



# OPERATING BUDGETS

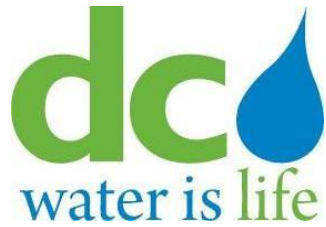
**SUBMITTED NOVEMBER 7, 2013 / REVISED FY 2014 PROPOSED FY 2015**

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Allen Y. Lew, *Chairman of the Board* • George S. Hawkins, *General Manager* • Mark T. Kim, *Chief Financial Officer*

**STRATEGIC • TRANSPARENT • INNOVATIVE**





## **DC WATER's STRATEGIC PLAN**

### **DC WATER's VISION**

To be a world-class utility

### **DC WATER's MISSION**

Exceed expectations by providing high quality water services in a safe, environmentally friendly, and efficient manner.

### **DC WATER's VALUES**

**Respect:** Serve with a positive attitude, courtesy, and respect that engender collaboration and trust.

**Ethics:** Maintain high ethical standards, accountability, and honesty as we advance the greater good.

**Vigilance:** Attend to public health, the environment, quality, efficiency, and sustainability of our enterprise.

**Accountability:** Address challenges promptly, implement effective solutions, and provide excellent service as a committed team.

## **DC WATER's GOALS**

The goals in our strategic plan framework represent the core strategies that DC Water will pursue. The Board and Executive Management believe that they are essential to the achievement of the mission and to becoming a world-class water utility.

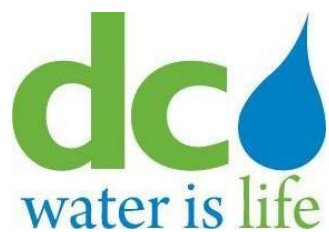
## **DC WATER's OBJECTIVES**

Objectives are the strategic measures that will enable the Board and Executive Management to evaluate achievement of the goals. Some of the specific measures will need to be further researched and refined as the organization implements the plan and obtains additional insight and information.

## **DC WATER's INITIATIVES**

Initiatives are the allocation of resources (time and money) to achieve the objectives and the goals.

*(Adopted by the DC Water Board of Directors on March 7, 2013)*



## **BOARD OF DIRECTORS**

(As of November 7, 2013)

### **District of Columbia**

Allen Lew, Chairman

Rachna Butani, Principal  
Ellen O. Boardman, Principal  
Robert L. Mallett, Principal  
Obiora “Bo” Menkiti, Principal  
Alan J. Roth, Principal

Keith Anderson, Alternate  
Terry Bellamy, Alternate  
Howard Gibbs, Alternate  
Brenda Richardson, Alternate  
Vacant, Alternate  
Vacant, Alternate

### **Fairfax County**

Edward L. Long, Jr., Principal  
James Patteson, Alternate

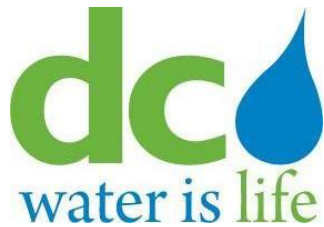
### **Montgomery County**

Timothy L. Firestine, Principal, Vice Chairman  
Robert Hoyt, Principal  
Kathleen Boucher, Alternate  
David W. Lake, Alternate

### **Prince George’s County**

Bradford Seamon, Principal  
Carla Reid, Principal  
Adam Ortiz, Alternate  
Dawn Hawkins-Nixon, Alternate

Linda R. Manley, Board Secretary



## **ACKNOWLEDGEMENTS**

### **PRINCIPAL STAFF MEMBERS**

#### **General Manager**

George S. Hawkins

#### **General Manager's Staff**

Katrina Wiggins, Chief of Staff

Randy E. Hayman, General Counsel

John Lisle, External Affairs, Chief

Thomas L. Kuczynski, Chief Information Officer

Linda R. Manley, Board Secretary

#### **Office of the Chief Financial Officer**

Mark Kim, Chief Financial Officer

John Madrid, Controller

Gail Alexander-Reeves, Budget Director

#### **Operations**

Walter M. Bailey, Assistant General Manager, Blue Plains

Aklile Tesfaye, Wastewater Treatment Operations, Director

Salil Kharkar, Wastewater Treatment Process Engineering, Director

Anthony Mack, Maintenance Services, Director

Leonard Benson, Chief Engineer

David McLaughlin, Engineering and Technical Services, Director

Carlton Ray, Clean Rivers, Director

Brian McDermott, Permits, Director

Charles Kiely, Assistant General Manager, Customer Care & Operations

Cuthbert Braveboy, Sewer Services, Director

Chuck Sweeney, Distribution & Conveyance Systems, Director

Vacant, Water Services, Director

Lauren Preston, Customer Service, Director

#### **Support Services**

Rosalind R. Inge, Acting Assistant General Manager, Support Services

Steve Caldwell, Facilities Management and Security, Director

Timothy Fitzgerald, Fleet Management, Director

Arthur R. Green, Human Capital Management, Director

Katy Chang, Procurement, Acting Director

Ayodele McClenney, Occupational Safety and Health, Director



## ACKNOWLEDGEMENTS

### Finance, Accounting and Budget

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Easmon Kaneh  
Syed Khalil  
William Lake  
Reginald Lipscomb  
Melinda Massey  
James Myers  
Lola Oyeyemi  
Yvonne Reid  
Sylvia Riley  
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Hoa Truong  
Ngozi Ugwu  
Pade Zuokemefa

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

## TABLE OF CONTENTS

### **Section I. General Manager’s Presentation**

.....	1
.....	I-1

### **Section II. Budget Overview**

DC Water Key Facts & Service Area Map .....	II-2
Operating and Capital Expenditures .....	II-3
FY 2012 – FY 2015 Comparative Expenditures .....	II-4
FY 2014 Operating and Capital Revised Budgets.....	II-5
FY 2015 Operating and Capital Proposed Budgets ..	II-6
FY 2014 Operating and Capital Revenues .....	II-7
FY 2015 Operating and Capital Revenues .....	II-8
DC Water Statement of Cash Flows .....	II-9
Budget Summary.....	II-10
FY 2015 Proposed Retail Rates & Fees .....	II-11
DC Water History and Governance .....	II-12
Accounting and Budget Processes.....	II-13
System Capacity .....	II-14
Regional Demographics and Customer Demand....	II-16
FY 2015 Budget Calendar .....	II-21

### **Section III. FY 2014 – FY 2023 Financial Plan**

Blue Horizon 2020	
DC Water Board Strategic Plan 2011 - 2016 .....	III-2
FY 2014 – FY 2023 Financial Plan .....	III-4
DC Water Key Financial Policies .....	III-5
Financial Accomplishments .....	III-8
Future Goals and Financial Assumptions .....	III-13
Revenues .....	III-18
Ten-Year Financial Plan .....	III-23
Operating Budget Proposal .....	III-24
Capital Financing Program, Cash Position and Long Term Debt.....	III-28

Cash Position and Reserves.....	III-32
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### **Section IV. Rates and Revenue**

DC Water Cash Receipts .....	IV-2
Customer Accounts .....	IV-4
Consumption .....	IV-8
Recent & Proposed Rate & Fee Changes.....	IV-10
Why Rate Increases are Needed .....	IV-20
DC Water Affordability of Retail Rates .....	IV-28

### **Section V. FY 2014 – FY 2023 Capital Program**

Capital Improvement Program by Category .....	V-2
Capital Improvement Program Overview.....	V-3
Historical and Projected Capital Spending .....	V-13
FY 2014 – FY 2023 CIP – Disbursements Basis....	V-14
FY 2014 & FY 2015 Capital Equipment Disbursements .....	V-15
FY 2014 – FY 2023 CIP – Lifetime Budgets.....	V-19
FY 2015 Capital Authority Request .....	V-21
List of New Capital Projects .....	V-22
List of Closed & Dropped Capital Projects .....	V-23

### **Section VI. Capital Financing Cash and Debt**

FY 2014 – FY 2023 Sources of Capital Financing ..	VI-2
FY 2013 – FY 2015 Sources & Uses of Funds.....	VI-3
Statement of Cash Reserves .....	VI-4
Debt Management FY 2013 – FY 2015.....	VI-5
Outstanding Debt.....	VI-6
Senior & Subordinate Debt Service Coverage .....	VI-8
Existing and Projected Debt Services FY 2014 – FY 2023 .....	VI-9
Debt Service as Percentage of Total Oper. Expend. .....	VI-10

## TABLE OF CONTENTS

Outstanding & Proposed Debt Service	
FY 2014 – FY 2054 .....	VI-11
Outstanding Principal .....	VI-12
Outstanding Principal vs. Net Fixed Assets .....	VI-13
Debt to Net Fixed Assets Ratio.....	VI-14

### **Section VII. Departmental Summaries**

Introduction to DC Water’s Operational, Administrative and Support Departments .....	VII-2
FY 2012 – FY 2015 Operating Expenditures .....	VII-3
FY 2014 & FY 2015 Operating Expend. by Category .....	VII-4
FY 2012 – FY 2015 Operating Expenditures .....	VII-5
FY 2012 – FY 2015 Oper. Expend. by Department	VII-6
FY 2014 Oper. Expend. by Department by Category .....	VII-7
FY 2015 Oper. Expend. by Department by Category .....	VII-8
Authorized Positions .....	VII-9
Filled vs. Vacant Positions .....	VII-10
Authorized Positions by Department.....	VII-11
Overtime.....	VII-12
DC Water Organization Chart.....	VII-14
Wastewater Treatment - Operations .....	VII-16
Wastewater Treatment - Process Engineering ... .....	VII-24
Maintenance Services.....	VII-28
Water Services .....	VII-32
Sewer Services .....	VII-38
Customer Service .....	VII-42
Water/Sewer Pumping Maintenance .....	VII-46
Engineering and Technical Services .....	VII-50

DC Clean Rivers (CSO LTCP).....	VII-54
Permit Operations .....	VII-58
General Manager .....	VII-62
Office of the Secretary to the Board .....	VII-66
Internal Audit.....	VII-70
General Counsel .....	VII-74
External Affairs.....	VII-78
Information Technology .....	VII-82
Finance, Accounting and Budget.....	VII-86
Risk Management .....	VII-90
Asst. Gen. Mgr. – Support Services .....	VII-94
Human Capital Management.....	VII-98
Facilities and Security Management.....	VII-112
Procurement.....	VII-116
Occupational Safety and Health .....	VII-120
Fleet Management .....	VII-124

### **Section VIII. Glossary and Acronyms**

Glossary .....	VIII-2
Acronyms .....	VIII-9





**OPERATING  
BUDGETS**

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

**SECTION I  
GENERAL MANAGER'S  
BUDGET PROPOSAL**





# PROPOSED FY 2015 BUDGET

PRESENTATION TO THE BOARD OF DIRECTORS, NOVEMBER 7, 2013

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

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I.	General Manager’s Overview.....	I – 3
II.	FY 2015 Proposed Budget Summary.....	I – 7
	• Operating Budget.....	I – 10
	• Capital Improvement Plan (CIP): FY 2014 - FY 2023.....	I – 15
	• Revenues and Rates, Charges & Fees.....	I – 27
	• Financial Plan: FY 2014 - FY 2023.....	I – 35
	• Budget Considerations.....	I – 40
III.	Next Steps.....	I – 41



