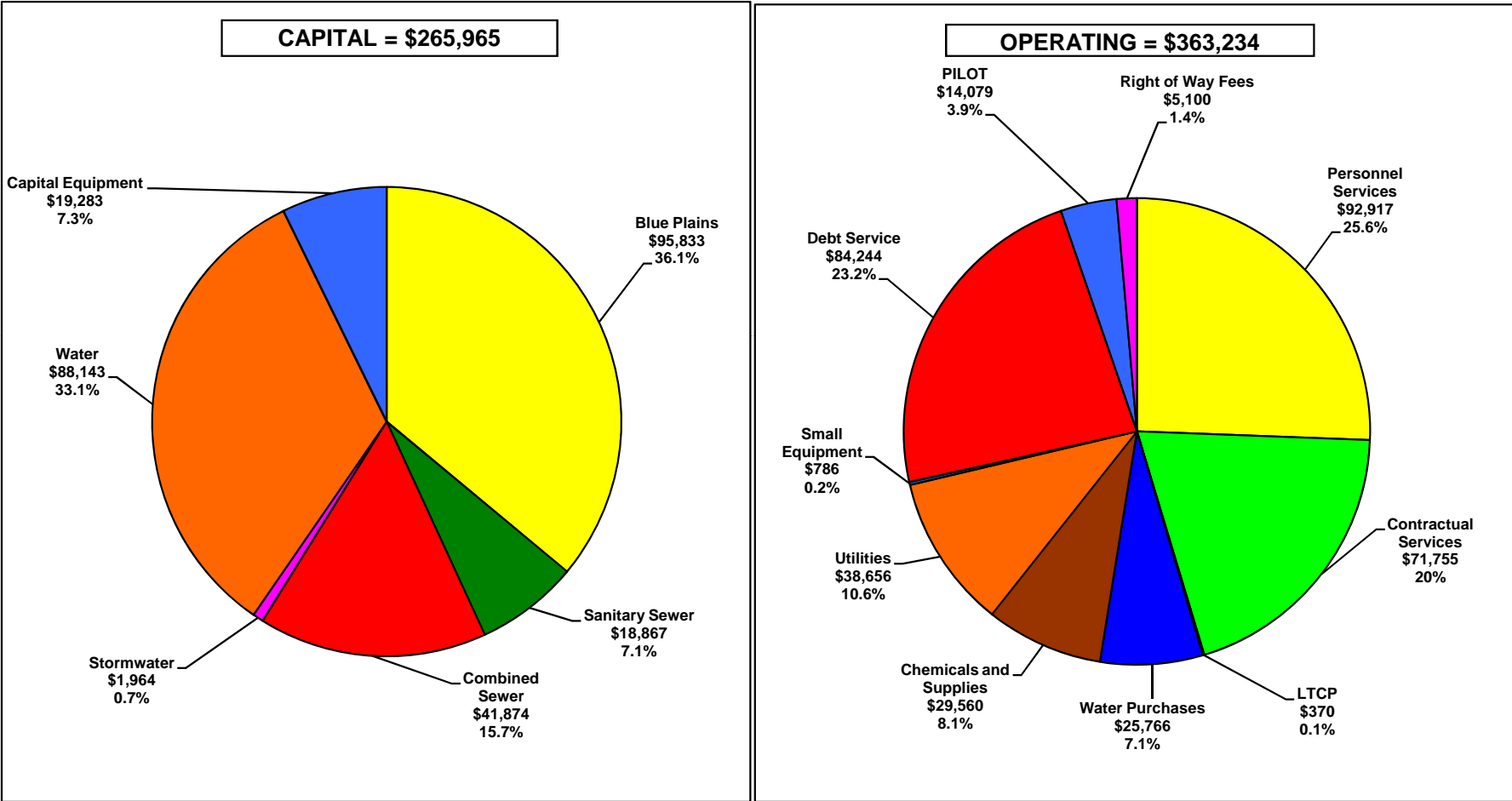


The Ammonia Nitrogen (NH3-N) is a measure of the nitrogen found in ammonia.

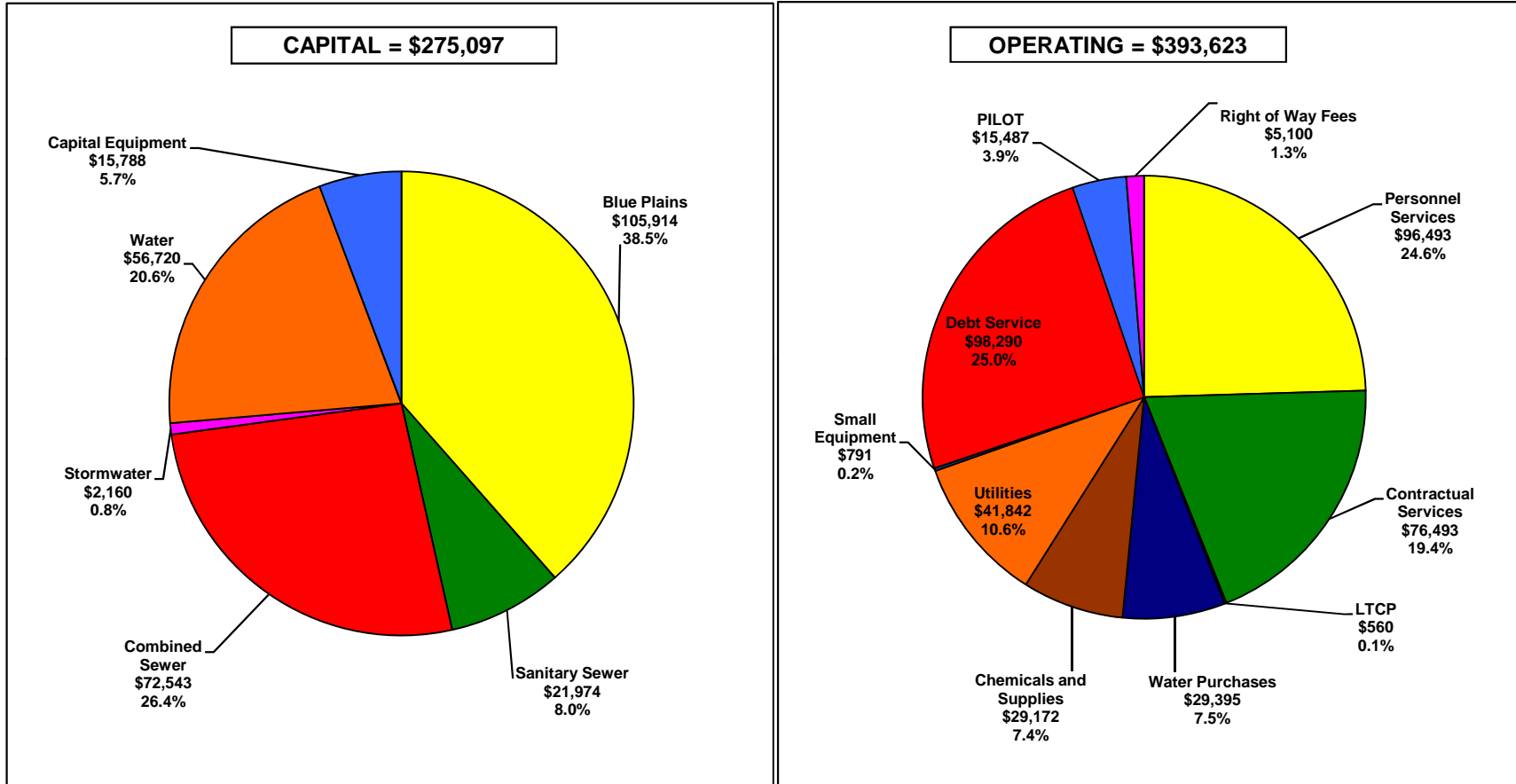
## Operating and Capital Expenditures FY 2007 - FY 2010 (\$'000's)



# FY 2009 Revised Budget (\$000's)



## FY 2010 Approved Budget (\$000's)



## Comparative Expenditures

(\$000's)

	<u>FY 2007 ACTUAL</u>	<u>FY 2008 ACTUAL</u>	<u>FY 2009 APPROVED</u>	<u>FY 2009 REVISED</u>	<u>FY 2010 APPROVED</u>
<b><u>CAPITAL (Cash Disbursements Basis)</u></b>					
Blue Plains	51,695	85,275	90,571	95,833	105,914
Sanitary Sewer	14,741	15,773	31,118	18,867	21,974
Combined Sewer	35,631	24,933	23,394	24,330	49,606
Combined Sewer Overflow Long Term Control Plan	7,084	13,691	9,175	17,544	22,937
Stormwater	1,653	2,531	3,181	1,964	2,160
Water	53,732	146,554	84,898	88,143	56,720
Capital Equipment	12,264	14,630	13,303	19,283	15,788
<b>Total Capital</b>	<u>176,800</u>	<u>303,387</u>	<u>255,640</u>	<u>265,965</u>	<u>275,097</u>
<b><u>OPERATING</u></b>					
Personnel Services	78,497	84,518	92,235	92,917	96,493
Contractual Services	55,075	58,199	69,599	71,755	76,493
Water Purchases	24,042	25,746	23,601	25,766	29,395
Chemicals and Supplies	23,256	27,821	27,183	29,560	29,172
Utilities	32,238	37,843	37,821	38,656	41,842
Small Equipment	471	676	873	786	791
Lead Abatement Program	1,492	531	1,000	-	-
Long Term Control Plan	-	-	370	370	560
<b>Total O&amp;M</b>	<u>215,071</u>	<u>235,335</u>	<u>252,683</u>	<u>259,811</u>	<u>274,746</u>
Debt Service	50,843	69,330	91,240	84,244	98,290
Payment in Lieu of Taxes	12,414	12,425	14,210	14,079	15,487
Right of Way Fees	5,100	5,100	5,100	5,100	5,100
Subtotal Operating	<u>283,428</u>	<u>322,190</u>	<u>363,234</u>	<u>363,234</u>	<u>393,623</u>
Personnel Services charged to Capital Projects	<u>(7,541)</u>	<u>(8,681)</u>	<u>(8,400)</u>	<u>(8,400)</u>	<u>(8,400)</u>
<b>Total Operating</b>	<u>275,887</u>	<u>313,510</u>	<u>354,834</u>	<u>354,834</u>	<u>385,223</u>

## CASH FLOW SUMMARY

(\$000's)

	FY 2008 Actual	FY 2009 Approved Budget	FY 2009 Revised Budget	FY 2010 Approved Budget
<b>OPERATING BUDGET</b>				
<b>Operating Receipts:</b>				
Residential, Commercial & Multi-Family	\$ 165,927	\$ 174,704	\$ 171,600	\$ 194,339
Federal	31,556	33,478	33,478	41,441
Municipal	7,466	7,839	7,853	9,459
D.C. Housing Authority	6,204	6,841	6,607	7,307
Groundwater	-	5	5	5
Metering Fee	5,531	5,300	5,500	5,500
Right of Way Fee	17,636	19,310	19,179	20,587
<i>Subtotal Retail</i>	<u>\$ 234,320</u>	<u>\$ 247,477</u>	<u>\$ 244,222</u>	<u>\$ 278,638</u>
Wholesale	62,841	63,210	67,331	68,577
Other Operating Receipts (1)	49,033	41,555	41,044	41,646
<b>Total Operating Receipts</b>	<u>\$ 346,194</u>	<u>\$ 352,242</u>	<u>\$ 352,597</u>	<u>\$ 388,861</u>
<b>Operating Disbursements</b>				
Personnel Services	75,868	83,835	84,517	88,093
Contractual Services	63,602	70,969	72,124	77,053
Chemicals & Supplies	28,538	27,183	29,560	29,172
Utilities & Rent	36,906	37,821	38,656	41,842
Water Purchases	25,739	23,601	25,766	29,395
Small Equipment	775	873	786	791
<i>Subtotal Operations &amp; Maintenance</i>	<u>\$ 231,428</u>	<u>\$ 244,282</u>	<u>\$ 251,409</u>	<u>\$ 266,346</u>
Payment in Lieu of Taxes / Right of Way Fee	17,514	19,310	19,179	20,587
Debt Service	67,685	83,898	84,244	92,729
<b>Total Operating Disbursements</b>	<u>\$ 316,627</u>	<u>\$ 347,490</u>	<u>\$ 354,832</u>	<u>\$ 379,662</u>
<b>Operating Surplus</b>	<u>\$ 29,567</u>	<u>\$ 4,752</u>	<u>\$ (2,235)</u>	<u>\$ 9,199</u>
<b>CAPITAL BUDGET (See Section 6 for more details)</b>				
Sources of Capital Funds	\$ 103,093	\$ 271,774	\$ 418,307	\$ 161,052
Uses of Capital Funds	<u>303,387</u>	<u>273,385</u>	<u>265,964</u>	<u>275,098</u>
<b>Pay-As-You-Go Financing</b>	<u>\$ (200,294)</u>	<u>\$ (1,611)</u>	<u>\$ 152,343</u>	<u>\$ (114,046)</u>
<b>CASH RESERVES:</b>				
<b>Beginning O&amp;M Reserve Balance (Net of Rate Stabilization Fund)</b>	\$ 116,743	\$ -	\$ 139,050	\$ 123,210
Operating Surplus	29,567	4,752	(2,235)	9,199
Wholesale Customer Refunds/Payments for Prior Years	(3,156)	4,752	2,068	568
Transfer to Rate Stabilization Fund	-	-	(10,000)	-
Prior Year Right of Way Payment	-	-	-	-
Prior Year Federal Billing Reconciliation	(5,308)	(992)	(991)	(838)
Interest Earned from Bond Reserve	148	1,156	376	918
Pay-As-You-Go Capital Financing	1,056	(1,611)	(5,058)	(2,387)
<b>Ending O&amp;M Reserve Balance (Net of Rate Stabilization Fund)</b>	<u>\$ 139,050</u>	<u>\$ 8,057</u>	<u>\$ 123,210</u>	<u>\$ 130,670</u>
<b>Rate Stabilization Fund</b>	<u>\$ 43,600</u>	<u>\$ 21,000</u>	<u>\$ 28,600</u>	<u>\$ 4,000</u>

(1) FY2008, Includes \$24.9 million transfer from Rate Stabilization Fund

FY2009, Includes a \$10 million transfer to the Rate Stabilization fund and a \$25.0 million transfer from Rate Stabilization Fund

FY2010, Includes a \$24.6 million transfer from Rate Stabilization Fund



## **ACCOUNTING AND BUDGET PROCESSES**

### **Basis of Accounting**

DC WASA is a single enterprise fund and maintains accounting records using the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP). Under this basis of accounting, revenues are recorded when earned, and expenses are recorded when goods and services are received. DC WASA expenditure budget is prepared on a comparable basis to GAAP, with the exception of debt service (including principal and interest) that is budgeted in full when due. Depreciation and interest expense are recorded as expenses for financial statement purposes. (Depreciation is not budgeted.)

### **Annual Budget Process**

The general framework for the operating and capital budget development, along with specific dates for the presentation of several phases of the budget, is illustrated in the following budget calendar. The budgetary process is an integrated approach that links the operating and capital budgets with the ten-year financial plan. Preparation of DC WASA's budget begins in spring with development of the ten-year financial plan. Based on the financial framework laid out in the ten-year plan, departments develop individual operating budgets, and management reviews these submissions over the summer. These budgets cover a two-year period, including a revised budget for the immediate ensuing fiscal year (e.g., beginning October 1, 2009) and a proposed budget for the next fiscal year (e.g., beginning October 1, 2010). Concurrent with the operating budget process, the Authority's ten-year capital program is developed and reviewed by management. In October, management presents the operating budgets, ten-year plan, and capital improvement program to the Board's Environmental Quality and Operations and Finance & Budget Committees for their review. The Committees complete their review from October through December. The operating budgets, capital improvement program, and ten-year plan are then forwarded to the full Board for its consideration in January.

After adoption by the Board of Directors, the Authority is required to submit its annual operating and capital budgets to the Mayor and Council of the District of Columbia for its review and comment; however, neither has power to change the annual budgets of the Authority. The District then includes the Authority's budgets as an enterprise fund in the fiscal year budget it sends to the U.S. Congress for approval. Any increases to the Authority's approved budget must receive approval from the U.S. Congress.

### **Budgetary Control**

After the U.S. Congress approves the budget, the operating and capital budgets are loaded into the DC WASA's financial management system, which prevents overspending without appropriate approvals. The Department of Finance and Budget prepares daily and monthly management reports for each operating unit, management staff, the Board of Directors and its various committees. The reports are consistently reviewed each month to ensure the Authority complies with its authorized budget levels.

## **DC WASA HISTORY & GOVERNANCE**

The District of Columbia Water and Sewer Authority (DC WASA) was created in April 1996 and began operating October 1, 1996 under and pursuant to an act of The Council of the District of Columbia and an act of the United States Congress. Previously, the Water and Sewer Utility Administration, a division of the District's Department of Public Works, performed DC WASA's operations. Since 1996, the Authority has met its mission of providing clean drinking water to residents of the District of Columbia and wastewater conveyance and treatment services to both residents of the District and wholesale customers in Maryland and Virginia.

A Board of Directors consisting of eleven principal and eleven alternate members who represent the District of Columbia, Montgomery and Prince George's Counties in Maryland and Fairfax County in Virginia govern DC WASA. The Mayor of the District of Columbia appoints, and the Council confirms, all District Board members, including the Chairperson. In addition, the Mayor appoints the five principal and five alternate members who represent the surrounding jurisdictions based on submissions from those jurisdictions. All members serve four-year terms. The DC WASA may only take action on policy matters after it receives a favorable vote of no less than six members of the Board of Directors. All Board members participate in decisions directly affecting the general management of joint-use facilities (such as projects at the Blue Plains Advanced Wastewater Treatment Plant), and only the District of Columbia members participate in decisions for those matters that affect only District ratepayers. Rates setting authority resides solely with the Board of Directors, and is a non-joint use matter.

**FY 2010  
Budget Calendar**

Month	Event
May	<b>General Manager's Budget Kickoff Meeting</b>
May	Distribute budget preparation materials  <b>Business Planning</b> • 10-year plan update based on new capital numbers
June	<b>FY 2009 – FY 2018 Final Capital Budget Submission due to Budget Office - Update from DETS</b>  <b>Revised FY 2010 &amp; Proposed FY 2011 Operating Budget Submission due to Budget Office</b>
June	<b>Departmental meetings with Budget &amp; Finance Staff</b>
June – August	<b>General Manager's Budget Reviews</b> • Departmental and CIP meetings with General Manager  • Final meetings and General Manager's budget decisions
September	<b>Complete FY 2010 Budget Decision Process</b>
October	<b>Budget due to printer</b>
October	<b>Submit Revised FY 2010 &amp; Proposed FY 2011 Budget to:</b> • Finance and Budget Committee • Environmental Quality and Operations Committee
November - December	<b>Board Committees Review of Budget Proposals</b>
January	• <b>Board Adoption</b> • <b>Submission to District</b>
June	<b>District Submission to Congress</b>



Revised FY 2009  
and Approved FY 2010

# Operating Budgets

SECTION III

## Financial Plan

*Blocked and aging sewer lines are cleared by Sewer Services crews. DC WASA has completed a five-year evaluation of 80 miles of critical sewer system infrastructure.*



District of Columbia  
Water and Sewer  
Authority



## WASA KEY FINANCIAL POLICIES

- **DEBT SERVICE COVERAGE** -- WASA will set rates and develop operating and capital budgets that ensure **senior debt service coverage of 140 percent**
  - This coverage level exceeds WASA's bond indenture requirement of 120 percent senior debt service coverage
- **CASH RESERVES** -- WASA will maintain **cash reserves approximately equivalent to six months' operating and maintenance expenses**, approximately \$125.5 million in FY 2009.
- **PAY-GO FINANCING OF CAPITAL** -- WASA will finance a portion of its capital program on a **pay-go basis from cash reserves that exceed the operating & maintenance reserve level**.
- **RATE-SETTING PRINCIPLES**
  - WASA's rates and fees will be based on the **actual cost to deliver each service**.
  - Rate increases will be implemented in a **gradual and predictable** manner, avoiding large one-time rate increases.
- **RATE STABILIZATION FUND** -- Once WASA achieves its required level of cash reserves, a **rate stabilization fund** will be established to **avoid "rate shock."** At the end of FY 2008, WASA's rate stabilization fund totaled \$43.6 million.

## **FY 2008 - 2017 FINANCIAL PLAN**

### **Overview**

DC WASA's strong financial performance and its success in achieving and maintaining strong "Aa3 / AA / AA-" category bond ratings has been in large part due to the annual development of and adherence to a ten-year strategic financial plan. This commitment to sound financial and business planning resulted in an unsolicited bond upgrade by Standard and Poor's in FY 2008. This financial plan serves as one of management's key tools to monitor progress in meeting financial goals and to proactively address future financial and operational issues. During FY 2008, DC WASA met or exceeded the goals set by Board policy and the FY 2007 - 2016 ten-year plan. This budget includes DC WASA's twelfth comprehensive ten-year financial plan, covering FY 2008 – 2017.

The necessity of a ten-year financial plan is clear:

1. DC WASA operates under a regulatory and capital project-driven environment that requires a longer term ten-year planning horizon. In order to provide our customers with the best service possible and with gradual and predictable rate increases, DC WASA must plan for all projects on a long-term and integrated basis, including both capital and operating requirements. A five year, capital-only financial plan would insufficiently prepare DC WASA to address the major regulatory, operational and capital project issues that will impact service, operations, and rates over the next five to ten years.
2. In accordance with Board policy, DC WASA will set rates so that each customer will be charged for the actual cost to provide each service, and rate increases will be gradual and predictable. Since proposed future rate increases are due to financing of DC WASA's capital program. Primarily the development of a ten-year financial plan allows DC WASA to meet these key goals of full cost recovery and predictability.
3. The Board has directed DC WASA management to undertake internal improvements that will significantly lower operating costs over a ten-year period. A ten-year plan is required to bridge current operations and related capital and operating budgets with these longer term cost reduction goals.

Board policies, priorities and guidance in several key financial areas drive the development of the FY 2008 - 2017 financial plan. Given DC WASA's substantial borrowing needs over the next ten years, adherence to these Board policies is crucial in order to cost-effectively access the capital markets and retain our credibility with customers and regulators. Key Board policies are summarized below.



### *Financing and Reserve Policies*

In FY 2004, the Board completed a review of its existing financing policies, reaffirming the core policies. Two modifications were made to the reserves policy and revisited in FY 2008. In FY 2008 the Board reviewed the financial policies and reaffirmed the size of the reserve to be \$35 million for a period of five years. The other changes from the FY 2004 review included: 1) Changing the timing of when DC WASA is required to meet its overall operations and maintenance reserve requirement from September 1 to an average daily balance basis, resulting in a more conservative calculation that also more realistically reflects DC WASA's annual reserve levels. These changes were reviewed and endorsed by DC WASA's bond counsel, financial advisors, and rate consultants.

DC WASA's financing policies are as follows:

1. DC WASA will maintain financial practices and policies that result in high quality investment grade bond ratings so as to ensure the lowest practical cost of debt necessary to finance DC WASA's long-term capital program.
2. DC WASA will maintain strong levels of operating cash reserves, equivalent to approximately six months of budgeted operations and maintenance costs, calculated on an average daily balance basis. The annual reserve amount will be formally approved by the Board as part of its annual approval of the operating and capital budgets and ten-year plan. The operating reserve will, at a minimum, include any reserve requirements contained in DC WASA's master trust indenture as follows, excluding any debt service reserve funds and the rate stabilization fund:
  - *Operating Reserve* – equivalent to sixty days' operating costs
  - *Renewal & Replacement Reserve* - \$35 million. This reserve requirement will be evaluated every five years by DC WASA's independent rate consultant in conjunction with the indenture-required system assessment. The assessment was performed in 2008 and the draft is under review.
  - *District of Columbia General Obligation Debt Reserve* – equivalent to ten percent of DC WASA's share of subsequent year's District general obligation bond debt service
3. DC WASA will maintain senior debt service coverage of 140 percent, in excess of DC WASA's indenture requirement of 120 percent. Senior debt service coverage will be calculated in accordance with DC WASA's indenture.
4. In general, DC WASA will utilize operating cash in excess of the Board's reserve requirement and any other significant one-time cash infusions for capital financing or for repayment of higher cost debt.
5. DC WASA will whenever possible use the least costly type of financing for capital projects, based on a careful evaluation of DC WASA's capital and operating requirements and financial position for each year.
6. DC WASA will attempt to match the period of debt repayment, in total, with the lives of the assets financed by any such debt.

### *Rate Setting and Budgetary Policies*

DC WASA's rate-setting policies are based on the following principles:

1. Rates and fees will be based on the actual cost to deliver each service.
2. Current rates must be sufficient to cover current costs and to meet all bond covenants.
3. Rates will be based on an annually updated ten-year financial plan (both operating and capital).
4. Rate increases will be implemented in a gradual and predictable manner, avoiding large one-time rate increases.
5. Contributions to and usage of a rate stabilization fund as needed to avoid "rate shock." Each year, after reviewing pay-go financing and any other non-recurring financing uses of excess operating cash, the annual rate stabilization fund deposit, if any, is determined. Transfers into the rate stabilization fund will be approved by the Board at the end of each fiscal year. This fund was established in FY 2000 and its balance at the end of FY 2008 was \$43.6 million.

### *Cash Management and Investment Policies*

In September 2007, the board adopted a new "Statement of Investment Policy". This policy is designed to ensure the prudent management of Authority funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices. The investment portfolio shall be managed to accomplish the following hierarchy of objectives:

1. Safety
2. Liquidity
3. Return on investment
4. Diversity

### ***Major Accomplishments***

The FY 2007 - 2016 financial plan and Board policy set out several financial and organizational goals to be accomplished in FY 2008. During FY 2008, DC WASA met or exceeded the financial goals set out by the Board and the FY 2007 - 2016 financial plan. Senior debt service coverage, reserve levels, and budget performance all met or surpassed Board policies, as discussed in more detail below.

- ★ Implementation of the Impervious Surface Area Charge to recover the cost of the Combined Sewer Overflow Long-Term Control Plan (CSO LTCP) is scheduled for May 2009. The twenty-year LTCP, whose terms are outlined in a consent decree executed in March 2005, is projected to cost \$2.2 billion. See "Combined Sewer Overflow Long-Term Control Plan" for additional details on the projected rate impact of the plan.



In FY 2007, DC WASA started the implementation of an impervious rate structure for CSO and Stormwater cost recovery to be effective in FY 2009. An impervious surface area charge offers the following advantages:

- Provides a better allocation of cost responsibility, relating the costs to the proportionate contribution of each customer (or the amount of the runoff).
  - Recovering costs using an IAC will improve understanding of the environmental impacts and provide an opportunity to create incentives for customers to take steps to demonstrate measurable reductions in their contributions to combined sewer overflows.
- ★ DC WASA Board policy requires senior debt service coverage of at least 140 percent, greater than the indenture requirement of 120 percent. **DC WASA's senior debt service coverage in FY 2008 was at 468 percent**, reflecting implementation of the Board's policy of gradual and predictable rate increases and lower than projected capital spending. Senior debt service coverage will decline to the Board's 140 percent policy level as capital spending and related debt issuance increase. Subordinate debt service coverage (subordinate debt service includes DC WASA's subordinated lien revenue bonds, DC WASA's share of the District of Columbia general obligation debt, Little Seneca Reservoir debt, and Jennings Randolph Reservoir debt) in FY 2008 was at 186 percent. DC WASA is required to have 100 percent coverage of subordinate debt service. Combined debt service coverage was at 157 percent (in FY 2008).
- ★ **DC WASA will contribute an additional \$10.0 million to the rate stabilization fund in FY 2009**, raising the balance in this fund to \$53.6 million.
- ★ DC WASA Board policy calls for cash reserves (excluding the rate stabilization fund) equivalent to 180 days' operating and maintenance expenses, or approximately \$118.6 million in FY 2008, based on the Board-revised budget. **DC WASA consistently met this goal during FY 2008, with an average daily balance during the year of \$128.0 million, \$9.4 million greater than the Board's policy.** This year's plan provides for an increase in this reserve to \$125.5 million in FY 2009, in line with the revised FY 2009 operations and maintenance budget. It should be noted that a recent survey of compatible utilities conducted by an independent consulting firm demonstrates that the Board's policy of 180 days reserve is well above other water and sewer utilities that often have 30-90 days reserve requirements.
- ★ **DC WASA continued its strong operating budget performance in FY 2008.** Operating cash receipts surpassed budget by \$7.9 million, or 2.35 percent; operating expenditures are \$17.8 million, or 5.1 percent, less than the Board-revised budget. Although in FY 2008 DC WASA experienced higher than anticipated (budgeted) costs for electricity and chemicals used for operations driven by rising fuel costs and other market factors, DC WASA also had significant savings in debt service costs related to lower than anticipated financing cost on the variable rate debt which was refinanced to fixed rate debt in FY 2008.

- ★ Overtime spending was reduced from a high of \$8.7 million in FY 1997 (or 15 percent of payroll) to \$6.3 million in FY 2008, or 8.2 percent.
- ★ DC WASA implemented a retail water and sewer rate increase of 5.5 percent in FY 2008. In addition, the Board approved a retail water and sewer rate increase of 7.5 percent effective October 1, 2008 as well as an increase in the Right of Way and PILOT fees to recover the full costs of these fees charged to DC WASA by the District of Columbia government. The rate changes are mainly due to the increase in debt service cost to finance the capital improvement plan.
- ★ For the eighth consecutive year, DC WASA received the Government Finance Officers' Award for Distinguished Budget Presentation for its FY 2007 budget submission. DC WASA also received its eleventh unqualified audit opinion for the fiscal year ended September 30, 2007 and received the eleventh GFOA Certificate of Achievement for Excellence in Financial Reporting.
- ★ Given that the District Drinking water is compliant with federal standards for lead and there are competing essential infrastructure needs throughout the District, the Board has made changes to the \$438 million Lead Service Replacement (LSR) Program. In FY 2009 we will establish the management approach and structure to be able to continue to replace lead service lines in conjunction with DC WASA ongoing water main the District Department of Transportation (DDOT) projects and with customer participation. we will also continue to monitor the performance of the program to determine if any adjustments are warranted. Through FY 2008, over 14,000 public lines have been replaced to date. The ten-year plan includes capital disbursement costs for this program, estimated at \$144.8 million.
- ★ In FY 2008, we successfully renewed all of our insurance policies at essentially the same coverage and terms at 3 percent higher costs than previous year. There were improvements in coverage amid increases in property values, payroll and revenue.
- ★ DC WASA completed its fourth year of the rolling owner-controlled insurance program (ROCIP), under which DC WASA procures insurance coverage for the majority of our construction contractors. The result is substantially higher insurance coverage levels for all contracts and significant cost savings. At the end of FY 2008, 56 projects, and 174 contractors had been enrolled in the ROCIP program (including most of the lead service line replacement contracts), and preliminary savings estimates exceed \$1 million. Over the five year program, DC WASA anticipates enrolling a total of 120 projects, with estimated savings in the \$4 to \$5 million range. A major reason for the cost savings is the implementation of a uniformly strong safety program for all contractors.
- ★ DC WASA continued to build on the significant improvements made in the Department of Customer Service over the last few years, which have resulted in greatly improved service to DC WASA customers. Major accomplishments over the last year include:
  - Improved collections efforts, which have resulted in a reduction of delinquent retail accounts receivable over 90 days from \$26.5 million in September 2001 to \$6.1 million in September 2008.

- Implementation of the meter replacement/automated meter reading (AMR) program. The meter installation/Automated Meter Reading Program is 99 percent complete with just less than 1,000 residential and commercial meters remaining to be converted. The Authority will continue to aggressively attempt to complete the remaining installations utilizing a combination of contractors and DC WASA staff. We have initiated a special mailing to the customers requesting access to change the remaining meters. We are optimistic that with their support and cooperation we will complete our AMR installation program by fiscal year-end.
- ★ IMA renegotiation - 1985, the District signed the Blue Plains Intermunicipal Agreement (the IMA) with the “Users” of the Blue Plains Wastewater Treatment Plant facilities. The signatories consist of District of Columbia, Fairfax County in Virginia, Montgomery and Prince George’s Counties in Maryland and WSSC. The IMA outlines terms relating to facility location, sizing, capacity allocations and funding, long-term management of the wastewater treatment and disposal process. The Agreement also establishes a uniform payment basis for facilities and future improvements. IMA signatories share the cost of operations, maintenance and the capital program at the Blue Plains facility. The three surrounding counties comprise of approximately 60 percent of the Blue Plains capacity. Some of the terms in the 1985 IMA expires in 2010; for example, the Agreement states that capacity allocations at 370 mgd (peak capacity) remain in effect until 2010. In order to allow ample time to renegotiate any User issues, the Users began negotiations during FY 2006 and will continue discussions until all parties reach a new agreement. During FY 2008, the Blue Plains Regional Committee (BPRC) Financial Work Group (FWG) met to discuss the IMA renegotiation process, valuation model, joint-use operating reserves and additional issues regarding the upcoming IMA renegotiations. Recommendations from the FWG will be forwarded for further negotiations.
- ★ Potomac Interceptors Users Rate Update (PI) – In FY 2007, as stipulated in the Intermunicipal Agreement (the IMA), a PI rate study was conducted. The new rates for the PI users are effective from October 1, 2007 through September 30, 2010. The previous rate study was completed in FY 2004. The FY 2007 rate study analyzed DC WASA’s cost and determined the cost allocation of DC WASA’s current capital and O&M costs for PI users. The updated rates now reflect the Authority’s current capital and O&M costs.
- ★ Water Audit Program - During the latter part of FY 2008, we implemented a parallel water audit program. This program is to help establish a new methodology for tracking and reporting water losses consistent with the American Water Works Association (AWWA) standards. It will also enable us to better measure and compare DC WASA to other like entities. In FY 2008 a Water Audit Report was prepared by the consultants that adhered strictly to the International Water Association (IWA) water balance methodology which was recently adopted by the AWWA. The Water Audit Report made recommendations that when implemented, would reduce DC WASA non-revenue water. We are reviewing the parallel water audit program and will implement some or all of the requirements over the next several years as mentioned in the Water Audit Report to effectively reduce and track the non-revenue water.

- ★ Fire Hydrant Program - DC WASA initiated a fire hydrant replacement program in October 2005 and committed \$26.5 million to fund replacement/upgrade of up to 3,000 hydrants for the District of Columbia by 2011. In October 2007, DC WASA and FEMS entered into an MOU that established a regular inspection program and five-year target for replacement of fire hydrants. As of September 2008, we have replaced over 2,500 fire hydrants in public space and we will meet our target of 3,000 in FY 2009. This capital budget includes a proposal for Phase II of the MOU for approximately \$30 million in additional funding to replace an additional 3,000 fire hydrants by FY 2015.

### ***Future Goals***

The proposed FY 2008 - 2017 financial plan includes the resources necessary to accomplish critical financial and operational goals over the coming years, as summarized below.

- ★ Continue adherence to the Board's financial, investment, rate-setting and long-term planning policies.
- ★ Integrate findings from the water and sewer system assessment updates.
- ★ Continue implementation of the ten-year \$3.2 billion capital improvement program.
- ★ Continue implementation of the twenty-year, \$2.2 billion CSO Long-Term Control Plan, including rate structure changes.
- ★ Continue implementation of internal improvement plan across DC WASA.
- ★ Continue implementation of major improvements in customer service, including:
  - Complete AMR/meter replacement program.
  - Offer blind or vision-impaired customers the option of receiving bills in either Braille or large print.
  - Provide customers with the opportunity to communicate with customer care associates via on-line chat.
- ★ Successfully implement key information technology initiatives, including:
  - Implementation of the *process computer control system* (PCCS) which will automate a substantial number of Plant processes and is critical to achieving Blue Plain's internal improvement goals. Initial planning and design for this system began in FY 2002.

- Implementation of a new *asset management system*. By integrating DC WASA’s existing customer information, maintenance management, PCCS/SCADA and other systems, it will help us better track specific asset performance and perform more preventive maintenance, particularly in the water and sewer systems.
  - Successive phases and upgrades of the *financial, payroll, procurement and human resources information, and customer information and billing systems*.
  - Evaluation and development of *data redundancy* and related systems to ensure that DC WASA’s mission-critical systems can operate on an uninterrupted basis in the event of an emergency
- ★ Development of performance targets: As part of the effort to implement the Strategic Plan we have established a “design team” that has embarked on an intensive effort to develop clear performance measures that management and the Board will use to assess progress in achieving the Strategic Plan objectives. This initiative will not only establish measures, it will also create performance targets to help us set longer term and annual priorities to help us determine how we allocate resources through the ten-year financial plan and develop the operating and capital budgets we need to sustain and improve services. Formal deployment of the performance measurement and process improvement system is planned for 2009.
  - ★ Energy Conservation - Electricity continues to represent a significant portion of DC WASA’s operating costs, budgeted at \$32.1 million, or 12 percent of our \$259.8 million revised FY 2009 operations and maintenance budget. This is due, in part, to several factors that include deregulation in the District, rising oil prices, changes in inclement weather patterns, record global demand for power and oil, and regional transmission and grid changes. DC WASA has hired an Energy Manager to promote conservation and efficient use of electricity.

## **Rates**

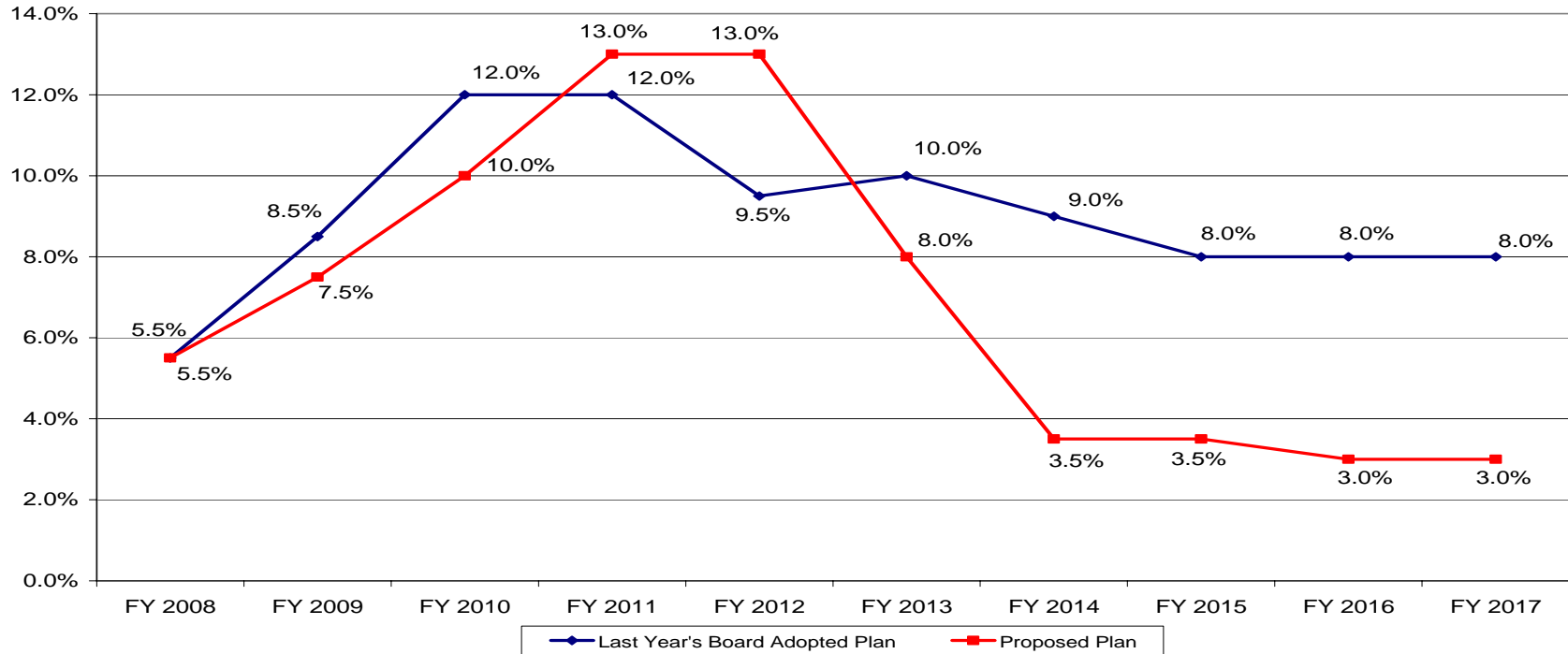
The proposed rate increases included in the FY 2008 – 2017 financial plan are driven by the following initiatives:

- ★ Increasing debt service expenditures, driven by DC WASA’s \$3.2 billion capital improvement program (cash disbursements basis), which increases on average by 14.5 percent over the ten-year planning period.
- ★ The initial phases of DC WASA’s twenty-year CSO Long Term Control Plan, totaling \$771.8 million (which is included in the DC WASA ten-year CIP)
- ★ Biosolids Management Digester project, which has increased by almost \$100 million and will be completed within 4 years.
- ★ Internal improvement programs – Operating budget savings at Blue Plains beginning in FY 2014 due to the implementation of the digester project.
  - Increasing operating expenditures, driven primarily by increases in chemical cost, electricity and personnel.
  - Operation and maintenance increase on average of 3.7 percent annually over ten year period.

Due to these ongoing and new initiatives, from FY 2008 – FY 2017, DC WASA’s water and sewer rates are projected to increase by 3.0 percent to 13 percent annually, with cumulative rate increases totaling 70.0 percent, as shown in the chart below. Projected retail rate increases are higher by 0.5 to 2.5 percent annually over last year’s plan due to increases in District ratepayer-funded projects in the CIP and a higher base level of operations and maintenance expenditures, particularly in chemicals and electricity due to the recent trend of rising oil prices.

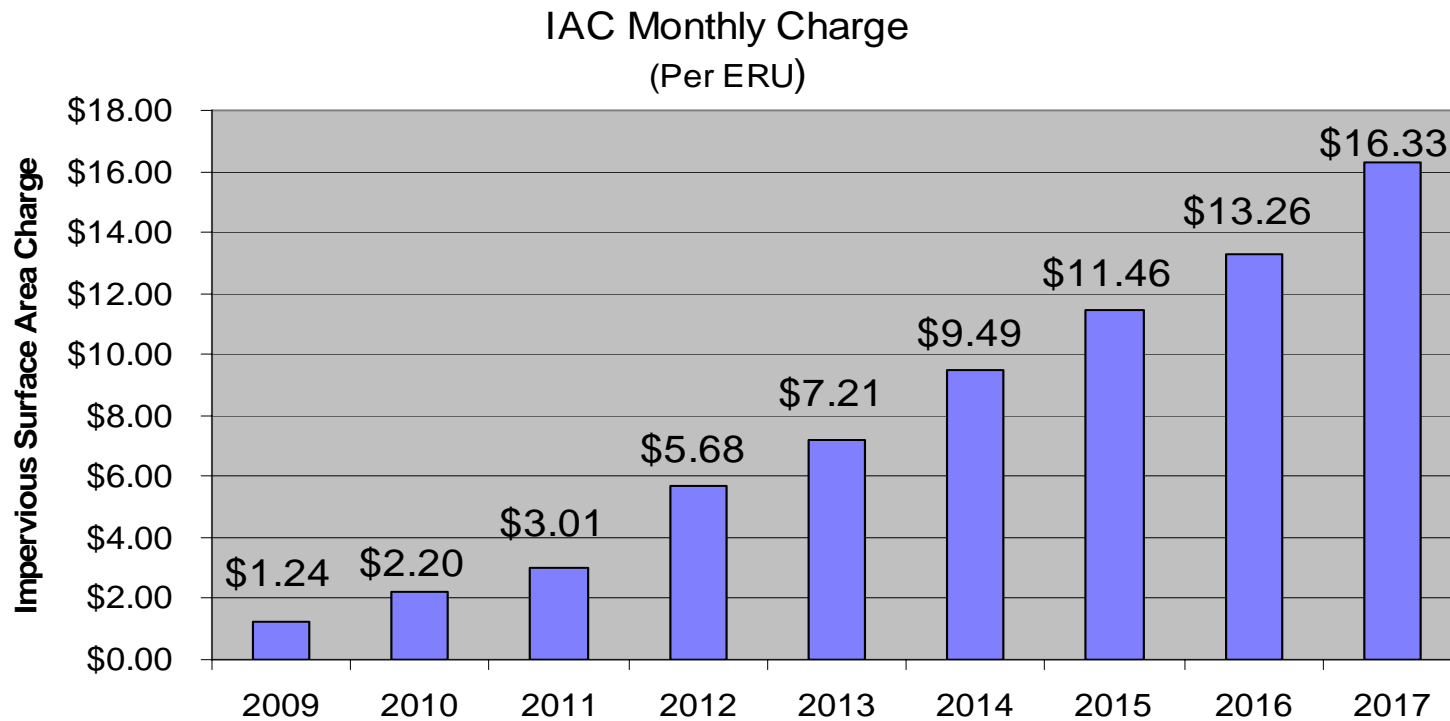
**Proposed FY 2010 Rate & Fee Increase & Structure Changes**

**Projected Retail Rate Increases  
FY 2008 – FY 2017**



The proposed retail water and sewer rate increase for FY 2010 is 10.0 percent with annual rate increases ranging from 3 to 13 percent. In addition, the proposed increase in the combined Right-of-Way and Pilot fees is 9.6 percent, to recover the full amount charged to DC WASA by the District.

The proposed monthly IAC charge for FY 2010 is \$2.20 per ERU (Equivalent Residential Unit); an increase of \$.96 over the proposed FY 2009 charge.



### *Rate Comparisons to Other Utilities*

DC WASA's current and proposed rates and fees remain very competitive with other water and wastewater providers in the mid-Atlantic and the eastern United States. In fact, the FY 2008 independent budget review noted that DC WASA's recent rate increases have been much lower than other similar utilities. As shown in the charts in Section IV, DC WASA's proposed monthly residential bill (including the IAC, the District's revised stormwater rate PILOT and ROW fees) is slightly less than the average of other utilities in DC WASA's benchmark group. Without the stormwater and the PILOT and ROW fees, DC WASA's proposed average monthly residential bill is \$3.90 or 7 percent less. The proposed future rate increases over the ten-year planning period are also consistent with the infrastructure needs identified by regional and national providers.

### *Customer Assistance Programs*

We are continuing our commitment to help improve the quality of life for those of our customers who are least able to pay, by providing relief through our customer assistance programs (CAP). Through CAP, we provide eligible customers a discount of 4 Ccfs per month on their water bills. Since it began, participation in CAP has continued to increase. In FY 2008, a total of 5,814 customers received a discount on their bills. In FY 2009, the Board approved rule making to expand this program to include an additional 4 Ccfs per month on the sewer portion of the bill. This program expansion is retroactive to October 1, 2008 and will more than double the potential relief for eligible customers. The District Department of Environment, Office of Energy, administers this program for the Authority and several other Utilities in the area.

### *Rate Stabilization Fund*

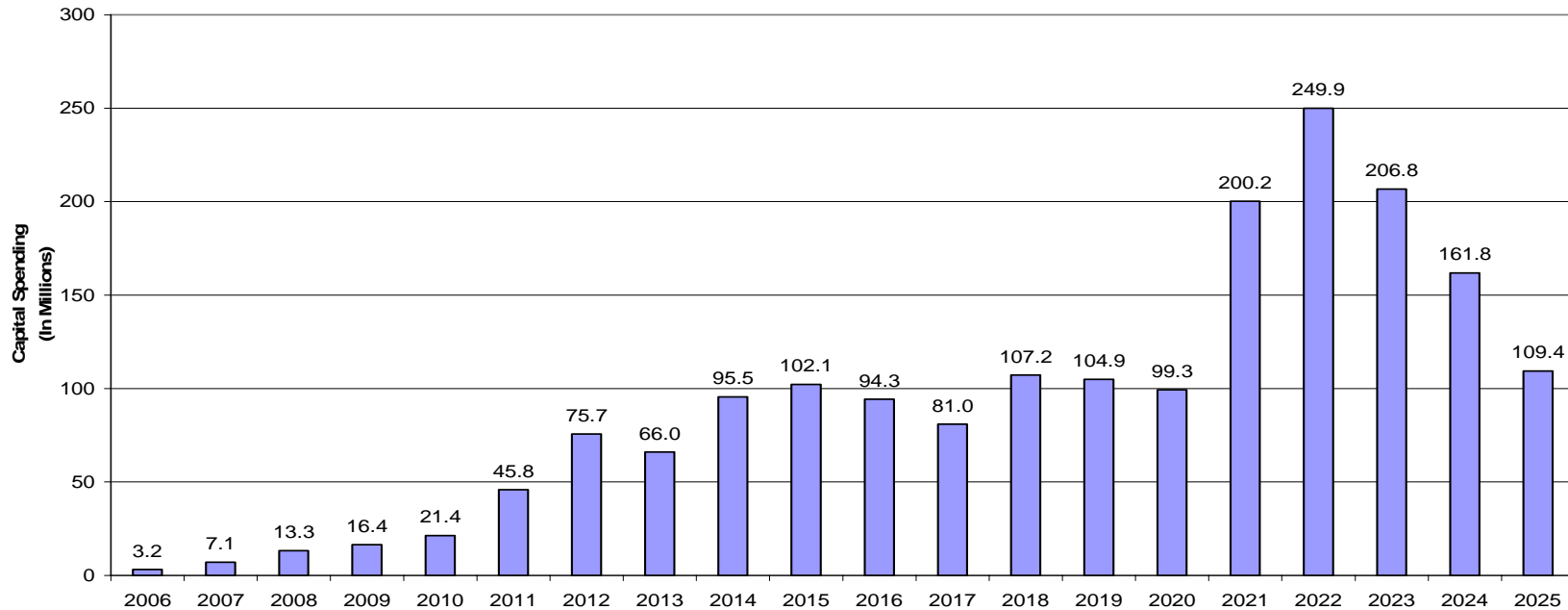
This year's plan reflects continued funding of the rate stabilization fund, including a contribution of \$10.0 million in FY 2009. The total balance in the fund as of October 2008 is \$53.6 million. The fund is projected to be fully utilized in FY 2008 through FY 2017 to help level out proposed rate increases in those years. Additional contributions to the rate stabilization fund are determined each year based on actual financial performance and the latest ten-year plan.

### ***Combined Sewer Overflow Long-Term Control Plan***

In December 2004, the Board reached agreement with the federal government on the proposed CSO LTCP and entered into a related consent decree. Capital costs for this twenty-year plan total approximately \$2.2 billion, and this year's plan includes \$771.8 million of projected CSO LTCP disbursements. Projected spending by fiscal year is shown in the next chart.



**CSO LTCP Spending by Year**  
Excludes NMC Projects



In February 2009 an independent review was performed to ensure the impervious surface area charge (IAC) will generate sufficient revenues to meet approved CSO LTCP financing needs of \$2.2 billion. The independent review concluded that the (IAC) rate structure complies with the requirements of the Clean Water Act and the DC WASA Board of Directors policy on predictable and stable rate adjustments. This project is on schedule to “Go-Live” in May 2009. In October 2008 the District of Columbia City Council conducted a public hearing on the “Water and Sewer Authority Equitable Ratemaking Amendment Act of 2008”. The City Council took action on this legislation in December 2008 allowing DC WASA to separate its sewer charges to more equitably reflect the costs with the users of each service. The DC WASA Board of Directors is scheduled to take action and approve the impervious surface area charge (IAC) in April 2009 to be effective May 2009. Under this program, the typical residential customer will pay a monthly IAC in FY 2009 to FY 2017 ranging from \$1.24 to \$16.33 per Equivalent Residential Unit (ERU). . If additional federal assistance is provided, the IAC increases would be lower than the ten-year plan assumes. No external funding beyond the special congressional appropriation of \$106 million has been received.

**Current vs. Impervious Rate Structure  
Impact by Customer Class**

<b>Rate Structure</b>	<b>Single Family Residential</b>	<b>Multi- Family Residential</b>	<b>Commercial</b>	<b>DC Gov't</b>	<b>Fed Gov't</b>	<b>District Housing Authority</b>
Current	21%	22%	34%	4%	15%	3%
Impervious Rate	24%	11%	36%	7%	21%	1%

Note: Based on December 2008 data.

**Revenues**

The proposed FY 2009 receipts projection totals \$353.0 million, an increase of \$6.6 million, or 1.9 percent over actual FY 2008 receipts:

1. *Residential, commercial and multi-family receipts* are projected to increase by approximately \$5.7 million, or 3.4 percent, due to the Board-approved 7.5 percent rate increase.
2. *Federal revenues* are projected to increase by \$1.9 million or 6.1 percent
3. *Wholesale receipts* are projected to increase by \$4.5 million, or 7.2 percent, reflecting higher budgeted costs at Blue Plains due to electricity and chemicals price increases.
4. *Projected utilization of \$25 million in rate stabilization fund balances.*
5. *Other revenues* are projected to decrease by \$6.3 million, mainly due to \$3.7 million decline in projected interest earnings in FY 2009 as compared to FY 2008 actuals and \$3.1 million reduction in the amount of indirect cost reimbursement for capital projects for FY 2009 vs. FY 2008. The FY 2009 revenue has been adjusted to reflect the one time receipt of FY 2007 payments in early FY 2008.

*Total Revenue Contribution from Impervious Surface Area Charge*

6. Residential, commercial and multi-family receipts are projected to be \$2.4 million
7. Federal revenues are projected to be \$0.7 million
8. Municipal revenues are projected to be \$0.2 million
9. District of Columbia Housing Authority revenues are projected to be \$0.03 million

DC WASA plans to unbundle the sewer rate and start to bill retail customers the impervious surface area charge beginning May 2009

The proposed FY 2010 receipts projection totals \$389.8 million, approximately \$36.8 million, or 10.4 percent, higher than revised FY 2009 projections. This increase is due primarily to:

10. Proposed water and sewer rate increase of 10.0 percent
11. Proposed monthly adjustment of the IAC by \$0.96 per ERU
12. Proposed utilization of \$24.6 million in rate stabilization fund balances
13. Proposed increase of 9.6 percent in the Right of Way and PILOT fees: 10.3 percent PILOT & 7.7 percent for ROW
14. Projected consumption decline, conservatively estimated at one percent annually
15. Projected decrease in revenues due to the proposed expansion of the customer assistance program to include the first 4 Ccf of volumetric sewer services

Additional details on revenue projections for each class of customers are described below.

*Residential, Commercial & Multi-Family* - FY 2009 projections reflect an increase of \$5.7 million or 3.4 percent from FY 2008, due primarily to the following reasons.

- In FY 2008, DC WASA's collections on its retail receivables was very strong, with accounts receivable over 90 days declining from \$7.1 million on October 1, 2007 to \$6.1 million as of September 30, 2008. While DC WASA will continue its aggressive collection efforts, we have conservatively assumed no additional increase in cash receipts due to improved collections performance in 2009.
- Board-approved retail rate increase of 7.5 percent effective October 1, 2008.
- Expansion of the customer assistance program, which reduces projected revenues by approximately \$1.4 million.

Proposed FY 2010 receipt projections reflect an increase of \$22.7 million, or 13.2 percent, due to the following reasons:

- Proposed water and sewer rate increase of 10 percent.
- One percent decrease in consumption due to conservation.

- Continued implementation of the customer assistance program, which reduces projected revenues by approximately \$1.5 million.
- Proposed IAC increase from \$1.24 to \$2.20.

*Rate Stabilization Fund Utilization* – The ten-year plan and near-term revenue projections assume utilization of \$25.0 million in FY 2009 and \$24.6 million in FY 2010 of rate stabilization fund balances. Prior years' plans also assumed the use of these funds which is necessary as DC WASA reaches its peak years of spending in the CIP. Utilization of RSF monies allows DC WASA to implement future rate increases in a gradual and predictable manner while still meeting Board and indenture policies on cash reserves and debt service coverage.

*Federal* - Revised FY 2009 federal revenues are projected to total \$33.5 million, an increase of \$1.9 million, or 6 percent over FY 2008. Under existing federal billing legislation, federal billings are prepared on an estimated basis eighteen months in advance of the start of the fiscal year (e.g., the FY 2009 billing was prepared in April 2007), and are based on then-current consumption estimates and projected rate increases as included in the then-current ten year plan. These estimates are then reconciled with actual consumption and rate increases, and an adjustment is made in the subsequent year's billing (e.g., the reconciliation of FY 2009 estimated vs. actual consumption and rate increases will be included in the FY 2012 billing, prepared in April 2010). Federal revenues in the ten year plan are presented on a revenue basis, net of any adjustments for prior year reconciliations which are accounted for as reserve items. Consistent with this methodology, revised FY 2009 federal revenues reflect the final billing sent to the federal government in April 2007, net of the adjustment for the prior year (FY 2006) reconciliation. In FY 2010, federal revenues are projected to be \$41.4 million, or 23.7 percent increase over FY 2009.

*Municipal & D.C. Housing Authority* – FY 2009 receipts from the District of Columbia government and the District of Columbia Housing Authority are projected at \$14.5 million, an increase of \$0.8 million. In FY 2010, receipts from these organizations are projected to total \$16.8 million, an increase of \$2.3 million, or 15.9 percent, due to the proposed retail rate increase of 10 percent and continued conservation. Another reason for this increase in FY 2010 is the inclusion of proportionate impervious surface area charges among respective categories of customers.

*Metering Fee* – Metering fee collections totaled \$5.5 million in FY 2008, and are expected to remain stable in FY 2009 & FY 2010. It recovers the costs associated with installing, operating, and maintaining meters, and is charged to all retail customers (including federal and municipal customers). The fee varies based on meter size, with monthly fees ranging from \$2.01 for a 5/8 inch meter (typical size of a residential customer meter) to \$41 to \$182 for larger meters (typically used for large commercial customers).

*Right of Way and Payment In Lieu of Taxes (PILOT) Pass-Through Fees* – Similar to other Washington area utilities, DC WASA has implemented fees that pass through the costs of the District's Right of Way fee (ROW) and Payment in Lieu of Taxes (PILOT) as separate line items on its bill. In FY 2009, these fees increase by \$1.0 million, or 7.5 percent to \$19.2 million due to the Board's approval of an increase to recover the full cost of the payments DC WASA makes to the District. The total fee of \$19.2 million

comprises of PILOT fee of \$14.1 million and Right-of-Way \$5.1 million. In FY 2010, the Board will be considering a proposed 10.3 percent PILOT, and 7.7 percent increase in ROW fee.

*Wholesale* - DC WASA's wholesale customers are responsible for a proportionate share of operating and maintenance expenses (associated only with shared facilities primarily at Blue Plains) based on their respective share of wastewater volume discharged. In addition, each user is responsible for a proportionate share of related indirect costs. FY 2009 wholesale revenues are projected at \$67.3 million an increase of \$4.5 million over FY 2008. In FY 2010 wholesale revenues are project to increase \$1.2 million or 1.9 percent over the FY 2009 level.

*Stormwater* – DC WASA's FY 2009 and FY 2010 receipts include \$0.5 million from the District's stormwater rate that will be used to fund DC WASA's share of the District's stormwater permit compliance activities. The stormwater rate was implemented in July 2001, and appears as a separate line item on DC WASA's retail customers' bills. In FY 2004, the District received a new stormwater permit which has significantly increased compliance costs for all participating agencies. In November 2008 the District's +-Department of the Environment (DDOE) implemented a new stormwater rate to cover the compliance costs. In FY 2009 this District fee increased for the residential customers from \$0.58 to \$1.98, Multi-family from 1.4 percent to 4.4 percent, and others (commercial, federal, District government) from 2.0 percent to 6.3 percent of water and sewer charges. This fee increased to ensure that the District of Columbia can comply with the separate storm sewer system (MS4) permit issued by the U.S. Environmental Protection Agency (US EPA). As DC WASA implements the IAC, DDOE is reviewing their rate policies with the intent to transfer to an impervious surface billing methodology in the future. The FY 2008 – 2017 financial plan assumes that all incremental costs borne by DC WASA for stormwater permit compliance activities will be covered by the stormwater rate, and that no DC WASA funds will be advanced to pay for these activities.

