



Board of Directors

*Joint Meeting of the
DC Retail Water and Sewer Rates and
Finance and Budget Committees*

*Tuesday, January 23, 2024
10:30 a.m.*

Microsoft Teams meeting

Join on your computer, mobile app

[Click here to join the meeting](#)

Meeting ID: 255 807 951 557

Passcode: F6AiaU

Or call in (audio only)

[+1 202-753-6714,,463891527#](#)

Phone Conference ID: 463 891 527#

- I. **Call to Order**Howard Gibbs & Anthony Giancola, Chairpersons
- II. **Roll Call**Michelle Rhodd, Board Secretary
- III. **[Proposed FY 2025 Budget \(Attachment 1\)](#)**.....Matthew T. Brown & Lola Oyeyemi
- IV. **Executive Session***
- V. **Adjournment**..... Howard Gibbs & Anthony Giancola, Chairperson

This meeting is governed by the Open Meetings Act. Please address any questions or complaints arising under this meeting to the Office of Open Government at opengovoffice@dc.gov.

¹The 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 D.C. Official Code § 2-575(b)(1); terms for negotiating a contract, including an employment contract, under D.C. Official Code § 2-575(b)(2); obtain legal advice and preserve attorney-client privilege or settlement terms under D.C. Official Code § 2-575(b)(4)(A); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security matters under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2-575(b)(10); third-party proprietary matters under D.C. Official Code § 2-575(b)(11); train and develop Board members and staff under D.C. Official Codes § 2-575(b)(12); adjudication action under D.C. 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 D.C. Official Code § 2-575(b)(14); and other matters provided under the Act.



The Proposed FY 2025 Budget

Presentation to the Joint Meeting of the D.C. Retail Water & Sewer Rates and Finance & Budget Committees on January 23, 2024

District of Columbia Water and Sewer Authority





Purpose

- Provide detailed information on the Proposed FY 2025 Budgets & Two-Year Rates:
 - Operating Expenditures
 - Ten-Year Capital Improvement Program
 - Alternative CIP & Rate Impacts
 - Revenues, Rates and Fees
 - Ten-Year Financial Plan
- Review the budget process and timelines for:
 - Committee review, Committee recommendation to the Board, and Board adoption





Budget & Rates Adoption Calendar

Timeline	Activity	Status
January 4	Budget Workshop with Board of Directors	✓
January 12	Wholesale Customer Briefing	✓
January 19	Office of People's Counsel Briefing	✓
Committee Discussions & Reviews		
January 18	Environmental Quality & Operations	✓
January 23	Joint DC Retail Water & Sewer Rates and Finance & Budget Committee	
February 1	Board Meeting (No Board Action Required)	
Committee Reviews, Recommendations & Actions		
February 15	Environmental Quality & Operations	
February 22	Finance & Budget	
February 27	DC Retail Water & Sewer Rates	
March 7	Board Adoption of Budgets	
April	Submit Budget via the District to U.S. Congress	
April – June	Rates Public Outreach & Town Halls & Public Hearing on May 9	
July 3	Board Adoption of Rates	
October 1	Fiscal Year 2025 Begins	



Proposed FY 2025 Budget

Proposed \$788.2 million FY 2025 Operating Budget, increase of \$50.7 million

Operations and Maintenance (O&M) Budget	Non O&M Budget	PILOT and ROW
\$454.5 million	Debt Service - \$249.5 million and Cash Financed Capital Improvements - \$60.4 million	\$23.8 million
<ul style="list-style-type: none"> Personnel and non-personnel costs 	<ul style="list-style-type: none"> Support for the capital program 	<ul style="list-style-type: none"> Payments to the District

Proposed \$7.74 billion 10-year Capital Budget, increase of \$792 million

Capital Projects	Capital Equipment	Washington Aqueduct
\$7.04 billion	\$347.4 million	\$357.5 million
<ul style="list-style-type: none"> Clean Rivers Lead Free DC Equipment upgrades and rehabilitation at Blue Plains Investments in the aging water and sewer infrastructure 	<ul style="list-style-type: none"> Pumps, motors, and meter equipment Backhoes, jet-vacs, catch basin trucks, other aged vehicles to meet operational needs Information technology projects 	<ul style="list-style-type: none"> Improvements at the Washington Aqueduct



Multi-Year Rate Proposal for FY 2025 and FY 2026

Proposed rate changes:

- Water and sewer rates increase by 8.0% for FY 2025 and 6.0% for FY 2026
- Proposed CRIAC of \$21.23 per ERU in FY 2025 and \$24.23 per ERU in FY 2026
- Right-of-Way Fee at \$0.19 per Ccf for FY 2025 and \$0.20 per Ccf for FY 2026
- PILOT Fee at \$0.61 per Ccf for FY 2025 and \$0.62 per Ccf for FY 2026
- Proposed Groundwater Rate of \$3.50 for FY 2025 and \$3.76 for FY 2026
- Proposed High Flow Filter Backwash Sewer Rate of \$3.32 for FY 2025 and \$3.54 for FY 2026

Rates and charges that remain the same:

- Customer Metering Fee remains at \$7.75 for 5/8” meters
- Water System Replacement Fee (WSRF) at \$6.30 for 5/8” meters

Cost of Service Study aligned with rate proposal

Combined rate increases lower than last year’s forecast

Change in Average Household Charge	Fiscal Year	
	2025	2026
Recommendation	4.8%	6.5%
Previous Forecast	7.0%	6.8%

Reflects updated changes based on cost of service study completed



Customer Programs Recognized by EPA

Bill Discount

- DC Water offers programs with incomes up to 100% AMI
- **NEW** – **CAP+** programs offers even more robust assistance to households up to 20% MHI
- **NEW** – Retro Enrollments – Enrollment will be retroactive for three months

Flexible Terms

- DC Water offers payment plans
- **NEW** – **Payment Plan Incentive Program** - Customers who meet the terms of their payment plans will have a credit to their arrears

Lifeline Rate

- **Lifeline Rate** provides a discount for the first four Ccfs of water
- Customer can save money a month if they can conserve water

Temporary Assistance

- **SPLASH** program, paid for with customer, employee, and Board member contributions
- The new **Payment Plan Incentive Program** will provide a credit toward past-due balances for customers who meet terms of Payment Plans, paid for with the Rate Stabilization Fund

Water Efficiency

- **NEW** – \$500,000 **Leak Assessment** program will provide water audits to help customers identify the source of leaks and high bills

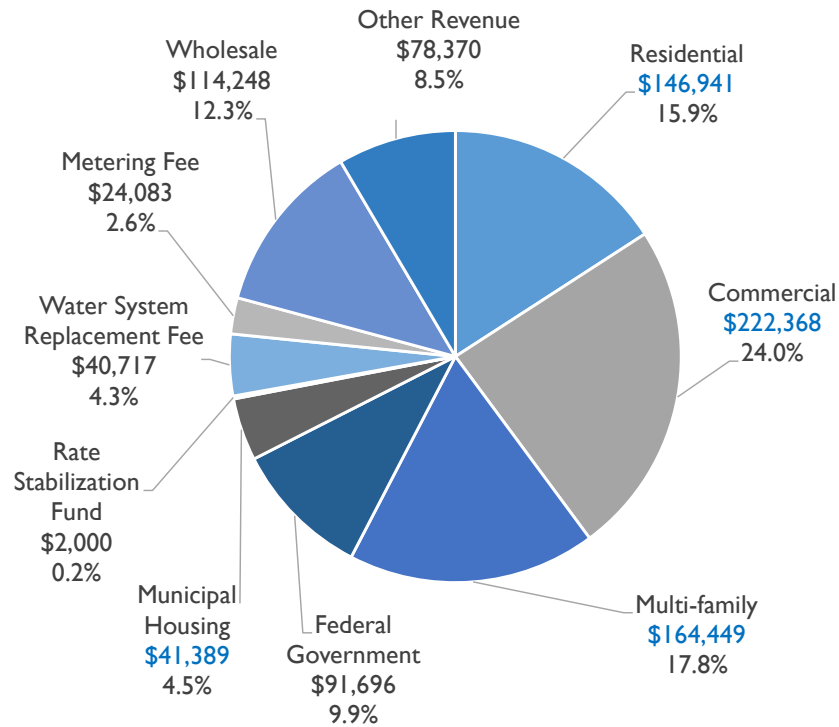




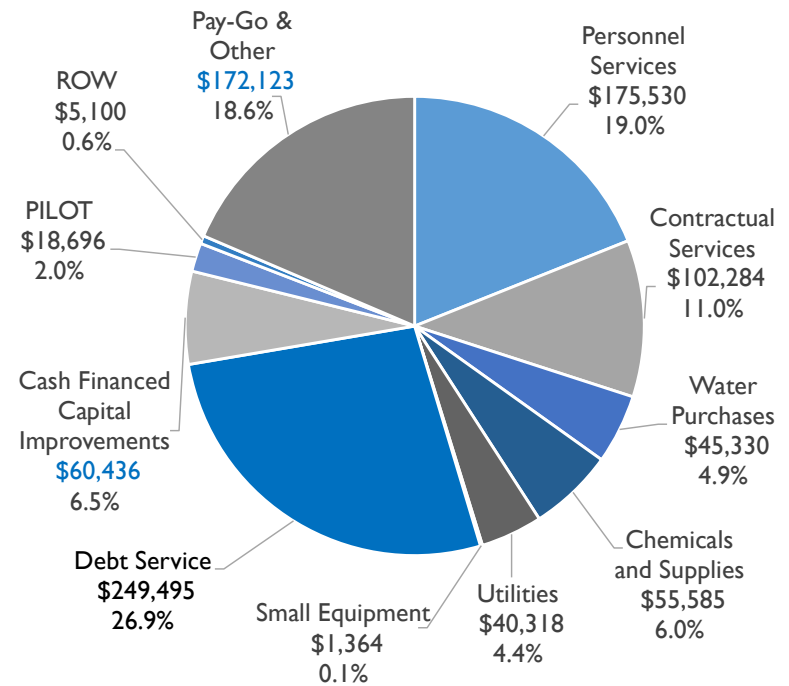
FY 2025 Operating: Sources and Uses of Funds

\$ in thousands

Sources - \$926.3 Million



Uses - \$926.3 Million



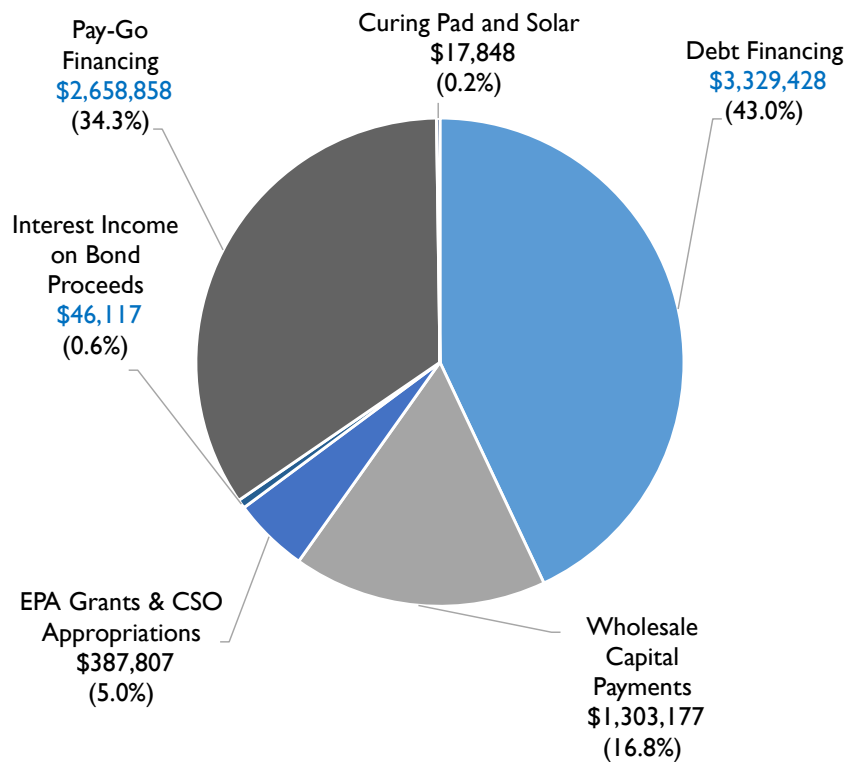
Reflects updated changes based on cost of service study completed



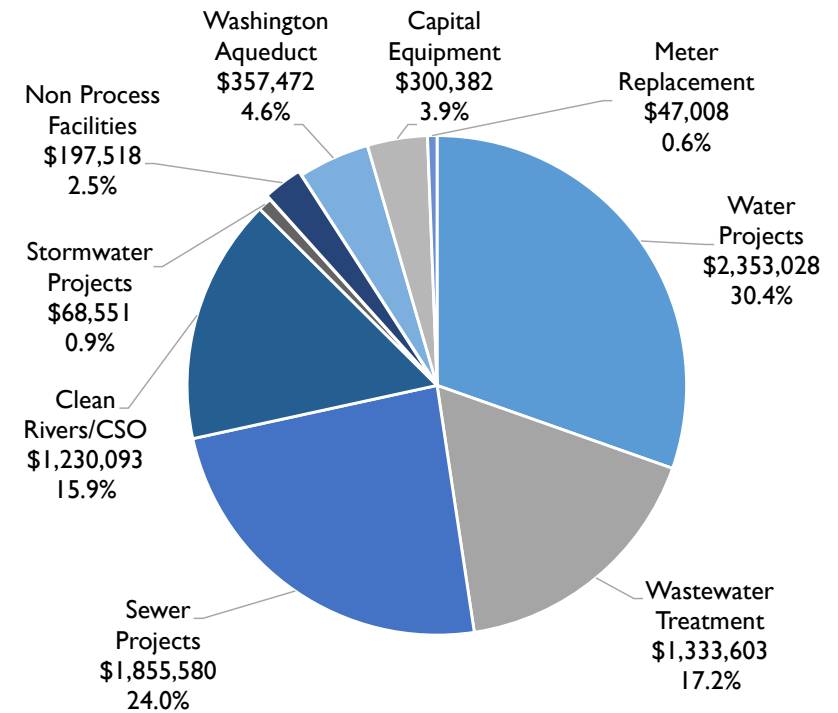
Ten Year CIP: Sources and Uses of Funds

\$ in thousands

Sources - \$7.74 Billion



Uses - \$7.74 Billion



Reflects updated changes based on cost of service study completed



Operating Expenditure Budget

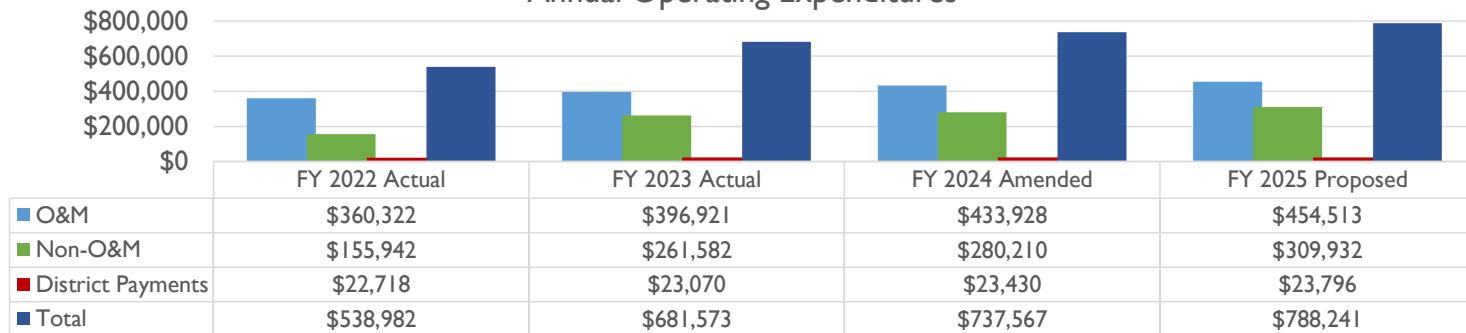


Operating Budget Trends

- 💧 **Operations & Maintenance (O&M)** costs include personnel, chemicals, supplies, utilities, contractual services, water purchase and small equipment
 - Average annual growth over last five years is 4.6%. This included 10.2% increase between FY 2022 and FY 2023 due to cost pressures in chemicals and electricity, in addition to impact of inflation and supply chain issues on various professional services
- 💧 **Non-O&M** costs include debt service cost and Cash Financed Capital Improvement (CFCI)
 - 💧 Debt service is one of the fastest-growing components of the overall budget and driven by the ten-year capital program
- 💧 **District payments** is the Payment-in-Lieu of Taxes (PILOT) and Right of Way (ROW)