George S. Hawkins

# **GENERAL MANAGER'S OVERVIEW**



# FY 2013 Major Accomplishments

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## Financial Performance

- Revenues slightly above budget (\$461.0M vs. \$447.5M)
- Operating expenditures below budget (\$395.3M vs. \$440.3M)
- Capital disbursements below budget (\$559.0M vs. \$644.3M)

## Operational Performance

- In compliance with all permit requirements
- On schedule with consent decree requirements
- Information Technology enhancements (Financial System, Materials Management, Radio communications)

## Key Stakeholder Agreements

- United States Environmental Protection Agency Partnership Agreement – January
- 2012 Inter-Municipal Agreement (IMA) – April
- Labor Compensation Agreement – October

## Customer Service Focus

- Bloomingdale – flood mitigation
- Hurricane Sandy – disaster preparedness/emergency response coordination
- Federal shutdown – contingency planning



# FY 2015 Budget Proposal

## Proposed FY 2015 operating budget totals \$516.0 million

- Operations & Maintenance - \$308.9 million
- Debt Service - \$160.3 million
- Cash Financed Capital Improvements - \$20.1 million
- PILOT & ROW - \$26.7 million

## Proposed Capital Improvement Plan

- Lifetime Budget totals \$9.4 billion<sup>1</sup>
- Disbursements Budget totals \$3.8 billion (FY 2014 – FY 2023)<sup>2</sup>
- FY 2015 Authority Request totals \$554.3 million<sup>3</sup>

## Proposed FY 2015 Rates, Charges & Fees

- Combined Water and Sewer rate increase of \$0.60 per Ccf {\$0.80 per 1,000 gallons}
- Monthly Clean Rivers Impervious Area Charge (IAC) increase of \$4.90 per Equivalent Residential Unit (ERU)
- PILOT fee increase of \$0.08 per Ccf {\$0.11 per 1,000 gallons}
- No increase in FY 2015 ROW fee

<sup>1</sup>Lifetime budget includes total budgeted costs for all activities planned from the inception of the project until its completion; this includes all activities whether they pre-date, or extend beyond the current 10-year CIP.

<sup>2</sup>Capital Improvement Program (CIP) Disbursements Budget projects disbursements for various projects by fiscal year.

<sup>3</sup>Appropriations Authority – As part of DC Water’s enabling legislation, Congressional appropriation authority is required before any capital design or construction contract can be entered into.



## Blue Horizon 2020 Goals

1	Develop, Maintain, and Recruit a High Performing Workforce
2	Collaborate Locally, Regionally, and Nationally
3	Increase Board Focus on Strategic Direction
4	Enhance Customer/Stakeholder Confidence, Communications, and Perception:
5	Assure Financial Sustainability and Integrity
6	Assure Safety and Security
7	Consider DC Water Role In Drinking Water Treatment
8	Optimally Manage Infrastructure
9	Enhance Operating Excellence Through Innovation, Sustainability, and Adoption of Best Practices



Mark Kim, Chief Financial Officer

# **FY 2015 PROPOSED OPERATING BUDGET SUMMARY**



A large blue ribbon graphic with a white border, containing the main title and goal information.

***ASSURE FINANCIAL  
SUSTAINABILITY AND  
INTEGRITY***

Goal 5, Blue Horizon 2020

- ✓ **Performance-based Budgeting**
- ✓ **Risk-based Financial Management**
- ✓ **Transparency, Accountability and Control**

## Capital Improvement Plan (CIP) / Financial Plan

- The current ten-year CIP and Financial Plan proposals represent the period starting in FY 2014 through FY 2023
- This represents a change in the ten-year timeline, which would have included FY 2013 through FY 2022

## Cash Financed Capital Improvements

- Creation of budget expenditure line item for PAYGO
- Establishes greater transparency, accountability and control

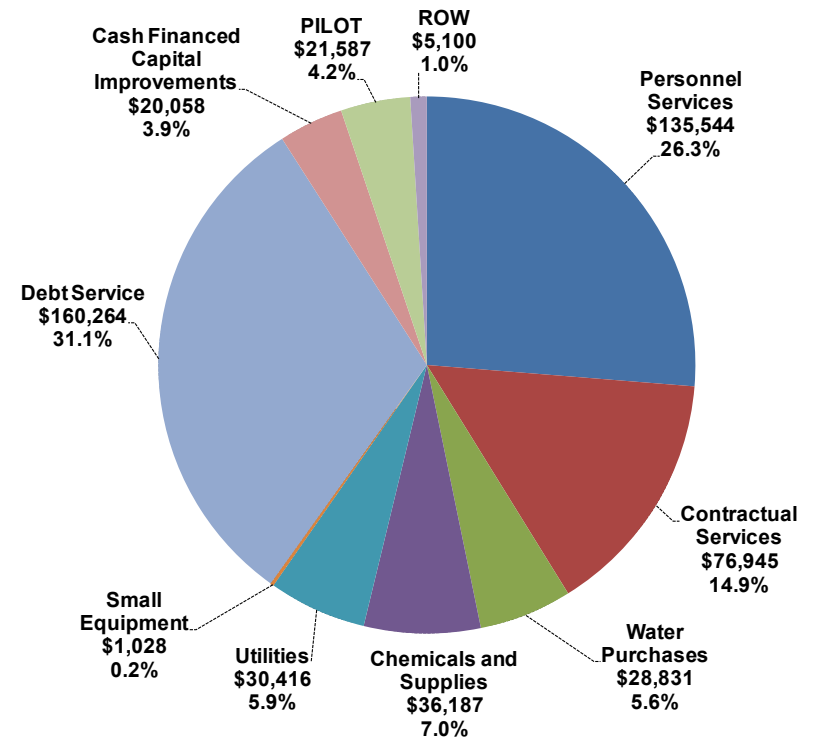
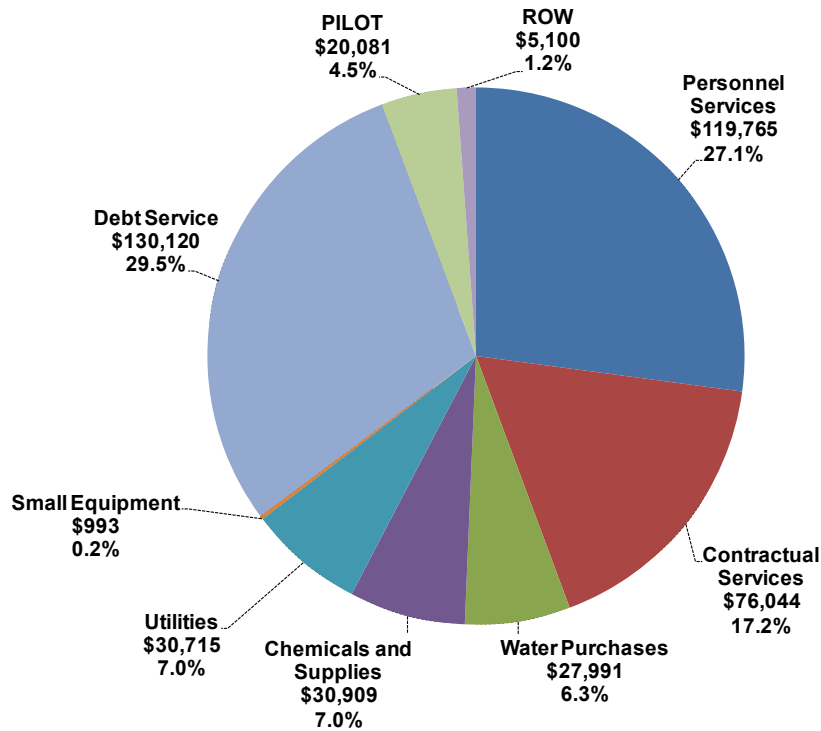


# Operating Budgets

**Revised FY 2014**  
**\$441,717**

(\$000's)

**Proposed FY 2015**  
**\$515,959**



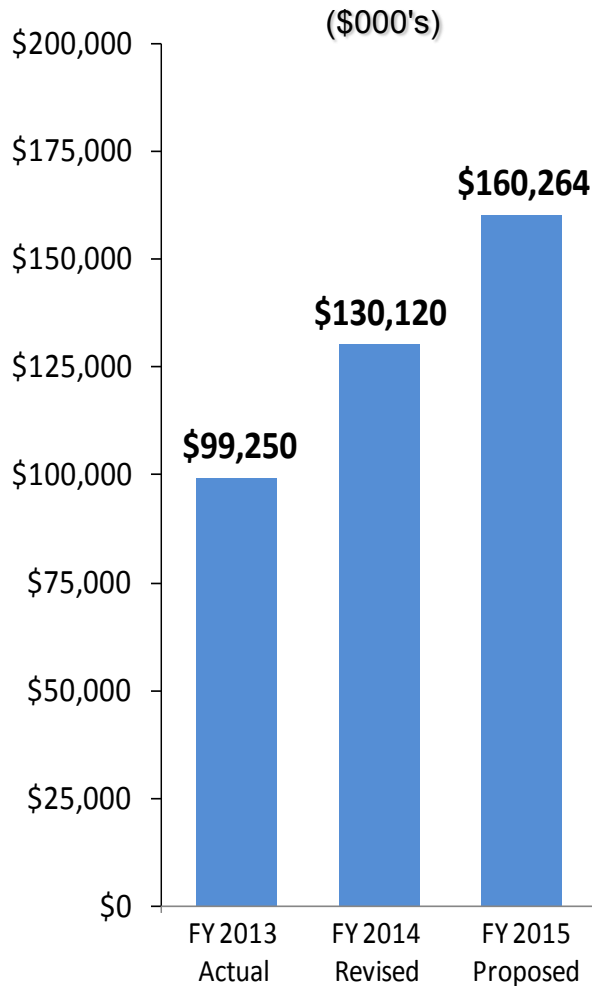


# Comparative Operating Budget

(\$000's)

	FY 2014 Revised	FY 2015 Proposed	Increase / (Decrease)	
			\$	%
Personnel Services	\$ 119,765	\$ 135,544	\$ 15,779	13.2%
Non Personnel Services	166,651	173,406	6,755	4.1%
<b>Subtotal O &amp; M Expenditures</b>	<b>286,416</b>	<b>308,950</b>	<b>22,533</b>	<b>7.9%</b>
Debt Service	130,120	160,264	30,144	23.2%
Cash Financed Capital Improvements	-	20,058	20,058	100.0%
Payment in Lieu of Taxes	20,081	21,587	1,505	7.5%
Right of Way	5,100	5,100	-	0.0%
<b>Total O &amp; M Expenditures</b>	<b>441,717</b>	<b>515,959</b>	<b>74,242</b>	<b>16.8%</b>
<b>Less: Personnel Services Charged to Capital Projects</b>	<b>(12,960)</b>	<b>(17,266)</b>	<b>(4,306)</b>	<b>33.2%</b>
<b>Total Net Operating Expenditures</b>	<b>\$ 428,757</b>	<b>\$ 498,693</b>	<b>\$ 69,936</b>	<b>16.3%</b>
<b>Authorized Headcount</b>	<b>1260</b>	<b>1260</b>	<b>-</b>	<b>0.0%</b>

- **Personnel Services** - Increase of \$15.8 million is attributable to:
  - Retro-active salary adjustment for FY 2012 and FY 2013
  - Merit increase of 3%
  - Performance bonus of 2%
  - Increase in health and retirement benefits
  - Authorized headcount remains at the FY 2014 level of 1260 FTEs
  