Other major assumptions underlying the revenue projections contained in the FY 2008 - 2017 financial plan include:

- From FY 2009 – FY 2017, a one percent reduction in water sales is assumed for all customer categories, based on historical trends in consumption levels.
- Four percent average revenue increase between FY 2009 and 2017 from wholesale customers, consistent with operating and maintenance expense increase assumptions and the goals of the Blue Plains internal improvement plan.
- Based on the current interest rate environment, interest projections conservatively assume a 1.6 percent and 2.35 percent earnings rate in FY 2009 and FY 2010 respectively on operating funds. Beyond FY 2011 interest rates are assumed at 5.0 percent.
- The majority of other non-operating revenues, totaling \$12.7 million in FY 2009, are projected to remain relatively stable over the ten year plan, and include such items as:

- ★ Reimbursement from Arlington County and Falls Church for debt service issued for pre-1997 Washington Aqueduct capital improvements - \$0.5 million
- ★ DC WASA's share of the District's stormwater fee - \$0.5 million
- ★ Fire protection charge to the District of Columbia will match the actual cost of capital and operating expenses per independent cost of service study.
- ★ Recovery of indirect costs from DC WASA's IMA partners – \$2.2 million - this reflects recovery of indirect costs on capital projects (e.g., costs for Finance and Budget, General Counsel, and Human Resources functions).
- ★ Other miscellaneous fees and charges, including service line replacements, developer-related fees, etc. - \$7.6 million

### ***Operating Expenditures***

As in past years, debt service continues to be the fastest growing expenditure in the ten-year financial plan as a result of DC WASA's \$3.2 billion capital improvement program, growing at an average annual rate of 14.5 percent, from 21.4 percent of total operating expenditures in FY 2008 to 38.9 percent in FY 2017. All other operating expenses are projected to grow at an average annual rate of 3.7 percent, due to continue implementation of the internal improvement plans that are projected to result in operating savings. The following chart provides detail for the FY 2009 and FY 2010 operating budgets.

**COMPARISON OF FY 2009 & FY 2010 OPERATING BUDGETS**  
(In \$000's)

	<b>FY 2009 APPROVED</b>	<b>FY 2009 REVISED</b>	<b>Percent Change</b>	<b>FY 2010 APPROVED</b>	<b>Percent Change</b>
Personnel Services	92,235	92,917	0.7%	96,493	3.8%
Contractual Services	69,599	71,755	3.1%	76,493	6.6%
Water Purchases	23,601	25,766	9.2%	29,395	14.1%
Chemicals & Supplies	27,183	29,560	8.7%	29,172	-1.3%
Utilities	37,821	38,656	2.2%	41,842	8.2%
Small Equipment	873	786	-10.0%	791	0.6%
Lead Abatement	1,000	-		-	
Long Term Control Plan	370	370		560	51.4%
<b>Subtotal Operations &amp; Maintenance</b>	<b>252,683</b>	<b>259,811</b>	<b>2.8%</b>	<b>274,746</b>	<b>5.7%</b>
Debt Service	91,240	84,244	-7.7%	98,290	16.7%
PILOT	14,210	14,079	-0.9%	15,487	10.0%
Right of Way Fee	5,100	5,100	0.0%	5,100	0.0%
<b>Subtotal Debt Service &amp; PILOT / ROW</b>	<b>110,550</b>	<b>103,423</b>	<b>-6.4%</b>	<b>118,877</b>	<b>14.9%</b>
<b>TOTAL OPERATING</b>	<b>363,234</b>	<b>363,234</b>	<b>0.0%</b>	<b>393,623</b>	<b>8.4%</b>
<b>Less Personnel Services Charged to Capital Projects</b>	<b>(8,400)</b>	<b>(8,400)</b>	<b>0.0%</b>	<b>(8,400)</b>	<b>0.0%</b>
<b>TOTAL NET OPERATING</b>	<b>354,834</b>	<b>354,834</b>	<b>0.0%</b>	<b>385,223</b>	<b>8.6%</b>

The revised FY 2009 budget totals \$363.2 million, the same level as the Board-approved FY 2009 budget. While operations and maintenance expenditures increase by 2.8 percent, debt service costs were reduced by 7.8 percent, due to restructuring and refinancing of the variable interest loans to fixed interest rates. A description of the assumptions and major issues in each major expenditure category follows.

- **Personnel service expenditures** are \$0.7 million, or 0.7 percent higher than the approved FY 2009 budget. This increase is attributable to lower vacancy rates as filled positions have increased in recent years. Fringe benefits were adjusted based on current market rates.
- **Contractual service expenditures** increase by \$2.2 million, or 3.1 percent, over the approved FY 2009 budget due primarily to funding for various contractual services throughout the organization. Funding was also added to improve water main

infrastructure repair/replacement needs and for professional services to maximize our new business processes, such as MAXIMO.

- **Water purchase expenditures** increase by \$2.2 million or 9.2 percent over the approved FY 2009 budget. This directly relates to chemical cost increases for the Washington Aqueduct's water treatment processes.
- **Chemicals and supplies expenditures** increase by \$2.4 million, or 8.7 percent, from the approved FY 2009 budget due to higher unit prices for the majority of chemicals used at the Blue Plains advanced wastewater treatment plant.
- **Utilities expenditures** increase by \$0.9 million, or 0.9 percent, primarily due to rising electricity costs. Electricity, budgeted at \$32.2 million, or 12.4 percent of the revised FY 2009 budget, continues to be the largest portion of the Authority's utilities budget. Electricity prices have been extremely volatile for the past several years, due to rising oil prices, heavy global demand for power and oil, and the after effects of Hurricanes Katrina and Rita in FY 2005. We continue to utilize the five-year electricity contract entered in FY 2005 for electricity generation. In FY 2008, DC WASA was successful in purchasing its electricity for an average cost of \$109 per megawatt hour compared to an estimated average cost of \$128 per megawatt hour had DC WASA acquired its electricity through the PEPCO Standard Offer Service (SOS). This represented an estimated savings of \$5.8 million in FY 2008. We continue to mitigate the Authority's exposure from higher energy prices that occur during peak demand periods by periodically locking in portions of our electricity load, especially for the summer and winter periods. Working with our electric energy service company, we continue to monitor the electricity market on a continuing basis and explore alternatives that could yield additional cost savings.

As environmental stewards, DC WASA continues to implement environmentally responsive and responsible policies and programs that protect the region's waterways, air, and land. As a continued commitment to this goal, DC WASA hired its first energy manager in FY 2008, to perform among other things, explore various green energy initiatives that would enable the organization to (a) reduce its carbon footprint through conservation efforts, and (b) increase efficiency in energy consumption. We are beginning the development of a ten year energy management plan which will be guided by the Board's 2008 – 2013 Strategic Plan. This plan will evaluate our energy baseline, establish quantitative and qualitative goals as well as identify resource requirements. Approval of this plan is anticipated during fiscal year 2009.

The proposed FY 2010 budget totals \$393.6 million, an 8.4 percent increase over the revised FY 2009 budget. This increase is primarily due to increasing debt service costs associated with DC WASA's capital improvement program. The FY 2010 operations and maintenance budget (net of debt service, PILOT/ROW fee) increases by 5.7 percent, due primarily to projected increases in water purchases (driven by chemical cost increase), utilities (driven by electricity), and contractual services. Specific information regarding each department is included in Section VII.



Beginning in FY 2010, the ten year financial plan reflects the following major assumptions:

- One to three percent increase over approved FY 2010 levels in most expense categories, reflecting implementation of the Blue Plains and other departmental internal improvement programs.
  - Beginning in FY 2013, operating expenses are projected to increase by three percent, reflecting completion of the internal improvement programs.
- Three percent increase in water purchase costs, based on historical Washington Aqueduct budget trends.
- Payment in lieu of taxes (PILOT) to the District of Columbia increases at the same rate as DC WASA water rate increases, in accordance with the memorandum of understanding with the District.
- The net right of way payment to the District of Columbia stays level at \$5.1 million through FY 2013 consistent with the memorandum of understanding with the District.

### ***Capital Financing Program, Cash Position, & Long-Term Debt***

The FY 2008 - 2017 financial plan anticipates capital disbursements of \$3.2 billion. The financing of DC WASA's capital program comes from four primary sources, as more fully described below. The amount of EPA grant funding is defined by annual federal appropriations, while jurisdictional capital contributions are based on a fixed percentage of Blue Plains and other shared facilities. The remainder of the program is funded with DC WASA debt and pay-go financing from operations. The amount of pay-go financing is equal to the amount available after fully funding the six months' operating reserve and meeting Board policies on the level and timing of rate increases and debt service coverage.

During FY 1999, DC WASA developed a comprehensive financing plan with the dual goals of 1) securing the lowest cost of capital possible, and 2) maximizing administrative and operating flexibility. The plan includes the following components:

- *Utilize available pay-as-you-go financing to pay down higher cost, taxable U.S. Treasury notes for the Washington Aqueduct* Rather than permanently funding DC WASA's share of Aqueduct improvements with higher cost, taxable U.S. Treasury notes, DC WASA uses available pay-go funds. In FY 2007, DC WASA issued Series 2007B (taxable auction rate securities) bonds in the amount of \$59 million, see section VI for further discussion.
- *Establish an interim financing program to finance construction* – In early FY 2002, DC WASA developed a \$100 million commercial paper program for this purpose which has been extremely successful. In FY 2009 DC WASA will evaluate resizing the commercial paper program with the intent of increasing it to be in line with the CIP.
- *Issue permanent financing every twelve to 18 months to take out interim financing proceeds.*

Additional details on each financing source are described below.

	FY 2008 - 2017 Plan Total	Percent of Total
Revenue Bonds/Commercial Paper	\$ 1,813,928,773	61%
Wholesale Capital Payments	787,773,340	26%
EPA Grants & CSO Appropriations	301,564,065	10%
Interest Income on Bond Proceeds	26,789,604	1%
Pay-Go Financing	55,759,061	2%
<b>Total Sources</b>	<b>\$ 2,985,814,843</b>	<b>100%</b>

- **EPA Grants** - DC WASA currently receives 55 - 80 percent EPA grant funding for certain eligible projects under the Clean Water and Safe Drinking Water Acts. In general, the District of Columbia projects carried out by DC WASA are supported by approximately one percent of the available annual funding through revolving fund programs associated with the Clean Water and Safe Drinking Water Acts. In addition, DC WASA has received \$106.1 million in Congressional appropriations for the CSO LTCP.

- **Wholesale Capital Payments** - Nearly 60 percent of the capacity of DC WASA's wastewater treatment facilities are contractually committed to provide wholesale service to suburban jurisdictions under various contracts. Montgomery and Prince George's Counties (through the Washington Suburban Sanitary Commission (WSSC)), Fairfax County, and the Loudoun County Sanitation Authority pay a proportionate share of capital-related costs equal to their share of contracted capacity at Blue Plains.
- **Revenue Bonds/ Commercial Paper** – Debt issuance represents 61 percent of funding for the ten year capital program. A common ratio used by the rating agencies to measure leverage and debt burden is the ratio of debt to net fixed assets (plant). In FY 1999, DC WASA's debt to plant ratio was 36 percent, and, based on the current capital improvement program, is projected to increase to 55 percent through FY 2017. In addition, debt service as a percentage of total operating expenditures remains at 39 percent or less through the ten-year planning period, even with substantial new debt issuance projected during this period.
- **Pay-Go (Internal) Financing** - The amount transferred from operations to the capital program each year is equal to the amount remaining in cash reserves after the six month operating and maintenance reserve and rate stabilization fund goals have been satisfied. Approximately two percent of total funding for the FY 2008 - 2017 plan is projected to come from pay-go financing, which strikes an appropriate balance between maintaining moderate debt levels and financing provided by current ratepayers. Pay-go funds will be used in a manner consistent with our financial policies: 1) to fund items with shorter useful lives where bond financing is less appropriate, such as capital equipment; and 2) to achieve the lowest cost of capital possible, including using pay-go funds to reduce higher cost debt.

*FY 2009 & 2010 Debt Issuance Plans & Debt Service Assumptions*

Permanent Financing – we successfully issued \$290.3 million of tax-exempt subordinate lien fixed rate revenue bonds in April 2008. The bonds were issued to refund all of the Series 2004 (auction rate securities) bonds and a portion of the 2007B (taxable auction rate securities) bonds. Taxable commercial paper was issued to refund \$44 million of the 2007B bonds. Based on current capital

spending projections, we believe that the balance - \$66 million of our commercial paper financing will be utilized beginning the first quarter of 2009. We envision issuing our next permanent financing in January 2009. In order to yield the best possible interest rate savings, we evaluate our debt portfolio on a regular basis.

Our interest rate assumption on new bond issues in FY 2009 and beyond is 6.5 percent, in line with historical interest rate trends. On variable rate debt, the ten year plan assumes interest rates of 3.25 percent through the life of the plan, plus ongoing fiscal charges for broker-dealers, ratings, etc. This assumption is based on average short-term rates since 1998. For appropriations purposes, we have assumed higher interest rates on variable rate debt than in the ten-year plan in order to provide us with sufficient flexibility to address short-term peaks in interest rates, if required, without going through the Congressional approval process, which can be lengthy.

### ***Cash Position & Reserves***

Cash balances totaled \$247.3 million at the end of FY 2008. As described below, this includes \$43.6 million for rate stabilization and \$64.6 million for the special Congressional appropriation DC WASA received in FY 2003 through FY 2008 for the CSO LTCP, net of reimbursements to date. Over the next ten years, cash balances are projected to remain close to the Board-required reserve levels, with the operating and maintenance reserve totaling \$125.5 million in FY 2009 and growing to approximately \$157.7 million in FY 2017, based on projected growth in operations and maintenance expenses.

In FY 2004 and FY 2008, the Board completed a review of its existing financing policies, reaffirming the core policies. Two modifications were made to the reserves policy: 1) Changing the timing of when DC WASA is required to meet its overall operations and maintenance reserve requirement from September 1 to an average daily balance basis, resulting in a more conservative calculation; and 2) revising the indenture-required renewal and replacement reserve requirement from two percent of original plant in service to \$35 million, with a requirement to revisit this reserve level every five years in conjunction with the indenture-required system assessment prepared by DC WASA's independent rate consultants.

DC WASA's base six month operating reserve includes the following components:

**PROJECTED FY 2009 YEAR-END CASH RESERVES (1)**  
(In 000's)

<hr/>	
<b>BOARD-ADOPTED OPERATING RESERVE (180 Days O&amp;M)</b>	
60 Day Operating Reserve (Indenture-Required)	\$ 33,084
Renewal & Replacement Reserve (Indenture-Required)	35,000
District of Columbia General Obligation Reserve	138
Undesignated Reserve	<u>57,232</u>
<b>TOTAL OPERATING RESERVE</b>	<b>\$ 125,454</b>
Reserve for Rate Stabilization Fund	53,600
DC Insurance Reserve	<u>1,000</u>
<b>TOTAL OTHER RESERVES</b>	<b>\$ 54,600</b>
<b>TOTAL CASH RESERVES</b>	<b><u>\$ 180,054</u></b>

(1) Excludes special CSO LTCP funding & debt service reserve funds

*Indenture-Required Operating Reserve* - This reserve is required by DC WASA's bond indenture and is equivalent to two months' operations and maintenance expenses from the prior year, or approximately \$33.1 million in FY 2009.

*Renewal & Replacement Reserve* - This reserve is funded at \$35.0 million based on the revisions approved by the Board to the financing policies in 2004 and 2008. As noted above, the level of this reserve will be reviewed every five years by DC WASA's independent rate consultants in conjunction with the indenture-required assessment of the physical condition of the system.

*District of Columbia General Obligation Bond Reserve* - This reserve is required under DC WASA's memorandum of understanding with the District of Columbia regarding payment of District general obligation bonds that DC WASA is responsible for. This reserve is equal to ten percent of the subsequent fiscal year's debt service, or \$0.4 million in September 2009.

*Undesignated Reserve* - After allocating portions of the 180 day operating and maintenance reserve to the reserves listed above, the amount that remains (approximately \$57.2 million projected for FY 2009) is DC WASA's undesignated reserve, and is available for other contingencies.

DC WASA has other reserves that are available to it in very specific circumstances:

*Rate Stabilization Fund* - Consistent with the Board's financial policies and as envisioned in the bond indenture, this fund is to be established to mitigate large annual rate increases. At the end of FY 2008, the balance in this fund totaled \$43.6 million. Future deposits to the rate stabilization fund will be determined annually based on financial performance in that fiscal year and updated ten-year capital and operating forecasts.

*Debt Service Reserve Funds* - The supplemental bond indenture associated with each bond issue require DC WASA to maintain a debt service reserve fund for its Series 1998 senior lien bonds and its Series 2003 subordinated lien revenue bonds. The Series 1998 was funded with bond proceeds; the Series 2003 reserve was funded through the purchase of a surety bond. This reserve which is in addition to the 180 day operating and maintenance reserve, is held by DC WASA's trustee and can only be used in the event that net revenues are insufficient to meet the next debt service payment. DC WASA earns interest on this reserve that is included in other operating revenue and is used to offset annual debt service payments. (The amount of interest earnings that DC WASA can retain on the debt service reserve fund is limited by federal arbitrage restrictions.)

### **Long-Term Operational and Financial Issues**

Currently, there are a number of important emerging issues that we are closely monitoring to ensure reliable and efficient service to our customers. We continue to broaden our planning horizon for projects or operational changes that may be necessary to address regulatory as well as other emerging issues.

### **Capital Improvement Program Inflationary Increases**

The regional and national construction industries have seen record inflation costs for materials such as steel, copper, aluminum and cement over the last several years as documented annually by Engineering News Record. The price of oil also impacts this industry as the cost of transporting materials around the world becomes higher, as well as the cost of other construction materials. This results in higher bid prices for our capital work. Additionally, this region has experienced so much development over the last decade that a less-competitive bidding environment also contributed to capital project inflation. As the economic climate in the country changes drastically, we have been reviewing the market place, the financing available to potential contractors and our current

programs to assess the impact of the market on our CIP budget and planning. These inflationary pressures may impact our mandatory projects such as the CSO LTCP and BTN

### **Funding for Chesapeake Bay Restoration Initiatives**

Our partners in Virginia and Maryland have provided state revenues to support nutrient removal from local waterways. In the State of Maryland, the Bay Restoration Fund was established through a tax on each water, sewer and septic bill and raises approximately \$66 million a year. The General Assembly of Commonwealth of Virginia provides grants through the State Water Quality Improvement Fund to support environmental projects for nutrient control costs and has dedicated \$50 million a year to the fund. The General Assembly of the State of Pennsylvania recently passed a bond referendum to provide \$400 million in bond issuance to support various water, sewer and wastewater investments throughout the state. DC WASA has enjoyed support seeking federal funding from several environmental organizations for Blue Plains Nitrogen Removal project, and we welcome their partnership. We continue to support and urge the District of Columbia to provide similar local mechanisms for their residents and businesses to lighten the impact to the DC retail ratepayers.

### **Water and Sewer System Facility Planning**

During FY 2008, DC WASA completed two very significant infrastructure assessment and planning efforts. In February 2008 a Sewer System Facility assessment was submitted. This document culminated a five year effort involving sewer inspection and condition assessment, development of a sewer GIS and database, hydraulic monitoring and modeling to assess system capacity and the development of recommended activities by priority for system improvement. In August 2008 DC WASA received a Water System Facilities Plan Update (update to a plan completed in 2000). This document assessed all water system infrastructures and made prioritized recommendations for improvements to the water pumping, transmission, storage and distributions systems. Both documents are under review by staff for presentation of recommendations to the Board of Directors. These documents will provide the basis for future Capital Improvement Projects in DC WASA's 10-year CIP. However, several high-priority projects identified in those assessments have been included in this capital budget.



Revised FY 2009  
and Approved FY 2010

# Operating Budgets

## SECTION IV

### Rates and Revenues

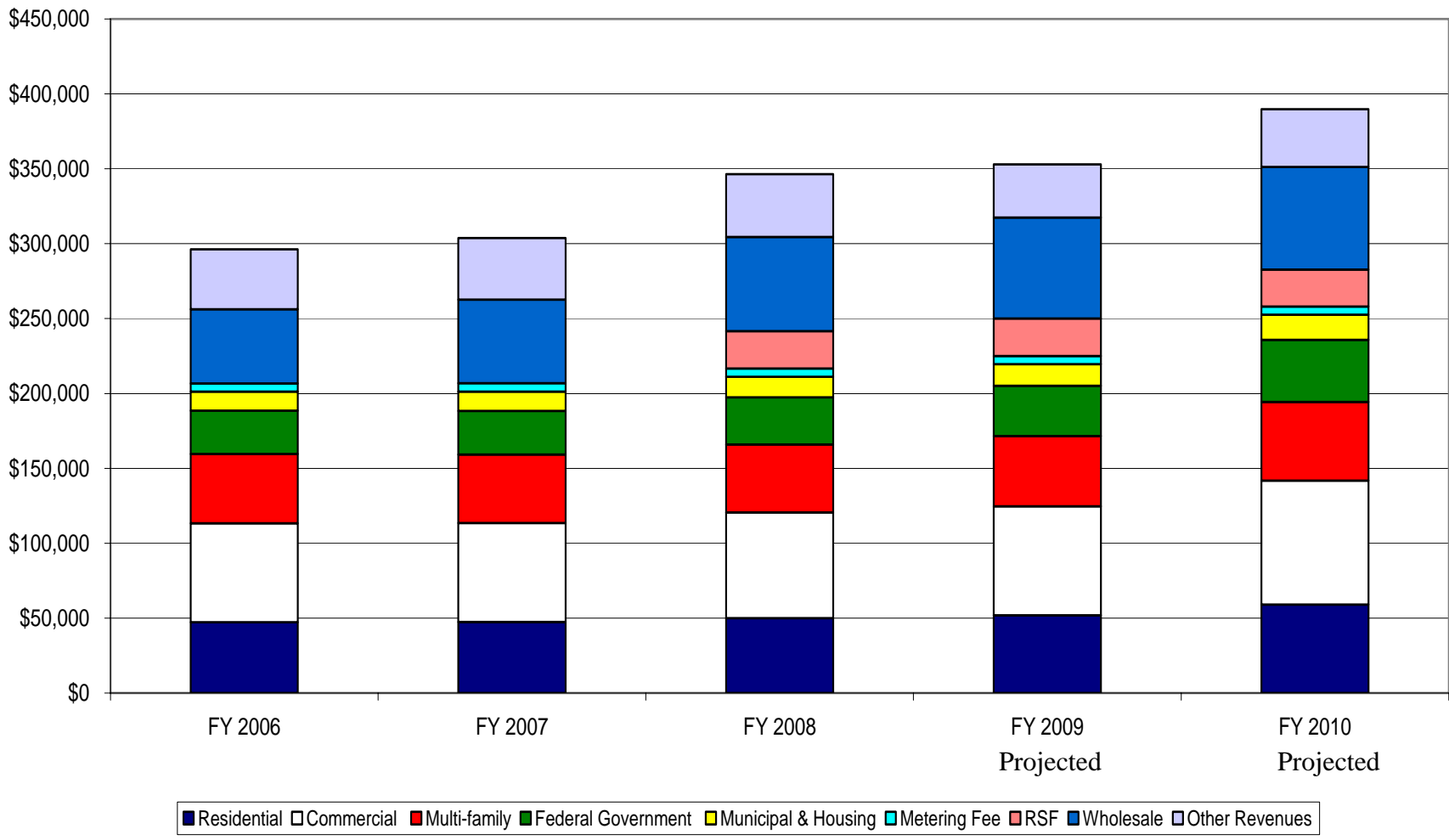
*DC WASA hosts periodic briefings with Congressional staff and state and federal regulators to discuss significant progress and challenges in efforts to protect the health of local waterways and identify additional revenue sources to mitigate rate impacts.*

# IV



District of Columbia  
Water and Sewer  
Authority

# Historical & Projected Cash Receipts (\$000's)





## Historical and Projected Operating Cash Receipts

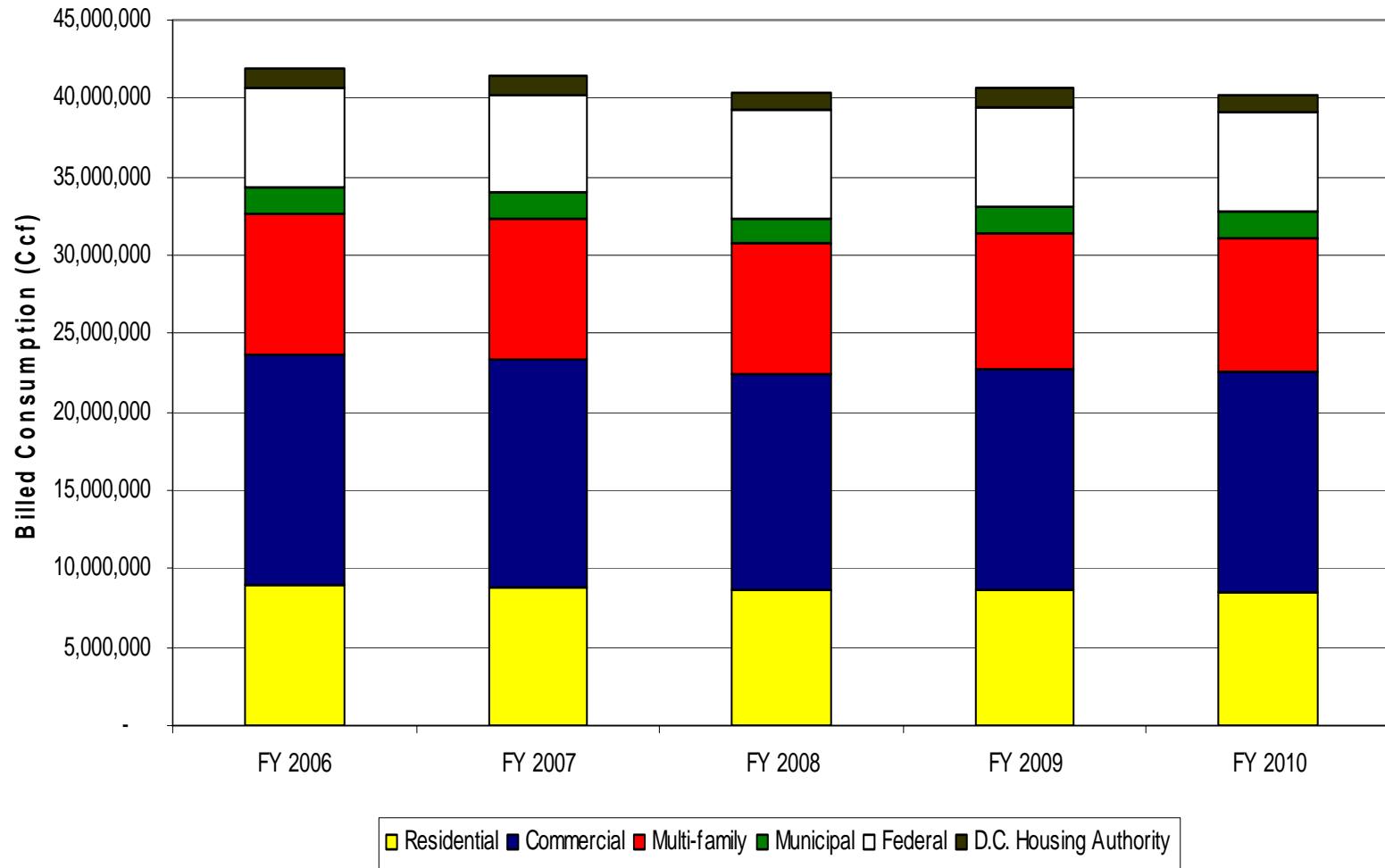
(\$ 000's)

	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Revised	FY 2010 Approved
Residential	47,255	47,550	50,028	51,834	59,050
Commercial	65,938	65,851	70,492	72,881	82,761
Multi-family	46,341	45,747	45,406	46,889	52,532
<b>Sub-Total Residential, Commercial and Multi-family</b>	<b>159,535</b>	<b>159,147</b>	<b>165,926</b>	<b>171,605</b>	<b>194,344</b>
Federal Government (1)	28,966	29,193	31,556	33,478	41,441
District Government	6,653	6,869	7,466	7,853	9,459
D.C. Housing Authority	6,172	6,090	6,204	6,607	7,308
Transfer from Rate Stabilization Fund		-	24,900	25,000	24,600
Metering Fee	5,316	5,633	5,531	5,500	5,500
<b>Total Retail</b>	<b>206,642</b>	<b>206,932</b>	<b>241,584</b>	<b>250,043</b>	<b>282,651</b>
IMA Wastewater Charges	44,686	50,851	55,560	59,984	61,133
Potomac Interceptor Wastewater Charges	5,009	4,893	7,282	7,347	7,443
<b>Total Wholesale</b>	<b>49,695</b>	<b>55,745</b>	<b>62,841</b>	<b>67,331</b>	<b>68,577</b>
District Stormwater Revenue (2)	957	1,028	430	500	515
Misc. Rev. (e.g. water tap installation, fire hydrant usage, etc.)	13,338	10,315	15,866	11,678	12,028
Washington Aqueduct Debt Service Revenue for Falls Church & Arlington	1,563	787	552	477	423
Interest Income (including interest on Bond Debt Service Reserve Fund)	8,053	12,195	7,434	3,765	4,999
District of Columbia PILOT Fee	11,171	11,864	12,693	14,079	15,487
District of Columbia Right of Way	4,820	4,874	4,943	5,100	5,100
<b>Total Other</b>	<b>39,902</b>	<b>41,064</b>	<b>41,918</b>	<b>35,600</b>	<b>38,552</b>
<b>Total Operating Cash Receipts</b>	<b>296,238</b>	<b>303,740</b>	<b>346,343</b>	<b>352,973</b>	<b>389,780</b>

(1) Historical actuals are presented on revenue basis. Projected amounts shown are billed revenues. Actual Federal receipts are a combination of current year projected revenues and prior year adjustments, which are presented as reserve items. See Section 3 for further explanation.

(2) Reflects District stormwater fee revenue that will fund WASA's share of District stormwater permit compliance activities, and will not be funded through WASA's retail rates or other WASA revenue sources. See Section 3 for further explanation.

### Historical and Projected Billed Consumption (Ccf)



## Historical and Projected Billed Consumption (Ccf) <sup>(3)</sup>

	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Projected	FY 2010 Projected
Residential	8,935,593	8,842,249	8,593,597	8,613,000	8,527,000
Commercial (1)	14,686,760	14,504,310	13,870,657	14,137,000	13,995,000
Multi-family	8,990,353	8,900,824	8,341,244	8,712,000	8,625,000
Municipal (2)	1,749,714	1,754,828	1,572,641	1,663,000	1,646,000
Federal	6,290,737	6,241,415	6,840,619	6,343,000	6,280,000
D.C. Housing Authority	<u>1,311,268</u>	<u>1,198,440</u>	<u>1,156,775</u>	<u>1,145,000</u>	<u>1,134,000</u>
Total Retail	41,964,425	41,442,066	40,375,533	40,613,000	40,207,000

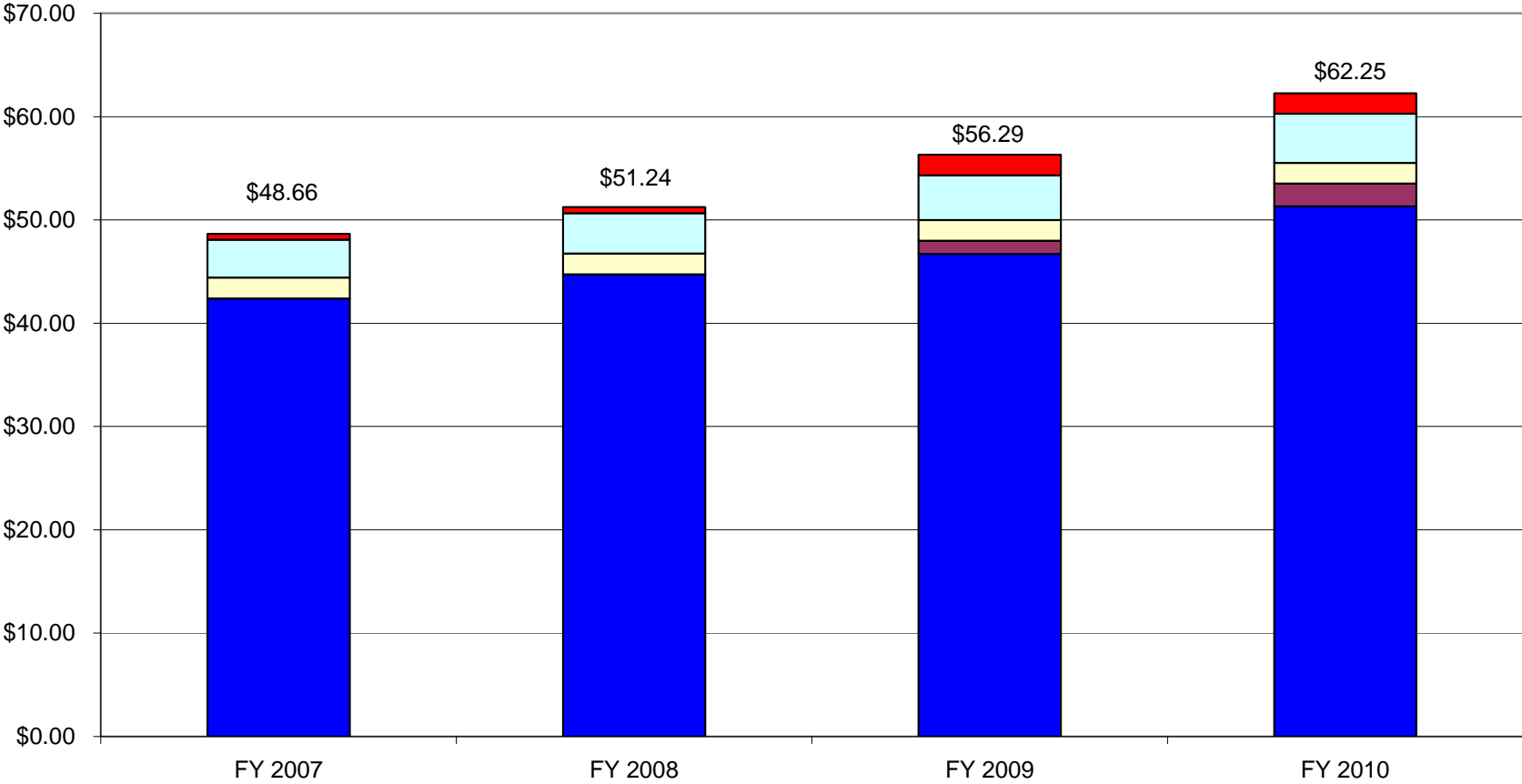
(1) Reflects consumption at Commercial facilities and selected facilities at Howard University and Soldiers' Home.

(2) Reflects consumption at District of Columbia Government facilities and WASA facilities

(3) Ccf - hundred cubic feet or 748 gallons

# RECENT & PROPOSED RATE & FEE CHANGES

**AVERAGE RESIDENTIAL MONTHLY BILL  
FY 2007 – FY 2010**



■ WASA Water & Sewer Retail Rates 
 ■ WASA Proposed IAC 
 ■ WASA Metering Fee 
 ■ District Right of Way / PILOT Fee 
 ■ District Stormwater Fee

## **RECENT & PROPOSED RATE & FEE CHANGES, cont.**

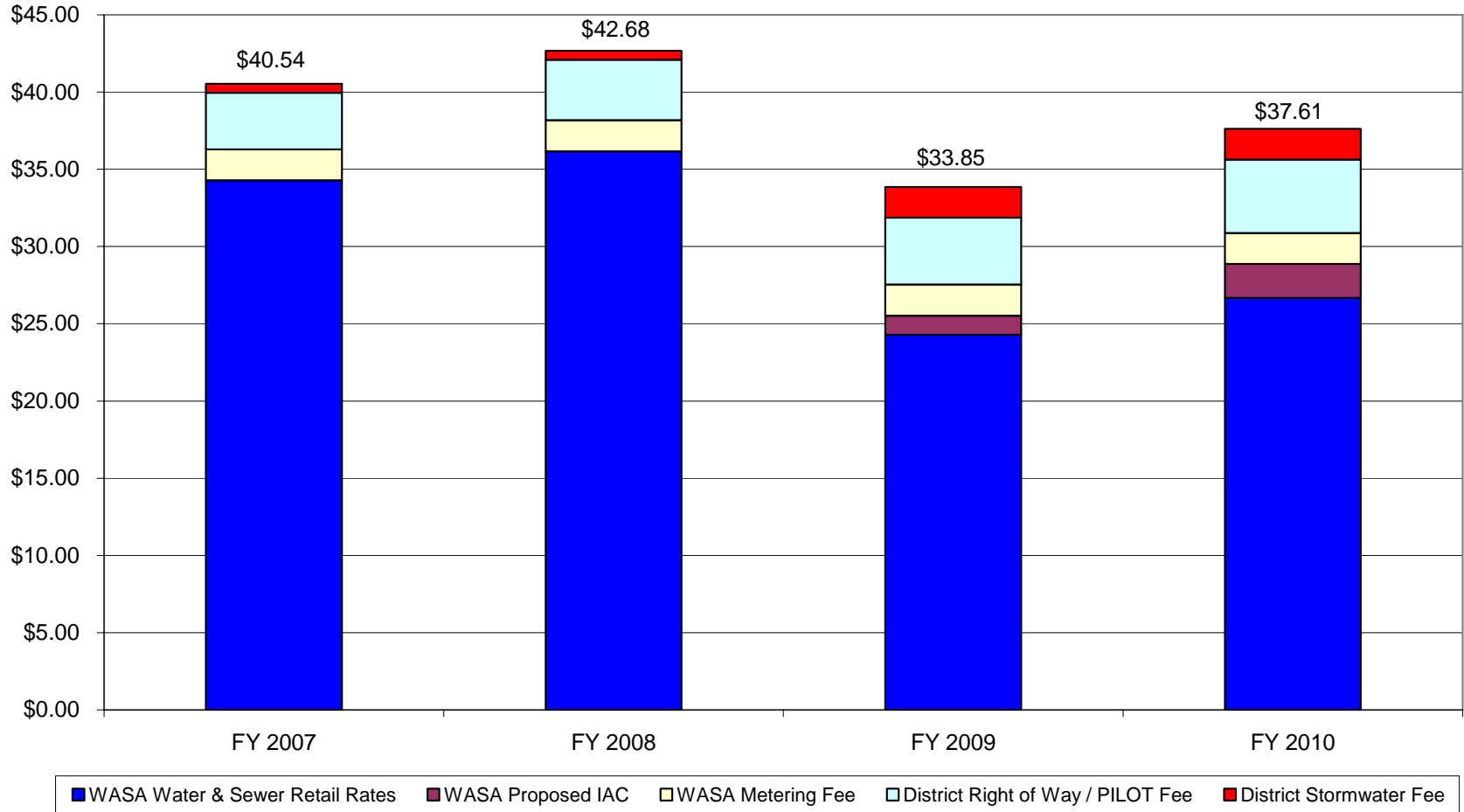
	FY 2007	FY 2008	FY 2009 <sup>(2)</sup>	FY 2010
WASA Retail Rates (1)	42.40	44.73	46.73	51.31
WASA IAC	.00	.00	1.24	2.20
WASA Metering Fee	2.01	2.01	2.01	2.01
<b>Subtotal DC WASA Rates &amp; Charges</b>	<b>\$ 44.41</b>	<b>\$ 46.74</b>	<b>\$ 49.98</b>	<b>\$ 55.52</b>
Increase / Decrease	\$ 2.08	\$ 2.33	\$ 3.24	\$ 5.54
<b>Percent Increase in DC WASA Portion of Bill</b>	<b>4.9%</b>	<b>5.3%</b>	<b>6.9%</b>	<b>11.1%</b>
District of Columbia PILOT (1)	\$ 2.59	\$ 2.84	\$ 3.25	\$ 3.58
District of Columbia Right of Way Fee (1)	1.08	1.08	1.08	1.17
District of Columbia Stormwater Fee (3)	0.58	0.58	1.98	1.98
<b>Subtotal District of Columbia Charges</b>	<b>\$ 4.25</b>	<b>\$ 4.50</b>	<b>\$ 6.31</b>	<b>\$ 6.73</b>
Total Amount Appearing on WASA Bill	\$ 48.66	\$ 51.24	\$ 56.29	\$ 62.25
Increase / Decrease Over Prior Year	\$ 2.25	\$ 2.58	\$ 5.05	\$ 5.96
<b>Percent Increase in Total Bill</b>	<b>4.8%</b>	<b>5.3%</b>	<b>9.8%</b>	<b>10.6%</b>

(1) Assumes average monthly consumption of 8.33 Ccf, or 6,231 gallons.

(2) Propose implementation of DC WASA Impervious Surface Area Charge (IAC) in May 2009, and reduction in sewer rate.

(3) Reflects District of Columbia Department of Environment FY 2009 Stormwater increase.

**AVERAGE CAP CUSTOMER MONTHLY BILL  
FY 2007 – FY 2010**



## Average CAP Customers Monthly Bill

	FY 2007	FY 2008	FY 2009 <sup>(2)</sup>	FY 2010
WASA Retail Rates (1)	42.40	44.73	46.73	51.31
WASA IAC	-	-	1.24	2.20
WASA Metering Fee	2.01	2.01	2.01	2.01
<b>Subtotal DC WASA Rates &amp; Charges</b>	<b>44.41</b>	<b>46.74</b>	<b>49.98</b>	<b>55.52</b>
Increase / Decrease	2.08	2.33	3.24	5.54
<b>Percent Increase in DC WASA Portion of Bill</b>	<b>4.9%</b>	<b>5.3%</b>	<b>6.9%</b>	<b>11.1%</b>
District of Columbia PILOT (1)	\$2.59	\$2.84	\$3.25	\$3.58
District of Columbia Right of Way Fee (1)	1.08	1.08	1.08	1.17
	\$3.67	\$3.92	\$4.33	\$4.75
District of Columbia Stormwater Fee (3)	0.58	0.58	1.98	1.98
<b>Subtotal District of Columbia Charges</b>	<b>\$ 4.25</b>	<b>\$ 4.50</b>	<b>\$ 6.31</b>	<b>\$ 6.73</b>
Total Amount	\$ 48.66	\$ 51.24	\$ 56.29	\$ 62.25
Less: CAP Discount (4Ccf per month) (4)	(8.12)	(8.56)	(22.44)	(24.64)
Total Amount Appearing on WASA Bill	\$40.54	\$42.68	\$33.85	\$37.61
<b>CAP Customer Discount as a Percent of Total Bill</b>	<b>-16.7%</b>	<b>-16.7%</b>	<b>-39.9%</b>	<b>-39.6%</b>

- (1) Assumes average monthly consumption of 8.33 Ccf, or 6,231 gallons.
- (2) Proposed implementation of DC WASA Impervious Area Surface Charge (IAC) in May 2009, and reduction in sewer rate.
- (3) Reflects District Department of Environment FY 2009 Stormwater increase.
- (4) Extension of CAP program to first 4 Ccfs of sewer services beginning in FY 2009.

## ***RECENT & PROPOSED RATE & FEE CHANGES, cont.***

### **FY 2009 RATE & FEE CHANGES**

Effective October 2008, the Board increased rates and fees as follows:

- *Water & sewer consumption rate increase of 7.5 percent.*
- *Right of Way and PILOT fee* – These fees increased to recover the full cost of the Right of Way and PILOT fees charged to DC WASA by the District of Columbia.

These changes increased the typical residential customer's monthly bill by \$5.05, or 9.8 percent.

In May 2009 the Authority plans to unbundle the sewer charge and plans to implement an impervious surface area charge. In FY 2007 DC WASA Board endorsed the concept of unbundling the sewer rate into volumetric and impervious surface so that the cost of the CSO-LTCP could be recovered based upon the amount of runoff a customer contributes rather than the consumption methodology.

Implementation of the impervious surface area charge (IAC) will lead to:

- \$0.16 per Ccf reduction in the sewer rate – a typical residential customer bill will decrease by \$1.33; and
- \$1.24 per month addition to same customers for IAC

### **PROPOSED FY 2010 RATE & FEE CHANGES**

The FY 2010 budget and ten-year plan include the following proposed changes:

- Water & sewer consumption rate increase of 10.0 percent
- Proposed impervious surface area charge (IAC) will increase from a monthly fee of \$1.24 to \$2.20 per ERU (Equivalent Residential Unit)
- District of Columbia PILOT fee increase of 10.3 percent
- District of Columbia Right-of-Way fee increase of 7.7 percent

The ten year projected water and sewer rate increases under this year's plan total 70 percent; driven primarily by capital spending for DC WASA's \$3.2 billion capital improvement program.



## ***RECENT & PROPOSED RATE & FEE CHANGES, cont.***

Primary spending in the ten-year capital plan includes: initial phases of the Combined Sewer Overflow Long Term Control Plan (CSO LTCP), the Blue Plains Total Nitrogen Program (BTN), digesters, various water and sewer investments recommended by the facility assessments and continued compliance with Board policies on debt service coverage and reserve levels.

The public comment process for the FY 2010 rate proposal will occur over the next eight months. If approved, these changes will increase the typical residential customer's monthly bill by \$5.96 or 10.6 percent.

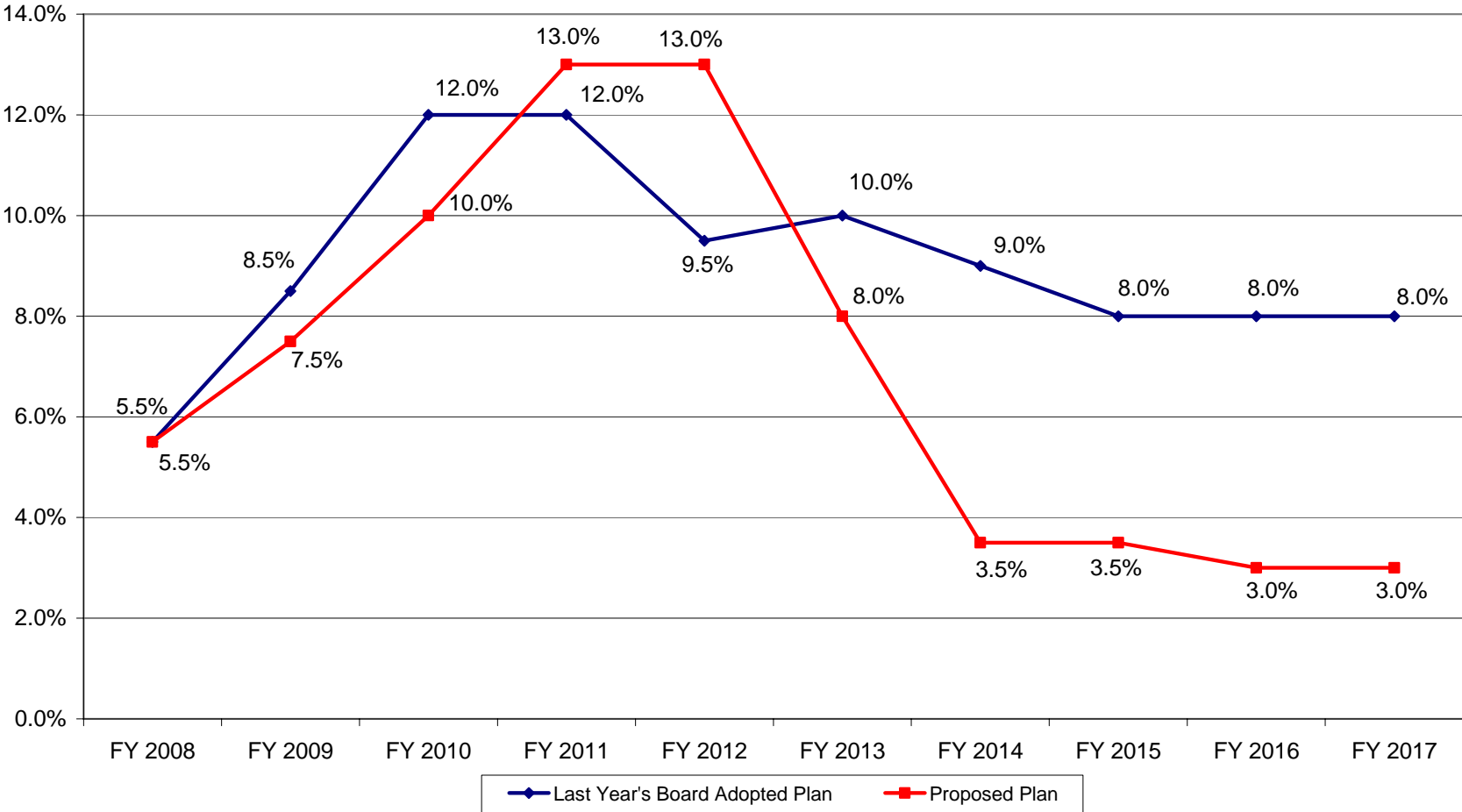
### **COST OF SERVICE STUDY & CSO LTCP COST RECOVERY**

In FY 2009, WASA plans to commission an independent rate consultant to conduct a cost of service study. The study will evaluate:

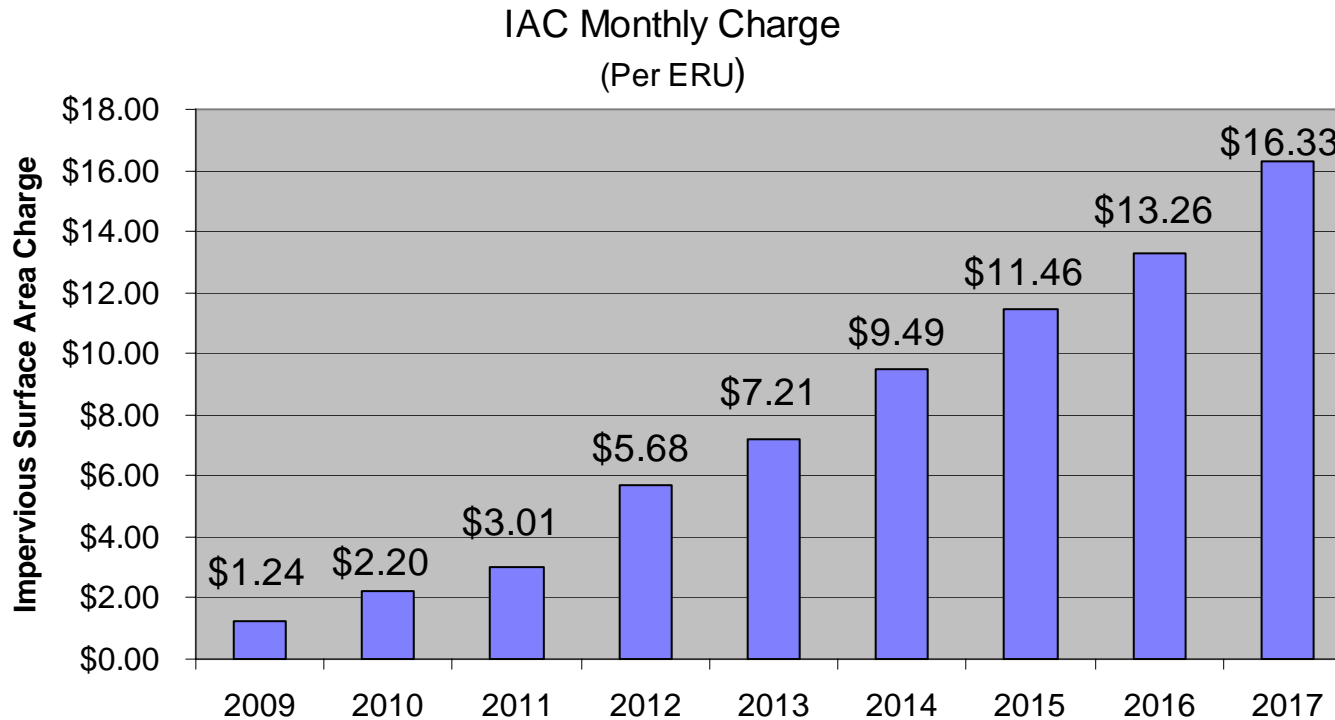
- Revenue sufficiency of existing and proposed rates of the Authority; and
- Alternate rate structures to ensure:
  - Equity and fairness of rates
  - Adequate and stable revenues
  - Price signals
  - Minimize rate shock

**FY 2008 – FY 2017 FINANCIAL PLAN  
PROJECTED WATER & SEWER RETAIL RATE & FEE CHANGES**

*FY 2008 – FY 2017 PROJECTED RATE INCREASES*



**FY 2008 – FY 2017 FINANCIAL PLAN**  
**PROJECTED IMPERVIOUS SURFACE AREA CHARGE (IAC) CHANGES**  
 FY 2008 – FY 2017 PROJECTED RATE INCREASES, cont.

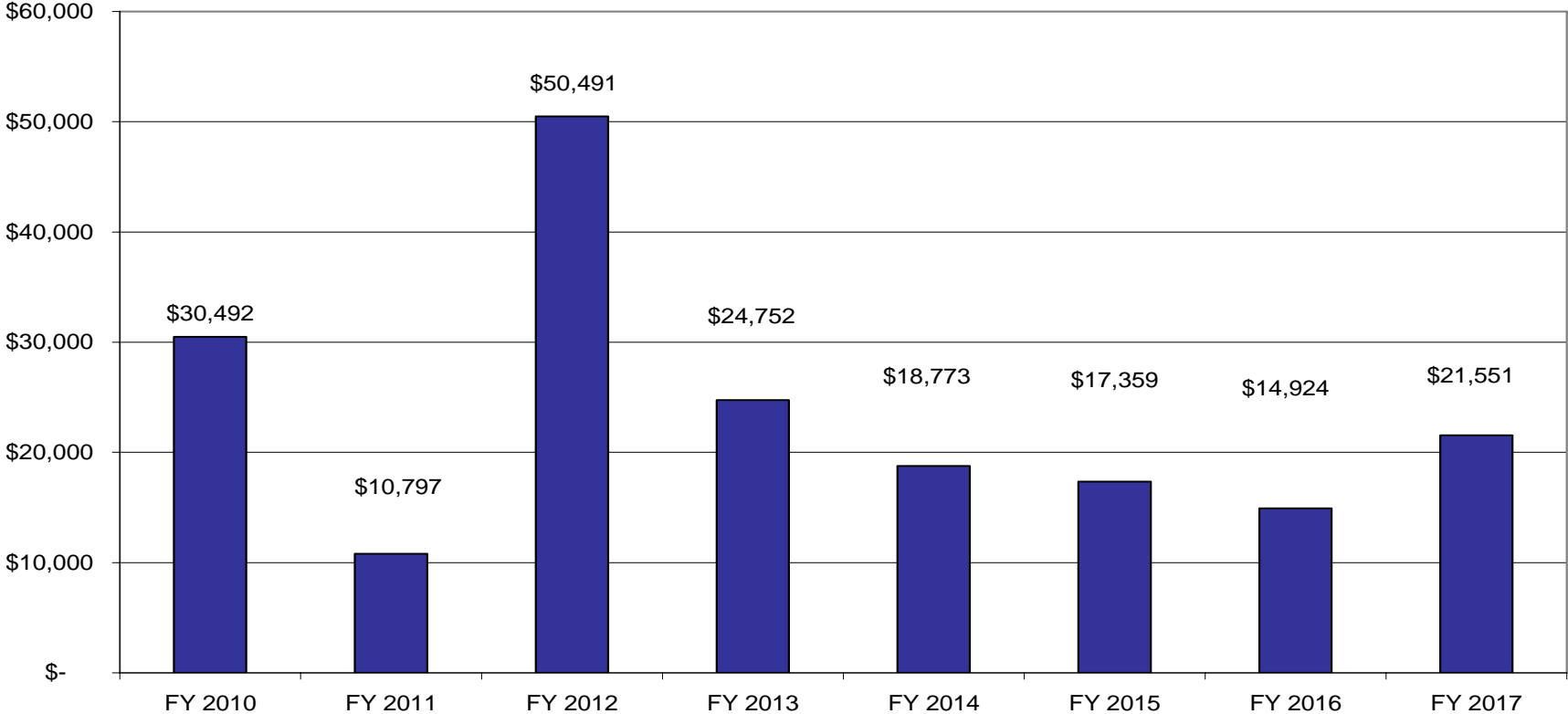


- The projected charges displayed in the chart above are primarily driven by anticipated debt service costs necessary to support the twenty year \$2.2 billion, federally mandated CSO LTCP.

If all projected rate increases are implemented as planned, the average residential customer's bill will increase from \$56.29 in FY 2009 to \$108.21 in FY 2017.

**FY 2008 – FY 2017 FINANCIAL PLAN  
PROJECTED RETAIL RATE, & FEE CHANGES.**

**Incremental Increase In Revenues <sup>(1)</sup>  
FY 2010 – FY 2017  
(In \$000's)**



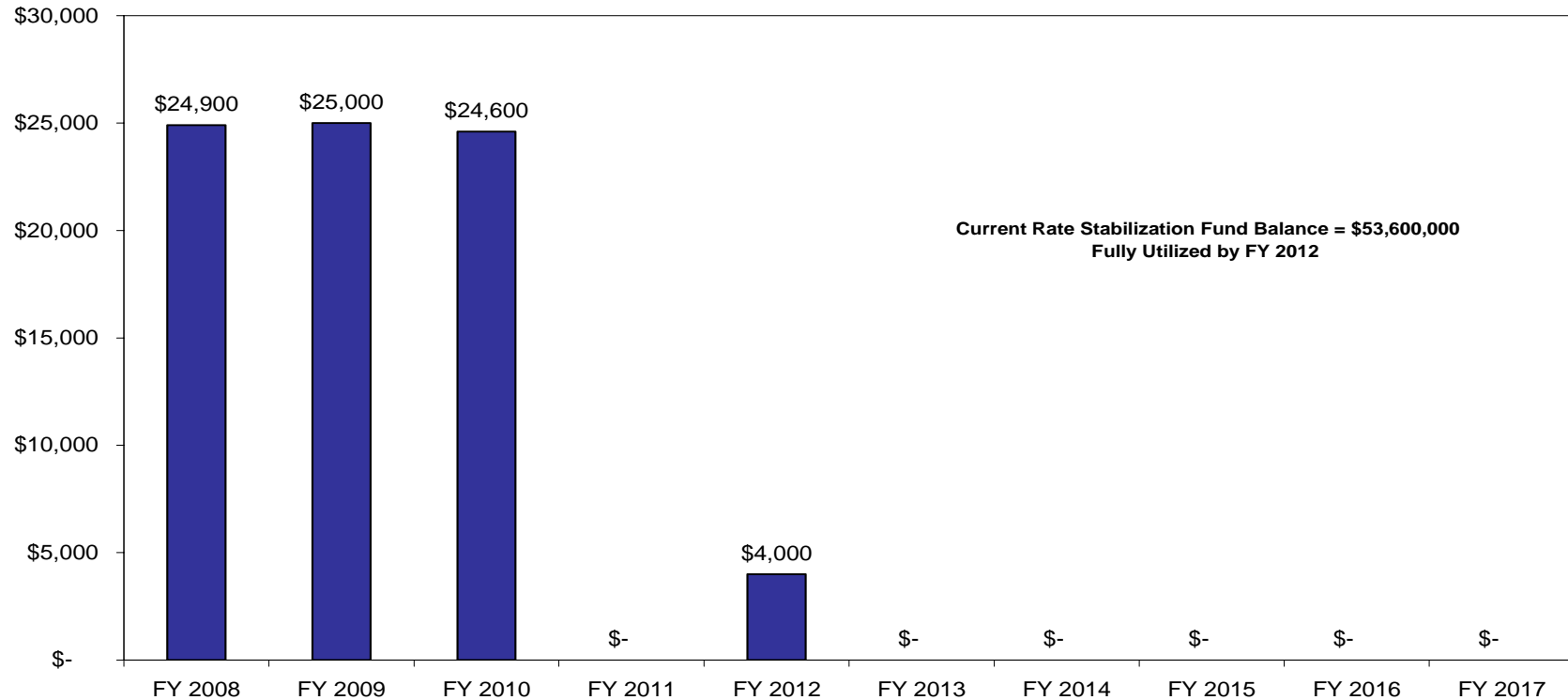
(1) Includes transfers in from the Rate Stabilization Fund.

## ***FY 2009 – FY 2017 FINANCIAL PLAN***

### ***PROJECTED RETAIL RATE, & FEE CHANGES, cont.***

- As shown in the chart above, incremental increases in revenues are projected to range from \$11 million to \$50 million in FY 2009 – FY 2017, due to:
  - Proposed water and sewer rate increases ranging from 3.0 percent to 13 percent.
- Proposed FY 2009 to 2017 Impervious Surface Area Charge revenues ranging from \$1.24 to \$16.33 per ERU per month.