\$ in thousands

Annual Operating Expenditures





Operating Budget Comparison by Cost Category

- FY 2024** – Amended budget reflects reprogramming of \$10.3 million from debt service to CFCI. The estimated underspending from debt service is mainly because no new debt was issued in FY 2023 and the release of the 1998 debt service reserves. Overall budget remains the same and increase in PAYGO reduces future borrowing costs
- FY 2025** – Proposed overall operating budget is \$788.2 million, an increase of \$50.7 million or 6.9%

(\$000's)	FY 2023			FY 2024		FY 2024	FY 2025	(Increase)/ Decrease	
	Revised	Actuals	Variance	Adopted Budget	Reprogramming	Amended Budget	Proposed Budget	\$	%
Regular Pay	\$ 137,044	\$ 132,720	\$ 4,324	\$ 147,203		\$ 147,203	\$ 154,120	\$ (6,918)	-4.7%
Benefits	40,960	40,756	204	45,869		45,869	46,409	(541)	-1.2%
Overtime	8,218	9,840	(1,622)	8,509		8,509	9,103	(594)	-7.0%
Total Personnel Services	186,222	183,316	2,906	201,581	-	201,581	209,633	(8,052)	-4.0%
Chemical and Supplies	54,628	53,082	1,546	54,568		54,568	55,585	(1,017)	-1.9%
Utilities	37,799	37,361	438	39,233		39,233	40,318	(1,085)	-2.8%
Contractual Services	88,504	88,309	195	93,070		93,070	102,284	(9,213)	-9.9%
Water Purchases	40,334	33,609	6,725	44,039		44,039	45,330	(1,291)	-2.9%
Small Equipment	1,108	1,244	(136)	1,437		1,437	1,364	73	5.1%
Total Non-Personnel Services	222,373	213,605	8,768	232,347	-	232,347	244,881	(12,533)	-5.4%
Total Operations & Maintenance	\$ 408,595	\$ 396,921	\$ 11,674	\$ 433,928	\$ -	\$ 433,928	\$ 454,513	\$ (20,586)	-4.7%
Debt Service	231,232	225,852	5,380	231,953	(10,318)	221,635	249,495	(27,860)	-12.6%
PILOT & ROW	23,070	23,070	-	23,430		23,430	23,796	(367)	-1.6%
Cash Financed Capital Improvements (CFCI)	23,505	35,730	(12,225)	48,256	10,318	58,575	60,436	(1,862)	-3.2%
Total Non-O&M	277,807	284,652	(6,845)	303,639	-	303,639	333,728	(30,088)	-9.9%
Total Operating Expenditure	\$ 686,402	\$ 681,573	\$ 4,829	\$ 737,567	\$ -	\$ 737,567	\$ 788,241	\$ (50,674)	-6.9%
Capital Labor Charges	(30,435)	(27,813)	(2,622)	(31,974)		(31,974)	(34,087)	2,113	-6.6%
Net Operating Expenditure	\$ 655,967	\$ 653,760	\$ 2,207	\$ 705,593	\$ -	\$ 705,593	\$ 754,154	\$ (48,561)	-6.9%



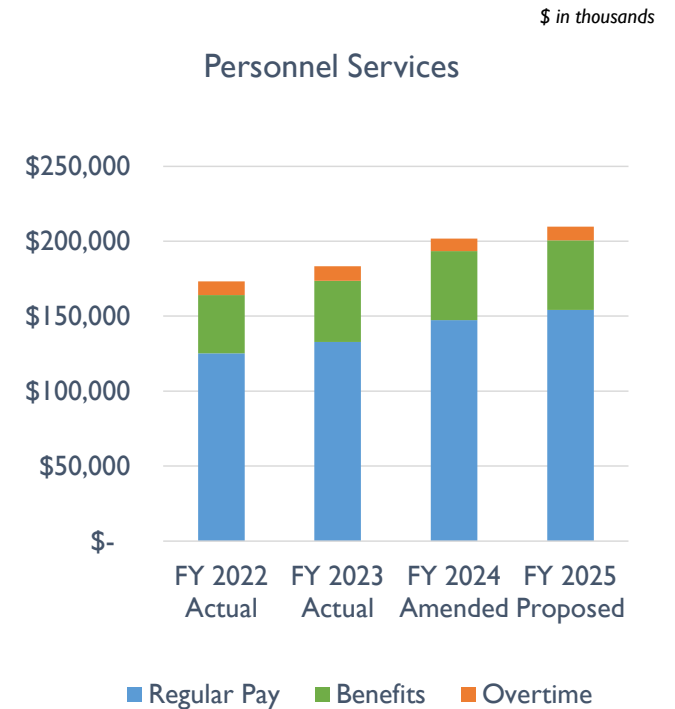
DEEP DIVE

Personnel Services – Budget Assumptions

RETAIN AND ATTRACT THE BEST TALENT TO DELIVER SUPERIOR CUSTOMER SERVICE

Personnel Services – \$209.6 million (increase of \$7.8 million or 3.7%)

- *Regular Pay* – \$154.1 million
 - Funds steps, merit increases and bonus payments
 - Allocates funding for vacancies at a rate of 7%
 - Pays for Summer Internship and Apprenticeship programs
- **Benefits** – \$46.4 million
 - Based on current forecasts for health costs and retirement contributions with adjustments based on salaries
- **Overtime** – \$9.1 million
 - Slight increase of \$0.3 million due to the increase in salaries; most overtime is for emergency response





Recommendations for New Position Requests

STRATEGIC DIRECTION – ACHIEVE A NET-ZERO INCREASE TO AUTHORIZED HEADCOUNT

- Departments were directed to provide justification for all existing vacant positions without active recruitment for more than 180 days
 - 55 vacant positions were over 180 days and submitted for consideration
- 45 new position requests were submitted by departments
 - 11 positions were deemed crucial and recommended for the Board’s consideration
 - 11 existing vacant positions without active recruitment were reallocated/ repurposed to other areas of need
 - 34 positions were not recommended based on a variety of reasons such as hard-to-fill positions, adequate contract reliance for capital projects, and other position realignments
- Overall authorized headcount for FY 2025 is **1325 FTEs**

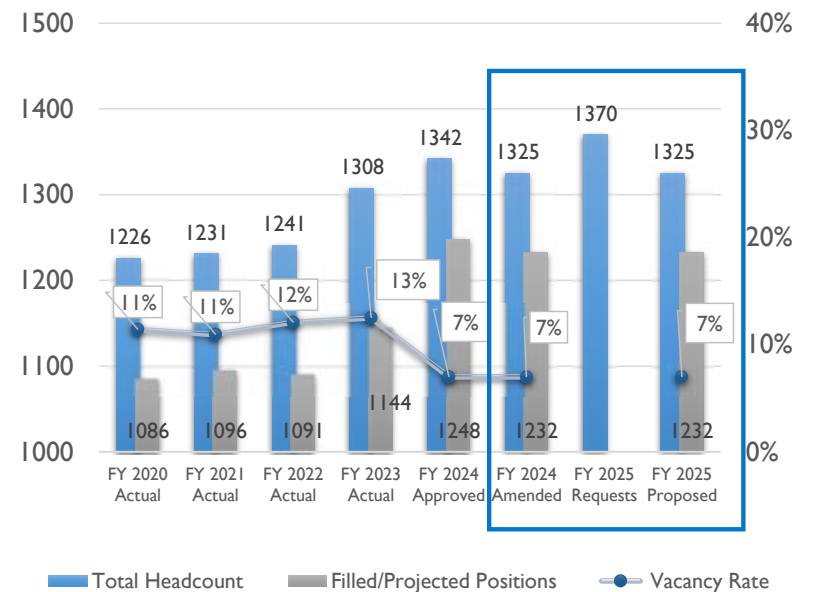
Dept.	Rationale	Proposed New Positions
Security	Reduce continued reliance on contractors for security training and electronic system functions	2
Procurement	Continue process improvements to increase efficiency and timely support for critical projects	4
Contract Compliance	Support DC Water’s diversity and equity programs to enhance certified business and local residents’ participation	4
Pumping & Sewer Operations	Address succession planning for oversight of critical infrastructure functions	1
Total		11

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Headcount Trends

- 💧 The FY 2024 authorized headcount was **1342 FTEs**
 - 17 vacant positions were eliminated during FY 2023
- 💧 The amended headcount for FY 2024 is **1325 FTEs**
- 💧 A total of **1143** positions were filled as of December 2023
 - Additional 11 vacant positions have been eliminated in FY 2024
 - YTD total vacancy rate of 13% based on overall headcount
 - YTD active vacancy rate of 9.5% based on vacant positions under active recruitment
- 💧 Authorized headcount for FY 2025 is **1325 FTEs**
 - 11 new positions have been recommended during this budget cycle, for a net-zero change to overall headcount
- 💧 Budgeted vacancy rate of 7% assumed in FY 2025
 - If all 1370 positions were recommended and fully budgeted, that would add \$18.1 million to the budget and revenue requirements
 - If all recommended 1325 positions were fully budgeted, that would add \$10.7 million to the budget and revenue requirements

Historical & Projected Headcount



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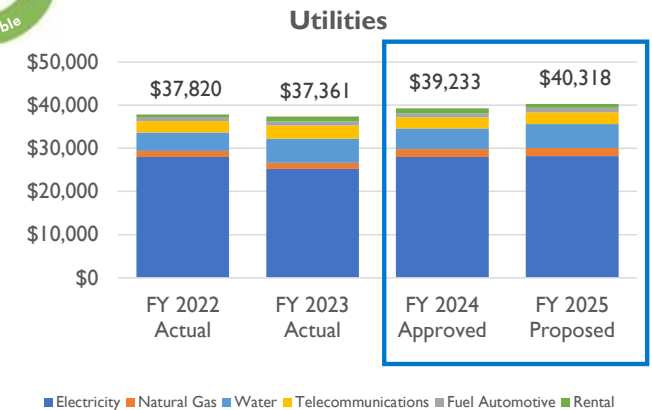
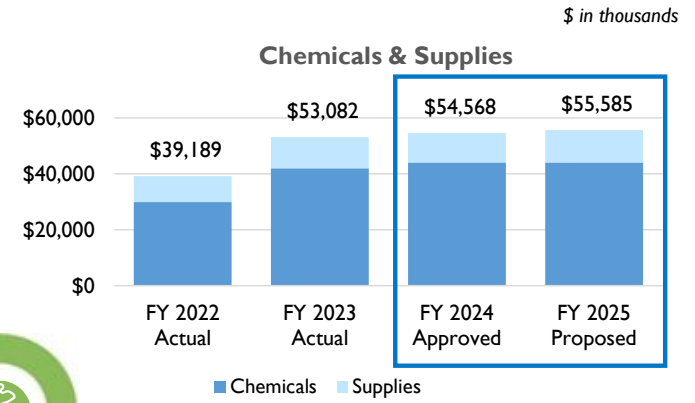
Chemicals, Supplies and Utilities

💧 Chemicals & Supplies – \$55.6 million or increase of \$1 million

- *Chemicals* – Relatively flat compared to the FY 2024 budget based on current price projections
- *Supplies* – \$1 million increase is for critical parts and supplies needed for the maintenance of equipment and facilities

💧 Utilities – \$40.3 million or increase of \$1.1 million

- *Water Usage* – Increase of \$0.7 million is due to changes made in the treatment process at the Plant
- *Electricity* – Slight increase of \$0.2 million for energy needed to operate the Plant, Pump Stations and Operational facilities. Onsite electric generation of 7MW from the Combined Heat & Power Facility continues to reduce the rate of growth of electricity costs and DC Water’s reliance on the power grid
- *Telecommunications* – Increase of \$0.2 million based on spending trends





Contractual Services

ABOUT 64% OF OVERALL CONTRACTUAL SERVICES IS ALLOCATED TO CRITICAL MAINTENANCE AND PROFESSIONAL SERVICES TO KEEP OUR ASSETS IN GOOD OPERATIONAL AND RELIABLE CONDITION

💧 Contractual Services – \$102.3 million or increase of \$9.2 million

- Funds increases in various professional services including hauling and disposal, biosolids hauling, high pressure high vacuum and industrial cleaning, tree root foaming, security guards, etc.
- Rising cost of insurance premiums
- Reflects cost increases other contractual services including the maintenance of operational facilities, critical equipment and software systems
- Allocates funding for various strategic and new programs including leak assessment program

(000s)	FY 2023 Budget	FY 2023 Actual	FY 2023 Variance	FY 2024 Approved	FY 2025 Proposed	(Increase) / Decrease
Maintenance and Repairs	9,683	10,244	(561)	\$ 12,547	\$ 11,047	\$ 1,500
Software and Hardware Maintenance	11,130	12,059	(929)	11,596	12,453	(857)
Professional Services	36,764	38,889	(2,125)	36,722	42,264	(5,542)
Contractual Services	12,166	12,433	(267)	12,932	15,451	(2,520)
Insurance and Bonds	4,127	5,210	(1,083)	5,561	6,612	(1,051)
Judgements Indemnities and Claims	3,320	157	3,164	2,488	2,400	88
Employee Training & Travel	2,070	2,061	9	2,619	2,754	(135)
Government Fees	453	372	81	453	387	66
Professional Fees & Audit Costs	2,103	2,181	(78)	2,305	2,655	(350)
Non-RatePayer Revenue Fund	1,000		1,000	500	500	-
Other Contractuals	5,687	4,703	984	5,348	5,760	(413)
Total Contractual Services	\$ 88,504	\$ 88,309	\$ 195	\$ 93,070	\$ 102,284	\$ (9,213)

Professional Services - Includes funding for Combined Heat & Power facility support, credit card fees, litigation, legal contingency, community outreach programs, research & development, temporary staffing, information system support, security, strategic programs, audit, employee-employment related and other compliance services

Contractual Services - Covers hauling and disposal, biosolids hauling, grit removal & disposal, wet well cleaning, industrial cleaning, catch basin & reservoir cleaning, janitorial, trash removal services, etc.

