



**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**  
**295<sup>th</sup> MEETING OF THE BOARD OF DIRECTORS**  
**Thursday, March 2, 2023**  
**9:30 am**

This Board Meeting can also be viewed via livestream: <https://dcwater.com/watch-board-meetings>

- I. Call to Order (Chairman Tommy Wells)**
- II. Roll Call (Michelle Rhodd, Board Secretary)**
- III. Approval of the February 2, 2023 Meeting Minutes**
- IV. Chairman's Overview**
- V. Committee Reports**
  1. Environmental Quality and Operations Committee (**Sarah Motsch**)
  2. Finance and Budget Committee (**Anthony Giancola**)
  3. DC Retail Water and Sewer Rates Committee (**Rachna Butani Bhatt**)
- VI. Issues of General Interest**
- VII. CEO and General Manager's Report (David L. Gadis)**
- VIII. Summary of Resolutions and Contracts (FYI)**
- IX. Consent Items (Joint Use)**
  1. Approval to Award Contract No. 10331, Fleet Maintenance and Repair Services and Fund the Two-Year Base Term, First Vehicle Services - Resolution No. 23-09 (Recommended by the Environmental Quality and Operations Committee 02-16-23)
  2. Approval of Contract No. WAS-10-051-AA-CE To Extend Maintenance and Upgrade Contract for Five Years, Emerson Process Management Power and Water Solutions, Inc. – Resolution No. 23-10 (Recommended by the Environmental Quality and Operations Committee 02-16-23)
  3. Approval of Master Supply Agreement and Purchase Order Award, Ferguson Enterprises, LLC and Core & Main LP – Resolution No. 23-11 (Recommended by the Environmental Quality and Operations Committee 02-16-23)
  4. Approval to Amend Fiscal Year 2023 Operating Budget - Resolution No. 23-12 (Recommended by the Finance and Budget Committee 02-23-23)

5. Approval of Proposed Fiscal Year 2024 Operating Budget – Resolution No. 23-13 (Recommended by the Finance and Budget Committee 02-23-23)
6. Approval of Proposed Fiscal Year 2023 – 2032 Capital Improvement Program – Resolution No. 23-14 (Recommended by Environmental Quality and Operations Committee 02-16-23 and the Finance and Budget Committee 02-23-23)
7. Approval of Fiscal Year 2023 – 2032 Ten-Year Financial Plan - Resolution No. 23-15 (Recommended by the Finance and Budget Committee 02-23-23 and the DC Retail Water and Sewer Rates Committee 02-28-23)
8. Approval of Official Intent to Reimburse Fiscal Year 2023 and 2024 Capital Expenditures with Proceeds of a Borrowing – Resolution No. 23-16 (Recommended by the Finance and Budget Committee 02-23-23)

**X. Consent Items (Non-Joint Use)**

No Action Items

**XI. Executive Session\***

**XII. Adjournment (Chairman Tommy Wells)**

**Upcoming Committee Meetings | via Microsoft Teams**

- March 8<sup>th</sup> @ 9:00 a.m. Governance Committee
- March 8<sup>th</sup> @ 11:00 a.m. Human Resources and Labor Relations Committee
- March 16<sup>th</sup> @ 9:30 a.m. Environmental Quality and Operations Committee
- March 23<sup>rd</sup> @ 9:30 a.m. Finance and Budget Committee
- March 28<sup>th</sup> @ 9:30 a.m. DC Retail Water and Sewer Rates Committee

<sup>1</sup>The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss certain matters, including but not limited to: matters prohibited from public disclosure pursuant to a court order or law under DC Official Code § 2-575(b)(1); terms for negotiating a contract, including an employment contract, under DC Official Code § 2-575(b)(2); obtain legal advice and preserve attorney-client privilege or settlement terms under DC Official Code § 2-575(b)(4)(A); collective bargaining negotiations under DC Official Code § 2-575(b)(5); facility security matters under DC Official Code § 2-575(b)(8); disciplinary matters under DC Official Code § 2-575(b)(9); personnel matters under DC Official Code § 2-575(b)(10); third-party proprietary matters under DC Official Code § 2-575(b)(11); train and develop Board members and staff under DC Official Codes § 2-575(b)(12); adjudication action under DC Official Code § 2-575(b)(13); civil or criminal matters or violations of laws or regulations where disclosure to the public may harm the investigation under DC Official Code § 2-575(b)(14); and other matters provided under the Act.



**District of Columbia  
Water and Sewer Authority**

**Board of Directors**

**Environmental Quality and Operations  
Committee Meeting**

*Thursday, February 16, 2023*

*9:30 am*

**MEETING SUMMARY**

**Committee Members**

Sarah Motsch  
Howard Gibbs  
Steven Schofar  
Andrea Croombs  
Jared McCarthy  
Chris Herrington  
Ivan Frishberg

**DC Water Staff Present**

Marc Battle, Chief Legal Officer and EVP  
Wayne Griffith, Chief Strategy and Performance Officer and EVP  
Matthew Brown, Chief Financial Officer and EVP  
Salil Kharkar, VP and Senior Technical Advisor, OCOO  
Aklile Tesfaye, VP, Wastewater Treatment Operations  
Joel Grosser, Director, Procurement Goods and Services  
David Parker, VP, Engineering  
Jeff Peterson, Senior Manager, Construction  
Paul Guttridge, Director, CIP Infrastructure Management  
Elkin Hernandez, Director, Maintenance Services  
Maureen Holman, VP, Shared Services  
Haydee De Clippeleir, Director, Clean Water & Technology  
Michelle Rhodd, Secretary to the Board

**I. CALL TO ORDER**

Sarah Motsch called the meeting to order at 9:30 AM. The meeting was conducted via MS Teams.

**II. ROLL CALL**

Michelle Rhodd, Secretary to the Board, DC Water, conducted a roll call of the Committee members present for the meeting.

**III. BPAWTP PERFORMANCE UPDATE**

Aklile Tesfaye, VP, Wastewater Treatment Operations, DC Water, briefed the Committee on the performance of the Blue Plains Advanced Wastewater Treatment Plant (BPAWTP). Specific details of the presentation can be found on pages 3 to 22 of the EQ & Ops Meeting package 02.16.2023 (subsequently will be referred to as “meeting package”). The notes below abbreviate key topics discussed during the presentation.

Aklile provided an update on the performance of complete treatment at the BPAWTP for January. The monthly average flow to complete treatment was 294 MGD, which is lower than the rolling

12-month average. All performance parameters for the month were excellent, and all effluent and biosolids parameters were within NPDES permit limits and Class A Biosolid Exceptional Quality requirements.

Aklile discussed the long-term trend of influent flows to BPAWTP and presented a chart that summarized influent flows, precipitation and groundwater level data for the period January 2013 through December 2022. It was noted that influent flows correlate with both total precipitation and ground water elevation below surface observed within the Blue Plains Service Area.

The 12-month rolling average of flows to BPAWTP over the period ranged from 263 MGD in 2017 to 340 MGD in 2019, which is below the design average flow for the plant of 384 MGD. It was noted that Infiltration and Inflow (I&I) analysis for the Blue Plains Service Area showed that I&I ranged between 9% and 18%.

Aklile discussed the performance of the Tunnel System and the Wet Weather Treatment Facility (WWTF) for January. During the month, 13 MG of combined wet weather flows were captured by the tunnel system and treated through the WWTF. There were no flows through the CSOs (Combined Sewer Overflow) Outfalls, associated with the Tunnel System, during the month. The Committee enquired about the volume of CSOs captured across all systems for 2022 and the number of overflow events by month for 2022. Aklile confirmed that a chart summarizing this data will be provided to the Committee.

Electrical energy use and onsite generation at BPAWTP for January was discussed. Onsite energy generation from the Combined Heat and Power (CHP) facility and solar panels for the month was 27% of the total consumption at BPAWTP. A summary of the performance of the Phase I Solar Panels was provided through December 2022. The panels have generated approximately 9260 MWh of electricity, since being commissioned in 2021, the net savings of this generated energy for BPAWTP users is estimated to be \$770,000.

Aklile discussed biosolids production and Bloom marketing at BPAWTP for January. It was noted that 13,200 wet tons of biosolids were produced for the month. Approximately 1,850 wet tons of biosolids were sold as Bloom for the month. 3,000 wet tons were held onsite for future sales and the remaining 8,350 wet tons were land applied for beneficial use through Blue Drop and WSSC Water Contractors.

### **Innovative Nitrogen Removal Process**

Dr. Haydee De Clippeleir, Director, Clean Water & Technology, DC Water gave a presentation on the proposed direction for Nutrient Removal processes at BPAWTP. Haydee discussed the capital and operational costs associated with nutrient removal to comply with permit requirements at BPAWTP. A chart was presented showing cumulative capital investment and corresponding Total Nitrogen Discharges at BPAWTP since 1985. It was noted that as more nitrogen has been removed, the capital cost to achieve this removal has increased significantly, resulting in diminishing returns as more capital is invested. Similarly, the significant operational costs were described. BPAWTP uses approximately 40 million pounds of methanol per year for nitrogen removal, at an annual cost of \$10 million. As the price of methanol increases, the cost of nitrogen removal increases.

The Committee enquired about the environmental impact of using 40 million pounds of methanol per year. Haydee clarified that methanol use on this scale has a significant impact on DC Water's carbon footprint and accounts for 18% of DC Water's carbon footprint at BPAWTP. It was added



that in terms of cost and environmental impacts, use of methanol is not ideal, however it is the most inexpensive source of carbon available to DC Water.

In response to comments about the volatility of the cost of methanol, the Committee mentioned the proposed regulatory efforts to prevent the reformation of natural gas in the production of methanol. The Committee enquired whether DC Water was anticipating impacts to their costs for methanol. Haydee noted that DC Water had not specifically looked into the potential impact of these emerging regulatory changes. However, it was added that DC Water is evaluating alternative processes for nutrient removal, so that they are not severely impacted by fluctuations in the price of methanol.

Haydee described approaches to nutrient removal. The Partial denitrification – Anammox (PdNA) and Partial Nitritation – Anammox (PNA) processes for nutrient removal were discussed, and it was shown how these processes differ from current processes in use at BPAWTP. It was noted that these processes use Anammox organisms for nutrient removal with significantly reduced energy and carbon use. The PNA process has been implemented for sidestream treatment at BPAWTP. The process has been used to treat 20% of the nitrogen load at BPAWTP. The process uses 60% less energy and 100% less carbon compared to current processes, and implementation of the process would result in significant operational savings. However, while the process has been successful in sidestream treatment, it does not work in sub-optimal conditions. The conditions in mainstream treatment are vastly different to sidestream conditions and are in most cases not optimal.

The PdNA process uses 50% less energy and 80% less carbon. The process is simpler to implement, would result in significant operational savings and has a variety of implementation options. The process aligns with DC Water's long-term needs and would save up 17 million pounds of methanol per year for nitrogen removal, corresponding to savings on the order of \$7 million. Further, implementation of the process would reduce DC Water's carbon footprint and enhance the capacity of the treatment system. DC Water have been assessing and testing this process for implementation since 2012 in collaboration with the Hampton Roads Sanitation District (HRSD). DC Water is currently working on the design of a demonstration scale of the PdNA process for implementation at BPAWTP, which would allow the process to be assessed in conditions specific to BPAWTP.

Haydee described how the PdNA process would be integrated into operations at BPAWTP at both full scale and demonstration scale. It was noted that for full scale implementation, operational changes can be accommodated in existing reactors and gravity thickener infrastructure, eliminating the need for any major additional construction. A preliminary business case for adoption of the process was discussed. It was shown that the costs of implementing the process would pay for itself after approximately 10 years of operation of the process. It was noted that the business case for full scale implementation will be updated once the demonstration scale is up and running.

The Committee enquired about anticipated energy savings with full scale adoption of the PdNA process and asked if oxygenation requirements would be eliminated given that PdNA is an anaerobic process. Haydee confirmed that there would be some energy savings. It was noted that to truly save energy, the setup of the blowers and the aeration system would need to be optimized. The theoretical savings are not always realized in operation due to inefficiencies in equipment setup.

The Committee enquired how adoption of the PdNA process would affect compliance of DC Water nitrogen discharges compared to the requirements of the clean water permit. Haydee clarified that the analysis and pilot testing completed to date considered current permit limits. Further testing and analysis will need to be completed to assess whether the process can achieve lower ammonium permit levels.

The Committee queried what the next steps are for DC Water as further consideration is given on whether to implement the PdNA process. Haydee confirmed that the process will be implemented at demonstration scale to learn more about implementation of the process at full scale at BPAWTP. Implementing the process in existing infrastructure will present specific challenges due to the hydraulics of the existing system, which will test biological processes at scale. In addition, DC Water will be investigating how to convert the gravity thickeners sooner to extract carbon from wastewater for use in nutrient removal, in an attempt to start to move away from methanol as soon as possible.

The Committee enquired about the connection between a ferrous anammox in the nitrogen cycle and the potential to use the anammox process for removal of Per-and-Polyfluoroalkyl Substances (PFAS). Haydee clarified that there have been some papers recently published assessing the biological removal of PFAS using ferric oxidation/reduction that could be in connection with anammox based systems. DC Water is assessing whether this research would be applicable to conditions encountered in DC Water systems.

#### **IV. PROPOSED FY2023 – FY2032 CAPITAL IMPROVEMENT PROGRAM BUDGET**

Matthew Brown, Chief Financial Officer and EVP, DC Water, briefed the Committee on the proposed Capital Improvement Program (CIP) Budget for FY23-FY32. Specific details of the presentation can be found on pages 23 to 36 of the EQ & Ops Meeting package. It was clarified at the end of the presentation that the Committee would be asked to make a recommendation to move the CIP Budget forward to the full Board for approval in March 2023.

The process for developing and approval of the proposed budget was discussed. Matt described how the process kicked off during the summer of 2022. The budget process includes recommendations from the Senior Executive Team. The budget includes a 10-year financial plan of estimated revenues and expenditures, including the Capital Improvement Program. A Budget Workshop was held with the Board in January and reviews by the Environmental Quality & Operations, Finance & Budget and the Retail Water & Sewer Rates Committees are being completed between January and February 2023. In addition, briefings have been held with Wholesale customers and the District's Office of People's Counsel. The target is to present the final proposed budget to the Full Board for final approval in March 2023.

Matt briefly discussed the Board's responsibility regarding the budget. It was noted that the Board has the sole authority to adopt DC Water's budget and that seven affirmative board member votes are required to approve the Authority's budget. The budget is submitted to the District of Columbia Council and by law they may make comments and recommendations but may not change the budget.

The Committee enquired whether Alternate Board members can vote on items put forward to the Board. Marc Battle, Chief Legal Officer and EVP, DC Water clarified that Alternate Board members can vote on some items but not on all. It was later clarified that Principal Board Members can vote on proposals put forward to the Full Board. Alternate Board members can give their input

on Committee-specific matters. A chart will be prepared for the Committee to clarify which Board members can vote on what Board actions.

Matt discussed the components of the proposed budget, noting that the budget comprises the proposed operating expenditure budget, the proposed 10-year CIP budget and the proposed financial plan. The operating budget is under the purview of the Finance & Budget Committee and the current proposal is for an operating budget of \$737 million. The proposed 10-year CIP budget of \$6.95 billion includes \$6.27 billion for Capital Projects, \$347 million for Capital Equipment and \$339 million for DC Water's share of the Washington Aqueduct's Capital Program. The financial plan ensures the Board's financial policy requirements are met and provides a projection of rate increases required to support current and future Operating and Capital Budgets.

Matt provided an overview of the proposed 10-year CIP budget and summarized the Action Item before the Committee to move the CIP Budget forward to the full Board for approval in March. It was noted that the proposed FY23-FY32 CIP Budget of \$6.95 billion is a \$531 million increase over the board-approved CIP Budget for FY22-31. As part of the proposal to the full Board for approval in March, the Board will be asked to approve the 10-year CIP Budget and the proposed lifetime budget of \$14.63 billion, which covers total commitments for active projects prior to, during and beyond the 10-year window.

The Committee recommended moving the Action Item for the FY23-FY32 CIP Budget to the full Board.

## **V. ACTION ITEMS**

### **JOINT USE**

1. Contract No.: 10331 - Fleet Maintenance and Repair Service, First Vehicle Services Process Control System (PCS)
2. Contract No.: WAS-10-051-AA-CE - Process Control System (PCS) Maintenance and Major Upgrades, Emerson Process Management Power and Water Solutions, Inc.
3. Contract No.: N/A - Integrated Supplier Services Program for Pipes, Valves, Fittings and Associated Materials, Ferguson Enterprises, LLC, and Core & Main LP

### **NON-JOINT USE**

None

Joel Grosser, Director of Procurement, Goods & Services, DC Water, presented Joint Use Action Item 1 and 2. David Parker, VP, Engineering, DC Water presented Joint Use Action Item 3.

### **ACTION ITEM HIGHLIGHTS:**

For Joint Use Action Item 1, Maureen Holman, VP, Shared Services, DC Water gave a brief presentation to cover the fact sheet. The presentation covered current maintenance and repair activities and summarized the fleet strategy for FY23 and FY24. It was noted that the focus of the Fleet Department is to minimize service disruptions for customers by improving Fleet availability. This focus is aligned with the reliable imperative from the Strategic Plan.

Maureen described that current maintenance and repair activities are operated under a temporary staffing contract and not through a fleet maintenance contract nor a professional services contract. As a result, there have been some difficulties including access to adequate staffing expertise and retention of skilled staff, lack of performance standards for work completed under

the contract and the need for separate contracts for significant repairs and body work. The new contract serves to address these difficulties and bring value to ratepayers, by improving vehicle availability and thus performance of operations departments at DC Water.

The fleet strategy for FY23 and FY24 includes a professional maintenance services contract which includes significant performance standards, required certifications and skillsets for staff and requirements for professional scheduling and coordination of preventative maintenance activities.

The Committee enquired whether a comparison has been completed to quantify anticipated savings for ratepayers with the new professional maintenance services contract compared to the temporary services contract. Maureen clarified that a direct comparison between the two contracts is difficult to quantify because the requirements between the two contracts are significantly different. Once the new contract is in place, DC Water will be tracking output and will develop a set of metrics to quantify savings and value delivered to the department as a result of improved quality anticipated to be received.

For Joint Use Action Item 2, Elkin Hernandez, Director, Maintenance Services, DC Water gave a brief presentation to cover the fact sheet. The Process Control System (PCS) refers to the system used to monitor and control all process assets at BPAWTP. The system covers over 50,000 points of process-related information and allows efficient operation of the plant to achieve consistent regulatory compliance. Installation of the system commenced in 2003 by the incumbent bidder. This Action Item request is to extend the current existing maintenance contract with the bidder by 5 years. The contract is for the continued supply of maintenance and upgrades services to the PCS including cyber security services, required to keep the system current and mitigate vulnerabilities to the system. The performance of the vendor to date has been satisfactory and the system has never been down in almost 20 years of operation.

The Committee enquired about how the user share allocation for Fairfax County was determined for the action item, as the allocation is noted to be approximately twice the usual rate. Matthew Brown confirmed that seven different allocations exist depending on whether the fact sheet is a capital project or operating expenditure. The allocations shown on the fact sheet are an estimate based on the Intermunicipal Agreement (IMA) settlements from 2021. The two estimates correspond to estimates for the operating expenditure and capital equipment components of the fact sheet. The actual costs will be calculated when costs are settled each year.