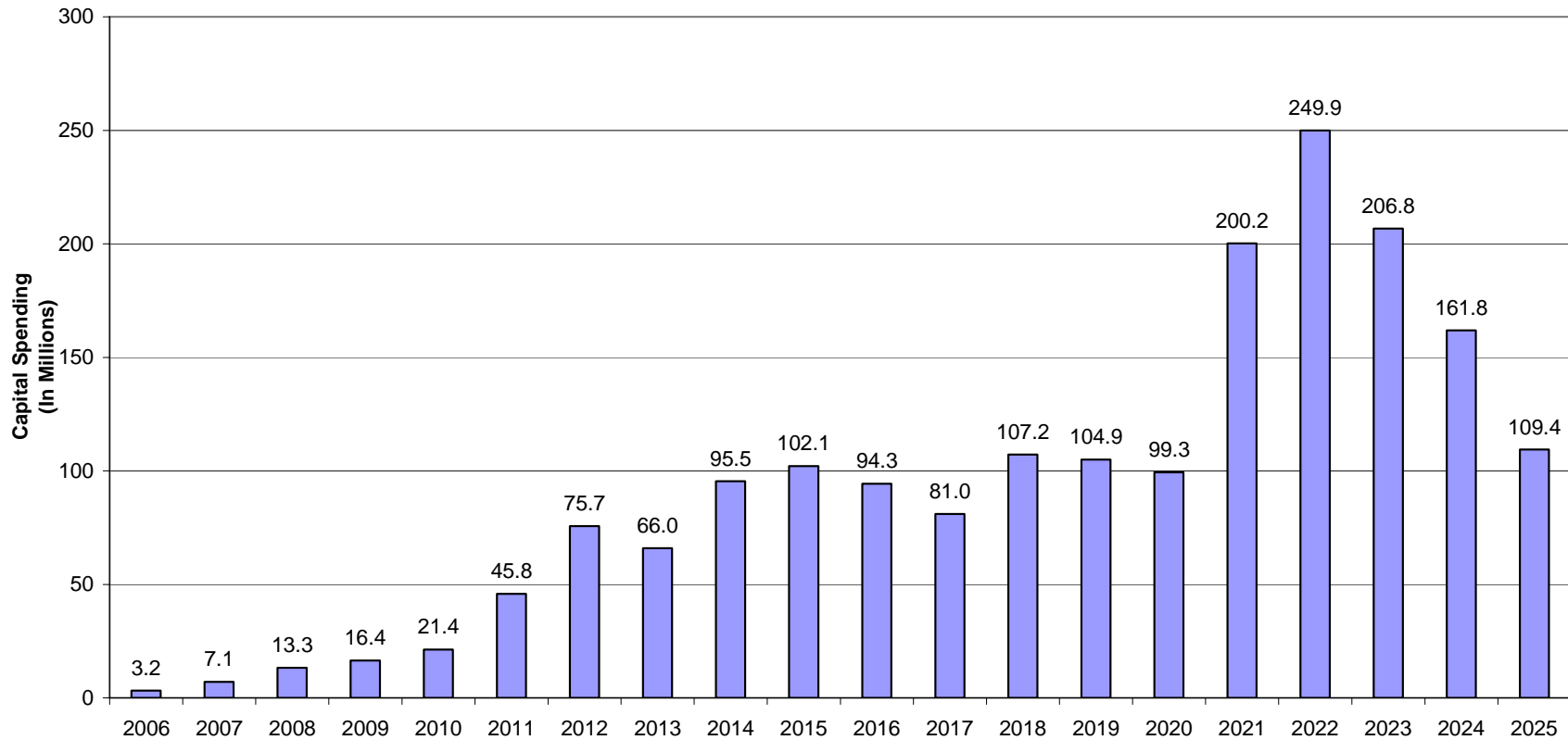
**FY 2009 – FY 2017 FINANCIAL PLAN**  
**PROJECTED RETAIL RATE, & FEE CHANGES, cont.**  
**RATE STABILIZATION FUND USAGE**  
**FY 2008 – FY 2017**  
**(In \$000's)**



- At the end of FY 2008, WASA's rate stabilization fund balance was \$43.6 million. The Board authorized \$10 million to be transferred in FY 2009. It will be fully utilized by FY 2012, as shown in the chart above.

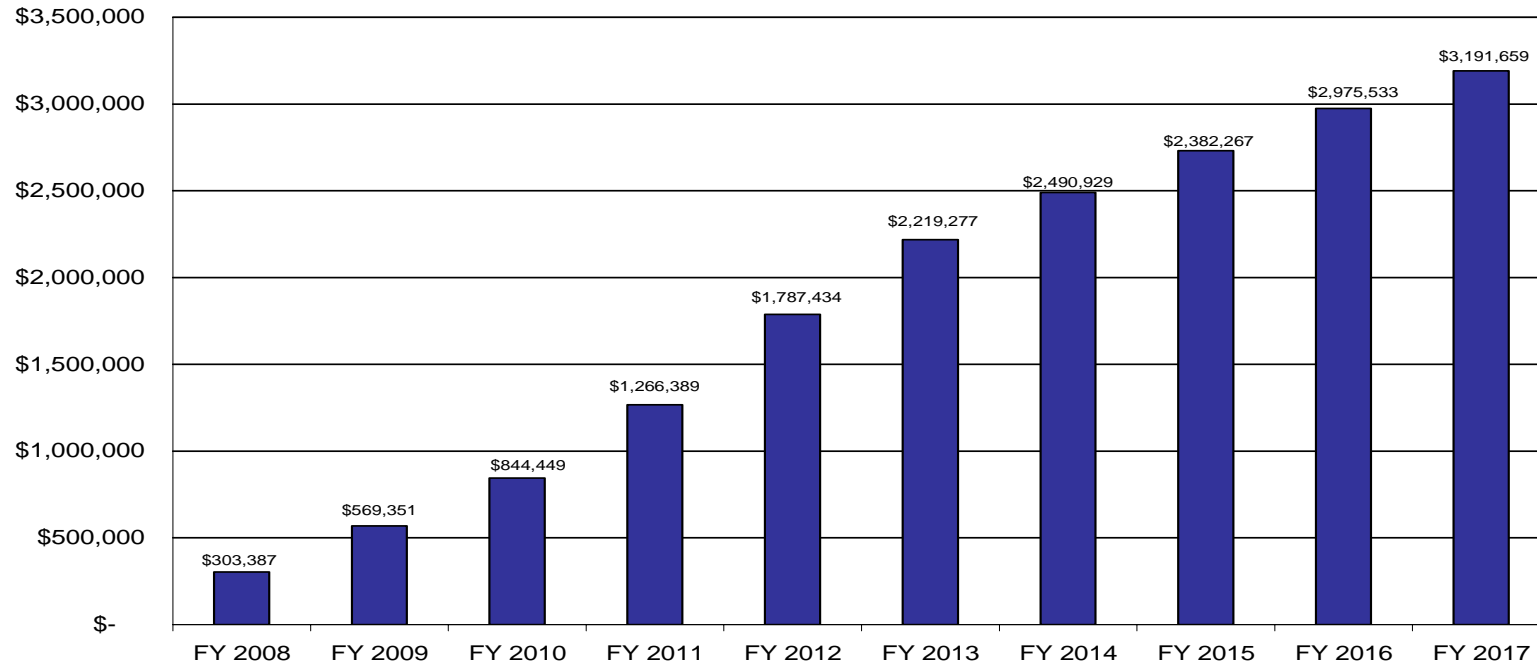
## POTENTIAL IMPACT OF CSO LONG-TERM CONTROL PLAN ON RATES

CSO LTCP Spending by Year  
Excludes NMC Projects



In December 2004, the Board reached agreement with the federal government on the CSO LTCP and entered into a related consent decree. Capital costs for this twenty-year plan are currently estimated at approximately \$2.2 billion. Projected spending by fiscal year is shown in the chart above and is the driver for changes in the IAC over the ten-year plan.

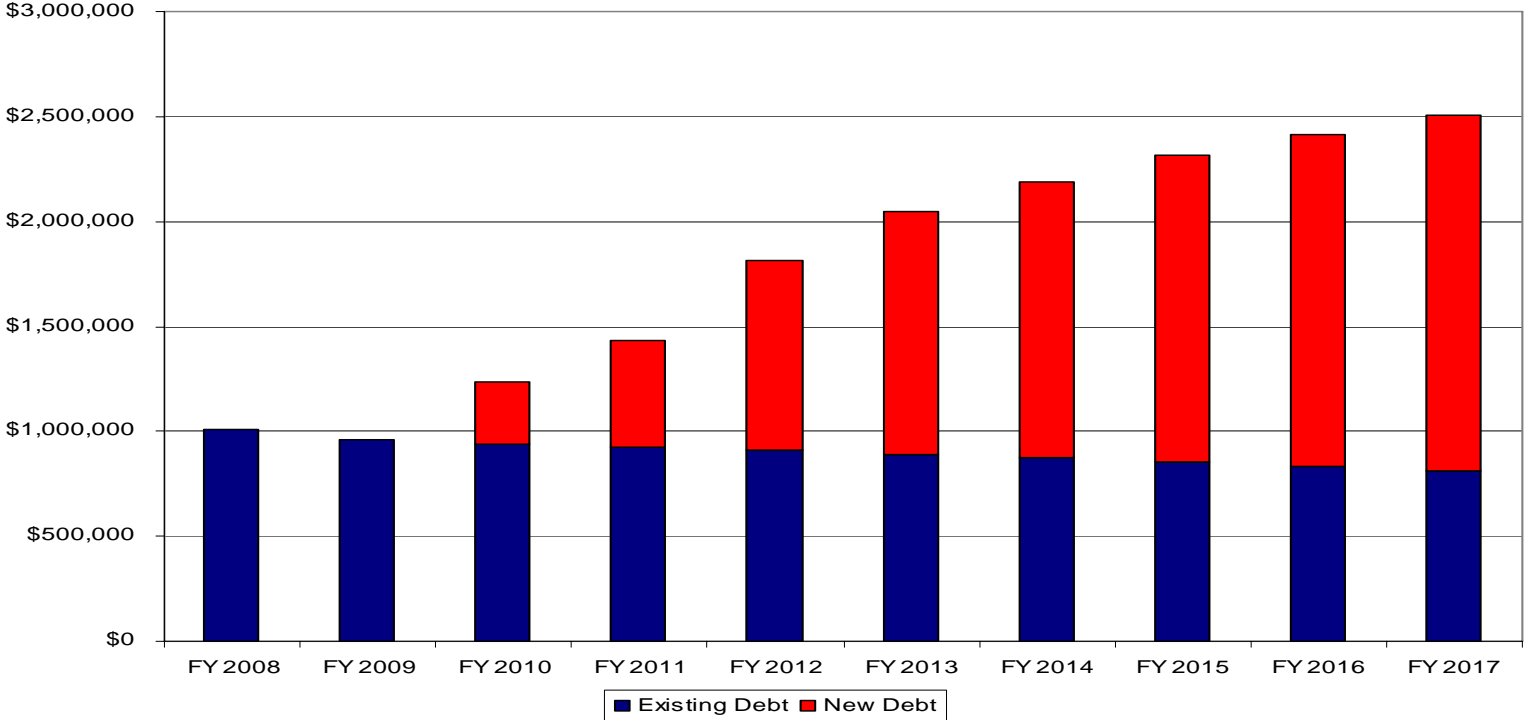
**WHY RATE INCREASES ARE NEEDED**  
**CUMULATIVE CAPITAL SPENDING**  
**FY 2008 – FY 2017**  
**(In \$000's)**



- DC WASA’s ten-year capital improvement program totals \$3.2 billion, with annual spending ranging from \$216 million to \$521 million.
- Once completed, the ten-year capital improvement program will double the book value of DC WASA’s infrastructure.
- The ten-year plan includes the ten years of the Board-approved twenty-year CSO LTCP, totaling \$772 million. The balance of the CSO LTCP, falls in the years beyond the current ten-year planning period.
- The updated biosolids management plan’s budget (described in Section V) is \$100 million higher than the previous ten-year plan and is expected to be disbursed over the next four years.



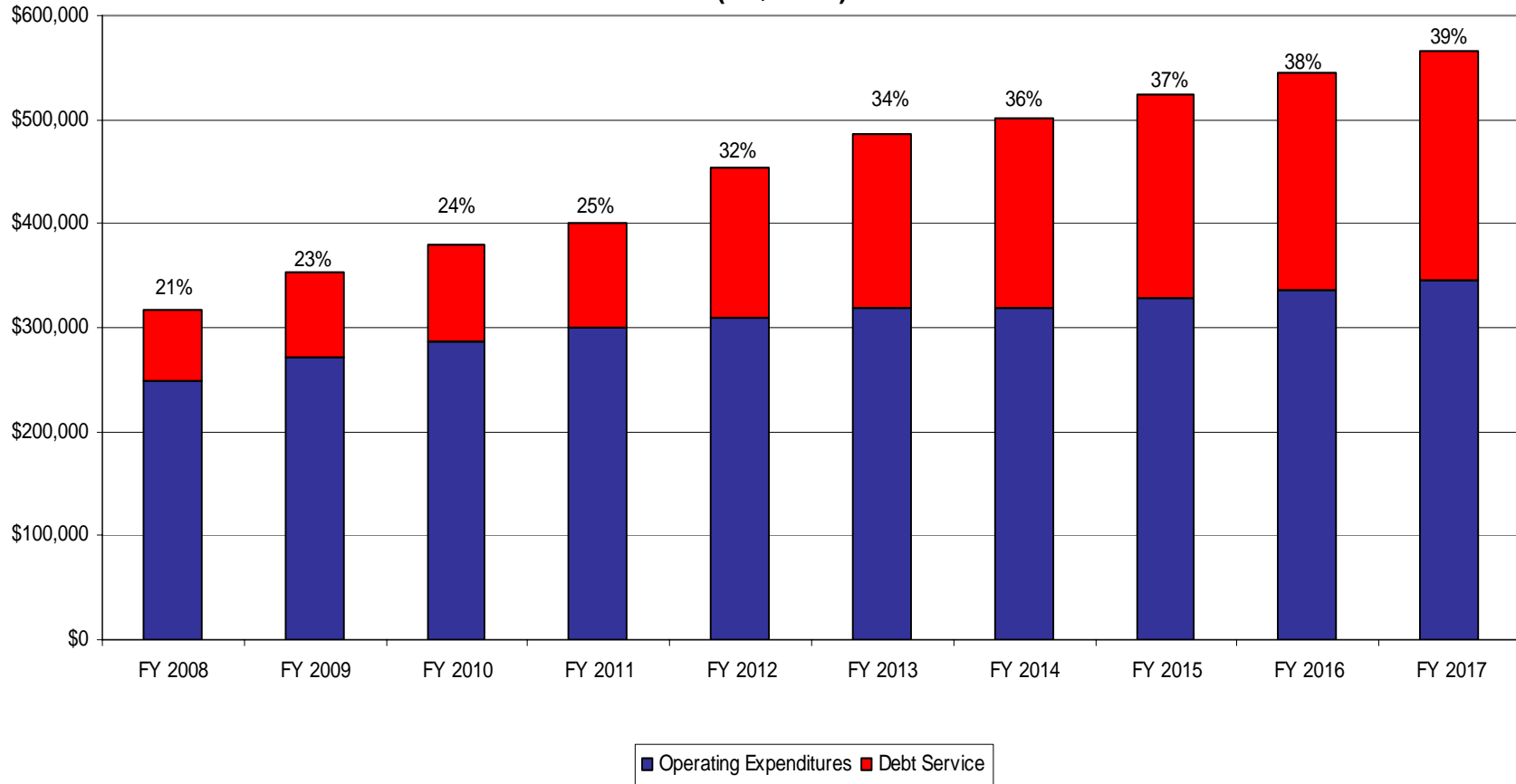
**WHY RATE INCREASES ARE NEEDED, cont.**  
**NEW & EXISTING DEBT OUTSTANDING**  
**FY 2008 – FY 2017**  
**(In \$000's)**



- The largest source of funding for WASA’s capital program is debt.
- Over the next ten years, WASA will issue approximately \$2.0 billion in new debt (which includes the funding of reserves and costs of issuance), increasing total debt outstanding from \$1.01 billion at the end of FY 2008 to almost \$2.5 billion at the end of FY 2017.

**WHY RATE INCREASES ARE NEEDED, cont.**

**DEBT SERVICE AS PERCENTAGE OF TOTAL OPERATING EXPENDITURES  
FY 2008 - 2017  
(In \$000's)**



**WHY RATE INCREASES ARE NEEDED, cont.**

**OPERATING & DEBT SERVICE EXPENDITURES  
FY 2008 – FY 2017**

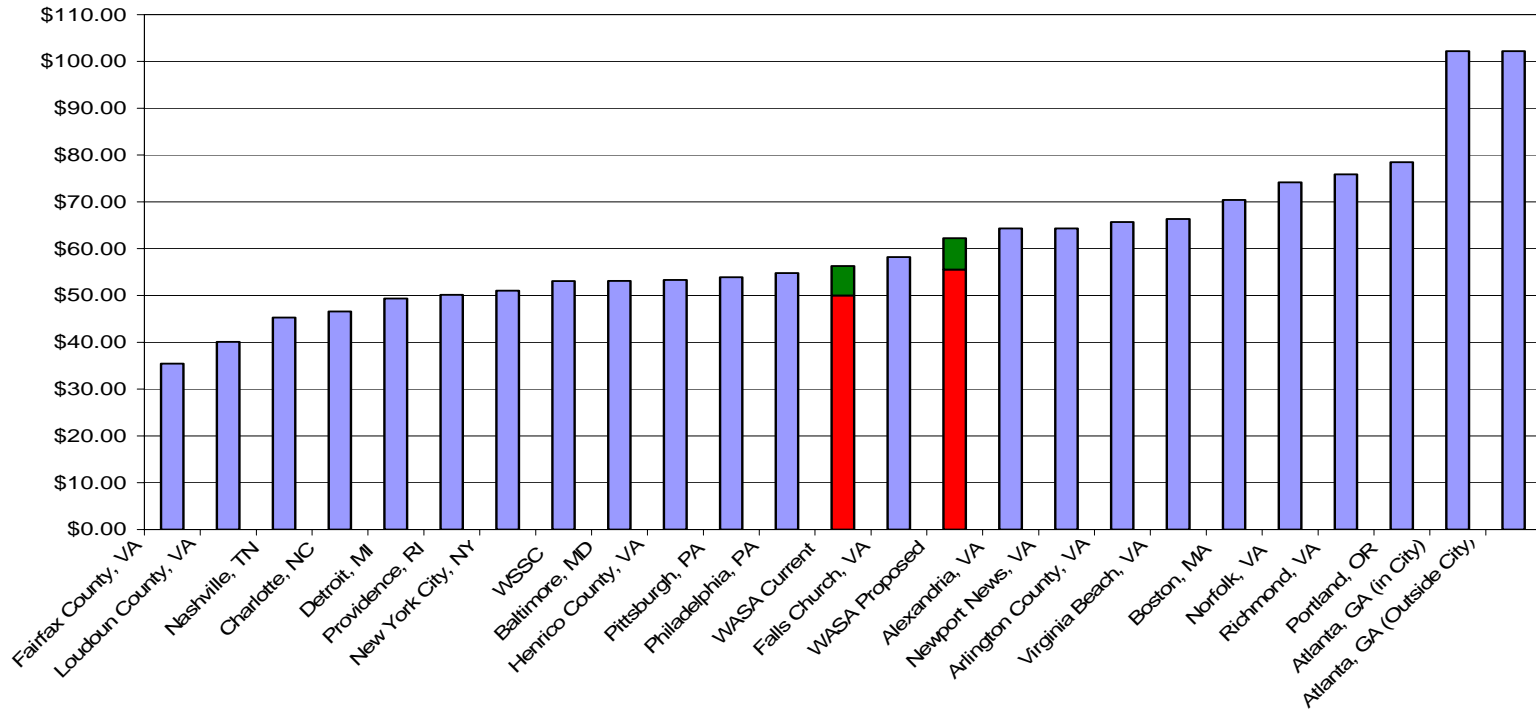
Over the ten-year period, total expenditures increase on average by 6.7 percent annually.

***WASA's proposed rate increases are primarily required to fund increasing debt service costs.***

- Operations and maintenance expenditures (excluding the payment in lieu of taxes and right of way fee) increase on average by only 3.7 percent annually.
- Debt service expenditures grow at an annual average rate of 14.5 percent.
- This year's ten-year financial plan reflects anticipated operating cost savings at Blue Plains beginning in FY 2014 due to the implementation of the digester/cambi biosolids management project.

## WASA'S RETAIL RATES ARE COMPARABLE TO OTHER UTILITIES

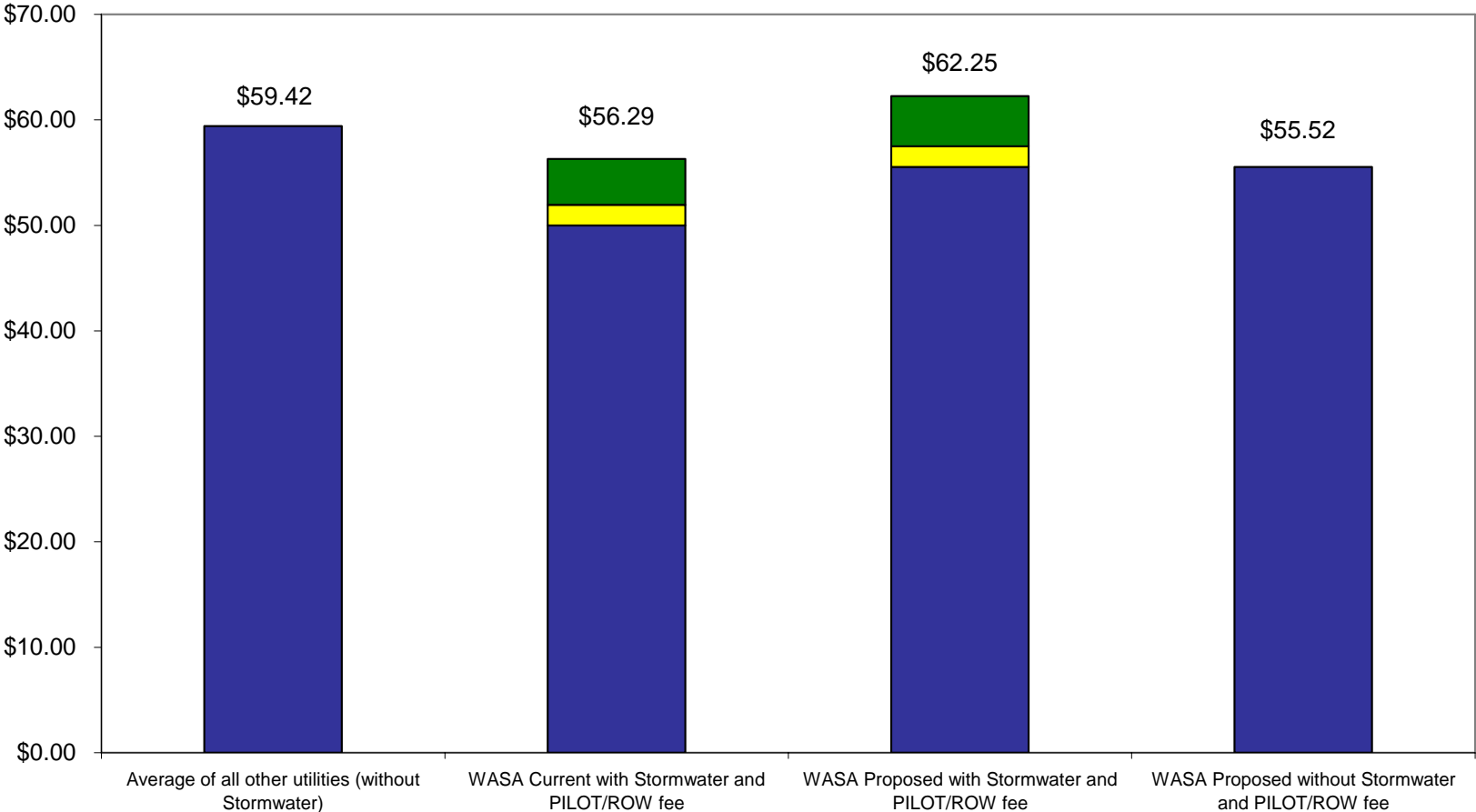
### Average Monthly Residential Bill Comparison (Based on Fall 2008 Rates)



- (1) Assumes average residential consumption of 8.33 Ccf, or 6,231 gallons, per month. Ccf = hundred cubic feet, or 748 gallons.
- (2) Reflects WASA's proposed rate and fee changes in FY 2010 while other utilities' rates are as of summer / fall 2008. However, during this period, it is anticipated that many utilities will take rate actions. The green area indicates the pass-through of the District's right of way and PILOT fees, totaling \$4.75 per month (projected FY 2009) and the DDOE revised residential stormwater rate of \$1.98 per month.

**WASA'S RETAIL RATES ARE COMPARABLE TO OTHER UTILITIES, cont.**

**WASA's Current & Proposed Monthly Residential Bill  
vs.  
Average Monthly Bill of Other Utilities**





Revised FY 2009  
and Approved FY 2010

# Operating Budgets

## SECTION V

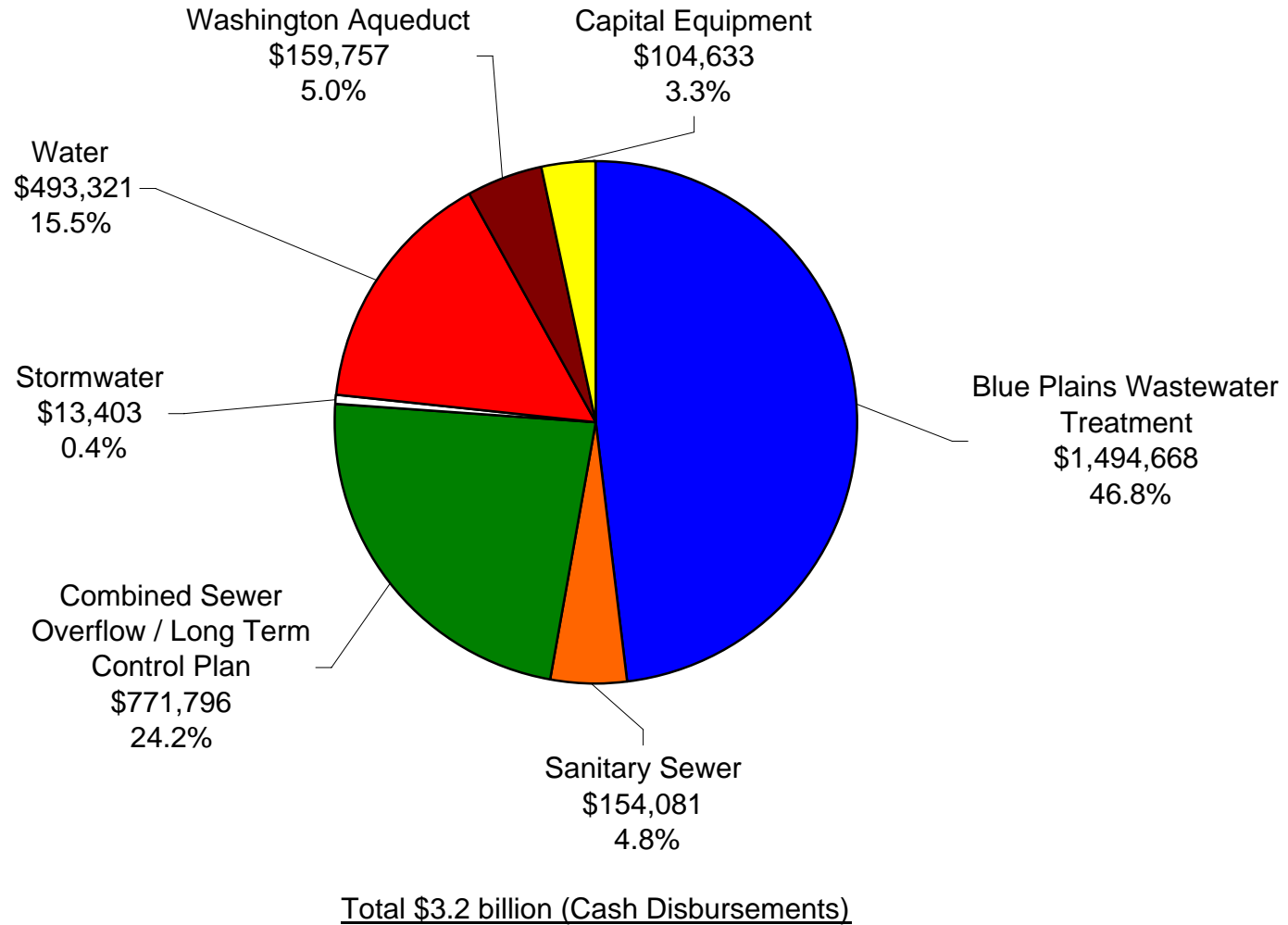
### Capital Program

*DC WASA has undertaken modifications at the Blue Plains wastewater treatment plant, costing upwards of \$1 billion, to further reduce water pollution in the Potomac River and Chesapeake Bay by 2014.*



District of Columbia  
Water and Sewer  
Authority

# FY 2008 - FY 2017 Capital Improvement Program (\$ in 000's)



## **FY 2008 – 2017 CAPITAL IMPROVEMENT PROGRAM OVERVIEW**

DC WASA's ten-year capital improvement program (CIP) totals \$3.2 billion (cash disbursements basis), approximately \$109 million more than last year's plan. As mentioned in Section I and discussed in more detail later throughout this document. This increase is a result of budget increases for several projects, including the revised biosolids management program; and accelerated schedules for some projects, notably the Anacostia Tunnel project. These increases are offset by reduced disbursements for some programs—notably the reduced spending for the Lead Program. The revised biosolids management program would include the use of both digesters and cambi processes to produce Class A biosolids, reduce energy use and reduce DC WASA's carbon footprint through the generation of "green" energy and improved land application. The additional capital investment required for this project is approximately \$100 million, with anticipated operating cost reductions beginning in FY 2014.

The following sections summarize major projects and changes in each service area, with additional details for each project included in each service area section. Please note that all dollar amounts are presented on a project lifetime basis, except where noted otherwise.

### **WASTEWATER TREATMENT**

The lifetime budget for the Wastewater Treatment Service Area is \$2.5 billion dollars, reflecting a \$108 million net increase over last year's budget. The cost of implementing the enhanced digestion/cambi facilities project accounts for most of the budget increase. As described in more detail below, capital projects in the Wastewater Treatment Service Area are required to rehabilitate, upgrade or provide new facilities at Blue Plains to ensure that it can reliably meet its NPDES permit requirements and produce a consistent, high-quality dewatered solids product for land application. In addition to meeting permit requirements, DC WASA strives to reduce biosolids odors, both onsite and in the final product leaving Blue Plains.

Several of the planned upgrade projects at Blue Plains are now complete (or substantially complete), and have been placed in service. Five liquid treatment processes (preliminary, primary, secondary, nitrification-denitrification, and filtration) comprise the liquid treatment processing Program at Blue Plains; the first phases of upgrades to the liquid treatment processes are now in service. In tandem with placing these facilities in service, the process control system has been implemented to enable monitoring and control of the upgraded equipment and systems, thus allowing DC WASA to achieve greater process control and treatment efficiency and yield operating cost control efficiency. The current emphasis of the construction program for the liquid treatment processes is the upgrade of the nitrification-denitrification process, adding the permanent blower system for air-water wash of the effluent filters, and an upgrade to Raw Wastewater Pump Station 1. In addition, planning, piloting and conceptual design for the Blue Plains Total Nitrogen Program (BTN) is scheduled to begin in FY 2008.



In FY 2006, the DC WASA Board of Directors decided to defer the Egg-Shaped Digester project due to exceptionally high bid prices, and decided to monitor the market while conducting ongoing research and reviewing revised strategies for long-term biosolids management. An update of the Biosolids Management program was presented to the DC WASA Environmental Quality and Operations Committee in June 2008. Prior to the final recommendation a wide range of biosolids processing options were evaluated. The recommended option includes construction of four Cambi thermal hydrolysis trains, four digesters, new dewatering equipment and a combined heat and power plant. This alternative requires an increase in the capital budget for the digestion project but has the potential to significantly manage biosolids operating costs when it is placed in operation. The preferred option produces power from digester gas to meet over one third of DC WASA's electric demand at Blue Plains and the digestion process destroys nearly one half of the biosolids which will result in lower reuse costs. There is a possibility that DC WASA can market a substantial portion of the biosolids product, further reducing land application reuse costs. The Life-time budget for the Digesters project has been increased by approximately \$100 million to provide for advancement of this project, if the ongoing feasibility study supports the initial cost-benefits presented to the Board Committee in June 2008.

Other long-term upgrade projects now under construction include:

- Nitrification-Denitrification Facilities Upgrade - to upgrade the process and/or replace equipments that are at the end of their useful lives.
- Raw Wastewater Pump Station 1 - Upgrade to the Raw Wastewater Pump Station to replace equipments that are at the end of their useful lives, and improve reliability.
- Process Control System – will provide automated monitoring and control for the nitrification-denitrification process that will improve treatment, control and optimize chemical and power costs, and increase reliability of the facilities.

## **COMBINED SEWER**

The lifetime budget for the Combined Sewer Service (CSO) Area is \$2.3 billion, which includes the twenty-year CSO Long Term Control Plan (LTCP). The benefits of this plan are significant. When fully implemented, combined sewer overflows will be reduced by a projected 96 percent (98 percent on the Anacostia River), resulting in improved water quality. The \$50 million increase to this service area's lifetime budget is attributable to revised estimates on a few near term projects as well as \$7 million in high priority projects within the combined sewer area that were recommended by the recent sewer assessment.

The Excess Flow Treatment Capacity effort (the Blue Plains Tunnel Project) has been removed from the Combined Sewer Service area and consolidated into the BTN Program within the Wastewater service area. This change reflects the enhanced vision of the Blue Plains Tunnel as serving the dual purpose of containing outfalls and participating in compliance with the new Total Nitrogen/Wet Weather Plan (TN/WW).

Approximately \$170 million of construction projects have already been completed or are in progress. This includes \$140 million that were included in the settlement of a lawsuit against DC WASA regarding implementation of the federal CSO Nine Minimum Controls

program, plus \$30 million added this year as detailed below in the CSO section. These projects, which were previously budgeted and planned by DC WASA prior to the lawsuit, are projected to reduce combined sewer overflows by 40 percent. Of these projects, the rehabilitation of twelve inflatable dams and other system improvements and the recent completion of the Eastside Pump Station are expected to result in up to a 30 percent reduction in overflows. We are also underway with engineering to separate additional combined sewer areas in Anacostia and Rock Creek. Additionally, we are completing studies to add Low Impact Development (LID) at several DC WASA facilities. We have undertaken the rehabilitation of our major pumping stations to increase their capacity. Three of these stations are in the construction phase, while the fourth (Poplar Point Pumping Station) is still in the design phase, with construction to be completed by the end of calendar year 2009.

We are continuing our Anacostia River CSO projects facility planning efforts. This planning will include advancing the conceptual designs developed in the LTCP to the preliminary design stage. The outcome of the facility planning may identify the need for additional modifications to the selected CSO controls and schedules included in the decree. An initial draft of the Facility Plan was scheduled to be submitted in December 2007 and the Final Facility Plan was submitted to EPA in September 2008.

DC WASA's clean-up efforts on the Anacostia River are a key cornerstone of the District's plan to redevelop both sides of the river, including the new baseball stadium, retail development and affordable housing among other projects.

## **STORMWATER**

The lifetime budget for the Stormwater Service Area is \$44 million, a slight increase from last year primarily due to the addition of the FY 2017 budget year within the planning period. As in last year's budget, we have not included funding for stormwater pumping rehabilitation projects. Over the past year, extensive dialogue among stormwater task force members resulted in a better definition of roles, responsibilities and funding sources for the activities required to enhance DC stormwater management. The DC Department of the Environment (DDOE) entered into agreements with various offices to provide services in support of the District's MS4 permit in accordance with funding availability from the Enterprise Fund. DC WASA provides for the maintenance and replacement of certain public facilities that convey stormwater runoff to the Anacostia and Potomac Rivers, Rock Creek, and other receiving streams within certain areas of the District of Columbia, specifically the areas of the District served by combined sewers. Various other agencies have responsibility for a variety of other stormwater activities. Discussion of other matters, such as the turnover of stormwater pumping facility maintenance continues. DDOE maintains the central responsibility for managing stormwater activities under the MS4 permit and has worked to coordinate all agencies, activities and funding mechanism necessary to ensure full compliance.

While DC WASA has a long term control plan to address these issues within the combined sewer areas, DC WASA's staff continues to participate in the MS4 task force and to monitor the impact of other MS4 NPDES requirements on DC WASA and its ratepayers. Significant progress has been made throughout the District. Since 2001, DC WASA collected the MS4 stormwater fees on behalf of the District and acted as stormwater administrator until the creation of DDOE and the transfer of duties in early 2007. DC WASA continues to collect those fees on behalf of the District and transfers them to DDOE quarterly. In FY 2009, we will work closely with

DDOE to share our impervious surface area database currently under development. Along with DC WASA, DDOE believes that this new rate structure can help to equitably allocate costs to the cost causers and influence future behavior through education.

## **SANITARY SEWER**

The majority of sewers in the DC WASA system was constructed more than one hundred years ago and is still in operation. As stated in section I, aging infrastructure is a national issue and can impact condition and performance of the system and DC WASA conducted a study to assess the condition of the sewers to determine what, if any, improvements should be made to maintain and renew the system. Lifetime budgets in the Sanitary Sewer Service Area total \$288 million, a net increase of \$15 million over last year's CIP. The increases are primarily due to several high priority projects that resulted from the recommendations of the sewer assessment recently completed; yet the update suggests that an average of \$37 million may need to be invested annually. During FY 2009, DC WASA will finalize its Sewer Facility Plan and put together a plan to start addressing the recommendations from the recently concluded Sewer Assessment Program. Establishment of a reinvestment program can extend the performance of the sewer system and DC WASA will continue the evaluation of the sewer system as an ongoing program to review condition, verify adequate capacity, and prioritize and develop new capital projects, as appropriate. The projects selected to be included in the CIP were based on inspections performed on approximately 80 miles of the District's most critical sewer segments.

DC WASA is responsible for wastewater collection and transmission in the District of Columbia, including operation and maintenance of the sanitary sewer system. DC WASA's sanitary sewer system includes approximately 600 miles of large interceptor sewers and smaller gravity collection sewers. DC WASA is also responsible for sewer lateral connections from the sewer mains to the property lines of residential, government, and commercial properties. In addition, DC WASA is responsible for the 50 mile long Potomac Interceptor System, which provides conveyance of wastewater from areas in Virginia and Maryland to Blue Plains. The existing sanitary sewer system in the District of Columbia dates back to 1810, and includes a variety of materials such as brick and concrete, vitrified clay, reinforced concrete, ductile iron, plastic, steel, brick, cast iron, cast in place concrete, and even fiberglass.

## **WATER**

The lifetime budget for the Water Service Area (including Meter Replacement / AMR installation) is \$1 billion, a decrease of \$59.9 million from last year's CIP. This is primarily driven by the reduction of approximately \$165 million from the lead service line replacement program, netted against various additions including the proposed phase II of the DC fire hydrant replacement and upgrade program (\$30 million), and an additional \$50 million included to support several high priority investments to the aging infrastructure of our water system.

Major water projects include lead service replacements, rehabilitation/construction of pumping stations such as Anacostia and Bryant Street, elimination of dead ends, water main replacement, rehabilitation and extension, fire hydrant replacement and valve replacements.

Projects in the Water Service Area are designed to maintain an adequate and reliable potable water supply to customers, and fire protection. Categories of projects include the rehabilitation and replacement of water mains, storage facilities, and pumping stations. This area also includes water service line and meter replacement.

The water distribution system also includes appurtenances necessary for proper system operation, inspection, and repair. DC WASA's system includes approximately 1,300 miles of pipe and over 36,000 valves of various sizes. A variety of valve types allow flow control, prevent air entrapment, allow water main draining, permit flow in only one direction, and allow water transfer between service areas during emergencies. The system also includes approximately 9,000 hydrants.

### *Water System Facilities Planning*

DC WASA began work on its first Water System Facilities Plan in 1998 and completed it in September 2000. A facilities plan evaluates the existing system and provides an assessment of improvements needed. The 2000 Facilities Plan identified fourteen projects and a small diameter water main rehabilitation program to be included in the CIP at a ten-year cost of just under \$ 300 million. At this time 9 of 14 projects included in the Facilities Plan have been completed or are under construction. A recent draft update of the facilities plan identified current system needs and related potential CIP projects. Specifically, the report indicated a need for a more aggressive small diameter water main rehabilitation program, given that approximately half of the small diameter water mains in service are more than 75 years old and over 15% are more than 100 years old. Upgrades to several pumping stations were also identified as having high priority needs in order to ensure adequate pressure and reliable service for customers. Overall, the assessment identified at least \$30 million a year for the renewal of the Water service area. This capital budget includes funding for approximately \$50 million in high priority needs. DC WASA management and staff are reviewing the findings of the draft update of the facilities plan and will work to integrate the results with other findings in the water service area in a comprehensive and long-term view point of system maintenance and rehabilitation.

### **WASHINGTON AQUEDUCT**

The Washington Aqueduct, managed by the U.S. Army Corps of Engineers, provides wholesale water treatment services to DC WASA and its partners in Northern Virginia, Arlington County and Falls Church. DC WASA purchases approximately 75 percent of the water produced by the Aqueduct's two treatment facilities, the Dalecarlia and McMillan treatment plants, and thus is responsible for 75 percent of the Aqueduct's operating and capital costs. Under federal legislation and a memorandum of understanding enacted in 1997, DC WASA and its Northern Virginia partners have a much greater role in oversight of the Aqueduct's operations and its capital improvement program.

The proposed lifetime budget for DC WASA's share of Washington Aqueduct projects totals \$196.5 million or \$26.1 million more than last year's 10-year plan of \$170.4 million. This change is due primarily to an increased projection in out year projects.

### **CAPITAL EQUIPMENT**

DC WASA's Capital Equipment budget totals approximately \$104.6 million for FY 2008 – FY 2017 plan, an increase of approximately \$4 million compared to the last ten-year plan. Over fifty percent of spending in the capital equipment area continues to be on major information technology projects, including the document management system (budget of \$2.9 million) and the asset management system (budget of \$6.4 million). DC WASA continues its commitment to scheduled replacement of its vehicle fleet with a budget of \$13.4 million, representing almost thirteen percent of the ten-year plan. Finally, maintenance of large equipment totals \$13.1 million, or twelve percent of the ten-year plan and other equipment including hydrant and valve equipment necessary for the maintenance of the District's public fire system totals \$14.6 million, or fifteen percent of the ten-year plan.

The revised FY 2009 budget at \$19.3 million is \$3.9 million higher than the FY 2009 approved budget. This variance is primarily attributable to budget increases in: the Fleet Management department to comply with the policy of replacing aging vehicles; Information Technology (IT) managed programs – addition of new programs – Enterprise Resource Planning (ERP) systems (to ensure that DC WASA's reporting system remain current and efficient) and Network Storage System Renewal (to ensure safe archival and retrieval of DC WASA's increasing data): these increased disbursements are partly offset by the reduced disbursements in some projects as they near completion, and closure of others.

## **CIP DEVELOPMENT AND APPROVAL PROCESS**

DC WASA's capital budget review process begins each year in the spring, as part of both our capital and operating budget review process. This process includes a review of major accomplishments, priorities, status of major projects and emerging regulatory and related issues impacting the capital program. Projections of changes in project lifetime budgets are also included. The review process involves the DC WASA departments with responsibility for managing the capital projects as well as finance and budget staff and executive management. The CIP is integrated into DC WASA's ten-year financial plan; because of its size, it is the primary driver of DC WASA's projected rate increases over the current 10 year planning period.

This review process lasts over several months and culminates with the presentation of the updated CIP to DC WASA's Board of Directors' Environmental Quality & Operations and Finance & Budget Committees in October. The Committees complete their review from October through December. The operating budgets, capital improvement program, and ten-year financial plan are then forwarded to the full Board for its consideration in January.

After adoption by the Board of Directors, DC WASA is required to submit its annual operating and capital budgets to the Mayor and the District of Columbia Council for its review and comment; however, neither has power to change DC WASA's annual budgets. Final operating and capital budget numbers, along with the capital authority request will be forwarded to the District for inclusion in the District of Columbia's budget submission to Congress. DC WASA's request for capital authority is ultimately made to and approved by the U.S. Congress.

## **DISBURSEMENTS AND PROJECT LIFETIME BUDGETS**

As in the past, we have presented the CIP on both a project lifetime basis and cash disbursement basis. During the CIP review process, we perform an extensive review of the total project, or “lifetime” budgets, which also reflect historical spending prior to the current ten-year period, projected spending beyond the current ten-year period and project contingencies. Project lifetime budgets are our primary area of focus in budget development and day-to-day monitoring. In addition to lifetime budgets, we also develop cash disbursements forecast. Actual cash disbursements are critical to forecasting the anticipated level of rate increases and the amount and timing of capital financings. While cash disbursements are a function of project lifetime budgets, they reflect a more realistic projection of actual “cash out the door” excluding contingencies and taking into account historical and projected completion rates.

As in prior years, the budget document includes a comparison of this year’s vs. last year’s lifetime project budgets by program area for the Board’s review. Changes have been made to some of the project lifetime budgets approved from last year due to a change in project scope, engineering cost estimates, site changes and other related issues. In addition, some projects are either closed or dropped from the CIP. Projects for which all activities have been completed during a given fiscal year are listed as ‘Closed’ during that fiscal year; these same projects are, then, listed as ‘Dropped’ in the immediately following fiscal year.

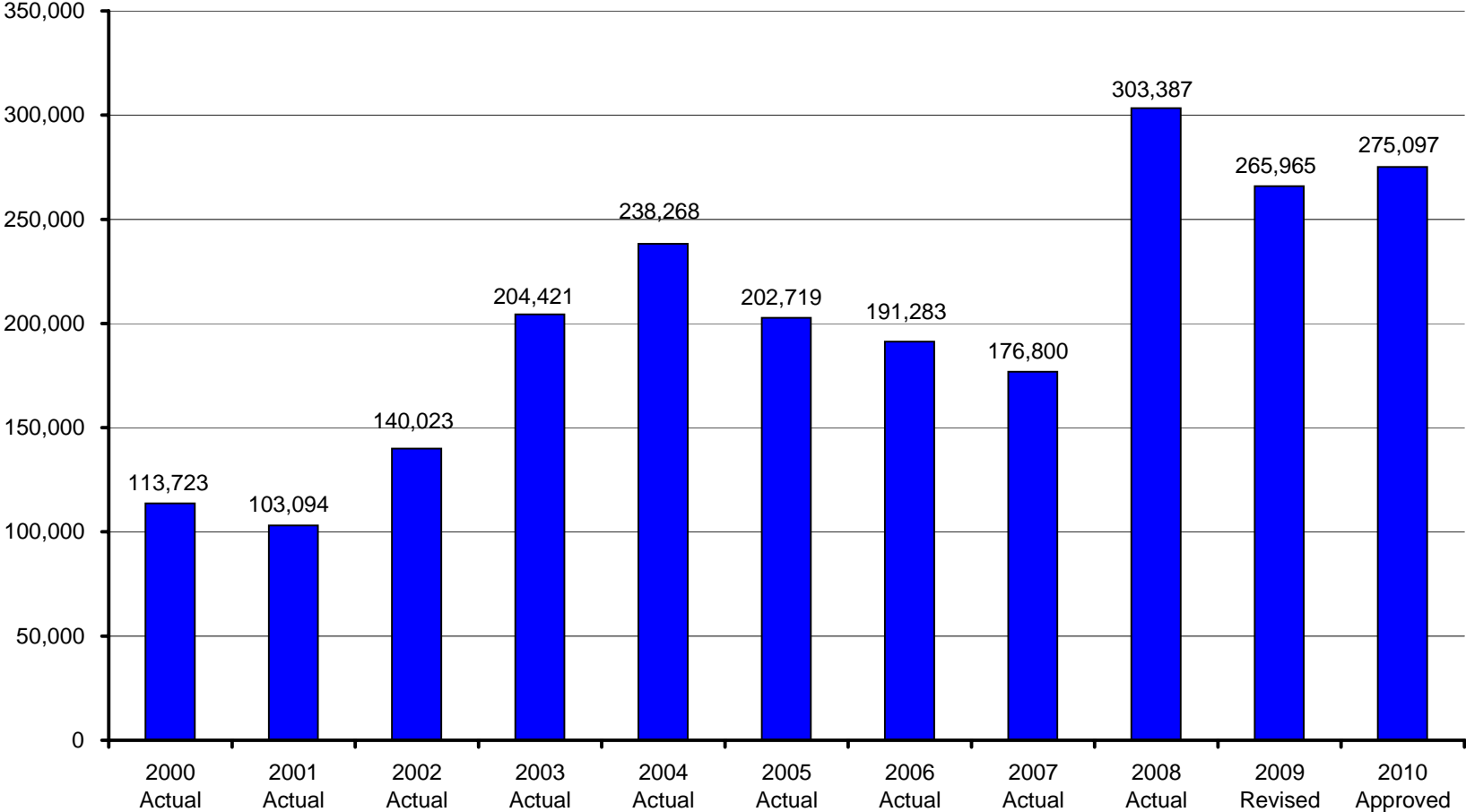
## **CAPITAL AUTHORITY**

As part of DC WASA’s enabling legislation, Congressional appropriation authority is required before any capital design or construction contract can be entered into. The FY 2010 request totals \$773.3 million, and reflects the following:

- Remaining authority from prior years’ appropriations;
- Projected commitments in FY 2009 and FY 2010;
- Planned FY 2011 and FY 2012 commitments, to ensure adequate authority exists, in the event that any projects are accelerated.

Due to the timing of the Congressional appropriations process, authority requests must be made well in advance of commitment execution. Including projected FY 2011 and FY 2012 commitments (a 24-month ‘look ahead’) allows us adequate flexibility to continue with contract commitments in the event that the U.S Congress delays budget approval and allows us to quickly accelerate or reprioritize projects into earlier years as approved by the Board. While this gives us flexibility to reprioritize projects, it should be noted that such changes and execution of any contract still require General Manager’s approval, with major projects and contracts requiring Board approval.

**Historical and Projected Capital Spending**  
**FY 2000 - FY 2010**  
**(\$ in 000's)**



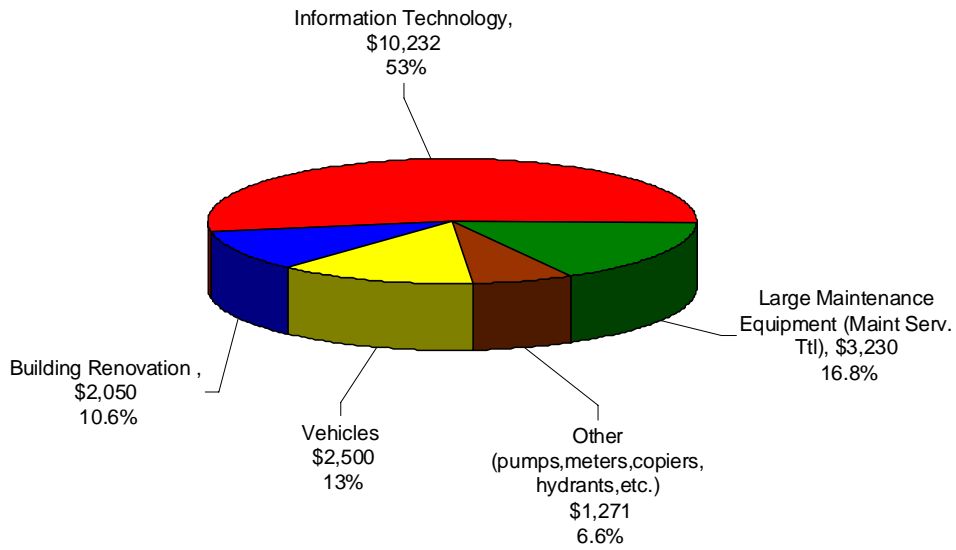
**FY 2008 - FY 2017 PROJECTED CAPITAL IMPROVEMENT PLAN - DISBURSEMENTS BASIS (\$ in 000's)**

	<b>FY 2008 Actuals</b>	<b>FY 2009 Revised</b>	<b>FY 2010 Approved</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Total FY '08 -'17</b>
<b><u>Wastewater Treatment</u></b>											
Liquid Processing Projects	\$66,443	\$55,288	\$39,518	\$26,390	\$12,146	\$2,088	\$1,321	\$4,260	\$8,029	\$7,694	\$223,178
Plantwide Projects	15,069	15,323	16,137	7,747	11,946	9,198	1,063	989	571	609	78,652
Solids Processing Projects	3,763	17,185	26,083	139,585	99,247	78,761	21,994	2,455	170	1,134	390,377
BTN - Total Nitrogen Program	-	8,037	24,176	61,591	211,641	197,328	87,401	71,618	82,611	58,057	802,461
<b>Sub-total</b>	<b>85,275</b>	<b>95,833</b>	<b>105,914</b>	<b>235,313</b>	<b>334,981</b>	<b>287,375</b>	<b>111,779</b>	<b>79,323</b>	<b>91,381</b>	<b>67,494</b>	<b>1,494,668</b>
<b><u>Sanitary Sewer</u></b>											
Sanitary Collection Sewers	65	276	655	526	-	-	-	-	-	4	1,526
Sanitary On-Going Projects	5,549	7,677	7,849	6,227	3,429	3,778	4,065	4,186	4,343	4,400	51,504
Sanitary Pumping Facilities	5,220	5,271	994	118	-	-	-	-	-	33	11,637
Sanitary Sewer Projects Program Management	2,104	1,705	2,631	3,579	2,753	1,560	1,455	1,454	1,465	1,446	20,151
Sanitary Interceptor/Trunk Force Sewers	2,835	3,938	9,845	28,468	13,483	4,805	1,655	1,897	1,576	763	69,264
<b>Sub-total</b>	<b>15,773</b>	<b>18,867</b>	<b>21,974</b>	<b>38,918</b>	<b>19,664</b>	<b>10,143</b>	<b>7,174</b>	<b>7,536</b>	<b>7,384</b>	<b>6,647</b>	<b>154,081</b>
<b><u>Combined Sewer Overflow / Long Term Control Plan</u></b>											
CSO Program Management	369	1,100	1,583	1,071	825	820	400	-	-	18	6,188
Combined Sewer Projects	24,933	24,330	49,606	27,793	18,181	3,954	97	43	1,267	3,790	153,994
Long-Term Control Plan-											-
Blue Plains											
Anacostia Tunnel	13,322	16,444	21,353	45,838	75,681	66,006	95,523	99,137	88,232	75,450	596,986
Potomac Tunnel	-	-	-	-	-	-	-	3,006	5,635	4,702	13,343
Rock Creek Tunnel	-	-	-	-	-	-	-	-	453	832	1,285
<b>Sub-total</b>	<b>38,624</b>	<b>41,874</b>	<b>72,543</b>	<b>74,703</b>	<b>94,688</b>	<b>70,779</b>	<b>96,020</b>	<b>102,186</b>	<b>95,587</b>	<b>84,792</b>	<b>771,796</b>
<b><u>Stormwater</u></b>											
Stormwater Local Drainage	-	610	734	-	-	-	-	-	-	4	1,348
Stormwater On-Going Program	213	372	263	270	279	289	302	313	365	326	2,994
Stormwater Pumping Facilities	-	-	-	-	-	-	-	-	-	-	-
DDOT Stormwater Program	-	41	10	86	89	93	96	99	89	89	694
Stormwater Research and Program Management	2,217	253	490	449	257	191	-	-	-	9	3,867
Stormwater Trunk/Force Sewers	101	687	663	233	1,050	902	848	5	-	13	4,501
<b>Sub-total</b>	<b>2,531</b>	<b>1,964</b>	<b>2,160</b>	<b>1,038</b>	<b>1,676</b>	<b>1,476</b>	<b>1,246</b>	<b>417</b>	<b>454</b>	<b>442</b>	<b>13,403</b>
<b><u>Water</u></b>											
Water Distribution Systems	13,764	28,054	27,037	27,051	25,985	16,338	14,816	12,742	11,009	16,134	192,929
Water On-Going Projects	8,125	9,198	4,345	2,037	2,538	3,286	3,609	3,681	3,961	4,968	45,747
Water Pumping Facilities	20,397	8,154	5,193	5,974	4,219	1,708	203	-	-	135	45,983
DDOT Water Projects	3,369	2,570	761	1,847	1,873	1,213	1,269	1,304	1,313	1,335	16,854
Water Storage Facilities	-	29	214	1,433	3,030	8,021	3,135	143	438	2,226	18,667
Water Projects Program Management	1,858	1,405	1,319	1,400	1,965	1,985	1,995	1,968	1,268	45	15,208
Water Lead Program	21,150	14,331	10,987	11,638	12,887	13,546	14,164	14,635	15,551	15,882	144,771
Meter Replacement /AMR Installation	1,476	1,239	1,279	1,286	1,294	1,301	1,309	1,317	1,326	1,334	13,162
<b>Sub-total</b>	<b>70,139</b>	<b>64,979</b>	<b>51,136</b>	<b>52,665</b>	<b>53,790</b>	<b>47,399</b>	<b>40,500</b>	<b>35,790</b>	<b>34,865</b>	<b>42,059</b>	<b>493,321</b>
<b>Washington Aqueduct</b>	<b>76,415</b>	<b>23,164</b>	<b>5,584</b>	<b>7,016</b>	<b>7,500</b>	<b>8,055</b>	<b>8,023</b>	<b>8,000</b>	<b>8,000</b>	<b>8,000</b>	<b>159,757</b>
<b>Capital Equipment</b>	<b>14,630</b>	<b>19,283</b>	<b>15,788</b>	<b>12,288</b>	<b>8,747</b>	<b>6,615</b>	<b>6,910</b>	<b>6,948</b>	<b>6,733</b>	<b>6,692</b>	<b>104,633</b>
<b>Total FY 2010 WASA Capital Improvement Program</b>	<b>\$303,387</b>	<b>\$265,965</b>	<b>\$275,097</b>	<b>\$421,941</b>	<b>\$521,046</b>	<b>\$431,842</b>	<b>\$271,652</b>	<b>\$240,199</b>	<b>\$244,404</b>	<b>\$216,126</b>	<b>\$3,191,659</b>

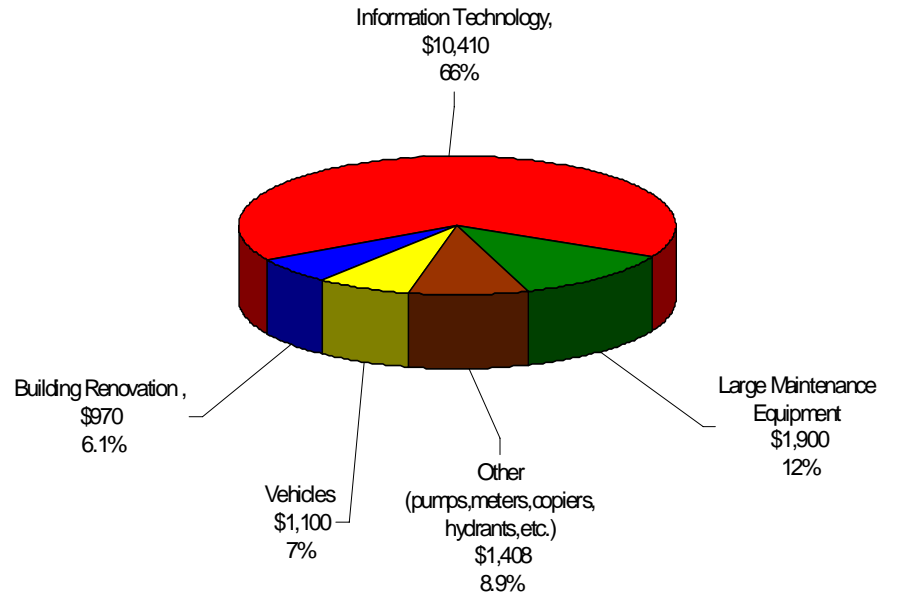


**CAPITAL EQUIPMENT DISBURSEMENTS BY MAJOR EXPENDITURE CATEGORIES  
 FY 2009 Revised vs. FY 2010 Approved  
 (\$ in 000's)**