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Water Purchases and Small Equipment

Water Purchase – \$45.3 million or an increase of \$1.3 million

- DC Water purchases drinking water from the Washington Aqueduct and is responsible for approximately 75% of the Aqueduct’s projected operating costs
- This includes funding for DC Water’s share of the McMillan Sewer backwash (\$2.6 million) with offsetting revenue opportunity

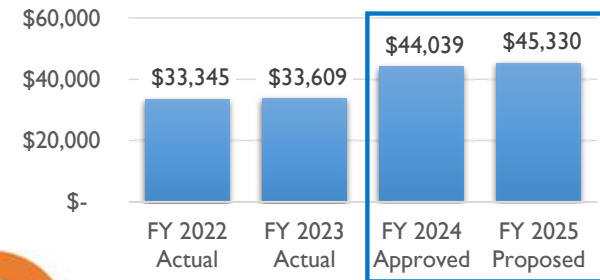
Small Equipment – \$1.4 million is relatively flat

- This is mainly for the purchase of small items such as office equipment, cameras, small appliances and tools, rental of postage machines, etc.

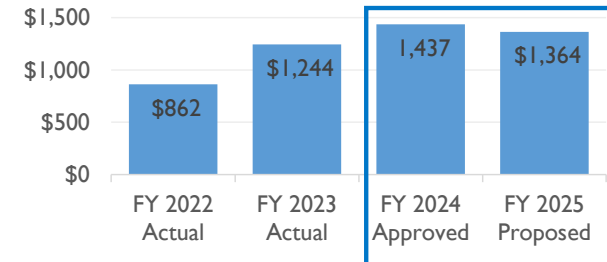


\$ in thousands

Water Purchases



Small Equipment

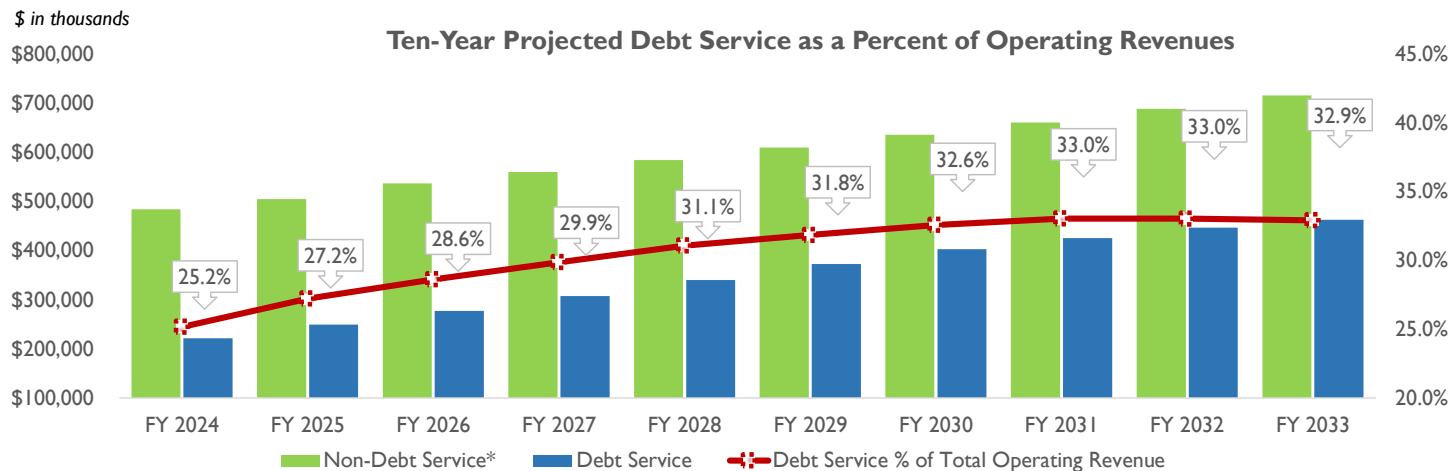




Debt Service Costs

💧 Debt service is the largest driver in the operating budget

- Represents 31.7% of the total operating expenditure budget and 27.2% of total operating revenue in FY 2025
- Over the next ten years, about \$3.3 billion is anticipated to be borrowed to fund the capital program
- Debt service cost is projected to grow from \$221.6 million in FY 2024 to \$462.9 million by FY 2033 (approximately 109% increase)



* Non-Debt Service includes O&M, PILOT, ROW and CFCI estimates

Reflects updated changes based on cost of service study completed

DEEP DIVE

Budget Risks



Personnel - Overtime during emergencies, increased healthcare cost, lower than anticipated vacancy rate, outcome of compensation assessments and other leave adjustments



Union Agreement – Impacts of any changes to the Labor Compensation Agreement with the five unions which expired September 30, 2023



Chemicals - Market volatilities, unit prices, rain events, process optimization



Utilities - Market volatilities, onsite energy optimization, solar project output & timeline



Equipment & Facilities - Parts, equipment and maintenance requirement for tunnels, treatment facilities, and the new Fleet Services and Sewer Services buildings



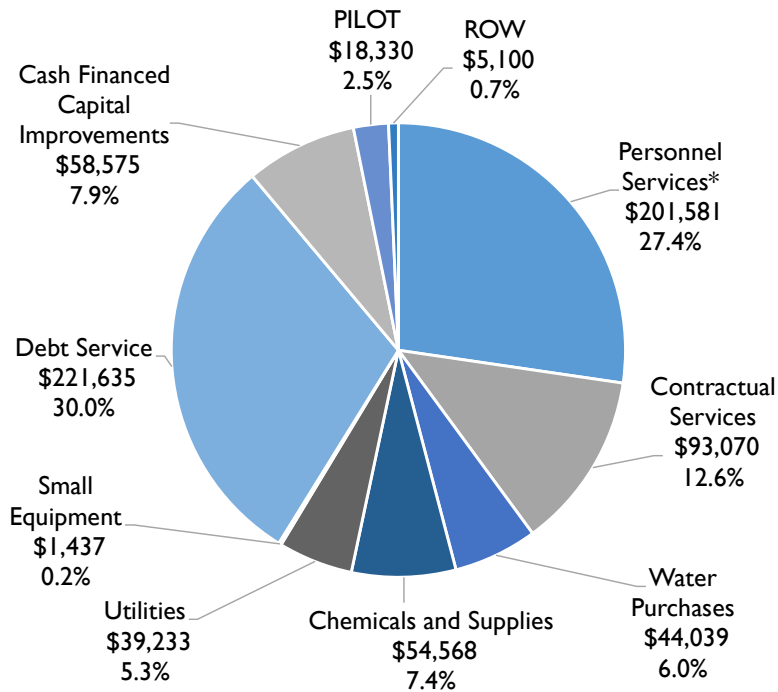
Litigation & Insurance - Impacts of unanticipated legal cases, insurance policy requirements and workers compensation claims



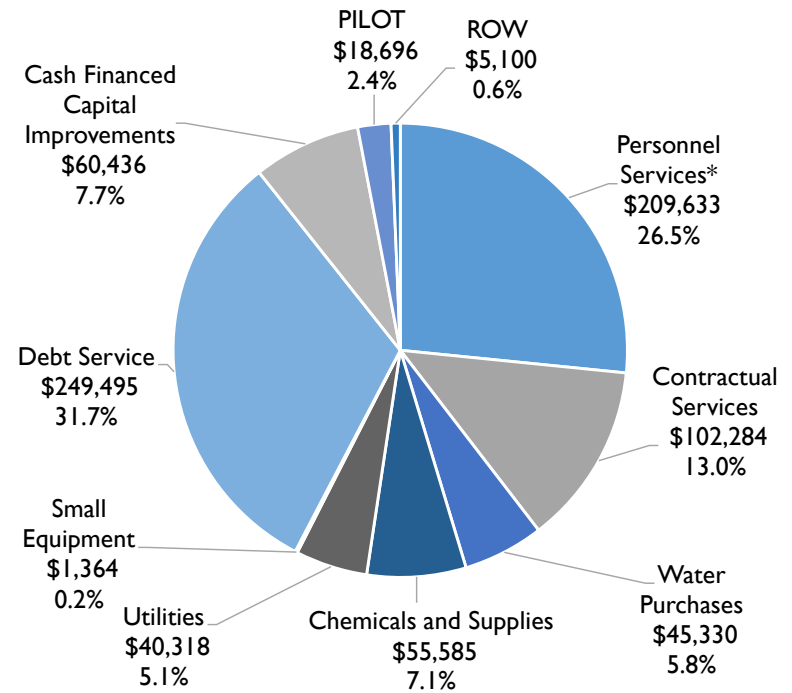
FY 2024 vs. FY 2025 Expenditure Budgets

\$ in thousands

Amended FY 2024
\$737,567



Proposed FY 2025
\$788,241



* Personnel Services include capital labor charges

Reflects updated changes based on cost of service study completed



Overview of Cost Allocation



Jurisdictional Cost Shares - General

BLUE PLAINS INTERMUNICIPAL AGREEMENT of 2012

[Effective: 4/3/13]

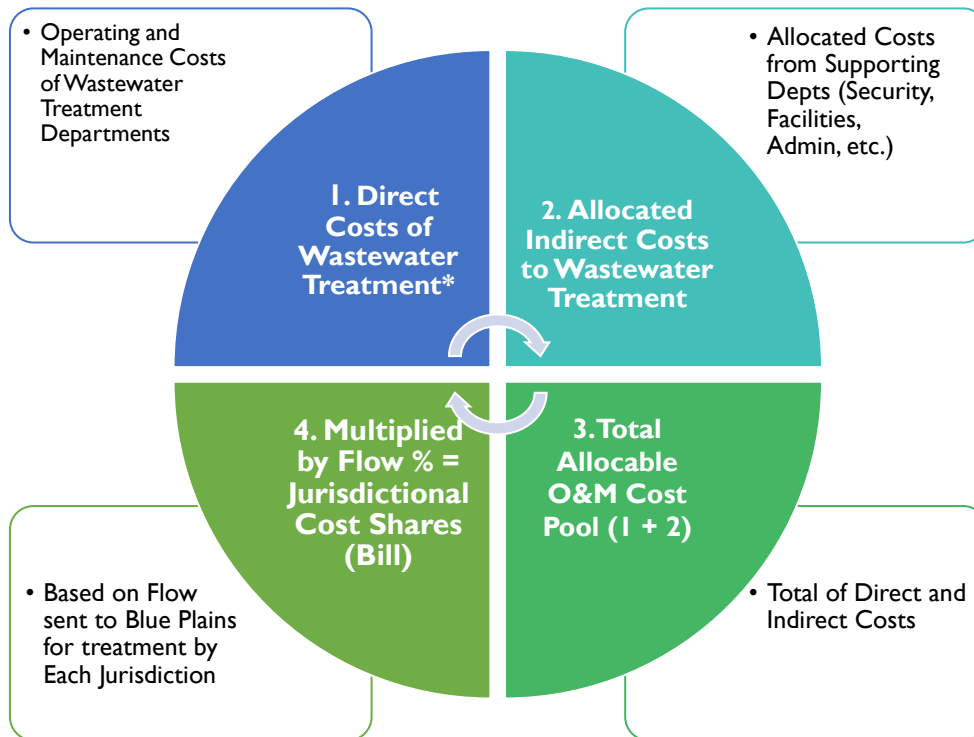
Among the
District of Columbia
District of Columbia Water and Sewer Authority
Fairfax County, Virginia
Montgomery County, Maryland
Prince George's County, Maryland
Washington Suburban Sanitary Commission



- Both DC Ratepayers and Wholesale Customers are responsible for the costs of joint-use capital projects and operation and maintenance costs of wastewater treatment and multi-jurisdictional user facilities
- The Board-approved operating budget and the CIP are the basis for Annual Estimate Bills for both Operating & Maintenance and Capital
- The Intermunicipal Agreement (IMA) stipulates the basis of the cost allocation for the jurisdictional customers
 - Operating – based on actual flows and adjustments made for user fees and biosolids hauled by Washington Suburban Sanitary Commission (WSSC)
 - Capital - Jurisdictional cost shares for Capital Projects are based on capacity allocation or specially negotiated cost shares with IMA Partners through Council of Government Technical Committees
- Capital Bills are trued-up every Quarter based on actual invoices paid during the period. WSSC audits the quarterly bills on behalf of wholesale customers.
- Operating settlement (true-up) is completed within 90 days of the completion of audit of financial statements. WSSC further audits the operating settlement bills on behalf of wholesale customers



Blue Plains Operating & Maintenance Cost Allocation

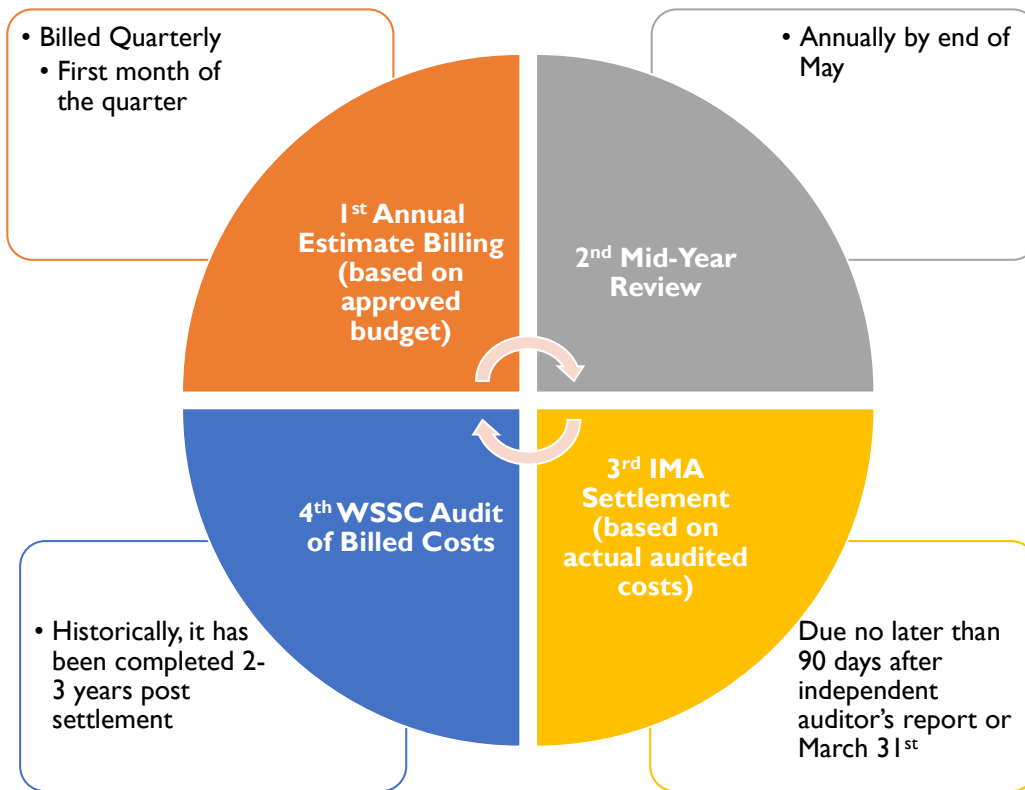


- DC Ratepayers and the jurisdictions are allocated costs associated with treating wastewater (Direct Costs)
- This also includes allocated costs associated with “Supporting Departments” like Facilities, and Information Technology (Indirect Costs)
 - For example: Facilities – Costs are allocated based on Sq Ft occupied by departments. Information Technology – Costs are allocated based on CPU in use by departments
- This pools of costs is then allocated based on flows to Blue Plains
 - The proposed budget is based on the actual flow in the most recently completed Fiscal Year
- Wholesale billings are expected to increase from \$106.5 million in FY 2024 to \$114.2 million in FY 2025, mainly because of growth in Personnel Services, Contractual Services, Supplies and Biosolid Costs

*Wastewater treatment operations, maintenance, process engineering, wastewater engineering, resource recovery, and clean water technology - are departments related to Blue Plains and considered direct costs from cost recovery/billing purposes.