The Committee enquired whether the preferred bidder is the only bidder with the capability to provide the services associated with the contract and whether alternative service providers who may or may not be able to provide alternative control systems that deliver better value to DC Water, were investigated. Elkin Hernandez confirmed that the incumbent is the only bidder who can provide the services for DC Water's existing PCS. The system underwent substantial upgrades in 2010 and 2017 to keep the system current, and when the system was installed, it was understood that DC Water were likely entering into a long-term relationship with the vendor. Salil Kharkar, VP and Senior Technical Advisor, OCOO, DC Water added that based on a review of the current market, there isn't an equivalent offering that will justify changing systems for DC Water at this current juncture. It is a major effort to change control systems and the decision to keep the current system is not taken lightly.

## **VI. CIP QUARTERLY UPDATE**

David Parker, VP, Engineering, DC Water discussed progress on CIP projects through the 1<sup>st</sup> Quarter of FY23. Progress was discussed on projects for each service area, significant planning, design, procurement and construction activities were summarized. Specific details of the presentation can be found on pages 52 to 65 of the meeting package.

Paul Guttridge, Director, CIP Infrastructure Management, DC Water presented an update on CIP disbursements and Key Performance Indicators (KPIs) for the FY23 1<sup>st</sup> Quarter. Specific details of the report can be found on pages 66 to 71 of the meeting package. A graph was presented which summarizes disbursements for the CIP compared to Baseline and Current Projections. A second graph was presented which summarized CIP budget performance by service area for FY23 to date. The presentation highlighted the projects with significant variances, by service area. Service area performance is summarized below:

Service Area: Non-Process Facilities (On Target)

Service Area: Wastewater Treatment (On Target)

Service Area: CSO Program Area (On Target)

Service Area: DC Clean Rivers (On Target)

Service Area: Stormwater (On Target)

Service Area: Sanitary Sewer (Forecasted to Underspend by \$7M of \$68M Baseline)

Service Area: Water (On Target)

Paul discussed KPI performance for FY23, in which project schedule performance is tracked for actual progress vs. the baseline completion dates. It was noted that there are 32 KPIs scheduled for completion for the year. To date, four have been completed within the threshold (within 90 days of the scheduled date), and one completed outside of the threshold.

## **VII. OTHER BUSINESS / EMERGING ISSUES**

No Other Business

## **VIII. EXECUTIVE SESSION**

No Executive Session held.

## **IX. ADJOURNMENT**

Meeting was adjourned at 11:06 AM.

## **Follow-up Items**

1. VP, Engineering, David Parker: To arrange a presentation to the Committee on DC Water's approach to incorporating equity considerations in the prioritization of CIP infrastructure projects.
2. VP, Wastewater Treatment Operations, Aklile Tesfaye: To provide a chart summarizing the volume of CSOs captured across all systems for 2022 and the number of overflow events by month for 2022.
3. Chief Legal Officer and EVP, Mark Battle: To provide a chart summarizing which actions Principal and Alternate Board members can vote on.



**DISTRICT OF COLUMBIA  
WATER AND SEWER AUTHORITY**

**Board of Directors**

Finance and Budget Committees

Thursday, February 23, 2023

9:30 a.m.

MEETING MINUTES VIA MICROSOFT TEAMS

**Committee Members**

Anthony Giancola, Chairperson  
Jared McCarthy  
David Franco  
Sarah Motsch

**DC Water Staff**

David Gadis, Chief Executive Officer & General Manager  
Matthew T. Brown, CFO & EVP, Finance, Procurement & Compliance  
Wayne Griffith, Chief Operating Officer (Acting) & EVP  
Lola Oyeyemi, Director, Budget  
Marc Battle, Chief Legal Officer & EVP, Government & Legal Affairs  
David Parker, VP, Engineering  
Paul Guttridge, Director, CIP Infrastructure Management  
Brian McDermott, Director, Permit Operations  
Michelle Rhodd, Board Secretary

**Call to Order**

Chairperson Anthony Giancola called the meeting to order at 9:30 a.m. Mr. Giancola added Developer Fees and Refunds to the agenda.

**Budget Report for January 2023**

Ms. Lola Oyeyemi, Budget Director, provided an overview of the financial performance for the month of January. Revenues were favorable at \$286.8 million or 35.7 percent of the budget; operating expenses were \$210.5 million or 30.5 percent of the budget and \$2.4 million over the budget; and capital disbursements were \$117.0 million or 23.3 percent of the budget.

Next, Ms. Oyeyemi provided an update on the FY (Fiscal Year) 2022 year-end closeout activities currently underway: the Annual Comprehensive Financial Report (ACFR), Green Bond Report, IMA Operating Settlement, and OMB Uniform Guidance Audit. Ms. Oyeyemi informed the Committee that DC Water met twice with the Office of People's Counsel to answer questions and provide an overview of the budget. She further noted the DC Council Public Oversight Hearing for FY 2022 – FY 2023 Performance is scheduled for February 28, 2023.

Ms. Oyeyemi reported that operating revenue was slightly ahead of budget by \$11.3 million with higher receipts from residential, commercial, and multi-family customers mainly due to higher consumption. Additionally higher receipts for wholesale customers are primarily due to receiving the second quarter payment early from Loudon County. Slightly higher receipts are also in other areas, such as District Government, DC Housing, PILOT/ROW, and Other Revenue.

Total operating expenditures were \$210.5 million, \$2.4 million above budget due to continued cost pressures in chemicals and energy. More detailed information on how DC Water will address this

concern would be addressed later in the budget presentation. Of the 1325 positions authorized, 1098 were filled at the end of January with a vacancy rate of 17 percent. Ms. Oyeyemi reported that the overall capital disbursements were \$117 million, and a detailed project performance will be provided by Engineering at this meeting.

Next, Ms. Oyeyemi reported that the total cash balance was \$813.1 million at the end of January. This is comprised of the operating cash balance of \$290.5 million, including the Rate Stabilization Fund (RSF) of \$35.6 million, and the remaining balances of the unrestricted (\$488.5 million in bonds proceeds) and restricted (\$34.1 million) reserve accounts. Interest income on investments to date was approximately \$742 thousand. In response to Mr. David Franco's request for clarification on the significant variance of the FY 2023 Interest Income compared to FY 2022 and where we expect to end the fiscal year; Mr. Matthew T. Brown, explained that yields have increased during the fiscal year. We are in a rising interest rate environment and DC Water's performance typically lags the benchmarks. He also noted that the Authority's investment advisor anticipate that yields will continue to increase throughout the fiscal year. Mr. Brown further noted that he will provide an additional update next month. Ms. Oyeyemi reported that delinquent accounts were slightly lower at \$30.1 million, or 10.2 percent of the total customer accounts and includes delinquent impervious only accounts at one percent.

Next, Ms. Oyeyemi reported that year-to-date overtime was \$3.6 million or 44 percent of budget and is primarily in response to water line breaks and to maintain coverage while the Van Ness Reservoir is out of service, to relocate staff and equipment from the old Fleet building and welding shop to the new Fleet Services facility, afterhours inventory count and warehouse maintenance, and year-end close out activities.

### **Developer Fees and Refunds**

Mr. Wayne Griffith, Chief Operating Officer (Acting) and Executive Vice President addressed the next steps to reduce the backlog of the developer deposits. Mr. David Parker, Vice President, Engineering reported that 17 percent of the refunds have been processed, further noting that some of the refunds go back to the early 2000's and that the process is labor intensive and has inherent challenges with using multiple systems. Improvements are being made with the implementation of the Permitting Information Management System (PIMS) in April 2023; however, this will not address the backlog. This new PIMS system will make a significant difference going forward, along with reconfigured rates with a non-reimbursable flat fee, reducing some of the internal accounting, and the cost of service is based on new permit review fees. Chairperson Anthony Giancola expressed concern about the lack of progress to date, and he inquired about the percentage of reimbursements as of April 2022, and the number of staff currently working on the backlog. Mr. Parker responded that there is not a dedicated team of employees to address the backlog and he is working to bring on a consulting firm with a plan to have the backlog cleared within two years. Additionally, the department is hiring eight new positions in the Permit Office.

Mr. Franco also expressed his disappointment in the progress to date in reducing the backlog, and that his own company is still waiting on a refund after making efforts to submit the required information a year ago. He expressed that DC Water is not doing enough to resolve this issue. He further noted that DC Water's process is laborious and there have been continued excuses about the lack of resources to process refunds. He also reminded staff last year that this Committee recommended outsourcing these efforts to clear the backlog. Mr. Franco inquired if DC Water has a sunset on the eligibility of the refunds, and that he is concerned that some customers may be cut off when it is our own fault in having a lag in



the process to get their refunds. He also wanted to know if there is a list of developers who have balances owed to them.

Mr. Brown explained that once developers applied for funds to be returned, that those funds would be held until the process is completed. He explained that DC Water will continue providing notice annually so that customers know that they have funds on account with DC Water. Per District Law funds are forfeited after two years if they are not requested, though DC Water's policy is to not forfeit funds until after ten years given the length of construction activities. Mr. Marc Battle, Chief Legal Officer & Executive Vice President, Government & Legal Affairs, in response to Mr. Franco's question, reported that DC Water could publish a list of developers with refunds due to them; however, he recommended excluding the amount due. Mr. Griffith recognized the Committee's concern and concurred that we should act more urgently for the benefit of the community we serve.

### **Capital Improvement Program (CIP) Quarterly Update**

Mr. Paul Guttridge, Director CIP Infrastructure Management, and Mr. David Parker, Vice President, Engineering, provided the first quarter CIP update.

Mr. Parker began by providing an update on the planning, procurement, and construction to some of the projects in the Non-Process Facilities service area, such as the Floatable Debris Docks, Roofing and HVAC, and Main and O Seawall. Mr. Giancola inquired about the status of the permanent occupancy permit for the new Fleet facility. Mr. Griffith reported staff are in the new building, and that DC Water has a temporary occupancy permit for 60 days to resolve the items on the punch list, of which approximately 40 of the 91 items have been resolved. In response to Mr. Giancola question if there are any major items on this list, Mr. Parker noted that there is an outstanding permit issue with the waste oil reservoirs to change oil in the facility. DC Water is working on a couple options to resolve this issue.. Mr. Giancola recommended that staff update the Environment and Operations Committee at the next meeting. Next, Mr. Jared McCarthy raised a question regarding the timeframe of the Non-Process Facility procurements and the service level agreements when a Request for Proposal (RFP) is issued to an award. Mr. Parker responded that generally there is a 6-month process from RFP to award depending on the procurement process being used; typical durations may include 30 to 60 days for proposal submittal, another 30 to 60 days to review proposals and potentially conduct interviews, 60 days for Board-approval, and 30 days to award the contract.

Next, Mr. Parker shared a map of DC Clean Rivers, and provided updates on the following projects: Northeast Boundary Tunnel, CSO 025/026 Separation, Potomac Tunnel Advance Utility, Green Infrastructure B, and the Potomac River Tunnel. Mr. Parker informed the Committee there are over 60 tasks in various stages of the planning phase, 9 projects in design for the Blue Plains Wastewater Treatment Plant, and other projects with Procurement in advertisement and being awarded.

Mr. Parker updated the Committee on projects within Combined Sewer Overflow, Sanitary, and Stormwater. He reported that 20 miles of small local sewers have been inspected, inspection is underway for 12 miles of major sewers as well as heavy cleaning for the Lower East Side Interceptor. The concept design reports, updates to the Facilities Plan, work to add equity to the CIP Prioritization, evaluating risk scores for major sewers, and updating the Potomac Interceptor Renewal Report are all in the planning phase. He further reported that the design is complete for the Piney Branch Sewer Rehab, the Northeast Boundary Trunk Sewer design is nearing completion, and preliminary design and

environmental permits have started for some of the other projects, as well as finalizing design for seven local sewer rehab projects. Mr. Parker also provided an update on the construction of the access paths and stream restoration for Soapstone and shoring for Potomac Interceptor at Manhole (MH) 31 projects.

Next, Mr. Parker updated the Committee on the linear and vertical projects in the Water Service Area. He highlighted projects in the planning phase in concept design, updates to the Facilities Plan, efforts in critical valve prioritization, inspections to Fort Stanton Reservoir No. 1, and ongoing studies for the District Metering & Water System Demand Evaluation, Short Term Water Supply Resiliency, Bryant Street and Anacostia Pump Stations Cone Valve Operational Improvements, Anacostia Third High Pressure Improvements and Systemwide Low Pressure Evaluation. Next, Mr. Parker provided an update on several Small Diameter Water Main replacements, three elevated tank projects, and one buried reservoir project in design, as well as the rehabilitation of the 8<sup>th</sup> Street Low Service Main and the Soldiers Home Transmission Main. Next, he reported substantial completion for Small Diameter Water Mains and Anacostia Tank No. 2, and updates on the Bryant Street Spill Header Valve and Fort Reno Booster System projects.

Next, Mr. Parker provided an update on the Lead-Free DC Program. He reported that replacement for daycares with suspected partials and transition to the new program manager is complete. He further reported that Engineering is continuing to work with the District Department of Transportation (DDOT) on obtaining a memorandum of understanding, the design for the next blocks for Packages 7 & 8 and that the Small Diameter Water Main projects have begun. Mr. Parker also updated the Committee on the Master Service Agreement (MSA) and the Integrated Supplier Services contracts that will help facilitate earlier construction starts and promote compliance utilization goals.

Next, Mr. Paul Guttridge reported that the total CIP disbursements were \$82 million through the first quarter of FY 2023. He noted that the baseline projection for FY 2023 was developed to better align with the anticipated execution of the planned work. He highlighted that most of the service areas are on target except underspending in Sanitary Sewer mainly for the Potomac Interceptor at MH31, Soapstone and the Sewer Ongoing projects. Mr. Franco mentioned that historically CIP spending has fallen short of the budget and if we will start seeing an increase to meet the plan. Mr. Guttridge reported that he anticipates the CIP spending will catch up by the end of the fiscal year. Mr. Giancola inquired if we were fully staffed to execute the CIP and requested the number of vacant positions. Mr. Parker noted that he did not have the exact number of vacancies, and Mr. Giancola requested that this be provided. Next, Mr. Guttridge discussed Key Performance Indicators (KPIs). Thirty-two of these are scheduled in FY 2023. Four were completed within the 90-day threshold, and one was completed outside the 90-day threshold.

### **Proposed FY 2024 Budget**

Mr. Matthew T. Brown, Chief Financial Officer & Executive Vice President, Finance, Procurement & Compliance provided an overview of the proposed budgets.

Mr. Brown stated that the Committee would be asked to recommend the following items to the full Board: the Proposed Revised FY 2023 and Proposed FY 2024 Operating Budget, Proposed FY 2023 – FY 2032 Capital Improvement Program (CIP) disbursements and lifetime, including amendments to the FY 2023 Capital Disbursements budget which was recommended by the Environmental Quality & Operations s Committee, the Proposed FY 2023 – FY 2032 Financial Plan that is being discuss at the DC Water and Rates Committee next week, and the Intent to Reimburse Capital Expenditures with

Proceeds of a Borrowing which has to do with how we handle our debt issuance and how we reimburse ourselves for capital expenditures.

Next, Mr. Brown reported that the budget process has been lengthy, beginning last year in July. The budgets are anticipated to go to the full Board on March 2, 2023, for adoption. The Wholesale Customers have been briefed as well as the Office of People's Council, even though that office does not have a formal role in our budget process. Mr. Brown noted that after adoption, the budget goes to District and then the Congress before the beginning of the fiscal year on October 1, 2023. Mr. Brown shared that the Board of Directors have the sole authority to adopt DC Water's budget. The creation of the Authority in 1996 provided financial resources independent of other District funds providing independent financial control. Mr. Brown went on to review the timeline of accomplishments and activities within the Budget Adoption Calendar.

Mr. Brown mentioned that the budget anticipates that the rates set for FY 2024 will generate \$878.5 million. For FY 2024, the biggest expenses are Debt Service and Pay-Go at 26.4 percent and 19.6 percent, respectively in addition to Personnel Services. The CIP investments of \$6.95 billion are mostly financed with debt and Pay-Go sourcing 73.4 percent. The major CIP projects funded are the Water, Sewer, and Wastewater Treatment projects.

Next, Mr. Brown reported that the Proposed FY 2023 – FY 2032 CIP disbursement is \$6.95 billion. He explained that the CIP budget has three components: (1) Capital Projects - mandated projects, equipment upgrades and rehabilitation at Blue Plains, and continued investments in the aging water and sewer infrastructure; (2) Capital Equipment - equipment including pumps, motors, meters, backhoes, jet-vacs, information technology software and hardware projects, catch basin trucks and other aged vehicles to meet operational needs; and (3) DC Water's contribution to the Washington Aqueduct's (WAD) capital program. He also explained the use of the Cash Financed Capital Improvements (CFCI) which serves as a contingency and is also used for Pay-Go (pay as you go) funding.

Mr. Brown highlighted the various components of the operating budget. Mr. Brown explained the 5.4% Rate Increase has already been adopted by the Board. Retail and Wholesale revenues are an increase of \$36.1 million over FY 2023 for FY 2024. The budget allocates nearly half of the additional revenue for salary, wages, and benefits. Another portion of the revenue will fund increased chemicals and energy costs as well as the purchase of clean drinking water from the Aqueduct at \$1.4 million and \$3.7 million, respectively.

Next, Mr. Brown acknowledged the robust Customer Assistance Programs (CAP) that provide benefits to customers with incomes up to \$142,300 as well as to non-profits for CRIAC. He also mentioned the new Catch-up Program for those that fell behind during COVID-19. For more information, the website is <https://www.dewater.com/customer-assistance>.

### **Proposed Capital Budget**

Mr. Brown reported that the Proposed FY 2023 – FY 2032 CIP disbursement of \$6.95 billion includes an increase of \$531 million over the approved CIP. This will fund major programs anticipated to be

completed by 2030 for the federally mandated Clean Rivers program and the Lead-Free DC program to remove all lead service lines in the District. Mr. Brown noted that the Lead-Free DC program includes an offset by federal grants and contributions from the District. Additionally, the CIP allocates \$1.18 billion for upgrades at Blue Plains and continues the ramp up in our Sewer System and Water System with \$1.8 billion and \$1.4 billion, respectively. The CIP also includes \$141.2 million for Non-Process Facilities, \$338.5 million for capital projects at Washington Aqueduct and \$347.4 million for Capital Equipment projects

Next, Mr. Brown provided additional details on the projected spending for the 10-Year CIP explaining that DC Water is increasing the investment in water and sewer projects as we advance the Lead-Free DC Program and approach the completion of the Clean Rivers tunneling program in 2030. The FY 2024 Capital Equipment revision reflects rollover of the Fleet equipment funds from FY 2022. In response to Mr. Giancola's question regarding Fleet investment beyond FY 2026, Mr. Brown shared that Capital Equipment typically includes detailed project level estimates in the immediate years of the ten-year period with high level forecasts assumed for future years and that these are subsequently adjusted during each budget cycle. He also informed the Committee that recruitment is underway for a new Fleet Director to help formulate a fleet plan and inform upcoming budgets.

Mr. Brown explained that the capital program is financed in part by debt. He explained that \$2.7 billion will be borrowed over the next ten years to advance the capital program. This will require additional rate increases to support the debt service cost requirements.