- **Non-Personnel Services** - Increase of \$6.8 million attributable to:
  - Contracts – \$0.5M net increase; \$4.5M increase in contract to operate and maintain Digester Project offset by \$4.0M decrease in hauling contract
  - Chemicals - \$4.7M increased costs to support total nitrogen and ammonia removal process (Enhanced Nitrogen Removal Facility) and thickening process through Final Dewatering Facility (FDF)
  - Supplies - \$1.4M increased costs for spare parts to support the Main Process Train (MPT) and FDF facilities, increased laboratory supplies



Proposed FY 2015 debt service increase of \$30.1M

- Series 2015 - bond issuance of \$250.8M
  - \$9.4M (partial year debt service)
- Series 2014 - bond issuance of \$300.0M
  - \$19.2M (full year of debt service)
- Other existing debt for capital equipment and commercial paper - \$1.5M

Higher interest rate assumption

- Fixed - 5.75% (vs. 5.50% in FY 2014)
- Variable – 2.50% (vs. 1.25% in FY 2014)



# Cash Financed Capital Improvements

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- Established for the first time in the Authority's history
- Reviewed and recommended by independent financial feasibility consultant, financial advisor and bond counsel
- Proactively establishes and commits to PAYGO financing
- Increases transparency, accountability and control of departmental operating budgets
- Flexibility to transfer budgets as financial needs arise within the Authority
- Enhances financial performance targets (i.e. debt service coverage) and policy goals (i.e. operating reserve fund balance)



Len Benson, Chief Engineer

# **CAPITAL IMPROVEMENT PROGRAM**



## Provide a summary of:

- Lifetime Budget, Current and Proposed
- Disbursements Plan, Current and Proposed
- Issues/Sensitivities



# Lifetime Budget – Capital Projects

- Project Lifetime Budget is the full budgeted amount for projects which are active within the ten-year budget period
- Lifetime budgets include amounts already expended, amounts anticipated to be expended to complete the project and project contingencies

Capital Projects*	
Approved Lifetime Budget (FY 2012-FY 2021)	\$8.058B
Proposed Lifetime Budget (FY 2014-FY 2023)	\$8.883B
Lifetime Budget Increase	\$825M

### Increase of \$825M driven by

- Dropped Projects (\$82.2M)
- New Projects Added \$531.8M
- Project Changes \$375M

- \$358M in FY 2013 closed projects will be dropped from next year's FY 2015 – FY 2024 CIP

*\*Excludes lifetime budgets for Automated Meter Reading, Washington Aqueduct, and Capital Equipment (\$0.467B)*



# Lifetime Budgets – New Projects

## Significant Variances > \$10M and projects of note

<u>Wastewater Treatment:</u>	<u>Budget</u>	<u>Start Year</u>
JF - Construction of Flood Seawall	\$ 13.2M	2016
GW - Control Systems Replacement	\$ 37.0M	2020
I3 – Biosolids Blending Development Center	\$ 0.7M	2015
IZ – Replace/Upgrade Influent Screens	\$ 40.4M	2018
IY – Effluent Filter Upgrade	\$107.7M	2022
<u>Stormwater*:</u>		
NG – Stormwater Pump Stations Rehabilitation	\$25.0M	2015
<u>Sewer System (Sanitary, Storm, CSO)</u>		
MB – 3 <sup>rd</sup> St & Constitution Ave NW Pump Station	\$ 2.0M	2014
MC – Additional Sewer SCADA System Sites	\$ 8.0M	2015
LZ – Potomac Interceptor Projects – Phase 2	\$ 9.8M	2015
Continuation of sewer system projects, FY22-23	\$138.4M	2022
<u>Water System</u>		
LT - Water System SCADA	\$ 8.0M	2014
LU – Water Fac. Security System Upgrades 2	\$ 2.0M	2017
Continuation of water system projects, FY22 -23	\$116.7M	2022

\*Stormwater responsibility is shared with DDOT



# Lifetime Budgets – Project Changes

## Significant Variances > \$10M listed

<u>Wastewater Treatment:</u>	<u>Budget</u>	<u>New Funding Start</u>
IX – Headworks HVAC Rehab	\$15.4M	2015
BV – RWWPS No. 2 Upgrades	\$14.9M	2014
FS – Div D Bolling Overflow and Diversion	\$15.3M	2015
EE – Centrate Treatment Facilities	\$14.3M	2014
XA – New Digestion Facilities	\$10.0M	2014
A2, AL & LM – Program Management	\$58.8M	2015
 <u>DC Clean Rivers</u>		
CY – Anacostia LTCP Projects	\$91.8M	2014
 <u>Sewer System (Sanitary, Storm, CSO)</u>		
N7 – Potomac Sewer System Rehab	\$11.4M	2014
AU – Sanitary Sewer Program Management	\$16.7M	2022
AV – CSO Program Management	\$13.2M	2022



# Disbursements Plan by Service Area

(\$000's)

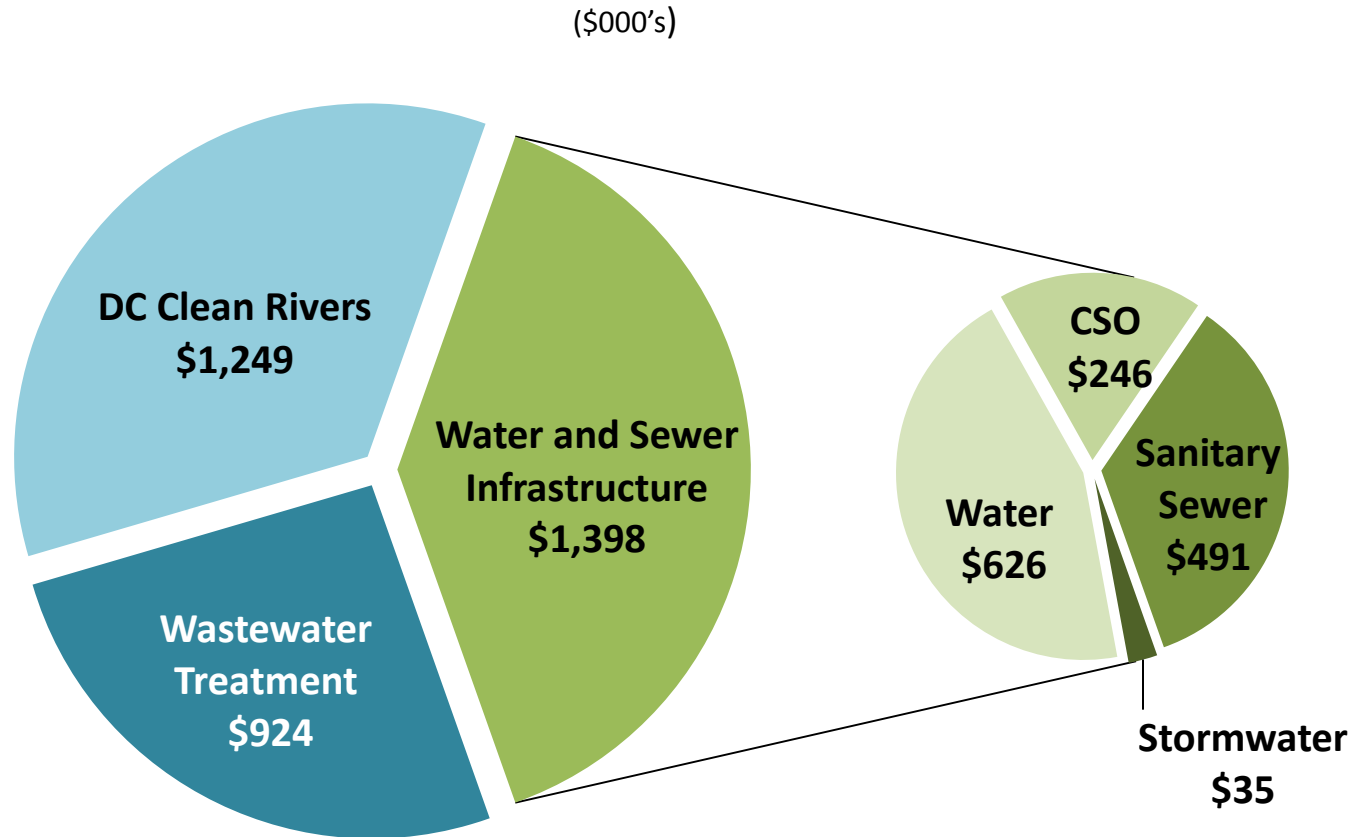
Service Areas	FY 2014 Revised	FY 2015 Proposed	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total
Wastewater Treatment	\$ 268,192	\$ 174,364	\$ 146,112	\$ 118,387	\$ 91,690	\$ 31,552	\$ 19,563	\$ 16,320	\$ 27,904	\$ 29,789	\$ 923,872
Sanitary Sewer	29,818	49,276	69,556	56,066	51,318	66,973	46,420	43,915	34,428	42,770	490,539
CSO / Clean Rivers	166,508	283,908	202,536	149,676	148,964	139,697	101,061	98,111	88,908	115,644	1,495,013
Stormwater	2,843	2,035	3,813	9,531	10,577	1,529	1,039	1,408	1,486	1,132	35,393
Water	57,402	84,106	71,267	57,218	73,713	65,445	59,400	50,274	51,634	55,927	626,387
<b>Capital Projects</b>	<b>524,764</b>	<b>593,688</b>	<b>493,285</b>	<b>390,879</b>	<b>376,261</b>	<b>305,196</b>	<b>227,483</b>	<b>210,028</b>	<b>204,360</b>	<b>245,261</b>	<b>3,571,204</b>
Washington Aqueduct (WAD)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	100,000
Automated Meter Reading (AMR)	5,734	7,900	5,537	4,442	2,185	2,686	2,615	3,130	2,454	2,619	39,302
Capital Equipment (Cap Equip)	16,627	17,191	14,099	14,749	14,499	12,112	12,924	12,740	12,772	11,723	139,436
<b>Total Proposed CIP</b>	<b>\$ 557,125</b>	<b>\$ 628,779</b>	<b>\$ 522,921</b>	<b>\$ 420,070</b>	<b>\$ 402,945</b>	<b>\$ 329,994</b>	<b>\$ 253,022</b>	<b>\$ 235,898</b>	<b>\$ 229,586</b>	<b>\$ 269,603</b>	<b>\$ 3,849,942</b>

Prior Board Approved CIP	\$ 557,125	\$ 516,408	\$ 435,861	\$ 339,931	\$ 245,355	\$ 199,930	\$ 224,813	\$ 222,876	\$ -	\$ -
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Increase / (Decrease)	\$ (0)	\$ 112,371	\$ 87,060	\$ 80,139	\$ 157,590	\$ 130,064	\$ 28,209	\$ 13,022	\$ 229,586	\$ 269,603
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# Disbursements Plan by Service Area Capital Projects Only





# Prioritization of Spending



(\$000's)