Blue Plains Operating & Maintenance Cost Shares - Billing Cycle



- The billing cycle is a year-round one
- Jurisdictions are billed according to the budget
- Bills for the first quarter will be provided in October and are due mid-November; second, third, and fourth quarter bills are sent on January, April and July
- DC Water performs a mid-year review after the second quarter-end to determine additional billing or refund needed
- After the fiscal year end, the true-up (settlement) process is completed which may result in additional billing or refund
- WSSC audits the settlement bills which may result in additional billing or refund



Blue Plains Operating & Maintenance Cost Shares

- Direct Costs** - The cost for operating and maintaining Blue Plains Advance Wastewater Treatment Plant includes personnel, chemicals, contractual services, utilities & rent, among others; these costs are considered direct cost for the Plant
- Indirect Costs** - Costs from supporting departments (e.g. Administration, Security, Facilities, Information Technology, etc.) are allocated to the Wastewater Treatment Plant
- The total of direct and indirect costs is then multiplied by the flow to arrive at the estimated billing for jurisdictions

- Below is the summary of estimated wholesale revenue from operations and maintenance billing to our wholesale customers for fiscal year 2024 and 2025

Cost Pool for Jurisdictional Shares Blue Plains	FY25 Budgeted (In'000)	FY24 Budgeted (In'000)	Change	Change %
Operating & Maintenance Costs for Blue Plains* (Budget)	\$149,103	\$137,773	\$11,330	8.2%
Estimated Indirect Cost Allocation for Support Services	\$29,821	\$27,555	\$2,266	8.2%
Total Allocable/Billable Cost Pool	\$178,923	\$165,328	\$13,596	8.2%

Estimated Jurisdictional Cost Shares (Based on Flow)	FY23 Flow %	FY25 Revenue Estimate	FY24 Revenue Estimate	Change	Change %
District	43.27%	\$77,425	\$71,223	\$6,201	8.7%
WSSC	41.18%	73,673	69,272	\$4,401	6.4%
Fairfax	10.02%	17,927	15,871	\$2,056	13.0%
Loudoun	4.81%	8,608	7,787	\$821	10.5%
Potomac Interceptor	0.72%	1,291	1,174	\$117	10.0%
Total	100.00%	\$178,923	\$165,328	\$13,596	8.2%

Wholesale Revenue from Blue Plains Operating & Maintenance Costs	102,899	95,582	7,317	7.7%
Wholesale Revenue from Multi-Jurisdictional User Facilities	7,802	7,391	411	5.6%
Potomac Interceptor Revenue	3,547	3,547	-	0.0%
Total Estimated Wholesale Revenue	\$114,248	\$106,519	\$7,728	7.3%

*Departments at Blue Plains include Wastewater Treatment Operations, Maintenance Services, Process Engineering, Resource Recovery, Wastewater Engineering and Clean Water & Technology.

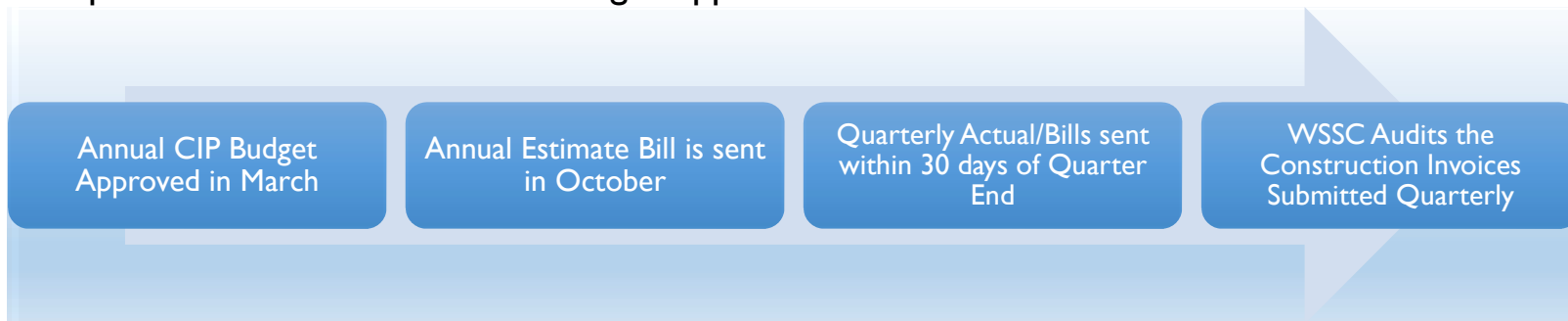


Overview of Wholesale Customer Capital Cost Shares

- Capital cost shares for joint use projects are based on capacity allocation or the specially negotiated cost % with Intermunicipal Agreement (IMA) Partners through Council of Government Technical Committees
- Unique codes are used to allocate costs to Jurisdictions correctly. See some cost code examples below:

Work Type	Description	DCW	WSSC	FAIRFAX	LOUDOUN	PI	OTHERS	TOTAL
GIBP	Blue Plains Joint Projects	41.22	45.84	8.38	3.72	0.84	-	100.00
LTCP	Long Term Control Plan	92.90	5.54	1.01	0.45	0.10	-	100.00
MJ73	Anacostia Main Interceptor (AMI)	83.97	16.03	-	-	-	-	100.00
CAPM	Capital Money (100% DC)	100.00	-	-	-	-	-	100.00

- The process starts in March with Budget Approval and concludes with the Audit:



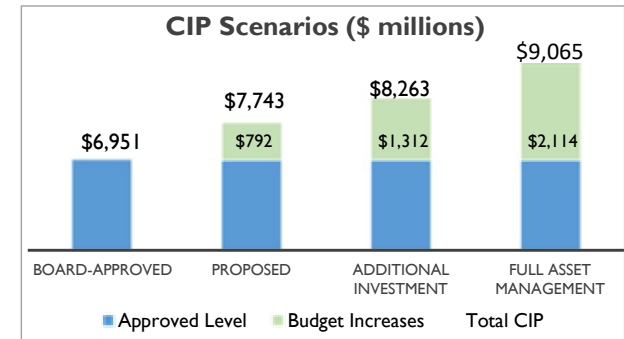


Proposed Capital Improvement Program



Multiple Capital Budget Scenarios Considered

- 💧 Budget Process includes consideration, evaluation, and prioritization of various CIP scenarios including related rate and revenue impacts
- 💧 Proposed CIP of \$7.7 billion
 - Funds two major ongoing “once in a generation” projects
 - Strikes a balance between necessary rate increases and critical capital investments



CIP Scenario	Description
Proposed	Funds increases for the Potomac River Tunnel; advances Lead Free DC program; ramps up to 1.5% annual replacement rates for small diameter water mains and 1.0% for sewer rehabilitation; includes upgrades at Blue Plains, Non-Process Facilities and Washington Aqueduct etc.
Additional Investment	Would add additional investments at Blue Plains and ramp up to 2.0% annual replacement rates for small diameter water mains and 1.3% for sewer rehabilitation
Full Asset Management	Would ramp up to 2.5% annual replacement rates for small diameter water mains and 1.5% for sewer rehabilitation; funds projects at Blue Plains including implementation of innovative treatment processes and renewable energy projects

DEEP DIVE

Capital Budget Scenarios

- 💧 The primary source of funding is Retail Rates and Wholesale Customer participation
- 💧 Growing the capital plan would increase customer rates higher than the Proposed CIP

Projected FY 2024 – 2033	Proposed	Additional Investment	Full Asset Management
Size of Capital Plan	\$7.7 billion	\$8.3 billion	\$9.1 billion
Wholesale Contributions	\$1.3 billion	\$1.4 billion	\$1.4 billion
New debt anticipated to be issued	\$3.3 billion	\$3.6 billion	\$3.8 billion
FY 2033 Debt Service Costs	\$462.9 million	\$484.5 million	\$504.4 million
Average Rate Growth for Average Household	6.3%	6.8%	7.4%
FY 2033 Average Household Charge	\$229.50	\$241.52	\$253.26
Average Annual Bill Increase	\$10.43	\$11.64	\$12.81
10-year Cumulative Water Rate Increase	75.75%	82.75%	89.75%

Reflects updated changes based on cost of service study completed



The Proposed Budget

💧 \$732 million allocated in FY 2025 and \$7.74 billion over the 10-year period for Infrastructure Improvements

- Fully funds the Clean Rivers Program including completion of the Potomac River tunnel to meet the consent decree requirement by 2030
- Allocates funding for the Lead-Free DC program
- Funds more than 150 miles of small diameter water main replacement
- Invests \$3.5 billion in the aging water and sewer system infrastructure
- Directs \$1.3 billion for major rehabilitation and upgrades at Blue Plains
- Allocates \$357.5 million for DC Water's share of the Aqueduct's infrastructure program
- Provides \$347.4 million for the purchase/replacement of vehicles, heavy-duty equipment, mechanical equipment, operational facilities, meters, office renovations, and IT projects



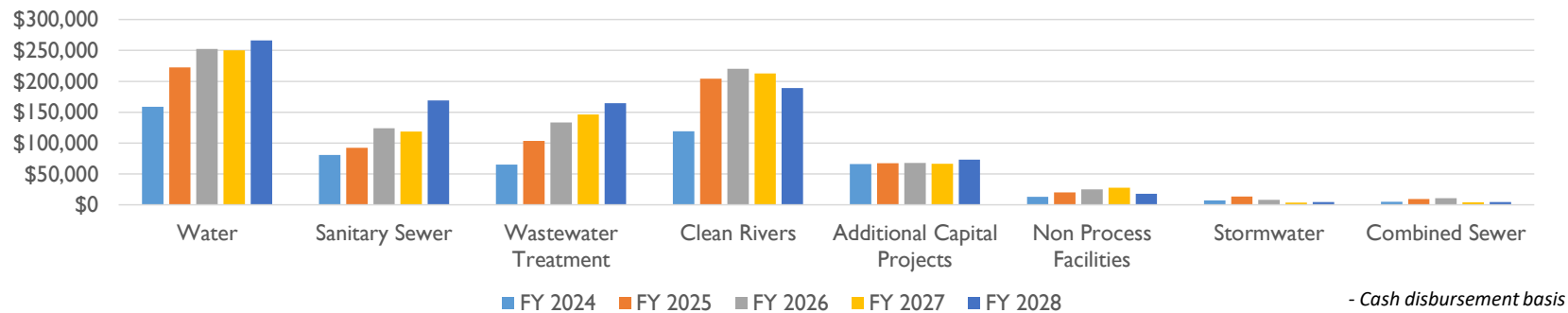


Near Term of the 10-Year CIP

- ▶ DC Water is proceeding with the increased investment in water and sewer projects as we advance the Lead-Free DC Program and approach the completion of the Clean Rivers tunneling program
 - Significant growth in water projects from \$159 million in FY 2024 to \$279 million by FY 2030
 - Lead-Free DC Program accounts for 39% of overall spending on water projects in FY 2024 and increases to 40% in FY 2027
 - Spending on sewer projects will more than double from \$81 million in FY 2024 to \$169 million by FY 2028
 - Critical rehabilitation and equipment upgrades at Blue Plains with spending growth from \$65 million in FY 2024 to \$195 million in FY 2029
 - Clean Rivers program is anticipated at 23% of the overall CIP in FY 2024, but only 9% by FY 2030 when the Potomac River Tunnel is completed
 - Spending on additional capital projects covers capital equipment and infrastructure improvements at the Aqueduct

\$ in thousands

Projected Capital Disbursements – Near term of 10-Year CIP
(FY 2024 - FY 2028)





The Capital Improvement Program

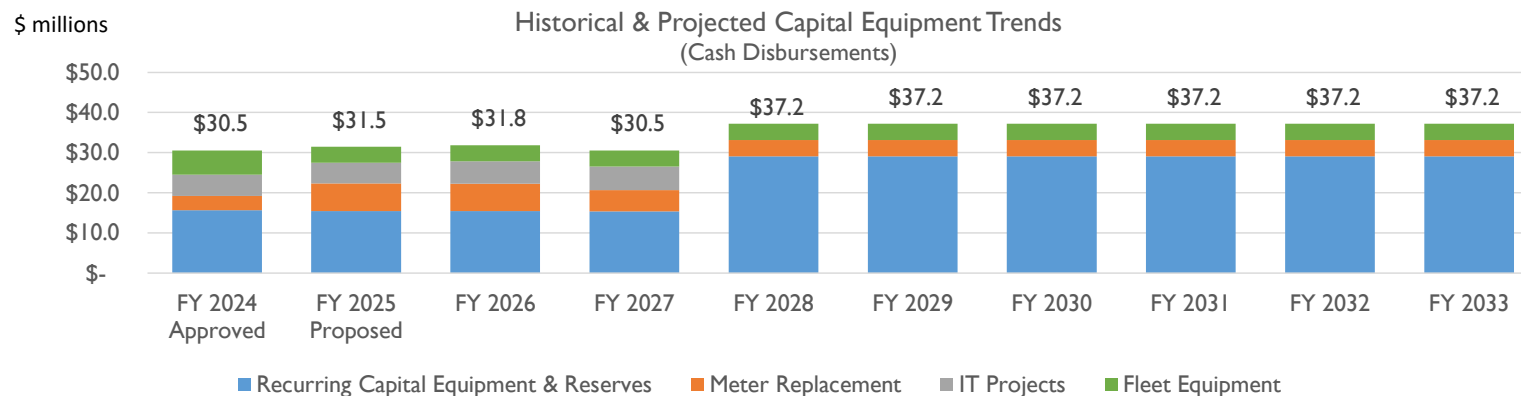
- The **proposed ten-year CIP budget is \$7.74 billion** and includes **\$792 million increase** over the Board-approved CIP for
 - Two “once in a generation” projects (Clean Rivers and Lead Free DC), increase of **\$327 million**
 - Continued investments in the water and sewer system, combined sewer overflow and stormwater facilities, a net increase of **\$237 million**
 - Rehabilitation and upgrades to wastewater treatment and non process facilities, increase of **\$209 million**
 - DC Water’s share of the Washington Aqueduct’s capital projects, an increase of **\$19 million**