### **Proposed Operating Budget**

Mr. Brown provided an overview of the Proposed FY 2024 Operating Budget of \$737.6 million. This includes the Operating and Maintenance (O&M) budget of \$433.9 million for personnel and non-personnel cost categories, debt service budget of \$232 million, Cash Financed Capital Improvements (CFCI) budget of \$48.3 million, and PILOT and ROW fees and payments to the District budget of \$23.4 million.

Next, Mr. Brown provided an overview of the Revised FY 2023 versus the Proposed FY 2024 operating budget drivers which includes a proposed increase of \$51.2 million or 7.5 percent compared to the Proposed Revised FY 2023. This comprises an increase of \$15.4 million in personnel costs for salaries and wages, employee health benefits, an additional 17 positions and funds the apprenticeship and summer internship programs.

Mr. Brown provided details of the Proposed Revised FY 2023 operating budget of \$686.4 million and Proposed FY 2024 operating expenditure budget of \$737.6 million, highlighting that debt service remains one of the single largest cost drivers in the overall budget. Mr. Brown noted a few changes from the original Proposed Revised FY 2023 budget which included increasing the operating budget due to chemical and energy pressures. Due to the appropriations law and the process required to approve our budget, it was noted that if the Board were to increase the operating budget by the original \$23.2 million, it would have to go through the District of Columbia's Council and then the US Congress. Instead, the Cash Financed Capital Improvements (CFCI) budget has been revised to use its function as a contingency to increase the budget for chemicals, energy, and water usage. Management has completed a budget reprogramming of \$23.2 million from CFCI to maintain the Board-adopted budget of \$686.4 million. Mr. Brown provided a chart of the step-by-step moves made to accommodate the

changes resulting in the offset, eliminating the need for an increase to the overall budget of \$686.4 million.

Mr. Giancola acknowledged the use of CFCI and thanked the Finance for this work. Mr. Brown acknowledged his partnership with the Department of Government and Legal Affairs and Mr. Marc Battle for his support in the effort. Mr. Brown explained for the record that if operating costs are less than currently anticipated, that the underspent budget could be reprogrammed to CFCI, and Pay-Go would be increased.

Next, Mr. Brown briefly discussed the Ten-Year Financial Plan supports keeping our borrowing and cost to customers low. DC Water will borrow an additional \$2.7 billion over the next 10 years. The new debt service will require additional rate increases.

Next, Mr. Brown discussed the current rising interest rate environment and noted that the rates at which we borrow will become more sensitive to the Bond Rating, and Fitch and Moody's share the sentiment that rate adjustments will be necessary to maintain our current rating. He explained that debt coverage is a core financial metric that reflects the financial health of the utility and measures the funds that are available to pay debt service after operating costs are met. Funds representing excess coverage are used as Pay-Go or cash to fund the capital program and reduce required borrowing.

Mr. Brown noted that the DC Retail Water and Sewer Rates Committee will meet next week to discuss the reserves and that a rate consultant would present considerations for the reserve requirements and possible changes to the Rate Stabilization Fund (RSF) policy. Mr. Brown invited committee members that have an interest in liquidity requirements or those that want to contribute to the RSF discussion to attend the meeting next week.

Next, Mr. Brown information about the Customer Assistance Program's (CAP) impact on households at various income levels. CAP3 provides discounts to households up to 100 percent median income. Also, those with lower incomes receive greater benefits and assist households with incomes below the area median income. Mr. Giancola noted that this would be a good chart to share at the Oversight Committee Hearing for the DC Committee on Transportation and the Environment. In response to Mr. Giancola's question about hearing materials, Mr. Brown stated that the Oversight Committee's information requests had been provided. Many of the questions are the same as previous years including budget reprogrammings, how we ended the fiscal year, and about Clean Rivers. The DC Council posts all the answers, not just those from DC Water but all the departments who have oversight hearings online. Mr. Giancola requested the Finance and Budget Committee members receive responses on the finance questions.

Next, Mr. Brown provided an overview of the Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing. He explained that DC Water initially pays cash for capital expenditures. This approval allows DC Water to reimburse itself for capital eligible items. The estimated borrowing for FY 2023 and FY 2024 combined is approximately \$185 million.

Mr. Giancola raised a question regarding the grants that we applied to fund some of the capital projects, and if any of these grants will be approved for use this fiscal year. In response, Mr. Brown explained the Authority has been working to organize and take advantage of additional grant opportunities. There is recent legislation which opens additional opportunities and internally we have created processes and

expanded grant use in several areas. Mr. Paul Guttridge added there are supplemental grants and Bipartisan Infrastructure Law (BIL) opportunities we are currently pursuing for futures years. Some of the programs we currently have zero percent match while we actively pursue additional opportunities.

Next, Mr. Brown reminded the Committee that all our rate-making material was published to ensure stakeholders can access the budget documents.

Mr. Brown reviewed management's recommendations and the accompanying action items for the budget proposal. In closing, he expressed his appreciation to management and staff for the tremendous amount of work and collaboration on the budget. The Committee members also expressed their appreciation for the great work performed by the staff.

### **Action Items**

The Committee members agreed to move the following action items to the full Board:

- Recommendation for Approval of the FY 2024 Proposed Budget
  - Fiscal Year 2023 Revised Operating Budget of \$686.4 million
  - Fiscal Year 2024 Operating Expenditure Budget of \$737.6 million
  - Fiscal Year 2023 – 2032 Capital Improvement Program Ten-Year Disbursement Plan of \$6.95 billion (including the Revised FY 2023 budget of \$501.4 million), and the Lifetime Budget of \$14.63 billion
  - Fiscal Year 2023 – 2032 Financial Plan
  - Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing

### **Follow-up Items**

1. Provide an update on the developer fees and refunds including the percent of reimbursements last year, and staff's plan for additional resources to handle the backlog **(Mr. Giancola)**
2. Provide the number of vacancies in the Engineering Services for delivery of capital projects **(Mr. Giancola)**
3. Indicate the amount of any federal grants received this fiscal year that will be used for the CIP in this same fiscal year **(Mr. Giancola)**

### **Adjournment**

Hearing no further questions, Chairperson Anthony Giancola adjourned the meeting at 11:00 a.m.



**DISTRICT OF COLUMBIA  
WATER AND SEWER AUTHORITY**

**Board of Directors**

DC Retail Water and Sewer Rates Committee

Tuesday, February 28, 2023

9:30 a.m.

**MEETING MINUTES**

**Committee Members Via Teleconference**

Chairman Tommy Wells, Acting Chair  
Rachna Butani Bhatt, Chair  
Anthony Giancola  
Howard Gibbs  
David Franco  
Jed Ross

**DC Water Staff Via Teleconference**

David Gadis, Chief Executive Officer  
Matthew Brown, Chief Financial Officer and EVP  
Marc Battle, Chief Legal Officer  
Michelle Rhodd, Secretary to the Board

**Consultant Via Teleconference**

Ed Markus, Amawalk  
Shan Lin, Amawalk

**Call to Order**

Chair Tommy Wells convened the meeting at 9:32 a.m.

**Roll Call**

Michelle Rhodd, the Board Secretary, conducted a roll call of the Committee Members.

Mr. Brown, CFO/EVP greeted the Committee and informed the participants that he would be presenting the Monthly Report and then the consultants would present the study regarding the reserve funds. Following the consultant presentation, Mr. Brown would present the Proposed FY2024 budget.

**Monthly Report to DC Retail Water & Sewer Rates Committee (Attachment A)**

Mr. Brown provided the revenue report. He stated that the overall year-to-date revenue is favorable by 4.1%, in part due to the higher consumption than anticipated. Mr. Brown stated that the current year budget and Ten-year Financial Plan had been revised to include a new revenue estimate. The Wholesale category, because of an early payment by Loudon County, is also ahead of budget. The Federal category shows a slight negative variance due to the disputed accounts with Soldiers Home account.

Mr. Brown stated that the 90-day customer delinquencies have slightly decreased since December both in dollar amount and in number. A new Catch-Up Program organized by customer service and marketing has been recently launched to further reduce the increasing delinquencies by waiving late fees and ten percent of the past due amount for eligible customers.

Chairman Tommy Wells asked if there was a trend in arrears by customer category and Mr. Brown answered that there are slight increases in overall delinquencies from a year ago. There are increases in the amounts due in the Commercial and Multifamily categories with a decrease in the residential category.

### **Operating Reserve Study (Attachment B)**

Mr. Brown introduced the operating reserve study which is performed once every five years and the last one was completed in 2018. Since that time the Board had adopted a new financial policy that requires 250 days of cash. He said that the consultant presentation would include considerations and information learned from peers, and that recommendations would be presented at a future meeting.

Mr. Ed Markus from Amawalk greeted the committee and started his presentation with a background of the Reserves and Rate Stabilization Fund (RSF) policies. Mr. Giancola inquired if the RSF was still needed and if it could be drawn down to zero. Mr. Marcus explained that all cash on hand is counted by the rating agencies. Mr. Markus stated that the most recent report on Reserves was prepared in 2018 and the purpose of this study is to recommend Reserves and RSF levels and policies for consideration. Mr. Marcus pointed out the growing debt service coverage and levels of reserve and how it has correlated well with the increasing strength of DC Water's bond ratings, even as the total debt increased. Mr. Marcus expanded on the purpose of the Reserve Funds and RSF and gave a background to his firm's qualifications and the utilities to which they provide consulting services.

Mr. Marcus described the study methodology and the factors considered, which included potential risks, like the COVID-19 pandemic. He further explained the considerations such as bond ratings and peer practices. Mr. Giancola inquired about the amount of our yearly draw down debt given the anticipated borrowing of \$2.73 billion over the next ten years. Mr. Matthew Brown CFO/EVP, Finance & Procurement responded that the amount of debt service would grow but that the Financial Plan caps debt service at 33% of revenues. Mr. Marcus continued his presentation and demonstrated the sequence in which resources could be accessed in response to financial stress. He elaborated on COVID-19 impacts and responses in 2020 and 2021. Mr. Giancola requested for 2022 impact be included in the study as well. Mr. Markus made a comparison of the Operating Reserves to peers and stated that his findings showed DC Water to be routinely cash positive, very liquid, with modest judgments and claims paid within the past five years. He stated that DC Water and one of the twelve surveyed peers require 250 days reserve policy, but the days of cash on hand for DC Water was below the median levels for A-rated Aa-rated users.

Mr. Marcus continued his presentation with the Renewal and Replacement (R&R) Fund, including the peer comparison. He stated that there is no uniformity in the industry regarding the use of R&R Funds and five out of the twelve surveyed peers did not have this reserve requirement.

Regarding the RSF, Mr. Marcus stated that over the last ten years DC Water has made contributions to the RSF and withdrawals from the RSF and that the RSF is more flexible than the Operating Reserve or R&R in terms of deposits and withdrawal with no requirement to replenish after a withdrawal, unlike the Operating Reserve and R&R funds. Chair Bhatt inquired if the other Reserves could cover for the utilization of the RSF, if DC Water could eliminate the RSF, and how many times have DC Water used the RSF in the past ten years. Mr. Brown replied that he recalled that the RSF had been utilized twice in recent years to reduce rate increases through withdrawals of \$10.5 million and \$2.5 million (FY 2021 and FY 2022) and another \$6 million was withdrawn to establish the CAP2 program. Mr. Marcus said the RSF is not required in New York and most other peers who have it do not have specific requirements for its use.

Mr. Marcus continued his presentation with key bond rating and financial considerations. He stated that DC Water is highly rated by all three agencies and that strong bond ratings optimize the cost of



borrowing. He further stated the importance of maintaining a strong credit rating to mitigate future financial markets that are in distress. Mr. Marcus further elaborated that debt service, operating expenses, and cash-financed construction are the primary drivers of future rate increases. Chair Bhatt inquired about DC Water's treasury policy towards investments, Mr. Brown stated that DC Water had an investment policy and at a later meeting will invite the financial advisors to elaborate more about the investments strategy at the next Finance and Budget Committee. Mr. Marcus stated that DC Water had fewer days of cash on hand than its peers despite the strong rating, and Chairman Wells asked if the rating agencies had brought it to attention in which Mr. Brown explained that there are multiple characteristics that drive bond ratings and it includes our financial performance, CIP, management team, coverage, and ability to independently set rates. Mr. Franco inquired if Mr. Brown would consider increasing the 250 days of cash on hand if the RSF is eliminated and Mr. Brown agreed to give it some consideration. Mr. Marcus shared the information in the presentation appendix, and with no further questions the presentation concluded.

### **The Proposed FY 2024 Budget (Attachment C)**

Mr. Brown reminded the committee members the budget proposal was previously presented to the board and three committees over a two-month period. Today this committee would be asked to recommend the FY2023-FY2032 Ten-Year Financial Plan to the full board for approval on March 2<sup>nd</sup>. Mr. Brown touched on the budget process life cycle and the key dates leading up to the beginning of the next fiscal year, including the adoption of the budget by the Board to be sent to the District Government Council and ultimately to the US Congress.

Mr. Brown presented an overview of the three main parts of the budget, which are the proposed Operating Budget of \$737.6 million, the proposed Ten-year Capital Budget of \$6.95 billion, and the proposed Ten-year Financial Plan.

On the proposed Ten-year Capital Budget of \$6.95 billion, some of the major investments will consist of the Clean River Programs, the Lead-Free DC and continued investments in the water and sewer infrastructures. On the proposed Operating Budget of \$737.6 million, the main impact will be on debt service and investment in Team Blue, the 1,342 employees of DC Water. The 5.4% rate increase adopted in 2022 will support increases in salaries, chemicals and energy, and other operating expenditures.

Mr. Brown elaborated on the revised revenue forecast for FY2023 that was implemented during COVID-19. Revenues exceeded the budget by about four percent during FY 2022, and these consumption trends gave DC Water the opportunity to revise the revenue estimate upwards for FY 2023 and the remainder of the financial plan. Retail and Wholesale revenue were both revised upward by \$18 million for FY 2023 and \$28 million and \$17 million respectively for FY2024. Other revenues and Interest Earnings were also revised upward due to increases in permit fees and interest rates.

Mr. Brown reaffirmed the importance of the Financial Plan as a fiscal road map for DC Water. Debt service costs for current debt are projected to be approximately \$6.2 billion over the next 30 years through 2052 with Clean Rivers debt service costing \$2.4 billion and Non-Clean Rivers debt service costing \$3.8 billion. Mr. Brown reiterated that DC Water continues to maintain its high credit rating to keep borrowing costs low by meeting all bond indentures and board required financial covenants.

Mr. Brown indicated that the Ten-Year Financial Plan was revised without the need to amend the FY2023 budget by \$23 million to deal with chemical and energy cost pressures. However, due to legal complications with required appropriations from the District Council and US Congress, DC Water is using the Cash Financed Capital Improvement (CFCI) line in the Operating budget (CFCI) to reallocate budget. Overall cash contributions to the capital program would remain the same.

Mr. Brown concluded the presentation by describing the benefit DC Water provides to its customer through the various Customer Assistance Program (CAP). He also thanked members of the Finance Team for all their hard work in putting this budget together.

**Action Items 10-Year Financial Plan FY2023 - FY2032 (Attachment D)**

Mr. Brown then requested that the Committee to recommend the following action item to the Board:

- Recommendation for Board Approval to the Proposed Ten-Year Financial Plan FY 2023 – FY 2032

Chair Tommy Wells asked Committee Member Anthony Giancola as Chair of the Finance and Budget Chair what his recommendations were. Committee Member Anthony Giancola agreed to recommend the Financial Plan to the full Board for Approval. Retail Rates Committee Chair Rachna Bhatt agreed to recommend to the Board. On behalf of David Franco, Committee Member Anthony Giancola agreed to recommend to the Board. Committee Member Howard Gibbs agreed to recommend to the Board. Chair Tommy Wells agreed to recommend to the Board. Committee Member Jed Ross agreed to recommend the Financial Plan to the full Board for Approval.

**DC Retail Water Sewer Rates Committee 2023 Proposed Workplan (Attachment E)**

Mr. Brown, CFO/EVP Finance and Procurement briefed the Committee on the FY 2023 Proposed Workplan.

**Agenda for March 28, 2023, Committee Meeting (Attachment F)**

There was no discussion on the agenda for the March 28, 2023, Committee meeting.

**Adjournment**

Chairman Wells adjourned the meeting at 11:20 a.m.

**FOLLOW-UP ITEMS – DC Retail Water and Sewer Rates Committee Meeting (February 28, 2023)**

Mr. Giancola requested to have a new title for the Rate Stabilization Fund to be discussed at the next Finance and Budget Committee.





# CEO's Report

MARCH  
2023



ACCOUNTABILITY TRUST TEAMWORK CUSTOMER FOCUS SAFETY WELL-BEING



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Chairman Wells and members of the Board, it is my pleasure to present you with the CEO's Monthly Report for March 2023. This report captures the highlights of the team's efforts over the past month, across the five cascading imperatives of the Blueprint 2.0 strategic plan: **Equitable, Sustainable, Resilient, Reliable, and Health, Safe and Well**. There are also individual reports from Finance and Procurement; Shared Services; Customer Experience; Information Technology; and Operations and Engineering, as well as the monthly update from Internal Audit.



### Publicity Efforts for Customer Catch-Up Offer

As Board members know, the Authority has established a one-time 'Customer Catch Up' offer for customers with past-due balances. Under the program, DC Water will waive some penalties and late fees, and reduce the outstanding balance by 10 percent. This incentive will only be available to eligible customers who have paid their reduced balance by May 31, 2023.

To ensure that the program is promoted broadly to customers, the collaborating teams from Customer Service and the Office of Marketing and Communications have pieced together a multi-pronged approach to program publicity. These efforts include:

- An orange highlighted box around related messaging on the DC Water home page;
- Web banners on the home page;
- Press release;
- What's on Tap coverage; and
- Individual letters sent to targeted, eligible customers.



I would like to thank **Meisha Lorick** (Director, Customer Care / Customer Service) and **Pamela Mooring** (External Communications Manager / Marketing and Communications) for leading a thorough and thoughtful outreach campaign to publicize the Customer Catch Up offer.



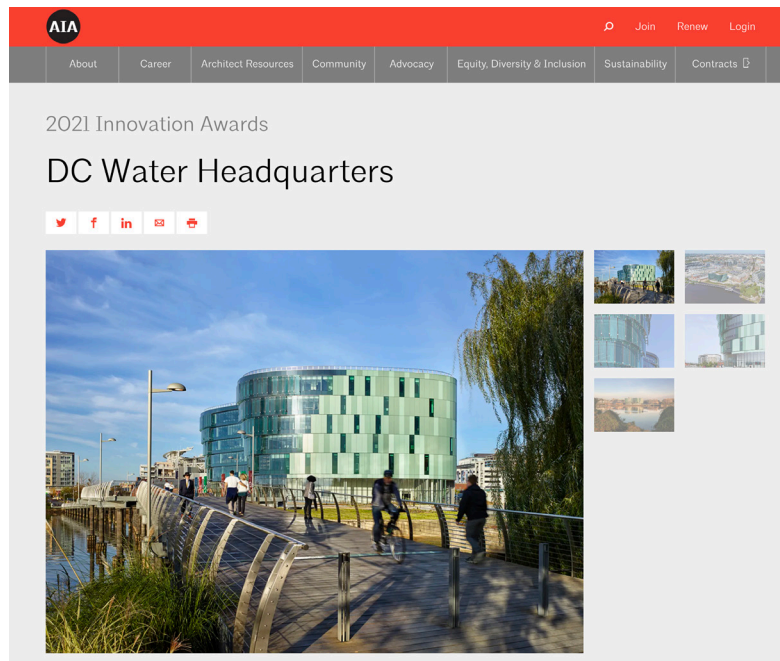
 Sustainable

**HQO Wins Prestigious American Institute of Architects (AIA) National Award**

On Wednesday, February 8, I was informed by **Maureen Holman** (Vice President / Shared Services) that the Authority’s headquarters – affectionately known as HQO – has been awarded a National AIA Innovation Award for Holistic Design.