**2009 Revised**



**FY 2010 Approved**



FY 2009 Revised = \$19,283 FY 2010 Approved = \$15,788
---

**FY 2008 - FY 2017 Capital Equipment Commits / Disbursements**  
(\$ in 000's)

Equipment Type	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY '08 - FY	
	Actuals	Revised	Proposed								'17	
											Total	
<b><u>Wastewater Treatment</u></b>												
Safety Equipment	\$10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10
General Equipment	37	-	-	-	-	-	-	-	-	-	-	37
Lab Equipment	30	23	285	30	30	30	30	30	30	30	30	548
Metering & Recording Devices	14	-	-	-	-	-	-	-	-	-	-	14
<b>Total</b>	<b>\$91</b>	<b>\$23</b>	<b>\$285</b>	<b>\$30</b>	<b>\$30</b>	<b>\$30</b>	<b>\$30</b>	<b>\$30</b>	<b>\$30</b>	<b>\$30</b>	<b>\$30</b>	<b>\$609</b>
<b><u>Water Services</u></b>												
Water Service Replacement	\$340	\$340	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$2,760
System Valve Replacements	167	270	270	225	225	225	225	225	225	225	225	2,282
Automatic Flushing Units Installation	0	-	-	-	-	-	-	-	-	-	-	0
Lab Eq & Flow Monitors [Online	25	-	-	-	-	-	-	-	-	-	-	25
Fire Hydrant Replacements	400	400	300	300	300	300	300	300	300	300	300	3,200
Hydraulic Valve Operating Units	90	-	-	-	-	-	-	-	-	-	-	90
<b>Total</b>	<b>\$1,022</b>	<b>\$1,010</b>	<b>\$830</b>	<b>\$785</b>	<b>\$785</b>	<b>\$785</b>	<b>\$785</b>	<b>\$785</b>	<b>\$785</b>	<b>\$785</b>	<b>\$785</b>	<b>\$8,357</b>
<b><u>Sewer Services</u></b>												
Sewer Pipes/Fittings	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$300
Sewer Inspection Equipment	-	-	40	-	-	-	-	-	-	-	-	40
Manhole Covers/Frames	33	33	33	33	33	33	33	33	33	33	33	330
Regulator and Gate Rehabilitation	10	10	10	10	10	10	10	10	10	10	10	100
Sewer Cleaning and Repair Equipme	55	55	55	55	55	55	55	55	55	55	55	550
Portable Pumps	75	30	20	20	20	20	30	20	20	20	20	275
Flow Meters/Sensor Replacements	25	50	75	75	75	100	100	100	100	100	100	800
Catch Basin Tops/Frames/Covers	60	30	30	30	30	30	30	30	30	30	30	330
Portable 4 Type Gas Meter [ Safety E	10	-	-	-	-	-	-	-	-	-	-	10
Safety Equipment	50	-	-	-	-	-	-	-	-	-	-	50
Explosion Equipment	40	-	-	-	-	-	-	-	-	-	-	40
SCADA Upgrade at Remote Stations	97	-	-	-	-	-	-	-	-	-	-	97
<b>Total</b>	<b>\$485</b>	<b>\$238</b>	<b>\$293</b>	<b>\$253</b>	<b>\$253</b>	<b>\$278</b>	<b>\$288</b>	<b>\$278</b>	<b>\$278</b>	<b>\$278</b>	<b>\$278</b>	<b>\$2,922</b>
<b><u>Fleet Management</u></b>												
Vehicles	\$2,100	\$2,500	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$13,399
<b>Total</b>	<b>\$2,100</b>	<b>\$2,500</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$13,399</b>

**FY 2008 - FY 2017 Capital Equipment Commits / Disbursements**  
(\$ in 000's)

Equipment Type	FY 2008	FY 2009	FY 2010								FY '08 - FY
	Actuals	Revised	Proposed	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	'17 Total
<b><u>Facilities</u></b>											
HVAC at Various Locations	\$350	\$225	\$225	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,500
Photocopier Purchase	-	500	200	200	600	200	200	200	200	500	2,800
WASA-wide fire suppress/detection	110	450	75	75	75	75	75	75	75	75	1,160
Plumbing at Various Locations	-	400	25	25	25	25	25	25	25	25	600
Furniture and Fixtures	200	150	200	150	150	150	150	150	150	150	1,600
Facilities Improvements	230	200	200	150	150	150	150	150	150	150	1,680
Rollup Doors	36	100	20	-	-	-	-	-	-	-	156
WASA-wide Fencing	-	25	25	-	-	-	-	-	-	-	50
<b>Total</b>	<b>\$926</b>	<b>2,050</b>	<b>970</b>	<b>700</b>	<b>1,100</b>	<b>700</b>	<b>700</b>	<b>700</b>	<b>700</b>	<b>1,000</b>	<b>\$9,546</b>
<b><u>Information Technology</u></b>											
Desktop Replacements	\$550	\$672	\$610	\$550	\$559	\$672	\$562	\$565	\$550	\$559	\$5,849
Cable Renewal	200	175	175	150	150	150	150	150	150	150	1,600
Telephone System Renewal/Replace	1,545	845	100	100	100	100	100	100	100	100	3,190
Software Applications/Licenses	225	200	225	130	130	130	130	130	130	130	1,560
Messaging Services	10	50	225	10	10	50	225	10	10	50	650
Windows 2003 Migration/ Upgrade	30	60	180	30	30	30	30	30	30	30	480
Radios	78	100	1,000	530	30	30	30	30	30	30	1,888
Redundant Data Center	500	410	60	60	500	200	60	60	500	200	2,550
Network System Renewal	571	825	700	815	600	600	600	765	600	600	6,676
Audio Visual System - IT	16	50	70	60	25	30	60	25	30	60	426
Interactive Voice Response	170	100	50	20	20	20	20	20	20	20	460
EMAP Phases I and II	22	85	100	-	-	-	-	-	-	-	207
SQL Upgrade	-	225	175	10	10	10	10	10	10	10	470
Enterprise File System Archiving	-	100	300	10	250	150	10	10	150	10	990
Network Storage System Renewal	103	650	650	125	125	125	425	525	125	125	2,978
ERP System	-	250	2,000	2,450	-	-	-	-	-	-	4,700
HR on-line forms-Re-engineer	4	-	-	-	-	-	-	-	-	-	4
Succession Planning	-	50	50	30	-	-	-	-	-	-	130
AMR Enhancements	-	550	50	50	200	50	50	50	50	50	1,100

**FY 2008 - FY 2017 Capital Equipment Commits / Disbursements**  
(\$ in 000's)

Equipment Type	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY '08 - FY
	Actuals	Revised	Proposed								'17
											Total
E Contract/Procurement Mgt System	17	-	160	200	-	-	-	-	-	-	377
Network Systems Security	166	200	75	50	30	50	30	50	30	50	731
Intranet	107	175	75	75	75	75	75	75	75	75	882
Handheld Inventory	156	90	150	50	50	50	50	50	50	50	746
Enterprise Backup Solution	100	100	100	450	100	100	100	100	100	100	1,349
Video Conferencing	-	10	150	10	10	10	200	10	10	10	420
Field Services Mgmt System (Autom:	713	500	600	600	685	50	50	50	50	50	3,348
Web-Site Development	56	400	100	125	75	75	75	75	75	75	1,131
Financial Management System	158	580	150	-	-	-	-	-	-	-	888
Customer Information & Billing Syste	347	300	200	100	100	-	-	-	-	-	1,047
Payroll/HR System	45	30	30	30	30	30	30	30	30	30	315
Maintenance Management System	17	-	-	-	-	-	-	-	-	-	17
Document Management System	866	800	650	300	50	50	50	50	50	50	2,916
Asset Management System	1,000	1,300	1,100	1,300	535	85	85	85	85	85	5,660
Fleet Management System	-	100	-	-	-	-	-	-	-	-	100
Automated Security - Visitor Access :	-	50	100	50	-	-	-	-	-	-	200
Web EOC	-	-	50	50	-	-	-	-	-	-	100
Oracle Upgrade	-	200	-	-	200	-	-	200	-	-	600
<b>Total</b>	<b>\$7,772</b>	<b>\$10,232</b>	<b>\$10,410</b>	<b>\$8,520</b>	<b>\$4,679</b>	<b>\$2,922</b>	<b>\$3,207</b>	<b>\$3,255</b>	<b>\$3,040</b>	<b>\$2,699</b>	<b>\$56,735</b>
<b><u>Maintenance Services</u></b>											
Shop Equipment and Plant Lighting	\$120	\$130	\$100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$350
Major Pump Rebuild/Replacement	700	1,000	500	200	200	200	200	200	200	200	3,600
Large Electric Motors	500	500	400	200	200	200	200	200	200	200	2,800
High Priority Rehab Program	614	1,000	500	200	100	100	100	100	100	100	2,914
Centrifuge Rebuild / Replace	300	600	400	300	300	300	300	300	300	300	3,400
<b>Total</b>	<b>\$2,234</b>	<b>\$3,230</b>	<b>\$1,900</b>	<b>\$900</b>	<b>\$800</b>	<b>\$800</b>	<b>\$800</b>	<b>\$800</b>	<b>\$800</b>	<b>\$800</b>	<b>\$13,064</b>
<b>Total Capital Equipment</b>	<b>\$14,630</b>	<b>\$19,283</b>	<b>\$15,788</b>	<b>\$12,288</b>	<b>\$8,747</b>	<b>\$6,615</b>	<b>\$6,910</b>	<b>\$6,948</b>	<b>\$6,733</b>	<b>\$6,692</b>	<b>\$104,633</b>

FY 2008 - FY 2017 Capital Improvement Plan

Project Lifetime Budgets by Program Area (\$ 000's)

	<u>FY 2009 Approved</u>	<u>FY 2009 Revised / FY 2010 Approved</u>	<u>Variance</u>
<b><u>Wastewater Treatment</u></b>			
Liquid Processing Projects	569,911	573,746	3,835
Plantwide Projects	264,458	259,325	(5,133)
Solids Processing Projects	555,763	664,612	108,849
Blue Plains Total Nitrogen Removal (BTN)	950,000	950,000	-
<b>Sub-total</b>	<b>2,340,132</b>	<b>2,447,683</b>	<b>107,551</b>
<b><u>Sanitary Sewer</u></b>			
Sanitary Collection Sewers	10,966	10,966	-
Sanitary On-Going Projects	86,146	89,295	3,149
Sanitary Pumping Facilities	22,999	22,999	-
Sanitary Sewer Projects Program Management	37,045	39,045	2,000
Sanitary Interceptor/Trunk Force Sewers	115,666	125,666	10,000
<b>Sub-total</b>	<b>272,822</b>	<b>287,971</b>	<b>15,149</b>
<b><u>Combined Sewer Overflow</u></b>			
CSO Program Management	17,579	24,199	6,620
Combined Sewer Projects	339,664	383,097	43,433
Long-Term Control Plan- Total			-
Blue Plains	296	-	(296)
Anacostia Tunnel	1,372,545	1,372,545	-
Potomac Tunnel	418,700	418,700	-
Rock Creek Tunnel	70,342	70,342	-
<b>Sub-total</b>	<b>2,219,126</b>	<b>2,268,883</b>	<b>49,757</b>
<b><u>Stormwater</u></b>			
Stormwater Extensions/Local Drainage	2,333	4,026	1,693
Stormwater On-Going Program	7,762	8,093	331
Stormwater Pumping Facilities	1,173	1,173	-
DDOT Stormwater Program	4,426	4,631	205
Stormwater Projects Program Management	9,630	7,630	(2,000)
Stormwater Trunk/Force Sewers	18,405	18,405	-
<b>Sub-total</b>	<b>43,729</b>	<b>43,958</b>	<b>229</b>

FY 2008 - FY 2017 Capital Improvement Plan

**Project Lifetime Budgets by Program Area (\$ 000's)**

	<b>FY 2009 Approved</b>	<b>FY 2009 Revised / FY 2010 Approved</b>	<b>Variance</b>
<b><u>Water</u></b>			
Water Distribution Systems	317,342	369,634	52,292
Water Lead Program	438,486	297,000	(141,486)
Water On-Going Projects	72,455	74,158	1,703
Water Pumping Facilities	96,199	116,143	19,944
DDOT Water Projects	35,530	37,111	1,581
Water Storage Facilities	32,359	33,999	1,640
Water Projects Program Management	25,944	23,342	(2,602)
Meter Replacement /AMR Installation	52,910	59,638	6,728
<b>Sub-total</b>	<b>1,071,225</b>	<b>1,011,025</b>	<b>(60,200)</b>
<b>Washington Aqueduct</b>	<b>170,391</b>	<b>196,474</b>	<b>26,083</b>
<b>Capital Equipment</b>	<b>100,840</b>	<b>104,633</b>	<b>3,793</b>
<b>Total WASA CIP Lifetime (see notes)</b>	<b>6,218,265</b>	<b>6,360,627</b>	<b>142,362</b>

Notes:

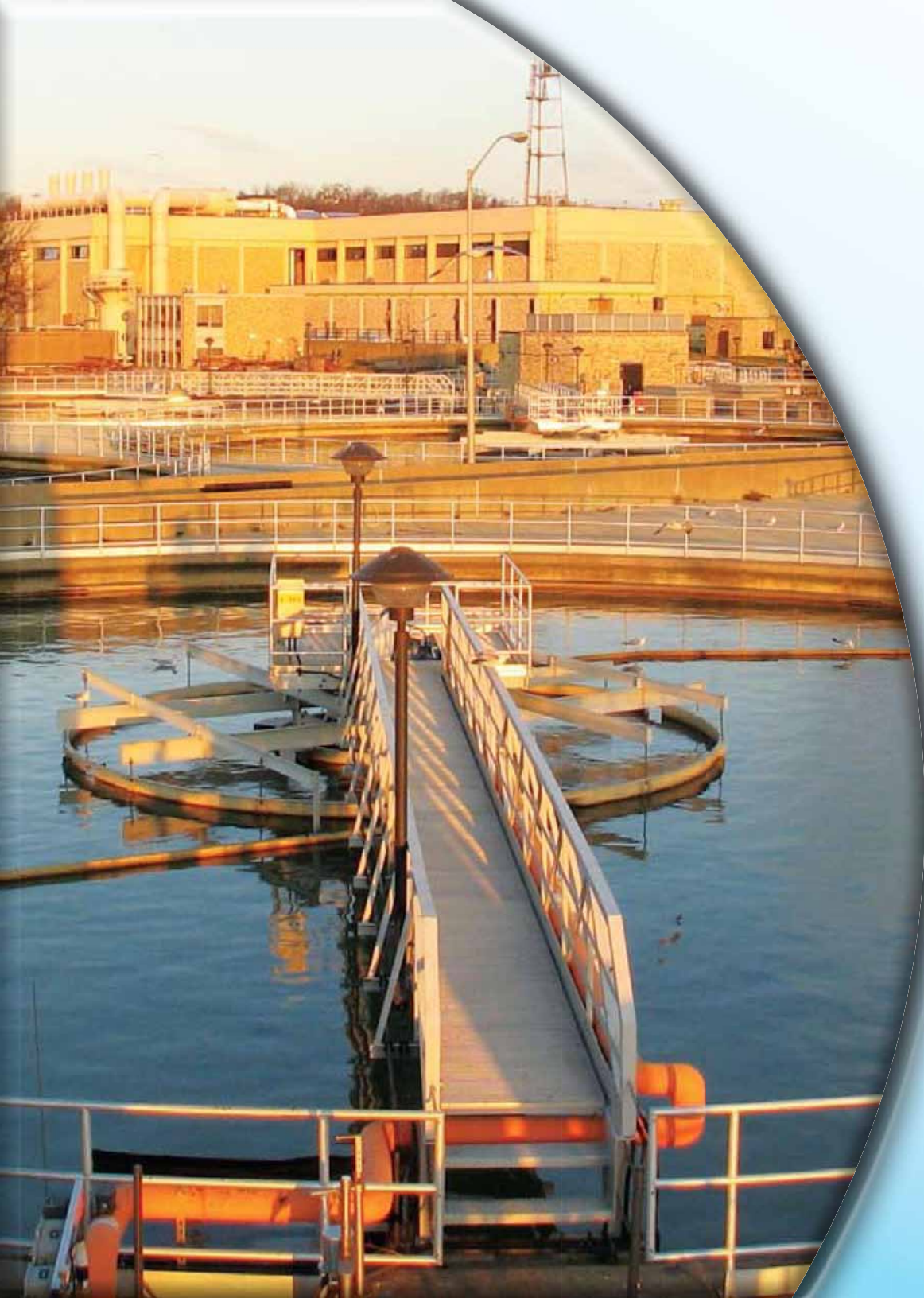
1 Lifetime budgets shown here represent total budgets for projects that are active during the current 10-year CIP. Lifetime budgets include historical spending prior to the beginning of the current 10-year plan, spending during the 10-year plan, and projected spending beyond the current 10-year plan. Projects completed in FY 2008 will be dropped from the CIP next year.

2 These budgets do not include inhouse labor costs, which historically have averaged \$7 to \$8 million annually and are applicable to, primarily, the time charged to capital projects by employees in the Departments of Engineering, Sewer Services, and Water Services.

**Fiscal Year 2010 Capital Authority Request  
(\$000's)**

<u>Service Areas</u>	<u>Fiscal Year 2010 Capital Authority Request</u>
Blue Plains Wastewater Treatment	511,855
Sanitary Sewer System <sup>1</sup>	0
Combined Sewer Overflow	230,118
Stormwater <sup>1</sup>	0
Water System <sup>1</sup>	0
Washington Aqueduct (WASA share)	13,667
Capital Equipment	<u>17,687</u>
<b>Total</b>	<b><u>773,327</u></b>

<sup>1</sup> The authority request is zero, as, existing (currently available) capital authority in these service areas is in excess of projected commitments in FY 2009 FY 2010, FY 2011 and FY 2012.



Revised FY 2009  
and Approved FY 2010

# Operating Budgets

## SECTION VI

### Capital Financing, Cash and Debt

*Since 1996, Blue Plains has been lauded for its efficient wastewater treatment plant operations by several industry and environmental associations and organizations.*

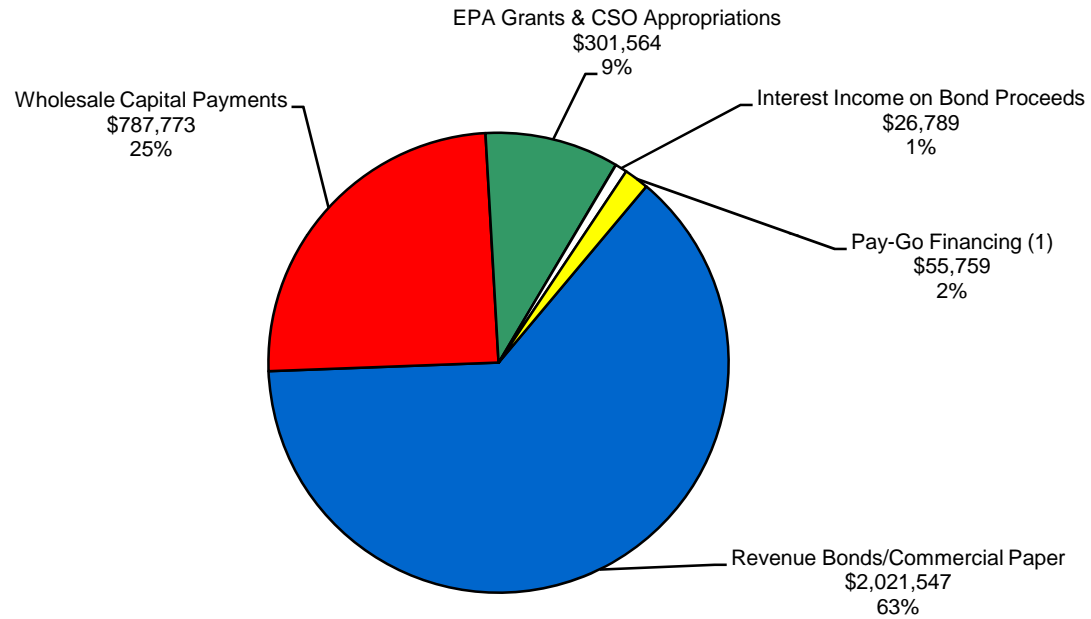
# VI



District of Columbia  
Water and Sewer  
Authority



**FY 2008 - 2017 CAPITAL IMPROVEMENT PROGRAM**  
**Sources of Funds**  
**(In \$000's)**



(1) Pay-go financing is any funds available after funding the 180 day operating and maintenance reserve, approximately \$125.4million in FY 2009. These transfers reduce the amount of new debt issuance.

**CAPITAL IMPROVEMENT PROGRAM**  
**FY 2008 - FY 2010**  
**SOURCES & USES**  
*(In \$000's)*

<b>SOURCES</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Revised</b>	<b>FY 2010 Approved</b>
Commercial Paper / New Debt Proceeds (1)	\$ 200,294	\$ 147,656	\$ 114,127
Pay-Go Financing (2)	(1,056)	5,058	2,387
EPA Grants	27,106	29,981	44,331
CSO Appropriations (3)	13,575	19,400	33,887
Wholesale Customer Capital Payments	59,016	61,845	79,056
Interest Income	4,452	2,023	1,309
<b>TOTAL SOURCES</b>	<b>\$ 303,387</b>	<b>\$ 265,964</b>	<b>\$ 275,098</b>
<b>USES</b>			
Blue Plains Projects	\$ 85,275	\$ 95,833	\$ 105,914
Combined Sewer & LTCP Projects	38,624	41,874	72,542
Sanitary Sewer Projects	15,773	18,867	21,974
Stormwater Projects	2,531	1,964	2,160
Water Projects	68,663	63,740	49,857
Washington Aqueduct	76,415	23,164	5,584
Meter Replacement AMR	1,476	1,239	1,279
Capital Equipment	14,630	19,283	15,788
<b>TOTAL USES</b>	<b>\$ 303,387</b>	<b>\$ 265,964</b>	<b>\$ 275,098</b>

- (1) DC WASA plans to issue approximately \$300 million of new debt in the second quarter of FY 2009.
- DC WASA plans to use the remaining balance of the 2008A bond proceeds in the first quarter of FY 2009.
  - DC WASA plans to draw down on the \$66 million from the commercial paper program in the first quarter of FY 2009.
- (2) Pay-go financing is cash available after meeting the six month operating reserve requirement, which totals \$125.4 million in FY 2009.
- (3) Reflects spend down of a portion of already-received FY 2003 - FY 2008 Congressional appropriations for the CSO LTCP.

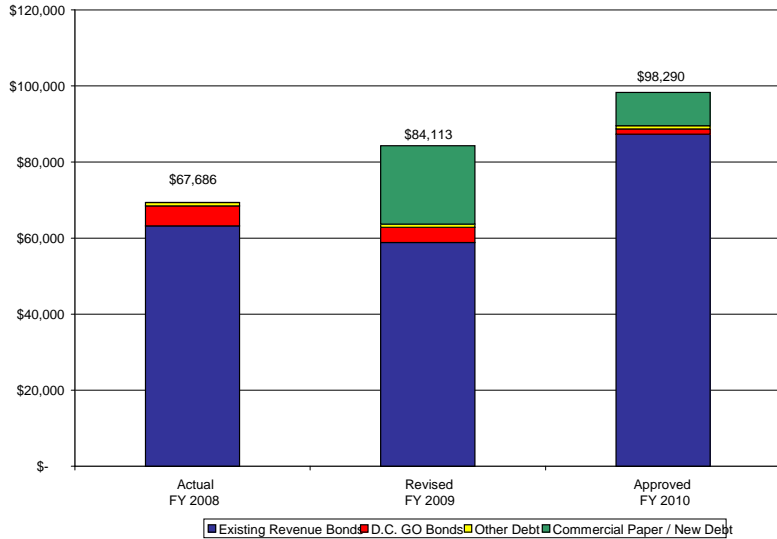
## CASH RESERVES SUMMARY

(In \$000's)

	FY 2008 Actual	FY 2009 Approved Budget	FY 2009 Revised Budget	FY 2010 Approved Budget
<b>Beginning O&amp;M Reserve Balance (Net of Rate Stabilization Fund)</b>	\$ 116,743	\$ 118,578	\$ 139,050	\$ 125,455
Operating Surplus	29,567	4,752	10	9,199
Wholesale Customer Refunds/Payments for Prior Years	(3,156)	-	2,068	568
Transfer to Rate Stabilization Fund	-	-	(10,000)	-
Prior Year Right of Way Payment	-	-	-	-
Prior Year Federal Billing Reconciliation	(5,308)	(992)	(991)	(838)
Prepayment of Aqueduct Treasury Loans	148	1,156	376	918
Pay-As-You-Go Capital Financing	1,056	(1,611)	(5,058)	(2,387)
<b>Ending O&amp;M Reserve Balance (Net of Rate Stabilization Fund)</b>	<b>\$ 139,050</b>	<b>\$ 121,883</b>	<b>\$ 125,455</b>	<b>\$ 132,915</b>
<b>Rate Stabilization Fund</b>	<b>\$ 43,600</b>	<b>\$ 21,000</b>	<b>\$ 28,600</b>	<b>\$ 4,000</b>

5 **MAJOR HIGHLIGHTS & ISSUES IN DEBT IN FY 2009 - 2010**

**PROJECTED DEBT SERVICE  
FY2008 – 2010  
(In \$000's)**



Due to DC WASA's \$3.2 billion CIP (cash disbursements basis), debt service is the fastest growing area of the operating budget.

- *FY 2009 revised debt service is \$14.9 million higher than FY 2008 actual debt service due to partial year debt service payments on Series 2009A offset slightly by a scheduled \$1.3 million reduction in District general obligation debt service.*
  - *Assumes take-out permanent financing occurs*
- *FY 2010 approved debt service is \$14.0 million higher than FY 2009 revised primarily due to planned issuance of new debt.*
  - *Assumes increasing commercial paper program to \$200 million*

**CAPITAL FINANCING PLAN**

DC WASA's comprehensive capital financing plan contains two key goals: 1) minimize WASA's cost of capital and 2) increase operational flexibility. This plan includes:

- ✓ *Interim financing program for construction financing.*
- ✓ *Issuance of take-out financings (either fixed rate or variable rate debt) as needed for permanent financing.*
- ✓ *Use of pay-go financing to first prepay higher cost debt and then to reduce future bond issuance.*

Future interest rate assumptions for ten year plan purposes are:

- *Variable rate – 3.25% plus fees*
- *Fixed rate – 6.5% plus fees*

For appropriations purposes, higher interest rates are assumed, as discussed in Section 3.

**BOND RATINGS**

- *Moody's*                    *Aa3*
- *Standard & Poor's*    *AA*
- *Fitch*                        *AA-*

	Revised FY 2009			Approved FY 2010		
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
<b>Existing Revenue Bonds</b>						
Series 1998 - Senior	9,435	13,934	23,369	9,955	13,416	23,371
Series 2003 - Subordinate	-	8,890	8,890	-	8,890	8,890
Series 2007A - Subordinate	-	11,351	11,351	-	11,351	11,351
Series 2008A - Subordinate	375	14,847	15,222	4,460	14,450	18,910
Series 2009A - Senior	-	-	-	3,640	21,190	24,830
<b>Subtotal</b>	<b>9,810</b>	<b>49,022</b>	<b>58,832</b>	<b>18,055</b>	<b>69,297</b>	<b>87,351</b>
<b>District of Columbia GO Bonds</b>	<b>3,690</b>	<b>299</b>	<b>3,989</b>	<b>1,245</b>	<b>87</b>	<b>1,332</b>
<b>Other Debt</b>						
Jennings Randolph	300	505	805	310	496	805
Little Seneca	37	14	51	37	12	48
<b>Subtotal</b>	<b>337</b>	<b>519</b>	<b>856</b>	<b>346</b>	<b>507</b>	<b>853</b>
<b>Projected Commercial Paper &amp; New Debt</b>						
Commercial Paper	-	5,482	5,482	-	8,754	8,754
New Debt	-	15,084	15,084	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>20,566</b>	<b>20,566</b>	<b>-</b>	<b>8,754</b>	<b>8,754</b>
<b>Total</b>	<b>13,837</b>	<b>70,407</b>	<b>84,244</b>	<b>19,646</b>	<b>78,644</b>	<b>98,290</b>

## OUTSTANDING DEBT

### DEBT OUTSTANDING AS OF SEPTEMBER 30, 2008

SENIOR DEBT	INTEREST RATES	FINAL MATURITY	AMOUNT OUTSTANDING
Public Utility Revenue Bonds, Series 1998	5.50 - 6.00%	2028	\$ 257,645
<b>SUBORDINATE DEBT</b>			
Public Utility Subordinated Lien Revenue Bonds, Series 2003	5.0 - 5.25	2033	176,220
Public Utility Subordinated Lien Revenue Bonds, Series 2007A	4.75 - 5.50	2042	218,715
Public Utility Subordinated Lien Revenue Bonds, Series 2008A	4.00 - 5.00%	2034	290,375
Notes payable to the Federal government for Jennings Randolph Reservoir	3.25	2041	15,532
Notes payable to WSSC for Little Seneca Reservoir	5.98 - 6.60	2014	216
District of Columbia General Obligation Bonds	5.05 - 6.75	2012	9,905
Commercial Paper, Series A-1 (taxable)	2.45 - 12.00	2013	44,000
<b>TOTAL SUBORDINATE DEBT</b>			<b>\$ 754,963</b>
<b>TOTAL DEBT OUTSTANDING</b>			<b>\$ 1,012,608</b>

**LEGAL DEBT LIMIT:** DC WASA is not subject to any legal debt limitations.

**PUBLIC UTILITY REVENUE BONDS (Senior Lien):** Senior lien debt issued under DC WASA's master trust indenture; DC WASA has issued one series to date in 1998 totaling \$266.120 million. This series was insured by FSA and is rated Aaa / AAA / AAA.

**PUBLIC UTILITY REVENUE BONDS (Subordinated Lien):** Subordinate lien debt issued under DC WASA's master trust indenture; DC WASA issued three subordinate series to date: Series 2003, Series 2007A and Series 2008A. Each series is issued as fixed rate debt and is insured and rated Aaa / AAA / AAA.

**REFUNDING (Subordinated Lien):** DC WASA refunded two subordinate series to date: 1) Series 2004 originally issued as auction rate securities and refunded by issuing Series 2008A, and 2) Series 2007B originally issued as taxable auction rate securities for improvements to the Washington Aqueduct was refunded by issuing Series A-1, taxable commercial paper in FY 2008. DC WASA plans to reduce Series A-1 with each new tax-exempt issuance until the taxable commercial paper is taken out completely.

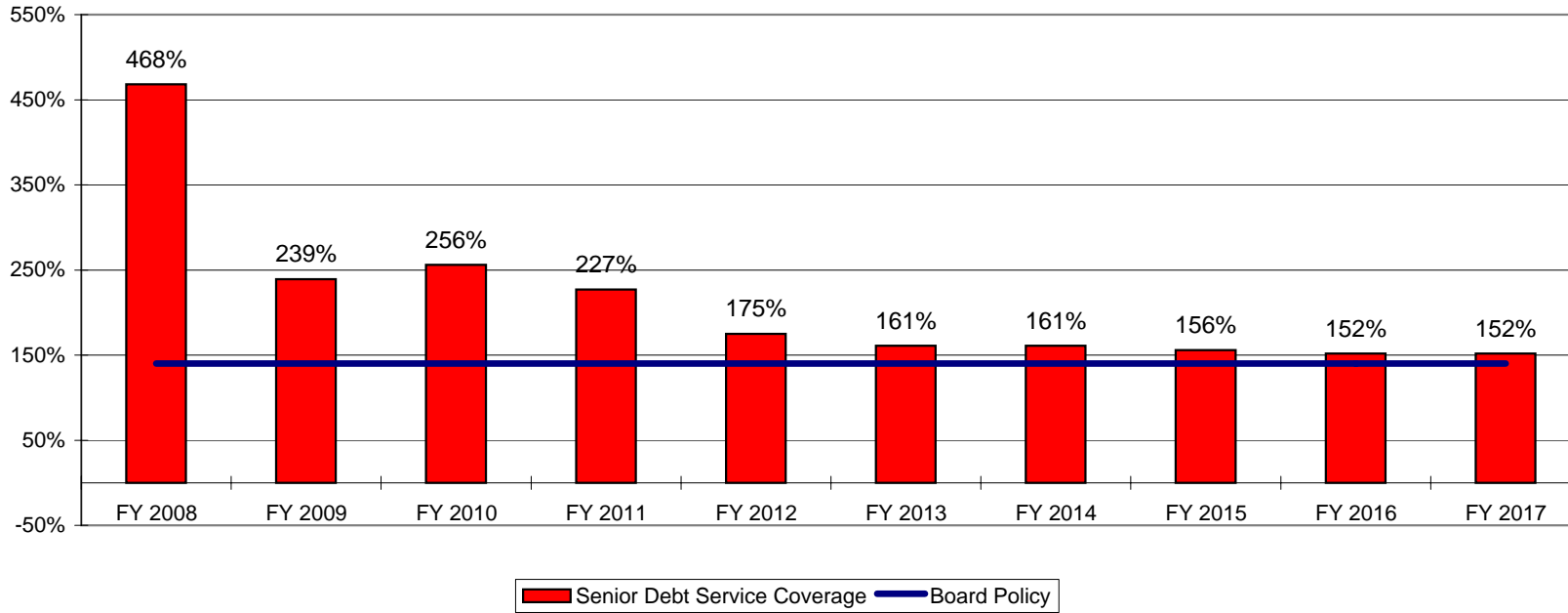
**DISTRICT GENERAL OBLIGATION BONDS:** Debt issued by the District of Columbia government for capital improvements of DC WASA's predecessor agency which DC WASA assumed at its creation. This debt is treated as subordinate under DC WASA's master indenture of trust. Under a 1998 MOU with the District, DC WASA prepays the next fiscal year's debt service each September, e.g., in September 2008, DC WASA prepaid FY 2009 debt service.

**NOTES FOR JENNINGS RANDOLPH RESERVOIR:** Debt issued by the federal government for construction of this backup water supply facility; DC WASA's share of operating and capital cost is 30 percent.

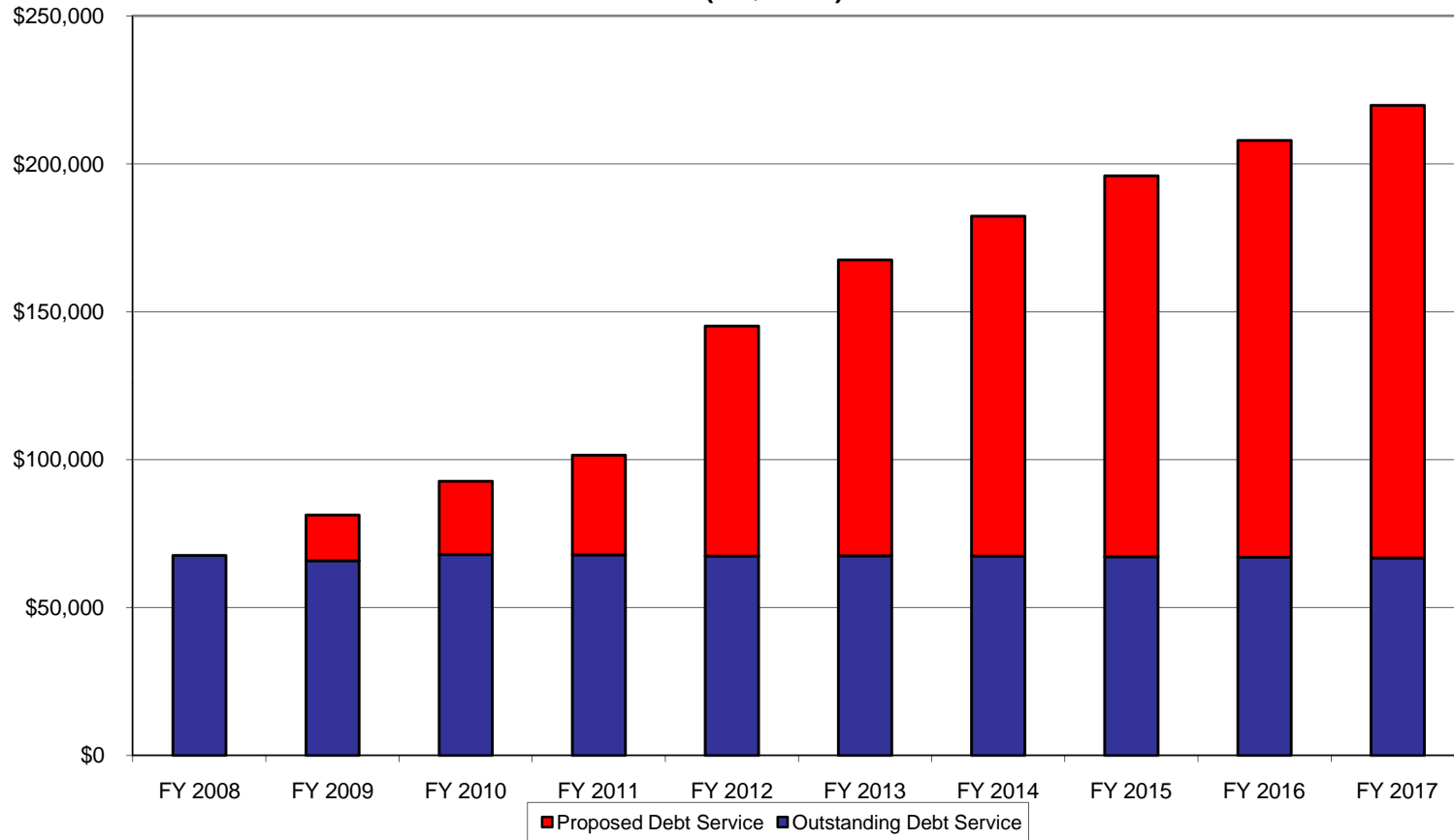
**NOTES FOR LITTLE SENECA RESERVOIR:** Debt issued by the Washington Suburban Sanitary Commission (WSSC) for construction of this backup water supply facility; DC WASA's share of operating and capital costs is 40 percent.

**COMMERCIAL PAPER:** As described in Section 3, DC WASA developed this program in early FY 2002 for interim financing of its capital program, and all notes under the program are issued on a subordinate basis. DC WASA's commercial paper program is issued in increments with maturities less than 270 days, and in normal market conditions carries significantly lower interest rates than long-term debt. DC WASA's commercial paper program is backed by a direct pay letter of credit issued by Westdeutsche Landesbank Girozentrale (WestLB).

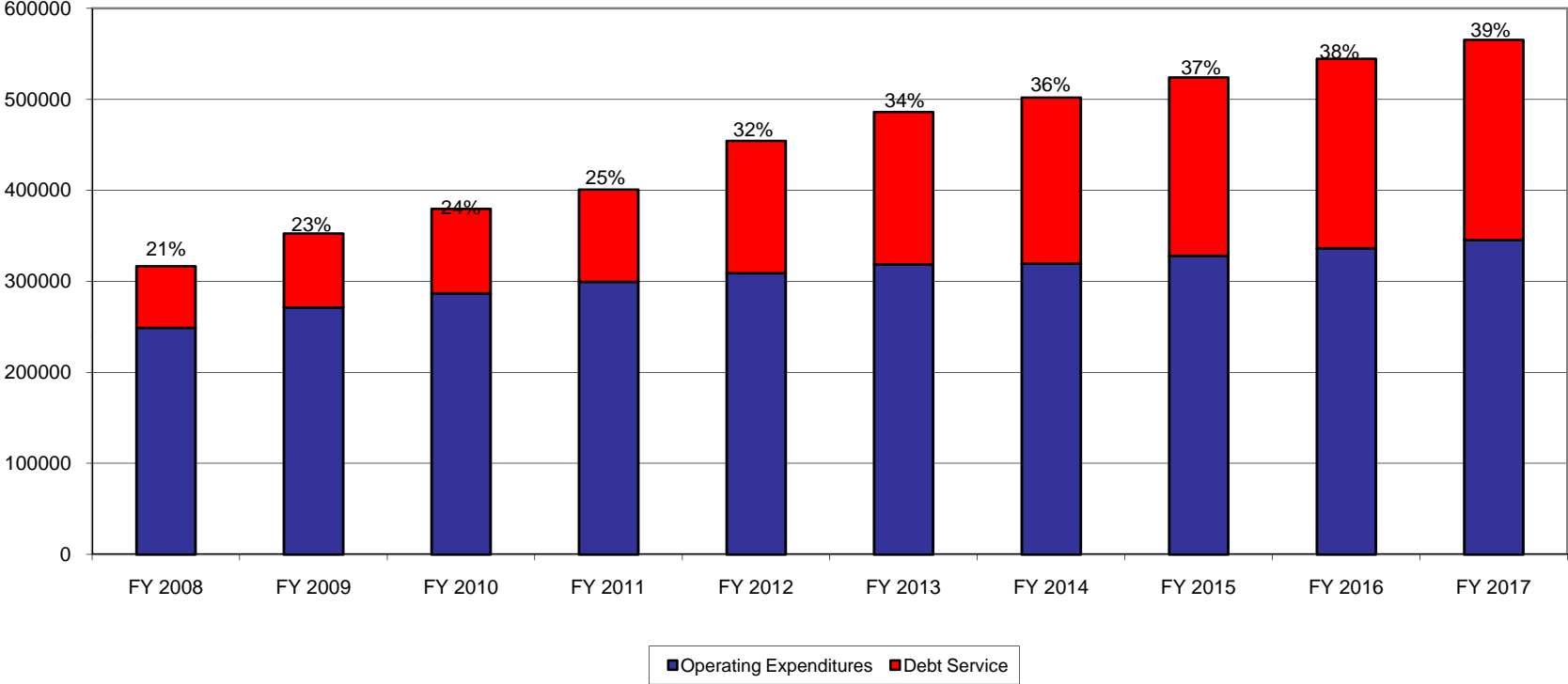
**SENIOR DEBT SERVICE COVERAGE  
FY 2008 - 2017**



**OUTSTANDING & PROPOSED DEBT SERVICE**  
**Based on FY 2008 - 2017 Capital Improvement Plan**  
**(In \$000's)**

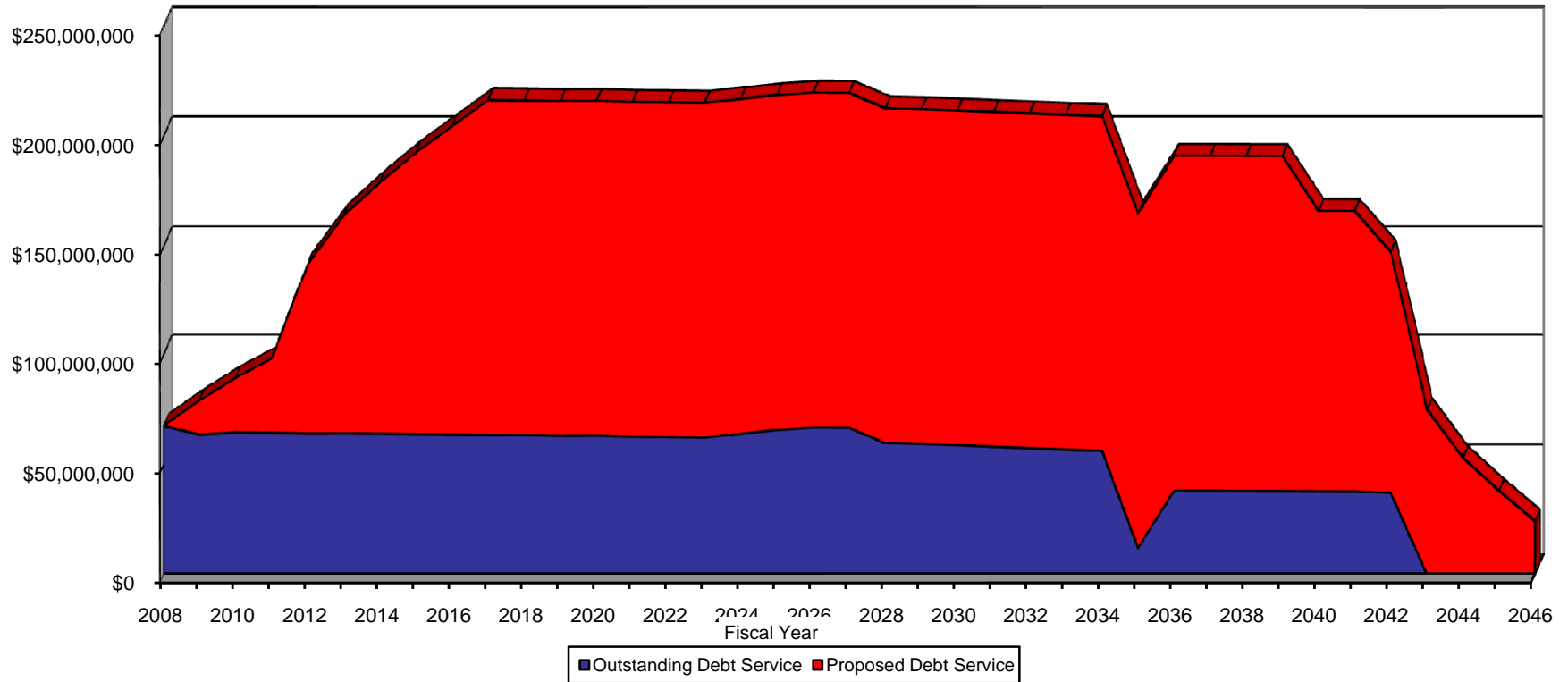


**DEBT SERVICE AS PERCENTAGE OF TOTAL OPERATING EXPENDITURES  
FY 2008 - 2017  
(In \$000's)**

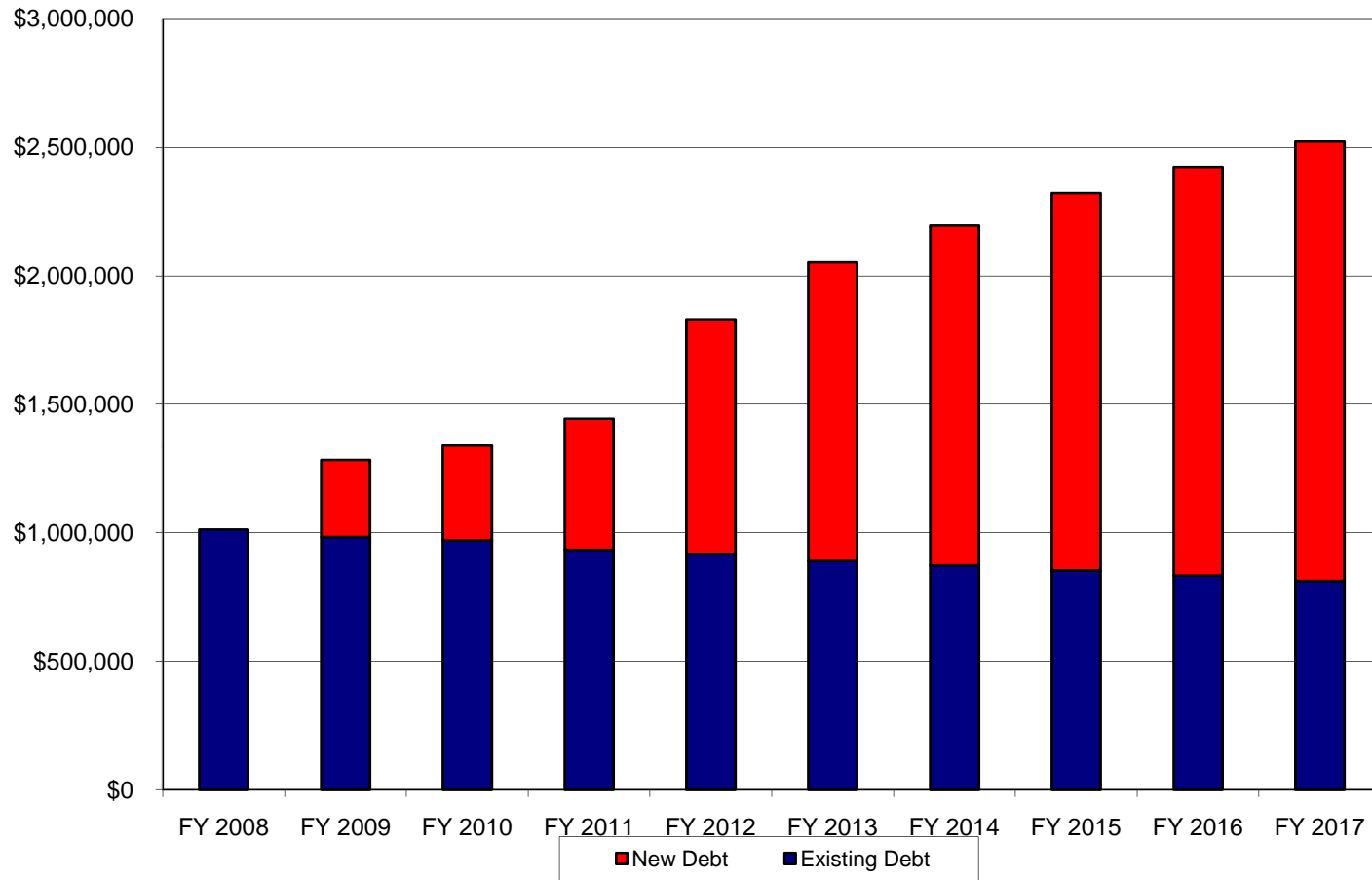




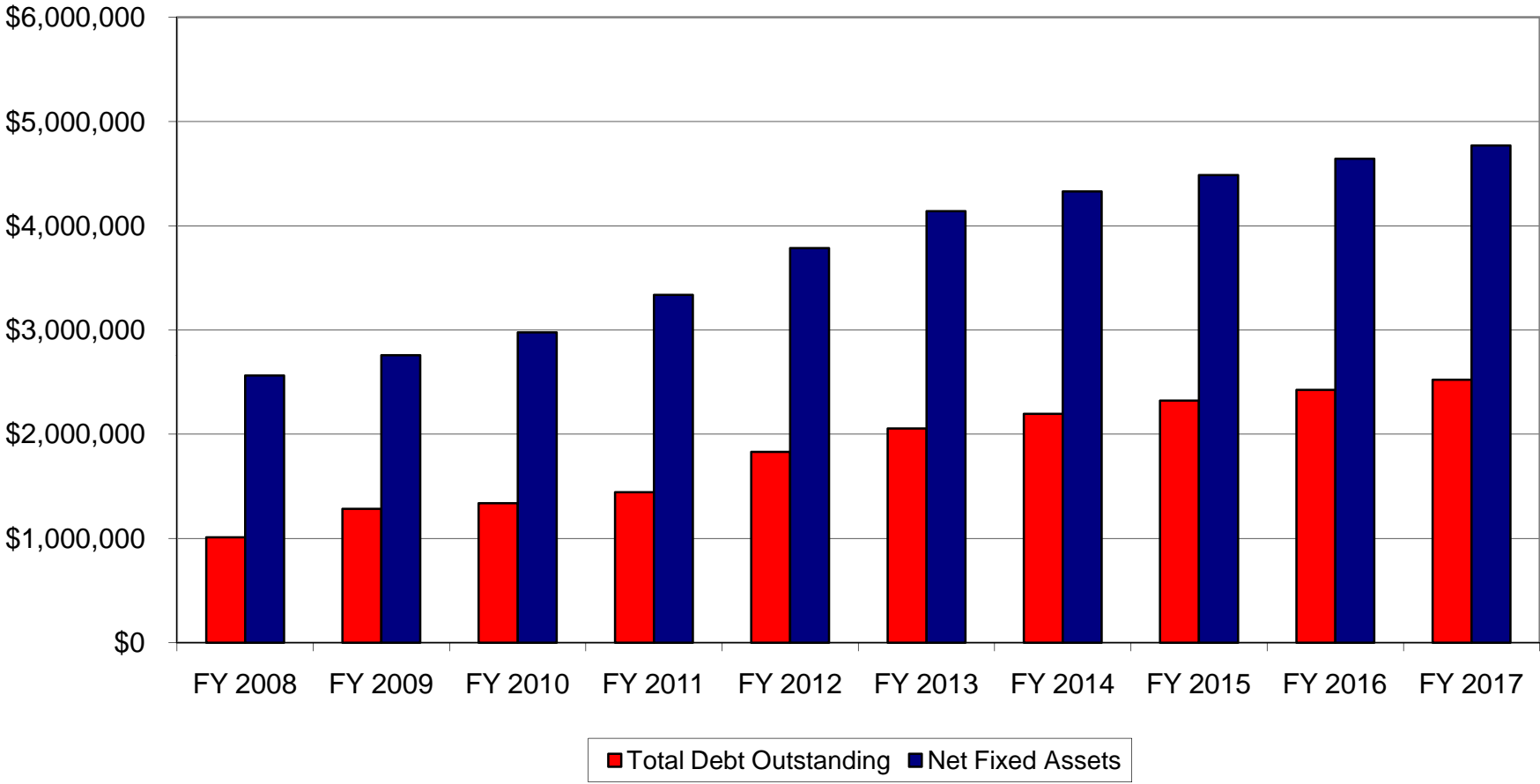
**OUTSTANDING & PROPOSED DEBT SERVICE**  
**FY 2008 - 2046**  
**Based on FY 2008 - 2017 Financial Plan**



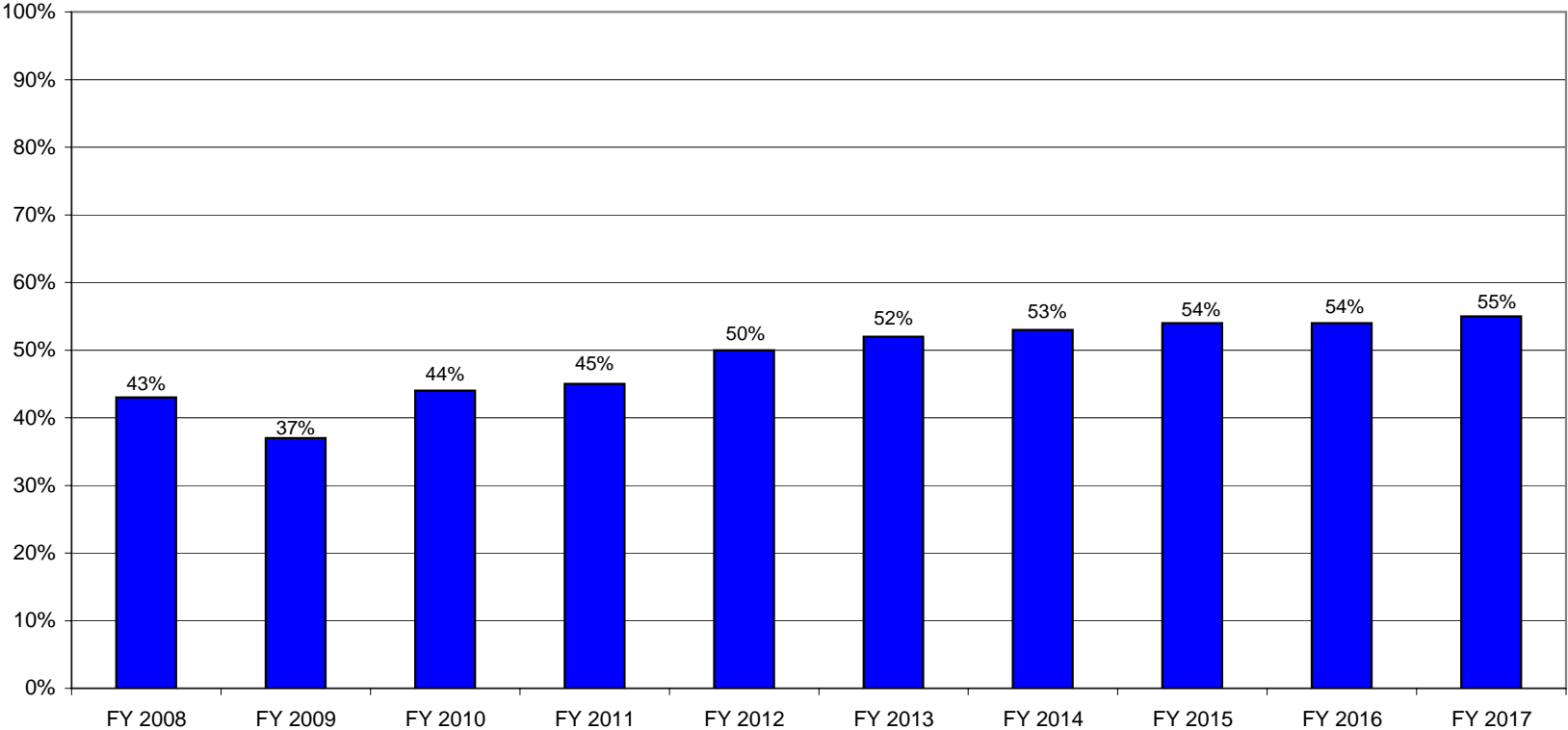
**NEW & EXISTING DEBT OUTSTANDING**  
**Existing and Projected Based on FY 2008 - FY 2017**  
**Capital Improvement Plan**  
**(In \$000's)**