	Mandates		Health & Safety	Board Policy	Potential Failure	High Profile / Good Neighbor	Good Engineering Practices / High Payback		Good Engineering Practices / Low Payback	Total
	Agreements, Regulatory standards, Court orders, Issues and Permits requirements, Stipulated Agreements, Etc.	% of Total	Required to address Public Safety	Undertaken as a result of the Board's commitment to outside agencies	Related to Facilities in danger of failing, or critical to meeting permit requirements	Address Public concerns	Need to fulfill Mission and upgrade Facilities	% of Total	Lower priority projects	
FY 2014	\$ 211,942	38%	\$ 19,138	\$ 44,285	\$ 38,532	\$ 10,752	\$ 216,696	39%	\$ 15,780	\$ 557,125
FY 2015	283,057	45%	27,804	84,896	58,926	8,416	148,019	24%	17,659	628,779
FY 2016	240,269	46%	17,096	30,889	74,119	5,877	113,943	22%	40,728	522,921
FY 2017	190,474	45%	10,398	5,499	64,678	1,619	93,991	22%	53,409	420,070
FY 2018	184,551	46%	7,155	5,006	45,560	192	102,768	26%	57,714	402,945
FY 2019	131,076	40%	18,295	5,052	47,130	179	105,383	32%	22,879	329,994
FY 2020	95,473	38%	13,219	3,953	21,875	184	98,556	39%	19,763	253,022
FY 2021	82,261	35%	10,432	1,710	14,427	187	91,884	39%	34,996	235,898
FY 2022	68,077	30%	14,083	1,203	15,474	182	92,983	41%	37,584	229,586
FY 2023	107,928	40%	13,171	1,161	18,873	176	104,324	39%	23,970	269,603
<b>Total</b>	<b>\$ 1,595,108</b>	<b>41%</b>	<b>\$ 150,790</b>	<b>\$ 183,655</b>	<b>\$ 399,596</b>	<b>\$ 27,764</b>	<b>\$ 1,168,547</b>	<b>30%</b>	<b>\$ 324,482</b>	<b>\$ 3,849,942</b>
% of Total	41.43%		3.92%	4.77%	10.38%	0.72%	30.35%		8.43%	100.00%



- 💧 Clean Rivers Risk Allowance – \$74M included in last year’s authority request for North East Boundary (NEB) Tunnel is now in Lifetime budget
- 💧 Acceleration of NEB Tunnels – Now in plan
- 💧 Storm Water Pump Stations – Now in plan Project NG - \$25M
- 💧 Other Storm Water Issues – Not in plan (\$’s unknown)
- 💧 MS4 Regulations/Policy – Not in plan (\$’s unknown)
- 💧 DC Clean Rivers Green Infrastructure Consent Decree Modification – Hybrid Green + Gray Infrastructure for Potomac River and Rock Creek Basin plus schedule extension
- 💧 DC Clean Rivers Potomac River and Rock Creek Basin costs escalation (current CIP includes cost estimates not updated since 2002; also does not include risk allowances for Potomac or Rock Creek)
- 💧 Affordability Analysis – Integrated Planning Framework (IPF)
- 💧 Regulatory Requirements: Blue Plains NPDES Permit renewal 2015 & Chesapeake Total Maximum Daily Loads mid term review 2018





# Proposed Capital Improvement Plan

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- Below the line projects (see following slides for list):
  - Blue Plains odor control
  - Blue Plains full plant deammonification
  - Blue Plains potential digester projects
  - Planned Sewer Projects



# Below The Line Projects

## Proposed New Projects and Increases Removed from FY 2014 to FY 2023 CIP Submission to Meet Disbursement Cap

Service Area	Program	Project ID	Project Name	Total	New Project or Increase	Comments	Start Date
B	BLP	B600	Primary Sedimentation Tank Covers	\$41,598,000	New Project	Odor Control	2019
		B700	Primary Sedimentation Tank Odor Scrubbers	\$45,870,000	New Project	Odor Control	2017
	BSP	B900	Gravity Thickener Odor Scrubbers	\$7,873,480	New Project	Odor Control	2015
		LE00	High Strength Waste Receiving Facility (Includes FOG)	\$9,700,000	New Project	Digester enhancement	2016
		LF00	Food Waste Receiving Facility	\$5,420,000	New Project	Digester enhancement	2016
		LG00	CHP Additional Turbine	\$13,100,000	New Project	Digester enhancement	2016
		LH00	Cake Receiving Facility	\$5,750,000	New Project	Digester enhancement	2016
	BTN	B800	ENRF (North) Tank Covers and Air Scrubbers	\$32,482,000	New Project	Odor Control	2021
<b>Wastewater Treatment Total</b>				<b>\$161,793,480</b>			
C	CSO	IH00	Combined Sewer Rehabilitation 2	\$15,000,000	Increase	Backfill for Bloomingdale McMillan Reservoir Funding. Not required yet according to planning group	2013
		IQ00	Slash Run Sewer Rehabilitation	\$4,686,000	New Project		2018
		JM00	Northwest Major Sewer Rehabilitation	\$2,036,000	New Project		2019
<b>Combined Sewer Overflow / Long Term Control Plan Total</b>				<b>\$21,722,000</b>			
D	DTS	JL00	Major Storm Sewer Rehabilitation	\$8,720,000	New Project		2018
<b>Stormwater Total</b>				<b>\$8,720,000</b>			
S	STS	IR00	Anacostia Main Interceptor Rehabilitation	\$6,657,000	New Project		2017
		JK00	Little Falls Rehabilitation Project	\$8,764,000	New Project		2020
		LZ00	Potomac Interceptor Projects - Rehab Phase 2	\$11,700,000	New Project	Proposed New project consisted of 5 Jobs. 3 of 5 jobs deferred. 2 remaining jobs \$9.8m	2014
<b>Sanitary Sewer Total</b>				<b>\$27,121,000</b>			
<b>Grand Total</b>				<b>\$219,356,480</b>			



# Below The Line Projects, Cont.

## Lower Priority Facility Plan Projects not included in Budget

Service Area	Program	Project ID	Project Name	Total	New Project or Increase	Start Date	
C	CSO	FX00	Rehab Northeast Boundary Sewer-PH 1	\$45,562,000	Increase	2014	
		FZ00	Tiber Creek Sewer Lining -Ph 1	\$40,278,000	Increase	2015	
		JP00	Sewer Structure Rehabilitation	\$6,916,000	New Project	2016	
<b>Combined Sewer Overflow / Long Term Control Plan Total</b>				<b>\$92,756,000</b>			
D	DPW	JW00	FY 2020 - DDOT Stormwater Project	\$226,000	New Project	2020	
	DSM	AT00	Stormwater Program Management	\$750,000	Increase	2014	
<b>Stormwater Total</b>				<b>\$976,000</b>			
S	SPF	JV00	DSS Sewer Pumping Project	\$3,800,000	New Project	2016	
	STS	HQ00	FY 2019 - DDOT Sanitary Projects	\$215,000	New Project	2019	
		HS00	Rehabilitation of Influent Sewers	\$149,892,000	Increase	2016	
		HT00	Rehabilitation of Anacostia Force Main	\$16,000,000	Increase	2014	
		IN00	Upper East Side Trunk Sewer Rehabilitation	\$9,225,000	Increase	2015	
		N700	Potomac Sewer System Rehabilitation	\$1,500,000	Increase	2017	
		HG00	New Field Operations & Maintenance Facility	\$9,434,000	New Project	2016	
		HH00	New Fleet Management Facility	\$9,669,000	New Project	2016	
JN00	South Major Sewer Rehabilitation	\$7,327,000	New Project	2019			
<b>Sanitary Sewer Total</b>				<b>\$207,062,000</b>			
W	WDS	C900	Large Diameter Water Mains 1	\$20,300,000	Increase	2016	
		WOG	CC00	FY 2012 - DWS Water Projects	\$2,880,000	Increase	2014
			CP00	FY 2013 - DWS Water Projects	\$3,407,000	Increase	2014
	WSF	F900	1 MG 4th High East Storage Tank	\$8,410,000	New Project	2015	
		MR00	2nd High Water Storage	\$5,540,000	Increase	2015	
<b>Water Total</b>				<b>\$40,537,000</b>			
<b>Grand Total</b>				<b>\$341,331,000</b>			



Mark Kim, Chief Financial Officer

**PROPOSED FY 2015 OPERATING REVENUES  
AND RATES, CHARGES & FEES**

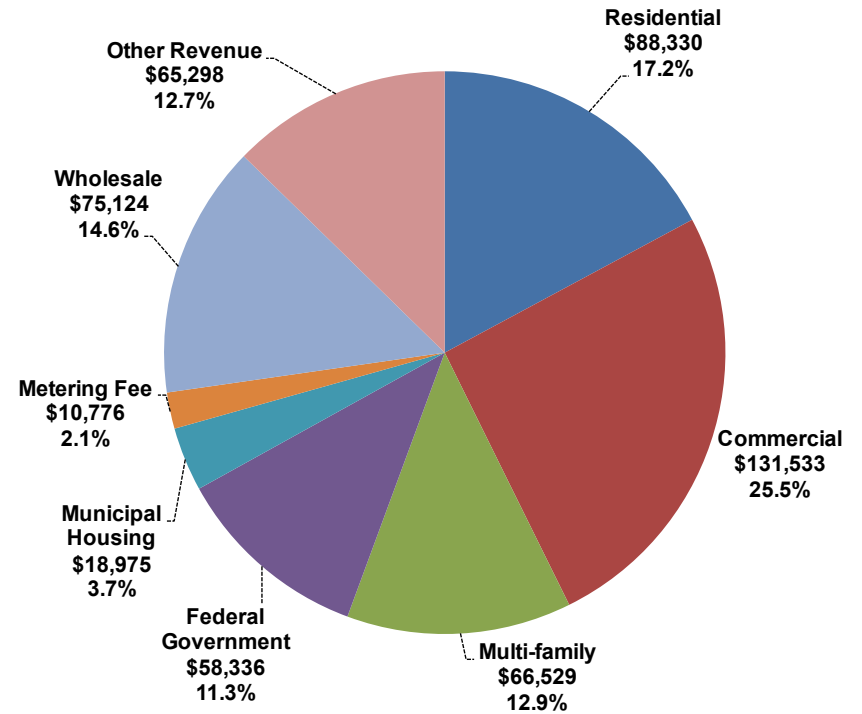
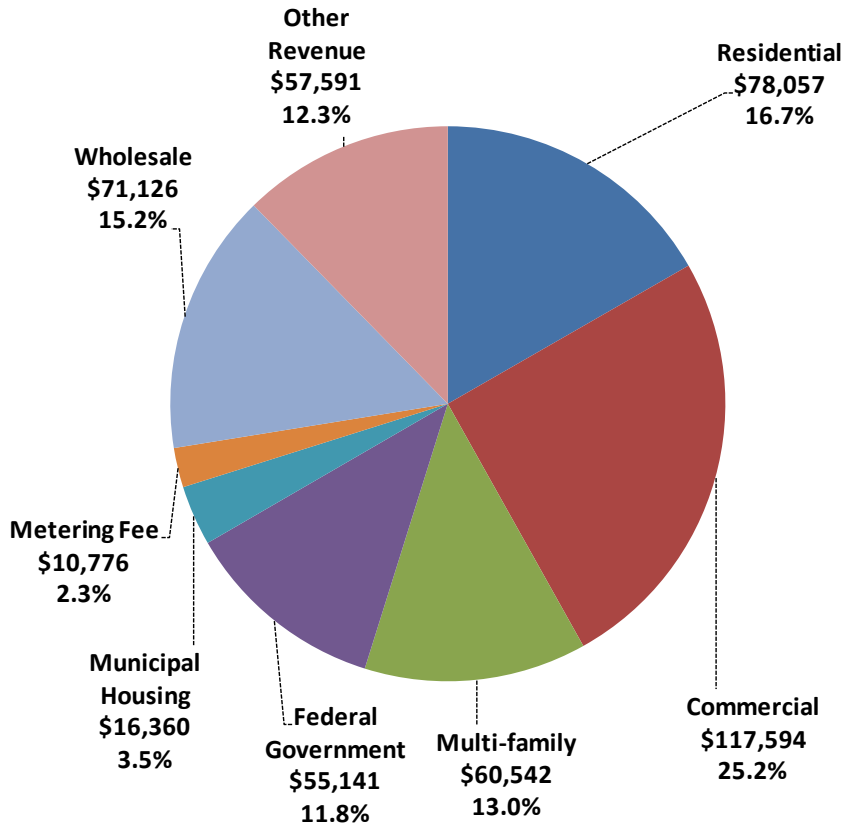