The AIA Innovation Awards recognize the exemplary use and implementation of innovative technologies and progressive practices among architects, designers, collaborators, and clients. In announcing the award, the AIA noted that “...this new LEED Platinum-certified headquarters for Washington, D.C.’s sewer and water utility reimagines a water and sewage treatment facility and returns its landscape to a functioning ecosystem. Despite the challenge presented by site, budget, and critical existing infrastructure, the team found opportunities to deliver an elegant building that provides an architectural nexus for the surrounding neighborhood.”

After reviewing HQO in detail, one jurist on the awarding panel remarked that “All architects should carefully examine this project when seeking to incorporate sustainable best practices into their work.” I couldn’t agree more and would like to again acknowledge the excellent work of Ms. Holman and the entire team that contributed to the development and delivery of a world-class office building that is both environmentally innovative and a key piece of the revitalization of the Anacostia riverfront.



**Holman Presents in ICPRB Webinar**

On Friday, February 3, Ms. Holman spoke at a webinar on sustainable development, hosted by the Interstate Commission on the Potomac River Basin.

The webinar was part of the implementation of the Potomac Basin Comprehensive Water Resources Plan, and Ms. Holman was invited to appear to share information relating to sustainable development at non-residential and multi-family properties, the architectural aspects of sustainable development, practices to combat climate change, and LEED certifications.





### IT Disaster Recovery Drill Successfully Completed

As our Board members know, 'resilient' is one of the Authority's five organizational imperatives that will be key to our success and ability to serve our community in the years ahead. A major component of effective resilience at DC Water is our IT resilience and disaster recovery capabilities.

On Saturday, February 18, a team of technicians conducted a test of system resilience relating to IT services, including:

- Relocating IT services from the primary to secondary location within an acceptable timeframe;
- Ensuring IT services are functioning as expected in the secondary location;
- Recovering the IT services back to the primary location within an acceptable timeframe;
- Ensuring the IT services are functioning as expected in the primary location; and
- Ensuring stakeholder awareness.

I am pleased to report that the test was fully successful and provided an excellent practice scenario for disaster recovery.

### DC Water's ESG Report Featured in Resilience Session

On Monday, February 6, **Dr. Matt Ries** (Acting Chief Strategy and Performance Officer and EVP / Strategy and Performance) presented on the Authority's ESG Report at the New York Water Association's annual conference in a resilience session focused on planning, flooding, and adaptation.

Dr. Ries shared DC Water's ESG journey with a focus on the observed external and internal benefits of ESG reporting. These included positive feedback from the financial sector and the needed cultural shift toward data-driven performance, reporting, and transparency.







### Enhancing Redundancy and Resiliency of Electrical Power Supply to Blue Plains (Phase II Update)

In the June 20, 2022, edition of the Weekly Highlights, I included a brief description of a project to enhance redundancy and resiliency of the Electrical Power Supply System to the Blue Plains Advanced Wastewater Treatment Plant (BPAWWTP).

PEPCO completed Phase I of the project by connecting one of the two 69kV feeders that supplies power to the Main Substation at BPAWWTP to an independent 69kV feeder that supplies power to the Naval Research Laboratory (NRL). The connection of these two feeders was completed on July 1, 2022, and reliability has been demonstrated.

The final phase of the construction project will connect the second 69kV feeder to BPAWWTP to the second independent 69kV feeder to NRL. After completion of this final phase of the construction work, the new 69kV power feed configuration will provide each existing plant feeder its own alternate supply from the new NRL connection, at any time, reducing restoration times and allowing the plant to always be on two feeders via NRL or existing connections.

The project plan for the final phase requires an outage of the feeder to be connected, for seven consecutive days, to complete the construction and test connections for reliability. During this outage, the plant will be supplied by a single feeder and all plant processes will remain in operations. As a risk mitigation measure, PEPCO has agreed to restore the feeder within two hours of notification by DC Water, if the need arises.

### Healthy, Safe and Well

#### PFAS Senate Subcommittee Briefing

On Thursday, February 9, **Chris Peot** (Director, Resource Recovery / Wastewater Treatment) and Holly Kiser, a farmer who uses Bloom, appeared alongside other industry experts to brief the Senate Subcommittee on the Environment and Public Works on the impacts of PFAS and the implications of policymaking.

During the briefing, the expert panel, which included Dr. Linda Lee (Purdue University), Maile Lono-Batura (Water Environment Federation), Chris Moody (American Water Works Association), Dan Hartnett (Association of Metropolitan Water Agencies) and Jason Dadakis (Orange County Water District), offered their recommendations for protecting the public and ensuring that the organizations who passively receive PFAS in the water supply are protected against unintended remediation liability.



The briefing concluded with the launch of a PBS special that was filmed at Blue Plains and included commentary from Mr. Peot, among others. PBS sent a teaser announcement to more than a million recipients earlier this week, which can be viewed here: [youtube.com/watch?v=MtGsDyidMhQ](https://www.youtube.com/watch?v=MtGsDyidMhQ)





## Divisions

The CEO report includes service level based key performance indicators. These are indicators for which the teams have established or confirmed response and resolution times in which to perform the related work. This is assisting us in identifying productivity and resource needs as well as benchmarking ourselves against other utilities. It is important to note that where teams may not meet the Service Level Targets set for a specific metric, it does not mean the work is not getting accomplished. The teams are doing a tremendous job and continue to strive to meet high performance expectations.

### Financial Metrics

Metric	Target	Oct-22	Nov-22	Dec-22	Jan-23
Operating Cash Balance (millions \$)	\$235.6	\$257.9	\$263.6	\$248.7	\$253.8
Delinquent Account Receivables (%)†	3.3%	4.4%	4.5%	4.7%	4.5%
On-time Vendor Payments (%)††	97%	96%	96%	96%	96%
Investment Earnings Data (Thousands \$)	\$2,234.0	\$200.3	\$340.4	\$346.6	\$747.2
Core Investment Yield Data (%) - Merrill Lynch 1-3 Year Treasury Index *		4.6%	4.4%	4.5%	4.3%
Core Investment Yield Data (%) - Actual Monthly Yield †††	0.2%	1.8%	2.6%	2.3%	2.5%
Short Term Investment Yield Data (%) - Merrill Lynch 3-Month Treasury Index *		4.0%	4.2%	4.3%	4.6%
Short Term Investment Yield Data (%) - Actual Monthly Yield †††	0.1%	1.8%	2.4%	2.7%	2.8%
Days of Cash on Hand ** and ***	250.0**	339	343	283	287***

\* Represent annual Treasury Index targets developed and provided by the Authority's investment advisor.

\*\* 250 days of cash is the Board policy requirement for annual days of operating reserves excluding the Rate Stabilization Fund.

\*\*\* 287 days of cash is made up of 35 days in the Rate Stabilization Fund and 252 days in the operating cash balance.

Metrics Explanations:

† Delinquent account receivables as a percentage of 12-month rolling average revenue. The delinquent account receivables increased due to the impact of COVID-19.

†† Vendor payments percentage is not at the desired target primarily due to performance related to the transition from the legacy system to the new system, which includes tolerance configuration (Materials Management invoices), retention invoices, or system entries (non-payment entries, e.g., ROCIP funding), and user training related to receipts issues.

††† Investment earnings lag the benchmarks. We are in a rising interest rate environment. As lower yielding investments are sold and reinvested, performance is expected to improve.

### Finance Highlights

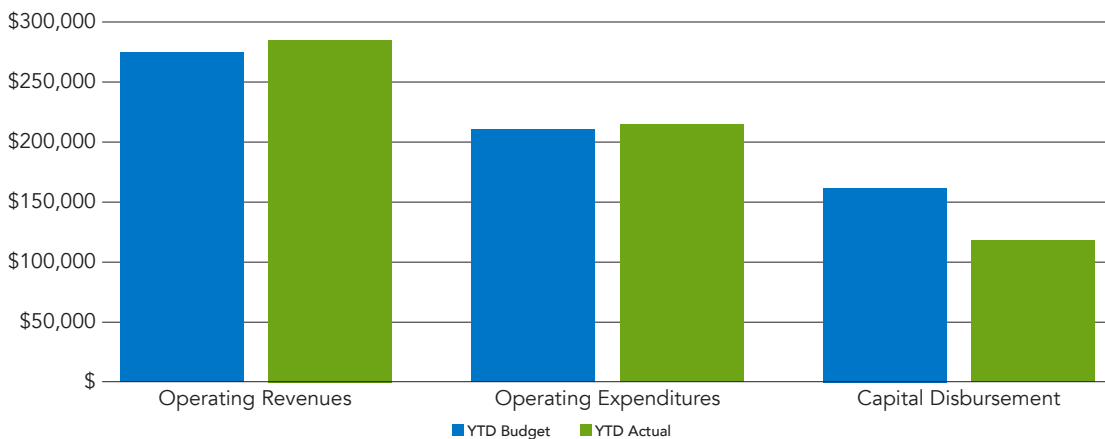
#### FY 2023 Financial Performance

The year-to-date operating expenditures were higher than budget mainly due to increased spending in chemicals and utilities resulting from higher than anticipated unit prices because of prevailing market conditions. Total operating expenditures are \$210.5 million or 30.5 percent and capital disbursements are \$117.0 million or 23.3 percent of the respective budgets.

Total operating revenues were \$286.8 million or \$11.3 million above the budget with higher receipts mainly from the Residential, Commercial and Multi-Family customers, due to slightly higher consumption than anticipated in the budget.

Management presented proposed revisions to the FY 2023 Operating Budget as part of the Proposed FY 2024 Budget presented to the Board in January 2023. These proposed changes would increase the revenue estimate and reallocate funds to cover cost pressures in chemicals and energy.

#### FY 2023 Year to Date Performance Budget vs. Actuals (\$000's)



**Finance Highlights** – continued

**FY 2024 Budget Process**

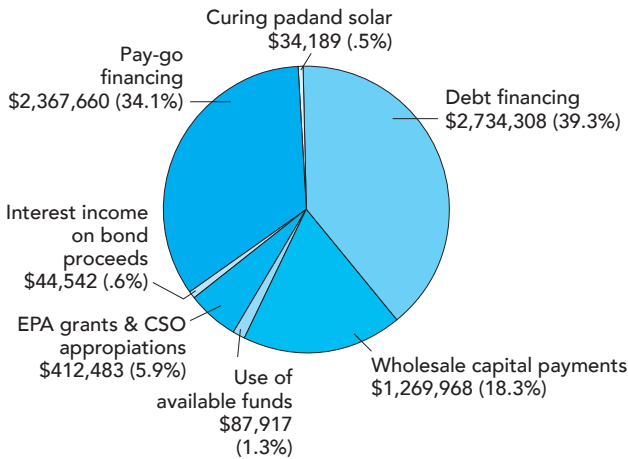
DC Water delivered its FY 2024 budget proposal comprising of the annual operating expenditure, operating revenues, ten-year capital improvement program (CIP) and ten-year financial plan to the Board of Directors during the Budget Workshop on January 5, 2023.

This year’s budget proposal includes the FY 2024 Operating Expenditure budget of \$737.6 million, the FY 2023 – FY 2032 Capital Improvement Program (Disbursements of \$6.95 billion and Lifetime Project of \$14.6 billion), and the FY 2023 – FY 2032 Financial Plan. The 10-year Financial Plan includes previously approved FY 2024 rates and fees and proposed FY 2024 Operating Revenues of \$878.5 million. Management also provided proposed revisions to the FY 2023 budgets for Operating Expenditure, Operating Revenues and Capital Disbursements.

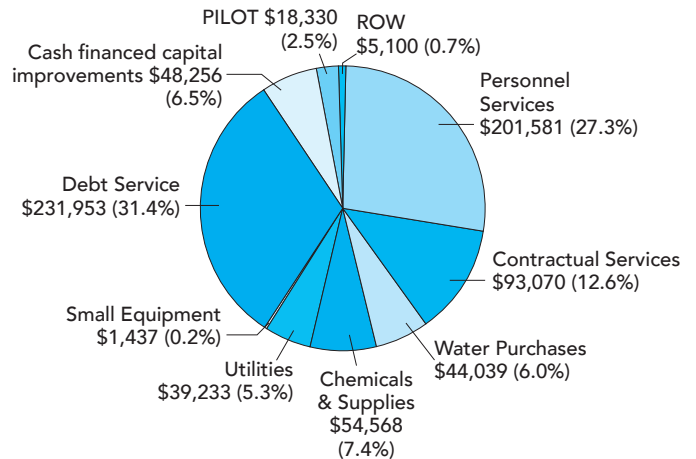
Over the past two months, management conducted a detailed review of its budget recommendation with the various Board Committees, Wholesale Customers, and the DC Office of the People’s Counsel. DC Water has met with the DC Office of People’s Counsel twice to discuss the budget. The first meeting was to provide an overview of the budget and the second meeting was to provide clarification, page references in the budget materials to questions, and additional information that was requested.

The full Board is anticipated to vote on and adopt the budgets on March 2, 2023. Management appreciates the collaborative efforts between all departments and the Budget, Rates and Revenue, and Finance teams. Their dedication and continued focus on the impact on our ratepayers and alignment of the budget proposal with our Blueprint 2.0 was evident throughout the process and culminated in the seamless review, prioritization and decision-making process by the Senior Executive Team and the Board members. Details of the budget proposal are available online at [dcwater.com/ratemaking-process](https://dcwater.com/ratemaking-process).

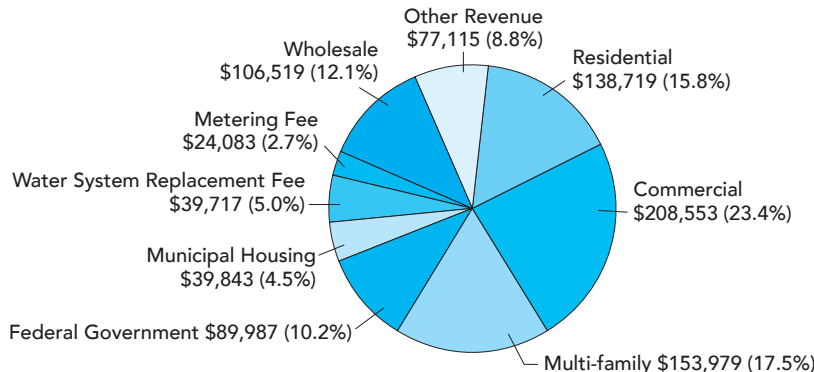
**FY 2023 – FY 2032 Capital Improvement Program Disbursements of \$6.95 billion (\$000’s)**



**FY 2024 Operating Budget of \$737.6 million (\$000’s)**



**FY 2024 Operating Revenues of \$878.5 million (\$000’s)**



Procurement

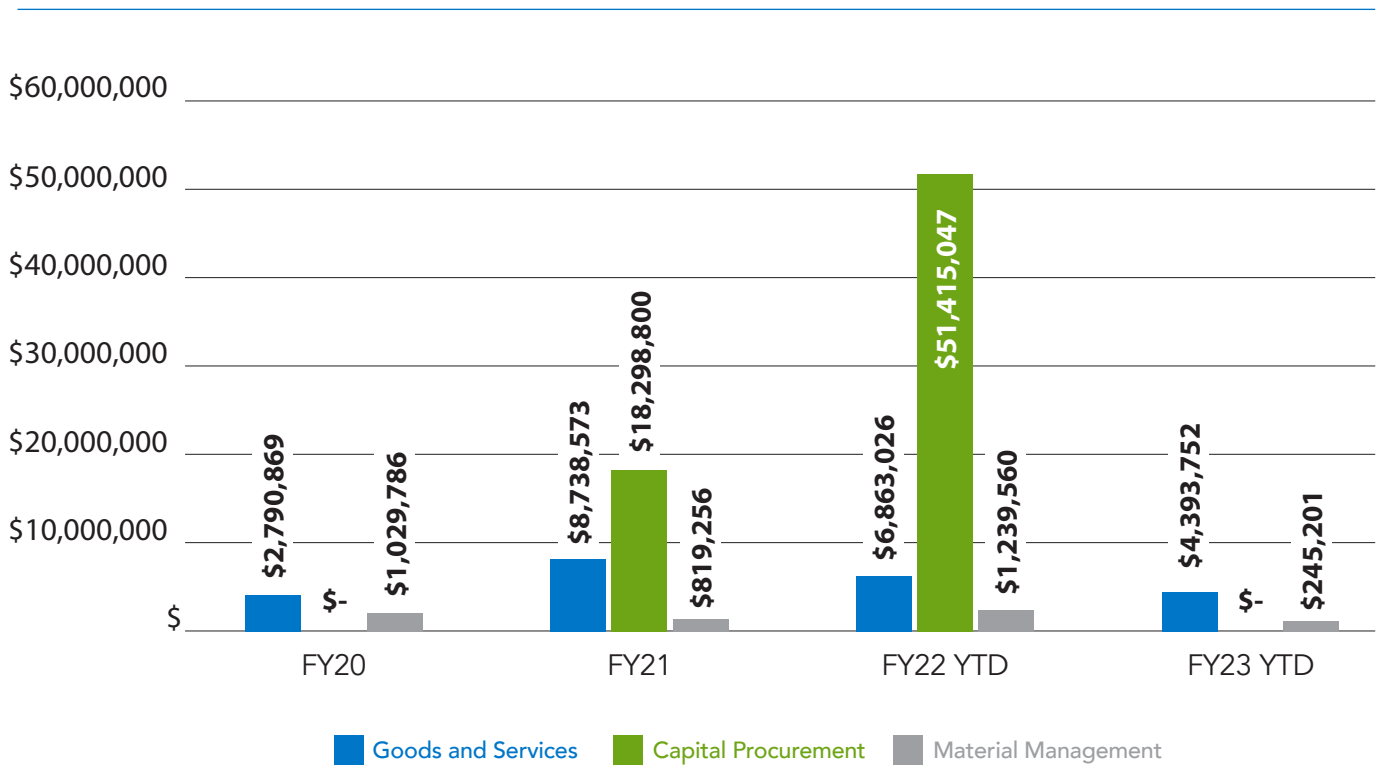
Highlights

- DC Water awarded \$15Million new design contracts for Wastewater Treatment Facilities to three firms with total certified firm participation including 13 DBE and 5 WBE firms.
- DC Water awarded six contractors to participate in the Lead Free DC (LFDC) Lead Service Line Replacement (LSLR) Program. Two of these contractors, National SVC Contractors Inc. and North Arrow Inc., were subcontractors previously on DC Water projects but now became prime contractors.
- Procurement successfully negotiated an additional discount from 15.5% to 19% on methanol for the estimated annual savings of \$550,000.