Cash Disbursements (\$ in thousands)	FY 2024 - FY 2033 Disbursement Plan											Last Years 10-yr	(Increase)/ Decrease	Lifetime Budget
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	10-yr Total			
NON PROCESS FACILITIES	\$ 13,074	\$ 19,900	\$ 25,190	\$ 27,461	\$ 17,775	\$ 35,413	\$ 23,100	\$ 13,283	\$ 14,977	\$ 7,345	\$ 197,518	\$ 141,246	\$ (56,272)	\$ 362,044
WASTEWATER TREATMENT	65,150	103,291	133,487	146,143	164,601	194,637	185,233	174,807	91,587	74,666	1,333,603	1,180,881	(152,722)	3,348,779
COMBINED SEWER OVERFLOW	123,793	213,408	231,323	216,615	193,750	154,800	92,363	4,041	-	-	1,230,093	1,062,875	(167,218)	3,430,748
STORMWATER	7,293	13,565	7,958	3,804	4,532	3,268	6,697	9,432	6,772	5,231	68,551	72,241	3,690	157,075
SANITARY SEWER	80,599	92,235	123,854	118,639	169,037	287,816	249,471	227,771	269,312	236,846	1,855,580	1,796,116	(59,464)	2,897,505
WATER	158,736	222,494	252,395	250,278	266,256	268,591	279,184	207,235	219,880	227,979	2,353,028	2,011,801	(341,227)	4,738,104
CAPITAL PROJECTS	\$ 448,646	\$ 664,893	\$ 774,206	\$ 762,940	\$ 815,951	\$ 944,526	\$ 836,048	\$ 636,568	\$ 602,528	\$ 552,067	\$ 7,038,373	\$ 6,265,159	\$ (773,214)	\$ 14,934,255
CAPITAL EQUIPMENT	30,535	31,477	31,839	30,523	37,169	37,169	37,169	37,169	37,169	37,169	347,390	347,390	-	347,390
WASHINGTON AQUEDUCT	35,546	35,770	35,770	35,770	35,770	35,770	35,770	35,770	35,770	35,770	357,472	338,518	(18,954)	357,472
ADDITIONAL CAPITAL PROJECTS	\$ 66,081	\$ 67,246	\$ 67,609	\$ 66,293	\$ 72,939	\$ 72,939	\$ 72,939	\$ 72,939	\$ 72,939	\$ 72,939	\$ 704,863	\$ 685,908	\$ (18,954)	\$ 704,863
LABOR														\$443,166
TOTAL CAPITAL BUDGETS	\$ 514,727	\$ 732,139	\$ 841,815	\$ 829,232	\$ 888,890	\$ 1,017,465	\$ 908,987	\$ 709,507	\$ 675,467	\$ 625,006	\$ 7,743,235	\$ 6,951,067	\$ (792,168)	\$ 16,082,284
Prior Year Board Approved CIP	\$ 604,671	\$ 784,064	\$ 838,249	\$ 859,188	\$ 892,646	\$ 841,454	\$ 677,036	\$ 507,647	\$ 444,676	\$ -	\$ 6,951,067			
Delta (inc)/dec	\$89,944	\$51,925	(\$3,566)	\$29,955	\$3,756	(\$176,011)	(\$231,951)	(\$201,860)	(\$230,791)	(\$625,006)	(\$792,168)			



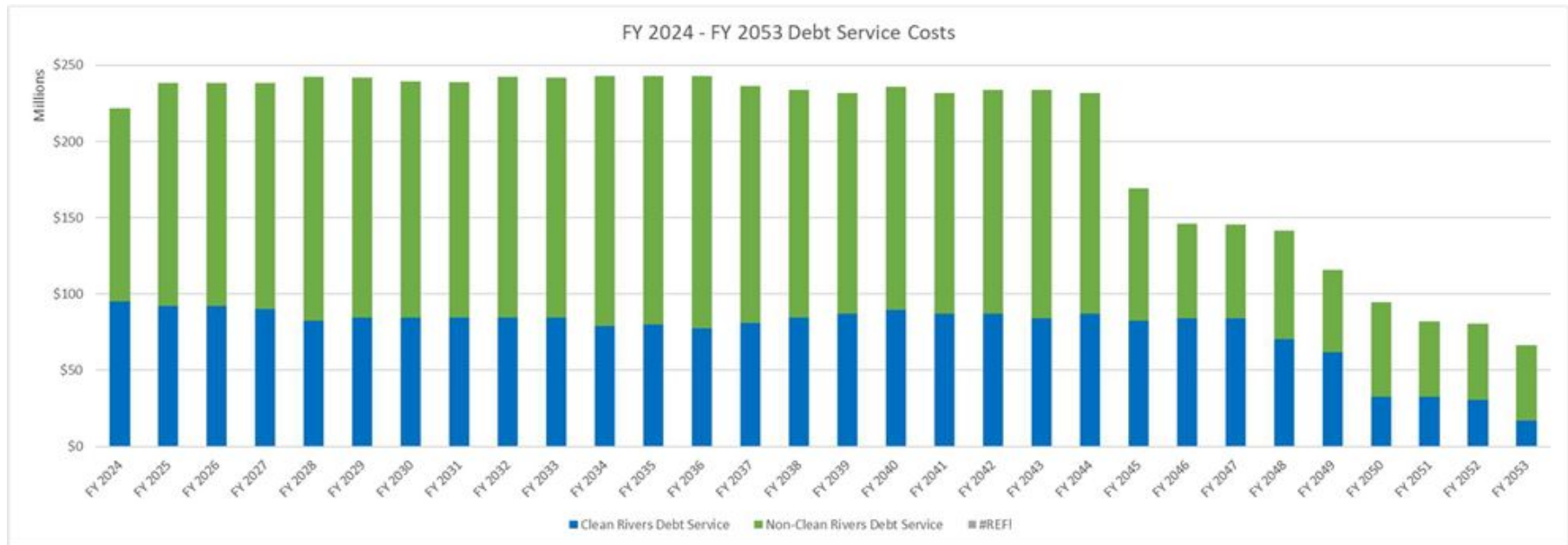
Capital Equipment

- 💧 The Proposed FY 2025 budget is \$31.5 million, a net increase of \$1 million compared to the FY 2024 budget
- 💧 Ten-year disbursements of \$347.4 million for capital equipment includes :
 - **Recurring Capital Equipment and Reserves** – This covers the purchase/replacement of pumps, motors, HVACs, roof, renovations, laptops, computers, servers, fire hydrants and includes the Authority-wide reserves for new facilities and unplanned equipment needs
 - **Information Technology (IT) Projects** – Funds new projects and upgrades to various Authority-wide technology systems
 - **Fleet Equipment** – Earmarks funding to ensure that crews have the required equipment such as backhoes, jet-vacs, small and large dump trucks to meet operational needs



DEEP DIVE Debt Service for Existing Debt

- 💧 Debt service costs *for current debt* are projected to be approximately \$6.0 billion over the next 30 years through 2053
 - Clean Rivers debt service costs are \$2.3 billion and Non-Clean Rivers debt service costs are \$3.7 billion

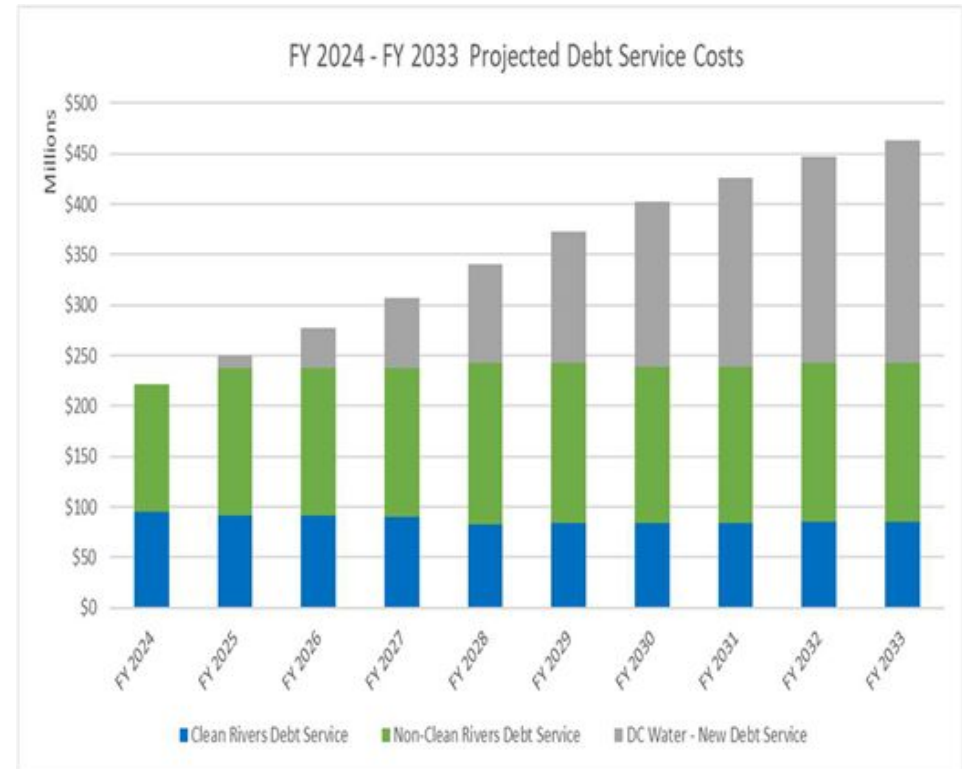


- Cash disbursements basis

DEEP DIVE

Near Term of the 10-Year CIP

- To advance the capital program, DC Water will borrow an additional \$3.3 billion over the next ten years
- These new debt service costs will require additional rate increases