# Operating Revenues

(\$000's)

**FY 2014 Revised**  
**\$467,187**

**FY 2015 Proposed**  
**\$514,901**





# Comparative Operating Revenues Summary

(\$000's)

	FY 2014	FY 2015	Increase / (Decrease)	
	Revised	Proposed	\$	%
<b>Retail Revenue</b>	<b>\$338,470</b>	<b>\$374,479</b>	<b>\$36,009</b>	<b>10.6%</b>
Wholesale Revenue				
Potomac Interceptor (PI)	2,302	2,302	0	0.0%
Loudoun County Sanitation Authority (LCSA)	5,002	5,065	63	1.3%
Washington Suburban Sanitary Commission (WSSC)	50,873	54,349	3,476	6.8%
Fairfax County	12,949	13,409	460	3.6%
<b>Total Wholesale Revenue</b>	<b>71,126</b>	<b>75,124</b>	<b>3,998</b>	<b>5.6%</b>
Other Revenue	51,091	50,798	(293)	-0.6%
Rate Stabilization Fund	6,500	14,500	8,000	123.1%
<b>Total Revenue</b>	<b>\$467,187</b>	<b>\$514,901</b>	<b>\$47,714</b>	<b>10.2%</b>



# Proposed FY 2015 Rates, Charges & Fees

	Units	Revised FY 2014	Proposed FY 2015	Increase / (Decrease)	
				\$	%
DC Water Retail Rates – Water	Ccf	\$3.61	\$3.88	\$0.27	7.5%
DC Water Retail Rates – Sewer	Ccf	\$4.41	\$4.74	\$0.33	7.5%
DC Water Clean Rivers IAC	ERU	\$11.85	\$16.75	\$4.90	41.4%
DC Water Customer Metering Fee	5/8”	\$3.86	\$3.86	\$0.00	0.0%
District of Columbia PILOT Fee	Ccf	\$0.53	\$0.61	\$0.08	15.1%
District of Columbia Right of Way Fee	Ccf	\$0.17	\$0.17	\$0.00	0.0%
District of Columbia Stormwater Fee	ERU	\$2.67	\$2.67	\$0.00	0.0%



# Average Residential Monthly Bill

Average Residential Customers Monthly Bill	Revised FY 2014	Proposed FY 2015
DC Water and Sewer Retail Rates (Ccf), (1)	\$ 53.65	\$ 57.67
DC Water Clean Rivers IAC (ERU)	11.85	16.75
DC Water Customer Metering Fee	3.86	3.86
<b>Subtotal DC Water Rates &amp; Charges</b>	<b>\$ 69.36</b>	<b>\$ 78.28</b>
District of Columbia PILOT (Ccf), (1)	3.55	4.08
District of Columbia Right of Way Fee (Ccf), (1)	1.14	1.14
District of Columbia Stormwater Fee (ERU), (2)	2.67	2.67
<b>Subtotal District of Columbia Charges</b>	<b>\$ 7.36</b>	<b>\$ 7.89</b>
<b>Total Amount Appearing on DC Water Bill</b>	<b>\$ 76.72</b>	<b>\$ 86.17</b>
Increase (\$)		\$ 9.45
Increase (%)		12.3%

(1) Assumes average monthly consumption of 6.69 Ccf, or (5,004 gallons)

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





# Customer Assistance Program

<b>Average CAP Residential Customers Monthly Bill</b>	<b>Revised FY 2014</b>	<b>Proposed FY 2015</b>
DC Water Retail Rates (Ccf), (1)	\$ 53.65	\$ 57.67
DC Water Clean Rivers IAC (ERU)	11.85	16.75
DC Water Customer Metering Fee	3.86	3.86
<b>Subtotal DC Water Rates &amp; Charges</b>	<b>\$ 69.36</b>	<b>\$ 78.28</b>
District of Columbia PILOT (Ccf), (1)	3.55	4.08
District of Columbia Right of Way Fee (Ccf), (1)	1.14	1.14
District of Columbia Stormwater Fee (ERU), (3)	2.67	2.67
<b>Subtotal District of Columbia Charges</b>	<b>\$ 7.36</b>	<b>\$ 7.89</b>
<b>Total Amount</b>	<b>\$ 76.72</b>	<b>\$ 86.17</b>
<b>Less: CAP Discount (4 Ccf per month) (1), (2)</b>	<b>\$ (34.88)</b>	<b>\$ (37.60)</b>
<b>Total Amount Appearing on DC Water Bill</b>	<b>\$ 41.84</b>	<b>\$ 48.57</b>
<b>CAP Customer Discount as a Percent of Total Bill</b>		<b>-43.6%</b>

(1) Assumes average monthly consumption of 6.69 Ccf, or (5,004 gallons)

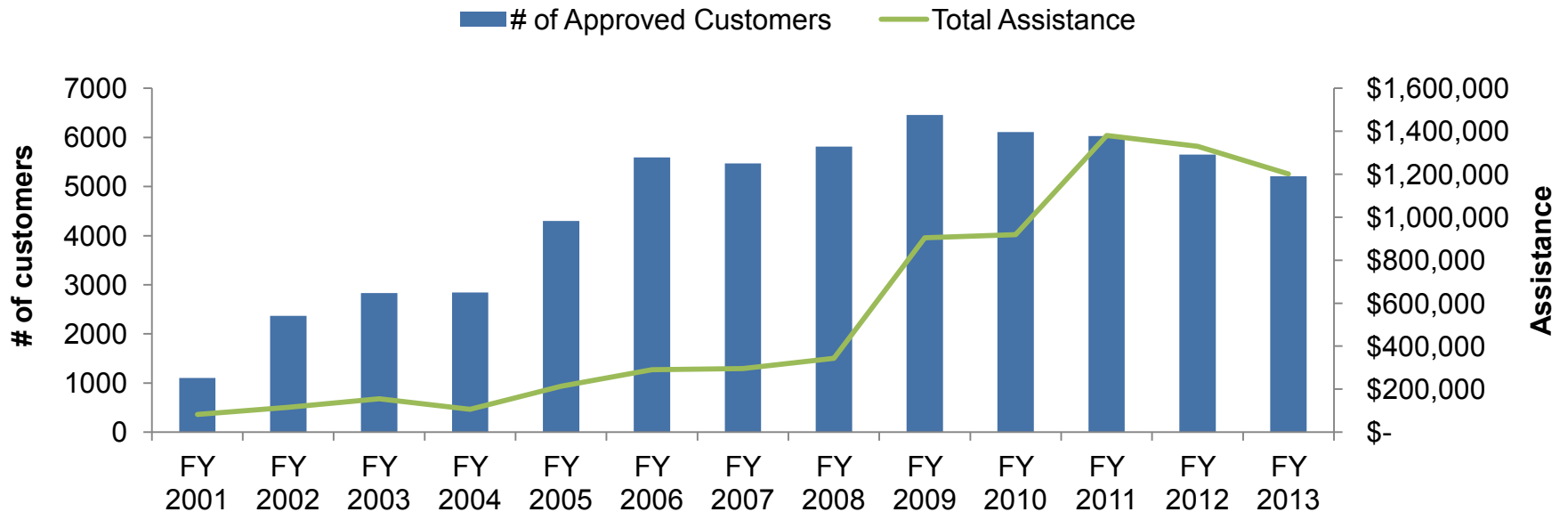
(2) Extension of CAP program in FY 2011 to first 4 Ccf of PILOT and ROW

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



## Customer Assistance Program (“CAP”) Highlights:

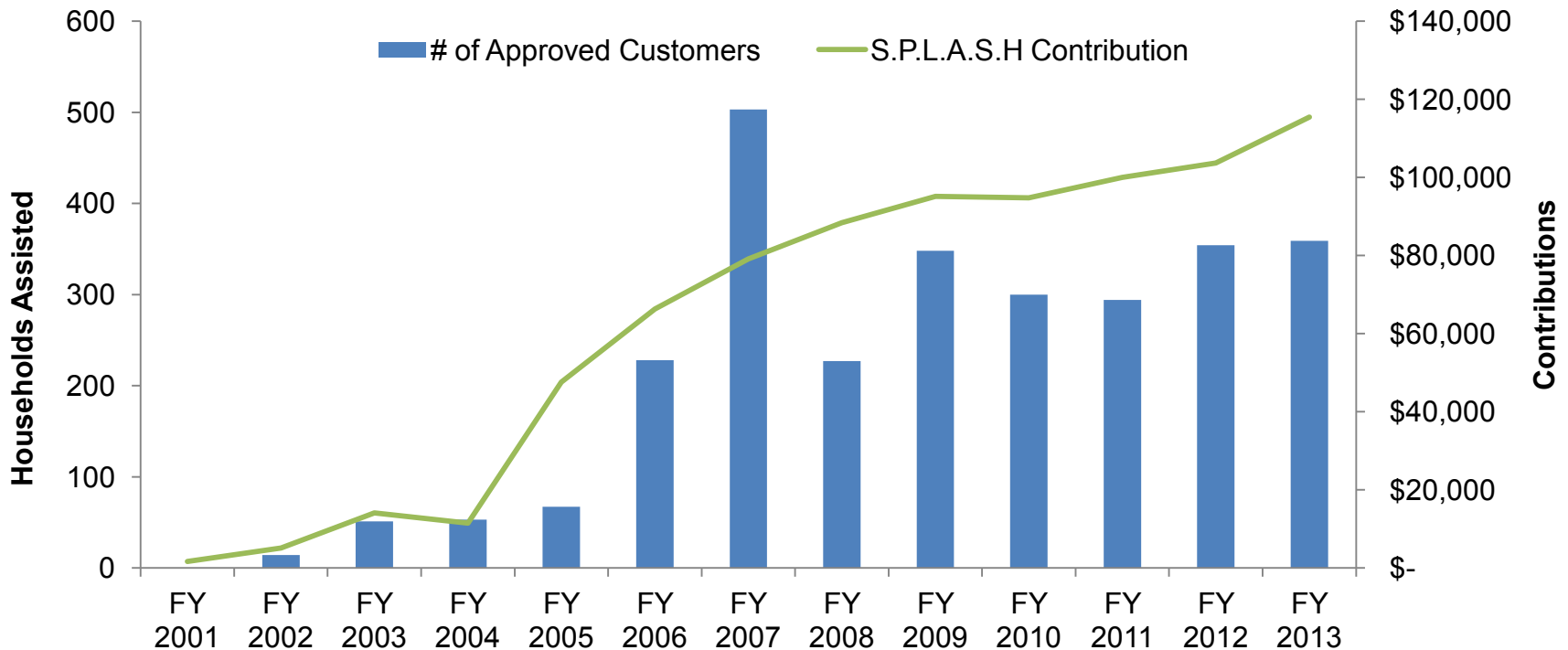
- Implemented in FY 2001 to provide a discount of 4 Ccf per months for water services
- Expanded in FY 2004, FY 2009, and FY 2011 to include tenants who meet the financial eligibility requirements, to provide a discount of 4 Ccf per month for sewer services, and to discount the first 4 Ccf associated with the PILOT/ROW fee, respectively
- In FY 2013, CAP assisted over 5,200 customers and provided \$1.2 million in discounts. Since inception, the program has provided over \$7.3 million in assistance