Cost Savings (negotiated savings and cost avoidance):

The chart shows the cost savings from FY 2020 to FY 2023 year-to-date achieved by Procurement through the competitive solicitation process in the Capital Project and Goods/Service solicitations and the cost avoidance achieved in the Materials Management through the inventory optimization. The cost savings for Capital Procurement was not tracked in FY 2020.

Cost Savings



**Procurement** - continued

**Upcoming Business Opportunities:** All current and planned solicitations are available at [dcwater.com/procurement](https://dcwater.com/procurement). Those upcoming in the next two months are shown below:

**Capital Procurement**

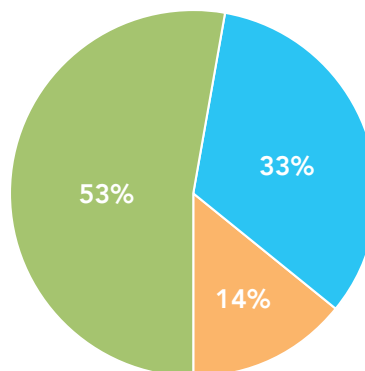
Planned Solicitation	Project Title	Solicitation Type	Estimated Total Contract Value	Delivery w Type	Eligible Inclusion Program
February, 2023	Non-Process Facilities Design BOA	RFP	\$5M	Design	DBE/WBE
March, 2023	Floatable Debris Dock	RFP	\$4M	Design Build	DBE/WBE
March, 2023	Major Sewer Rehab 1-5 Northeast Boundary	IFB	\$21M	Bid Build	DBE/WBE
March, 2023	Sewer Main IR &R	IFB	\$17M	Bid Build	DBE/WBE
April, 2023	Construction of Flood Seawall Segment A, B, D	RFP	\$25M	Design Build	DBE/WBE
April, 2023	Glover Park	RFP	TBD	Design	DBE/WBE
April, 2023	Service Life Restoration Program (SLRP) 2	IFB	\$20M	Bid Build	DBE/WBE
May, 2023	Primary Tank Treatment - 20 yr rebuild	RFP	\$5M	Other	DBE/WBE
June, 2023	Sewer and Water IR &R	IFB	TBD	Bid Build	TBD

**Goods and Services Procurement:**

Planned Solicitation	Project Title	Solicitation Type	Estimated Total Contract Value	Eligible Inclusion Program
February, 2023	Protective Services	RFP	> \$10M	DBE/WBE
February, 2023	Investment Advisory Services	RFP	< \$1M	LSBE
February, 2023	Rolling Owner Controlled Insurance Program 6 (ROCIP 6)	RFP	> \$10M	DBE/WBE

**Certified Business Utilization**  
 In January, DC Water approved four different procurement actions, including one change order and three requests for additional funds totaling \$5.3 million. Of this total, the planned certified firm participation is \$1.15 million in subcontracting opportunities.

**Certified Firm Participation  
 January 2023 Awards**



**Participation**

- DBE:** \$50.0M
- WBE:** \$20.3M
- LSBE:** \$600K
- Non-certified:** \$78.9M

**Shared Services Spotlight:  
Office of Emergency Management**

The Office of Emergency Management (OEM) continues to facilitate nationally recognized efforts in emergency management, critical infrastructure protection, and hazard mitigation for increased capabilities and resilience. OEM’s efforts and initiatives are driven by making sure that the Authority continues to stay in compliance with the America’s Water Infrastructure Act (AWIA); continues to adhere to the 62 standards of the Emergency Management Accreditation Program (EMAP); continues to support the District of Columbia’s Continuity of Operations Code DC Code § 7–2231.11 ; continues to build capabilities through lessons learned; continues to increase resilience through identifying and mitigating risks; and continues to provide training of staff and engaging with internal and external stakeholders.



**Planning and Training**

OEM accomplishes plan documentation compliance by maintaining, reviewing, and updating DC Water’s suite of nine emergency management plans for preparedness, response, and recovery.

- Annual Plan Updates: All nine plans updated and provided written notification to leadership on where updated versions can be found, task completed on November 20, 2022.
- Full Plan Revisions Completed (conducted in a five-year cycle): Fire Prevention Plan, emergency evacuation guides, Inclement Weather Procedures, and the Office of Emergency Management’s Strategic Plan to align with Blueprint 2.0 imperatives.
- Development of New Plans or Guidance: All Hazards Initial Response Playbook, Bottled Water Distribution Plan template, and Workplace Threat Guidance.

OEM continues to advance safety and ensure that all hazard training and exercises for staff are provided in a thoughtful and coordinated way throughout the Authority. In FY22, OEM held 60 trainings, drills, and exercises, with participation from nearly 1,000 employees and stakeholders. This significant and atypical effort is in large part due to OEM’s relationship with EPA Region 3 and their support in funding these numerous efforts. All events utilize a planning committee which is cross-functional to help develop objectives and materials.

Training and Exercise highlights include launching two online required training courses for non-union staff. Additional training and exercises covered: De-Escalation Seminars, Critical Customer Event and Drill, 16 Incident Command System training courses, Blue Plains Hazardous Materials Drills, Cybersecurity Operational Technology training and workshop, Continuity of Operations workshops, evacuation drills, Active Threat (active shooter) seminars.



**Critical Infrastructure Protection and Hazard Mitigation**

In support of continuing to identify risk, OEM collaborated with the US Department of Homeland Security (DHS) to conduct vulnerability assessments of four critical facilities. To increase resilience and reduce risk, OEM manages hazard mitigation activities and grants. Submitted six Building Resilience Infrastructure and Communities (BRIC) and Hazard Mitigation Grant Program (HMGP) grant applications. Expecting final award language on \$20 million in FEMA BRIC grant funding for remaining three sections of Blue Plains floodwall.

**Leadership in Collaboration with External Partners**

- Director Dusti Lowndes, selected to serve as Vice Chair to the Water Sector Coordinating Council of the Water Sector Critical Infrastructure Partnership Advisory Council (CIPAC)
- Participant on National Capital Region’s Food and Water Supply Chain Resilience project and DC Military Installation Resilience Review (MIRR) project
- Conducted 10 presentations for local partner agencies and national conferences

**Incident Management Team (IMT) Activations and National Special Security Event (NSSE) Support**

OEM serves as IMT liaison to partner agencies, planning section leads, and conducts monitoring of intelligence on situational platforms within the District of Columbia’s Emergency Operations Center and within the federal government’s Multi-Agency Coordination Center-Critical Infrastructure Coordination Center. Incident Management Team (IMT) activations include COVID-19 2022 for the Omicron variant, (Director Lowndes, Incident Commander) and Anacostia 3rd High Valve Replacement Project. Partial activations and/or enhanced event monitoring include: NSSEs (US-Africa Leaders Summit, July 4th, State of the Union Address); First Amendment and special events (severe weather, significant parades, festivals, marathons).



**Shared Services Metrics**

Metric	Target	Oct-22	Nov-22	Dec-22	Jan-23
Security: Camera operational uptime	90%	97%	96%	96%	97%
Security: Smart card readers operational uptime	90%	99%	99%	97%	97%
Security: Percent of security investigations completed within 21 days	95%	100%	100%	100%	100%
Facilities: Preventive Maintenance Completion Rate	90%	39%	38%	36%	43%
Facilities: Service Request Completion Rate	90%	59%	45%	38%	67%
Fleet: Preventive Maintenance (PM) on Schedule	96%	79%	39%	NA%	NA%
Fleet: Priority Vehicles/Equipment (In-Service)	96%	77%	77%	80%	74%
Safety: DC Water Employee Recordable Incident Rate (RIR) (FY)	< 4.9	3.1	2	2.4	2.8
Safety: DC Water Employee Lost Time Incident (LTI) (FY)	< 1.7	2.1	1.5	1.7	2
Safety: Contractor/ROCIP Recordable Incident Rate (RIR) (FY)	< 2.5	3.6	2.6	3	3.1
Safety: Contractor/ROCIP Lost Time Incident (LTI) (FY)	< 1.1	0	0.9	0.6	0.4

**Facilities:**

The completion rates for January 2023 are 43% for Preventive Maintenance work orders and 67% for Service Request work orders. January 2023 started with Facilities shops finishing out the commitment to clear out of the old Fleet, F, and Welding Shop buildings at the O Street campus in preparation to turn over the G1 & G2 parcels to DMPED and the developer. In addition, all Facilities shops were engaged in preparation of the old IT building at Blue Plains for use by the Lead-Free DC consulting team. Preventive maintenance work orders completion rate rose with 89 completed out of 208 total. Service request work orders completion climbed from 69 completed in December to 169 completed in January. Facilities continues to work with People & Talent to recruit 5 open crew positions (three HVAC workers and two B&G workers) and one open HVAC Foreman position. The HVAC Foreman grade 15 position was advertised for recruitment late in January 2023. The HVAC mechanic grade 11 position recruited in December accepted the offer with start date anticipated the week of February 27, 2023. An AC mechanic grade 10 position was recruited and provided an offer, but the candidate declined the offer. Buildings & Grounds workers were interviewed and 2 job offers were put forward. If accepted these B&G positions should start in March of 2023.

**Fleet:**

The Preventative Maintenance metric is listed as N/A for this month as the Fleet team is still operating out of the small equipment shop at Blue Plains with limited services.

**Safety:** In January, DC Water had two Lost Time Incidents and ROCIP had 2 Recordable Incidents, therefore exceeding the Bureau of Labor Statistics benchmarks of less than 2 and less than 2.5 respectively. \*An injury previously reported changed classification, and the data for December's DC Water Lost Time Incident is updated.



### Customer Assistance Programs (CAP)

DC Water is on track with sharing Customer Assistance opportunities. We are working to reach FY22 Customer Assistance participation levels. Through direct marketing and customer interaction through collection activities, January saw an increase in MAP participation.

DC Water initiated the Customer Catch-Up Offer. This one-time, limited-time offer incentivizes customers to pay their bills before 5/31/2023 for outstanding balances as of 12/31/2022. The incentive includes waiving all late fees and penalties and adjusting 10% of the remaining balance. The offer aims

to reduce AR (Accounts Receivable) and help customers bring their outstanding bills back to monthly costs to avoid disconnection once the winter moratorium ends. The offer began on 2/1/2023, and adjustments will be applied in June 2023 to customer accounts that have satisfied the required payment.

As people take advantage of the Customer Catch-Up Offer, we should see an increase in assistance enrollment. The assistance programs help reduce monthly costs, and the RAP assistance will also help pay down the customer's outstanding balance relative to the Catch-up Offer.

### Customer Assistance Programs (CAP)

Program	FY2022 Enrolled	FY2022 Dollars	Jan. # Enrolled	Jan. Dollars	# FY23 Enrolled	FY2023 Dollars	FY2023 Budget
CAP I	6,949	\$4,871,357	534	\$122,369	2,124	\$404,457	\$2,500,000
CAP II	679	\$338,362	48	\$7,695	178	\$26,177	\$400,000
CAP III	204	\$33,026	7	\$668	20	\$1,523	\$50,000
Non-Profit CRIAC Relief	186	\$866,375	17	\$71,207	87	\$189,885	\$905,608
DC Water Cares Residential	1,690	\$1,318,242	258	\$212,782	868	\$836,452	\$1,681,758
DC Water Cares Multifamily (number of units)	4,313	\$1,880,830	623	\$467,509	813	\$538,526	\$4,545,195

### Customer Care

The month of January saw improvements in some of our metrics. Through discussions and strategic focus, the Percent Unbilled at the end of the month was within target. Additionally, the AMI transmission percentage slightly increased. We are working with our AMI vendor to reduce filter noise that causes interference with the DCUs. Addressing this one and a few other uncontrollable issues like tree roots in meter pits, inside meter locations, and the small lag between the meter changes and MTU installation for the Small Diameter Water Main and Lead-Free DC projects, will allow the transmission rates to increase in the coming months.

The Call Center did not meet its metrics this month. However, the team is still on target to meet the metric at the end of the year. The constraints of January that prevented us from meeting the target were:

- System issues that caused the team to change work location in the middle of the day
- Increased call volumes due to disconnection conversations
- Unscheduled employee absences
- Employee promotions out of the Call Center to other areas.

To supplement staff, the team started a new employee training in February. This class attendance includes temporary staff that will supplement the missing headcount. These employees should begin taking calls in mid-March.

### Key Performance Indicators

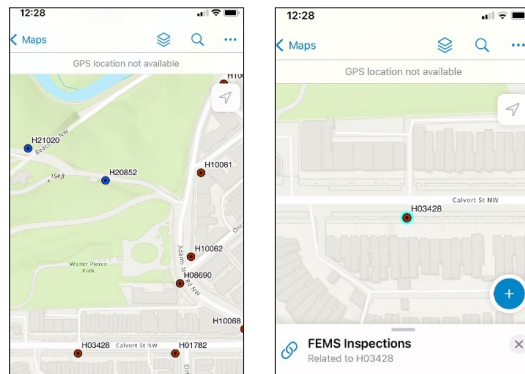
Metric	Target/Service Level	Nov 22	Dec 22	Jan 23
% of Bills issued on time (w/in 5 days)	97%	98.4%	98.0%	99.0%
% Unbilled (NEW)	1.1%	1.7%	1.7%	0.7%
Estimated bills as a percent of meters read	4%	4.4%	4.3%	4.9%
% AMI Transmission (NEW)	95%	93.1%	92.9%	93.0%
# of Bill investigations (Disputes)	trend only	68	52	100
% of OPC inquiries resolved within 14 days	98%	100%	100%	100%
% of Calls Answered in 40 Seconds (Call Center)	85%	92%	83%	80%
Monthly Call Volume Served (Call Center)	trend only	7,718	8,832	9,186
Abandon Rate	3%	2%	4%	4%
Emergency Dispatch <= 10 Min (ECC)	92%	100%	100%	100%

**January: Four projects launched**

**On-line Bill Dispute Application** – the online application will allow disputed bill requests to be entered via the DC Water website. A notice will be sent to Customer Service when a request is entered and launch review process. Customer will be sent a confirmation that the request has been entered and when and when the process is complete an update will be sent confirming the disposition of the request.

**Payment platform replacement** – this project will replace the existing bill payment and presentment platform with an improved user interface, more flexible payment methods, enhanced reporting and analytics, and a more efficient reconciliation process. Additional benefits include more flexible fee structures and a lower transaction cost.

**FEMS Hydrant Inspection App** – allows the District’s fire department to perform hydrant inspections in real-time. The app will allow users to select individual hydrants off a map and complete the inspection. DC Water’s water services group will be notified immediately when inoperative hydrants are found. Deployment is scheduled for early March.



**SCADA system Upgrades** – this project will replace the existing Supervisory Control and Data Acquisition (SCADA) servers and upgrade the system that supports the distribution and collection system operations. The existing back-up server will be relocated from COF to our Sterling back-up data center and the production server will be moved from Bryant St to COF improving overall reliability.

**IT Monthly Report**

SR/WO Type	SL Target / SLA	Nov 22	Dec 22	Jan 23
Number of tickets submitted	Trend only	862	706	910
Number of open tickets	Trend only	13	26	43
Helpdesk SLA	96%	99.20%	100%	98%
Number of active projects	Trend only	23	22	23
Number of completed projects	Trend only	0	3	0
On schedule performance	90%	95.12%	92.68%	93.18%
On budget performance	90%	95.12%	95.12%	95.45%

**Featured Projects of the Month – Non-Process Area Updates**

**Fleet Facilities Building (95% complete)**

As of 2/10/23: A 60-Day Temporary Certificate of Use & Occupancy was received. Installation of the security perimeter fencing begins on 2/13/23 and there is continued coordination with Prince George’s County and Maryland State agencies.





**Key Performance Indicators**

Metric	Target/Service Level	Oct-22	Nov-22	Dec-22	Jan-23
<b>Wastewater Operations</b>					
NPDES Permit Compliance	100%	100%	100%	100%	100%
Air Permit Compliance	100%	100%	100%	100%	100%
Biosolids Class A	100%	100%	100%	100%	100%
Tunnel Dewatering	100%	100%	100%	100%	100%
Combined Heat and Power	>20%	26%	27%	25%	26.5%
Reactive Maintenance	<20%	31%	30	24%	29%
Critical Asset Availability	>95%	97%	97%	97%	96%
<b>Sewer Operations</b>					
Combined Sewer System (CSS) structures (all outfalls, regulators, tide gates) inspections	100%	100%	100%	100%	100%
* Municipal Separate Stormwater System (MS4) requirement to clean all catch basins in the MS4 Permit Area at least once annually (Jul 01- Jun 30)	14,700	600	1,757	2766	5490
* Inspection of catch basins in the CSO Anacostia tributary area at least twice per year (Jan 1- Dec 31)	11,400	10,138	10,790	11,434	662
* NPDES Permit to Clean and Inspect 85% of 10,700 CSS Area C/B (Jan 1- Dec 31)	9,095	9,347	10,213	11,253	46
Miles per month Sewer Cleaning and Inspection to meet 1,400 Miles of Small Diameter (<12 inches) in 10Yr Cycle	>12	1.9	3.4	4.5	4
Sewer Backup (Investigation to Resolution) Within 24 Hours Excluding Line Breaks	>95%	100%	100%	100%	100%
Sanitary Sewer Overflow 1.4 per 100 Miles of Sewer/Yr	2	0.08	0.3	.53	.53
Combined Sewer System Overflows	0	0	0	0	1
<b>Pumping Operations</b>					
Firm Pumping Capacity Maintained	100%	100%	100%	100%	100%
Reactive Maintenance	<20%	15%	6%	14%	10%
Critical Asset Availability	>95%	98%	98%	98%	98%

\* Month-to-Month Cumulative Total for Catch Basin Inspection and Cleaning

**Key Performance Indicators** continued

Metric	Target/Service Level	Oct-22	Nov-22	Dec-22	Jan-23
<b>Water Operations</b>					
Safe Drinking Water Compliance	100%	100%	100%	100%	100%
Total Fire Hydrants Replaced	>21/Month	10	9	1	10
Hydrant Flow Tests (Non-Winter Months)	>180	175	154	190	27
Fire Hydrant Operational Rate	99%	99.83%	99%	99.75%	99.98%
Priority 5 Emergency Water Service work orders completed w/in 24 hrs	>90%	100%	100%	100%	100%
Water Quality Complaint Resolution (within 48 hours)	>90%	96.20%	95.8%	93%	95.15%
Water Main Breaks	<28/Month	26	36	77	27
Water Main Break Rate /100 Miles (National Average is 25)	25	36.57	34.37	38.56	26.77
% of Hydrant Leaks in inventory that are not leaking	>90%	99%	99%	99%	99%
<b>Permit Operations</b>					
Overall On-time completion of Permit Reviews	90%	91%	92%	92%	89%

**Explanation of Missed Targets**
**Wastewater Operations Reactive Maintenance (<20%)**

DC Water has adopted a manufacturing industry best practice benchmark of less than 20 percent reactive maintenance hours as percent of total maintenance hours. To our knowledge, there is no similar benchmark used in the public water utility sector. Blue Plains manages around 45,000 assets within our asset management/maintenance management system, and this stringent industrial benchmark is tracked as a marker for continuous improvement. We observe a descending trend of percent of total reactive maintenance hours, measured as annual average during fiscal years 2019, 2020, 2021, and 2022 of 40%, 37% 32%, and 34% respectively, for assets at the Blue Plains Advanced Wastewater Treatment Plant. The reduction realized is attributed to enhanced proactive and predictive maintenance programs, training of staff on precision maintenance and reliability centered maintenance, optimization of existing preventive maintenance plans, and improvements in processes and equipment through the Capital Improvement Program. The goal is to remain on the reduction path towards a benchmark that is applicable for Blue Plains.