- Cash disbursements basis



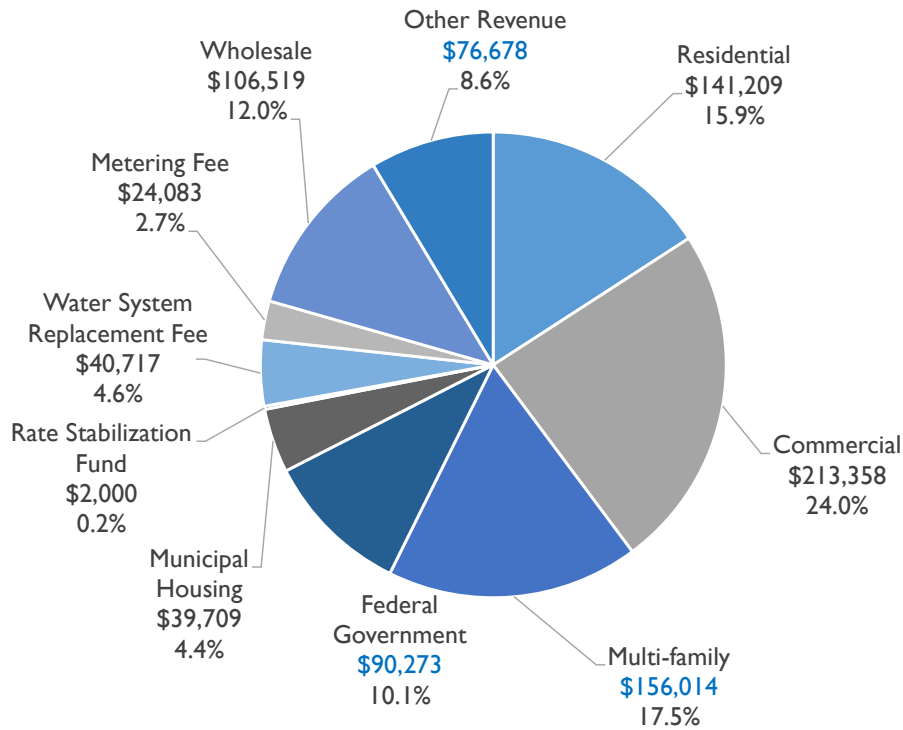
Operating Revenues and Financial Plan



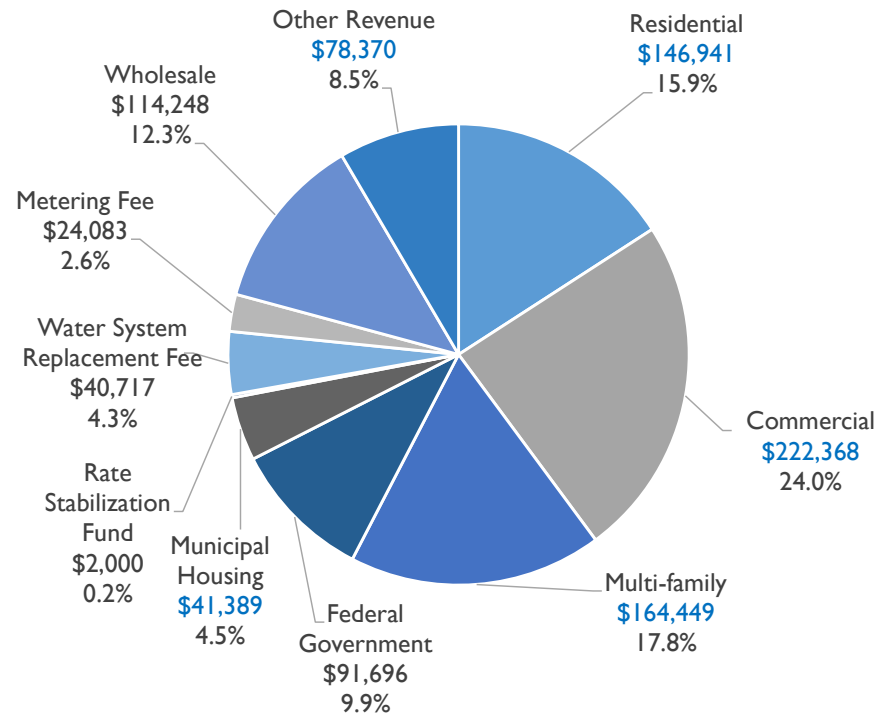
FY 2024 vs. FY 2025 Operating Revenues

\$ in thousands

Revised FY 2024 \$890.6 million



Proposed FY 2025 \$926.3 million

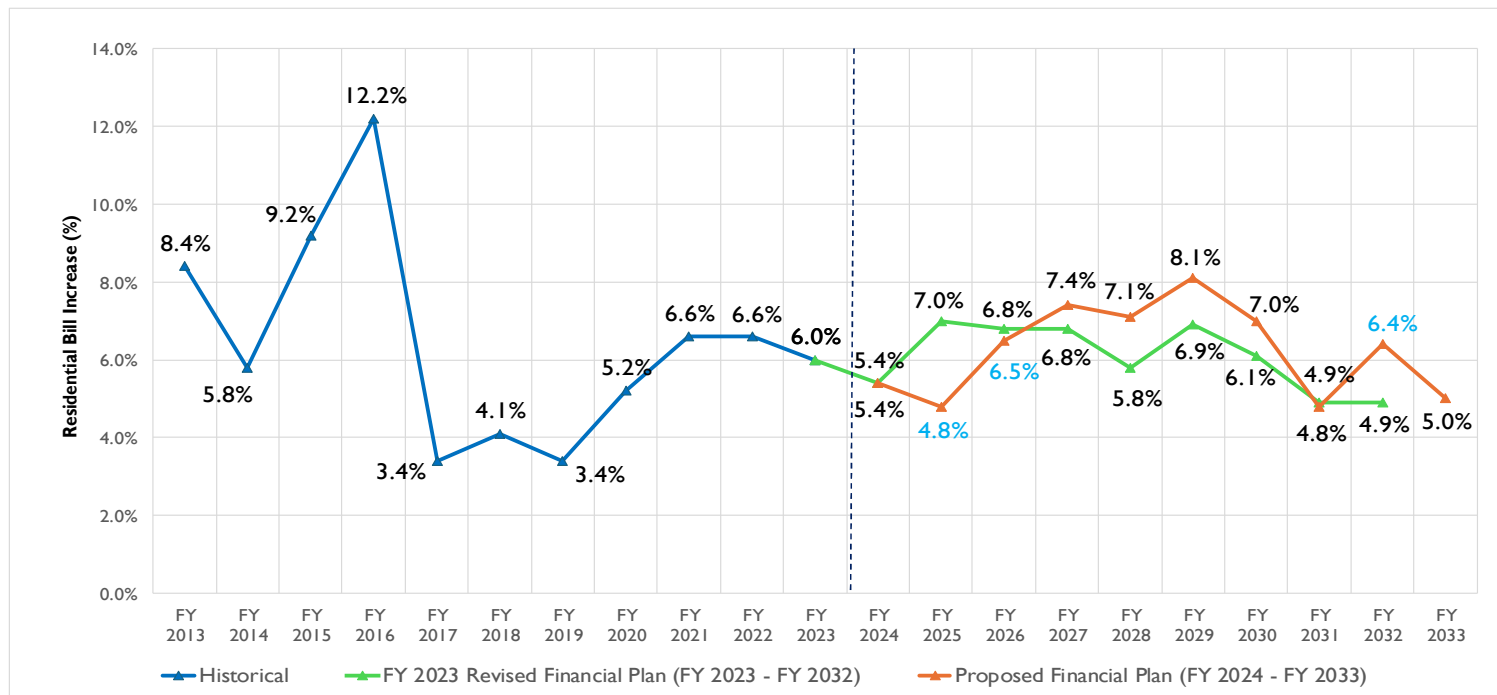


Reflects updated changes based on cost of service study completed



Historical and Projected Combined Rate Increases

- FY 2025 and FY 2026 are proposed rates, which are slightly lower than previously estimated because of increase in projected revenues mainly due to higher consumption forecast
- In FY 2027 and beyond, forecasted rates are slightly higher than previously estimated due to higher costs



Reflects updated changes based on cost of service study completed



Proposed FY 2025 & FY 2026 Rates, Charges & Fees

	Units	Current FY 2024	Proposed FY 2025	Proposed FY 2026	Incr. /(Decr.) FY 2025		Incr. /(Decr.) FY 2026	
					\$	%	\$	%
					DC Water Retail Rates – Water:			
Residential – Lifeline (0- 4 Ccf)	Ccf	\$4.38	\$5.21	\$5.78	\$0.83	18.9%	\$0.57	10.9%
Residential – (> 4 Ccf)	Ccf	5.70	6.81	7.60	1.11	19.5	0.79	11.6
Multi-family	Ccf	5.00	5.82	6.47	0.82	16.4	0.65	11.2
Non-Residential	Ccf	5.89	7.03	7.84	1.14	19.4	0.81	11.5
DC Water Retail Rates – Sewer	Ccf	11.70	12.07	12.52	0.37	3.2	0.45	3.7
DC Water Clean Rivers IAC	ERU	21.86	21.23	24.23	-0.63	-2.9	3.00	14.1
DC Water Customer Metering	5/8”	7.75	7.75	7.75	-	-	-	-
DC Water System Replacement	5/8”	6.30	6.30	6.30	-	-	-	-
District of Columbia PILOT Fee	Ccf	0.61	0.61	0.62	-	-	0.01	1.6
District of Columbia Right of Way	Ccf	0.19	0.19	0.20	-	-	0.01	5.3
District of Columbia Stormwater	ERU	2.67	2.67	2.67	-	-	-	-

*Rate impact in FY2025 is 8.0% and 6.0% in FY2026 and that has bill impact of 4.8% in FY2025 and 6.5% in FY2026. The shift in the balance between water and sewer rates has been determined by the recent cost of service study.



Revenue Comparison by Customer Class

- Total revenue is projected to increase by \$35.7 million or 4.0% for FY 2025 and \$51.2 million or 5.5% for FY 2026 mainly due to rate increase
 - Retail Revenue – Increase by \$26.3 million or 3.7% in FY 2025 and \$43.5 million or 5.9% in FY 2026
 - Wholesale Revenue – Increase by \$7.7 million or 7.3% in FY 2025 and \$6.7 million or 5.8% for FY 2026 due to operations and maintenance expense projection. Revenue estimates are based on most recent flow data

\$ in thousands	Revised FY 2024	Proposed FY 2025	Proposed FY 2026	FY 2025 vs FY 2024		FY 2026 vs FY 2025	
				Incr/(Decr)		Incr/(Decr)	
				\$	%	\$	%
Retail Revenue	\$705,362	\$731,643	\$775,094	\$26,281	3.7%	\$43,451	5.9%
Wholesale Revenue							
Potomac Interceptor (PI)	3,547	3,547	3,547	-	0.0%	-	0.0%
Loudoun County Sanitation Authority (LCSA)	9,539	10,450	11,045	911	9.6%	595	5.7%
Washington Suburban Sanitary Commission (WSSC)	74,959	79,591	84,441	4,632	6.2%	4,850	6.1%
Fairfax County	18,475	20,660	21,872	2,185	11.8%	1,212	5.9%
Total Wholesale Revenue	\$106,520	\$114,248	\$120,905	\$7,728	7.3%	6,657	5.8%
Other Revenue	76,678	78,370	81,456	1,692	2.2%	3,086	3.9%
Rate Stabilization Fund (RSF)	2,000	2,000	-	-	0.0%	(2,000)	-100.0%
Total Revenues	\$890,560	\$926,261	\$977,455	\$35,701	4.0%	\$51,194	5.5%

Reflects updated changes based on cost of service study completed



Average Residential Customer Monthly Bill

	Units	Current FY 2024	Proposed FY 2025	Proposed FY 2026
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 89.03	\$ 95.93	\$ 101.77
DC Water Clean Rivers IAC ⁽²⁾	ERU	21.86	21.23	24.23
DC Water Customer Metering Fee	5/8"	7.75	7.75	7.75
DC Water Water System Replacement Fee ⁽⁴⁾	5/8"	6.30	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 124.94	\$ 131.21	\$ 140.05
Increase / Decrease		\$ 6.68	\$ 6.27	\$ 8.84
District of Columbia PILOT Fee ⁽¹⁾	Ccf	\$ 3.31	\$ 3.31	\$ 3.36
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf	1.03	1.03	1.08
District of Columbia Stormwater Fee ⁽³⁾	ERU	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 7.01	\$ 7.01	\$ 7.11
Total Amount Appearing on DC Water Bill		\$ 131.95	\$ 138.22	\$ 147.16
Increase / Decrease Over Prior Year		\$ 6.79	\$ 6.27	\$ 8.94
Percent Increase in Total Bill		5.4%	4.8%	6.5%

(1) Assumes average monthly consumption of 5.42 Ccf, or (4,054 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



Average CAP Customer Monthly Bill

	Units	Current FY 2024	Proposed FY 2025	Proposed FY 2026
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 89.03	\$ 95.93	\$ 101.77
DC Water Clean Rivers IAC ⁽⁵⁾	ERU	21.86	21.23	24.23
DC Water Customer Metering Fee	5/8"	7.75	7.75	7.75
DC Water Water System Replacement Fee ⁽³⁾	5/8"	6.30	6.30	6.30
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District of Columbia Stormwater Fee ⁽⁴⁾	ERU	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 7.01	\$ 7.01	\$ 7.11
Total Amount		\$ 131.95	\$ 138.22	\$ 147.16
Less: CAP Discount (4Ccf per month)		(67.52)	(72.32)	(76.48)
CAP Discount (100% WSRF per month)		(6.30)	(6.30)	(6.30)
CAP Discount (50% CRIAC per month)		(16.40)	(15.92)	(18.17)
Total CAP Discount		(90.22)	(94.54)	(100.95)
Total Amount Appearing on DC Water Bill		\$ 41.73	\$ 43.68	\$ 46.21
Increase / Decrease Over Prior Year		\$ 1.76	\$ 1.95	\$ 2.53
CAP Customer Discount as a Percent of Total Bill		-68.37%	-68.40%	-68.60%

(1) Assumes average monthly consumption of 5.42 Ccf, or (4,054 gallons)

(2) Expansion of CAP program in FY2009 assumes discount to first 4 Ccf of water, sewer, and further expansion in FY2011 assumes discount to first 4 Ccf of PILOT and ROW fee

(3) Assumes 100 percent discount for Water System Replacement Fee (WSRF) to CAP customers effective October 1, 2015

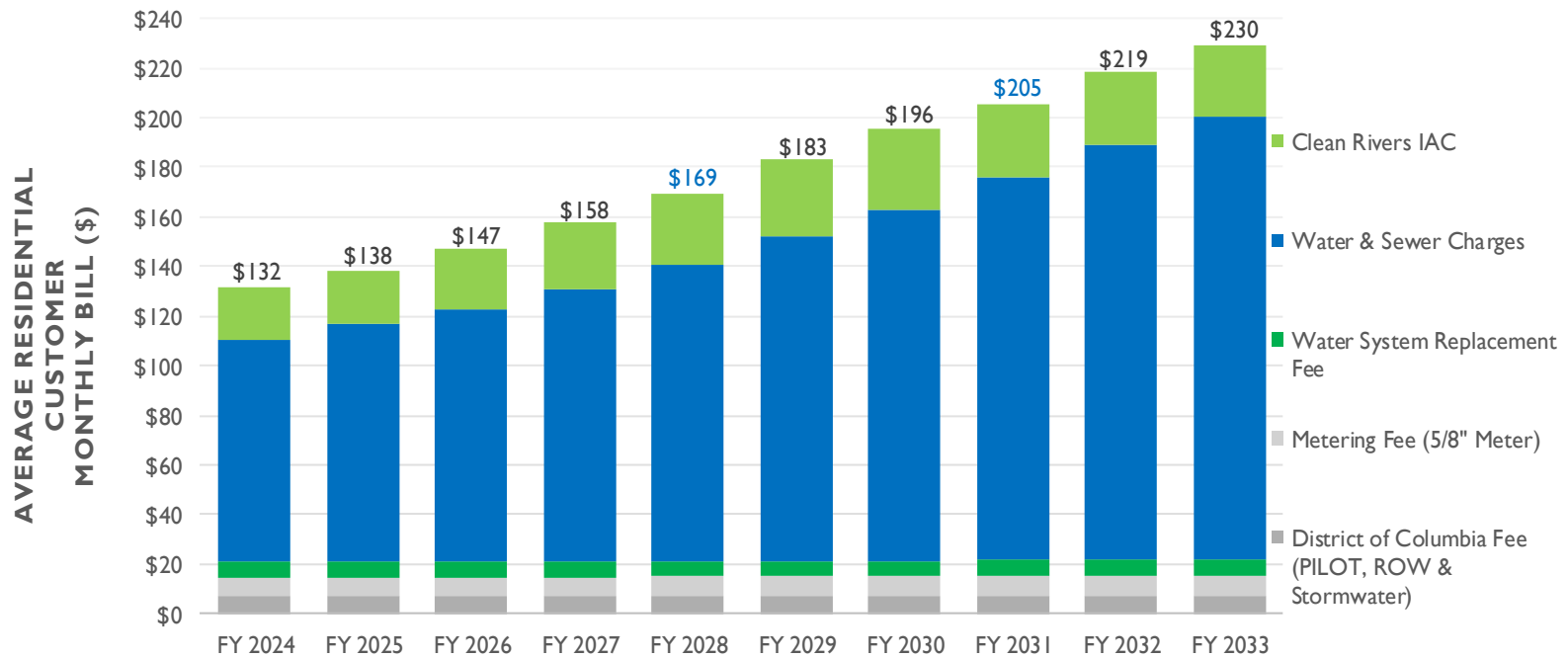
(4) District Department of the Environment stormwater fee of \$2.67 effective November 1, 2010

(5) Assumes 75% discount for the Clean Rivers IAC effective October 1, 2020



Projected Average Residential Customer Bill

Projected average monthly residential customer bill ranges from \$132 in FY 2024 to \$230 in FY 2033



* Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons



Financial Plan Objectives

- DC Water’s 10-year financial plan serves as the fiscal roadmap to achieve the Board’s strategic plan
- It is one of management’s key tools to monitor progress in meeting financial goals and targets
- It also ensures meeting or exceeding all debt-related legal and policy requirements, as well as maintaining sufficient liquidity to meet all current financial obligations
- DC Water’s financial plan objectives focus on:
 - Minimizing rate increases while meeting all financial obligations;
 - Satisfying all indenture requirements and Board policies; and
 - Maintaining DC Water’s current credit ratings of AAA/Aa1/AA+



Ten-Year Financial Plan Assumptions

- Maintain Debt Service as a percentage of revenue equal to 33.0 percent or less
- Maintain combined coverage of 160 percent
- Maintain 250 days of cash excluding Rate Stabilization Fund. The Board established a goal of increasing the target days cash on hand to 350 days
- FY 2023 actual consumption declined by 1.4 percent. Assumed 7.0 percent decline in consumption in Commercial category in FY 2024 and 1.0 percent conservation each year for all other categories for FY 2025 and onwards
- FY 2023 Debt Service was lower as compared to budget due to deferring bond issuance and a credit released from the 1998 Debt Service Reserve Fund in excess of the requirement.