## 💧 Serving People by Lending a Supporting Hand (“S.P.L.A.S.H”) Highlights:

- In 2001, DC Water began offering assistance to families in need so that they can maintain critical water and sewer services until they get back on their feet
- The program is administered by the Greater Washington Urban League (“GWUL”)
- Every dollar received by DC Water is distributed to eligible customers
- In FY 2013, S.P.L.A.S.H assisted 359 households and provided \$115,455 in contributions. Since inception, the program has provided over \$822.8 million in assistance





Mark Kim, Chief Financial Officer

# **FINANCIAL PLAN: FY 2014 – FY 2023**



# Financial Plan Objectives

	Indenture	Board	Management
O & M Reserve	60 day	120 day/ \$125.5M*	\$140M
Senior Debt Service Coverage	1.2x	1.4x	1.4x
Subordinate Debt Service Coverage	1.0x	1.0x	1.0x
Combined Debt Service Coverage			1.2x

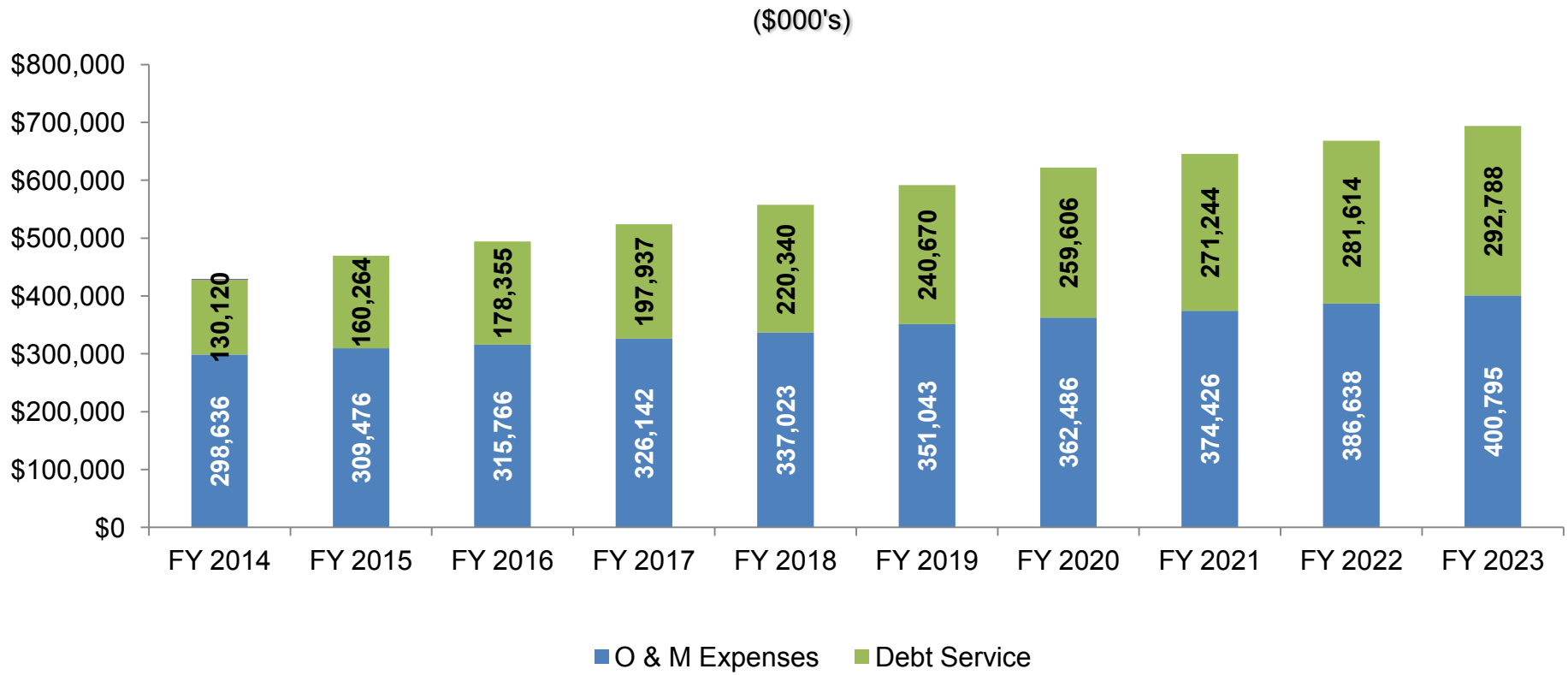
*\*\$125.5M is the target reserve balance while 120 days is the Board minimum.*

- Minimize rate increases consistent with meeting all of our financial obligations
- Satisfy all indenture requirements and Board policies
- Maintain DC Water's current credit ratings of AA+/Aa2/AA



# Projected O&M and Debt Service

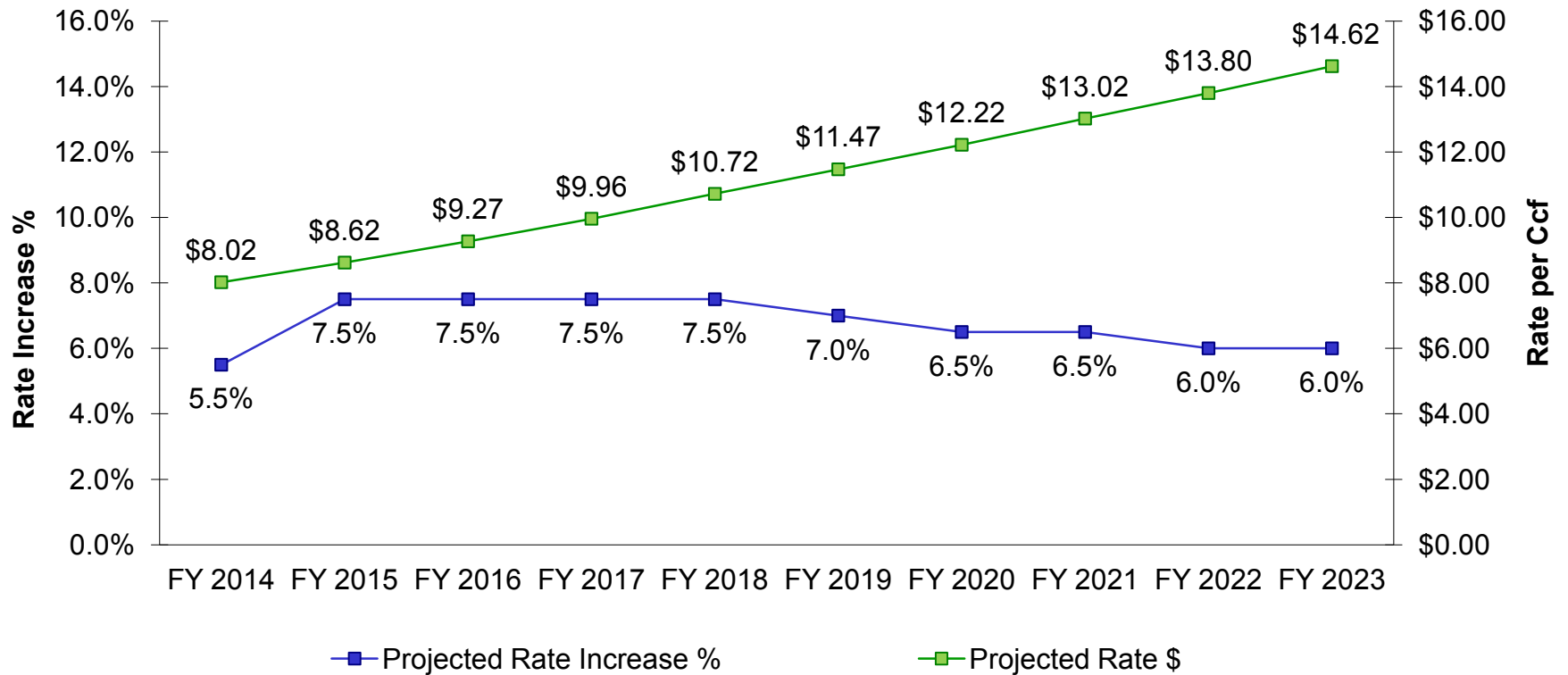
- 💧 O&M – 3.1 percent average annual increase
- 💧 Debt service – 9.6 percent average annual increase





# Projected Water & Sewer Rates

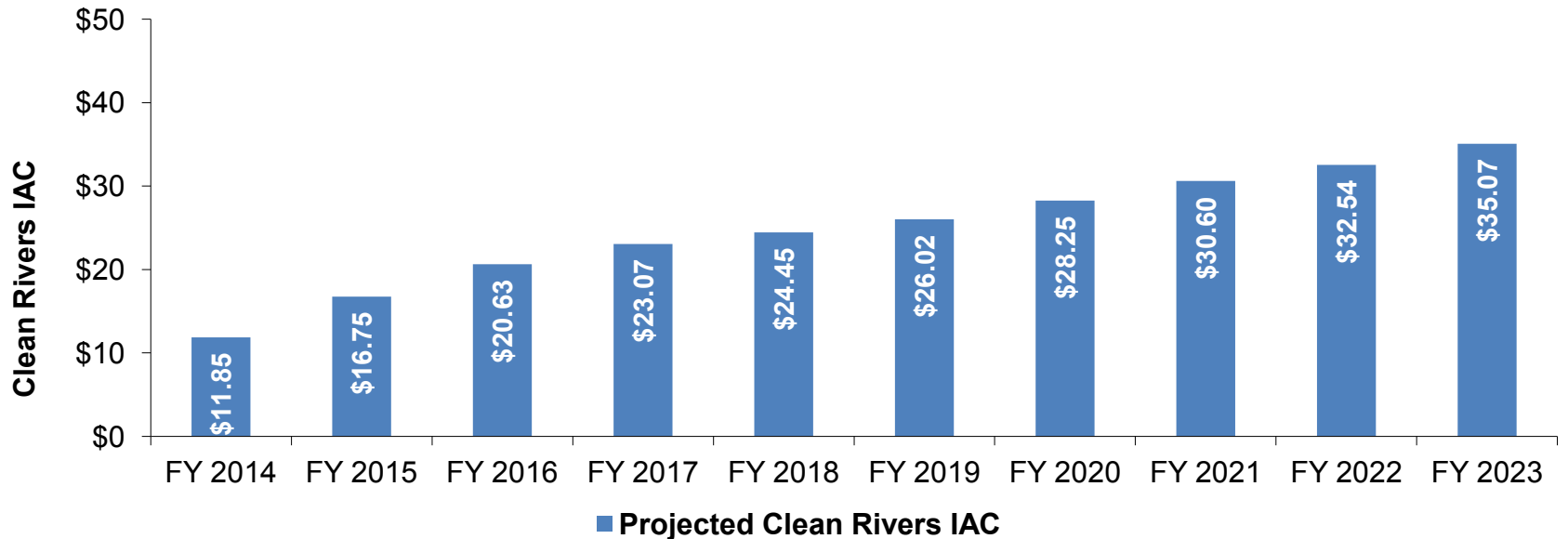
- Annual combined rates of \$8.02 per Ccf to \$14.62 per Ccf
- Annual rate increase ranging from 5.5% to 7.5%





# Projected Clean Rivers IAC Charges

- The Clean Rivers Impervious Area Charge (CRIAC) was developed and implemented in FY 2009 in order to recover costs of the Combined Sewer Overflow Long Term Control Plan, a mandate of EPA Region III pursuant to the 2005 Consent Decree
- Projected CRIAC ranges from \$11.85 to \$35.07 per ERU per month







# FY 2015 Budget Considerations

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## Operational Risks

- Non Personnel costs
  - New facilities and maintenance
  - Electricity, chemicals, and supplies
  - Litigation risk
- Personnel costs
  - Overtime costs
  - Vacancy rate assumption
  - Affordable Care Act

## Capital Improvement Program Risks

- New permit requirements
- Project delays
- Cost overruns


## Financing Risks


- Market access
- Interest rates
- Credit ratings



## **NEXT STEPS**

- Board Member Questions & Follow Up
  - Submit budget-related questions to Board Secretary
  - Board Secretary will distribute questions to appropriate staff
- Committees Review of Proposed Budget
  - DC Retail Water & Sewer Rates Committee – November 19, 2013
  - Environmental Quality & Sewerage Services Committee – November 21, 2013
  - Water Quality & Water Services Committee – November 21, 2013
  - Finance & Budget Committee – November 22, 2013
- Board Action on Proposed FY 2015 Budget - December 5, 2013



**dc**   
water is life<sup>®</sup> **OPERATING  
BUDGETS**

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

**SECTION II  
OVERVIEW**

**dc**   
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# FACTS AT A GLANCE

**History:** In 1996, the District of Columbia Water and Sewer Authority was created by District law, with the approval of the United States Congress, as an independent authority of the District Government with a separate legal existence.