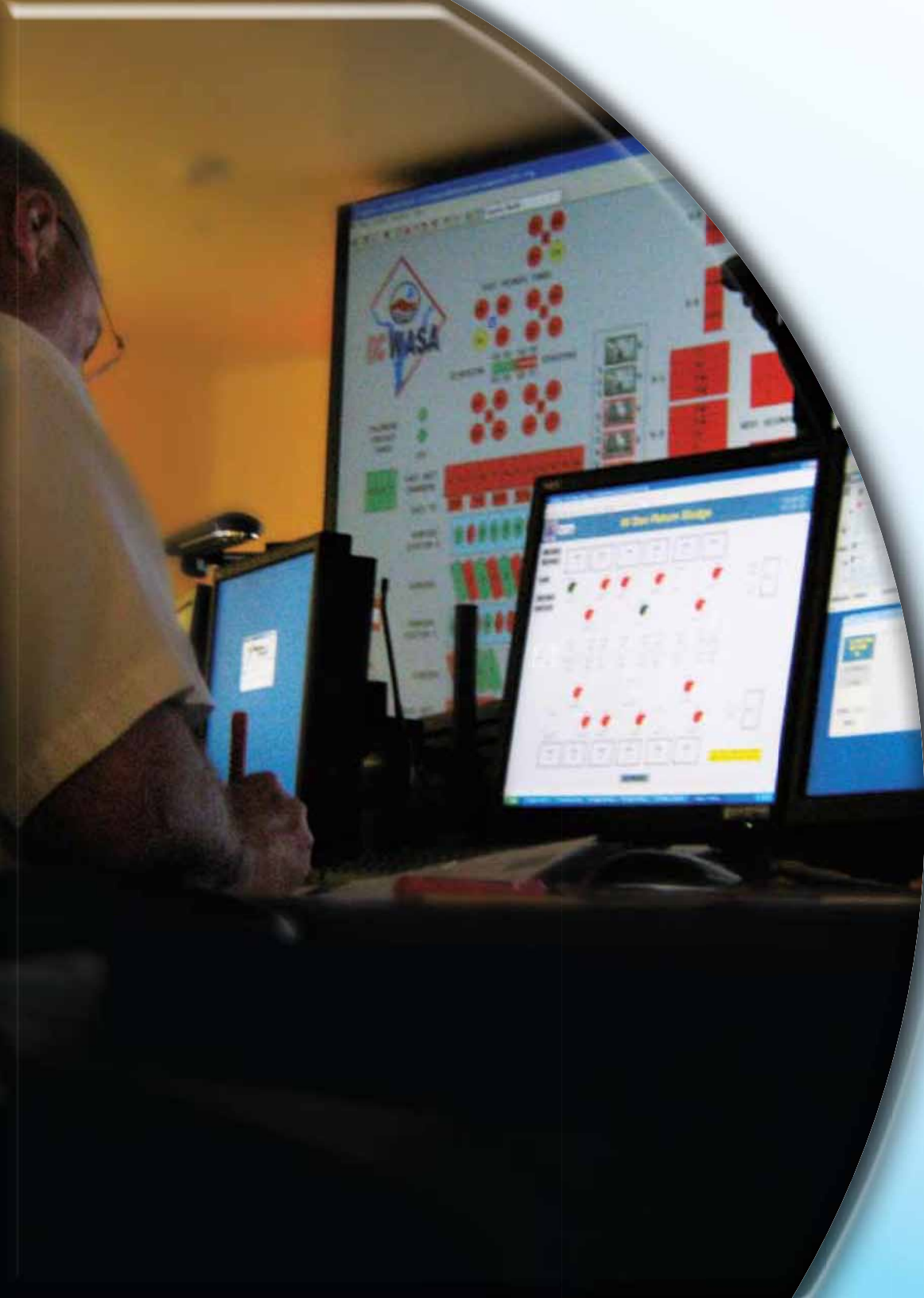


**TOTAL DEBT OUTSTANDING VS PROJECTED NET FIXED ASSETS**  
**FY 2008 - 2017**  
**(In \$000's)**



**DEBT TO NET FIXED ASSETS RATIO  
FY 2008 - 2017**





Revised FY 2009  
and Approved FY 2010

# Operating Budgets

## SECTION VII

### Departmental Summaries

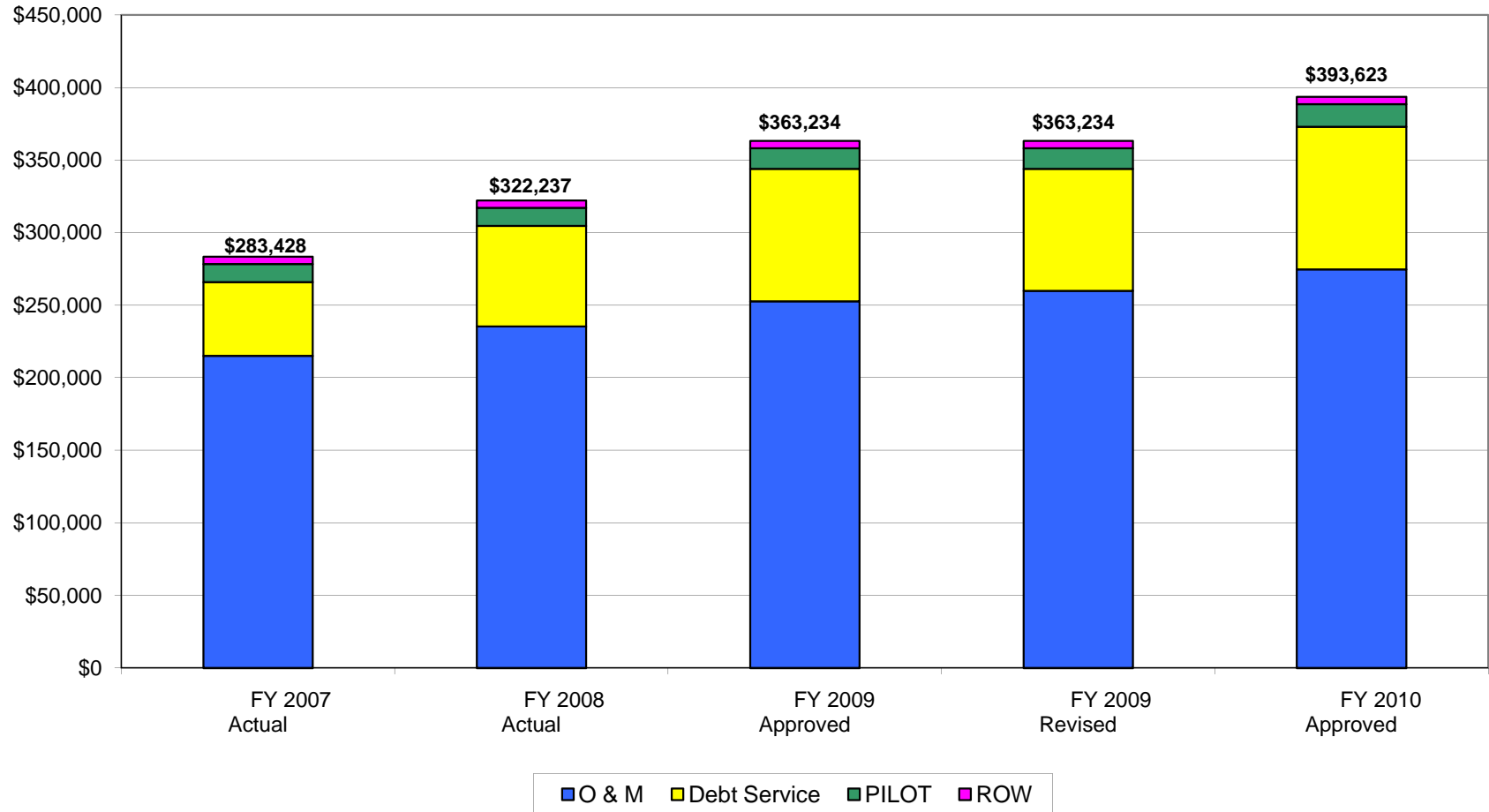
*DC WASA's Process Control and Computer System monitors vital aspects of the wastewater treatment process. Planned system upgrades will improve operations and optimize chemical and power costs.*

# VII

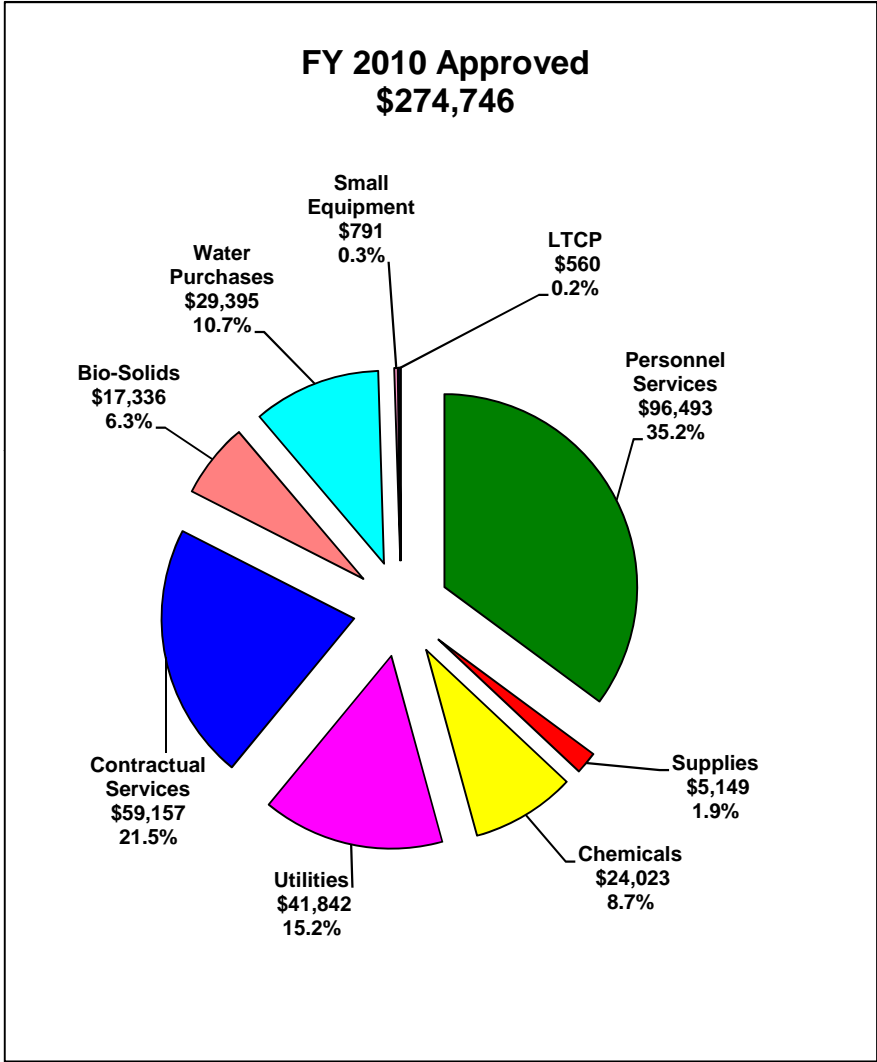
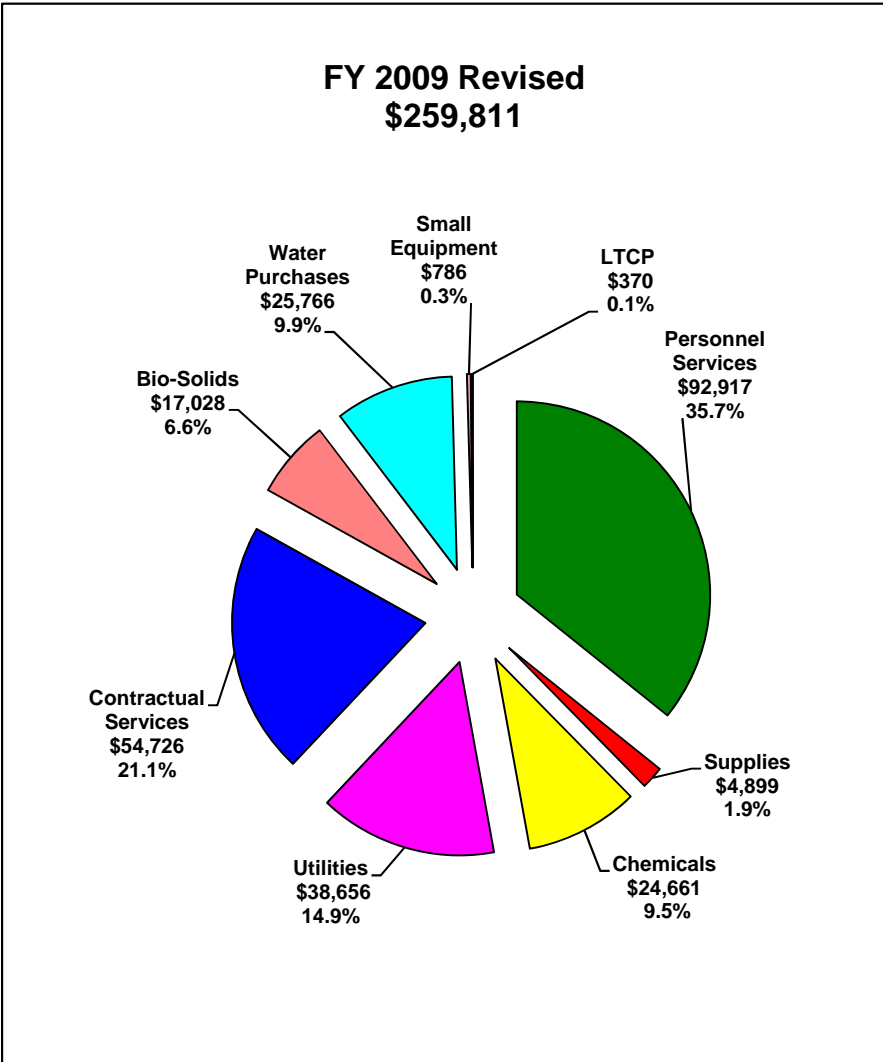


District of Columbia  
Water and Sewer  
Authority

## Comparative Operating Expenditure Budgets FY 2007 - FY 2010 (\$000's)



# Operations & Maintenance Expenditures By Category (\$000's)



**Comparative Operating Expenditure Budgets**  
**(\$000's)**

	<b><u>FY 2007 ACTUAL</u></b>	<b><u>FY 2008 ACTUAL</u></b>	<b><u>FY 2009 APPROVED</u></b>	<b><u>FY 2009 REVISED</u></b>	<b><u>FY 2010 APPROVED</u></b>
<b><u>OPERATING</u></b>					
Personnel Services	78,497	84,518	92,235	92,917	96,493
Contractual Services	55,075	58,199	69,599	71,755	76,493
Water Purchases	24,042	25,746	23,601	25,766	29,395
Chemicals and Supplies	23,256	27,821	27,183	29,560	29,172
Utilities	32,238	37,843	37,821	38,656	41,842
Small Equipment	471	676	873	786	791
Lead Abatement Program	1,492	531	1,000	-	-
Long Term Control Plan	-	-	370	370	560
<b>Subtotal O &amp; M Expenditures</b>	<b><u>215,071</u></b>	<b><u>235,335</u></b>	<b><u>252,683</u></b>	<b><u>259,811</u></b>	<b><u>274,746</u></b>
Debt Service	50,843	69,330	91,240	84,244	98,290
Payment in Lieu of Taxes	12,414	12,425	14,210	14,079	15,487
Right of Way Fees	5,100	5,100	5,100	5,100	5,100
<b>Total Operating Expenditures</b>	<b><u>283,428</u></b>	<b><u>322,190</u></b>	<b><u>363,234</u></b>	<b><u>363,234</u></b>	<b><u>393,623</u></b>
Personnel Services charged to Capital Projects	(7,541)	(8,681)	(8,400)	(8,400)	(8,400)
<b>Total Net Operating Expenditures</b>	<b><u>275,887</u></b>	<b><u>313,510</u></b>	<b><u>354,834</u></b>	<b><u>354,834</u></b>	<b><u>385,223</u></b>



**Comparative Operating Expenditures by Department**

(\$000's)

	<b>FY 2008 ACTUAL</b>	<b>FY 2009 APPROVED</b>	<b>FY 2009 REVISED</b>	<b>FY 2010 APPROVED</b>	
<b>O</b>					
p	Wastewater Treatment	81,224	81,792	85,674	86,873
e	Water Services	47,583	47,021	47,834	53,101
r	Sewer Services	15,961	16,905	18,054	20,622
a	Maintenance Services	21,907	22,718	22,875	23,284
t	Engineering and Technical Services	12,468	14,406	13,838	14,474
i	Customer Service	12,285	13,839	14,316	14,962
o	Lead Abatement Program	531	1,000	-	560
n	Long Term Control Plan	-	370	370	-
s	Subtotal Operations	<u>191,959</u>	<u>198,051</u>	<u>202,961</u>	<u>213,877</u>
<b>A</b>					
d	General Manager	1,245	1,897	3,384	3,708
m	Office of the Secretary	507	493	508	554
i	Internal Audit	646	611	790	835
n	Finance and Budget	5,982	6,815	6,838	6,991
i	Risk Management	4,801	6,519	6,295	6,726
s	General Counsel	2,032	5,183	4,977	5,136
t	Public Affairs	1,125	1,470	1,503	1,529
r	Information Technology	5,664	7,743	7,976	9,912
a	Assistant General Manager - Support Services	228	562	472	480
t	Human Resources	3,950	4,145	4,458	4,663
i	Facilities Management	5,460	6,059	6,027	6,261
o	Procurement & Materiel Management	3,056	3,897	4,051	4,332
n	Safety and Security	5,003	5,418	5,357	5,516
	Fleet Management	3,678	3,821	4,214	4,227
	Subtotal Administration	<u>43,376</u>	<u>54,632</u>	<u>56,849</u>	<u>60,869</u>
	<b>Subtotal O &amp; M Expenditures</b>	<b>235,335</b>	<b>252,683</b>	<b>259,811</b>	<b>274,746</b>
	Debt Service	69,330	91,240	84,244	98,290
	Payment in Lieu of Taxes	12,425	14,210	14,079	15,487
	Right of Way	5,100	5,100	5,100	5,100
	<b>Total O &amp; M Expenditures</b>	<b>322,190</b>	<b>363,234</b>	<b>363,234</b>	<b>393,623</b>
	Personnel Services charged to Capital Projects	(8,681)	(8,400)	(8,400)	(8,400)
	<b>Total Net Operating Expenditures</b>	<b><u>313,510</u></b>	<b><u>354,834</u></b>	<b><u>354,834</u></b>	<b><u>385,223</u></b>

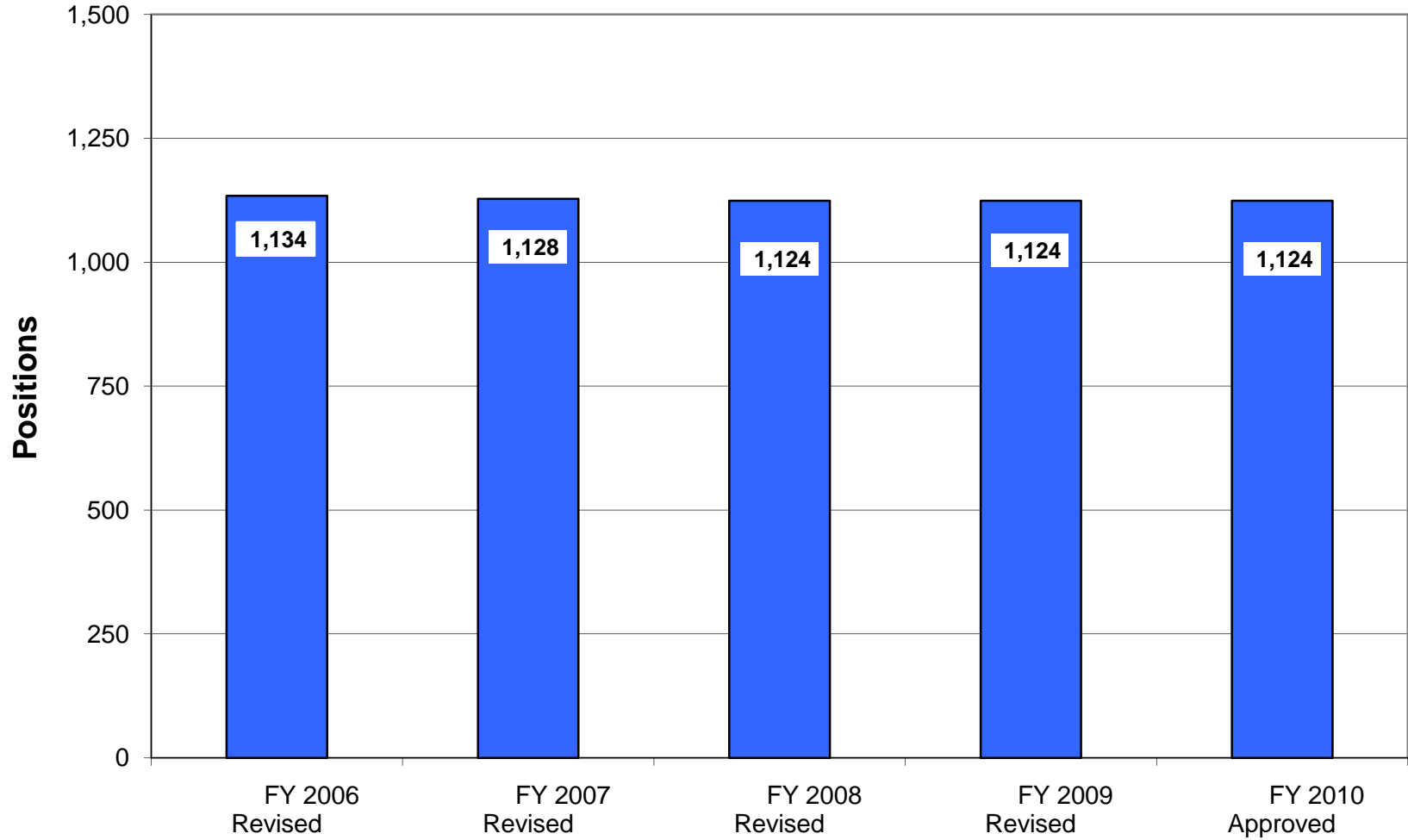
**Comparative Operating Expenditures by Department by Category  
FY 2009 Revised Budget  
(\$000's)**

	Auth Pos	Pay	Fringe	Overtime	Total PS	Supplies	Chemicals	Utilities	Contract	BioSolids	Water Purchases	Small Equipment	Total NPS	TOTAL Dept.	
<b>O</b>															
<b>p</b>	Wastewater Treatment	125	7,540	1,894	1,000	10,434	437	24,411	28,685	4,617	17,028	62	75,240	85,674	
<b>e</b>	Water Services	170	9,332	2,344	1,500	13,176	924	110	3,016	4,742	25,766	100	34,658	47,834	
<b>r</b>	Sewer Services	159	8,924	2,241	920	12,085	370	140	3,261	2,132		66	5,969	18,054	
<b>a</b>	Maintenance Services	178	10,280	2,582	1,200	14,062	1,992		91	6,530		200	8,813	22,875	
<b>t</b>	Engineering and Tech. Services	122	9,598	2,304	400	12,301	90		164	1,264		19	1,537	13,838	
<b>i</b>	Customer Service	123	6,489	1,557	260	8,307	137		1,813	4,003		56	6,009	14,316	
<b>o</b>	Long Term Control Plan								370				370	370	
<b>n</b>															
<b>s</b>	Subtotal Operations	877	52,164	12,922	5,280	70,365	3,950	24,661	37,029	23,658	17,028	25,766	503	132,596	202,961
<b>A</b>	General Manager	9	1,079	259	25	1,362	15		20	1,987		-	2,022	3,384	
<b>d</b>	Office of the Secretary	2	171	41	4	215	18		4	271		1	293	508	
<b>m</b>	Internal Audit	4	364	87	-	451	9		6	324		-	338	790	
<b>i</b>	Finance and Budget	43	3,483	836	40	4,359	20		59	2,395		4	2,478	6,838	
<b>n</b>	Risk Management	3	227	54	1	282	8		5	6,000		-	6,013	6,295	
<b>i</b>	General Counsel	14	1,093	262	2	1,358	20		15	3,584		-	3,619	4,977	
<b>s</b>	Public Affairs	8	658	158	2	818	30		16	639		-	685	1,503	
<b>t</b>	Information Technology	24	1,437	345	30	1,812	199		124	5,694		147	6,164	7,976	
<b>r</b>	Asst. Gen. Mgr. - Support Services	3	315	75	1	391	2		5	74		-	81	472	
<b>a</b>	Human Resources	23	1,976	474	10	2,461	35		26	1,935		2	1,998	4,458	
<b>t</b>	Facilities Management	58	3,077	738	150	3,965	455		99	1,446		62	2,062	6,027	
<b>i</b>	Procurement and Materiel Mgt	38	2,660	638	50	3,348	58		51	584		10	703	4,051	
<b>o</b>	Safety and Security	13	975	234	1	1,209	71		18	4,040		18	4,147	5,357	
<b>n</b>	Fleet Management	5	418	100	1	519	9		1,180	2,466		40	3,695	4,214	
	Subtotal Administration	247	17,932	4,304	317	22,552	949	-	1,627	31,438	-	-	283	34,297	56,849
	<b>Subtotal O &amp; M Expenditures</b>	<u>1,124</u>	<u>70,095</u>	<u>17,225</u>	<u>5,597</u>	<u>92,917</u>	<u>4,899</u>	<u>24,661</u>	<u>38,656</u>	<u>55,096</u>	<u>17,028</u>	<u>25,766</u>	<u>786</u>	<u>166,894</u>	<u>259,811</u>
	Debt Service													84,244	
	Payment in Lieu of Taxes													14,079	
	Right of Way													5,100	
	<b>Total O &amp; M Expenditures</b>													<u>363,234</u>	
	Personnel Services charged to Capital Projects													<u>(8,400)</u>	
	<b>Total Net Operating Expenditures</b>													<u><u>354,834</u></u>	

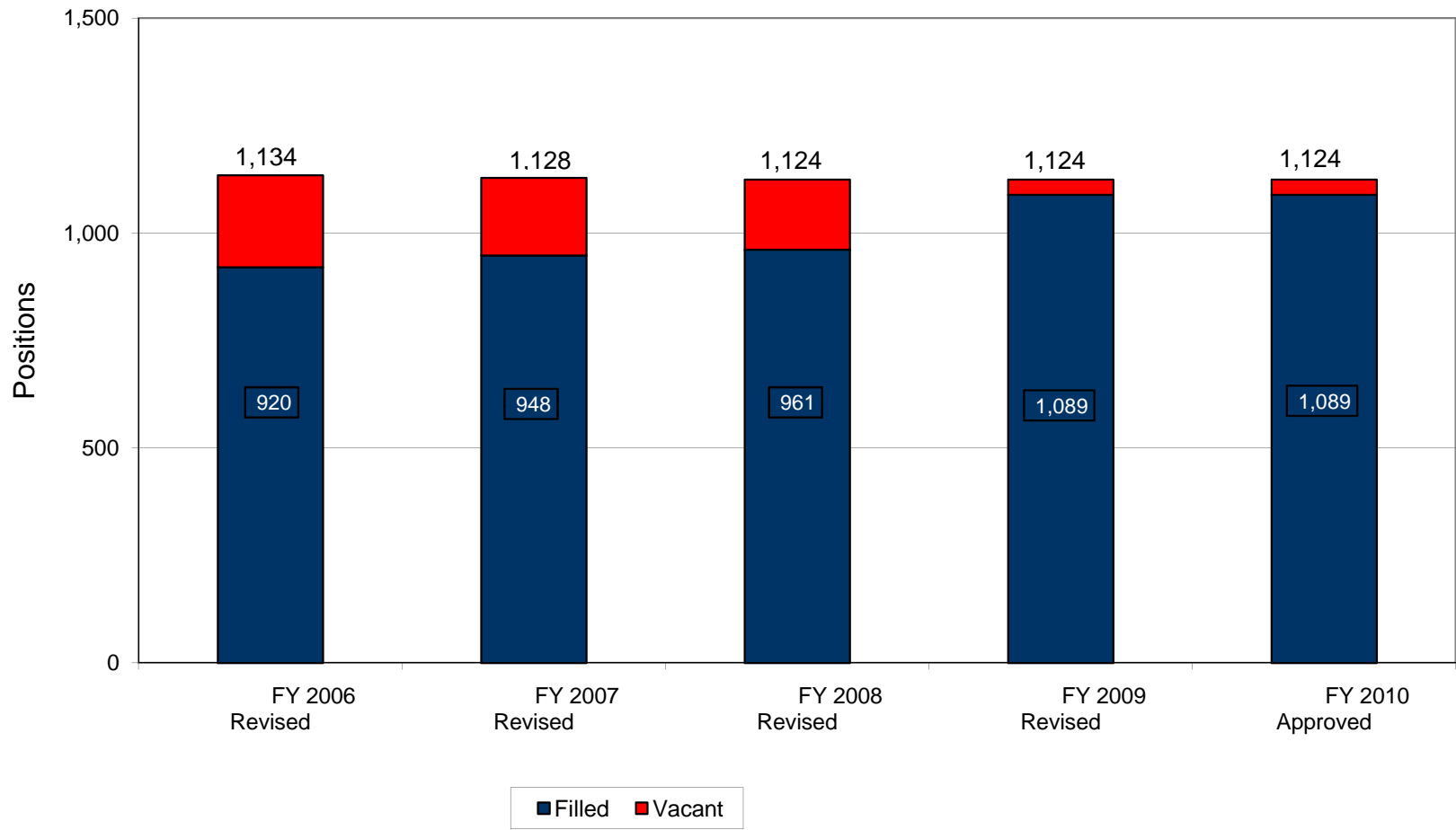
**Comparative Operating Expenditures by Department by Category  
FY 2010 Approved Budget  
(\$000's)**

	Auth Pos	Pay	Fringe	Overtime	Total PS	Supplies	Chemicals	Utilities	Contract	BioSolids	Water Purchases	Small Equipment	Total NPS	TOTAL Dept.	
<b>O</b>															
<b>p</b>	Wastewater Treatment	125	8,052	1,932	950	10,934	454	23,712	29,754	4,621	17,336	62	75,939	86,873	
<b>e</b>	Water Services	170	9,901	2,376	1,000	13,278	952	120	4,913	4,343	29,395	100	39,823	53,101	
<b>r</b>	Sewer Services	159	9,497	2,279	920	12,697	432	191	3,365	3,888		50	7,926	20,622	
<b>a</b>	Maintenance Services	178	10,899	2,616	1,000	14,514	2,077		90	6,388		215	8,770	23,284	
<b>t</b>	Engineering and Tech. Services	122	10,111	2,326	500	12,937	90		164	1,264		19	1,537	14,474	
<b>i</b>	Customer Service	123	6,792	1,562	260	8,615	179		1,907	4,205		56	6,347	14,962	
<b>o</b>	Long Term Control Plan					-			560				560	560	
<b>n</b>															
<b>s</b>	Subtotal Operations	877	55,253	13,092	4,630	72,975	4,184	24,023	40,194	25,269	17,336	29,395	502	140,902	213,877
<b>A</b>	General Manager	9	1,122	258	25	1,406	15		20	2,267		-	2,302	3,708	
<b>d</b>	Office of the Secretary	2	176	40	4	220	18		4	312		1	334	554	
<b>m</b>	Internal Audit	4	381	88	-	468	9		6	352		-	367	835	
<b>i</b>	Finance and Budget	43	3,661	842	40	4,543	20		59	2,364		4	2,448	6,991	
<b>n</b>	Risk Management	3	234	54	1	289	8		5	6,424		-	6,437	6,726	
<b>i</b>	General Counsel	14	1,191	274	2	1,467	20		15	3,634		-	3,669	5,136	
<b>s</b>	Public Affairs	8	721	166	2	889	30		16	594		-	640	1,529	
<b>t</b>	Information Technology	24	1,513	348	30	1,891	199		124	7,552		147	8,021	9,912	
<b>r</b>	Asst. Gen. Mgr. - Support Services	3	325	75	1	400	2		5	73		-	80	480	
<b>a</b>	Human Resources	23	2,040	469	10	2,519	35		27	2,080		2	2,144	4,663	
<b>t</b>	Facilities Management	58	3,199	736	150	4,084	462		108	1,545		62	2,177	6,261	
<b>i</b>	Procurement and Materiel Mgt	38	2,855	657	50	3,562	58		55	642		15	770	4,332	
<b>o</b>	Safety and Security	13	1,015	233	1	1,249	79		25	4,143		19	4,267	5,516	
<b>n</b>	Fleet Management	5	431	99	1	531	9		1,180	2,466		40	3,695	4,227	
	Subtotal Administration	247	18,863	4,339	317	23,518	965	-	1,649	34,448	-	290	37,351	60,869	
	<b>Subtotal O &amp; M Expenditures</b>	<u>1,124</u>	<u>74,116</u>	<u>17,430</u>	<u>4,947</u>	<u>96,493</u>	<u>5,149</u>	<u>24,023</u>	<u>41,842</u>	<u>59,717</u>	<u>17,336</u>	<u>29,395</u>	<u>791</u>	<u>178,253</u>	<u>274,746</u>
	Debt Service													98,290	
	Payment in Lieu of Taxes													15,487	
	Right of Way													5,100	
	<b>Total O &amp; M Expenditures</b>													393,623	
	Personnel Services charged to Capital Projects													(8,400)	
	<b>Total Net Operating Expenditures</b>													<u>385,223</u>	

**Authorized Positions  
FY 2006 - FY 2010**



### Filled vs. Vacant Positions FY 2006 - FY 2010

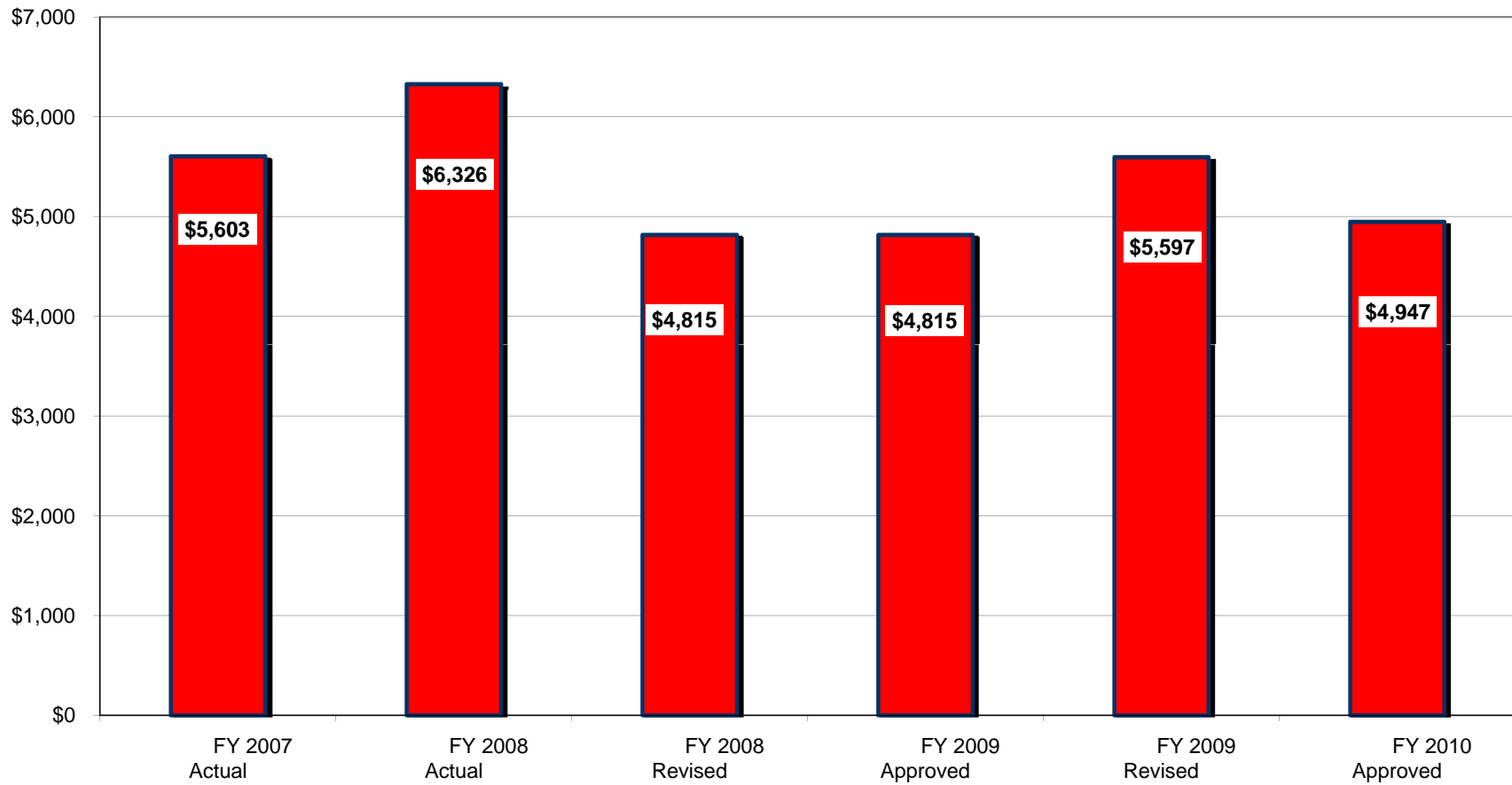


\* Filled count represents year-end actual except for FY 2009 and FY 2010 which are budgeted filled numbers

### FY 2009 Revised & FY 2010 Approved Position Request

	Fiscal Year 2007			FY 2007	Fiscal Year 2008			FY 2008	Fiscal Year 2009		Fiscal Year 2010	
	Authorized	Average Filled	Average Vacant	Year-End Filled	Authorized	Average Filled	Average Vacant	Year-End Filled	Authorize	Revised	Approved	
Operations	Wastewater Treatment	125	101	24	103	125	106	19	106	121	125	125
	Water Services	166	142	24	150	166	147	19	149	166	170	170
	Sewer Services	159	140	19	140	159	140	19	143	159	159	159
	Maintenance Services	178	151	27	153	177	153	24	151	178	178	178
	Engineering and Technical Services	125	99	26	98	125	101	24	104	125	122	122
	Customer Service	123	105	18	108	122	106	16	105	123	123	123
	<b>Subtotal</b>	<b>876</b>	<b>738</b>	<b>138</b>	<b>752</b>	<b>874</b>	<b>753</b>	<b>121</b>	<b>758</b>	<b>872</b>	<b>877</b>	<b>877</b>
Administration	General Manager	9	7	2	7	9	7	3	7	9	9	9
	Secretary to the Board of Directors	2	2	-	2	2	2	-	2	2	2	2
	Internal Audit	4	3	1	3	4	3	1	3	4	4	4
	Finance and Budget	43	34	9	35	43	35	8	36	43	43	43
	Risk Management	3	3	-	3	3	3	-	3	3	3	3
	General Counsel	14	7	7	6	14	7	7	7	14	14	14
	Public Affairs	8	6	2	6	9	8	1	7	9	8	8
	Information Technology	29	12	17	12	27	13	14	13	29	24	24
	Asst. Gen. Mgr. - Support Services	4	3	1	2	3	2	1	2	3	3	3
	Human Resources	22	21	1	21	22	21	1	20	22	23	23
	Facilities Management	64	59	5	58	58	53	5	55	58	58	58
	Procurement and Materiel Management	38	29	9	29	38	30	8	31	38	38	38
Safety and Security	7	5	2	6	13	12	1	12	13	13	13	
Fleet Management	5	6	(1)	6	5	5	-	5	5	5	5	
	<b>Subtotal</b>	<b>252</b>	<b>197</b>	<b>55</b>	<b>196</b>	<b>250</b>	<b>200</b>	<b>50</b>	<b>203</b>	<b>252</b>	<b>247</b>	<b>247</b>
	<b>Total Positions</b>	<b>1,128</b>	<b>935</b>	<b>193</b>	<b>948</b>	<b>1,124</b>	<b>953</b>	<b>171</b>	<b>961</b>	<b>1,124</b>	<b>1,124</b>	<b>1,124</b>

**Overtime Expenditures  
FY 2007 - FY 2010  
(\$000's)**



**OVERTIME BY DEPARTMENT  
(\$000's)**

<b>Department</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Actual</b>	<b>FY 2008 Revised</b>	<b>FY 2009 Approved</b>	<b>FY 2009 Revised</b>	<b>FY 2010 Approved</b>
Wastewater Treatment	976	1,063	832	832	1,000	950
Water Services	1,425	1,519	978	978	1,500	1,000
Sewer Services	1,172	1,201	920	920	920	920
Maintenance Services	1,113	1,331	1,120	1,120	1,200	1,000
Engineering and Technical Services	368	573	400	400	400	500
Customer Service	254	333	260	260	260	260
General Manager	32	31	25	25	25	25
Secretary to the Board of Directors	3	3	2	2	4	4
Internal Audit	0	1	-	-	-	-
Finance and Budget	26	30	40	40	40	40
Risk Management	1	0	1	1	1	1
General Counsel	4	2	2	2	2	2
Public Affairs	1	0	2	2	2	2
Information Technology	18	35	30	30	30	30
Assistant General Manager - Support Services	1	2	1	1	1	1
Human Resources	2	5	10	10	10	10
Facilities Management	180	148	150	150	150	150
Procurement and Materiel Management	27	45	40	40	50	50
Safety and Security	-	2	1	1	1	1
Fleet Management	0	1	1	1	1	1
<b>Total</b>	<b>5,603</b>	<b>6,326</b>	<b>4,815</b>	<b>4,815</b>	<b>5,597</b>	<b>4,947</b>

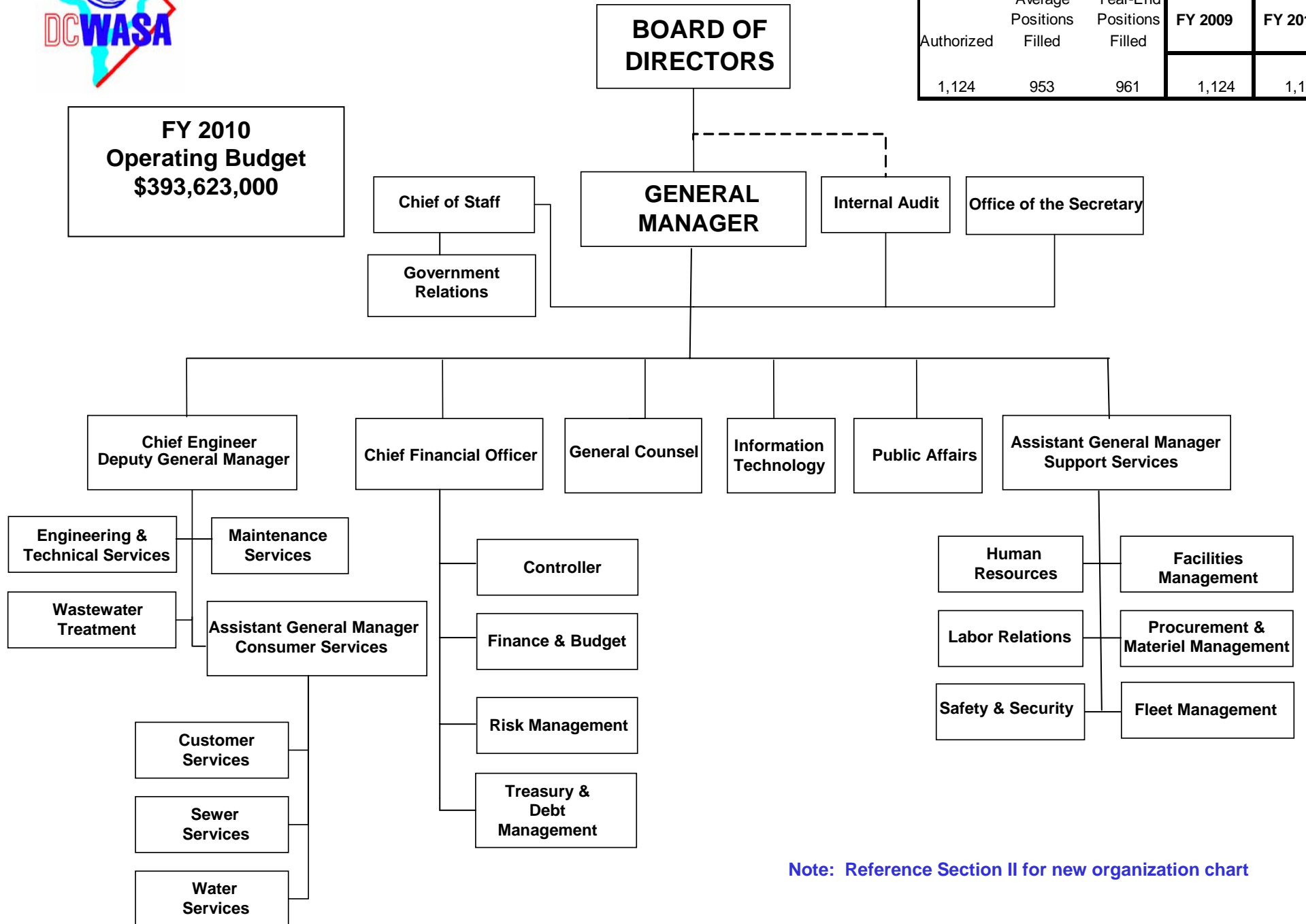


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POSITIONS				
FY 2008			FY 2009	FY 2010
Authorized	Average Positions Filled	Year-End Positions Filled		
1,124	953	961	1,124	1,124

**FY 2010  
Operating Budget  
\$393,623,000**



Note: Reference Section II for new organization chart

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**CHIEF  
ENGINEER  
Deputy General Manager**

			<b>POSITIONS</b>	
<b>CURRENT</b>			<b>FY 2009</b>	<b>FY 2010</b>
<b>Authorized</b>	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
125	106	106	125	125

**FY 2010 Budget  
\$86,873,000**

**WASTEWATER  
TREATMENT  
2 - Positions**

**Administrative  
Support  
2 - Positions**

**Process Engineering  
Branch  
12 - Positions**

**Wastewater  
Treatment  
Branch  
90 - Positions**

**Biosolids  
Management  
Branch  
7 - Positions**

**Research,  
Laboratory &  
Pretreatment  
Branch  
12 - Positions**

**FUNCTIONS**

- Wastewater and biosolids treatment process control support
- Plant automation support

**FUNCTIONS**

- Treat influent wastewater to remove pollutants and meet National Pollutant Discharge Elimination System Permit (NPDES) requirements
- Biosolids conditioning, thickening, dewatering, and stabilization

**FUNCTIONS**

- Biosolids storage, loading, hauling and utilization / disposal

**FUNCTIONS**

- Physical, chemical and biological analysis of wastewater and biosolids used for process control and permit reporting
- Industrial discharge monitoring
- Treatment process R&D

## WASTEWATER TREATMENT

**MISSION:** To treat wastewater delivered to Blue Plains from the collection system of the District of Columbia and surrounding jurisdictions in Maryland and Virginia, ensuring that effluent is in compliance with the Clean Water Act.

**BUDGET OVERVIEW:** The FY 2009 revised budget increases by approximately \$3.9 million over the FY 2009 approved budget due to projected increases in chemicals and electricity costs. Four additional positions were added to continue implementation of the Op

	FY 2008 Actual	FY 2009 Approved	FY 2009 Revised	FY 2010 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	125	121	125	125
Average number of positions filled	106			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	10,029	9,617	10,434	10,934
Overtime	1,063	832	1,000	950
<b>Non-Personnel Services:</b>				
Chemicals & Supplies	22,986	22,265	24,848	24,166
Utilities	27,838	27,222	28,685	29,754
Contractual Services, etc.	3,059	5,456	4,617	4,621
Biosolids	17,300	17,164	17,028	17,336
Small Equipment	11	68	62	62
Total Non-Personnel Services	71,194	72,175	75,240	75,939
<b>Total Operations</b>	81,224	81,792	85,674	86,873
Capital Equipment	91	68	23	285

Targeted Performance Measures	FY 2008 Actual	FY 2009 Budget	FY 2009 Projection	FY 2010 Projection
Achieve NACWA Award Status	Gold	Gold	Gold	Gold
Compliance with disposal of biosolids regulations (100%)	100 % Compliance	100 % Compliance	100 % Compliance	100 % Compliance
Inspection and Sampling of Pretreatment Permittees (100%)	101 % Complete	102 % Complete	103 % Complete	104 % Complete
Obtain 90% acceptable results on discharge monitoring report quality assurance samples	90% Acceptable results	90% Acceptable results	90% Acceptable results	90% Acceptable results

Note: EPA 503 (i.e. Title 40 of the Code of Federal Regulations, Part 503) regulates the use or disposal of sewage sludge or biosolids  
 EPA DMR QA (i.e. Discharge Monitoring Report Quality Assurance) is conducted on wastewater samples used for permit compliance reports.  
 Achieving acceptable results for at least 90% of samples will minimize the potential for EPA to audit the laboratory.

# WASTEWATER TREATMENT

## OVERVIEW

### FY 2009 Major Recommended Activities and Changes

- Maintain full compliance with the National Pollutant Discharge Elimination Systems (NPDES) permit
- Actively participate in chemicals procurement to ensure lowest cost
- Continue to minimize plant and biosolids odor
- Continue implementation of operator cross training and wastewater treatment operator trainee programs
- Continue implementation of High Priority Rehabilitation Program to ensure critical process equipment remains in service
- Continue operation of treatment facilities during construction of the following Capital Improvement Program (CIP) projects:
  - Filtration & Disinfection Facilities Upgrade Phase II – scheduled for completion in calendar year 2009
  - Process Control Computer System – partially operational since FY 2005
  - Raw Wastewater Pump Stations I – scheduled for completion in 2009
  - Nitrification/Denitrification Facilities Upgrade – scheduled for completion in 2011
- Continue to conduct wastewater treatment process research and development in various areas including:
  - Optimization of chemical phosphorus removal
  - Digestion process hydrolysis
  - Alternative substrate for Denitrification
  - Side-stream treatment for nitrogen removal
  - Biosolids product quality improvement
- Continue to work with surrounding jurisdictions (Maryland and Virginia) on regulatory requirements for biosolids and land applications
- Monitor and evaluate impact of Nitrogen Removal Program changes on Blue Plains
- Monitor and evaluate impact of CSO LTCP on Blue Plains

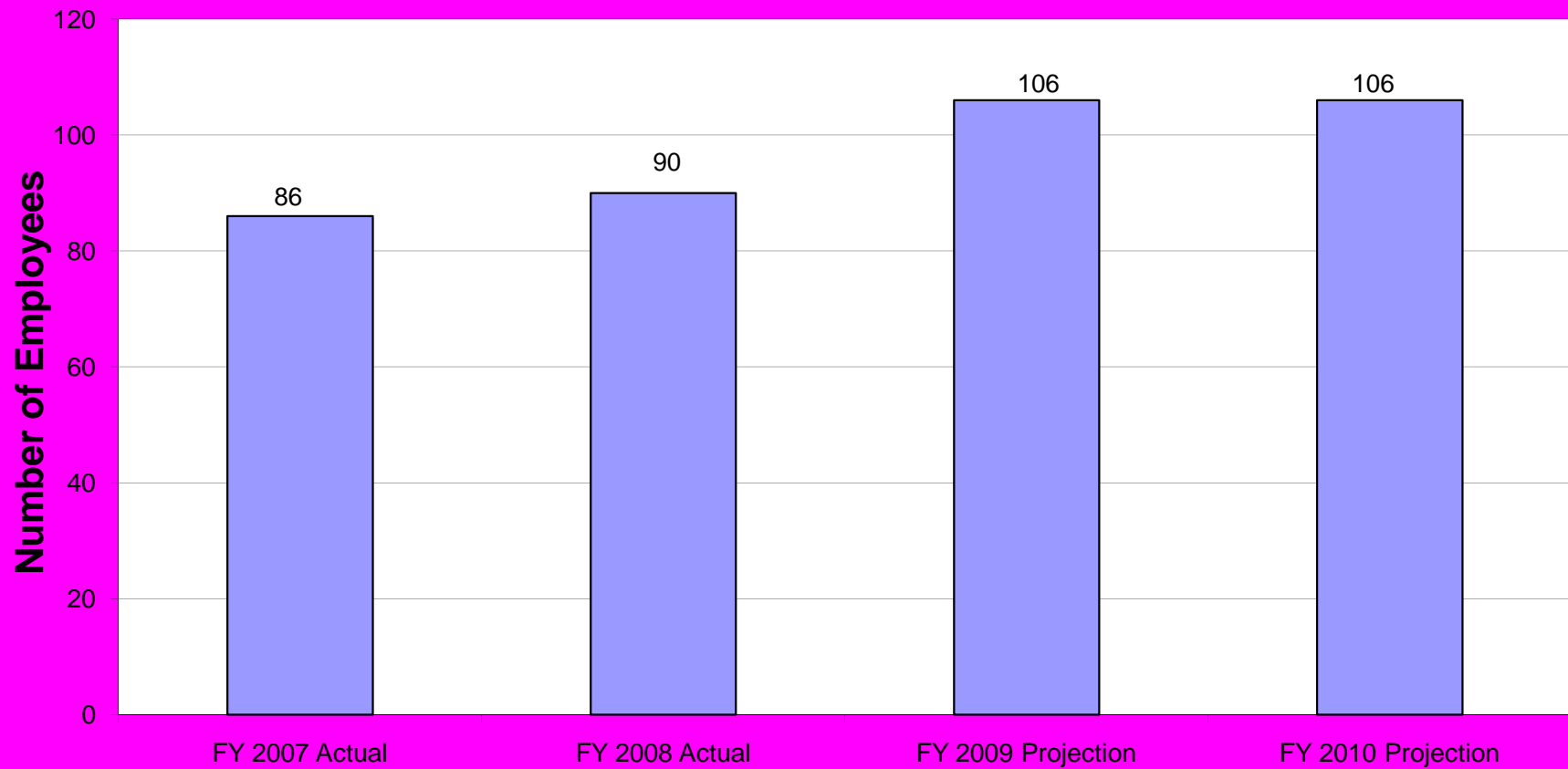
### FY 2010 Major Recommended Activities and Changes

- Continue to implement the IIP recommendations to improve plant efficiency and effectiveness
- Continue operation of treatment facilities during construction of the following CIP projects:
  - Filtration & Disinfection Facilities Upgrades – scheduled for completion at the end of calendar year 2009
  - Process Control Computer System - partially operational since FY 2005
  - Nitrification/Denitrification Facilities Upgrades – scheduled for completion in 2011
- Continue to conduct wastewater treatment process research and development

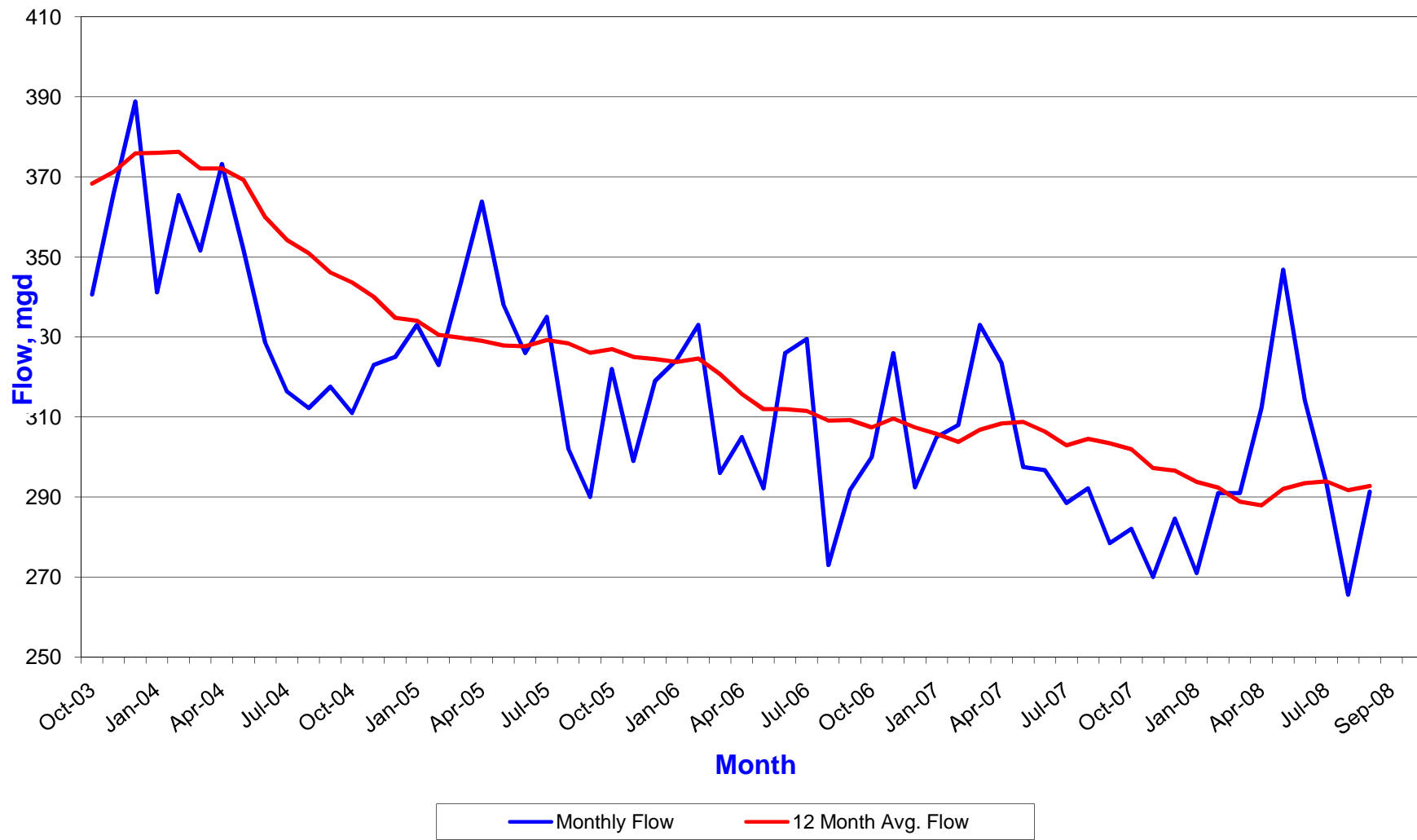
### Impact of Capital Projects on FY 2009 and FY 2010 Operating Expenditures

- Full implementation of dissolved oxygen (DO) control in secondary treatment will reduce energy consumption
- Fine bubble aeration in the nitrification process will enhance aeration process efficiency and reduce energy consumption

# CERTIFIED OPERATORS

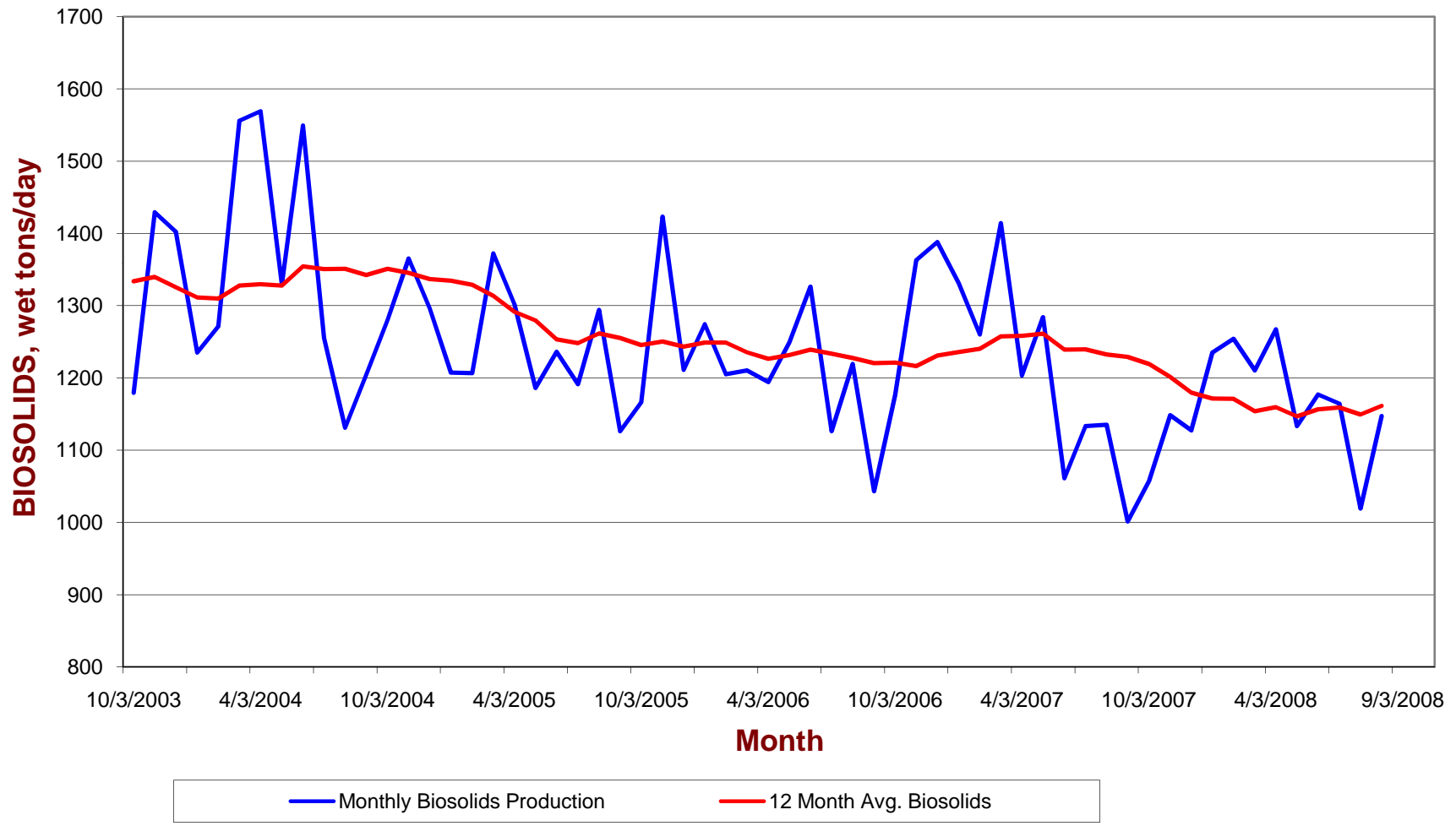


## BLUE PLAINS WASTEWATER TREATMENT PLANT EFFLUENT FLOW OCTOBER 2003 - OCTOBER 2008



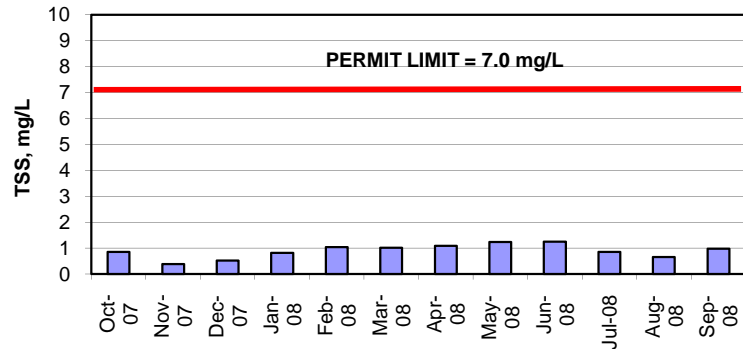


# BLUE PLAINS WASTEWATER TREATMENT BIOSOLIDS PRODUCTION OCTOBER 2003 - OCTOBER 2008



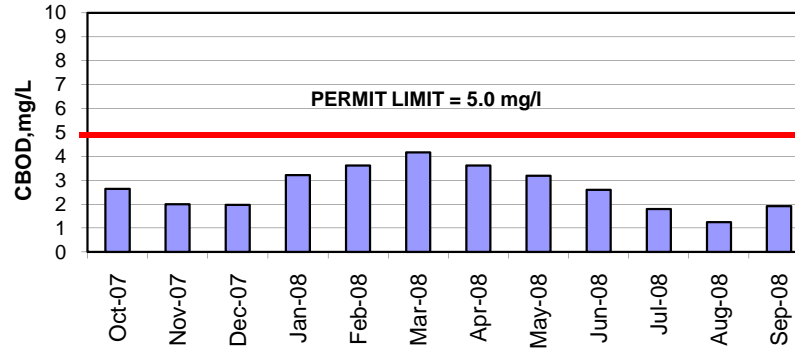
**BLUE PLAINS WASTEWATER TREATMENT PLANT  
PLANT EFFLUENT QUALITY  
OCTOBER 2007 - SEPTEMBER 2008**

**MONTHLY AVERAGE  
EFFLUENT SUSPENDED SOLIDS  
TSS, mg/L**



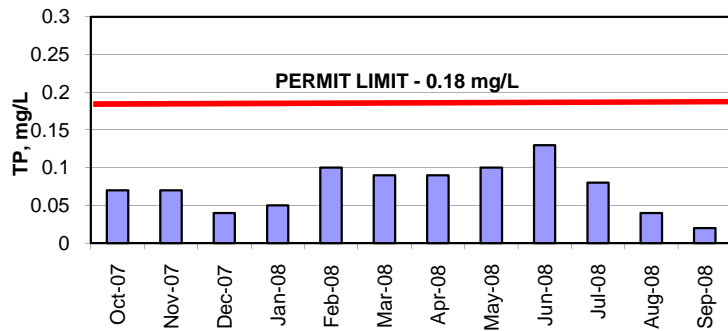
Effluent Total Suspended Solids (TSS) is a measure of the amount of solid materials that remains suspended after treatment.