Ten-Year Financial Plan

\$ in thousands

DISTRICT OF COLUMBIA WATER & SEWER AUTHORITY FY 2024 - FY 2033 FINANCIAL PLAN

OPERATING	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Retail	728,792	755,456	799,250	854,603	911,660	980,556	1,043,786	1,090,013	1,154,059	1,204,514
Wholesale	106,519	114,248	120,905	125,741	130,771	136,001	141,441	147,099	152,983	159,102
Other	53,249	54,557	57,301	62,364	67,922	70,592	69,584	70,092	65,216	64,505
RSF	2,000	2,000	-	-	-	-	-	-	-	-
Operating Receipts ⁽¹⁾	\$ 890,560	\$ 926,261	\$ 977,455	\$ 1,042,708	\$ 1,110,352	\$ 1,187,149	\$ 1,254,812	\$ 1,307,204	\$ 1,372,258	\$ 1,428,121
Operating Expenses	425,383	444,207	464,947	482,959	501,685	521,151	541,388	562,427	584,299	607,038
Debt Service	221,635	249,495	277,000	307,289	340,180	372,492	402,816	425,524	446,587	462,941
Cash Financed Capital Improvement	\$ 58,575	\$ 60,436	\$ 71,932	\$ 76,914	\$ 82,049	\$ 88,250	\$ 93,941	\$ 98,101	\$ 103,865	\$ 108,406
Net Revenues After Debt Service	\$ 184,967	\$ 172,123	\$ 163,576	\$ 175,546	\$ 186,439	\$ 205,256	\$ 216,667	\$ 221,152	\$ 237,507	\$ 249,736
Operating Reserve-Beg Balance	286,889	296,600	309,600	324,600	337,600	351,600	365,600	380,600	395,600	411,600
Other Misc (Disbursements)/Receipts										
Wholesale/Federal True Up	(15,256)	(21,513)	(15,100)	-	-	-	-	-	-	-
Project Billing Refunds	(2,000)	(2,000)	-	-	-	-	-	-	-	-
Transfers to RSF										
Pay-Go Financing	(158,000)	(135,609)	(133,476)	(162,546)	(172,439)	(191,256)	(201,667)	(206,152)	(221,507)	(233,736)
Operating Reserve - Ending Balance	\$ 296,600	\$ 309,600	\$ 324,600	\$ 337,600	\$ 351,600	\$ 365,600	\$ 380,600	\$ 395,600	\$ 411,600	\$ 427,600
Rate Stabilization Fund Balance RSF ⁽²⁾	\$ 33,644	\$ 31,644	\$ 31,644	\$ 31,644	\$ 31,644	\$ 31,644	\$ 31,644	\$ 31,644	\$ 31,644	\$ 31,644
Senior Debt Service Coverage	818%	753%	651%	607%	635%	628%	589%	616%	591%	579%
Combined Debt Service Coverage	213%	193%	188%	190%	186%	186%	183%	181%	182%	183%
Actual/Projected Water/Sewer Rate Increases	3.25%	8.00%	6.00%	8.00%	9.00%	9.00%	8.50%	9.00%	8.50%	6.50%
Operating Receipts \$ Increase/Decrease										
Retail	26,565	26,664	43,794	55,353	57,057	68,896	63,230	46,227	64,047	50,455
Wholesale	1,269	7,729	6,657	4,836	5,030	5,231	5,440	5,658	5,884	6,119
Operating Receipts % Increase/Decrease										
Retail	3.8%	3.7%	5.8%	6.9%	6.7%	7.6%	6.4%	4.4%	5.9%	4.4%
Wholesale	1.2%	7.3%	5.8%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

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

⁽²⁾ FY 2025 planned transfer of \$0.0 million to Rate Stabilization Fund and \$2.0 million utilization will keep the total fund balance at \$31.644 million.



Financial Metrics

Metrics	Indenture Requirement	Board Policy	Management Target	Financial Plan
Days of Cash on Hand (excluding RSF)	60 days	250 Days	—	267 - 267 Days
Combined Coverage Ratio	—	1.6X	—	1.81X – 2.13X
Senior Coverage	1.2X	—	—	5.79X – 8.18X
Subordinate Coverage	1.0X	—	—	2.15X – 2.52X
Debt Service as a % of Revenue	—	—	33% of Revenue or Less	25.2% - 33.0%
Rate Stabilization Fund (RSF)	—	—	—	—

* Board of Directors added to the cash balance at the end of FY2023 to reach 267 Days of Cash



Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing



Intent to Reimburse Capital Expenditures

- Approval to reimburse DC Water for “Costs of the System” as defined in the Master Indenture; allows DC Water to reimburse itself for capital expenditures with debt proceeds
- For FY 2024 and FY 2025 amount requested is \$325 million; DC Water has three years from the time of the last expenditure to make the reimbursement
 - Due to reductions in capital spending, DC Water may delay entering the market until Winter 2025
 - Borrowing for FY 2024 and FY 2025 was combined for approximately \$325 million
- As part of the request to issue a specific series of debt in the future, the Board will be asked to adopt a specific resolution that confirms the intent for the actual amount financed with actual reimbursed expenses





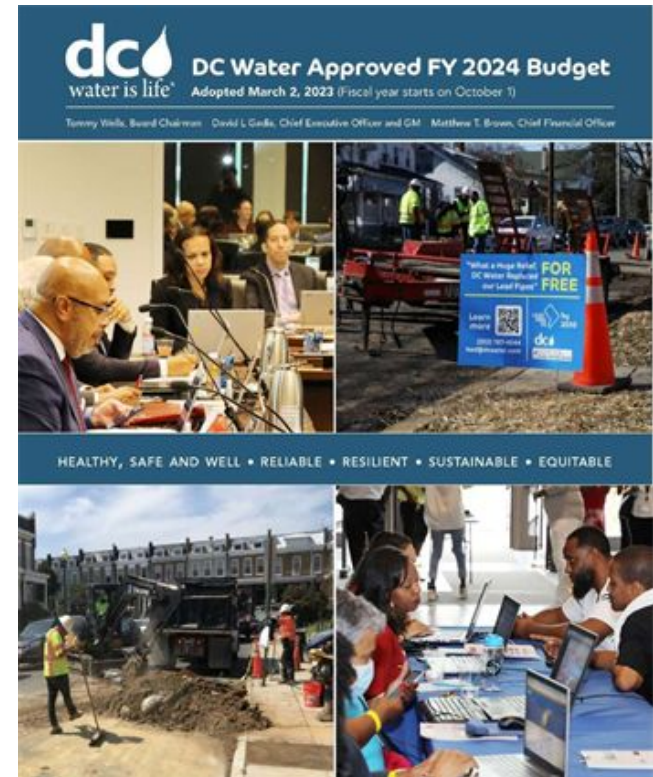
Next Steps



Management Recommendation

In February, management will present the following recommendations to the respective Committees for appropriate actions to the full Board for approval:

- Proposed Operating Expenditure Budget
 - Amended FY 2024 budget of \$737.6 million and Proposed FY 2025 budget of \$788.2 million
- Proposed Capital Budget
 - Revised FY 2024 budget of \$514.7 million and Proposed FY 2025 budget of \$732.1 million
 - FY 2024 – FY 2033 Capital Disbursements of \$7.74 billion
 - Lifetime Project Budget of \$16.1 billion
- Proposed FY 2025 & 2026 Operating Revenues, Rates and Fees
- Proposed FY 2024 – FY 2033 Financial Plan, including the revenue requirements to support the operating and capital budgets
- Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing





Budget Adoption Calendar

Board Member Questions & Follow-Up

- Submit budget-related questions to Board Secretary at mrhodd@dcwater.com
- Questions will be distributed to appropriate staff with formal response to the Board
- Budget materials published on the website for customers

February
Committee Reviews, Recommendations & Actions

March 7
Board Adoption

	Environmental Quality & Operations	DC Retail Water & Sewer Rates	Finance & Budget
FY 2024 - FY 2033 Capital Budget (<i>Disbursements & Lifetime</i>)	Action Required		Action Required
FY 2025 Operating Expenditure Budget			Action Required
Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing			Action Required
FY 2024 - FY 2033 Financial Plan		Action Required	Action Required
FY 2025 & FY 2026 Revenues, Rates, Charges and Fees		Action Required	



Public Communication

Complete Budget Briefing available online at <https://www.dewater.com/budget-and-rate-review-documents-0>

Ratemaking Process

The Board's Strategic Plan and 10-year financial plan provide the framework for the formulation, prioritization, implementation and monitoring of the annual budget process.

The annual budget process typically begins with planning in June and official kickoff in July of each year for the Operating and Capital Budgets. Plans and budgets are prepared at an appropriate level of detail for each management level. Assumptions inherent in the plans and budgets reflect the entity's historical experience, current conditions and Executive Team's directives. Once decisions are finalized for the operating and capital budgets, management develops the financial plan and rate model including various scenarios to ensure a balanced budget for recovery of costs. Further review is undertaken with independent consultants including benchmarking our proposed rates with peers in the industry. DC Water develops two-year rate proposals. The benefits of multi-year rates include greater revenue certainty, increased budget discipline and better alignment between revenues and expenditures.

The proposed budgets are finalized during the fall of each year, and introduced to the Board during the Budget Workshop typically in January. The Committees then submit their recommendations to the full Board for adoption and DC Water's adopted budget is included in the District of Columbia's budget submission to U.S. Congress.

DC Water's adopted budget and proposed rates are communicated via various news and media outlets as well as town hall meetings in each ward and a public hearing to provide customers the opportunity to comment on the changes. Once the budgets are appropriated by Congress and the final rates approved by the Board, they become effective on October 1st of each year.

IN THIS SECTION

- [FY 2025 Proposed Budget & Two-Year Rates](#)
- [FY 2024 Approved Budget](#)
- [FY 2023 and FY 2024 Approved Rates](#)
- [Budget and Rate Review Documents](#)

OTHER LINKS & DOCUMENTS

Online Tools

- [Rate Comparison Tool](#)
- [Impervious Area Calculator](#)

FY 2023 & FY 2024 Approved Rate Documents

- [Responses to Comments and Recommendations on Proposed Rates](#)
- [FY 2023 & FY 2024 Proposed Rates Presentation - RRC February 22, 2022](#)
- [Independent Review of Proposed Rates for FY 2023 and FY 2024 - Report](#)
- [Independent Review of Proposed FY 2023 & FY 2024 Rates, Charges & Fees Presentation - RRC February 22, 2022](#)

Budget and Rate Review Documents

Budget Review Documents

Date	Title
January 18, 2024	Environmental Quality and Operations Committee Proposed FY 2024 - FY 2023 Capital Improvement Program
January 4, 2024	Budget Workshop with the Board FY 2025 Proposed Budget & Two-Year Rates

Are You In The Know?

Board of Directors meetings are held the first Thursday of every month and are open to the public. Join us in-person or watch.