**Age of Pipes:** The median age of District water main pipes is over 77 years old, with approximately 9 percent of pipes installed in the 1900s and 2 percent dating back to the 1860s before the Civil War.

**Service Area:** Providing more than 600,000 residents and 16.6 million annual visitors in the District of Columbia with retail water and wastewater (sewer) service, DC Water has a total service area of approximately 725 square miles. In addition, DC Water treats wastewater for approximately 1.6 million people in neighboring jurisdictions, including Montgomery and Prince George's Counties in Maryland and Fairfax and Loudoun Counties in Virginia.

**Employees:** Approximately 1,080 people are employed by DC Water and work at various facilities across the District.

**Drinking Water Quality:** With a strong emphasis on water quality, DC Water maintains an annual flushing program, regulatory and voluntary water quality testing, ongoing system upgrades and lead service replacements. In partnership with the U.S. Army Corps of Engineers Washington Aqueduct, DC Water ensures a high quality treatment process for delivering optimal drinking water all year round.

**Pumped and Treated Water Storage:** During Fiscal Year 2013, DC Water pumped an average of 102 million gallons of water per day. In addition, DC Water stores 61 million gallons of treated water at its eight facilities. The Washington Aqueduct stores an additional 49 million gallons.

**Water Distribution System:** DC Water delivers water through 1,300 miles of interconnected pipes, four pumping stations, five reservoirs, three water tanks, 36,000 valves, and 9,089 fire hydrants.

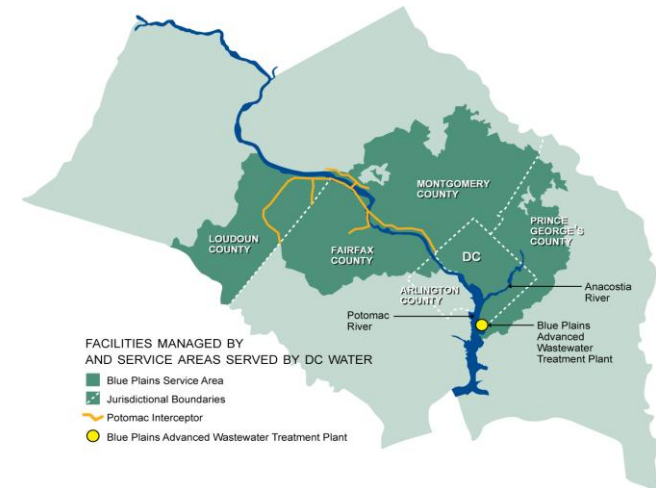
**Blue Plains Advanced Wastewater Treatment Plant:** Blue Plains, located at the southernmost tip of the District, is the largest advanced wastewater treatment facility in the world, covering 153 acres along the Potomac River.

**Wastewater Treatment Capacity:** Blue Plains treats an annual average of 300 million gallons per day (MGD) and has a design capacity of 370 MGD, with a peak design capacity to treat more than one billion gallons per day.

**Sewer System:** 1,800 miles of sanitary and combined sewers and 22 flow-metering stations, nine off-site wastewater pumping stations, 16 stormwater pumping stations, 12 inflatable dams and a swirl facility comprise the DC Water sewer system.

**Financial Performance:** In Fiscal Year 2013, all three leading credit rating agencies reaffirmed DC Water's "AA+" credit rating. DC Water also received its 16th consecutive unqualified audit opinion of its financial statements.

## DC WATER SERVICE AREA



**Customer Service:** DC Water communicates valuable customer-related information through bill inserts, monthly newsletters, its website, and social media to include Facebook, YouTube, Flickr and Twitter. Using an interactive voice recognition system, DC Water makes information readily available in more than 150 languages. A 24-hour Emergency Command Center, at (202) 612-3400, operates as the centralized communication facility for receiving and responding to a variety of emergency calls from customers and the public.

**Community Service:** Donating their time and resources, DC Water employees actively support a variety of charitable projects and community services. DC Water also invests in the community by conducting science laboratory exercises in District high schools and engaging the public through tours of the Blue Plains Plant.

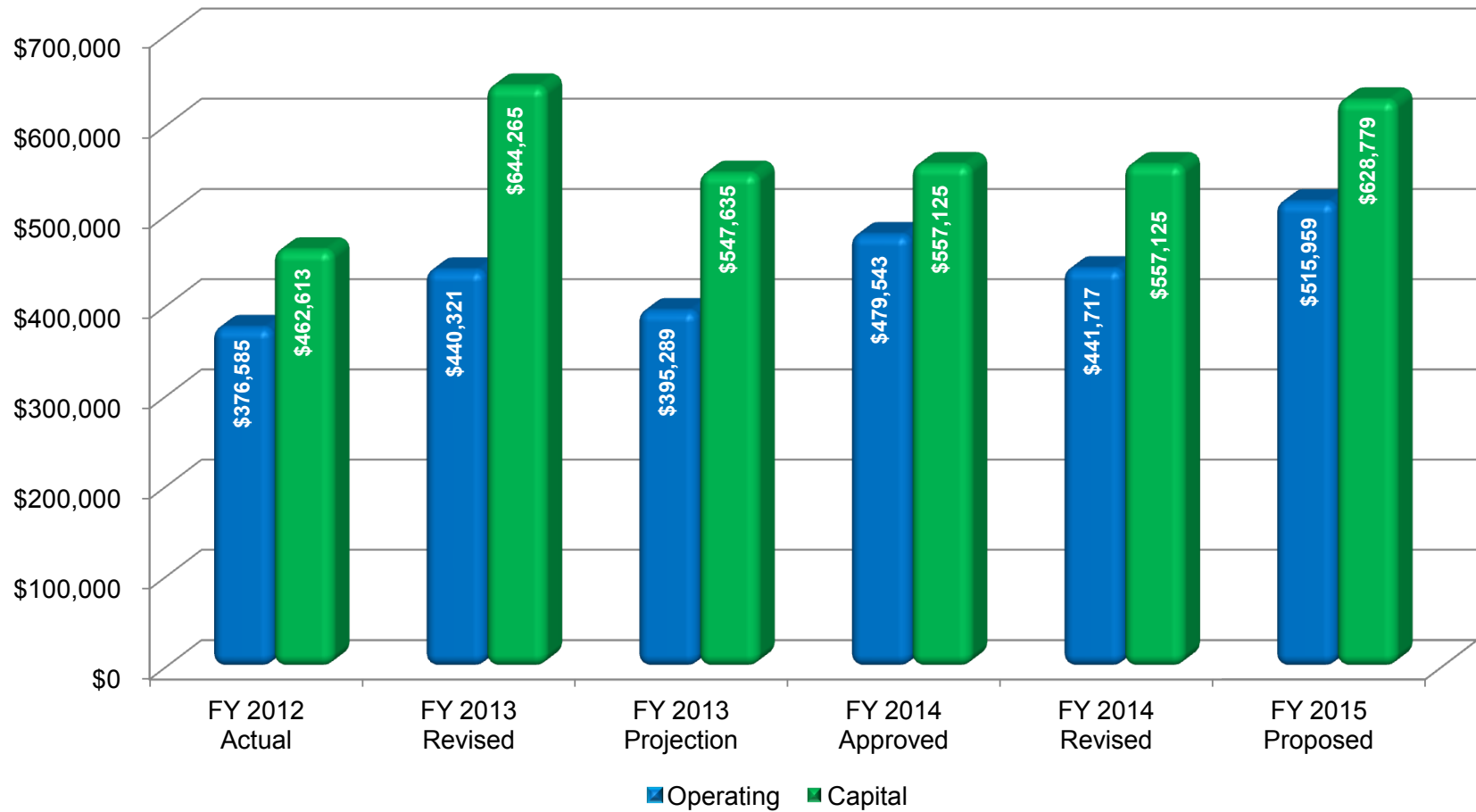
**Governance:** DC Water's Board of Directors establishes policies and guides the strategic planning process. The Board is composed of 22 members, representing the District, Montgomery and Prince George's Counties in Maryland and Fairfax County in Virginia. The District members set rates, charges and policies for District services. The entire Board votes and establishes policies for joint-use services. The General Manager reports to the Board and manages operations and performance of the enterprise.

### DC Water Financial Information

- Bond Rating: Aa2/AA/AA+
- FY 2014 Revenue: \$467.2 million (cash receipts)
- FY 2014 Operating Budget: \$441.7 million
- FY 2014 Capital Budget: \$557.1 million