**MONTHLY AVERAGE  
EFFLUENT CBOD, mg/L**



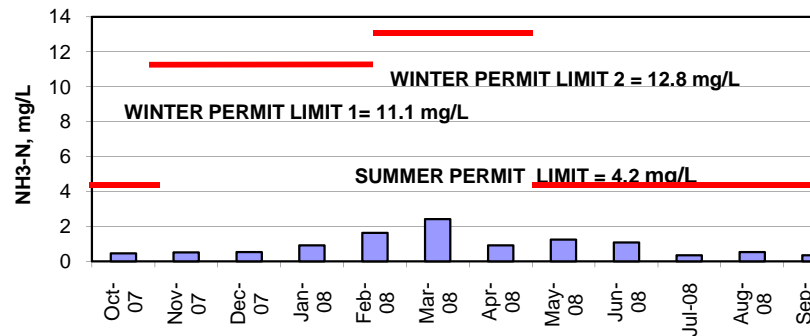
Carbonaceous Biochemical Oxygen Demand (CBOD) is a measure of the amount of dissolved oxygen required for the decomposition of organic materials.

**MONTHLY AVERAGE  
EFFLUENT TOTAL PHOSPHORUS  
TP, mg/L**



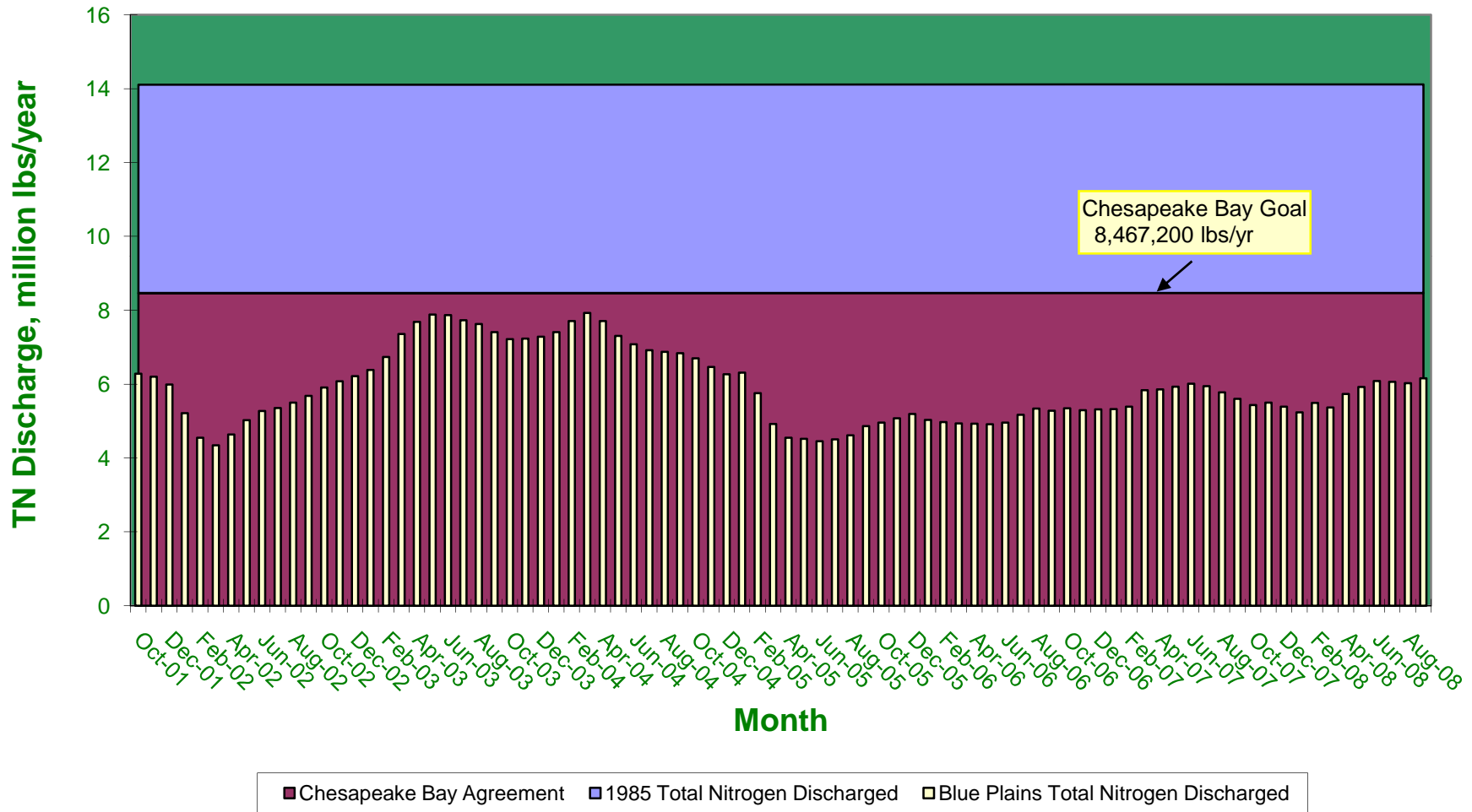
The total Phosphorus (TP) is a measure of the particulate and dissolved phosphorus in the effluent.

**MONTHLY AVERAGE  
EFFLUENT AMMONIA NITROGEN  
NH3-N, mg/L**



The Ammonia Nitrogen (NH3-N) is a measure of the nitrogen found in ammonia.

# BLUE PLAINS WASTEWATER TREATMENT PLANT ANNUAL TOTAL NITROGEN LOAD OCTOBER 2001 - AUGUST 2008





**FY 2010 Budget  
\$53,101,000**

**ASS. GEN. MGR.  
CONSUMER  
SERVICES**

**WATER  
SERVICES  
2 - Positions**

			<b>POSITIONS</b>	
			<b>CURRENT</b>	
<b>Authorized</b>	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>	<b>FY 2009</b>	<b>FY 2010</b>
166	147	149	170	170

**Productivity Unit  
2 – Positions**

**Pumping  
Services  
13 – Positions**

**Distribution  
Systems Repair  
69 - Positions**

**Preventive  
Maintenance  
59 – Positions**

**Technical  
Support Services  
12 - Positions**

**Water Quality  
13 – Positions**

**FUNCTIONS**

- Operate and maintain pumping stations, water storage, and facilities
- Monitor and maintain appropriate pressure in the distribution system
- Operate control valves in the pumping stations and storage facilities
- Operate the Supervisory Control and Data Acquisition (SCADA) system
- Coordinate pumping operations with the Washington Aqueduct Treatment Plants
- Perform preventive maintenance on pumping operations assets
- Support departmental safety efforts

**FUNCTIONS**

- Water main repair & replacement
- Water service line repair and replacement
- Valve replacement
- Taps abandonment
- Provide emergency repair services in support of Capital Improvement Program (CIP)
- Hydrant replacement
- Hydrant operation & maintenance
- Support lead replacement program
- Perform scheduled & emergency shuts
- Assist Investigation as first responder during emergencies
- Manage inventory
- Support departmental safety efforts

**FUNCTIONS**

- Inspect, exercise and perform preventive maintenance on the 40,000 system valves
- Inspect, exercise and perform preventive maintenance on the 9,000 fire hydrants in the system
- Perform minor leak repairs
- Administer the Flushing Program
- Provide support for CIP projects
- Assist Distribution as first responder during emergency situations
- Inspect construction projects
- Support departmental safety efforts

**FUNCTIONS**

- Coordinate service order with the WASA 24 hour Command Center
- Manage the Valve Coordination Control (War Room) program
- Establish and administer a comprehensive asset management program for the water and sewer systems
- Evaluate CIP design and construction documents
- Manage multiple infrastructure repair and maintenance contracts
- Test valve shutdown plans for construction of CIP projects
- Maintain work management activities in MAXIMO
- Support departmental safety efforts

**FUNCTIONS**

- Environmental Protection Agency (EPA) compliance monitoring
- Corrosion control and monitoring
- Schedule unidirectional flushing
- Cross connection
- Chloramination treatment monitoring
- Lead and copper testing program
- Conduct studies of corrosion issues
- Overall water quality monitoring
- Publication of annual Consumer Confidence report
- Co-operative water quality ventures and outreach
- Public notification and regulatory monitoring
- Support departmental safety efforts
- Comprehensive, customer oriented water conservation program

## WATER SERVICES

**MISSION:** To operate and maintain a potable water transmission and distribution system, which delivers high quality water to DC WASA's customers. Water Services will ensure that water distribution meets or exceeds the applicable water quality regulations promulgated by the safe Water Drinking Act and is provided in a reliable manner.

**BUDGET OVERVIEW:** The revised FY 2009 operating budget is approximately \$0.8 million above the FY 2009 approved budget. This level of increase is due to funding for projected water purchase costs. The approved FY 2010 operating budget is approximately \$5.3 million higher than the revised FY 2009 operating budget mainly due to increased funding for water purchase (due to increased chemical cost) and contractual service costs.

	FY 2008 Actual	FY 2009 Approved	FY 2009 Revised	FY 2010 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	166	166	170	170
Average number of positions filled	147			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	12,224	12,487	13,176	13,278
Overtime	1,519	978	1,500	1,000
<b>Non-personnel Services:</b>				
Chemicals and Supplies	897	1,104	1,034	1,072
Utilities	4,011	5,133	3,016	4,913
Contractual Services, etc.	4,603	4,569	4,742	4,343
Water Purchases	25,746	23,601	25,766	29,395
Small Equipment	100	126	100	100
<b>Total Non-Personnel Services</b>	<b>35,359</b>	<b>34,534</b>	<b>34,658</b>	<b>39,823</b>
<b>Total Operations &amp; Maintenance</b>	<b>47,583</b>	<b>47,021</b>	<b>47,834</b>	<b>53,101</b>
Capital Equipment	1,022	945	1,010	830

Targeted Performance Measures	FY 2008 Actual	FY 2009 Budget	FY 2009 Projection	FY 2010 Projection
Maintain full compliance with Safe Drinking Water Act standards for positive coliform results (less than 5%)	<5%	<5%	<5%	<5%
Flush at least 50% of the 1,300 miles of pipe in the distribution system annually.	50%	50%	50%	50%
Exercise 18,000 - 23,000 valves annually	25,000	25,000	25,000	25,000
Maintain a 99% fire hydrant operational rate	99%	99%	99%	99%
Respond to 95% of all emergency service orders in less than 45 minutes	97%	97%	97%	97%
Repair 90% of reported main leaks within 10 days	90%	90%	90%	90%

## WATER SERVICES

### OVERVIEW

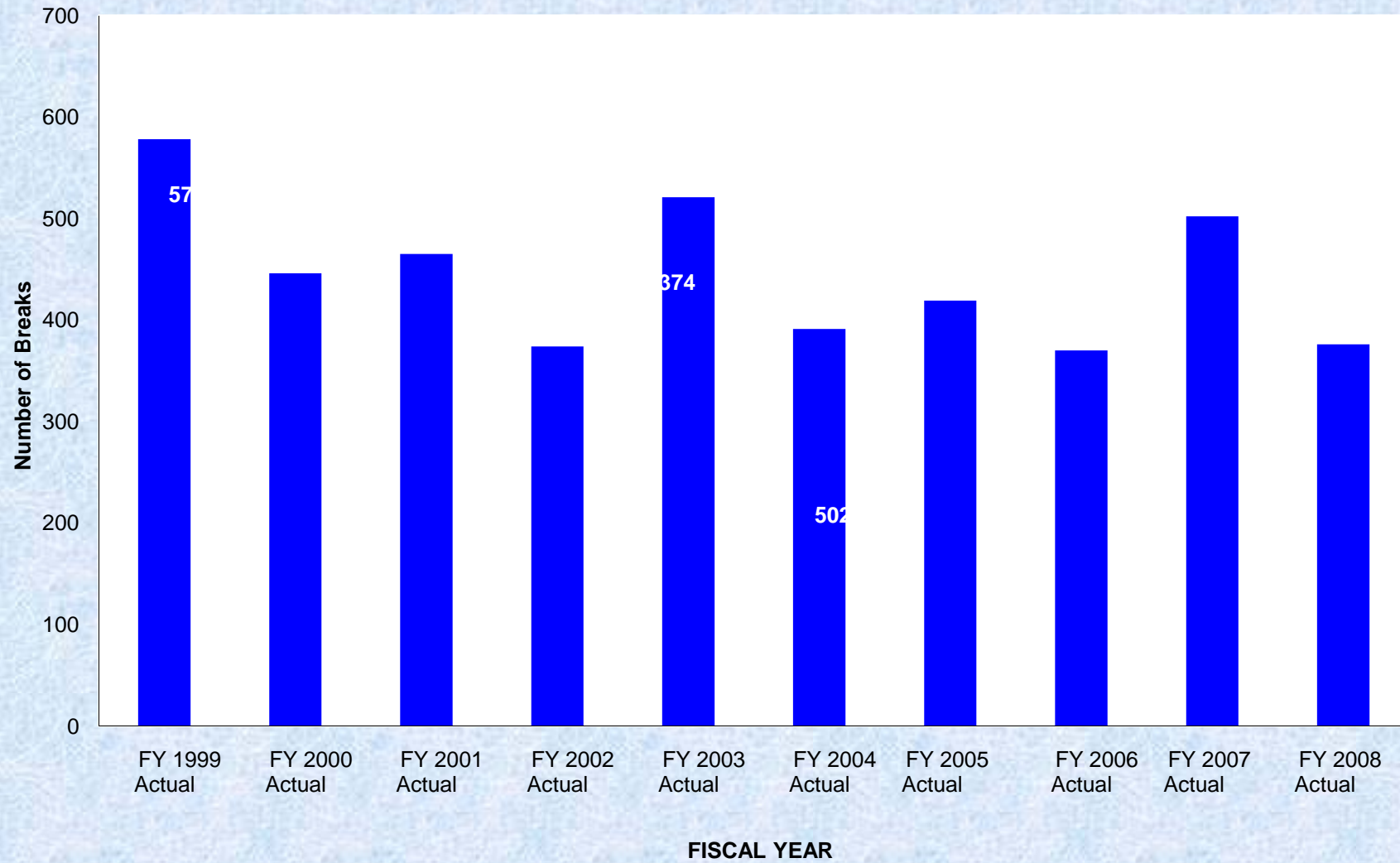
#### FY 2009 Major Recommended Activities and Changes

- Review overall strategy on water distribution infrastructure improvements – water main, fire hydrants repair and replacement program
- Upgrade the Valve Exercise Program
  - Exercise all critical valves annually
  - Exercise all non-critical valves every three years
  - Capture valve characteristics and on-time operational information
- Reclassify field job descriptions to merge similar functions and establish three job categories for all field operations
  - Create a pool of Utility Workers to undertake multiple tasks
  - Establish skills set and develop a training plan
  - Implement Certification and Licensing requirements
- Upgrade the Fire Hydrant Program
  - Preventive Maintenance – three year cycle
  - Emergency Repairs – within five days
  - Capital Improvement – forty percent replacement over five years
  - Retrofit hydrants with national standard threads
- Water Quality operations will continue to focus on:
  - Regulatory compliance
  - Maintaining high water quality standards
  - On-line water security monitoring
  - Reservoir profile analysis
  - Cross Connection Program
  - Water conservation initiative and outreach
- Asset Management Program will:
  - Establish a construction contract management program
  - Refine quality control program for asset management data
- Pumping Division will undertake or continue with the following initiatives:
  - Initiate a certification and training program for all existing operators and facilities inspectors
  - Continue with Cleaning and Disinfection program for all water storage facilities
  - Develop standard operating procedures and provide training for new and existing modules
  - Contract Pumping Machinery to monitor pump performance for all water facilities
  - Update and revise Supervisory Control And Data Acquisition (SCADA) system to reflect current system configuration.
- Institute a corrosion control cathodic protection service for existing water distribution system

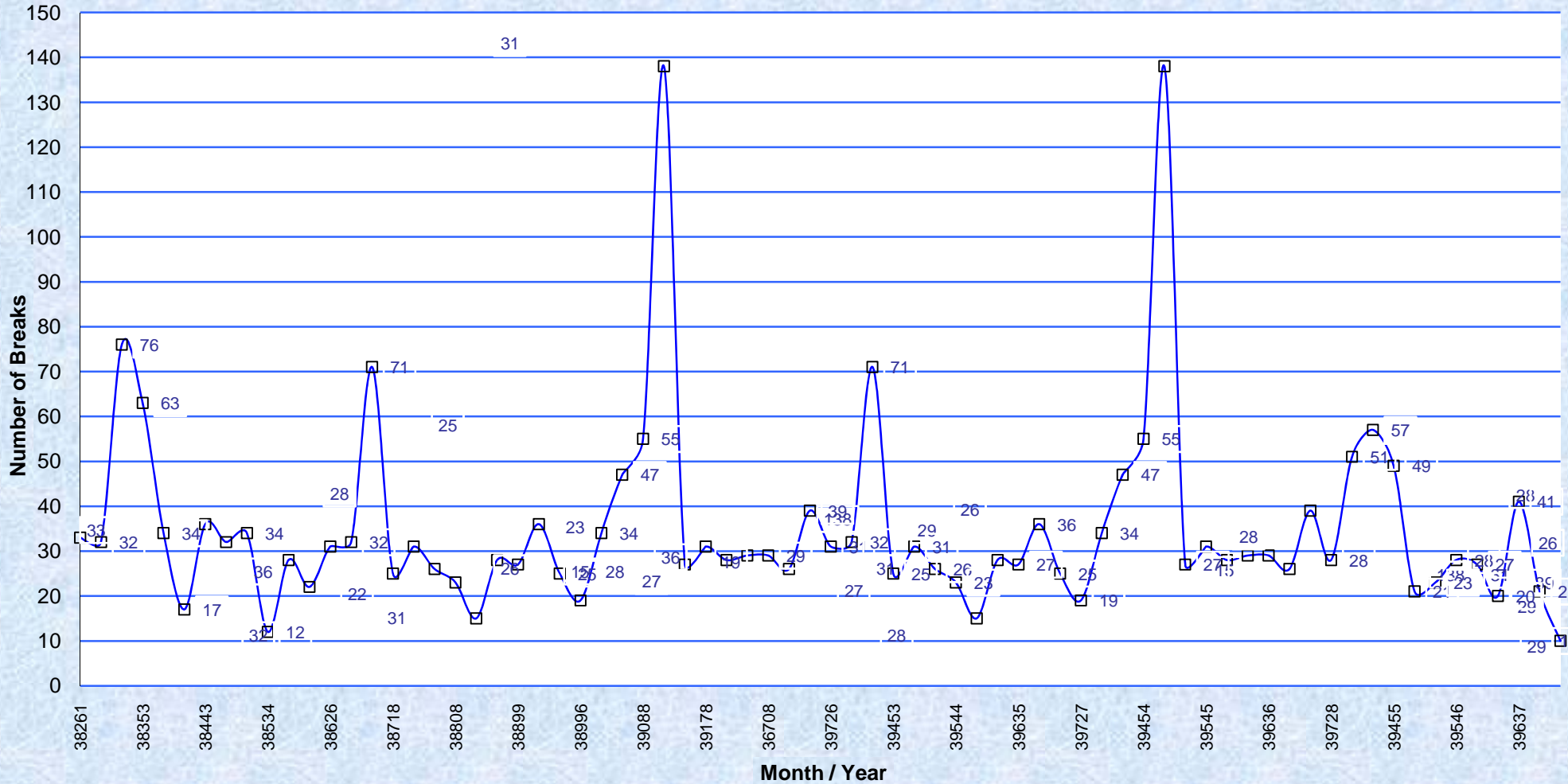
#### FY 2010 Major Recommended Activities and Changes

- Continue reorganization of department

## HISTORICAL WATER MAIN BREAKS FY 2001 - FY 2008

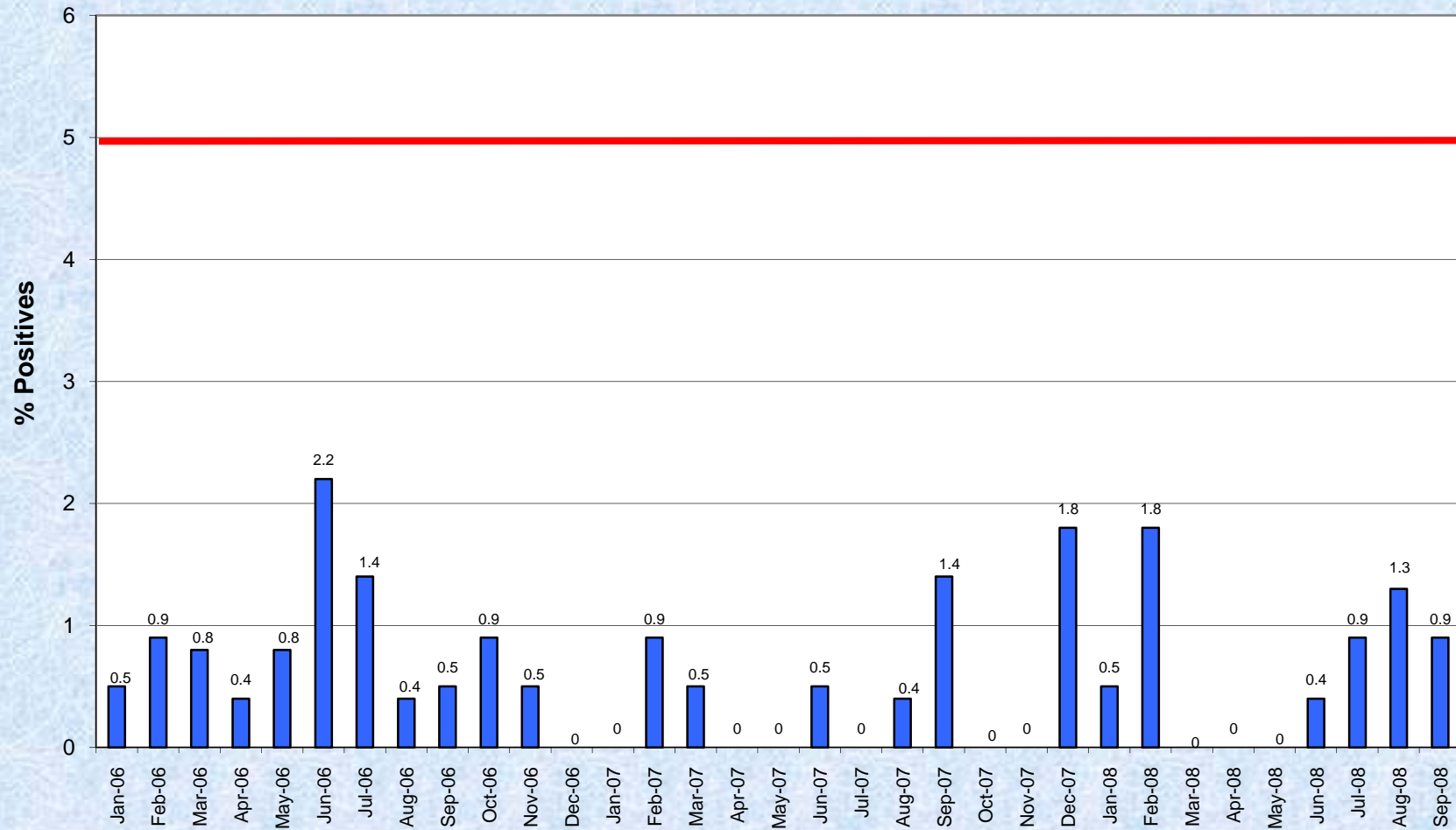


### HISTORICAL MONTHLY MAIN BREAKS October 2005 - September 2008





**DC DRINKING WATER TOTAL COLIFORM RESULTS**  
**January 2006 - September 2008**  
**Environmental Protection Agency - Maximum Contaminant Levels = 5% positives per month**



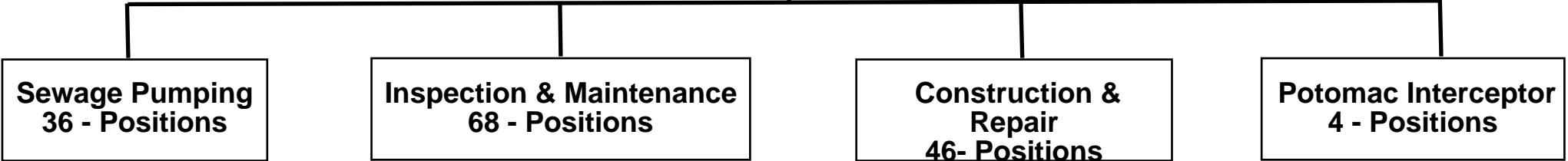


**ASSISTANT  
GENERAL  
MANAGER  
Consumer Services**

		POSITIONS			
CURRENT		Average	Year-End		
Authorized	Positions Filled	Positions Filled	Positions Filled	FY 2009	FY 2010
159	140	143		159	159

**FY 2010 Budget  
\$20,622,000**

**SEWER SERVICES  
5 - Positions**



**FUNCTIONS**

- Operate Sanitary and Stormwater Pumping Stations
- Operate Combined Sewer System Controls
  - Swirl Concentrator
  - Fabridams

**FUNCTIONS**

- Investigate public sewers
- Investigate sewer laterals
- Clean sewers and inlet /outlet structures
- Operate and maintain sewer regulator structures
- Clean catch basins
- Remove floatable debris

**FUNCTIONS**

- Install and repair sewer mains
- Replace and repair sewer laterals
- Manage construction contracts
- Install and repair catch basins
- Manage CIP projects
- Manage and inspect in-house projects
- Coordinate work orders
- Manage Public Space Restoration

**FUNCTIONS**

- Operate & Maintain Potomac Interceptor (PI) Sewer
- Operate and maintain PI Flow Meters
- Perform Manhole Inspections
- Review/Approve Contractor Plans & Specs
- Inspect Contractor Operations
- Operate and Maintain related Odor control facilities and manholes
- Right-of-Way maintenance and Surveillance

## SEWER SERVICES

**MISSION:** To provide for the operation and maintenance of the sewer system which collects and transports wastewater and stormwater flows to treatment and authorized discharge points.

**BUDGET OVERVIEW:** The revised FY 2009 budget is higher than the approved FY 2009 budget by approximately \$1.2 million mainly due to increases in compensation, electricity and contractual services costs. The approved FY 2010 budget reflects increases of approximately \$2.6 million over the revised FY 2009 budget for compensation costs and contract costs for cleaning of water quality catch basins.

	FY 2008 Actual	FY 2009 Approved	FY 2009 Revised	FY 2010 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	159	159	159	159
Average number of positions filled	140			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	11,037	11,731	12,085	12,697
Overtime	1,201	920	920	920
<b>Non-Personnel Services:</b>				
Chemicals & Supplies	450	503	510	623
Utilities	3,331	2,766	3,261	3,365
Contractual Services, etc.	1,092	1,818	2,132	3,888
Small Equipment	51	87	66	50
<b>Total Non-Personnel Services</b>	<b>4,924</b>	<b>5,174</b>	<b>5,969</b>	<b>7,926</b>
<b>Total Operations &amp; Maintenance</b>	<b>15,961</b>	<b>16,905</b>	<b>18,054</b>	<b>20,622</b>
<b>Capital Equipment/Projects:</b>	<b>485</b>	<b>293</b>	<b>238</b>	<b>293</b>

Targeted Performance Measures	FY 2008 Actual	FY 2009 Budget	FY 2009 Projection	FY 2010 Projection
Catch basins cleaned annually	28,341	28,000	28,000	28,000
Laterals investigated / relieved annually	2,469	2,000	2,000	2,000
Floatable debris tonnaged removed from rivers	450	400	400	400
Sewer laterals repaired / replaced annually	338	350	350	350
Sewer main and lining footage repaired / replaced annually	1,322	1,000	1,000	1,000
Number of inspections completed on Potomac Interceptor meters	411	400	400	400

## SEWER SERVICES

### OVERVIEW

#### FY 2009 Major Recommended Activities and Changes

- Continue operations of Sanitary and Stormwater pumping stations
- Continue sewer lateral maintenance, replacement and repair program
- Implement and maintain the Public Notification System for Combined Sewer Overflow (CSO) events at the Potomac and Anacostia rivers
- Maintain rain gauges and flow meters operations
- Continue implementation of an effective asset management program
- Expand testing of alternative means for controlling fats, oils, grease and roots to fight sewer back-ups and prevent/reduce odors in the collection system
- Operate and maintain the new Anacostia Pumping Station and renovate Rock Creek Pumping Station
- Continue implementation of the Potomac Interceptor Interim Odor control Plan
- Continued implementation of the Root Foaming Pilot Project
- Renovation of Poplar Point Pumping Station
- Implement the Sewer Supervisory Control And Data Acquisition (SCADA) system for existing facilities
- Implement the sewer lining project
- Support MS4 Stormwater Permit as required

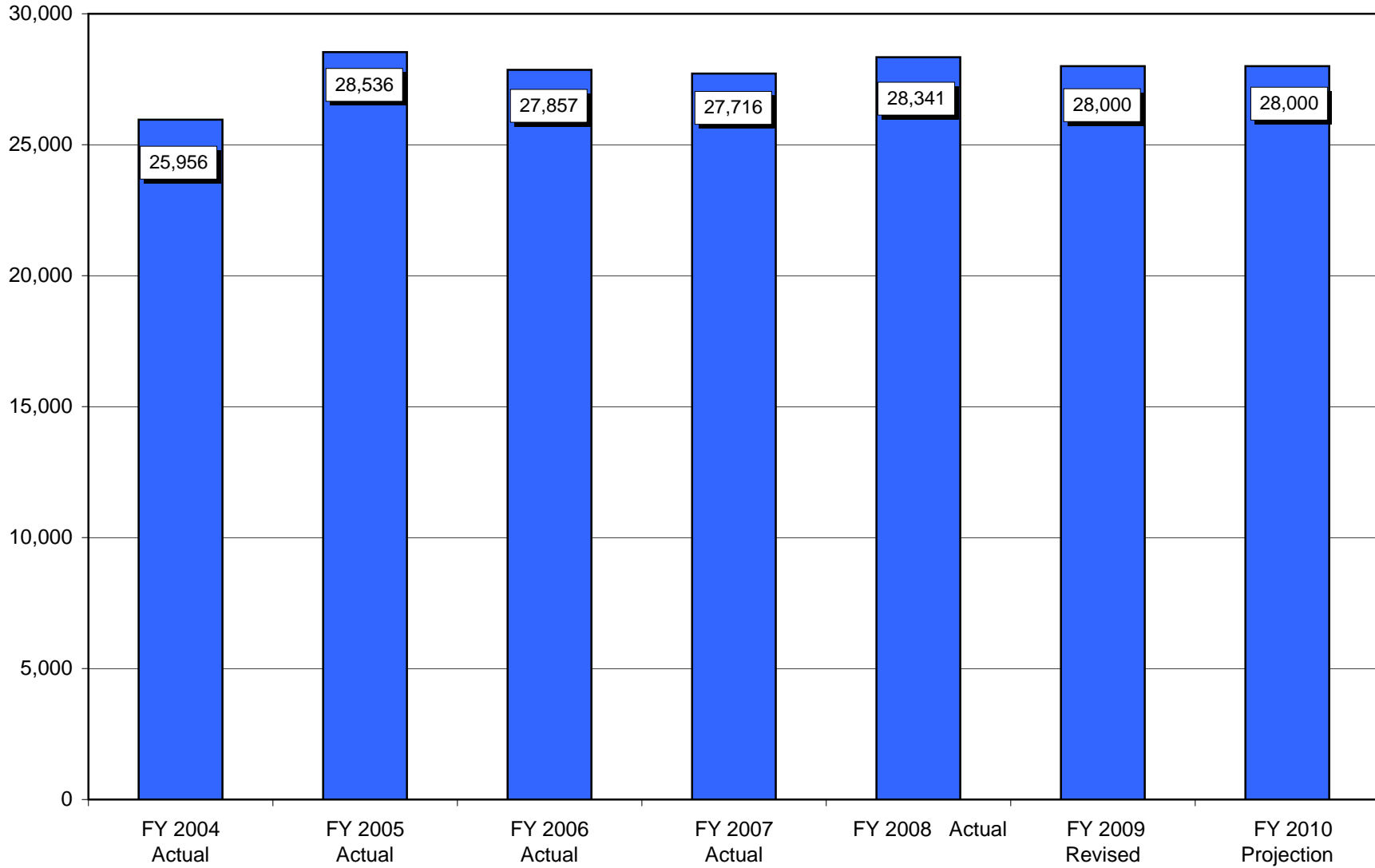
#### FY 2010 Major Recommended Activities and Changes

- Continue cleaning of water quality catch basins in the District as requested by DDOE under the District's MS4 Stormwater Permit
- Based on Sewer evaluation, upgrade sewer cleaning program for selected sewers to improve slow capacity
- Continued implementation of Interim Odor Control to reduce objectionable odors along the Potomac Interceptor
- Continued the removal of fats, oils and grease from the collection system
- Continue operation of Poplar Point during renovation of the station
- Review design and begin construction of additional facilities upgrade at Potomac Station
- Implement Sewer SCADA system for renovated facilities
- Continued implementation of the sewer lining project
- Continue project to reduce backlog of defective sewer laterals

#### Impact of Capital Projects on FY 2009 and FY 2010 Operating Expenditures

- As pumping stations are rehabilitated, there is a potential for additional screenings that will increase costs associated with disposal of debris.
- The rehabilitated pumping stations will have odor scrubbers that utilize carbon canisters. The useful life of the canisters is less than one year, thus Department of Sewer Services will continue to face the increasing cost for chemicals.
- Operation of Main & O Street Pumping Stations to support cleaning and construction of outfall sewers.

## FY 2004 - FY 2010 Catch Basins Cleaned





**CHIEF  
ENGINEER**  
Deputy General Manager

POSITIONS				
Authorized	CURRENT		FY 2009	FY 2010
	Average Positions Filled	Year-End Positions Filled		
178	153	151	178	178

**FY 2010 Budget**  
**\$23,284,000**

**MAINTENANCE  
SERVICES**

**Electrical  
Maintenance**  
**48- Positions**

**Mechanical  
Maintenance**  
**60 - Positions**

**Maintenance  
Management**  
**21 - Positions**

**Instrumentation**  
**20 - Positions**

**Water & Sewer  
Pumping  
Maintenance**  
**29 - Positions**

**FUNCTIONS**

- Maintain electrical process control systems, equipment, and components for Blue Plains Advanced Wastewater Treatment Plant
- Operate and maintain electrical power distribution system from 69kv to 5kv, electrical control systems for process equipment and facilities

**FUNCTIONS**

- Maintain mechanical process systems and equipment for the Blue Plains Advanced Wastewater Treatment Plant

**FUNCTIONS**

- Plan and coordinate all activities for corrective, preventive, and predictive maintenance
- Plan & operate support systems to manage maintenance by planning, estimating, inspecting, and scheduling maintenance activities
- Coordinate work through operations and engineering
- Plan, schedule, and perform condition monitoring for process equipment

**FUNCTIONS**

- Maintain electronic process control systems, flow measurement, metering and recording equipment for the Blue Plains Advanced Wastewater Treatment Plant

**FUNCTIONS**

- Maintain electrical and electronic process control systems, flow measurement, metering and recording equipment for water, storm water, and wastewater facilities
- Maintain mechanical process systems and equipment for water, storm water, and wastewater pumping facilities.

## MAINTENANCE SERVICES

**MISSION:** To economically maintain WASA's process equipment and facilities, ensuring that the operational and customer service objectives of the Authority are achieved.

**BUDGET OVERVIEW:** The FY 2009 revised budget increases by approximately \$0.2 million due to additional funding to support maintenance of the Solids Processing Building at Blue Plains. This increase is partly offset by projected reductions in compensations from anticipated vacancies. The FY 2010 approved budget increases by \$0.4 million over the FY 2009 revised budget due to projected compensation increases.

	FY 2008 Actual	FY 2009 Approved	FY 2009 Revised	FY 2010 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	177	178	178	178
Average number of positions filled	153			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	13,642	14,390	14,062	14,514
Overtime	1,331	1,120	1,200	1,000
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	2,533	2,056	1,992	2,077
Utilities	70	91	91	90
Contractual Services, etc.	5,409	5,981	6,530	6,388
Small Equipment	253	200	200	215
<b>Total Non-Personnel Services</b>	<b>8,265</b>	<b>8,328</b>	<b>8,813</b>	<b>8,770</b>
<b>Total Operations &amp; Maintenance</b>	<b>21,907</b>	<b>22,718</b>	<b>22,875</b>	<b>23,284</b>
Capital Equipment	2,251	1,450	3,230	1,900
<b>Targeted Performance Measures</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Budget</b>	<b>FY 2009 Projection</b>	<b>FY 2010 Projection</b>
Critical Equipment Availability (97%)	97%	98%	98%	98%

## MAINTENANCE SERVICES

### OVERVIEW

#### FY 2009 Major Recommended Activities and Changes

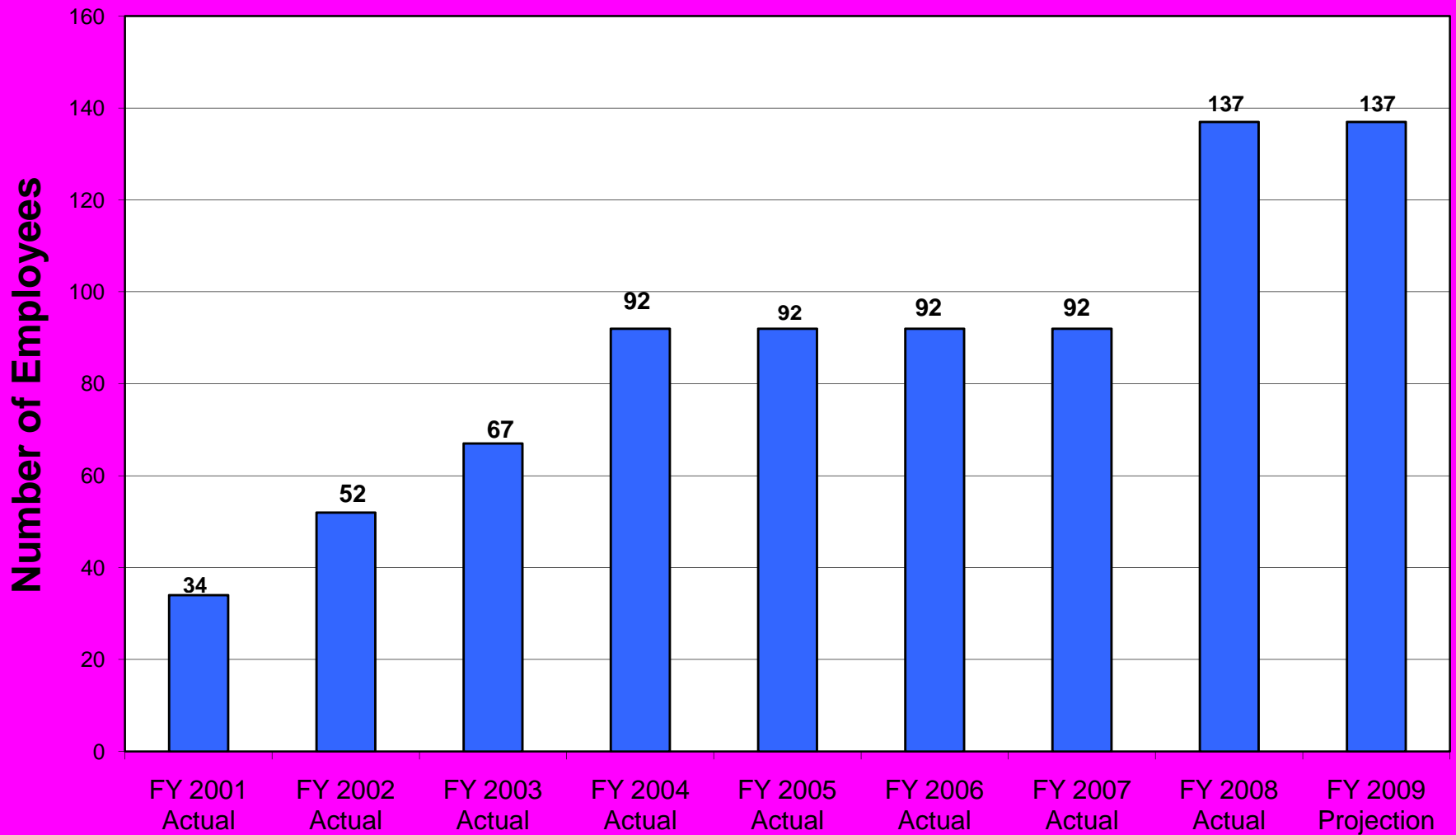
- Continue maintenance on the Solids Processing Building
- Continue maintenance training and certification program
- Continue implementation of diver services program
- Continue the WASA-wide High Priority Rehabilitation Program
- Support the Process Computer Control System (PCCS) and Supervisory Control And Data Acquisition (SCADA) projects
- Continue predictive maintenance program / condition monitoring program to improve equipment reliability
- Continue to establish critical spare parts inventory for process equipment
  - Filtration & Disinfection Facilities Upgrades – operational in FY 2007
  - Grit and Screen Facilities Upgrades – operational in FY 2007
  - Water & Sewer Pumping Stations Upgrades – operational in FY 2008

#### FY 2010 Major Recommended Activities and Changes

- Continue maintenance on the Solids Processing Building
- Continue maintenance training and certification program
- Continue diver services program
- Continue the High Priority Rehabilitation Program WASA wide
- Support the PCCS and SCADA project
- Continue predictive maintenance program / condition monitoring program to improve equipment reliability
- Continue to establish critical spare parts inventory for process equipment
  - Water & Sewer Pumping Stations Upgrades – operational in FY 2009
  - Filtration / Disinfection Facilities Upgrades – scheduled for completion at the end of calendar year 2009
  - Process Control Computer System - partially operational since FY 2005
  - Nitrification/Denitrification Facilities Upgrades – scheduled for completion in 2011



# MAINTENANCE OPERATOR CERTIFICATION





**CHIEF ENGINEER**  
Deputy General  
Manager

			POSITIONS	
Authorized	CURRENT		FY 2009	FY 2010
	Average Positions Filled	Year-End Positions Filled		
125	101	104	122	122

**FY 2010 Budget**  
**\$14,474,000**

**ENGINEERING and TECHNICAL SERVICES**  
**3 - Positions**

**Program Management Branch**  
**9 - Positions**

**Planning and Design Branch**  
**38 - Positions**

**Engineering Management Services Branch**  
**16 - Positions**

**Water and Sewer Construction Branch**  
**41 - Positions**

**Blue Plains Project Branch**  
**8 - Positions**

**Lead Program Branch**  
**7- Positions**

**FUNCTIONS**

- Develop and maintain long-term facility planning process
- Generate bid documents for construction and rehabilitation projects
- Provide engineering data for production of the Capital Improvement Plan (CIP)
- Provide staff support for environmental policy issues affecting WASA
- Technical and policy coordination with other jurisdictions and federal agencies
- Manage outside professional engineering firms
- Provide coordination and other related services in support of the District of Columbia's storm water permit and in conjunction with the Departments of Health, Public Works, and Transportation

**FUNCTIONS**

- Perform system and facilitate planning for the water, sewer, and storm sewer system
- Review, create and maintain standards to ensure technical adequacy
- Accomplish water and sewer pipeline design and facility design
- Maintain engineering records of the water and sewer system and provide for customer access
- Review and issue permits for all new sewer and water connections and other construction affecting WASA facilities
- Provide technical engineering expertise to support operating departments
- Perform sewer and water system capacity and conditional assessments and manage resultant CIP projects

**FUNCTIONS**

- Develop and maintain contract specifications and solicitations
- Ensure DETS contract documents complies with WASA and EPA Procurement Regulations
- Recommend all contract awards
- Ensures WASA design consultant and construction contractors comply with LSDBE and MBE/WBE requirements
- Manage and track the CIP
- Manage and track EPA Grants
- Develop, prepare and coordinate DETS operating budget
- Manage DETS engineering systems hardware/software

**FUNCTIONS**

- Administer contracts for new construction, major repairs, and modifications to water and sewer systems
- Inspect construction of WASA facilities by contractors, other District agencies and private developers

**FUNCTIONS**

- Administer contracts for construction management, new construction, major repairs, modifications and start-up to the Blue Plains Advanced Wastewater Treatment Plant
- Perform design reviews and coordinate construction work with other departments at Blue Plains

**FUNCTIONS**

- Responsible for construction and program management of lead service line replacements

## ENGINEERING AND TECHNICAL SERVICES

**MISSION:** To perform engineering planning, design, and construction management necessary to execute the Authority's capital improvement program (CIP); to provide assistance and advice to operating departments and management on engineering aspects of the Authority's operation and facilities. To develop and maintain engineering documentation of the Authority's facilities and systems; and, to assist the Authority with environmental policy.

**BUDGET OVERVIEW:** The FY 2009 revised budget decreases by approximately \$0.6 million over the FY 2009 approved budget due to reductions in anticipated compensation as net reduction of three (3) FTEs were transferred to the Water Services Department to support the roadway service cut pavement program. Additionally, funding for the storm water NPDES Permit (MS4) was eliminated as this program is now under the purview of the District. The FY 2010 approved budget changed by \$0.6 million over the FY 2009 revised budget due to anticipated compensation increases.

	FY 2008 Actual	FY 2009 Approved	FY 2009 Revised	FY 2010 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	125	125	122	122
Average number of positions filled	101			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	11,305	12,471	12,301	12,937
Overtime	573	400	400	500
<b>Non-Personnel Services:</b>				
Chemical and Supplies	93	105	90	90
Utilities	125	164	164	164
Contractual Services, etc.	930	1,648	1,264	1,264
Small Equipment	14	19	19	19
<b>Total Non-Personnel Services</b>	1,162	1,936	1,537	1,537
<b>Total Operations &amp; Maintenance</b>	12,468	14,406	13,838	14,474
Capital Equipment	22	-	85	100
<b>Targeted Performance Measures</b>				
	<b>FY 2008 Actual</b>	<b>FY 2009 Budget</b>	<b>FY 2009 Projection</b>	<b>FY 2010 Projection</b>
Fewer than 5% change orders to capital contracts	96%	95%	95%	95%
Use 100% of Clean Water Act grant funds	100%	100%	100%	100%
Use 100% of Safe Drinking Water Act grant funds	100%	100%	100%	100%

## ENGINEERING & TECHNICAL SERVICES

### OVERVIEW

#### FY 2009 Major Recommended Activities and Changes

- Lead, manage timely, and ensure in-budget implementation of the Capital Improvement Program (CIP)
- Complete development, and begin implementation of Internal Improvement Program (IIP)
- Continue implementation of CSO Long Term Control Plan (CSO LTCP) with facility planning studies
- Continue development of Engineering Standards
- Implement actions on lead service replacement program in accordance with Board Policies
- Continue High Priority Rehabilitation Program for Blue Plains
- Reach agreement with the District's Department of Transportation (DDOT) on responsibility for storm water pumping stations
- Increase effort at generating required Standard Operating Procedures (SOP's)
- Complete construction of new Anacostia Water Pumping Station
- Advertise biological sludge thickening facility upgrades
- Review options available to implement recommendation of Independent Comprehensive Budget Review related to a comprehensive Capital Program Management System
- Begin design of Total Nitrogen (TN) project at Blue Plains WTP
- Begin design of Biosolids Management Plan projects

#### FY 2010 Major Recommended Activities and Changes

- Continue to lead, manage timely, and ensure in-budget implementation of the CIP
- Continue implementation of CSO LTCP
- Maintain as-built and mapping system with in-house staff
- Begin implementation of the projects resulting from the sewer system condition assessment program.
- Continue design of TN project at Blue Plains
- Continue design of Biosolids Management Plan projects

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**ASST. GEN. MGR.  
CONSUMER  
SERVICES**

**CUSTOMER  
SERVICE  
Office of the  
Director  
5 - Positions**

**FY 2010 Budget  
\$14,962,000**

POSITIONS				
Authorized	CURRENT		FY 2009	FY 2010
	Average Positions Filled	Year-End Positions Filled		
123	106	105	123	123

**Customer Care  
39 - Positions**

**Credit and  
Collections  
12 - Positions**

**Billing Services  
and Control  
18 - Positions**

**Meter and  
Field  
Services  
49 - Positions**

**FUNCTIONS**

- Respond to customer calls and correspondence
- Assist customers in Business Office
- Respond to all requests received via internet

**FUNCTIONS**

- Manage receivables and collections process on delinquent accounts, including multi-family service termination, property lien filing, dunning process, and receivership
- Manage Customer Assistance Program

**FUNCTIONS**

- Manage billing process and improvement of customer information and billing system
- Monitor and assist large accounts
- Provide planning and project management for future systems implementations

**FUNCTIONS**

- Maintain, install, test, repair and replace meters
- Manage meter replacement / automated meter reading project
- Perform interior inspections
- Perform terminations of service for non-payment of bills

## CUSTOMER SERVICE

**MISSION:** To provide superior, equitable, and responsive customer service to the diverse community that we serve.

**BUDGET OVERVIEW:** The FY 2009 revised budget increased by approximately \$0.5 million over the FY 2009 approved budget due to projected increases in rent and utilities. The FY 2010 approved budget increases by \$0.6 million due to projected increases in compensation, rent and utilities.

	FY 2008 Actual	FY 2009 Approved	FY 2009 Revised	FY 2010 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	122	123	123	123
Average number of positions filled	106			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	7,841	8,266	8,307	8,615
Overtime	333	260	260	260
<b>Non-personnel Services:</b>				
Chemicals and Supplies	108	195	137	179
Utilities	1,115	1,304	1,813	1,907
Contractual Services, etc.	3,193	3,998	4,003	4,205
Small Equipment	28	76	56	56
<b>Total Non-Personnel Services</b>	4,444	5,573	6,009	6,347
<b>Total Operations &amp; Maintenance</b>	12,285	13,839	14,316	14,962
<b>Capital Equipment</b>	517	200	950	300
<b>Targeted Performance Measures</b>				
	FY 2008 Actual	FY 2009 Budget	FY 2009 Projection	FY 2010 Budget
Calls answered within 40 seconds	85%	85%	85%	85%
Percentage of AMR Meters Read	98%	99%	99%	99%
Top 100 Accounts Billed as Scheduled	98%	98%	98%	98%

## CUSTOMER SERVICE

### OVERVIEW

#### FY 2009 Major Recommended Activities and Changes

- Evaluate voice and data requirements for anticipated move of Customer Service Organization
- Complete large meter installation/ Automatic Meter Reading (AMR) project and explore other options for locations that may not be AMR compatible
- Begin data analysis for conversion to new billing system
- Develop Request For Proposal (RFP) for a new Customer Information System (CIS)
- Review existing self service applications for process improvements and updates
- Develop and implement a pilot “flex time” program for management employees who are interested
- Review functionality of Maximo application for process improvements and updates
- Re-evaluate parking for 810 First Street employees
- Creation and Implementation of Impervious Area Billing group and processes

#### FY 2010 Major Recommended Activities and Changes

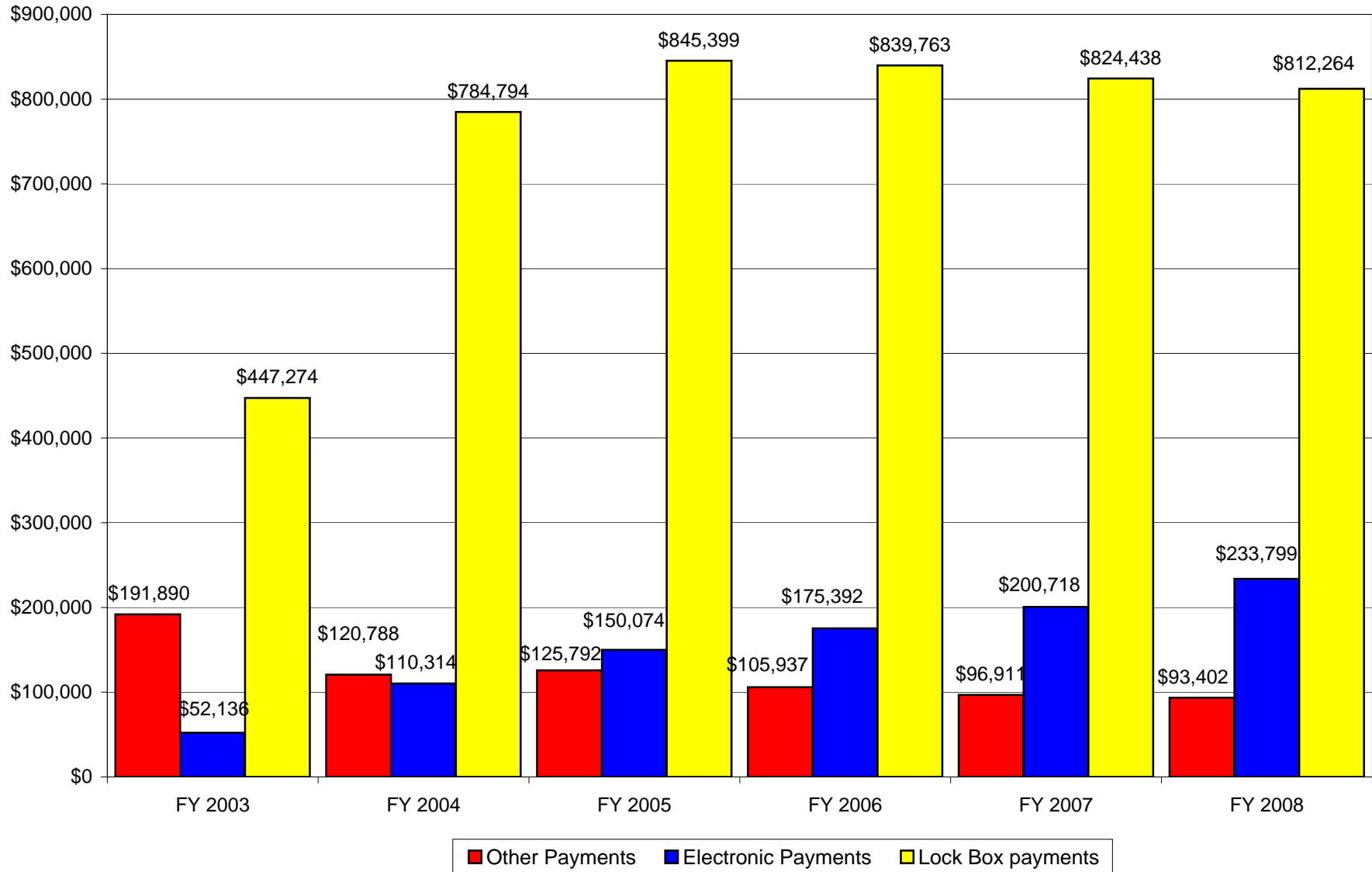
- Complete data analysis for conversion to new customer information system
- Review existing possible synergies among water and sewer customers which allows us to continue to streamline operations and improve service delivery
- Implementation of work management plan including Geographical Information System (GIS ) for Field Operations
- Conduct surveys regarding Customer Service

#### Impact of Capital Projects on FY 2009 and FY 2010 Operating Expenditures

- Increase of orders for additional meters and meter parts associated with lead service line replacements
- On-going semi annual testing of large meters.



**Customer Service  
Customer Payments - By Mode of Payments  
FY 2003 - FY 2008**



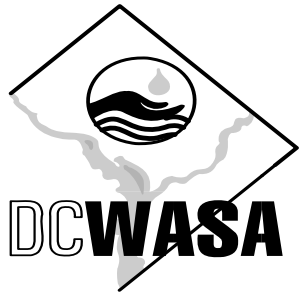
## LONG TERM CONTROL PLAN

**MISSION:** To manage WASA's Long Term Control Plan (LTCP)

**BUDGET OVERVIEW:** There is no change in the revised FY 2009 budget. The FY 2010 approved budget reflect anticipated spending increases to comply with the LTCP.

	FY 2008 Revised	FY 2009 Approved	FY 2009 Revised	FY 2010 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions		-	-	-
Average number of positions filled				
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	-	-		-
Overtime	-	-	-	-
<b>Non-Personnel Services:</b>				
Chemical and Supplies	-	-	-	
Utilities	-	-	-	-
Contractual Services, etc.	-	370	370	560
Small Equipment		-	-	-
<b>Total Non-Personnel Services</b>	-	370	370	560
<b>Total Operations &amp; Maintenance</b>	-	370	370	560
<b>Capital Equipment</b>	-	-	-	-

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**FY 2010 Budget  
\$3,708,000**

**BOARD  
OF  
DIRECTORS**

**GENERAL  
MANAGER  
9 - Positions**

			<b>POSITIONS</b>	
<b>Authorized</b>	<b>CURRENT</b>		<b>FY 2009</b>	<b>FY 2010</b>
	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
9	7	7	9	9

**FUNCTIONS**

- Provide overall operational and policy direction in support of the Board of Directors' Strategic Plan
- Direct Authority's productivity analysis and planning group

## GENERAL MANAGER

**MISSION:** The General Manager's Office administers, plans, organizes, and directs the operations of the Authority.

**BUDGET OVERVIEW:** The revised FY 2009 operating budget is approximately \$1.5 million higher than the approved FY 2009 operating budget. This increase reflects a roll over of unused funding from FY 2008 for Low Impact Development (LID) grants and New Revenue Generation Initiatives. The approved FY 2010 operating budget increase of \$0.3 million mainly for contract services, primarily for development of performance measurement and process improvement program.