Appendix



CIP by Program Area

	FY 2024 - FY 2033 Disbursement Plan										10-yr Total	Last Years 10-yr	(Increase/ Decrease)	Lifetime Budget
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033				
NON PROCESS FACILITIES														
Facility Land Use	\$13,074,148	\$19,899,722	\$25,189,941	\$27,460,830	\$17,774,560	\$35,413,360	\$23,100,090	\$13,282,590	\$14,977,360	\$7,345,430	\$197,518,032	\$141,245,733	(\$56,272,299)	\$362,044,066
WASTEWATER TREATMENT														
Liquid Processing	\$31,048,728	\$37,484,373	\$62,214,984	\$82,863,496	\$90,298,000	\$109,684,150	\$99,566,930	\$106,730,770	\$64,331,770	\$59,904,400	\$744,127,601	\$625,265,688	(\$118,861,913)	\$1,383,302,353
Planwide	\$21,440,084	\$35,956,649	\$43,146,688	\$49,890,832	\$43,836,600	\$45,110,650	\$27,192,330	\$18,601,890	\$3,488,790	\$3,152,650	\$291,817,163	\$301,808,762	\$9,991,599	\$542,511,511
Solids Processing	\$11,166,208	\$28,652,274	\$27,041,176	\$10,790,136	\$29,141,904	\$31,597,830	\$34,274,930	\$38,154,170	\$23,316,940	\$11,608,670	\$245,744,238	\$203,857,210	(\$41,887,028)	\$985,127,586
Enhanced Nitrogen Removal Facilities	\$1,495,382	\$1,198,170	\$1,084,272	\$2,598,760	\$1,324,256	\$8,244,470	\$24,198,440	\$1,320,200	\$449,580	\$0	\$51,913,531	\$49,948,854	(\$1,964,676)	\$437,837,932
	\$65,150,402	\$103,291,467	\$133,487,120	\$146,143,224	\$164,600,760	\$194,637,100	\$185,232,630	\$174,807,030	\$91,587,080	\$74,665,720	\$1,333,602,533	\$1,180,880,515	(\$152,722,018)	\$3,348,779,382
COMBINED SEWER OVERFLOW														
DC Clean Rivers Program	\$118,913,096	\$204,033,452	\$220,390,158	\$212,583,113	\$189,056,663	\$147,147,462	\$77,719,333	\$0	\$0	\$0	\$1,169,843,276	\$962,607,417	(\$207,235,859)	\$3,266,221,697
Combined Sewer Overflow Program	\$4,879,708	\$9,374,524	\$10,932,822	\$4,031,919	\$4,693,032	\$7,652,799	\$14,643,837	\$4,040,802	\$0	\$0	\$60,249,443	\$100,267,378	\$40,017,935	\$164,526,690
	\$123,792,803	\$213,407,976	\$231,322,980	\$216,615,032	\$193,749,695	\$154,800,261	\$92,363,170	\$4,040,802	\$0	\$0	\$1,230,092,719	\$1,062,874,795	(\$167,217,924)	\$3,430,748,387
STORMWATER														
Storm Local Drainage Program	\$491,379	\$3,461,292	\$2,886,366	\$430,646	\$424,035	\$226,443	\$264,562	\$302,681	\$324,394	\$302,681	\$9,114,479	\$10,920,503	\$1,806,024	\$38,639,859
Storm On-Going Program	\$224,568	\$574,996	\$642,534	\$846,220	\$1,083,740	\$1,287,260	\$935,100	\$500,000	\$500,000	\$500,000	\$7,094,418	\$7,566,163	\$471,745	\$11,553,151
Storm Pumping Facilities	\$4,847,323	\$8,068,698	\$2,692,739	\$1,050,183	\$3,024,225	\$1,754,650	\$5,497,260	\$8,490,700	\$5,507,390	\$3,747,260	\$44,680,428	\$46,083,172	\$1,402,744	\$64,226,628
Stormwater Program Management	\$1,287,865	\$851,352	\$337,770	\$0	\$0	\$0	\$0	\$138,240	\$439,760	\$680,880	\$3,735,867	\$3,242,574	(\$493,293)	\$13,678,204
Stormwater Trunk/Force Sewers	\$441,724	\$608,525	\$1,398,672	\$1,477,017	\$0	\$0	\$0	\$0	\$0	\$0	\$3,925,938	\$4,428,226	\$502,288	\$28,976,732
	\$7,292,860	\$13,564,862	\$7,958,081	\$3,804,066	\$4,532,000	\$3,268,353	\$6,696,922	\$9,431,621	\$6,771,544	\$5,230,821	\$68,551,129	\$72,240,638	\$3,689,509	\$157,074,574
SANITARY SEWER														
Sanitary Collection System	\$6,087,171	\$26,323,390	\$36,509,534	\$26,783,380	\$35,728,446	\$108,246,910	\$82,941,630	\$61,528,530	\$113,098,870	\$95,611,860	\$592,859,721	\$491,829,019	(\$101,030,702)	\$774,096,236
Sanitary On-Going Projects	\$13,397,969	\$14,489,438	\$13,643,343	\$13,383,880	\$16,037,200	\$29,818,230	\$26,474,270	\$26,465,890	\$26,963,810	\$26,176,970	\$206,851,000	\$155,609,676	(\$51,241,324)	\$292,096,297
Sanitary Pumping Facilities	\$3,639,346	\$7,259,350	\$9,040,344	\$5,374,521	\$9,016,038	\$18,035,170	\$20,116,590	\$20,951,460	\$32,230,670	\$27,351,080	\$153,014,569	\$201,000,160	\$47,985,591	\$236,064,444
Sanitary Program Management	\$7,495,225	\$3,382,364	\$5,193,600	\$7,889,814	\$10,130,481	\$9,192,210	\$6,269,290	\$748,620	\$0	\$0	\$50,301,604	\$77,312,817	\$27,011,213	\$171,900,257
Interceptor/Trunk Force Sewers	\$49,979,621	\$40,780,436	\$59,467,004	\$65,207,396	\$98,125,320	\$122,523,184	\$113,669,300	\$118,076,130	\$97,018,750	\$87,705,880	\$852,553,020	\$870,364,234	\$17,811,215	\$1,423,347,320
	\$80,599,332	\$92,234,977	\$123,853,825	\$118,638,991	\$169,037,485	\$287,815,704	\$249,471,080	\$227,770,630	\$269,312,100	\$236,845,790	\$1,855,579,913	\$1,796,115,906	(\$59,464,007)	\$2,897,504,554
WATER														
Water Distribution Systems	\$59,596,455	\$99,259,710	\$117,420,426	\$96,830,370	\$106,484,688	\$113,946,380	\$130,215,120	\$133,780,750	\$141,443,600	\$152,827,460	\$1,151,804,959	\$1,033,288,738	(\$118,516,220)	\$2,152,848,712
Lead Free DC Program	\$62,338,564	\$83,332,632	\$93,925,392	\$98,920,812	\$99,443,200	\$101,674,367	\$104,866,870	\$42,753,261	\$22,166,058	\$22,166,058	\$731,587,214	\$611,671,598	(\$119,915,616)	\$1,827,131,910
Water On-Going Projects	\$14,106,682	\$15,339,404	\$15,041,104	\$16,157,640	\$15,132,392	\$20,691,000	\$21,601,000	\$20,878,810	\$22,622,770	\$20,403,590	\$181,974,392	\$194,234,952	\$12,260,560	\$280,813,438
Water Pumping Facilities	\$6,276,940	\$8,130,624	\$8,562,160	\$6,142,860	\$7,451,730	\$5,688,940	\$3,625,010	\$1,785,530	\$0	\$0	\$47,663,793	\$57,295,042	\$9,631,249	\$84,432,273
Water Storage Facilities	\$7,461,655	\$5,812,826	\$7,836,632	\$21,093,345	\$31,911,237	\$26,562,030	\$18,875,870	\$8,037,130	\$33,647,710	\$32,582,080	\$193,820,515	\$59,898,591	(\$133,921,925)	\$306,733,553
Water Service Program Management	\$8,955,788	\$10,618,571	\$9,608,800	\$11,132,559	\$5,833,053	\$28,750	\$0	\$0	\$0	\$0	\$46,177,521	\$55,412,240	\$9,234,719	\$86,144,167
	\$158,736,084	\$222,493,766	\$252,394,514	\$250,277,586	\$266,256,300	\$268,591,467	\$279,183,870	\$207,235,481	\$219,880,138	\$227,979,188	\$2,353,028,393	\$2,011,801,161	-\$341,227,232	\$4,738,104,052
CAPITAL PROJECTS	\$448,645,630	\$664,892,769	\$774,206,461	\$762,939,728	\$815,950,800	\$944,526,245	\$836,047,763	\$636,568,154	\$602,528,222	\$552,066,949	\$7,038,372,719	\$6,265,158,749	-\$773,213,970	\$14,934,255,015
METER REPLACEMENT	\$3,598,042	\$6,944,106	\$6,829,280	\$5,233,416	\$4,067,184	\$4,067,184	\$4,067,184	\$4,067,184	\$4,067,184	\$4,067,184	\$47,007,950	\$37,831,067	(\$9,176,883)	\$47,007,950
ERP System (Project Zeus)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$350,000	\$350,000	\$0
CAPITAL EQUIPMENT	\$26,937,000	\$24,532,395	\$25,009,725	\$25,289,725	\$33,102,229	\$33,102,229	\$33,102,229	\$33,102,229	\$33,102,229	\$33,102,229	\$300,382,217	\$309,209,100	\$8,826,883	\$300,382,217
WASHINGTON AQUEDUCT	\$35,546,040	\$35,769,600	\$35,769,600	\$35,769,600	\$35,769,600	\$35,769,600	\$35,769,600	\$35,769,600	\$35,769,600	\$35,769,600	\$357,472,440	\$338,518,000	(\$18,954,440)	\$357,472,440
ADDITIONAL CAPITAL PROJECTS	\$66,081,082	\$67,246,101	\$67,608,605	\$66,297,741	\$72,939,013	\$72,939,013	\$72,939,013	\$72,939,013	\$72,939,013	\$72,939,013	\$704,862,607	\$685,908,167	-\$18,954,440	\$704,862,607
LABOR														
TOTAL CAPITAL BUDGETS	\$514,726,712	\$732,138,870	\$841,815,066	\$829,232,469	\$888,889,813	\$1,017,465,258	\$908,986,776	\$709,507,167	\$675,467,235	\$625,005,962	\$7,743,235,326	\$6,951,066,916	(\$792,168,410)	\$16,082,284,099
Prior Year Board Approved CIP	\$604,670,700	\$784,063,681	\$838,249,514	\$859,187,756	\$892,646,051	\$841,454,213	\$677,036,073	\$507,646,685	\$444,676,243	\$0	\$6,951,066,916			
Delta (inc)/dec	\$89,943,988	\$51,924,811	(\$3,565,912)	\$29,552,287	\$3,756,238	(\$176,011,045)	(\$231,950,703)	(\$201,860,482)	(\$230,790,992)	(\$625,005,962)	(\$792,168,410)			



Other New Position Requests & Repurposed Vacant Positions

Other New Position Requests (Not Recommended)

Cluster/Dept.	Program/Positions	Dept. Requests
Office of Emergency Management	• Request for an Assistant, Emergency Management to facilitate planning and logistical needs for emergency management	1
Fleet	• Coordinator for fleet asset management function	1
Occupational Safety & Health	• Entry level Safety Technician	1
Facilities	• Establish headcount for Cohort 2 Apprentices	3
Strategy & Performance	• Business Analyst to support ERM day-to-day tasks	1
Customer Care	• Create in-house meter operations team to focus on non-revenue water revenue	5
Procurement	• Goods & Services – Increased workload	2
Water Operations	• Various positions to support linear asset, asset management and other functions	10
Permit Operations	• Manager and Supervisors to support developer engineering reviews	3
Pumping & Sewer Operations	• Foreman for pumping operations and inspector for Potomac Interceptor	2
	• Dedicated investigation crew for evening shift	5
Total		34

Repurposed Vacant Positions - I I

Dept.	Positions	Vacancy Age
Engineering - Design	Engineer III, Civil Design	1493
Wastewater Engineering	Supervisor, WWT Plant Design	1087
CIP Infrastructure Mgt	Program Manager, Project Management Systems (Unifier)	484
Engineering - Construction	Technician III, Construction Civil Engineering	465
Engineering - Construction	Technician III, Construction Civil Engineering	465
Resource Recovery	Analyst, Financial	465
Wastewater Engineering	Program Manager - WWE	465
Wastewater Engineering	Program Manager - WWE	465
Wastewater Engineering	Engineer III, Structural	317
Maintenance - Mechanical	Program Manager, MS	269
Clean Rivers	Program Manager, OA (DCCR)	268
Subtotal	11	



Customer Assistance

💧 DC Water has some of the most robust customer assistance programs in the nation

- We know that some households cannot afford the vital service that we provide, so DC Water has implemented programs to help
- Household incomes up to \$152,100 (household of 4) may qualify



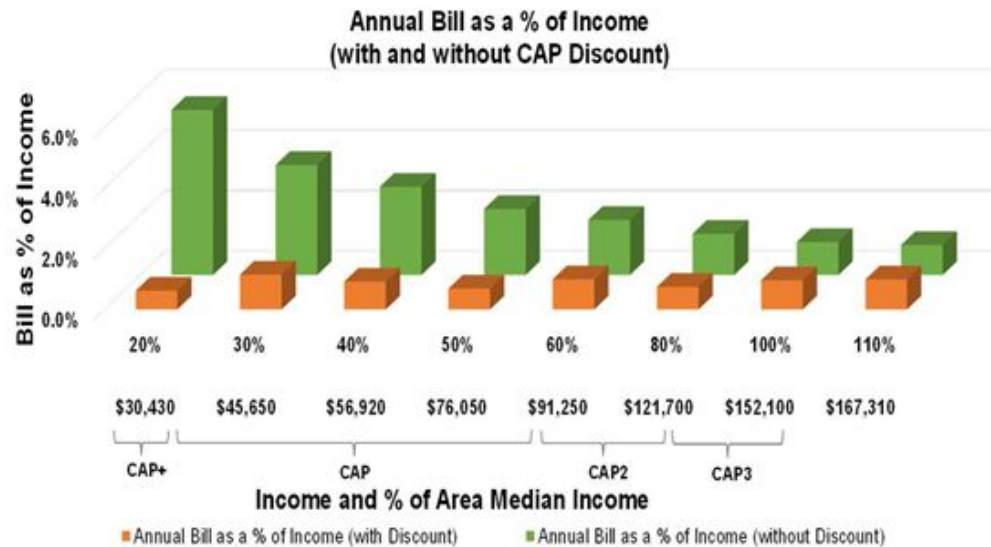
For more information, please see:
<https://www.dewater.com/customer-assistance>





The Proposed Budget

- The average residential customer bill as a percentage of median household income (MHI at 60%) is about 1.8%, an affordability metric
- For residential customers with incomes below MHI, DC Water offers robust assistance programs
- This budget expands our Customer Assistance Programs:
 - 1) New CAP+ for 20% AMI
 - 2) Household Leak program will help CAP customers with leaks identify issues
 - 3) Provides back-dated benefits up to three months for CAP to help ensure customers receive the help they qualify for
 - 4) Creates new principal forgiveness program for customers who adhere to their payment plans





Caring for Our Customers

DC Water offers some of the nation's most financially supportive customer assistance programs:

Lifeline Rate

- Provides a discount to residential customers on the first 2,992 gallons used each month

CAP

- Provides monthly discounts to residential customers with household incomes less than \$152,100 (family of four)



Seniors with incomes up to \$106,450 can qualify for discounts
(single family household)

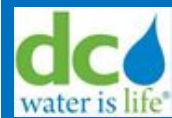
One-Time Assistance

- SPLASH provides one-time emergency assistance to customers
- New programs for residential and multi-family customers

Payment Terms

- DC Water provides flexible payment terms for customers to get back on track

For more information see: dcwater.com/customer-assistance



<p>CAP+ 20% SMI</p> <p>\$30,430 (family of 4)</p> <p>Discount on the first 600 cubic ft. of water and sewer services + 75% reduction in the monthly CRIAC fee + WSRF waiver + 3 months retro</p> <p>\$122/month discount</p>	<p>CAP 60% SMI</p> <p>\$91,250 (family of 4)</p> <p>Discount on the first 400 cubic ft. of water and sewer services + 75% reduction in the monthly CRIAC fee + WSRF waiver + 3 months retro</p> <p>\$95/month discount</p>	<p>CAP2 80% AMI</p> <p>\$121,700 (family of 4)</p> <p>Discount on the first 300 cubic ft. of water and sewer services + 50% reduction in the monthly CRIAC fee + 3 months retro</p> <p>\$62/month discount</p>	<p>CAP3 100% AMI</p> <p>\$152,100 (family of 4)</p> <p>Discount of 75% off the monthly CRIAC fee</p> <p>\$16/month discount</p>	<p>CRIAC Non-Profit Relief</p> <p>District-funded program to assist Non-profit organizations with Clean Rivers Impervious Area Charge (CRIAC)</p>
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* These CAP amounts are for FY 2025

<p>Residential Assistance</p> <ul style="list-style-type: none"> • Up to \$2,000 per household • DC Water Funded 	<p>Payment Plan Incentive Program</p> <ul style="list-style-type: none"> • Help eligible customers with aged balance of 60 days or greater and totals \$500 or more • Adjust 40% of total payments towards current charges 	<p>Homeowners Assistance Fund</p> <ul style="list-style-type: none"> • Provide assistance with water utility bills • Federally Funded 	<p>Low-Income Household Water Assistance (LIHWAP)</p> <ul style="list-style-type: none"> • Provides funds to assist Households with water and sewer bills • Federally Funded
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CAP+, CAP, CAP2, and CAP3 Discounts and Income Thresholds

💧 CAP+, CAP, CAP2 and CAP3 discounts and income thresholds

Program	Income Threshold ⁶	Charges (Discounts)	Current FY2024	Proposed FY2025	Proposed FY2026
CAP+ ²	\$30,430 (20% SMI)	Total Amount before Discounts ¹	\$ -	\$ 138.22	\$ 147.16
		Discounts	-	(122.49)	(130.68)
		Total Amount Appearing on DC Water Bill	\$ -	\$ 15.73	\$ 16.48
CAP ³	\$91,250 (60% SMI)	Total Amount before Discounts ¹	\$ 131.95	\$ 138.22	\$ 147.16
		Discounts	(90.22)	(94.54)	(100.95)
		Total Amount Appearing on DC Water Bill	\$ 41.73	\$ 43.68	\$ 46.21
CAP2 ⁴	\$121,700 (80% AMI)	Total Amount before Discounts ¹	\$ 131.95	\$ 138.22	\$ 147.16
		Discounts	(59.17)	(62.46)	(67.02)
		Total Amount Appearing on DC Water Bill	\$ 72.78	\$ 75.76	\$ 80.14
CAP3 ⁵	\$152,100 (100% AMI)	Total Amount before Discounts ¹	\$ 131.95	\$ 138.22	\$ 147.16
		Discounts	(16.40)	(15.92)	(18.17)
		Total Amount Appearing on DC Water Bill	\$ 115.55	\$ 122.30	\$ 128.99

(1) Assumes average monthly consumption of 5.42 Ccf, or (4,054 gallons)

(2) CAP+ provides a discount on the first 600 cubic feet (4,488 gallons) of water, sewer, PILOT and ROW fee, 75 percent reduction in the monthly CRIAC fee and WSRF waiver

(3) CAP provides a discount on the first 400 cubic feet (2,992 gallons) of water, sewer, PILOT and ROW fee, 75 percent reduction in the monthly CRIAC fee and WSRF waiver

(4) CAP2 provides a discount on the first 300 cubic feet (2,244 gallons) of water and sewer services (with the exception of PILOT and ROW fees) and a 50 percent reduction in the monthly CRIAC fee

(5) CAP3 provides a discount of 75 percent of the monthly CRIAC

(6) Income Thresholds are based on a family of four