**Sewer Cleaning and Inspection (Miles) 10Yr Cycle**

The missed target is due to a delay in receiving the submittal from the contractor. Inspection activities are on-going, and deliverables are expected within the week.

**Combined Sewer Overflow (CSO)**

On January 20, 2023, during routine maintenance, a DPSO field crew observed surcharged manholes near 30th and K Street NW. Subsequent investigation confirmed a Dry Weather Overflow at CSO 024. An estimated 18,000 gallons of sanitary sewage spilled into the Potomac River caused by an accumulation of debris in the 48-inch combined sewer main and the pump station wet well. Cleaning of the wet well and influent line was performed, and CCTV inspection of the sewer main is scheduled to determine what additional steps are needed to prevent reoccurrence.

**Total Fire Hydrants Replaced (>20/Month)**

The department did not meet the target due to a shift in priorities as the team worked to address the uptick in emergency water main repairs (winter season increase). We will reprioritize the monthly target when the winter season ends.

**Hydrant Flow Tests (Non-Winter Months)**

The department did not meet the target due to the risk of causing icy conditions on roadways by flowing hydrants in weather months. The team worked to address other hydrant assessment activities and support emergency water isolation for water main repairs. We will reprioritize the monthly target when the winter season ends."



## Water, Sewer, Blue Plains, Lead Free DC and DC Clean Rivers



- Contract changes orders for Construction Packages\* 5 & 6 have now been developed, Board approved, and fully executed. Using the existing contracts for Capitol Paving (160100) and Fort Myer Construction(170070), \$17M of CIPERR By-Block work will be assigned and construction will begin in March 2023. Construction Packages 5 & 6 are composed of 47 (644 premises) and 49 (1025 premises) blocks, respectively.

- All permit applications for Construction Package 5 have been submitted to DDOT. Currently, Five of 47 permits for Package 5 have been approved. For Package 6, 12 of 49 permits have been submitted to DDOT to date.
- DDOT has recently indicated that they will not issue any more permits until restoration of existing permitted streets have occurred. Discussions with DDOT are ongoing about the completed blocks restoration schedule and advancing the review/approval of the submitted permit applications for new blocks. Paving completed block will resume in March 2023.
- Public Outreach continues for the Package 5 and 6 blocks to obtain agreements.
- Procurement has finalized the selection of eight contractors that have submitted qualification packages for the LFDC ongoing construction work. The Master Service Agreements (MSAs)\*\* for the contractors were approved at the February Board Meeting. Procurement and DETs will be setting up onboarding workshops for the contractors in late February/early March.
- Procurement is moving forward with the prepurchase of materials for the Lead-Free DC program to alleviate supply shortage concerns. This pre-purchase materials contract is on the agenda for approval at the March Board Meeting.

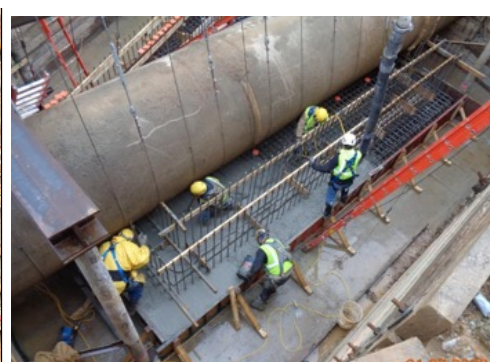
\*Construction Package refers to a bid package for specifications and details.

\*\*Master Service Agreement (MSA): Task Order-Based Lead-Free DC (LFDC) Lead Service Line Replacement, Contract No. 230030

Fiscal Year	LPRAP (Assistance Program)	Voluntary Full	CIP Full	CIP Partial	Emergency Full	Emergency Partial	Total LSRs	FY22 Goal	Total Partial	Partial %	Goal %
FY2023	102	88	339	4	46	1	580	3324	1	0.6%	2.1%

### Major Sewer Rehab and Local Sewer Condition Assessment Projects

- The Potomac interceptor MH 31-30 Rehabilitation is in construction and installation of the support of excavation system (SOE) @ MH 31.5 is completed.
- The ring beam installation system at the slip line launch pit shaft is completed.
- The Access shaft for slip-lining of the 78" sewer is complete and coordination between all stakeholders for the slip-lining activity has commenced.
- Pipe supports at the existing 66" pipe is completed.
- Delivery of pipe support systems and slip line pipe casing is completed.



- Additionally, Engineering is in the final stages of starting condition assessment of the Easby Point Trunk Sewer, Northwest Boundary Trunk Sewers, East & West Outfall Sewers, East & West Outfall Relief Sewers, and North & South Interconnecting Branch Sewers.

**Internal audit plan FY2023 timeline**

This timeline represents the FY 2023 audit plan and the status of each project. Annually the Internal Audit team, RSM, conducts a risk assessment and presents the results and the audit plan to the Audit & Risk Committee in October.

	Oct - 22	Nov - 22	Dec - 22	Jan - 23	Feb - 23	Mar - 23	Apr - 23	May - 23	Jun - 23	Jul - 23	Aug - 23	Sep - 23	Oct - 23	Status
▶ Contract Compliance Audit														Reporting in Progress
▶ Procurement Audit														Report Complete
▶ Payroll & Timekeeping Audit														Fieldwork in Progress
▶ Metering, Billing and Collections Audit														Fieldwork in Progress
▶ Penetration Testing Audit – External Network														Fieldwork in Progress
▶ Oracle IT General Controls Assessment														Not Started
▶ Oracle Identity & Access Mgmt Assessment														Not Started
▶ Work Order Management Audit – DWO														Not Started
▶ Business Continuity Assessment														Not Started
▶ Fleet Management Audit														Not Started
▶ FY 2024 Risk Assessment														Not Started
▶ Ongoing Follow-up Procedures														Ongoing
▶ Ongoing Hotline Monitoring														Ongoing

Audit FY	Issue Date	Audit Report	High Risk Open Finding	Original Target Date	New Target Date	# Extensions	
1	2022	7/28/2022	Strategic Plan Monitoring	Missing, incomplete, or outdated goals data	3/31/23	N/A	0
<i>Status notes: The Goal Master List has been updated to include an "as of" field to more easily monitor timeliness of inputs from the business units. The Strategic Management team will develop formal SOPs to address a notification / escalation protocol for goal data updates. The Strategic Management team is developing a process to validate the completeness, accuracy, and quality of data used to monitor progress of the strategic goals aligned to Blueprint 2.0.</i>							

■ Past due  
■ Original target date has not yet come due

**\*Open Prior Audit Findings**

Audit Report / Subject	Issue Date	Open
Fleet Management Review	1/24/2019	1
Occupational Safety and Health	4/25/2019	1
Customer Billing and Collections Audit	10/22/2020	1
Contract Compliance Audit	7/22/2021	1
Strategic Plan Monitoring Audit	7/28/2022	2
		<b>total 6</b>

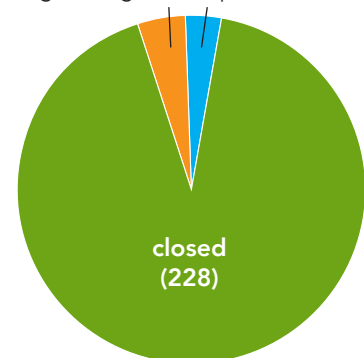
■ At least one original remediation target date has been extended

In total, 93% of all prior audit findings from FY16 - FY22 are closed. Management's target closure rate is 90%

\*Note that the audit findings reported above represent open findings through the FY22 Audit Plan year.

**FY16 – FY22 prior audit findings status**

pending testing (11) open (6)



“Pending Testing” indicates that Management represents that the Action Plan is completed, but Internal Audit has not yet performed testing to validate the status.

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**Summary of Resolutions and Contracts**  
**295<sup>th</sup> Meeting of the DC Water Board of Directors**  
**Thursday, March 2, 2023**

**Joint-Use Contracts**

**Resolution No. 23-09** – Award of Contract No. 10331, First Vehicle Services. The purpose of this contract is to provide fleet maintenance and repair service at two DC Water facilities, the central maintenance garage located at 6020 Walker Mill Rd, Capital Heights, MD, and the small equipment shop located at 5000 Overlook Ave, SW, Washington, DC. The contract value with the two-year base term is \$7,977,679.00. (Recommended by the Environmental Quality and Operations Committee 02-16-23)

**Resolution No. 23-10** – Approval of Contract No. WAS-10-051-AA-CE, Emerson Process Management Power and Water Solutions, Inc. The purpose of this contract is to extend maintenance and upgrade contract for five years by providing major hardware and software upgrades, on-site support, preventive maintenance, and emergency repair services for the Process Control System (PCS). The five-year extension value of this contract is \$11,503,791.00. (Recommended by the Environmental Quality and Operations Committee 02-16-23)

**Resolution No. 23-11** – Approval of Master Supply Agreement and Purchase Order Award, Ferguson Enterprises, LLC, and Core & Main LP. The purpose of this program is to acquire supply chains management for pipes, valves, fittings, and related materials required to support capital improvement projects. The suppliers will also provide supply risk management services that will assure the availability of material for Lead Free DC and for Small Diameter Water Main Replacement in a timely and cost-effective manner. The program value is \$85,000,000.00. (Recommended by Environmental Quality and Operations Committee 02-16-23)

**Resolution No. 23-12** – Approval to Amend Fiscal Year 2023 Operating Budget (Recommended by the Finance and Budget Committee 02-23-23)

**Resolution No. 23-13** – Approval of Proposed Fiscal Year 2024 Operating Budget (Recommended by the Finance and Budget Committee 02-23-23)

**Resolution No. 23-14** – Approval of Proposed Fiscal Year 2023 – 2032 Capital Improvement Budget (Recommended by the Environmental Quality and Operations Committee 02-16-23 and the Finance and Budget Committee 02-23-23)

**Resolution No. 23-15** – Approval of Fiscal Year 2023 – 2032 Ten-Year Financial Plan (Recommended by the Finance and Budget Committee 02-23-23 and the DC Retail Water and Sewer Rates Committee 02-28-23)

**Resolution No. 23-16** – Approval of Official Intent to Reimburse Fiscal Year 2023 and 2024 Capital Expenditures with Proceeds of a Borrowing (Recommended by the Finance and Budget Committee 02-23-23)

**Non-Joint Use Contracts**

No Action Items

**Presented and Approved: March 2, 2023**

**SUBJECT: Approval to Award Contract No. 10331 to Provide Fleet Maintenance Services and Fund the Two-Year Base Term, First Vehicle Services**

**#23-09  
RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors (“Board”) of the District of Columbia Water and Sewer Authority (“the Authority”) at its meeting on March 2, 2023 upon consideration of a joint use matter, decided by a vote of \_\_\_ ( ) in favor and \_\_\_ ( ) opposed to approve the award of Contract No. 10331 with a two-year base term, First Vehicle Services.

**Be it resolved that:**

The Board of Directors hereby authorizes the General Manager to execute Contract No. 10331, First Vehicle Services. The purpose of this contract is to provide fleet maintenance and repair service at two DC Water facilities, the central maintenance garage located at 6020 Walker Mill Rd, Capital Heights, MD, and the small equipment shop located at 5000 Overlook Ave, SW, Washington, DC. The contract value with the two-year base term is \$7,977.679.00.

This Resolution is effective immediately.

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Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY  
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

**ACTION REQUESTED**

**GOODS AND SERVICES CONTRACT AWARD**

**Fleet Maintenance and Repair Service  
(Joint Use)**

Approval to award a contract to provide fleet maintenance services and fund the two-year base term for \$7,977,679.00. Purchase Orders will be issued based on availability funds, requirements and vendor performance.

**CONTRACTOR/SUB/VENDOR INFORMATION**

<b>PRIME:</b>	<b>SUBS:</b>	<b>PARTICIPATION:</b>
First Vehicle Services 600 Vine Street Cincinnati, OH 45202	K. Neal International Trucks, Inc. 5000 Tuxedo Road Hyattsville, MD 20781	DBE 9.9%
	Service Properties, LLC. (DBA Mac's Tire Service) 423 Florida Ave, NE. Washington, DC 20002	WBE 3.8%
	John John, Inc. T/A ANT Towing 2209 Channing Street NE, Washington, DC 20018	DBE 2.0%
	Unitec Distribution Systems 289 East Green Street Westminster, MD 21157	WBE 0.3%
	AAG Solutions, Inc. (DBA Affordable Auto Glass, Inc.) 7315 Webster Turn Fort Washington, MD 20744	DBE .3%

**DESCRIPTION AND PURPOSE**

Base Period Contract Value: \$7,977,679.00  
 Base Period Contract Date: 03-27-2023 – 03-26-2025  
 Number of Option Years: 3

**Purpose of the Contract:**

DC Water requires a qualified contractor to provide fleet maintenance and repair service at two locations, a central maintenance garage facility located at 6020 Walker Mill Rd. Capital Heights, MD and the small equipment shop located at 5000 Overlook Ave, SW, Washington, DC 20032.

**Contract Scope:**

To provide fleet maintenance and repair services, parts, tires, and towing for approximately 610 fleet vehicles and 750 units of small equipment. The inspection and maintenance services must be carried out to meet the prescribed preventive maintenance schedules and the prescribed performance standards. These schedules and standards are designed to keep the fleet vehicles in safe operating condition, ensure maximum availability to the user departments, and to achieve the optimum life of the vehicle in terms of operating efficiency. All work done and reports generated are to be done through DC Water's Automated Fleet Management System (AFMS).

**Supplier Selection:**

DC Water will ride Loudon County's contract. This is allowed per DC Water's Procurement Regulations as Loudon County made their award based on a competitive procurement using selection criteria similar to what DC Water would use. First Vehicle Services satisfactorily performed maintenance and repair services for DC Water from 2002 to 2012.

**PROCUREMENT INFORMATION**

<b>Contract Type:</b>	Good and Services	<b>Award Based On:</b>	Best Value
<b>Commodity:</b>	Maintenance and Repair	<b>Contract Number:</b>	10331
<b>Contractor Market:</b>	Competitively sourced awards with riders permissible		

**BUDGET INFORMATION**

<b>Funding:</b>	Operating	<b>Department:</b>	Shared Services
<b>Project Area:</b>	DC Water Wide	<b>Department Head:</b>	Maureen Holman

**ESTIMATED USER SHARE INFORMATION**

User - Operating	Share %	Dollar Amount
District of Columbia	70.33%	\$5,610,701.64
WSSC	22.20%	\$1,771,044.74
Fairfax County	4.75%	\$378,939.75
Loudoun Water	2.35%	\$187,475.46
Other (PI)	0.037%	\$29,517.41
<b>TOTAL ESTIMATED DOLLAR AMOUNT</b>	<b>100.00%</b>	<b>\$7,977,679.00</b>

 Esq. / 02/07/2023  
 Maureen Holman Date  
 VP of Shared Services

 Digitally signed by Dan Bae  
 DN: C=US,  
 E=dan.bae@dowater.com,  
 O=District of Columbia Water and  
 Sewer Authority, OU=VP of  
 Procurement & Compliance,  
 CN=Dan Bae  
 Date: 2023.02.08 11:14:56-05'00'  
 Dan Bae Date  
 VP of Procurement

**Matthew T. Brown** Digitally signed by Matthew T. Brown  
 Date: 2023.02.08 17:40:17 -05'00'  
 Matthew T. Brown Date  
 CFO and EVP of Finance and Procurement

 2/23/2023  
 David L. Gadis Date  
 CEO and General Manager

**Presented and Approved: March 2, 2023**

**SUBJECT: Approval of Contract No. WAS-10-051-AA-CE, Process Control System (PCS) Maintenance and Major Upgrades, Emerson Process Management Power and Water Solutions, Inc.**

**#23-10  
RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors (“Board”) of the District of Columbia Water and Sewer Authority (“the Authority”) at its meeting on March 2, 2023 upon consideration of a joint use matter, decided by a vote of \_\_\_( ) in favor and \_\_\_( ) opposed to approve Contract No. WAS-10-051-AA-CE, Emerson Process Management Power and Water Solution, Inc.

**Be it resolved that:**

The Board of Directors hereby authorizes the General Manager to execute Contract No. WAS-10-051-AA-CE, Emerson Process Management Power and Water Solutions, Inc. The purpose of this contract is to extend maintenance and upgrade contract for five years by providing major hardware and software upgrades, on-site support, preventive maintenance, and emergency repair services for the Process Control System (PCS). The five-year extension value of this contract is \$11,503,791.00.

This Resolution is effective immediately.

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Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY  
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

**ACTION REQUESTED**

**GOODS AND SERVICES CONTRACT:**

**Process Control System (PCS) Maintenance and Major Upgrades  
(Joint Use)**

Approval to extend maintenance and upgrade contract for five years in the amount of \$11,503,791.00. Purchase Orders will be issued each Fiscal Year based on Budget availability.

**CONTRACTOR/SUB/VENDOR INFORMATION**

<b>PRIME:</b>	<b>SUBS:</b>	<b>PARTICIPATION:</b>
Emerson Process Management Power and Water Solutions, Inc. 200 Beta Drive Pittsburgh, PA 15238	N/A	N/A

**DESCRIPTION AND PURPOSE**

<b>Contract Value:</b>	\$10,548,141.00
<b>Contract Dates:</b>	10-01-2013 – 09-30-2018
<b>Additional Funding:</b>	\$387,920.00
<b>Additional Funding Date:</b>	04-02-2014 – 09-30-2018
<b>Previous Contract Extensions:</b>	10-01-2018 – 04-30-2023
<b>Additional Funding:</b>	\$350,000.00
<b>Five Year Extension Value:</b>	<b>\$11,503,791.00</b>
<b>Five Year Extension Dates:</b>	<b>05-01-2023 – 04-30-2028</b>

**Purpose of the Contract:**

Provide major hardware & software upgrades, on-site support, preventive maintenance, and emergency repair services for the Process Control System (PCS).

**Contract Scope:**

Provide labor, materials and equipment for inspection, repair, modifications, adjustments and major upgrades of equipment and components associated with the PCS equipment to keep the system operational and performing in an efficient manner.

Background; by competitive negotiations, Contract 000090 Process Control and Computer System was awarded to Westinghouse Process Control (now Emerson) August 12 2002, to provide the furnishing and installation of monitoring and control system for wastewater facilities at Blue Plains AWTP. This is an extension of the system maintenance and upgrade Sole Source Contract. The Sole Source exemption is based on Procurement Regulation 5332.3 (b) Equipment upgrade and repair, repair services or parts unavailable from any other source except the original equipment manufacturer or its designated service provider.

**Spending Previous Years:**

<b>Cumulative Contract Value:</b>	10-01-2013 to 03-31-2023: \$11,286,061.00
<b>Cumulative Contract Spending:</b>	10-01-2013 to 01-06-2023: \$11,017,108.00

**Contractor's Past Performance:**

According to the COTR, the Contractor's quality of products and services, timeliness of deliverables; conformance to DC Water's policies, procedures and contract terms; and invoicing, all meet expectations and requirements.