	FY 2008 Actual	FY 2009 Approved	FY 2009 Revised	FY 2010 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	9	9	9	9
Average number of positions filled	7			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	929	1,538	1,362	1,406
Overtime	31	25	25	25
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	15	15	15	15
Utilities	66	20	20	20
Contractual Services, etc.	235	323	1,987	2,267
Small Equipment	-	-	-	-
<b>Total Non-Personnel Services</b>	316	359	2,022	2,302
<b>Total Operations &amp; Maintenance</b>	1,245	1,897	3,384	3,708
Capital Equipment	-	-	-	-

### Targeted Performance Measures

Implement all policies and directives of the Board of Directors

## GENERAL MANAGER

### OVERVIEW

#### FY 2009 Major Recommended Activities and Changes

- Oversee implementation of the Board's Strategic Plan and governance study recommendations as adopted by the Board of Directors
- Oversee implementation of key projects
  - Combined Sewer Overflow (CSO) Long-Term Control Plan (LTCP) and Nine Minimum Controls consent decree
  - Capital Improvement Program
- Continue to evaluate and refine Authority's organizational structure
- Maintain Authority affiliations with industry, management and government professional organizations
- Oversee implementation of the Authority's performance measurement and process improvement program
- Direct the Authority's productivity analysis and planning group, to include internal improvement planning

#### FY 2010 Major Recommended Activities and Changes

- No major changes anticipated

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**BOARD  
OF  
DIRECTORS**

<b>POSITIONS</b>				
<b>Authorized</b>	<b>CURRENT</b>		<b>FY 2009</b>	<b>FY 2010</b>
	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
2	2	2	2	2

**FY 2010 Budget  
\$554,000**

**OFFICE OF  
THE  
SECRETARY (BOARD)  
2 - Positions**

**GENERAL  
MANAGER**

**FUNCTIONS**

- Manage logistics for Board of Directors and Committee meetings
- Manage and oversee the day-to-day operations of the Board of Directors
- Coordinate logistics for Board's strategic planning process
- Administer the subpoena process for the Authority
- Provide Notary Service for the Authority



## OFFICE OF THE SECRETARY

**MISSION:** To support the Board of Directors in developing and reviewing the Authority's strategic goals, providing executive level assistance in planning, coordinating and executing assignments, and ensuring that the Board's business and activities are effectively managed.

**BUDGET OVERVIEW:** The revised FY 2009 budget is slightly higher than the approved FY 2009 budget due to anticipated personnel services and contractual services costs. The approved FY 2010 budget increases by approximately \$0.05 million due to increased funding for the Board's Strategic Planning Session.

	FY 2008 Actual	FY 2009 Approved	FY 2009 Revised	FY 2010 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	2	2	2	2
Average number of positions filled	2			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	199	209	215	220
Overtime	3	2	4	4
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	15	18	18	18
Utilities	3	4	4	4
Contractual Services, etc.	290	262	271	312
Small Equipment	-	1	1	1
<b>Total Non-Personnel Services</b>	<b>308</b>	<b>284</b>	<b>293</b>	<b>334</b>
<b>Total Operations &amp; Maintenance</b>	<b>507</b>	<b>493</b>	<b>508</b>	<b>554</b>
Capital Equipment	-	-	-	-

Targeted Performance Measures	FY 2008 Actual	FY 2009 Budget	FY 2009 Projection	FY 2010 Projection
Provide timely and accurate Board and Committee agendas, reports and minutes	100%	100%	100%	100%
Follow-up and complete Board actions	100%	100%	100%	100%

**OFFICE OF THE SECRETARY**

**OVERVIEW**

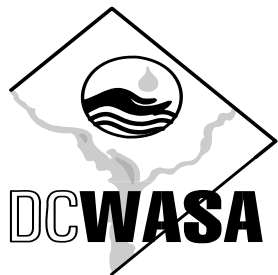
FY 2009 Major Recommended Activities and Changes

- Coordinate logistics for Board’s Strategic Planning Session
- Assist Board Committees in monitoring Committee Work Plan performance measures and Governance initiatives
- Continue to effectively monitor follow-up requests from the Board and Committees to ensure timely responses
- Continue to enhance data dissemination process for DC WASA employees and the general public by use of standard mailings and DC WASA’s website

FY 2010 Major Recommended Activities and Changes

- No major changes anticipated

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**FY 2010 Budget  
\$835,000**

**GENERAL  
MANAGER**

**INTERNAL  
AUDIT  
4 - Positions**

			<b>POSITIONS</b>	
<b>Authorized</b>	<b>CURRENT</b>		<b>FY 2009</b>	<b>FY 2010</b>
	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
4	3	3	4	4

**FUNCTIONS**

Oversight:

- Conduct periodical audits
- Conduct audits requested by the Board of Directors and/or the General Manager
- Review of corporate governance

**FUNCTIONS**

Insight:

- Assess programs and policies
- Share best practices and benchmarking information
- Provide ongoing feedback for re-engineering management practices and policies

**FUNCTIONS**

Foresight:

- Identify trends and challenges before they become crises
- Identify risks and opportunities
- Risk based auditing

## INTERNAL AUDIT

**MISSION:** To assist the Authority's management and Board of Directors in the effective discharge of their responsibilities by providing them with objective analyses, appraisals, recommendations, and pertinent comments on key Authority activities.

**BUDGET OVERVIEW:** The revised FY 2009 budget is \$0.2 million higher than the approved FY 2009 budget due to increases in contractual services costs. The approved FY 2010 budget increases slightly to accommodate the anticipated personnel and contractual service increases.

	FY 2008 Actual	FY 2009 Approved	FY 2009 Revised	FY 2010 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	4	4	4	4
Average number of positions filled	3			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	310	447	451	468
Overtime	1	-		
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	2	8	9	9
Utilities	4	5	6	6
Contractual Services, etc.	329	151	324	352
Small Equipment	-	-	-	-
<b>Total Non-Personnel Services</b>	<b>335</b>	<b>164</b>	<b>338</b>	<b>367</b>
<b>Total Operations &amp; Maintenance</b>	<b>646</b>	<b>611</b>	<b>790</b>	<b>835</b>
Capital Equipment	-	-	-	-
<b>Targeted Performance Measures</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Budget</b>	<b>FY 2009 Projection</b>	<b>FY 2010 Projection</b>
Internal Audit Reviews	12	14	14	14

## INTERNAL AUDIT

### OVERVIEW

#### FY 2009 Major Recommended Activities and Changes

- Increased audit coverage of Information Technology related business processes.
- Implement Audit Committee changes and mandates to focus more on “High Risk” business process areas within the Authority.

#### FY 2010 Major Recommended Activities and Changes

- No major changes anticipated

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**CHIEF FINANCIAL OFFICER  
43 - Positions**

POSITIONS				
CURRENT			FY 2009	FY 2010
Authorized	Average Positions Filled	Year-End Positions Filled		
43	35	36	43	43

**FY 2010 Budget  
\$6,991,000**

**FINANCE AND BUDGET  
2 - Positions**

**Office of the Controller  
22 - Positions**

**Treasury and Debt  
7 - Positions**

**Finance and Budget  
12 - Positions**

**FUNCTIONS**

**FUNCTIONS**

**FUNCTIONS**

*Manage accounting and financial reporting functions of the organization to include:*

- Prepare Comprehensive Annual Financial Report (CAFR)
  - Record and report financial transactions
  - Maintain financial records and an effective internal control structure
  - Establish accounting and reporting policies
- Coordinate annual audit
- Vendor payment operations
- Payroll operations
- Grants and county billing operations
- Financial aspects of Inter-Municipal Agreement (IMA)
- Asset management process

*Manage and oversee Treasury and Debt function of the organization to include:*

- Debt portfolio
- Investment portfolio
- Banking services operations
- Financial security and risk assessment
- Liquidity risks

*Manage the budget and financial planning activities of the organization to include:*

- Short and long-range financial planning
- Prepare and monitor operating and capital budgets
- Committee reporting process
- Revenue forecasting and monitoring process
- Rate-setting processes
- Financial relationship with the Washington Aqueduct
- Assistance on special projects, e.g. federal billing issues



## FINANCE AND BUDGET

**MISSION:** Manage all of WASA's financial activities to maintain sound financial condition; and, to ensure performance that meets the expectations of the Board, stakeholders and the broader financial community.

**BUDGET OVERVIEW:** The revised FY 2009 operating budget is relatively flat compared to the approved FY 2009 operating budget. The increase of approximately \$0.15 million in the approved FY 2010 operating budget is mainly due to anticipated increases in personnel services cost.

	FY 2008 Actual	FY 2009 Approved	FY 2009 Revised	FY 2010 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	43	43	43	43
Average number of positions filled	35			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	3,639	4,538	4,359	4,543
Overtime	30	40	40	40
<b>Non-Personnel Services:</b>				
Chemical and Supplies	14	20	20	20
Utilities	43	59	59	59
Contractual Services, etc.	2,285	2,191	2,395	2,364
Small Equipment	-	7	4	4
<b>Total Non-Personnel Services</b>	<b>2,343</b>	<b>2,277</b>	<b>2,478</b>	<b>2,448</b>
<b>Total Operations &amp; Maintenance</b>	<b>5,982</b>	<b>6,815</b>	<b>6,838</b>	<b>6,991</b>
<b>Capital Equipment</b>	<b>203</b>	<b>100</b>	<b>610</b>	<b>180</b>

Targeted Performance Measures	FY 2008 Actual	FY 2009 Budget	FY 2009 Projection	FY 2010 Projection
Manage Authority's financial operations to ensure revenue is within 99% of projections and expenditures are within budget.	Revenue - 99% Expenditures - 93%	Revenue - 99% Expenditures - 93%	Revenue - 99% Expenditures - 93%	Revenue - 99% Expenditures - 93%
Comply with the Board's investment policy and exceed the three-month Treasury bill rate by 15 basis points	50 basis points	50 basis points	50 basis points	50 basis points
Manage Authority's financial operations to ensure 140% debt service coverage.	395%	395%	298%	253%
Meet or exceed the 180 day operating and maintenance expense reserve target as set by Board policy - target was \$118.6 million in FY 2008.	121.9 million	121.9 million	121.9 million	124.7 million
Issue Comprehensive Annual Financial Report (CAFR) in February.	February	February	February	February
Pay 97% of all undisputed invoices within 30 days.	97%	97%	97%	97%

## FINANCE & BUDGET

### OVERVIEW

#### FY 2009 Major Recommended Activities and Changes

#### **Office of the Controller:**

- Internal Control Improvements
  - Internal Control Testing
  - Internal Control Management
  - Update Policies and Procedures
  - A123 Risk Assessment
  - Ethics and Integrity Training
- External Audit Contract Renewal
- HR/Payroll System Contract Renewal
- Financial System assessment / preparation for renewal
- Payroll
  - Implement employee debit card
  - Implement paper reduction initiative - paystubs elimination / reduction
- Grants / IMA
  - Improved coordination with Department of Engineering and Technical Services (DETS) on cost allocation
  - 2009 operating settlement for wholesale customer cost

#### **Finance and Budget:**

##### Ensure operational efficiency:

- Ongoing financial management of critical programs
  - Developing Formal justification process
  - Ongoing monitoring of economic factors
  - Project performance measures
- Complete Water Balance Project and monitor water loss
- Impervious Area Billing (IAB) implementation
- Implement 'Dash Board' reporting for executive management

##### Review revenues and rate structure for opportunities to improve:

- Rates
  - Perform 'Cost of Service' - Water and Sewer
  - Evaluate Alternate rate structures
- Ensure full recovery of costs from Fire Hydrant Program
- Review PILOT and Operating Reserves and right-size , if appropriate
- Aggressively pursue billing dispute with Howard University / Soldiers Home

## FINANCE & BUDGET (continued)

### FY 2009 Major Recommended Activities and Changes (continued)

#### **Treasury / Debt**

- Banking Services Contract
- Selection of Underwriters
- Issue 2009 Series debt
- Develop/formalize post Issuance Compliance Program
- Manage investment portfolio
- Enhance automation of Cashiers Operations

### FY 2010 Major Recommended Activities and Changes

- Upgrade Lawson Accounting System
- Install LAWSON Business Intelligence (LBI)
- Revise and update reporting and budgeting process
- Automate and integrate contract management and automated bidding
- Evaluate and enhance IAB program, including review of environmental discount incentives



**CHIEF FINANCIAL OFFICER**

**RISK MANAGEMENT  
3 - Positions**

**FY 2010 Budget  
\$6,726,000**

POSITIONS				
Authorized	CURRENT		FY 2009	FY 2010
	Average Positions Filled	Year-End Positions Filled		
3	3	3	3	3

**Risk Management**

- Administer all aspects of insurance and risk management, including: securing companywide insurance policies, managing insurance claims and loss control, maintaining databases of losses/claims and insurance procedures, and assisting senior management with enterprise risk management
- Ensure compliance with legislation, industry practice and market requirements
- Monitor the receipt of insurance binders, policies and endorsements. Manages the safekeeping of original insurance policies.
- Organize underwriting data requests, complete insurance applications and create underwriting submissions for all major Authority insurance renewals

**Claims Management**

- Manage all claims, including workers compensation and tort claims for Authority Operations
- Manage all claims, including workers compensation and tort claims for Authority's Rolling Owner Controlled Insurance Program ROCIP
- Ensure adequate insurance reserve levels
- Coordinate communication and investigation activities between the Departments and the insurance administrator
- Manage subrogation and negotiate settlements
- Conduct internal investigations for general liability claims

**Loss Prevention/Risk Mitigation**

- Identify and evaluate risks
- Perform ongoing risk assessments of operations
- Assist with the coordination and facilitation of addressing loss prevention recommendations from DC WASA's insurance carrier
- Perform loss analysis and issue reports to management
- Identify trends and work with our third party administrator WASA Safety and others to create solutions for improvement on a consistent basis.

## RISK MANAGEMENT

**MISSION:** To manage and coordinate all risk management programs to reduce and cost effectively transfer the Authority's financial risk, protect its assets and reduce financial loss.

**BUDGET OVERVIEW:** The revised FY 2009 operating budget is lower than the approved FY 2010 operating budget because of anticipated reductions in claims cost. The approved FY 2010 operating budget project increases in insurance premiums.

	FY 2008 Actual	FY 2009 Approved	FY 2009 Revised	FY 2010 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	3	3	3	3
Average number of positions filled	3			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	271	297	282	289
Overtime	0	1	1	1
<b>Non-personnel Services:</b>				
Chemicals and Supplies	3	8	8	8
Utilities	4	5	5	5
Contractual Services, etc.	4,523	6,209	6,000	6,424
Small Equipment	-	-	-	-
<b>Total Non-Personnel Services</b>	4,530	6,222	6,013	6,437
<b>Total Operations &amp; Maintenance</b>	4,801	6,519	6,295	6,726
Capital Equipment	-	-	-	-

Targeted Performance Measures	FY 2008 Actual	FY 2009 Budget	FY 2009 Projection	FY 2010 Projection
Reduction of workers compensation cost by 10%	5%	3%	10%	10%
Meet workers compensation filing requirements within 14 days	10	10	14	14

## RISK MANAGEMENT

### OVERVIEW

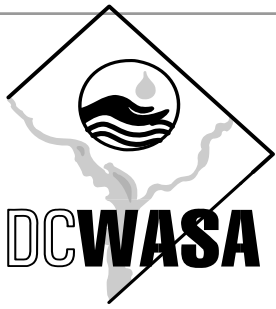
#### FY 2009 Major Recommended Activities and Changes

- Continue management of the Rolling Owner Controlled Insurance Program (ROCIP) for capital projects
- Continue Risk Management services and support to the Authority
- Establish a formal expense recovery/subrogation process relating to third party damages to WASA property
- Continue refinement of transitional return to work program in order to mitigate future claim indemnity costs
- Initiate campaign to educate and encourage customers to protect the sewer system, which would prevent sewer back ups and flooding
- Continue to effectively track system and monitor utility strikes by WASA employees and contractors in order to manage and defend future claims from utility companies seeking reimbursement
- Identify flood exposures and devise a plan to ensure that our properties are adequately protected

#### FY 2010 Major Recommended Activities and Changes

- Continue management and improvement of workers' compensation and general liability claims reviews for cost reduction
- Continue management of the ROCIP
- Continue campaign to encourage customers on the need to protect the sewer system to prevent sewer back ups and flooding
- Continue implementation of the tracking system for utility strikes by WASA employees and contractors

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**FY 2010 Budget  
\$5,136,000**

**GENERAL  
MANAGER**

**GENERAL  
COUNSEL  
14 - Positions**

<b>POSITIONS</b>				
<b>CURRENT</b>			<b>FY 2009</b>	<b>FY 2010</b>
<b>Authorized</b>	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
14	7	7	14	14

**Litigation**

**Administrative  
Law**

**FUNCTIONS**

- Appellate
- Bankruptcy
- Contract
- Construction
- Environmental
- Procurement
- Tort
- Receivership
- Employment

**FUNCTIONS**

- Board of Directors support
- Contract review and advise
- Clean Water Act compliance
- Clean Air Act compliance
- Construction claims
- Safe Drinking Water Act compliance
- Employment law matters
- Intra-governmental and Inter-jurisdictional agreements
- Legislation review and support
- Municipal law matters
- Pretreatment enforcement support
- Procurement protests, claims, and internal appeals
- Real property matters
- Regulatory compliance support
- Draft and review Authority Policies



## GENERAL COUNSEL

**MISSION:** To support the Authority's mission by providing legal advice and services to the Board of Directors, the General Manager and the Authority's departments.

**BUDGET OVERVIEW:** The revised FY 2009 operating budget is relatively flat compared to the approved FY 2009 operating budget. The approved FY 2010 operating budget increase is due primarily to projected compensation increases.

	FY 2008 Actual	FY 2009 Approved	FY 2009 Revised	FY 2010 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	14	14	14	14
Average number of positions filled	7			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	926	1,408	1,358	1,467
Overtime	2	2	2	2
<b>Non-personnel Services:</b>				
Chemicals and Supplies	5	20	20	20
Utilities	12	21	15	15
Contractual Services, etc.	1,090	3,734	3,584	3,634
Small Equipment	-			
<b>Total Non-Personnel Services</b>	<b>1,106</b>	<b>3,775</b>	<b>3,619</b>	<b>3,669</b>
<b>Total Operations &amp; Maintenance</b>	<b>2,032</b>	<b>5,183</b>	<b>4,977</b>	<b>5,136</b>
Capital Equipment	-	-	-	-
<b>Targeted Performance Measures</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Budget</b>	<b>FY 2009 Projection</b>	<b>FY 2010 Projection</b>
Hours of employee time spent on direct work 1,400	1,400	1,400	1,400	1,400

## GENERAL COUNSEL

### OVERVIEW

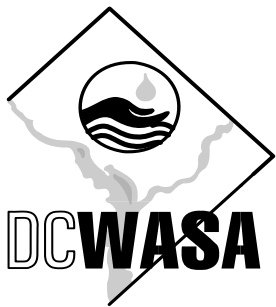
#### FY 2009 Major Recommended Activities and Changes

- Continue to reduce reliance on outside legal services.

#### FY 2010 Major Recommended Activities and Changes

- No major changes anticipated.

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**FY 2010 Budget  
\$1,529,000**

**GENERAL  
MANAGER**

**PUBLIC  
AFFAIRS  
8 - Positions**

<b>POSITIONS</b>				
<b>CURRENT</b>			<b>FY 2009</b>	<b>FY 2010</b>
<b>Authorized</b>	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
9	7	8	8	8

**Community/Employee  
Outreach**

**Publications**

**FUNCTIONS**

- Prepare and deliver information to the public, customers, and other stakeholders and interested parties
- Partner on specific project/programs with neighborhood commissions, business, civic and environmental groups and organizations, and schools
- Facilitate communications training for employees (e.g. media, speakers bureau, focus group)
- Coordinate media relations and issues management
- Prepare exhibits
- Develop and coordinate community service and customer outreach activities

**FUNCTIONS**

- Produce newsletters and brochures
- Produce annual report and marketing materials
- Prepare speeches, editorials, special reports
- Produce articles for community and weekly newspapers
- Produce press releases, Public Service Announcements, marketing materials, DC WASA exhibits, etc.
- Provide editing/design support for other departmental communications projects
- Produce special high-profile project communications

## PUBLIC AFFAIRS

**MISSION:** To provide information about WASA services and programs and to raise awareness about WASA efforts and achievements to improve the quality of life in the region by protecting the environment in which it operates and supporting the community it serves.

**BUDGET OVERVIEW:** The revised FY 2008 operating budget includes a position reduction which is offset by cost incurred for webcasting Board meetings. The approved FY 2010 operating budget reflects a slight increase due to projected compensation increases.

	FY 2008 Actual	FY 2009 Approved	FY 2009 Revised	FY 2010 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	9	9	8	8
Average number of positions filled	8			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	767	898	818	889
Overtime	0	2	2	2
<b>Non-Personnel Services:</b>				
Chemical and Supplies	27	30	30	30
Utilities	13	16	16	16
Contractual Services, etc.	318	526	639	594
Small Equipment	-	-	-	-
<b>Total Non-Personnel Services</b>	<b>358</b>	<b>571</b>	<b>685</b>	<b>640</b>
<b>Total Operations &amp; Maintenance</b>	<b>1,125</b>	<b>1,470</b>	<b>1,503</b>	<b>1,529</b>
<b>Capital Equipment</b>	-	-	-	-

Targeted Performance Measures	FY 2008 Actual	FY 2009 Budget	FY 2009 Projection	FY 2010 Projection
Publication of WASA Annual Report -1	1	1	1	1
Publication of "What's on Tap" customer newsletter -10	10	10	10	10
Publication of "CSO Update" - 2	2	2	2	2
Publication of Employee Focus newsletter -12	12	12	12	12
Publication of CCR (water quality report) -1	1	1	1	1
E-newsletter for WASA stakeholders - 6	0	6	6	6
Special event orchestration/coordination - 2	2	2	2	2
Senior speech and presentation development -	8	8	8	8
Media Interaction/responses, releases, pitches, conferences - 75	75	75	75	75
Community meetings/outreach re: lead, rates, CSO/CIP projects, etc.- 25	25	25	25	25

## PUBLIC AFFAIRS

### OVERVIEW

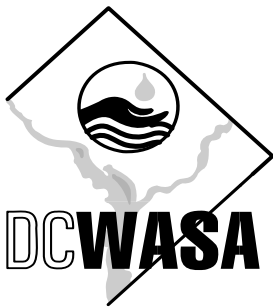
#### FY 2009 Major Recommended Activities and Changes

- Continue aggressive community and stakeholder communication and outreach programs associated with water and sewer system improvements throughout the District
- Complete the overhaul of the DC WASA web site design and information architecture
- Continue to broaden public affairs outreach in the Latino community
- Re-engage speakers bureau
- Support communication needs of other WASA departments
- Create opportunities to educate the media and the public about WASA's services and environmental stewardship

#### FY 2010 Major Recommended Activities and Changes

- No major changes anticipated

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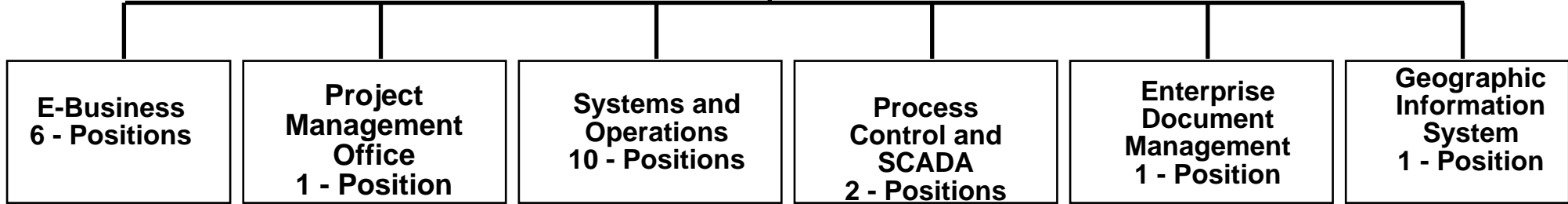


**GENERAL  
MANAGER**

<b>POSITIONS</b>				
<b>CURRENT</b>			<b>FY 2009</b>	<b>FY 2010</b>
<b>Authorized</b>	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
29	13	13	24	24

**FY 2010 Budget  
\$9,912,000**

**INFORMATION  
TECHNOLOGY  
Office of the  
Chief Information Officer  
3 - Positions**



**E-Business  
6 - Positions**

**Project  
Management  
Office  
1 - Position**

**Systems and  
Operations  
10 - Positions**

**Process  
Control and  
SCADA  
2 - Positions**

**Enterprise  
Document  
Management  
1 - Position**

**Geographic  
Information  
System  
1 - Position**

**FUNCTIONS**

- Integrate and provide product support for various operating systems
- Design & maintain DCWASA's website to allow customer e-business access
- Database administration
- Develop and support DCWASA's intranet

**FUNCTIONS**

- Ensure successful project implementations
- Manage project prioritization process
- Support project planning, management, and implementation
- Business Process Improvement
- Develop and provide standards for System Architecture/Integration
- Independent Verification and Validation (IVAV)

**FUNCTIONS**

- Manage daily operations of central and remote systems sites
- Maintain WASA's technology standards
- Manage the Solutions Center (help desk)
- Install, operate, maintain and support new and existing Network, Data Center, telecommunication infrastructure and equipment
- Install, operate, and maintain audio/video systems and equipment
- Implement and support radio systems

**FUNCTIONS**

- Provide implementation support for process computer control system (PCCS)
- Provide product support for PCCS/SCADA and other process related automated system
- Perform and maintain appropriate Programming Standards
- Configuration/Change Mgt
- Manage/support Control PCCS Networks
- Provide Programming Support to end-users.

**FUNCTIONS**

- Provide enterprise content, document, & record management system support
- Business process integration
- Application development
- System administration

**FUNCTIONS**

- Provide GIS support
- System administration
- Application development



## INFORMATION TECHNOLOGY

**MISSION:** To ensure that the Authority's mission is supported by state-of-the-art technology with an infrastructure capable of accommodating all traffic and connectivity demands, and a computing environment that encourages development of efficient business processes to serve internal and external customers.

**BUDGET OVERVIEW:** The FY 2009 revised budget increases by approximately \$0.2 million over the FY 2009 approved budget due to support for various equipment and software licenses, maintenance, and support services. In recognition of the increased use of contractual services, the department's authorized position head count was reduced by five (5) vacant FTEs. The FY 2010 approved budget increases by \$1.9 million over the FY 2009 revised budget primarily due to continued professional services support for various enterprise systems.

	FY 2008 Actual	FY 2009 Approved	FY 2009 Revised	FY 2010 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	27	29	24	24
Average number of positions filled	13			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	1,335	1,952	1,812	1,891
Overtime	35	30	30	30
<b>Non-personnel Services:</b>				
Chemicals and Supplies	166	199	199	199
Utilities	63	124	124	124
Contractual Services, etc.	3,987	5,322	5,694	7,552
Small Equipment	113	147	147	147
<b>Total Non-Personnel Services</b>	<b>4,329</b>	<b>5,791</b>	<b>6,164</b>	<b>8,021</b>
<b>Total Operations &amp; Maintenance</b>	<b>5,664</b>	<b>7,743</b>	<b>7,976</b>	<b>9,912</b>
Capital Equipment	6,992	7,952	8,387	9,520

Targeted Performance Measures	FY 2008 Actual	FY 2009 Budget	FY 2009 Projection	FY 2010 Projection
98% Network uptime during peak hours	99.8%	99.8%	99.8%	99.8%
95% Network uptime during non-peak hours	99.8%	99.8%	99.8%	99.8%
96% of all high priority tickets completed within 4 hours	96.0%	96.0%	96.0%	96.0%

## INFORMATION TECHNOLOGY

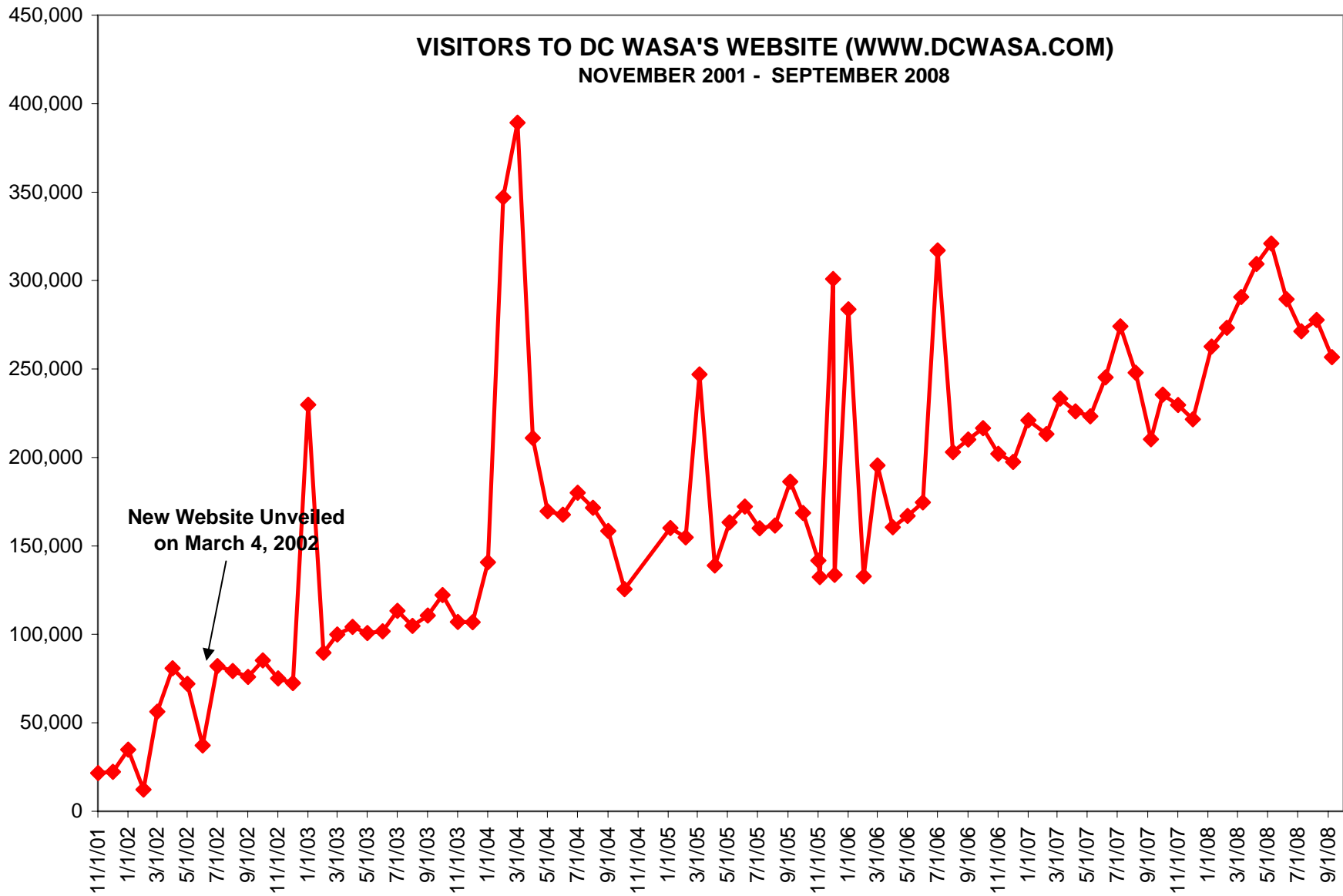
### OVERVIEW

#### FY 2009 Major Recommended Activities and Changes

- Continue integration of engineering and Plant related technologies with IT projects and functions, including Process Control Computer System (PCCS) and Supervisory Control And Data Acquisition (SCADA) systems
- Continue Implementation of handheld inventory system (Radio Frequency ID - RFID)
- Continue implementation of the permanent Redundant Data Center (Main & O St)
- Continue Business Requirements Specification Process for Customer Information System (CIS)
- Begin implementation of Fleet Management System
- Continue implementation of the following key projects:
  - Total Enterprise Asset Management System (TEAMS) and Geographic Information System (GIS)
  - Document Management System
  - Enterprise Backup System
  - Automatic Meter Reading (AMR) Upgrade
  - Web Site Phase II Upgrade
- Continue to ensure IT infrastructure reliability and upgrades consistent with industry standards and customer needs:
  - Network System and Storage Renewal
  - Oracle/ Sequel (SQL) Upgrade
  - Network System Security Upgrade
  - Desktop replacements according to three-year schedule
  - Radio System Assessment – Plant Wide
- Continue Implementation of Business Process Improvements and technology solutions for:
  - Telephone System – Voice Over Internet Protocol/Interactive Voice Response (VOIP/IVR)
  - Permitting Process Phase II
  - Telecommunications integration, networking, and audio visual support
  - Field Service Management Mobile Fire Hydrant Inspection Application
  - Hydrant Management
  - Catch Basin Cleaning
  - Field Service Management Mobile Fire Hydrant Inspection Application

#### FY 2010 Major Recommended Activities and Changes

- Continue integration of engineering and Plant related technologies with IT projects and functions
- Begin implementation of new Customer Information System
- Begin implementation of Enterprise Archiving Solution
- Begin implementation of Meter Management-(TEAMS)
- IT Asset Management (TEAMS)
- Continue to ensure IT infrastructure reliability and upgrades consistent with industry standards and customer needs



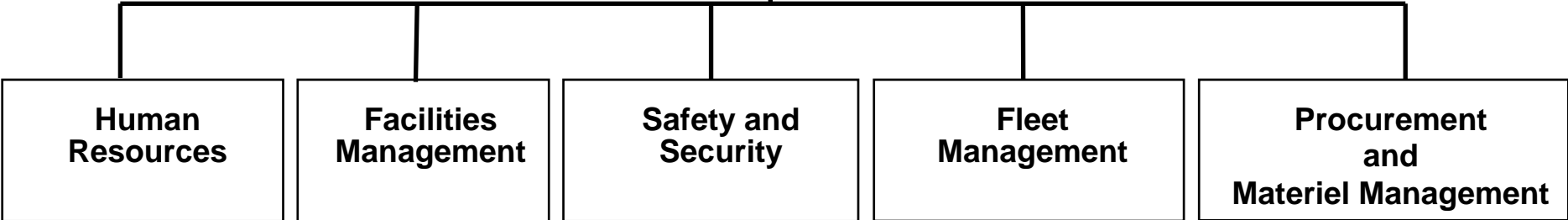


**FY 2010 Budget  
\$480,000**

**GENERAL  
MANAGER**

**ASSISTANT  
GENERAL  
MANAGER  
Support Services  
3 - Positions**

<b>POSITIONS</b>				
<b>CURRENT</b>			<b>FY 2009</b>	<b>FY 2010</b>
<b>Authorized</b>	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
3	2	2	3	3



**FUNCTIONS**

- Oversee and direct the Departments of Human Resources, Facilities Management, Safety and Security, Fleet Management, and Procurement
- Develop and direct the strategic objectives of the Authority’s support services divisions

## ASSISTANT GENERAL MANAGER - SUPPORT SERVICES

**MISSION:** To oversee and direct the management of administrative and support services provided by the departments of Human Resources, Facilities Management, Fleet Management, Safety and Security, and Procurement and Materiel Management.

**BUDGET OVERVIEW:** The revised FY 2009 operating budget is approximately \$0.09 million less than the approved FY 2009 operating budget. This change reflects the transfer of management and funding of the Authority's Strategic Work Plan from the Assistant General Manager (Support Services), to the General Manager's office. The approved FY 2010 operating budget is relatively flat compared to the revised FY 2009 operating budget.

	FY 2008 Actual	FY 2009 Approved	FY 2009 Revised	FY 2010 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	3	3	3	3
Average number of positions filled	2			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	209	371	391	400
Overtime	2	1	1	1
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	0	5	2	2
Utilities	4	5	5	5
Contractual Services, etc.	14	180	74	73
Small Equipment	-	1	-	-
<b>Total Non-Personnel Services</b>	18	191	81	80
<b>Total Operations &amp; Maintenance</b>	228	562	472	480
Capital Equipment	-	-	-	-
Targeted Performance Measures	FY 2008 Actual	FY 2009 Budget	FY 2009 Projection	FY 2010 Projection
<b>Planning Meetings with directors of supporting departments:</b>				
Facilities Management - 4	4	4	4	4
Fleet Management - 4	4	4	4	4
Human Resources - 4	4	4	4	4
Procurement Services - 4	4	4	4	4
Safety & Security - 4	4	4	4	4

## ASSISTANT GENERAL MANAGER – SUPPORT SERVICES

### OVERVIEW

#### FY 2009 Major Recommended Activities and Changes

- Transfer the direction and coordination of the Authority's work plan process to the Office of the General Manager
- Develop and direct the strategic objectives of the Authority's support services divisions
- Develop management reports that will facilitate overall efficiency and effectiveness in support services departments
- Continue to utilize administrative techniques that will enhance sustainable efficiency in the Fleet Management, Safety and Security, Human Resources, Facilities Management, and Procurement and Materiel Management departments

#### FY 2010 Major Recommended Activities and Changes

- No major changes anticipated

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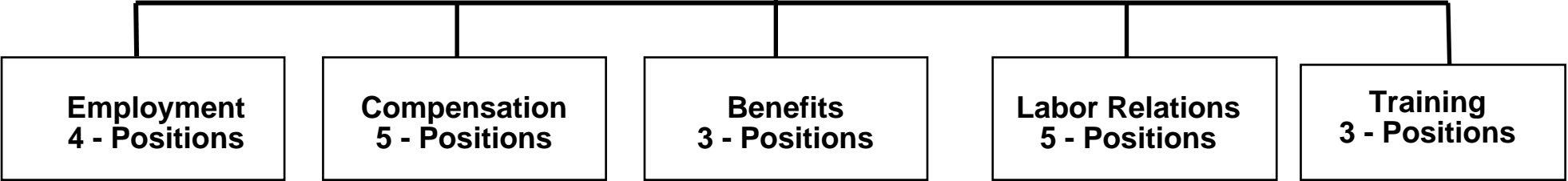


**ASSISTANT  
GENERAL  
MANAGER  
Support Services**

			POSITIONS	
CURRENT			FY 2009	FY 2010
Authorized	Average Positions Filled	Year-End Positions Filled		
22	21	20	23	23

**FY 2010 Budget  
\$4,663,000**

**HUMAN  
RESOURCES  
3 - Positions**



**FUNCTIONS**

- Recruitment and Hiring
- Employee Relations
- Employment Forecasting and Planning
- Unemployment Compensation
- Skills Assessment and Testing

**FUNCTIONS**

- Compensation Program
- Job Evaluation Program
- Pay Incentive Programs
- Performance Management
- Records Management
- HR Information Systems

**FUNCTIONS**

- Health and Welfare Benefits Administration
- Pension Benefits Administration
- Employee Assistance Program
- Drug and Alcohol Testing
- Wellness Program
- Fit for Duty
- Americans with Disabilities Act (ADA) Compliance
- Leave Administration

**FUNCTIONS**

- Labor Relations
- Employee Counseling
- Employee
- Grievances/Complaints
- Affirmative Action Program
- Equal Employment Opportunity Commission (EEOC)
- Disciplinary Actions
- Arbitration

**FUNCTIONS**

- Management Training
- Employee Training
- Internship Program
- Education Reimbursement
- Service Awards
- Employee Recognition Awards



## HUMAN RESOURCES

**MISSION:** To deliver high quality, innovative, valued and timely human resource services that are responsive to the needs of employees and the departments of the Authority and enable them to reach their individual and organizational goals.

**BUDGET OVERVIEW:** The FY 2009 revised budget increases by approximately \$0.3 million over the FY 2009 approved budget due primarily to projected compensation increases, coupled with support for a pilot shuttle service. The FY 2010 approved budget increases by \$0.2 million over the FY 2009 revised budget due to projected compensation increases and contractual support for labor relations matters.

	FY 2008 Actual	FY 2009 Approved	FY 2009 Revised	FY 2010 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	22	22	23	23
Average number of positions filled	21			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	2,281	2,240	2,461	2,519
Overtime	5	10	10	10
<b>Non-personnel Services:</b>				
Chemicals and Supplies	19	35	35	35
Utilities	32	26	26	27
Contractual Services, etc.	1,618	1,843	1,935	2,080
Small Equipment	-	2	2	2
<b>Total Non-Personnel Services</b>	1,668	1,906	1,998	2,144
<b>Total Operations &amp; Maintenance</b>	3,950	4,145	4,458	4,663
Capital Equipment	4	110	50	50
<b>Targeted Performance Measures</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Budget</b>	<b>FY 2009 Projection</b>	<b>FY 2010 Projection</b>
90 days from job posting to hire	90	90	90	90
10 days to initiate disciplinary action	10	10	10	10

## HUMAN RESOURCES

### OVERVIEW

#### FY 2009 Major Recommended Activities and Changes

- Implement basic skills and management development program for supervisors
- Develop new no/low cost Benefits
- Develop Human Resource (HR) Systems Strategic Plan
- Redesign various existing HR forms
- Implement training for supervisory personnel on changes to the collective bargaining agreement
- Provide support to organizational changes and realignments
- Continue to conduct Succession Planning / knowledge management training to ensure continuity of services during transitional periods
- Determine the feasibility of providing Teleconference Interviewing with a recommendation completed in FY 2009, for implementation in FY 2010.
- Continue basic skills training classes as addition to the DCWASA reads program and leadership competences training classes for leadership personnel.
- Continue to provide support to organizational changes and realignments

#### FY 2010 Major Recommended Activities and Changes

- No major changes anticipated

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## FY 2009 AND FY 2010 TRAINING PLAN

### TRAINING OVERVIEW

During FY 2008, the Authority continued to offer training programs and classes that provided the knowledge and skills essential for employees to be proficient in performing their duties and thereby increase overall productivity while fulfilling its mission to “serve all of its customers with outstanding service by providing reliable and cost-effective water and wastewater services in accordance with best practices.” The Authority budgeted \$2.3 million for its 1,124 employees or approximately \$2,046 per employee for training, which is almost twice the average national expenditure. A ‘High Performing Workforce’ is one of DCWASA’s five critical success factors, and training therefore, is essential to achieving this success. The FY 2008 training program included sessions in maintenance, policies and regulations, accounts payable certification, safety, technical, basic skills, and literacy classes. All training supported the Authority’s internal improvement, safety and security and succession planning programs as well as new processes and the use of new equipment and technology.

Categories of training classes offered at the Authority are as follows:

**Contractual Training** – primarily technical classes that support the Authority’s internal improvement program. This training also includes classes on occupational safety and security and the installation and operation of new equipment and processes.

**In-house Training** – classes and courses designed and implemented by the Authority’s training personnel. In-house training focuses on providing non-technical mandatory courses, basic skills development, skill enhancement courses, literacy and general instruction on standard software applications. These courses involve all or a large number of the Authority’s employees.

**Outside Training** – classes and programs that support individual employee training and development needs and requirements, not implemented by the Authority’s training personnel. This is the best means of providing highly specialized or special focus training to individuals or a small group of employees. The Authority’s education reimbursement program is included in the outside training category.

**On-Line Training** - web-based courses offered by colleges, universities, and professional organizations.

## **FY 2008 Accomplishments**

In FY 2008, the Authority offered core training classes and programs to support its mission and the Strategic Plan. Programs and classes focused on safety, leadership and supervision, customer service, and communication. To ensure the well-being of the general workforce, the Authority also continued the implementation of its action plan to improve communication across the organization. Effective two-way communication classes were offered at all employee levels.

The Authority completed the design of its succession planning and executive development programs for executive and key senior staff positions to ensure that qualified members of the organization are available to block up needed vacancies. The succession planning model consists of both an internal development component and an external recruitment component.

The Authority added the identification of critical failure positions as a new component to the succession planning program. A critical failure position is one that if left vacant, would result in a failure or significant impairment to operations, to the customer and the environment. Focus groups were held with the operations departments to determine the positions that are included in this group. The succession planning model will be used to ensure that qualified candidates are available to fill critical positions.

To ensure a qualified pool of candidates for hard-to-fill jobs, the Authority continued its 2-year wastewater treatment operator trainee program. The trainees received their Association of Boards of Certification level I operator certification and began classroom and on-the-job training for the level II operator-in-training certificate. The Authority also implemented its engineering management training program to prepare recent college graduates in engineering for supervisory positions in the operations departments. Through this program, each trainee rotates through the operations departments to work on technical projects and will receive developmental training on supervision and Authority operations.

The Authority continued its knowledge capture workshops as part of succession planning to extract tacit knowledge from employees who are eligible to retire. The workshops identified critical processes and key competences required to manage the processes. Workshops in FY 2008 focused on loss of water to the Blue Plains facility, engineering design, and developer coordination. This information will be used to update job descriptions and standard operating procedures, when needed.

The Authority's executive staff, directors, managers, and supervisors completed the national incident management system (NIMS)/incident command system (ICS) training series to become familiar with the terminology and procedures used when responding to emergency incidents. Classes were offered both online and in the classroom and included actual simulations to ensure a clear understanding of the procedures. Directors, managers, and supervisors also attended classes on media relations, six sigma, performance management, managing discipline, performance-based interviewing, handling problem employees, and effective two-way communication.

In FY 2008, the Authority implemented new specialized safety and technical training classes. A new safe driving program was initiated to reduce the Authority's liability for preventable accidents and to ensure that employees who drive Authority vehicles as a primary job responsibility learn best practices.

The Authority continued its self-managed career development program in FY 2008. Supervisors and managers attended a full-day workshop and completed on-line assessments to gain understanding of how to manage employees' career development initiatives and the necessity for effective coaching and mentoring. Employees attended orientation sessions, completed online assessments, one-on-one counseling sessions and workshops to provide insight into their individual skills and abilities. Several employees received exposure to careers in other departments such as finance and procurement. Beginning in FY 2009, the program will be expanded to include new assessments and workshops.

In FY 2008, the Authority continued implementation of the action plan to address employee concerns identified in the employee focus groups. The concerns focused on the need for more effective two-way communication. Training classes on effective two-way communication and meetings with the general manager, supervisors and employees continued throughout the year.

Other professional development training classes offered to employees included: grammar and business writing classes to improve written communication; introductory and intermediate Spanish; workforce diversity; American Sign Language (ASL); supervisory skills for non-supervisors; and communicating with difficult people. Employees also learned skills and competencies for Microsoft Office software such as Outlook and Project.

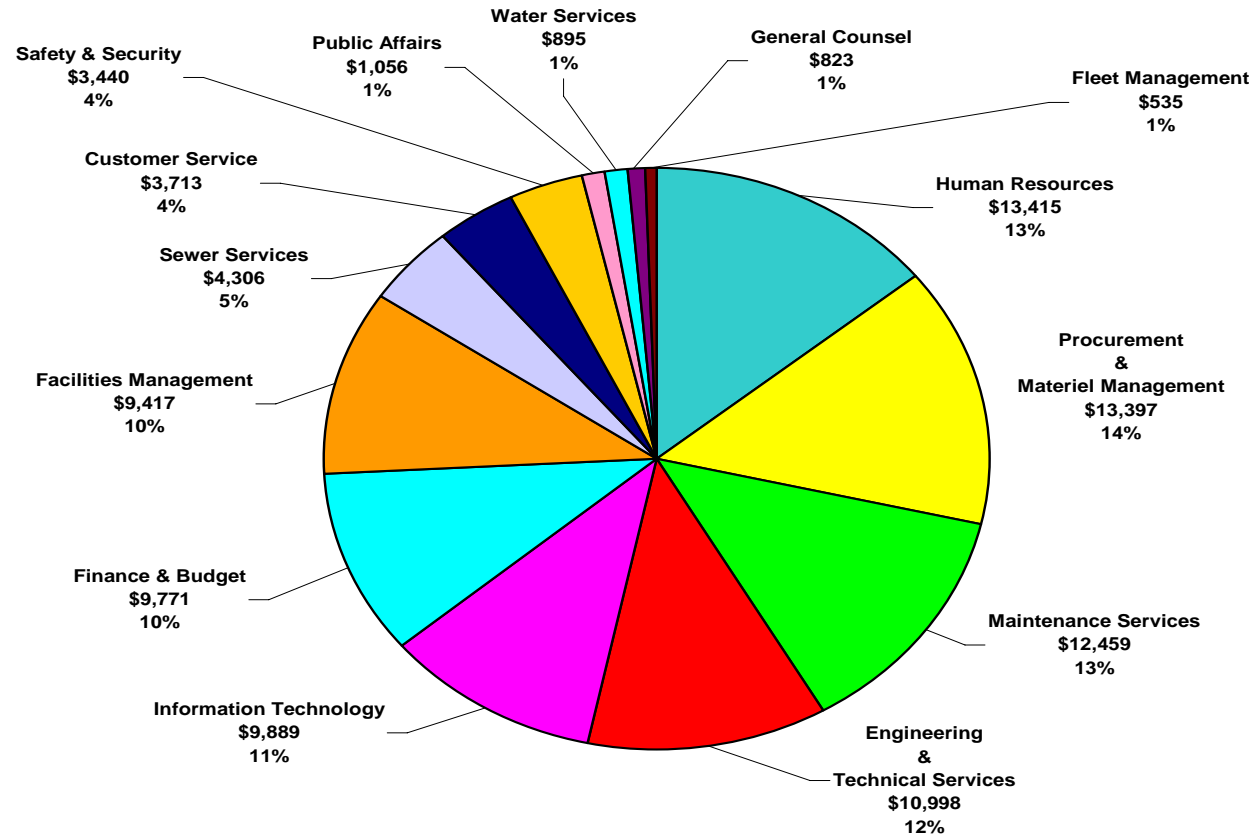
Specialized classes were also provided for departments with unique skill needs. In the operations departments, employees attended classes on various areas of interests to improve their skill sets. To ensure maximum efficiency of its workforce, operations departments such as the Wastewater Treatment Department offered duty station training for its wastewater treatment operators to gain or retain key competencies for duty station operations.

In support of the Authority's comprehensive safety program, the Authority continued to offer safety training to meet regulatory and job-specific needs. Employees attended classes on CPR/First-Aid with emphasis on using the AED defibrillator, work zone safety/traffic control, confined space, mobile crane operations, forklift certification, and excavation and trenching. During mandatory training classes in new employee orientation, newly hired and promoted managers and supervisors in the operations departments attended safety orientation classes.

As part of its ongoing certification efforts, the Authority funded certification training classes for employees in the department of maintenance services and in the office of the chief financial officer accounts payable branch. Employees in the maintenance services department attended 16-weeks of training to pursue the International Maintenance Institute (IMI) certification, a nationally recognized certifying agency for maintenance employees. Employees in the Accounts Payable branch in the Finance & Budget Department pursued certification through the Accounts Payable Network.

The Authority continued to offer training opportunities to employees with unique skill needs via training resources external to the organization. In FY 2008, the Authority sent 144 employees to outside training at an average cost of \$654 per employee. Classes attended by employees included cold fusion, lead abatement, labor law and arbitration, strategies for effective negotiation, scheduling and cost control, pumps and pump systems and best practices for accounting and financial reporting. The chart below provides a breakdown of outside training cost by department.

**FY 2008  
Outside Training Costs by Department  
(Total - \$94,114)**



To support employees' educational and career goals, the Authority continued to offer the education reimbursement program and WASA Reads, its literacy program. The education reimbursement program offers assistance to employees who are pursuing college degrees or professional license or certifications. In FY 2008, the Authority provided \$3,646 in education reimbursement expenses. The WASA Reads program provides basic skills training in reading, writing, and



arithmetic. Employees attended this training on a shared-time basis. The Authority also offers a 10-week mathematics preparation course as part of WASA Reads to assist employees who aspire to become supervisors with the skills test for promotions. A 10-week writing workshop was added to the program in FY 2008 to assist supervisors with improving their written communication skills.

The Authority's FY 2008 Summer Internship Program consisted of 52 interns from 20 different colleges and universities. Students from local colleges and universities and as far away as Louisiana, North Carolina, New Jersey, Virginia, Kansas, Argentina, Thailand, Nigeria, and China participated in the program. The interns completed specialized projects that related to their academic choices, participated in teambuilding and diversity training classes, and performed community service. They also visited the Environmental Protection Agency (EPA) and observed environmental issues that impact the Potomac River and the Chesapeake Bay. A total of 19 students continued in the year-round program. These students will conduct independent research and work on complex technical projects.

**FY 2009 and FY 2010**

The revised FY 2009 and approved FY 2010 training budgets are summarized in the table below:

(\$ in 000's)

Training Type	FY 2009		FY 2010	
	Budget	Percent of Total Budget (%)	Budget	Percent of Total Budget (%)
Outside Training	1,180	58	1,254	59
In-House Training	227	12	252	12
Contractual Training	610	30	620	29
<b>Total</b>	<b>2,017</b>	<b>100</b>	<b>2,126</b>	<b>100</b>

In FY 2009, training will continue to center on regulatory and safety, technical, Authority policies, skills improvement courses and programs, and basic skills classes. Regulatory and safety training will focus on OSHA and the District of Columbia Regulatory Agency mandated requirements and Homeland Security Emergency Response initiatives.

Training on the Authority's policies will be offered routinely as new policies and procedures are developed and existing ones are updated. Mandatory skills improvement training will continue to be offered to address performance

improvement, new business initiatives, and compliance with federal, state, and local mandates. Executive and senior staff will receive training on succession planning, executive development and performance measures and will participate in workshops on emergency response procedures. Managers and supervisors will participate in knowledge capture workshops, basic management skills, and refresher training on Authority policies and procedures. With the completion of the employee skill needs assessment, employees will receive training in the areas of problem solving, reading comprehension for technical information, and advanced math skills. These classes will be offered in addition to basic skills classes to address career development and work needs.

To ensure available pool of qualified candidates for future vacancies in hard-to-fill positions, the Authority will continue to offer the wastewater treatment operator trainee and engineering management training programs. Certification training for FY 2009 will focus on the pumping branches in the departments of water and sewer services to create a more cross-functional workforce.

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**ASSISTANT  
GENERAL  
MANAGER  
Support Services**

<b>POSITIONS</b>				
<b>CURRENT</b>			<b>FY 2009</b>	<b>FY 2010</b>
<b>Authorized</b>	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
58	53	55	58	58

**FY 2010 Budget  
\$6,261,000**

**FACILITIES  
MANAGEMENT  
Office of the Director  
7 - Positions**

**Office Services  
3 - Positions**

**Facilities  
Operations  
36 - Positions**

**Mechanical  
Services  
12 - Positions**

**FUNCTIONS**

- Mail, courier and freight services
- Motor pool services
- Manage WASA-wide recycling program (paper, cans, bottles)
- Facilities work order requests and surveys
- Vendor Management
- WASA -wide copy services

**FUNCTIONS**

- Building operations/maintenance
- Coordinate workspace assignments and moves
- Janitorial Service
- Landscaping
- Trash removal
- Procure and assign furniture
- Adequate ground direction and building signage
- Manage cafeteria operations
- Pest control
- Repair fences and rollup doors

**FUNCTIONS**

- Predictive/preventive maintenance
- Adequate indoor air quality
- Elevator maintenance
- Engage in major construction and renovation projects
- HVAC systems maintenance
- Fire suppression and detection
- Project management

## FACILITIES MANAGEMENT

**MISSION:** Support the operations of the Authority through routine maintenance, custodial services, repair and improvement of its facilities, buildings, grounds and roadways for WASA's operations.

**BUDGET OVERVIEW:** The revised FY 2009 budget is relatively flat compared to the approved FY 2009 budget. The approved FY 2010 budget increases by approximately \$0.2 million over the revised FY 2009 budget due to increases for compensation and contract costs.

	FY 2008 Actual	FY 2009 Approved	FY 2009 Revised	FY 2010 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	58	58	58	58
Average number of positions filled	53			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	3,877	4,009	3,965	4,084
Overtime	148	150	150	150
<b>Non-Personnel Services:</b>				
Chemical and Supplies	426	454	455	462
Utilities	89	92	99	108
Contractual Services, etc.	1,008	1,456	1,446	1,545
Small Equipment	60	37	62	62
<b>Total Non-Personnel Services</b>	1,583	2,039	2,062	2,177
<b>Total Operations &amp; Maintenance</b>	5,460	6,048	6,027	6,261
Capital Equipment	926	1,495	2,050	970

Targeted Performance Measures	FY 2008 Actual	FY 2009 Budget	FY 2009 Projection	FY 2010 Projection
Annual work orders closed	1,400	1,525	1,525	1,525

## FACILITIES MANAGEMENT

### OVERVIEW

#### FY 2009 Major Recommended Activities and Changes

- Continue Central Operations Facility (COF) window replacement
- Improve Plant-wide paving
- Replace slate roofing for historic building at Ft. Reno reservoir
- Add new elevator to Secondary Blower Building
- Replace glass atrium at Central Maintenance Facilities
- Assessment of all doors at pumping stations city wide
- Re-tile and replace fixtures in common bathrooms Central Maintenance Facility (CMF)
- Improvement of Cafeteria Operations
- Continued Implementation of Recycling Program

#### FY 2010 Major Recommended Activities and Changes

- Replace furniture in all allied shops at Blue Plains
- Roof Replacement for head houses and pumping stations
- HVAC coil replacement at COF

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**FY 2010 Budget  
\$4,332,000**

**ASSISTANT  
GENERAL  
MANAGER  
Support Services**

POSITIONS				
CURRENT			FY 2009	FY 2010
Authorized	Average Positions Filled	Year-End Positions Filled		
38	30	31	38	38

**PROCUREMENT  
SERVICES  
Office of the Director  
2 - Positions**

**Procurement Operations  
15 - Positions**

**Contract Administration  
4 - Positions**

**Warehouse and Operations  
17 - Positions**

**FUNCTIONS**

- Manage procurement process including:
  - Vendor bid listing
  - Advertisement and solicitation process
  - Negotiate, award and administer contracts
- Manage Federal Contract schedule
- Manage purchasing program
- Manage purchase and travel card program

**FUNCTIONS**

- Update and revise procurement regulations
- Update procurement policies and procedures
- Manage LSDBE, MBE and WBE programs
- Maintain the department's web page, including procurement and contract information
- Compile information for departmental reports
- Administer automated systems
- Investigate wage/labor issues

**FUNCTIONS**

- Manage warehouse and associated functions
- Administer material control system and associated functions including
  - Inventory reconciliation and closing process
- Provide direction and guidance on inventory policies and procedures
- Conduct spot, cycle and annual physical inventory
- Manage disposal of excess and obsolete inventory
- Manage Fixed Asset Program



## PROCUREMENT SERVICES

**MISSION:** To procure, on time and within budget, the best value products and services, with the highest degree of procurement integrity, utilizing efficient and cost-effective methods, with a continuing focus on LSDBE contracting goals.

**BUDGET OVERVIEW:** The increase of approximately \$0.2 million in the revised FY 2009 budget over the approved FY 2009 budget is for the completion of the revised procurement regulations and terms and conditions templates. The approved FY 2010 budget is approximately \$0.3 million higher than the revised FY 2009 budget mainly due to change in compensation costs.

	FY 2008 Actual	FY 2009 Approved	FY 2009 Revised	FY 2010 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	38	38	38	38
Average number of positions filled	30			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	2,400	3,517	3,348	3,562
Overtime	45	40	50	50
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	32	58	58	58
Utilities	36	51	51	55
Contractual Services, etc.	588	271	584	642
Small Equipment	-	-	10	15
<b>Total Non-Personnel Services</b>	<b>656</b>	<b>380</b>	<b>703</b>	<b>770</b>
<b>Total Operations &amp; Maintenance</b>	<b>3,056</b>	<b>3,897</b>	<b>4,051</b>	<b>4,332</b>
Capital Equipment	17	200	-	160

Targeted Performance Measures	FY 2008 Actual	FY 2009 Budget	FY 2009 Projection	FY 2010 Projection
Award 50% of DCWASA actual operating discretionary spending to Local Small Disadvantage Business Enterprises	50%	50%	50%	50%
Issue Purchase Orders within 15 business days	97%	97%	97%	97%
Issue and award Request for Quotation (RFQ) \$100,000 or less within 30 calendar days	97%	97%	97%	97%
Complete and issue Invitation for Bid (IFB) within 70 days	95%	95%	95%	95%

## PROCUREMENT SERVICES

### OVERVIEW

#### FY 2009 Major Recommended Activities and Changes

- Implementation of the revised Procurement Regulations
- Development and implementation of new and revised Policies and Procedures to supplement the revised Procurement Regulations
- Development of Terms and Conditions for different types of contracts
- Develop Procurement Operating Procedures (DeskTop Manual)
- Identification, acquisition, and initial implementation of an automated procurement management system
- Conduct a feasibility study for the consolidation of the two warehouses at Blue Plains

#### FY 2010 Major Recommended Activities and Changes

- Completion of the automation of the procurement functions
- Development of the automated inventory management system
- Implementation of the results of the feasibility study for the consolidation of the warehouses at Blue Plains

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**FY 2010 Budget  
\$5,516,000**

**ASSISTANT  
GENERAL  
MANAGER**

**SAFETY AND SECURITY**

<b>POSITIONS</b>				
<b>CURRENT</b>			<b>FY 2009</b>	<b>FY 2010</b>
<b>Authorized</b>	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
13	12	12	13	13

**Emergency Response  
and Planning Program  
1 - Position**

**Functions**

- Coordinate the emergency response and planning activities for all DCWASA operations
- Coordinate implementation of the National Incident Management System (NIMS)
- Coordinate DCWASA response activities with the District and Regional Authorities
- Develop guidelines for training, conducting drills and updating emergency response plans

**Security Program  
6 - Positions**

**Functions**

- Provide overall security measures and guidance for all DCWASA facilities
- Develop and promote a Security Awareness Program for all levels of the organization
- Provide oversight of the guard services contract
- Develop and implement a security inspection program for all DCWASA facilities and conduct random inspections of jobsites to promote worker security and safety
- Develop a Comprehensive Security Program

**Occupational Safety and  
Health Program  
5 - Positions**

**Functions**

- Maintain an effective Accident Prevention Safety Awareness Program
- Conduct safety inspections of all DCWASA facilities
- Develop and analyze safety statistics
- Investigate, evaluate and review all accident, injuries and incidents for effective preventive measures
- Maintain effective safety training guidelines and assistance to ensure DCWASA compliance with mandated safety requirements
- Provide safety oversight of the Comprehensive Construction Safety Program and the Rolling Owner Controlled Insurance Program (ROCIP)

**Environmental Safety  
Program  
1 - Position**

**Functions**

- Ensure DCWASA's compliance with environmental safety regulations
- Provide oversight and guidance of DCWASA's Hazardous Waste Program
- Generate and provide required safety reports to regulatory agencies
- Provide oversight and management of aboveground and underground storage tanks

## SAFETY AND SECURITY

**MISSION:** To provide technical services and support that ensures a safe and healthy work environment for all DCWASA employees.