**PROCUREMENT INFORMATION**

<b>Contract Type:</b>	Goods and Services	<b>Award Based On:</b>	Negotiated Sole Source
<b>Commodity:</b>	Service	<b>Contract Number:</b>	WAS-10-051-AA-CE
<b>Contractor Market:</b>	Sole Source Exemption - Procurement Regulation 5332.3 (b)		

**BUDGET INFORMATION**

<b>Funding:</b>	Operating	<b>Department:</b>	Process Engineering
<b>Service Area:</b>	Blue Plains AWTP	<b>Department Head:</b>	Nicholas Passarelli

**ESTIMATED USER SHARE INFORMATION**

User	Share %	Dollar Amount
District of Columbia	42.74%	\$1,412,040.27
Washington Suburban Sanitary Commission	42.85%	\$1,415,674.44
Fairfax County	9.16%	\$302,627.26
Loudoun County	4.53%	\$149,661.73
Other (PI)	0.72%	\$23,787.30
<b>TOTAL ESTIMATED DOLLAR AMOUNT</b>	<b>100.00%</b>	<b>\$3,303,791.00</b>


**BUDGET INFORMATION**

<b>Funding:</b>	Capital Equipment	<b>Department:</b>	Process Engineering
<b>Service Area:</b>	Blue Plains AWTP	<b>Department Head:</b>	Nicholas Passarelli

**ESTIMATED USER SHARE INFORMATION**

User	Share %	Dollar Amount
District of Columbia	43.57%	\$3,572,740.00
Washington Suburban Sanitary Commission	42.12%	\$3,453,840.00
Fairfax County	9.02%	\$739,640.00
Loudoun County	4.50%	\$369,000.00
Other (PI)	0.79%	\$64,780.00
<b>TOTAL ESTIMATED DOLLAR AMOUNT</b>	<b>100.00%</b>	<b>\$8,200,000.00</b>

*Aklile Tesfaye*, 02/06/2023  
 \_\_\_\_\_  
 Aklile Tesfaye                      Date  
 VP of Wastewater Operations

 Digitally signed by Dan Bae  
 DN: C=US, E=dan.bae@dcwater.com,  
 O=District of Columbia Water and Sewer  
 Authority, OU=VP of Procurement &  
 Compliance, CN=Dan Bae  
 Date: 2023.02.07 13:55:06-05'00'  
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 Dan Bae                                      Date  
 VP of Procurement

Matthew T. Brown  
 \_\_\_\_\_  
 Digitally signed by Matthew T. Brown  
 Date: 2023.02.08 17:44:00 -05'00'  
 \_\_\_\_\_  
 Matthew T. Brown                      Date  
 CFO and EVP of Finance and Procurement

*David L. Gadis*, 2/23/2023  
 \_\_\_\_\_  
 David L. Gadis                              Date  
 CEO and General Manager

**Presented and Approved: March 2, 2023**

**SUBJECT: Approval of Master Supply Agreement and Purchase Order Award, Integrated Supplier Services Program for Pipes, Valves, Fittings and Associated Materials, Ferguson Enterprises, LLC and Core & Main LP**

**#23-11  
RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("the Authority") at its meeting on March 2, 2023 upon consideration of a joint use matter, decided by a vote of \_\_\_( ) in favor and \_\_\_( ) opposed to approve the Master Supply Agreement and Purchase Order Award, Ferguson Enterprises, LLC and Core & Main LP.

**Be it resolved that:**

The Board of Directors hereby authorizes the General Manager to execute this Master Supply Agreement and Purchase Order Award for a three (3) year term. The purpose of this program is to acquire supply chains management for pipes, valves, fittings, and related materials required to support capital improvement projects. The suppliers will also provide supply risk management services that will assure the availability of material for Lead Free DC and for Small Diameter Water Main Replacement in a timely and cost-effective manner. The program value is \$85,000,000.00.

This Resolution is effective immediately.



**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY  
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

**ACTION REQUESTED**

**MASTER SUPPLY AGREEMENT AND PURCHASE ORDER AWARD**

**Integrated Supplier Services Program for  
Pipes, Valves, Fittings and Associated Materials  
(Joint Use)**

Approval to award Master Supply Agreements to issue Purchase Orders for supplier services, pipes, valves, fittings, and associated materials not to exceed \$85,000,000.00 for a base term of three (3) years and two (2) option years.

**CONTRACTOR/SUB/VENDOR INFORMATION**

<b>PRIME:</b>	<b>SUBS:</b>	<b>PARTICIPATION:</b>
Multiple Suppliers  Ferguson Enterprises, LLC 12500 Jefferson Ave . Newport News, VA 23602  Core & Main LP 1830 Craig Park Court St. Louis, MO 63146	TBD	See note below*

\* The overall utilization goals for the Master Supply Agreement are 25% DBE and 10% WBE, respectively. The two firms that were qualified to participate on this Integrated Supplier Services Program, demonstrated a history of successfully meeting established goals for DBE/ WBE utilization. Additionally, the qualified firms are required to work with DC Water to actively engage the certified business community and meet/exceed DC Water's business diversity, equity, and inclusion goals established for each task order they are awarded.

**DESCRIPTION AND PURPOSE**

Program Value:	\$85,000,000.00
Master Supply Agreement Term:	3 years
Number of Option Years:	2
Anticipated Contract Start Date:	03/15/2023
Anticipated Contract Completion Date:	03/14/2028

**Purpose of the Expenditures:**

DC Water seeks to acquire supply chain management services for pipes, valves, fittings, and related materials required to support capital improvement projects. In addition to providing materials, the suppliers will provide supply risk management services that will assure the availability of materials for Lead Free DC and for Small Diameter Water Main Replacement in a timely and cost-effective manner.

**Results and Benefits:**

By assuming supply chain management for pipes, valves, and related materials, DC Water will shorten procurement lead times, increase our ability to meet spending objectives, and improve the ability of contractors and subcontractors to successfully perform on DC Water critical infrastructure projects. Additionally, reduces bonding and working capital needs to allow firms more opportunity to participate in DC Water projects.

**Scope of Purchases:**

Suppliers' services to DC Water will include identifying and mitigating/managing supply chain risks. Suppliers will be integrated into DC Water's project delivery process, working with DC Water during project planning

and design to assist in forecasting material needs, securing availability from manufacturers, and delivering materials to the jobsite in a just-in-time manner.

Materials provided will include pipes, valves, fittings, and associated materials for capital improvement projects including Lead Free DC and Small Diameter Replacements, Large Diameter Replacement, Lead Service Line Replacement, Critical Valve Replacements, and other projects outlined in DC Water's Capital Improvement Plan. Specific Purchase orders will be competed among qualified suppliers based on availability, price, and performance during the term of the contract.

### PROCUREMENT INFORMATION

<b>Contract Type:</b>	Good and Services (MSA)	<b>Award Based On:</b>	Best Value
<b>Commodity:</b>	Services, Pipes, Valves, and Fittings	<b>Contract Number:</b>	N/A
<b>Contractor Market:</b>	Limited Market		

### BUDGET INFORMATION

<b>Funding:</b>	Capital	<b>Department:</b>	Shared Services
<b>Project Area:</b>	Water, Sewer	<b>Department Head:</b>	Dave Parker

### \*\*ESTIMATED USER SHARE INFORMATION

#### JX, JZ, QS - Allocation (Integrated Supplier Service Program)

User	Share %	Dollar Amount
District of Columbia	100.00%	\$19,863,000.00
<b>TOTAL ESTIMATED DOLLAR AMOUNT</b>	<b>100.00%</b>	<b>\$19,863,000.00</b>

#### ST - Allocation (Lead Free DC MSA)

User	Share %	Dollar Amount
District of Columbia	100.00%	\$20,000,000.00
<b>TOTAL ESTIMATED DOLLAR AMOUNT</b>	<b>100.00%</b>	<b>\$20,000,000.00</b>

#### HX, KE, KF, KG, KH - Allocation (Small Diameter Water Main MSA)

User	Share %	Dollar Amount
District of Columbia	100.00%	\$45,137,000.00
<b>TOTAL ESTIMATED DOLLAR AMOUNT</b>	<b>100.00%</b>	<b>\$45,137,000.00</b>

#### Total Combined Allocation

User	Share %	Dollar Amount
District of Columbia	100.00%	\$85,000,000.00
WSSC	0.00%	\$
Fairfax County	0.00%	\$
Loudoun Water	0.00%	\$
Other (PI)	0.00%	\$
<b>TOTAL ESTIMATED DOLLAR AMOUNT</b>	<b>100.00%</b>	<b>\$85,000,000.00</b>

\*\*It is anticipated that as materials are ordered to support capital improvement projects, the individual users will be notified and billed accordingly.

**wayne  
Griffith**

Digitally signed by  
wayne Griffith  
Date: 2023.02.02  
12:57:14 -05'00'

Wayne Griffith Date  
Acting COO, Executive Vice President



Digitally signed by Dan Bae  
CN: CPUS, E=dan.bae@dcwater.com,  
O=District of Columbia Water and Sewer  
Authority, OU=VP of Procurement &  
Compliance, CN=Dan Bae  
Date: 2023.02.02 13:36:03 -05'00'

Dan Bae Date  
VP of Procurement

**Matthew T.  
Brown**

Digitally signed by  
Matthew T. Brown  
Date: 2023.02.06  
13:42:30 -05'00'

Matthew T. Brown Date  
CFO and EVP of Finance and Procurement



David L. Gadis Date  
CEO and General Manager 2/23/2023

**Presented and Adopted: March 2, 2023**  
**Subject: Approval to Amend Fiscal Year 2023 Operating Budget**

**#23-12**  
**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, (“DC Water”) at the Board meeting on March 2, 2023, upon consideration of a joint-use matter, decided by a vote of \_\_\_( ) in favor and \_\_\_( ) opposed, to take the following action with respect to the Amended Fiscal Year 2023 Operating Budget.

**WHEREAS**, on March 3, 2022, through Resolution #22-20, the Board approved the Fiscal Year 2023 Operating Budget that totaled \$686,403,165: and

**WHEREAS**, on May 26, 2022, the Finance & Budget Committee was briefed on the preliminary Fiscal Year 2022 year-end forecasts for operating revenue, operating expenditure, capital disbursements and net cash position; and consideration for reallocating in FY 2023, \$3,000,000 of projected underspending in debt service to cover projected shortfalls in chemicals primarily due to higher unit prices of various major chemicals used at the Plant and electricity due to market price volatility; and

**WHEREAS**, on June 23, 2022, the Finance & Budget Committee was briefed on the updated Fiscal Year 2022 year-end forecasts and recommended that the Board approve the amendment of the Fiscal Year 2023 Operating Budget to allocate \$3,000,000 of projected underspending in debt service in Fiscal Year 2022 to cover projected shortfalls in chemicals and electricity in Fiscal Year 2023 and the allocation of \$3,912,000 to PAYGO; and

**WHEREAS**, on June 23, 2022, the Finance & Budget Committee was briefed on the recommended carryover of \$6,912,000: \$3,000,000 for the Fiscal Year 2023 budget amendment for chemicals and energy and \$3,912,000 for PAYGO; and

**WHEREAS**, on July 7, 2022, through Resolution #22-42, the Board approved and adopted amendments to DC Water’s Fiscal Year 2023 Operating Budget by reallocating \$3,000,000 from debt service to chemicals and utilities and amending the Fiscal Year 2023 Operating Budget to \$689,403,165 with a carryover of \$6,912,000 in the cash balance; and

**WHEREAS**, on February 23, 2023, the Finance & Budget Committee was briefed on the preliminary Fiscal Year 2023 year-end forecasts, which includes additional increases in

chemicals and energy costs due to rising prices and prevailing market conditions, and the proposed reduction of \$3,000,000 in the overall operating expenditure budget by leveraging funds from the Cash Financed Capital Improvements (CFCI) so as to maintain the Approved Fiscal Year 2023 Operating Budget totaling \$686,403,165.

**NOW THEREFORE BE IT RESOLVED THAT:**

The Board hereby approves and adopts amendment to DC Water's Fiscal Year 2023 Operating Budget by reducing \$3,000,000 from the Cash Financed Capital Improvements Fund to maintain the Approved Fiscal Year 2023 Operating Budget of \$686,403,165.

This resolution is effective immediately.

\_\_\_\_\_  
Secretary to the Board of Directors

**Presented and Adopted: March 2, 2023**  
**Subject: Approval of Proposed Fiscal Year 2024 Operating Budget**

**#23-13**  
**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, (“DC Water”) at the Board meeting on March 2, 2023, upon consideration of a joint-use matter, decided by a vote of \_\_\_ ( ) in favor and \_\_\_ ( ) opposed, to take the following action with respect to the Proposed Fiscal Year 2024 Operating Budget.

**WHEREAS**, during the Fiscal Year 2024 Budget Workshop on January 5, 2023, the Chief Executive Officer and General Manager, Chief Financial Officer and Executive Vice President, Finance and Procurement, and members of the Senior Executive Team (SET) briefed Board members on the Proposed Fiscal Year 2024 Operating Budget that totaled \$737,566,811; and

**WHEREAS**, on January 24, 2023, the Finance and Budget Committee in a joint session with the Retail and Rates Committee, reviewed the budget proposal and discussed in detail, the budget drivers, budget assumptions and risks; and

**WHEREAS**, on February 23, 2023, the Finance and Budget Committee further reviewed the budget proposals and discussed in detail the budget drivers, strategic budget decisions, budget assumptions and risks, and recommended that the Board adopt the Proposed Fiscal Year 2024 Operating Budget that totals \$737,566,811, including \$15,000 for representation and \$15,000 for official meetings; and

**WHEREAS**, on February 28, 2023, the DC Retail Water and Sewer Rates Committee reviewed the budget proposals and discussed in detail the budget drivers, budget assumptions, and risks.

**NOW THEREFORE BE IT RESOLVED THAT:**

The Board hereby approves and adopts DC Water’s Proposed Fiscal Year 2024 Operating Budget totaling \$737,566,811, including \$15,000 for representation and \$15,000 for official meetings, and as further detailed in the Chief Executive Officer and General Manager’s Proposed Fiscal Year 2024 Budget presented on January 5, 2023, and accompanying materials.

This resolution is effective immediately.

\_\_\_\_\_  
Secretary to the Board of Directors



**Presented and Adopted: March 2, 2023**

**Subject: Approval of Proposed Fiscal Year 2023 - 2032 Capital Improvement Program**

**#23-14  
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, (“DC Water”) at its meeting on March 2, 2023 upon consideration of a joint-use matter, decided by a vote of \_\_\_ ( ) in favor and \_\_\_ ( ) opposed, to take the following action with respect to the Fiscal Year 2023 - 2032 Capital Improvement Program.

**WHEREAS**, pursuant to Resolution #10-76, dated July 1, 2010, the Board’s Rate Stabilization Fund Policy requires an annually updated 10-Year Financial Plan, which includes a 10-Year Capital Disbursement Plan; and

**WHEREAS**, on March 3, 2022, through Resolution #22-18, the Board approved the Proposed Fiscal Year (FY) 2022 - 2031 Capital Improvement Program, which includes the FY 2022 - 2031 Capital Disbursement Plan and related Lifetime Budget; and

**WHEREAS**, on January 5, 2023, during the FY 2024 Budget Workshop, the Chief Executive Officer and General Manager, Chief Financial Officer and Executive Vice President, Finance and Procurement, and Vice President, Engineering briefed Board members on the FY 2023 - 2032 Capital Improvement Program, which includes the proposed Revised FY 2023 CIP Disbursement Budget of \$501,436,710, the proposed 10-Year Disbursement Plan totaling \$6,951,067,266 and the proposed Lifetime Budget of \$14,627,173,474; and

**WHEREAS**, on January 19, 2023, the Environmental Quality and Operations Committee reviewed the budget proposals and discussed in detail the budget, budget drivers, budget assumptions and risks; and

**WHEREAS**, on January 24, 2023, the Finance & Budget Committee and the DC Retail Water and Sewer Rates Committee, in a joint meeting, reviewed the budget proposals and discussed in detail the budget, budget drivers, budget assumptions, risks, and customer impacts; and

**WHEREAS**, on February 16, 2023, the Environmental Quality and Operations Committee, reviewed the budget proposals, and discussed in detail the budget drivers and risks, and recommended that the Board adopt the FY 2023 - 2032 Capital Improvement Program, which includes the proposed Revised FY 2023 CIP Disbursement

Budget of \$501,436,710, proposed 10-Year Capital Disbursement Plan totaling \$6,951,067,266, and related Lifetime Budget, totaling \$14,627,173,474; and

**WHEREAS**, on February 23, 2023, the Finance & Budget Committee, reviewed the budget proposals and discussed in detail the budget drivers and budget assumptions, and recommended that the Board adopt the FY 2023 - 2032 Capital Improvement Program, which includes the proposed Revised FY 2023 CIP Disbursement Budget of \$501,436,710, proposed 10-Year Capital Disbursement Plan totaling \$6,951,067,266, and related Lifetime Budget, totaling \$14,627,173,474; and

**WHEREAS**, on February 28, 2023, the DC Retail Water and Sewer Rates Committee reviewed the budget proposals and discussed in detail the budget drivers, strategic budget decisions, budget assumptions, risks, and customer impacts.

**NOW THEREFORE, BE IT RESOLVED THAT:**

The Board hereby approves and adopts DC Water's FY 2023 - 2032 Capital Improvement Program, which includes the Revised FY 2023 CIP Disbursement Budget of \$501,436,710, Fiscal Year 2023 – 2032 Capital Improvement Program Disbursement Plan totaling \$6,951,067,266, and related Lifetime Budget totaling \$14,627,173,474; provided in Attachment A-1 and as further detailed in the Chief Executive Officer and General Manager's Proposed Fiscal Year 2024 Budget and accompanying materials presented on January 5, 2023.

This resolution is effective immediately.

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Secretary to the Board of Directors

Capital Improvement Program

(\$ in thousands)	FY 2023 - FY 2032 CIP Disbursement Plan											Lifetime Budget
	Revised Budget											
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	10-yr Total	
<b>NON PROCESS FACILITIES</b>												
Facility Land Use	22,104	24,614	25,247	32,462	24,646	3,879	2,293	2,000	2,000	2,000	141,246	269,010
<b>Subtotal</b>	<b>22,104</b>	<b>24,614</b>	<b>25,247</b>	<b>32,462</b>	<b>24,646</b>	<b>3,879</b>	<b>2,293</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>141,246</b>	<b>269,010</b>
<b>WASTEWATER TREATMENT</b>												
Liquid Processing	41,050	28,977	47,726	83,307	75,562	77,488	89,520	59,692	61,829	60,116	625,266	1,272,081
Plantwide	14,596	39,838	51,239	40,909	50,182	39,544	25,388	20,231	16,742	3,140	301,809	530,955
Solids Processing	12,939	14,427	17,374	12,887	17,573	24,873	17,971	30,464	34,339	21,011	203,857	944,041
Enhanced Nitrogen Removal Facilities	3,322	1,201	1,346	637	2,238	1,414	7,420	21,779	10,188	405	49,949	788,082
<b>Subtotal</b>	<b>71,907</b>	<b>84,442</b>	<b>117,684</b>	<b>137,739</b>	<b>145,555</b>	<b>143,319</b>	<b>140,299</b>	<b>132,166</b>	<b>123,098</b>	<b>84,671</b>	<b>1,180,881</b>	<b>3,535,160</b>
<b>COMBINED SEWER OVERFLOW</b>												
DC Clean Rivers Program	104,558	100,329	135,619	172,452	136,585	146,829	132,388	33,847	-	-	962,607	2,992,358
Combined Sewer Overflow Program	3,473	9,927	12,445	15,927	12,825	10,432	5,997	12,182	12,465	4,593	100,267	223,714
<b>Subtotal</b>	<b>108,031</b>	<b>110,256</b>	<b>148,064</b>	<b>188,379</b>	<b>149,410</b>	<b>157,261</b>	<b>138,385</b>	<b>46,029</b>	<b>12,465</b>	<b>4,593</b>	<b>1,062,875</b>	<b>3,216,072</b>
<b>STORMWATER</b>												
Storm Local Drainage Program	654	1,686	1,905	735	977	965	1,163	1,067	916	853	10,921	82,760
Storm On-Going Program	1,081	942	519	876	842	1,084	1,287	935	-	-	7,566	10,072
Storm Pumping Facilities	4,829	8,692	4,161	4,126	3,732	1,417	1,579	4,948	7,642	4,957	46,083	64,227
Stormwater Program Management	173	437	517	476	286	346	275	212	124	395	3,243	15,178
Stormwater Trunk/Force Sewers	772	1,082	1,216	1,358	-	-	-	-	-	-	4,428	44,543
<b>Subtotal</b>	<b>7,509</b>	<b>12,839</b>	<b>8,319</b>	<b>7,571</b>	<b>5,837</b>	<b>3,812</b>	<b>4,305</b>	<b>7,162</b>	<b>8,682</b>	<b>6,205</b>	<b>72,241</b>	<b>216,779</b>
<b>SANITARY SEWER</b>												
Sanitary Collection System	4,582	25,217	58,615	60,253	61,914	54,330	54,582	56,493	57,843	58,000	491,829	728,214
Sanitary On-Going Projects	14,096	17,352	14,667	15,091	15,542	16,020	16,500	15,297	15,289	15,756	155,610	233,439
Sanitary Pumping Facilities	3,085	8,434	8,813	16,171	16,011	28,020	37,639	45,222	27,375	10,231	201,000	265,049
Sanitary Program Management	9,087	9,612	7,638	7,640	8,634	10,520	10,688	7,927	4,451	1,116	77,313	191,900
Interceptor/Trunk Force Sewers	37,182	57,842	95,377	69,410	120,816	168,845	151,593	97,201	38,289	33,811	870,364	1,309,131
<b>Subtotal</b>	<b>68,031</b>	<b>118,457</b>	<b>185,109</b>	<b>168,564</b>	<b>222,916</b>	<b>277,735</b>	<b>271,002</b>	<b>222,140</b>	<b>143,246</b>	<b>118,914</b>	<b>1,796,116</b>	<b>2,727,733</b>
<b>WATER</b>												
Water Distribution Systems	30,986	72,384	89,285	97,369	118,521	125,347	123,510	126,497	122,606	126,784	1,033,289	2,102,409
Lead Free DC Program	42,477	77,504	107,944	109,838	91,370	74,797	62,971	44,771	-	-	611,672	816,318
Water On-Going Projects	18,280	17,292	16,825	17,779	19,351	18,915	20,691	21,601	20,879	22,623	194,235	261,206
Water Pumping Facilities	5,910	10,202	7,983	7,734	6,391	7,029	4,547	2,678	2,408	2,414	57,295	95,574
Water Storage Facilities	6,447	6,811	11,754	4,438	3,834	9,658	4,997	3,536	3,328	5,096	59,899	175,104
Water Service Program Management	4,809	4,179	4,716	5,120	7,542	7,080	4,641	4,641	5,120	7,563	55,412	121,424
<b>Subtotal</b>	<b>108,909</b>	<b>188,371</b>	<b>238,506</b>	<b>242,278</b>	<b>247,009</b>	<b>242,826</b>	<b>221,357</b>	<b>203,725</b>	<b>154,341</b>	<b>164,479</b>	<b>2,011,801</b>	<b>3,572,035</b>
<b>CAPITAL PROJECTS</b>	<b>386,492</b>	<b>538,981</b>	<b>722,930</b>	<b>776,993</b>	<b>795,374</b>	<b>828,832</b>	<b>777,640</b>	<b>613,222</b>	<b>443,833</b>	<b>380,862</b>	<b>6,265,159</b>	<b>13,536,789</b>
<b>CAPITAL EQUIPMENT</b>	<b>47,421</b>	<b>30,535</b>	<b>31,654</b>	<b>31,776</b>	<b>34,334</b>	<b>34,334</b>	<b>34,334</b>	<b>34,334</b>	<b>34,334</b>	<b>34,334</b>	<b>347,390</b>	<b>347,390</b>
<b>WASHINGTON AQUEDUCT</b>	<b>67,523</b>	<b>35,155</b>	<b>29,480</b>	<b>29,480</b>	<b>29,480</b>	<b>29,480</b>	<b>29,480</b>	<b>29,480</b>	<b>29,480</b>	<b>29,480</b>	<b>338,518</b>	<b>338,518</b>
<b>ADDITIONAL CAPITAL PROJECTS</b>	<b>114,944</b>	<b>65,690</b>	<b>61,134</b>	<b>61,256</b>	<b>63,814</b>	<b>63,814</b>	<b>63,814</b>	<b>63,814</b>	<b>63,814</b>	<b>63,814</b>	<b>685,909</b>	<b>685,909</b>
<b>LABOR</b>												<b>404,476</b>
<b>TOTAL CAPITAL BUDGETS</b>	<b>501,437</b>	<b>604,671</b>	<b>784,064</b>	<b>838,249</b>	<b>859,188</b>	<b>892,646</b>	<b>841,454</b>	<b>677,036</b>	<b>507,647</b>	<b>444,676</b>	<b>6,951,067</b>	<b>14,627,173</b>

**Presented and Adopted: March 2, 2023**  
**SUBJECT: Approval of Fiscal Year 2023 - 2032 Ten-Year Financial Plan**

**#23-15**  
**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 (“DC Water”) at the Board meeting held on March 2, 2023, upon consideration of a joint-use matter decided by a vote of \_\_\_( ) in favor and \_\_\_( ) opposed, to take the following action with respect to the Fiscal Year 2023 - 2032 Ten Year 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 11-10, dated January 6, 2011 and 21-84, dated October 7, 2021, 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 DC Water; and

**WHEREAS**, adherence to these financial policies has allowed the DC Water to receive strong bond ratings that will reduce debt service costs over the ten-year planning period; and

**WHEREAS**, consistent with the Board policies and management financial targets, the General Manager has prepared a ten-year financial plan in conjunction with the proposed FY 2024 operating and capital budgets; and

**WHEREAS**, the ten-year financial plan is based on assumptions detailed in the proposed Fiscal Year 2024 Operating and Capital Budgets; and

**WHEREAS**, the proposed Fiscal Year 2023 - 2032 Ten Year Financial Plan is consistent with projections appearing in the attached Schedules A, B and C of this Resolution; and

**WHEREAS**, on January 24, 2023, the DC Retail Water and Sewer Rates and Finance and Budget Committees met jointly and reviewed the proposed Fiscal Year 2023 - 2032 Ten Year Financial Plan, and

**WHEREAS**, on February 23, 2023, and February 28, 2023, the Finance and Budget Committee and the DC Retail Water and Sewer Rates Committee, respectively, met, reviewed, and recommended that the Board adopt the Fiscal Year 2023 - 2032 Ten Year Financial Plan as recommended by the General Manager.

**NOW THEREFORE BE IT RESOLVED THAT:**

1. The Board hereby accepts and approves the proposed Fiscal Year 2023 - 2032 Ten Year Financial Plan that is supported by the attached Schedule A, B and C and the proposed Fiscal Year 2024 Operating and Capital Budgets.

This resolution is effective immediately.

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Secretary to the Board of Directors



**District of Columbia Water & Sewer Authority**  
**FY 2023 – FY 2032 Financial Plan**  
(In 000's)

OPERATING	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Retail	\$685,505	\$ 718,310	\$ 755,081	\$ 802,038	\$ 852,254	\$ 898,145	\$ 953,657	\$1,006,114	\$1,049,289	\$1,081,751
Wholesale	104,560	106,519	110,780	115,211	119,819	124,612	129,597	134,781	140,172	145,779
Other	52,377	53,685	53,625	58,319	63,816	67,423	65,912	64,501	62,804	60,816
RSF	-	-	-	-	-	-	-	-	-	-
Operating Receipts <sup>(1)</sup>	\$842,442	\$ 878,515	\$ 919,485	\$ 975,568	\$1,035,890	\$1,090,180	\$1,149,166	\$1,205,396	\$1,252,264	\$1,288,346
Operating Expenses	(401,231)	(425,383)	(441,828)	(458,923)	(476,695)	(495,170)	(514,376)	(534,342)	(555,099)	(576,678)
Debt Service	(231,232)	(231,953)	(257,615)	(281,518)	(308,481)	(341,582)	(370,871)	(392,286)	(406,343)	(418,816)
Cash Financed Capital Improvement	<u>\$(23,505)</u>	<u>\$(48,256)</u>	<u>\$(60,406)</u>	<u>\$(72,183)</u>	<u>\$(76,703)</u>	<u>\$(80,833)</u>	<u>\$(85,829)</u>	<u>\$(90,550)</u>	<u>\$(94,436)</u>	<u>\$(97,358)</u>
Net Revenues After Debt Service	\$186,474	\$ 172,922	\$ 159,636	\$ 162,943	\$ 174,011	\$ 172,596	\$ 178,090	\$ 188,218	\$ 196,387	\$ 195,495
Operating Reserve-Beg Balance	257,374	274,600	282,600	292,600	303,600	314,600	327,600	340,600	354,600	368,600
Other Misc (Disbursements)/Receipts										
Wholesale/Federal True Up	(11,688)	(11,256)	-	-	-	-	-	-	-	-
Pay-Go Financing	(157,560)	(153,665)	(149,636)	(151,943)	(163,011)	(159,596)	(165,090)	(174,218)	(182,387)	(180,495)
Operating Reserve - Ending Balance	\$274,600	\$ 282,600	\$ 292,600	\$ 303,600	\$ 314,600	\$ 327,600	\$ 340,600	\$ 354,600	\$ 368,600	\$ 383,600
Rate Stabilization Fund Balance RSF <sup>(2)</sup>	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)
Senior Debt Service Coverage	580%	734%	783%	699%	644%	659%	656%	620%	645%	617%
Combined Debt Service Coverage	196%	201%	195%	192%	189%	181%	178%	178%	178%	176%
Actual/Projected Water/Sewer Rate Increases	9.50%	3.25%	9.00%	7.50%	8.00%	8.00%	7.50%	7.50%	6.50%	6.50%
Operating Receipts \$ Increase/Decrease										
Retail	34,950	32,805	36,770	46,957	50,216	45,890	55,513	52,457	43,174	32,463
Wholesale	19,660	1,960	4,261	4,431	4,608	4,793	4,984	5,184	5,391	5,607
Operating Receipts % Increase/Decrease										
Retail	5.4%	4.8%	5.1%	6.2%	6.3%	5.4%	6.2%	5.5%	4.3%	3.1%
Wholesale	23.2%	1.9%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

<sup>(1)</sup> Includes interest earnings on senior lien revenue bonds' debt service reserve fund

<sup>(2)</sup> FY 2024 planned transfer of \$0.0 million to Rate Stabilization Fund and \$0.0 million utilization will keep the total fund balance at \$35.644 million.

**District of Columbia Water & Sewer Authority**  
**Average Residential Customer Monthly Bill**  
**FY 2023 - FY 2032**

	Units	Current										
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
DC Water Water and Sewer Retail Rates <sup>(1), (5)</sup>	Ccf	\$ 86.07	\$ 89.03	\$ 97.00	\$ 104.31	\$ 112.67	\$ 121.65	\$ 130.78	\$ 140.58	\$ 149.72	\$ 159.46	
DC Water Clean Rivers IAC <sup>(2)</sup>	ERU	18.14	21.86	23.03	25.20	27.08	27.44	29.87	31.04	31.28	31.32	
DC Water Customer Metering Fee	5/8"	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	
DC Water Water System Replacement Fee <sup>(4)</sup>	5/8"	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30	
<b>Subtotal DC Water Rates &amp; Charges</b>		<b>\$ 118.26</b>	<b>\$ 124.94</b>	<b>\$ 134.08</b>	<b>\$ 143.56</b>	<b>\$ 153.80</b>	<b>\$ 163.14</b>	<b>\$ 174.70</b>	<b>\$ 185.67</b>	<b>\$ 195.05</b>	<b>\$ 204.83</b>	
Increase / Decrease		\$ 6.89	\$ 6.68	\$ 9.14	\$ 9.48	\$ 10.24	\$ 9.34	\$ 11.56	\$ 10.97	\$ 9.38	\$ 9.78	
District of Columbia PILOT Fee <sup>(1)</sup>	Ccf	\$ 3.20	\$ 3.31	\$ 3.36	\$ 3.41	\$ 3.47	\$ 3.52	\$ 3.58	\$ 3.63	\$ 3.69	\$ 3.74	
District of Columbia Right-of-Way Fee <sup>(1)</sup>	Ccf	1.03	1.03	1.03	1.08	1.08	1.08	1.14	1.14	1.14	1.14	
District of Columbia Stormwater Fee <sup>(3)</sup>	ERU	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	
<b>Subtotal District of Columbia Charges</b>		<b>\$ 6.90</b>	<b>\$ 7.01</b>	<b>\$ 7.06</b>	<b>\$ 7.16</b>	<b>\$ 7.22</b>	<b>\$ 7.27</b>	<b>\$ 7.39</b>	<b>\$ 7.44</b>	<b>\$ 7.50</b>	<b>\$ 7.55</b>	
<b>Total Amount Appearing on DC Water Bill</b>		<b>\$ 125.16</b>	<b>\$ 131.95</b>	<b>\$ 141.14</b>	<b>\$ 150.72</b>	<b>\$ 161.02</b>	<b>\$ 170.41</b>	<b>\$ 182.09</b>	<b>\$ 193.11</b>	<b>\$ 202.55</b>	<b>\$ 212.38</b>	
Increase / Decrease Over Prior Year		\$ 7.05	\$ 6.79	\$ 9.19	\$ 9.58	\$ 10.30	\$ 9.39	\$ 11.68	\$ 11.02	\$ 9.44	\$ 9.83	
<b>Percent Increase in Total Bill</b>		<b>6.0%</b>	<b>5.4%</b>	<b>7.0%</b>	<b>6.8%</b>	<b>6.8%</b>	<b>5.8%</b>	<b>6.9%</b>	<b>6.1%</b>	<b>4.9%</b>	<b>4.9%</b>	

(1) Assumes average monthly consumption for FY14 6.2 Ccf, or (4,638 gallons), FY15 6.01 Ccf, or (4,495 gallons), FY16 5.88 Ccf, or (4,398 gallons), FY17 5.72 Ccf, or (4,279 gallons), FY18 5.5 Ccf, or (4,114 gallons), FY19 5.39 Ccf, or (4,032 gallons)

(2) Assumes average 1 Equivalent Residential Unit (ERU)

(3) District Department of the Environment stormwater fee of \$2.67 effective November 1, 2010

(4) DC Water "Water System Replacement Fee" of \$6.30 for 5/8" meter size effective October 1, 2015

(5) Assumes 1 percent decline in consumption FY 2020 - FY 2028

**District of Columbia Water & Sewer Authority**  
**Retail Rates, Charges and Fees**  
**FY 2022 - FY 2024**

	<b>Units</b>	<b>FY 2022</b>	<b>Approved FY 2023</b>	<b>Approved FY 2024</b>
DC Water Retail Rates Water (Residential Lifeline 0 - 4 Ccf)	Ccf	\$3.63	\$4.28	\$4.38
DC Water Retail Rates Water (Residential > 4 Ccf)	Ccf	\$4.74	\$5.58	\$5.70
DC Water Retail Rates Water (Multi-Family)	Ccf	\$4.15	\$4.90	\$5.00
DC Water Retail Rates Water (Non-Residential)	Ccf	\$4.91	\$5.78	\$5.89
DC Water Retail Rates Sewer	Ccf	\$10.64	\$11.26	\$11.70
DC Water Clean Rivers IAC	ERU	\$18.40	\$18.14	\$21.86
DC Water Customer Metering Fee	5/8"	\$7.75	\$7.75	\$7.75
DC Water System Replacement Fee	5/8"	\$6.30	\$6.30	\$6.30
District of Columbia PILOT Fee	Ccf	\$0.56	\$0.59	\$0.61
District of Columbia Right-of-Way Fee	Ccf	\$0.19	\$0.19	\$0.19
District of Columbia Stormwater Fee	ERU	\$2.67	\$2.67	\$2.67

**Presented and Adopted: March 2, 2023**

**SUBJECT: Approval of Official Intent to Reimburse Fiscal Year 2023  
and 2024 Capital Expenditures with Proceeds of a  
Borrowing**

**#23-16  
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, (“DC Water”) at the Board meeting held on March 2, 2023, upon consideration of a joint-use matter, decided by a vote of \_\_\_ ( ) in favor and \_\_\_ ( ) opposed, to take the following action with respect to Approval of Official Intent to Reimburse Fiscal Year 2023 and 2024 Capital Expenditures with Proceeds of a Borrowing.

**WHEREAS**, DC Water intends to acquire, construct and equip improvements to the “System,” which shall be considered “Costs of the System” as both terms are defined in the Master Indenture of Trust between DC Water and Wells Fargo Bank, N.A., dated April 1, 1998, including, but not limited to the items and List of Projects set forth in Exhibit A hereto (collectively, the “Projects”); and

**WHEREAS**, plans for the Projects have advanced and DC Water expects to advance its own funds to pay expenditures related to the Projects (“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. DC Water utilizes the proceeds of tax-exempt bonds, taxable bonds or notes (the “Bonds”) or other debt in an amount not currently expected to exceed \$185,000,000 to pay costs of the Projects.
2. The Board approves the General Manager’s “Official Intent” to use the proceeds of the Bonds to reimburse Expenditures with respect to the Projects made on or after the date that is 60 days prior to the date of this Resolution. DC Water 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 DC Water 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 DC Water.

4. The Board authorizes the General Manager to make a reimbursement allocation, which is a written allocation by DC Water that evidences DC Water'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. DC Water 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 Board adopts this resolution confirming the DC Water's "Official Intent" within the meaning of Treasury Regulations 26 CFR § 1.150-2 promulgated under the Internal Revenue Code of 1986, as amended.

This resolution is effective immediately.

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Secretary to the Board of Directors

## **Exhibit A - List of Projects**

Blue Plains Plantwide Projects  
Blue Plains Enhanced Nitrogen Removal Facilities  
Blue Plains Liquid and Solids Processing Projects  
Sanitary Sewer System Projects  
Combined Sewer System Projects  
DC Clean Rivers Project  
Stormwater Sewer System Projects  
Water Pumping, Distribution and Storage Projects  
Metering and Capital Equipment  
Washington Aqueduct Projects