**BUDGET OVERVIEW:** There is relatively no change between the FY 2009 approved and revised budgets. The FY 2010 approved budget increases by approximately \$0.16 million over the FY 2009 revised budget due to projected compensation increases and additional funding for security equipment repairs.

	FY 2008 Actual	FY 2009 Approved	FY 2009 Revised	FY 2010 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	13	13	13	13
Average number of positions filled	12			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	774	1,268	1,209	1,249
Overtime	2	1	1	1
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	25	73	71	79
Utilities	18	18	18	25
Contractual Services, etc.	4,183	4,021	4,040	4,143
Small Equipment	3	38	18	19
<b>Total Non-Personnel Services</b>	4,229	4,150	4,147	4,267
<b>Total Operations &amp; Maintenance</b>	5,003	5,418	5,357	5,516
Capital Equipment	-	-	50	100

Targeted Performance Measures	FY 2008 Actual	FY 2009 Budget	FY 2009 Projection	FY 2010 Projection
Safety inspections of facilities and crews (600)	615	620	630	640
Reduce WASA Incidence Rate for the Lost Work Day/No Lost Work Day incidents to the national level (4.6)	4.8	4.6	4.5	4.5
Reduce number of all reported injuries/preventative vehicle accidents by 10.	106	96	86	76
Security Inspection of facilities and crews (25)	30	30	40	40

## SAFETY AND SECURITY

### **OVERVIEW**

#### FY 2009 Major Recommended Activities and Changes

- Develop and implement the Comprehensive Security Program with the recent transfer of the Security Branch to the department to ensure total consolidation of the security program and improve services
- Continue to provide support to the Office of Risk Management in the oversight of the Rolling Owner-Controlled Insurance Program (ROCIP) and the Comprehensive Construction Safety Program
- Investigate, evaluate and analyze all accidents, occupational injuries and incidents to ensure that effective corrective and preventive measures are in place
- Ongoing development of management reporting of DCWASA safety performance and benchmarking against national peers and obtain compliance with the nationally recognized National Incident Management System (NIMS)
- Continue to coordinate all DCWASA's emergency response planning and related activities with the District of Columbia and the Metropolitan Washington Council of Government (COG) regional emergency planning teams
- Continue to provide safety guidance for capital improvement projects: review designs and perform safety inspections during project construction
- Continue to provide oversight for the driver training program
- Complete implementation of the automated security systems identified within DCWASA's Capital Improvement Program (CIP)
- Establish and implement a plan of action for the effective management, oversight and maintenance of existing and new security systems
- Modify the security guard contract to better meet DCWASA's safety and security needs and objectives

#### FY 2010 Major Recommended Activities and Changes

- Continue to provide support to the Office of Risk Management in the oversight of the ROCIP and the Comprehensive Construction Safety Program
- Continue to coordinate all DCWASA's emergency response planning and related activities with the District of Columbia and the Metropolitan Washington Council of Government (COG) regional emergency planning teams
- Continue to provide safety guidance for capital improvement projects: review designs and perform safety inspections during project construction

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**ASSISTANT  
GENERAL  
MANAGER  
Support Services**

<b>POSITIONS</b>				
Authorized	CURRENT		FY 2009	FY 2010
	Average Positions Filled	Year-End Positions Filled		
5	5	5	5	5

**FY 2010 Budget  
\$4,227,000**

**FLEET  
MANAGEMENT  
2 - Positions**



**FUNCTIONS**

- Preventive and repair maintenance
- Management of vehicles, equipment, and parts
- Manage fleet maintenance contractor and vendors
- Provide fuel service

**FUNCTIONS**

- Purchase new vehicles/equipment
- Manage the intra-WASA loaner pool program
- Inventory control



## FLEET MANAGEMENT

**MISSION:** To provide safe, reliable and cost effective vehicles and equipment to the Authority for use by all departments in performance of their missions.

**BUDGET OVERVIEW:** The FY 2009 revised operating budget increases by approximately \$0.4 million compared to the approved FY 2009 operating budget mainly due to escalation in utility cost (automotive fuel). The FY 2010 approved budget is relatively flat compared to the FY 2009 revised operating budget.

	FY 2008 Actual	FY 2009 Approved	FY 2009 Revised	FY 2010 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	5	5	5	5
Average number of positions filled	5			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	520	583	519	531
Overtime	1	1	1	1
<b>Non-personnel Services:</b>				
Chemicals and Supplies	5	11	9	9
Utilities	964	696	1,180	1,180
Contractual Services, etc.	2,147	2,466	2,466	2,466
Small Equipment	42	65	40	40
<b>Total Non-Personnel Services</b>	<b>3,158</b>	<b>3,239</b>	<b>3,695</b>	<b>3,695</b>
<b>Total Operations &amp; Maintenance</b>	<b>3,678</b>	<b>3,821</b>	<b>4,214</b>	<b>4,227</b>
<b>Capital Equipment</b>	<b>2,100</b>	<b>1,100</b>	<b>2,600</b>	<b>1,100</b>
<b>Targeted Performance Measures</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Budget</b>	<b>FY 2008 Projection</b>	<b>FY 2010 projection</b>
Preventive maintenance completed on schedule - 96%	96%	96%	96%	96%
Vehicles available for use - 96%	96%	96%	96%	96%

## FLEET MANAGEMENT

### **OVERVIEW**

#### FY 2009 Major Recommended Activities and Changes

- Continue to review DCWASA vehicle operators driving records
- Continue the Vehicle Appearance Program
- Reduce fuel consumption
- Purchase fuel efficient vehicle/ equipment
- Continue the “right sizing” program
- Evaluate Hybrid vehicle for DCWASA use

#### FY 2010 Major Recommended Activities and Changes

No major changes anticipated

### Vehicles In-Service Percentage FY 2003 - FY 2010





Revised FY 2009  
and Approved FY 2010

# Operating Budgets

## SECTION VIII

### Glossary, Acronyms and Resolutions

*Using advances in technology, a number of customer services have been enhanced from answering simple bill inquiries to monitoring water consumption.*

# VIII



District of Columbia  
Water and Sewer  
Authority

## GLOSSARY

**ACCRUAL BASIS:** The method of accounting under which revenues are recorded when they are earned (whether or not cash is received at that time) and expenditures are recorded when goods and services are received (whether or not cash disbursements are made at that time).

**A/E CONTRACT:** Architectural and Engineering Contracts

**AERATION:** The process that forces compressed air into wastewater. The oxygen keeps the microorganisms alive and sets off a chain reaction; live, eat, and work. Oxygen is an essential ingredient in "activating" sludge.

**ANAEROBIC DIGESTION:** A biological process that uses microorganisms to reduce the volume of biosolids.

**APPROPRIATION:** An authorization by Congress, which permits officials to incur obligations and expend Authority resources. Appropriations are usually made for fixed amounts, which extend for a fiscal year. Appropriations for capital improvement projects, however, extend until completion, usually beyond the current fiscal year.

**ARBITRAGE:** The simultaneous purchase and selling of an asset in order to profit from a differential in the price. This usually takes place on different exchanges or marketplaces. Also known as a "riskless profit".

**ASSETS:** Property with monetary value owned by the Authority.

**AUDIT:** An independent systematic examination of resource utilization concluding in a written report. It is a test of management's internal accounting records. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements.

**AUTOMATED METER READING (AMR):** System that automatically read customers' meters using radio frequencies, allowing for more accurate and frequent meter readings and transfer of data to a central database for billing and analysis.

**BALANCED BUDGET:** A budget in which the income equals expenditure.

**BIOCHEMICAL OXYGEN DEMAND (BOD):** An indicator of the amount of biodegradable contaminants in wastewater.

**BIOSOLIDS:** Sludge that has been treated to reduce pathogens, organics, and odors, forming a reusable agricultural product.

**BLUE PLAINS ADVANCED WASTEWATER TREATMENT PLANT:** Located in Washington, DC, Blue Plains is the world's largest advanced wastewater treatment plant, and has a permitted capacity of 370 million gallons per day.

**BOARD OF DIRECTORS:** WASA's governing board (the Board), which includes 11 primary members, six members from the District of Columbia, two members each from Montgomery and Prince George's Counties in Maryland, and one member from Fairfax County, Virginia.

**BOND:** An obligation issued by WASA promising to pay a specified sum of money (called principal or face value) at a specified future date (called the maturity date) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically issued to fund specific capital improvement expenditures.

**BUDGET:** A plan of financial operations including an estimate of proposed expenditures and revenues for a fiscal period. The budget establishes funding levels for continuing service programs, operation and maintenance of public facilities, and principal and interest payments on bonded indebtedness. Recurring replacement of capital outlay and minor new capital outlay items are included.

**CAPACITY MANAGEMENT OPERATION and MAINTENANCE (CMOM):** A standard framework for municipal sewer collection systems to identify and incorporate widely-accepted wastewater industry practices to meet regulatory compliance.

**CAPITAL BUDGET:** A plan for investment in long-term assets such as buildings, plant, and equipment. WASA's capital budget includes project schedules and funding needed to acquire, improve or construct properties or facilities to enhance water and sewer services to our customers.

**CAPITAL EQUIPMENT:** A capital asset with a useful life of at least 3 years, a cost exceeding \$5,000 and is financed with short-term debt or cash. Examples include rolling stock and computer equipment.

**CAPITAL IMPROVEMENT PROGRAM (CIP):** A plan, which identifies the nature, schedule and cost of long-term improvements to WASA's infrastructure.

**CERIDIAN:** WASA's fully integrated payroll and personnel system designed to accommodate a variety of pay, leave, and work rules and to provide a comprehensive set of human resource applications.

**CHLORAMINATION:** The process of adding chloramines to drinking water. Chloramine, a form of chlorine and ammonia, is used as a disinfectant by the Washington Aqueduct.

**CLEAN WATER ACT (CWA):** Act passed by the U.S. Congress in 1972 to control water pollution.

**COMBINED SEWER OVERFLOWS (CSO):** Discharge of untreated wastewater (a mixture of storm water and sanitary waste) directly to waterways during periods of significant rainfall.

**COMBINED SEWER OVERFLOW LONG-TERM CONTROL PLAN (CSO LTCP):** Draft plan prepared by WASA and to be submitted to the EPA to address CSOs.

**COMBINED SEWER SYSTEM LONG-TERM CONTROL PLAN (CSS LTCP):** Final plan submitted by WASA in July 2002 and approved by EPA in March 2005 to control Combined Sewer Overflow (CSO's) to the Districts waterways.

**COMMERCIAL PAPER:** Short-term (less than 270 days) notes issued by WASA to provide interim financing of its capital improvement program. Commercial paper typically carries lower interest rates than long-term debt and is issued on a subordinate basis.

**CUSTOMER INFORMATION SYSTEM (CIS):** System which WASA utilizes for customer billing and information and other related services.

**DEBT RATING:** An independent opinion, based on a comprehensive quantitative and qualitative evaluation, of a company's financial position, operating performance, business profile and management. Specifically, the debt rating reflects a company's ability to meet its obligations to repay interest and principal on outstanding obligations to investors. WASA's bond ratings provided by Moody's Investors Service, Standard & Poor's and Fitch Ratings are Aa3, AA-, AA-, respectively.

**DEBT SERVICE:** Amount of money necessary to pay principal and interest on senior outstanding notes and bonds in any given fiscal year.

**DEBT SERVICE COVERAGE:** Requirement of WASA's master trust indenture and Board policy that provides that annual revenue available to pay debt service must exceed annual debt service by a certain percentage. WASA's master trust indenture requires 120 percent senior debt service coverage; WASA Board policy requires 140 percent senior debt service coverage.

**EGG SHAPED DIGESTER FACILITY (EDF):** A new advanced digestion facility capable of anaerobically digesting all biosolids generated at the Blue Plains AWTP

**EFFLUENT:** Treated wastewater discharged from the Blue Plains Advanced Wastewater Treatment Plant.

**ENABLING ACT:** Legislation which established WASA and defined its purpose and authority. WASA's enabling legislation was initially enacted in 1996.

**ENCUMBRANCES:** Obligations in the form of purchase orders, contracts or salary commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid or when an actual liability is released.

**ENTERPRISE FUND:** A fund established to finance and account for the acquisition, operation, and maintenance of governmental facilities and services, which are entirely or predominantly self-supporting by user charges. This type of fund uses the accrual basis of accounting. WASA is responsible for two enterprise funds:

- 1) Water and Sewer Enterprise Fund
- 2) The District of Columbia Stormwater Enterprise Fund

**ENVIRONMENTAL PROTECTION AGENCY (EPA):** Federal agency responsible for environmental regulations and enforcement.

**EXPENDITURES:** Payment for goods and services received.

**FABRIDAM:** A dynamic weir (or dam) that inflates and deflates depending on the structure set point. Set points vary from structure to structure.

**FISCAL YEAR:** The twelve-month period used by WASA which begins October 1 and ends September 30 of the following calendar year.

**FIXED ASSET:** Long-lived property owned by an entity that is used by an entity in the production of its income. Tangible fixed assets include real estate, plant, and equipment.

**GENERAL OBLIGATION DEBT:** This is money that WASA still owes the District of Columbia for bond issuance prior to the enabling act that created WASA

**IMPERVIOUS AREA CHARGE:** DC WASA uses information contained in the District of Columbia's GIS plainmetric database, which includes tax and property records to determine impervious surface areas. (All surfaces are classified as either pervious or impervious). An impervious charge is billed to DCWASA customers based on Equivalent Residential Unit (ERU) This is the amount of impervious surface area measured in square feet based on a statistical median for a single family residential property.

**IMPERVIOUS SURFACE:** an area that impedes the percolation of water into the subsoil and impedes plant growth. Impervious surfaces include but are not limited to the following: roofprints, footprints of patios, driveways, private streets, other paved areas, tennis courts, and swimming pools, and any path or walkway that is covered by impervious material.

**INFRASTRUCTURE:** WASA's facilities, services, and installations needed for its functioning, such as its water, sewer and customer delivery systems.

**INTER-MUNICIPAL AGREEMENT OF 1985 (IMA):** This agreement outlines the operating and financial responsibilities for wholesale wastewater treatment services at Blue Plains. Signatories to the IMA include the District of Columbia, Montgomery and Prince George's Counties in Maryland, Fairfax County, Virginia, and the Washington Suburban Sanitary Commission.

**INTERCEPTORS:** The large pipes that convey wastewater from the collection system to WASA's wastewater treatment plant, Blue Plains.

**INTERNAL IMPROVEMENT PLAN (IIP):** Operational improvement plans for various operating departments across WASA that will result in improved service and cost savings to WASA's customers. Proposed improvements are a function of new capital projects, investments in technology, and new business processes. IIP's have been developed for the Departments of Wastewater Treatment, Maintenance Services, and Customer Service, and are in process for the Departments of Water and Sewer Services.



**INVERTED BLOCK RATE STRUCTURES:** Is a schedule of rates applicable to blocks of increasing usage in which the usage in each succeeding block is charged at a higher unit rate than in the previous blocks. Generally, each successive block rate may be applicable to a greater volume of water delivery than the preceding block(s).

**JOINT USE SEWERAGE FACILITIES:** A list of specific facilities identified in the DC Official Code, Section #34-2202.01(4).

**LOW IMPACT DEVELOPMENT (LID):** Integrates ecological and environmental considerations into all phases of urban planning, design and construction in order to avoid encroaching on environmentally fragile or valuable lands, and to decrease runoff volumes and peak flow impacts.

**LOCAL SMALL DISADVANTAGED BUSINESS ENTERPRISE (LSDBE):** Business entities that are encouraged to do business in the District through supportive legislation, business development programs, and agency and public/private contract compliance.

**MASTER FACILITIES PLAN:** A twenty-year plan that outlines proposed capital improvements across WASA. This plan is updated every three to five years.

**MUNICIPAL SEPARATE STORM SEWER SYSTEM (MS4):** A regulatory program for controlling stormwater pollution.

**NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM (NPDES):** A permit issued by the EPA that governs effluent discharges into various rivers and waterways by Blue Plains and WASA's sewer system.

**NITRIFICATION:** An aerobic process in which bacteria changes the ammonia and organic nitrogen in wastewater into oxidized nitrogen.

**NINE MINIMUM CONTROLS (NMC):** Nine EPA-designated activities that WASA must undertake to reduce CSO while implementing its LTCP.

**OPERATING RESERVE:** Reserve established by the Board of Directors equivalent to approximately 180 days' operating and maintenance expenses.

**OPERATING BUDGET:** The budget that encompasses the day-to-day activities for the Authority. The operating budget includes employee salaries, supplies, and other non-personnel items related to current activities. The operating budget also includes other costs including debt service and payment in lieu of taxes/right of way fees.

**OPERATIONS & MAINTENANCE (O&M):** The activities related to the performance of routine, preventive, and predictive, actions aimed at preventing WASA's equipment and infrastructure from failure or decline, with the goal of increasing efficiency, reliability, and safety.

**OUTFALL:** The place or structure where effluent is discharged into receiving waters.

**PAYMENT IN LIEU of TAXES (PILOT):** Amounts which WASA pays each fiscal year to the District and institutions in which its facilities are located. Consistent with the provisions of WASA's Enabling Act, these payments are to be based on services received and certified from the District of Columbia.

**PLANT RESIDUALS:** In 2003, the EPA issued a revised NPDES permit to the Washington Aqueduct (WAD) and entered into a Federal Facilities Compliance Agreement (the federal agency equivalent of an Administrative Order) requiring WAD, to have in operation, by Dec 31, 2009, a new process, which dewateres the residuals on site and trucks them off-site for disposal.

**POTOMAC INTERCEPTOR:** Fifty-mile interceptor that carries wastewater from Loudoun and Fairfax Counties in Virginia and Montgomery County in Maryland to Blue Plains.

**PRIMARY TREATMENT:** A wastewater treatment process that allows those substances in wastewater that readily settles or floats to be separated from the water being treated.

**PRINCIPAL:** The total amount of money being borrowed or lent

**PROCESS COMPUTER CONTROL SYSTEM (PCCS):** Electronically monitors and controls all treatment processes and facilities.

**RATE STABILIZATION FUND:** A fund established by the Board of Directors, which is used to implement rate increases on a gradual and predictable basis.

**RESERVES:** An accounting entry that properly reflects contingent liabilities.

**REVENUE:** An increase in (sources of) fund financial resources other than from inter-fund transfers and debt issue proceeds. Revenues should be classified by fund and source.

**REVENUE BONDS:** Bonds payable from specific source of revenue and which do not pledge the full faith and credit of the issuer.

**RIGHT-OF-WAY FEE (ROW):** A permit fee that the District of Columbia Government charges the Authority for water and sewer conduits that it occupies within the District of Columbia.

**SAFE DRINKING WATER ACT (SDWA):** Act passed by the U.S. Congress (most recently amended in 1996) to control drinking water quality.

**SECONDARY TREATMENT:** Usually following primary treatment, secondary treatment employs microorganisms to reduce the level of biochemical oxygen demand (BOD) in wastewater.

**SENIOR DEBT:** Debt whose terms in the event of bankruptcy require it to be repaid before subordinated debt receives any payment.

**SLUDGE:** Solid residue from wastewater treatment.

**SUPPLEMENTAL ENVIRONMENTAL PROJECT (SEP):** A project WASA is funding as part of its nine minimum control (NMC) CSO consent order.

**SUBORDINATED DEBT:** Debt over which senior debt takes priority. In the event of bankruptcy, subordinated debtholders receive payment only after senior debt claims are paid in full.

**SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA):** Equipment and computer technology used to monitor and control the water distribution and wastewater conveyance systems.

**WASHINGTON AQUEDUCT:** A division of the U.S. Army Corps of Engineers which owns and operates the water treatment facilities for WASA and Arlington and Falls Church, Virginia. WASA purchases treated drinking water on a wholesale basis from the Washington Aqueduct, and is responsible for approximately 76 percent of the Aqueduct's costs.

## ACRONYMS

**ADA:** AMERICANS WITH DISABILITY ACT

**AMSA:** ASSOCIATION OF METROPOLITAN SEWERAGE AGENCIES

**AMR:** AUTOMATIC METER READING

**ANC:** ADVISORY NEIGHBORHOOD COMMISSION

**BOD:** BIOCHEMICAL OXYGEN DEMAND

**CAFR:** COMPREHENSIVE ANNUAL FINANCIAL REPORT

**CAP:** CUSTOMER ASSISTED PROGRAM

**CIP:** CAPITAL IMPROVEMENT PROGRAM

**CIS:** CUSTOMER INFORMATION SYSTEM

**CMOM:** CAPACITY MANAGEMENT OPERATION and MAINTENANCE

**COBRA:** THE CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT OF 1985

**COF:** CENTRAL OPERATIONS FACILITY

**COG:** COUNCIL OF GOVERNMENT

**COTR:** CONTRACTING OFFICER TECHNICAL REPRESENTATIVES

**CSO:** COMBINED SEWER OVERFLOWS

**CSO LTCP:** COMBINED SEWER OVERFLOW LONG-TERM CONTROL PLAN

**CSS LTCP:** COMBINED SEWER SYSTEM LONG-TERM CONTROL PLAN

**CSP:** COMPREHENSIVE SAFETY PROGRAM

**CSRS:** CIVIL SERVICE RETIREMENT SYSTEM

**CWA:** CLEAN WATER ACT

**CWSFR:** CLEAN WATER STATE REVOLVING FUND

**DDOE:** DISTRICT DEPARTMENT OF ENVIRONMENT

**DETS:** DEPARTMENT OF ENGINEERING AND TECHNICAL SERVICES

**DRBCP:** DISASTER RECOVERY AND BUSINESS CONTINUITY PLAN

**DSS:** DEPARTMENT OF SEWER SERVICES

**DWS:** DEPARTMENT OF WATER SERVICES

**DWWT:** DEPARTMENT OF WASTEWATER TREATMENT

**EBU:** EQUIVALENT BILLING UNIT

**EDF:** EGG SHAPED DIGESTER FACILITY

**EDMC:** ENGINEERING DOCUMENT MANAGEMENT AND CONTROL

**EEOC:** EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

**EMA:** EMERGENCY MANAGEMENT AGENCY

**EOC:** EMERGENCY OPERATIONS CENTER

**EPA:** ENVIRONMENTAL PROTECTION AGENCY

**ERDMS:** ENTERPRISE RECORDS AND DOCUMENT MANAGEMENT SYSTEM

**ERU:** EQUIVALENT RESIDENTIAL UNIT  
**ESF:** EMERGENCY SUPPORT FUNCTION  
**GFOA:** GOVERNMENT FINANCE OFFICERS ASSOCIATION  
**GIS:** GEOGRAPHICAL INFORMATION SYSTEM  
**HPRP:** HIGH PRIORITY REHABILITATION PROGRAM  
**HUNA:** HIGH USAGE NOTIFICATION APPLICATION  
**IAC:** IMPERVIOUS AREA CHARGE  
**IFB:** INVITATION FOR BID  
**IMA:** INTER-MUNICIPAL AGREEMENT  
**IIP:** INTERNAL IMPROVEMENT PLAN  
**IVR:** INTERACTIVE VOICE RESPONSE  
**JUDD:** JOINT UTILITY DISCOUNT DAY  
**LID:** LOW IMPACT DEVELOPMENT  
**LSDBE:** LOCAL SMALL DISADVANTAGED BUSINESS ENTERPRISE  
**LSR:** LEAD SERVICE REPLACEMENT  
**LTCP:** LONG TERM CONTROL PLAN  
**MBE:** MINORITY BUSINESS ENTERPRISE  
**MGD:** MILLION GALLONS PER DAY  
**MOU:** MEMORANDUM OF UNDERSTANDING  
**MS4:** MUNICIPAL SEPARATE STORM SEWER SYSTEM

**NMC:** NINE MINIMUM CONTROLS  
**NPDES:** NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM  
**OCIP:** OWNER CONTROLLED INSURANCE PROGRAM  
**O&M:** OPERATIONS & MAINTENANCE  
**PCCS:** PROCESS COMPUTER CONTROL SYSTEM  
**PILOT:** PAYMENT IN LIEU OF TAXES  
**PM:** PREVENTIVE MAINTENANCE  
**PPM:** PARTS PER MILLION  
**PSA:** PUBLIC SERVICE ANNOUNCEMENT  
**PBS:** PUBLIC BROADCASTING SERVICE  
**PDMS:** PAYABLES DOCUMENT MANAGEMENT SYSTEMS  
**RFQ:** REQUEST FOR QUOTATION  
**RFP:** REQUEST FOR PROPOSAL  
**ROCIP:** ROLLING OWNER CONTROLLED INSURANCE PROGRAM  
**RSF:** RATE STABILIZATION FUND  
**SCADA:** SUPERVISORY CONTROL AND DATA ACQUISITION  
**SDWA:** SAFE DRINKING WATER ACT  
**SEP:** SUPPLEMENTAL ENVIRONMENTAL PROJECT  
**SOX:** SARBANES OXLEY ACT

**SPLASH:** SERVING PEOPLE BY LENDING A SUPPORTING HAND

**SSO:** SANITARY SEWER OVERFLOW

**TEAMS:** TOTAL ENTERPRISE ASSET MANAGEMENT SYSTEM

**TMDL:** TOTAL MAXIMUM DAILY POLLUTANT LOADS

**ULSD:** ULTRA LOW SULFUR DIESEL

**VEP:** VALVE EXERCISE PROGRAM

**VIT:** VEHICLE INFORMATION TRANSMITTER

**WBE:** WOMEN BUSINESS ENTERPRISE

**WSSC:** WASHINGTON SUBURBAN SANITARY COMMISSION

**WAD:** WASHINGTON AQUEDUCT

Presented and Adopted: January 8, 2009  
SUBJECT: Intent to Reimburse Capital Expenditures with Proceeds  
of a Borrowing

#09-17  
RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority (the "Authority"), at the Board meeting held on January 8, 2009, upon consideration of a joint-use matter, decided by a vote of eleven (11) in favor and none (0) opposed, to take the following action.

**WHEREAS**, the District of Columbia Water and Sewer Authority (the "Borrower") intends to acquire, construct and equip the items and projects set forth in Exhibit A hereto (collectively, the "Projects"); and

**WHEREAS**, plans for the Projects have advanced and the Borrower expects to advance its own funds to pay expenditures related to the Project (the "Expenditures") prior to incurring indebtedness and to receive reimbursement for such Expenditures from proceeds of tax-exempt bonds or notes or taxable debt, or both.

**NOW THEREFORE BE IT RESOLVED THAT:**

1. The Borrower intends to utilize the proceeds of tax-exempt bonds, taxable bonds or notes (the "Bonds") or other debt in an amount not currently expected to exceed \$290,900,000 to pay costs of the Projects. These costs include amounts heretofore unreimbursed pursuant to Resolution 08-17 of the Board adopted on January 10, 2008 plus amounts projected to be reimbursed during Fiscal Year 2009 and through January 2010.
2. The Borrower intends that the proceeds of the Bonds be used to reimburse the Borrower for Expenditures with respect to the Projects made on or after the date that is 60 days prior to the date of this Resolution. The Borrower reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Bonds or other debt.
3. Each Expenditure was or will be, unless otherwise supported by the opinion of bond counsel, either (a) of a type properly chargeable to a capital account under

general federal income tax principles (determined in each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Bonds, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of the Borrower so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the Borrower.

4. The Borrower intends to make a reimbursement allocation, which is a written allocation by the Borrower that evidences the Borrower's use of proceeds of the Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. The Borrower recognizes that exceptions are available for certain "preliminary expenditures," costs of issuance, certain de minimis amounts, expenditures by "small issuers" and expenditures for any construction, the completion of which is expected to require at least five years.
5. The Borrower intends that the adoption of this resolution confirm the "official intent" within the meaning of Treasury Regulations Section 1.150-2 promulgated under the Internal Revenue Code of 1986, as amended.
6. This resolution shall take effect immediately.

  
Secretary to the Board of Directors



## **EXHIBIT A — LIST OF PROJECTS**

**Blue Plains Advanced Wastewater Treatment Plant Rehabilitation  
Sanitary Sewer System Improvement Projects  
Combined Sewer System improvement Projects  
Stormwater Sewer System Improvement Projects  
Water Pumping, Distribution & Storage Projects  
Metering & Capital Equipment  
Washington Aqueduct Projects**

Presented and Adopted: January 8, 2009  
Subject: Approval of Fiscal Year 2009 Revised Operating Budget

#09-18  
RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

The Board of Directors (the "Board") of the District of Columbia Water and Sewer Authority, (the "Authority") at its meeting on January 8, 2009, decided by a vote of eleven (11) in favor and none (0) opposed, to take the following action with respect to the Fiscal Year 2009 Revised Operating Budget.

**WHEREAS**, in October 2008 the General Manager presented a Revised Fiscal Year 2009 Operating Budget to the Board that totaled \$363,234,000, which is at the same level as the FY 2009 budget approved by the Board in January 2008; and

**WHEREAS**, the Revised FY 2009 Operating Budget is detailed in the General Manager's Proposed FY 2010 Operating Budget dated October 23, 2008 and in materials presented to the Finance and Budget and Environmental Quality and Operations Committees on October 15 2008; and

**WHEREAS**, on December 15, 2008, the Environmental Quality and Operations Committee, and on December 19, 2008, the Finance and Budget Committee recommended that the Board adopt a Revised FY 2009 Operating Budget that totals \$363,234,000.

**NOW THEREFORE BE IT RESOLVED THAT:**

The Board hereby approves and adopts the District of Columbia Water and Sewer Authority's Fiscal Year 2009 Revised Operating Budget totaling \$363,234,000 as recommended by the Environmental Quality and Operations Committee on December 15, 2008 and the Finance and Budget Committee on December 19, 2008.

This resolution is effective immediately.

  
Secretary to the Board of Directors

**Presented and Adopted: January 8, 2009**  
**Subject: Approval of Fiscal Year 2010 Proposed Operating Budget**

**#09-19**  
**RESOLUTION**  
**OF THE**  
**BOARD OF DIRECTORS**  
**OF THE**  
**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The Board of Directors (the "Board") of the District of Columbia Water and Sewer Authority, (the "Authority") at its meeting on January 8, 2009, decided by a vote of eleven (11) in favor and none (0) opposed, to take the following action with respect to the Fiscal Year 2010 Proposed Operating Budget:

**WHEREAS**, in October 2008, the General Manager presented the FY 2010 Proposed Operating Budget to the Board that totaled \$393,623,000; and

**WHEREAS**, on December 15, 2008, the Environmental Quality and Operations Committee, and on December 19, 2008, the Finance and Budget Committee recommended that the Board adopt a FY 2010 budget that totals \$393,623,000.

**NOW THEREFORE BE IT RESOLVED THAT:**

The Board of Directors hereby approves and adopts the District of Columbia Water and Sewer Authority's Fiscal Year 2010 Proposed Operating Budget totaling \$393,623,000 as further detailed in the General Manager's Proposed FY 2010 Operating Budget dated October 23, 2008 and in materials presented to the Environmental Quality and Operations Committee, which met on December 15, 2008 and the Finance and Budget and Retail Rates Committees which met on December 19, 2008.

This resolution is effective immediately.

  
Secretary to the Board of Directors

**Presented and Adopted: January 8, 2009**  
**Subject: Approval of Fiscal Year 2008-2017 Capital Improvement Program**

**#09-20**  
**RESOLUTION**  
**OF THE**  
**BOARD OF DIRECTORS**  
**OF THE**  
**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The Board of Directors, (the "Board") of the District of Columbia Water and Sewer Authority, (the "Authority") at its meeting on January 8, 2009, decided by a vote of eleven (11) in favor and none (0) opposed, to take the following action with respect to the Fiscal Year 2008 – 2017 Ten-Year Capital Improvement Program.

**WHEREAS**, the Board's financial policies require an annually updated Ten-Year Financial Plan, which includes a Ten-Year Capital Improvement Program; and

**WHEREAS**, on December 15, 2008, the Environmental Quality and Operations Committee met and on December 19, 2008, the Finance and Budget Committee met and recommended that the Board adopt the FY 2008 – 2017 Capital Improvement Program; and

**WHEREAS**, the Board and the representatives to the Intermunicipal Agreement (IMA) continue to review the level of participation of wholesale customers and allocation of costs to the Long Term Control Plan; and

**WHEREAS**, progress and success of appropriate quality management of the water supply and implementation of the Lead Service Replacement program have continued the safe distribution of water and have resulted in the modification of the Board's lead replacement program.

**NOW THEREFORE, BE IT RESOLVED THAT:**

The Board of Directors hereby approves and adopts the District of Columbia Water and Sewer Authority's Fiscal Year 2008– 2017 Capital Improvement Plan with a lifetime budget totaling \$6,360,627,000 (Attachment A) and related disbursements budget of \$3,191,659 (Attachment B) and as further detailed in the General Manager's Proposed Fiscal Year 2010 Operating and Capital Budgets dated October 23, 2008 and accompanying materials.

This resolution is effective immediately.

  
Secretary to the Board of Directors

FY 2008 - FY 2017 Capital Improvement Plan

Project Lifetime Budgets by Program Area (\$ 000's)

	FY 2009 Approved	FY 2009 Revised / FY 2010 Proposed	Variance
<b><u>Wastewater Treatment</u></b>			
Liquid Processing Projects	569,911	573,746	3,835
Plantwide Projects	264,458	259,325	(5,133)
Solids Processing Projects	555,763	664,612	108,849
Blue Plains Total Nitrogen Removal (BTN)	950,000	950,000	0
<b>Sub-total</b>	<b>2,340,132</b>	<b>2,447,683</b>	<b>107,551</b>
<b><u>Sanitary Sewer</u></b>			
Sanitary Collection Sewers	10,966	10,966	0
Sanitary On-Going Projects	86,146	89,295	3,149
Sanitary Pumping Facilities	22,999	22,999	0
Sanitary Sewer Projects Program Management	37,045	39,045	2,000
Sanitary Interceptor/Trunk Force Sewers	115,666	125,666	10,000
<b>Sub-total</b>	<b>272,822</b>	<b>287,971</b>	<b>15,149</b>
<b><u>Combined Sewer Overflow</u></b>			
CSO Program Management	17,579	24,199	6,620
Combined Sewer Projects	339,664	383,097	43,433
Long-Term Control Plan- Total			0
Blue Plains	296	0	(296)
Anacostia Tunnel	1,372,545	1,372,545	-
Potomac Tunnel	418,700	418,700	-
Rock Creek Tunnel	70,342	70,342	-
<b>Sub-total</b>	<b>2,219,126</b>	<b>2,268,883</b>	<b>49,757</b>
<b><u>Stormwater</u></b>			
Stormwater Extensions/Local Drainage	2,333	4,026	1,693
Stormwater On-Going Program	7,762	8,093	331
Stormwater Pumping Facilities	1,173	1,173	0
DDOT Stormwater Program	4,426	4,631	205
Stormwater Projects Program Management	9,630	7,630	(2,000)
Stormwater Trunk/Force Sewers	18,405	18,405	0
<b>Sub-total</b>	<b>43,729</b>	<b>43,958</b>	<b>229</b>
<b><u>Water</u></b>			
Water Distribution Systems	317,342	369,634	52,292
Water Lead Program	438,486	297,000	(141,486)
Water On-Going Projects	72,455	74,158	1,703
Water Pumping Facilities	96,199	116,143	19,944
DDOT Water Projects	35,530	37,111	1,581
Water Storage Facilities	32,359	33,999	1,640
Water Projects Program Management	25,944	23,342	(2,602)
Meter Replacement /AMR Installation	52,910	59,638	6,728
<b>Sub-total</b>	<b>1,071,225</b>	<b>1,011,025</b>	<b>(60,200)</b>
<b>Washington Aqueduct</b>	<b>170,391</b>	<b>196,474</b>	<b>26,083</b>
<b>Capital Equipment</b>	<b>100,840</b>	<b>104,633</b>	<b>3,793</b>
<b>Total WASA CIP Lifetime (see notes)</b>	<b>6,218,265</b>	<b>6,360,627</b>	<b>142,362</b>

Notes:

1 Lifetime budgets shown here represent total budgets for projects that are active during the current 10-year CIP. Lifetime budgets include historical spending prior to the beginning of the current 10-year plan, spending during the 10-year plan, and projected spending beyond the current 10-year plan. Projects completed in FY 2008 will be dropped from the CIP next year.

2 These budgets do not include inhouse labor costs, which historically have averaged \$7 to \$8 million annually and are applicable to, primarily, the time charged to capital projects by employees in the Departments of Engineering, Sewer Services, and Water Services.

## Attachment B

## FY 2008 - FY 2017 PROJECTED CAPITAL IMPROVEMENT PLAN - DISBURSEMENTS BASIS (\$ in 000's)

	FY 2008 Actuals	FY 2009 Revised	FY 2010 Proposed	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	Total FY '08 -'17
<b>Wastewater Treatment</b>											
Liquid Processing Projects	\$66,443	\$55,288	\$39,518	\$26,390	\$12,146	\$2,088	\$1,321	\$4,260	\$8,029	\$7,694	\$223,178
Plantwide Projects	15,069	15,323	16,137	7,747	11,946	9,198	1,063	989	571	609	78,652
Solids Processing Projects	3,763	17,185	26,083	139,585	99,247	78,761	21,994	2,455	170	1,134	390,377
BTN - Total Nitrogen Program	-	8,037	24,176	61,591	211,641	197,328	87,401	71,618	82,611	58,057	802,461
<b>Sub-total</b>	<b>85,275</b>	<b>95,833</b>	<b>105,914</b>	<b>235,313</b>	<b>334,981</b>	<b>287,375</b>	<b>111,779</b>	<b>79,323</b>	<b>91,381</b>	<b>67,494</b>	<b>1,494,668</b>
<b>Sanitary Sewer</b>											
Sanitary Collection Sewers	65	276	655	526	-	-	-	-	-	4	1,526
Sanitary On-Going Projects	5,549	7,677	7,849	6,227	3,429	3,778	4,065	4,186	4,343	4,400	51,504
Sanitary Pumping Facilities	5,220	5,271	994	118	-	-	-	-	-	33	11,637
Sanitary Sewer Projects Program Management	2,104	1,705	2,631	3,579	2,753	1,560	1,455	1,454	1,465	1,446	20,151
Sanitary Interceptor/Trunk Force Sewers	2,835	3,938	9,845	28,468	13,483	4,805	1,655	1,897	1,576	763	69,264
<b>Sub-total</b>	<b>15,773</b>	<b>18,867</b>	<b>21,974</b>	<b>38,918</b>	<b>19,664</b>	<b>10,143</b>	<b>7,174</b>	<b>7,536</b>	<b>7,384</b>	<b>6,647</b>	<b>154,081</b>
<b>Combined Sewer Overflow / Long Term Control Plan</b>											
CSO Program Management	369	1,100	1,583	1,071	825	820	400	-	-	18	6,188
Combined Sewer Projects	24,933	24,330	49,606	27,793	18,181	3,954	97	43	1,267	3,790	153,994
Long-Term Control Plan- Blue Plains											
Anacostia Tunnel	13,322	16,444	21,353	45,838	75,681	66,006	95,523	99,137	88,232	75,450	596,986
Potomac Tunnel	-	-	-	-	-	-	-	3,006	5,635	4,702	13,343
Rock Creek Tunnel	-	-	-	-	-	-	-	-	453	832	1,285
<b>Sub-total</b>	<b>38,624</b>	<b>41,874</b>	<b>72,543</b>	<b>74,703</b>	<b>94,688</b>	<b>70,779</b>	<b>96,020</b>	<b>102,186</b>	<b>95,587</b>	<b>84,792</b>	<b>771,796</b>
<b>Stormwater</b>											
Stormwater Local Drainage	-	610	734	-	-	-	-	-	-	4	1,348
Stormwater On-Going Program	213	372	263	270	279	289	302	313	365	326	2,994
Stormwater Pumping Facilities	-	-	-	-	-	-	-	-	-	-	-
DDOT Stormwater Program	-	41	10	86	89	93	96	99	89	89	694
Stormwater Research and Program Management	2,217	253	490	449	257	191	-	-	-	9	3,867
Stormwater Trunk/Force Sewers	101	687	663	233	1,050	902	848	5	-	13	4,501
<b>Sub-total</b>	<b>2,531</b>	<b>1,964</b>	<b>2,160</b>	<b>1,038</b>	<b>1,676</b>	<b>1,476</b>	<b>1,246</b>	<b>417</b>	<b>454</b>	<b>442</b>	<b>13,403</b>
<b>Water</b>											
Water Distribution Systems	13,764	28,054	27,037	27,051	25,985	16,338	14,816	12,742	11,009	16,134	192,929
Water On-Going Projects	8,125	9,198	4,345	2,037	2,538	3,286	3,609	3,681	3,961	4,968	45,747
Water Pumping Facilities	20,397	8,154	5,193	5,974	4,219	1,708	203	-	-	135	45,983
DDOT Water Projects	3,369	2,570	761	1,847	1,873	1,213	1,269	1,304	1,313	1,335	16,854
Water Storage Facilities	-	29	214	1,433	3,030	8,021	3,135	143	438	2,226	18,667
Water Projects Program Management	1,858	1,405	1,319	1,400	1,965	1,985	1,995	1,968	1,268	45	15,208
Water Lead Program	21,150	14,331	10,987	11,638	12,887	13,546	14,164	14,635	15,551	15,882	144,771
Meter Replacement /AMR Installation	1,476	1,239	1,279	1,286	1,294	1,301	1,309	1,317	1,326	1,334	13,162
<b>Sub-total</b>	<b>70,139</b>	<b>64,979</b>	<b>51,136</b>	<b>52,665</b>	<b>53,790</b>	<b>47,399</b>	<b>40,500</b>	<b>35,790</b>	<b>34,865</b>	<b>42,059</b>	<b>493,321</b>
Washington Aqueduct	76,415	23,164	5,584	7,016	7,500	8,055	8,023	8,000	8,000	8,000	159,757
Capital Equipment	14,630	19,283	15,788	12,288	8,747	6,615	6,910	6,948	6,733	6,692	104,633
<b>Total FY 2010 WASA Capital Improvement Program</b>	<b>\$303,387</b>	<b>\$265,965</b>	<b>\$275,097</b>	<b>\$421,941</b>	<b>\$521,046</b>	<b>\$431,842</b>	<b>\$271,652</b>	<b>\$240,199</b>	<b>\$244,404</b>	<b>\$216,126</b>	<b>\$3,191,659</b>

Presented and Adopted: January 8, 2009  
Subject: Approval of Fiscal Year 2010 Capital Authority Request

#09-21  
RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

The Board of Directors, (the "Board") of the District of Columbia Water and Sewer Authority, (the "Authority") at its meeting on January 8, 2009, decided by a vote of eleven (11) in favor and none (0) opposed, to take the following action with respect to the Fiscal Year 2010 Capital Authority request which is to be submitted to the United States Congress.

**WHEREAS**, in October 2008, the General Manager presented the FY 2010 Proposed Capital Authority request of \$773,327,000; and

**WHEREAS**, on December 15, 2008 the Environmental Quality and Operations Committee recommended that the Board adopt the Capital Authority request of \$773,327,000; and

**WHEREAS**, on December 19, 2008, the Finance and Budget Committee met and recommended that the Board adopt the Proposed Capital Authority request of \$773,327,000; and

**WHEREAS**, the request is to be submitted to the United States Congress.

**NOW THEREFORE BE IT RESOLVED THAT:**

The Board of Directors hereby approves and adopts the District of Columbia Water and Sewer Authority's Fiscal Year 2010 Capital Authority request totaling \$773,327,000 which is to be submitted to the United States Congress as shown in Attachment A to this resolution.

This resolution is effective immediately.

  
Secretary to the Board of Directors

**Fiscal Year 2010 Capital Authority Request  
(\$000's)**

<u>Service Areas</u>	<u>Fiscal Year 2010 Capital Authority Request</u>
Blue Plains Wastewater Treatment	\$511,855
Sanitary Sewer System <sup>1</sup>	-
Combined Sewer Overflow	230,118
Stormwater <sup>1</sup>	-
Water System <sup>1</sup>	-
Washington Aqueduct (WASA share)	13,667
Capital Equipment	<u>17,687</u>
<b>Total</b>	<b><u><u>\$773,327</u></u></b>

<sup>1</sup> The authority request is zero, as, existing (currently available) capital authority in these service areas is in excess of projected commitments in FY 2009, FY 2010, FY 2011 and FY 2012.



**Presented and Adopted: January 8, 2009**  
**SUBJECT: Approval of Fiscal Year 2008-2017 Ten Year Financial Plan**

**#09-22**  
**RESOLUTION**  
**OF THE**  
**BOARD OF DIRECTORS**  
**OF THE**  
**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("the Authority") at its meeting held on January 8, 2009 decided by a vote of eleven (11) in favor and none (0) opposed, to take the following action with respect to the Fiscal Year 2008 – 2017 Financial Plan.

**WHEREAS**, prudent utility financial management requires a long-term financial plan that integrates common elements of the ten-year capital improvement program, future capital financing plans, projected operating and maintenance budgets, revenue requirements and projected rate increases to support long-term capital and operating needs; and

**WHEREAS**, the Board in Resolutions 97-121 and 97-124 has adopted a series of financial policies in the areas of capital financing, long-term financial planning, and rate-setting to assure the short-term and long-term financial health of the Authority; and

**WHEREAS**, these policies include:


1. A requirement that retail rates be based on annually updated and adopted ten-year forecasts of operating and capital budgets;
2. A requirement that retail rate increases be implemented in a gradual and predictable manner, avoiding large one-time rate increases;
3. Maintaining senior debt service coverage at 140 percent; and
4. Maintaining cash reserves equivalent to approximately six months' operating expenses.

**WHEREAS**, these financial policies have allowed the Authority to receive strong bond ratings that will reduce debt service costs over the ten-year planning period; and

**WHEREAS**, consistent with Board policies, the General Manager has prepared a ten-year financial plan in conjunction with the proposed FY 2010 operating and capital budgets; and

**NOW THEREFORE BE IT RESOLVED THAT:**

1. The Board of Directors hereby approves and adopts the proposed Fiscal Year 2008 – 2017 Financial Plan as expressed in the proposed Fiscal Year 2010 Operating and Capital Budgets, and as modified by the attached Schedule A.
2. The Board further directs the General Manager to employ best efforts to achieve the results projected on the attached Schedule A.
3. This resolution is effective immediately.

  
Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER & SEWER AUTHORITY**  
**FY 2008 - 2017 FINANCIAL PLAN**  
*(In 000's)*

<b>OPERATING</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Operating Receipts (1)</b>	\$ 346,343	\$ 352,973	\$ 389,780	\$ 404,907	\$ 461,027	\$ 490,684	\$ 514,762	\$ 537,132	\$ 556,903	\$ 583,552
<b>Operating Expenses</b>	\$ 248,943	\$ 271,271	\$ 286,933	\$ 299,411	\$ 309,116	\$ 318,399	\$ 319,469	\$ 327,997	\$ 336,505	\$ 345,411
<b>Debt Service</b>	\$ 67,685	\$ 81,317	\$ 92,729	\$ 101,504	\$ 145,197	\$ 167,493	\$ 182,313	\$ 195,955	\$ 207,886	\$ 219,781
<b>Net Revenues After Debt Service</b>	\$ 29,716	\$ 386	\$ 10,118	\$ 3,992	\$ 6,714	\$ 4,791	\$ 12,980	\$ 13,180	\$ 12,512	\$ 18,360
<b>Operating Reserve</b>	\$ 139,050	\$ 125,455	\$ 132,916	\$ 138,140	\$ 141,847	\$ 145,689	\$ 145,842	\$ 149,710	\$ 153,613	\$ 157,703
<b>Rate Stabilization Fund (2)</b>	\$ (24,900)	\$ (15,000)	\$ (24,600)	\$ -	\$ (4,000)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Senior Debt Service Coverage</b>	468%	239%	256%	227%	175%	161%	161%	156%	152%	152%
<b>Proposed Rate Increases</b>	5.5%	7.5%	10.0%	13.0%	13.0%	8.0%	3.5%	3.5%	3.0%	3.0%

(1) Includes interest earnings on senior lien revenue bonds' debt service reserve fund

(2) FY2008 utilization of \$24.9 million of Rate Stabilization Fund brought the total fund balance to \$43.6 million

**Presented and Adopted: JANUARY 8, 2009**  
**SUBJECT: Authorization to Publish a Notice of Proposed**  
**Rulemaking for the Impervious Surface Area Charge**

**#09-23**  
**RESOLUTION**  
**OF THE**  
**BOARD OF DIRECTORS**  
**OF THE**  
**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The District members of the Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("the Authority") at the Board meeting held on January 8, 2009 decided, in a non- joint use matter, by a vote of six (6) in favor and none (0) opposed, to take the following action with respect to publishing the proposed Notice of Rulemaking, amending Title 21 of the District of Columbia Municipal Regulations (DCMR), Chapter 41, Retail Water and Sewer Rate, consistent with District of Columbia (District) laws and Board adopted policies, to unbundle the retail sewer rate in order to reduce the volumetric rate and add an impervious surface area charge.

**WHEREAS**, the Board on November 1, 2007 adopted Resolution # 07-86 which authorized the General Manager to develop rates and charges based on impervious surface area owned or controlled by customers of WASA or by others and to use an impervious surface area charge, rather than rates based solely on gallons of water (volumetric) purchased by customers, to recover objectively determined portions of WASA's costs; and

**WHEREAS**, the Board on March 6, 2008 adopted Resolution # 08-33 and Resolution # 08-34 that established several key policies related to the Impervious Surface Area Charge, including the definition of impervious area, the use of the Equivalent Residential Unit (ERU) and binary classification (no gradation) in determining imperviousness; and

**WHEREAS**, the Retail Rates Committee, during its December 19, 2008 meeting, recommended that the Board consider for public comment the unbundling of the FY 2009 retail sewer rate, by implementing a new impervious surface area charge and reducing the volumetric sewer charge to be effective no earlier than April 2009; and

**WHEREAS**, the Board wishes to proceed with the amendment of Title 21 of DCMR, Chapter 41 to reflect this amendment;

**NOW THEREFORE BE IT RESOLVED THAT:**

1. The General Manager is authorized to publish a notice of proposed rulemaking, in conformance with the requirements of the Office of Documents, to adopt:

(a) a retail rate for sanitary sewer service of Three Dollars and Thirty-One Cents (\$3.31) for each One Hundred Cubic Feet (Ccf) decreased from Three Dollars and Forty-Seven Cents (\$3.47) per Ccf and

(b). an impervious surface area charge of One Dollar and Twenty-four Cents (\$ 1.24) per month per Equivalent Residential Unit (ERU)

to be effective no earlier than April 1, 2009.

2. This resolution is effective immediately.

  
Secretary to the Board of Directors

Presented and Adopted: January 8, 2009  
SUBJECT: Expansion of the Customer Assistance Program (CAP) to  
Retail Sewer Service  
Publishing of Notice of Final Rulemaking

#09-24  
RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

The District members of the Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("the Authority") at the Board meeting held on January 8, 2009 decided, in a non-joint use matter, by a vote of six (6) in favor and none (0) opposed, to take the following action with respect to publishing the Notice of Final Rulemaking, amending Title 21 of the District of Columbia Municipal Regulations (DCMR), Chapter 41, Retail Water and Sewer Rates, subsection 4102.1 to expand the Customer Assistance Program (CAP) to retail sewer service.

**WHEREAS**, in Resolution # 00-38 the Board authorized the General Manager to implement a Customer Assistance Program (CAP) to assist low income customers in paying their water service charges; and

**WHEREAS**, in Resolution # 04-10 the Board expanded the CAP to tenants; and

**WHEREAS**, on June 24, 2008 the Retail Rates Committee considered recommendations advanced by the General Manager to expand the CAP to retail sewer service ; and

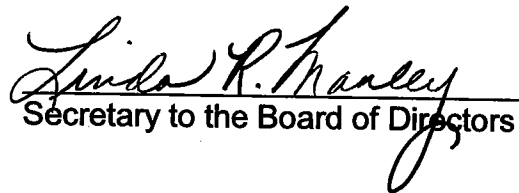
**WHEREAS**, in Resolution # 08-65 the Board authorized the General Manager to expand the CAP in accordance with all applicable notice provisions, to retail sewer service ; and

**WHEREAS**, the proposed rulemaking to expand the CAP to retail sewer service was published in the September 19, 2008 edition of the *D.C. Register* (55 DCR 9869) and a public hearing was held on November 5, 2008; and

**WHEREAS**, the Retail Rates Committee met on December 19, 2008 to consider the comments offered at the November 5, 2008 public hearing, comments received during the record period of 30 days to receive written comments after the public hearing, and during the comment period of the proposed rulemaking;

**NOW THEREFORE BE IT RESOLVED THAT:**

1. The General Manager is authorized to publish a notice of final rulemaking to adopt the attached changes to Title 21 DCMR, Chapter 41, Retail Water and Sewer Rates, Section 4102, Customer Assistance Program, subsection 4102.1.
2. The General Manager is further authorized to take all actions as may be required to insure that the final regulations conform to the publication requirements of the Office of Documents.
3. This resolution is effective immediately.

  
Secretary to the Board of Directors

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

NOTICE OF FINAL RULEMAKING

The Board of Directors of the District of Columbia Water and Sewer Authority (“the Board”), pursuant to the authority set forth in section 216 of the Water and Sewer Authority Establishment and Department of Public Works Reorganization Act of 1996, effective April 18, 1996 (D.C. Law 11-111, §§ 203 (3), (11) and 216; D.C. Official Code §§ 34-2202.03 (3), (11) and (16); Section 6 (a) of the District of Columbia Administrative Procedure Act, approved October 21, 1968, 82 Stat. 1206; D.C. Code § 2-505 (a); and in accordance with 21 DCMR 40, at its regular meeting on January 8, 2009 took final action to amend Chapter 41, Retail Water and Sewer Rates, to expand the Customer Assistance Program (CAP) to retail sewer service.

The Authority’s proposed rulemaking was originally published in the September 19, 2008 edition of the *D.C. Register* (55 DCR 9869). A public hearing was held on November 5, 2008. The Board of Directors voted after consideration of all comments received and the recommendations of the Retail Rates Committee to expand the Customer Assistance Program (CAP) to retail sewer service.

This final rulemaking will be effective when published in the *D.C. Register*.

**Title 21 DCMR, Chapter 41 RETAIL WATER AND SEWER RATES, Section 4102 CUSTOMER ASSISTANCE PROGRAM, subsection 4102.1 is amended to read as follows:**

**CHAPTER 41 RETAIL WATER AND SEWER RATES**

**4102 CUSTOMER ASSISTANCE PROGRAM**

**4102.1 LIFELINE PROGRAM FOR HOUSEHOLDS AND TENANTS**

(a) Eligible households and tenants will receive an exemption from water service charges and sewer service charges of the first Four Hundred Cubic Feet (4 CCF) per month, of water consumption.

(b) Participation in the Lifeline Program is limited to single-family owner-occupied primary residential accounts and individually metered tenant accounts.

(c) Eligibility is determined by the District of Columbia Energy Office (DCEO), and will be based upon the following DCEO Low Income Home Energy Assistance Program (LIHEAP) Federal income guidelines, as periodically updated:



<b>Household Size</b>	<b>Household Annual Income</b>
1	\$13,470
2	\$18,180
3	\$22,890
4	\$27,600
5	\$32,310
6	\$37,020
7	\$41,730
8	\$46,480

For households with more than eight members, an additional \$4,710 will be added to the Household annual income for each additional member.

Presented and Adopted: January 8, 2009  
SUBJECT: Proposed Water and Sewer Service Rates, Right-of- Way  
(ROW) and Payment in Lieu of Taxes (PILOT) Fee and  
Impervious Area Charge ((IAC) For Fiscal Year 2010

#09-25  
RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

The District members of the Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("the Authority") at the Board meeting held on January 8, 2009 decided, in a non-joint use matter, by a vote of six (6) in favor and none (0) opposed, to take the following action with respect to the proposed retail rates for water and sewer service, impervious area charge, the right of way and payment in lieu of taxes (PILOT) fee.

**WHEREAS**, the Board has adopted a rate-setting policy that calls for implementation of retail rate increases in a gradual and predictable manner, avoiding large one-time rate increases; and

**WHEREAS**, the Board has adopted a ten year financial plan that requires annual rate increases to generate sufficient revenues to pay for the Authority's projected operating and capital expenses and will assure compliance with Board policies regarding maintenance of senior debt coverage and cash reserves; and

**WHEREAS**, the Retail Rates Committee met on December 19, 2008 to consider the proposed rate and fee changes; and

**WHEREAS**, the Retail Rates Committee recommended that the Board consider for public comment a retail water and sewer rate increase of approximately 10.0 percent; and

**WHEREAS**, the Retail Rates Committee recommended that the Board consider for public comment an increase in the Right of Way and PILOT fee to recover the full cost of these District of Columbia government charges, pending receipt of the PILOT certification of cost from the District of Columbia Chief Financial Officer (DC CFO); and

**WHEREAS**, the Retail Rates Committee recommended that the Board consider for public comment an increase in the impervious area charge to recover the

costs of the Combined Sewer Overflow Long-Term Control Plan (CSO LTCP); and

**WHEREAS**, the public comment and notification process of the proposed rate and fee increases will occur over the next several months and it is the intent of the Board to take final action on the proposed rate and fee increases at the conclusion of the notification and comment period; and

**WHEREAS**, the Authority's revenue projections for Fiscal Year 2010 reflect an approximate \$19.3 million increase due to the proposed 10.0 percent increase in retail water and sewer rates, an approximate \$1.6 million increase due to the proposed ROW and PILOT fee increase, and an approximate \$3.8 million increase due to the proposed IAC increase; and

**NOW THEREFORE BE IT RESOLVED THAT:**

1. The Board finds that the Authority's projected expenditures require that it propose, for public comment, the approximate rate and fee increases described below:

**Water Service Rates**

- a. An increase in the rate for retail metered water service from \$2.30 per One Hundred Cubic Feet ("Ccf"), to \$2.53 per Ccf, effective October 1, 2009

**Sewer Service Rates**

- b. An increase in the rate for retail sanitary sewer service from \$3.31 per Ccf to \$3.63 per Ccf, effective October 1, 2009
- c. An increase in the annual Impervious Area Charge (IAC) from \$14.88 to \$26.40 per Equivalent Residential Unit (ERU). The charge per ERU will be billed monthly at \$2.20 for each ERU

**Right of Way / PILOT Fee**

- d. An increase in the ROW / PILOT fee from \$0.52 per Ccf to \$0.57 per Ccf, effective October 1, 2009 divided as follows:
  - i. District of Columbia Right of Way fee - \$0.14 per Ccf.
  - ii. Payment in Lieu of Taxes to the Office of the Chief Financial Officer (OCFO) of the District of Columbia - \$0.43 per Ccf; and

2. The General Manager is authorized to take all steps necessary in his judgment and as otherwise required, to initiate the public comment process and shall provide notice of the proposed rate adjustments in the manner provided by 21 DCMR, Chapter 40 and the District of Columbia's Administrative Procedures.

This resolution is effective immediately.

  
Secretary to the Board of Directors