# OPERATING AND CAPITAL BUDGETS ENSURE SERVICE NEEDS AND STRATEGIC OBJECTIVES ARE MET

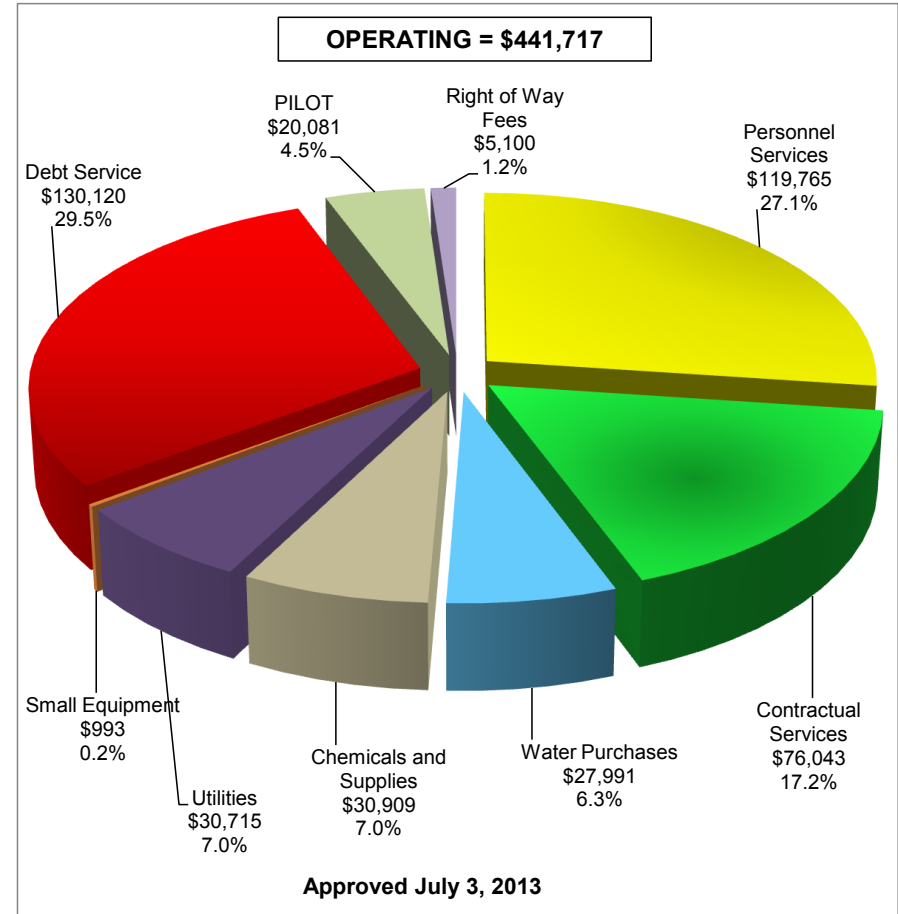
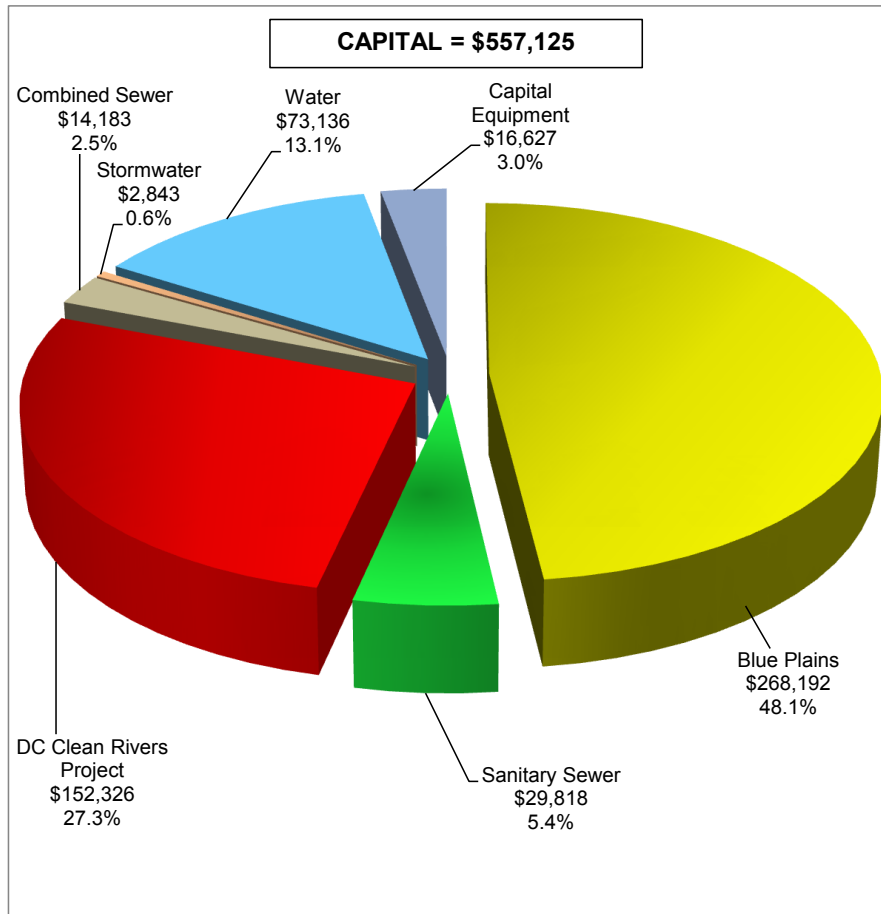
FY 2012 - FY 2015  
(\$000's)



**Comparative Expenditures**  
(\$000's)

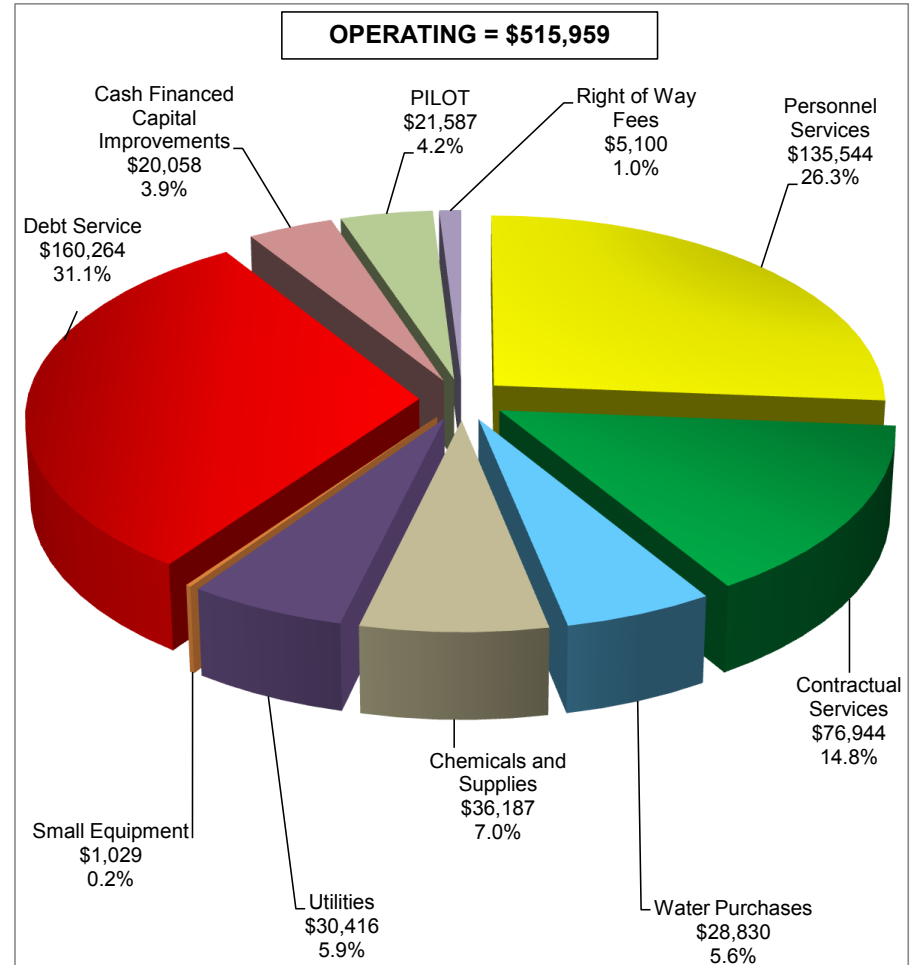
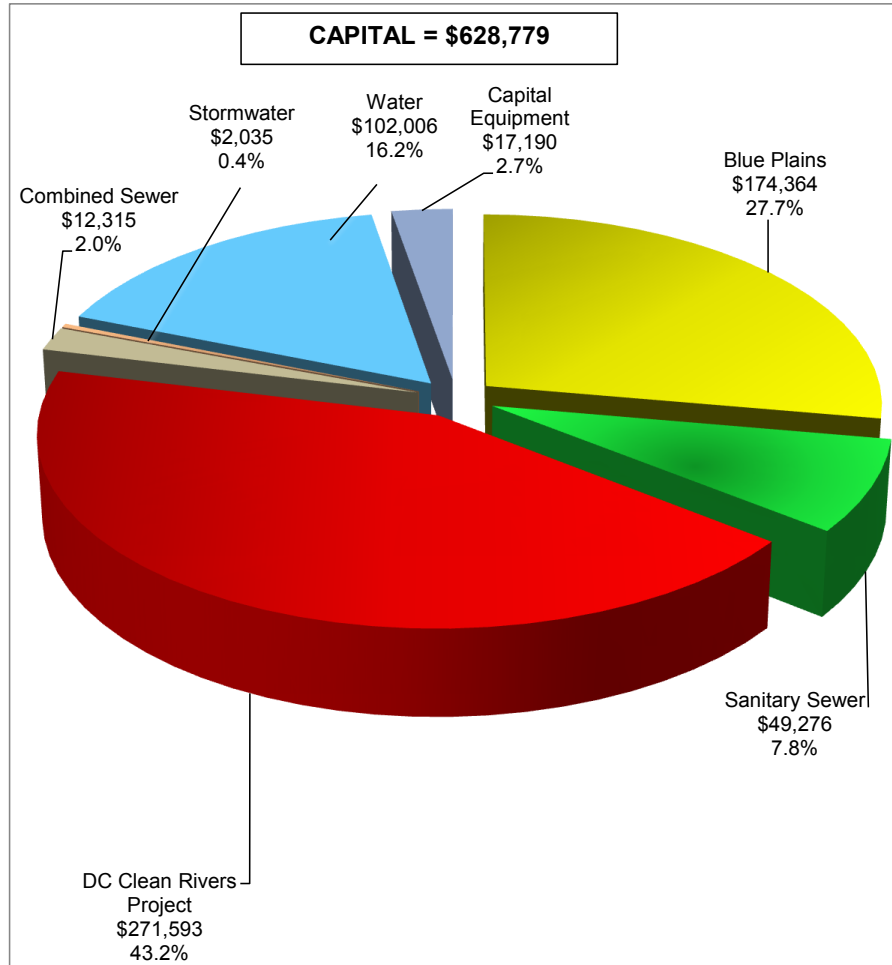
	<u>FY 2012 ACTUAL</u>	<u>FY 2013 PROJECTION</u>	<u>FY 2014 APPROVED</u>	<u>FY 2014 REVISED</u>	<u>FY 2015 PROPOSED</u>
<b><u>CAPITAL (Cash Disbursements Basis)</u></b>					
Blue Plains	253,305	316,696	267,836	268,192	174,364
Sanitary Sewer	23,783	23,987	42,136	29,818	49,276
Combined Sewer	10,778	8,375	19,434	14,183	12,315
Combined Sewer Overflow / Long Term Control Plan	101,880	122,399	132,911	152,325	271,593
Stormwater	3,315	3,241	3,680	2,843	2,035
Water	55,839	56,176	77,585	73,136	102,006
Capital Equipment	13,713	16,761	13,543	16,627	17,191
<b>Total Capital</b>	<u>462,613</u>	<u>547,635</u>	<u>557,125</u>	<u>557,125</u>	<u>628,779</u>
<b><u>OPERATING</u></b>					
Personnel Services	107,334	115,964	120,454	119,765	135,544
Contractual Services	64,939	65,389	84,094	76,044	76,944
Water Purchases	28,389	26,900	31,513	27,991	28,831
Chemicals and Supplies	26,744	27,391	32,909	30,909	36,187
Utilities	26,786	25,063	34,011	30,715	30,416
Small Equipment	1,139	1,180	993	993	1,029
<b>Total O&amp;M</b>	<u>255,331</u>	<u>261,888</u>	<u>303,973</u>	<u>286,416</u>	<u>308,950</u>
Debt Service	99,272	111,419	150,389	130,120	160,264
Cash Financed Capital Improvements		-	-	-	20,058
Payment in Lieu of Taxes	16,882	16,882	20,081	20,081	21,587
Right of Way Fees	5,100	5,100	5,100	5,100	5,100
Subtotal Operating	<u>376,585</u>	<u>395,289</u>	<u>479,543</u>	<u>441,717</u>	<u>515,959</u>
Personnel Services charged to Capital Projects	(9,550)	(14,802)	(17,860)	(12,960)	(17,266)
<b>Total Operating</b>	<u>367,035</u>	<u>380,487</u>	<u>461,683</u>	<u>428,758</u>	<u>498,693</u>

## FY 2014 Revised Budgets (\$000's)

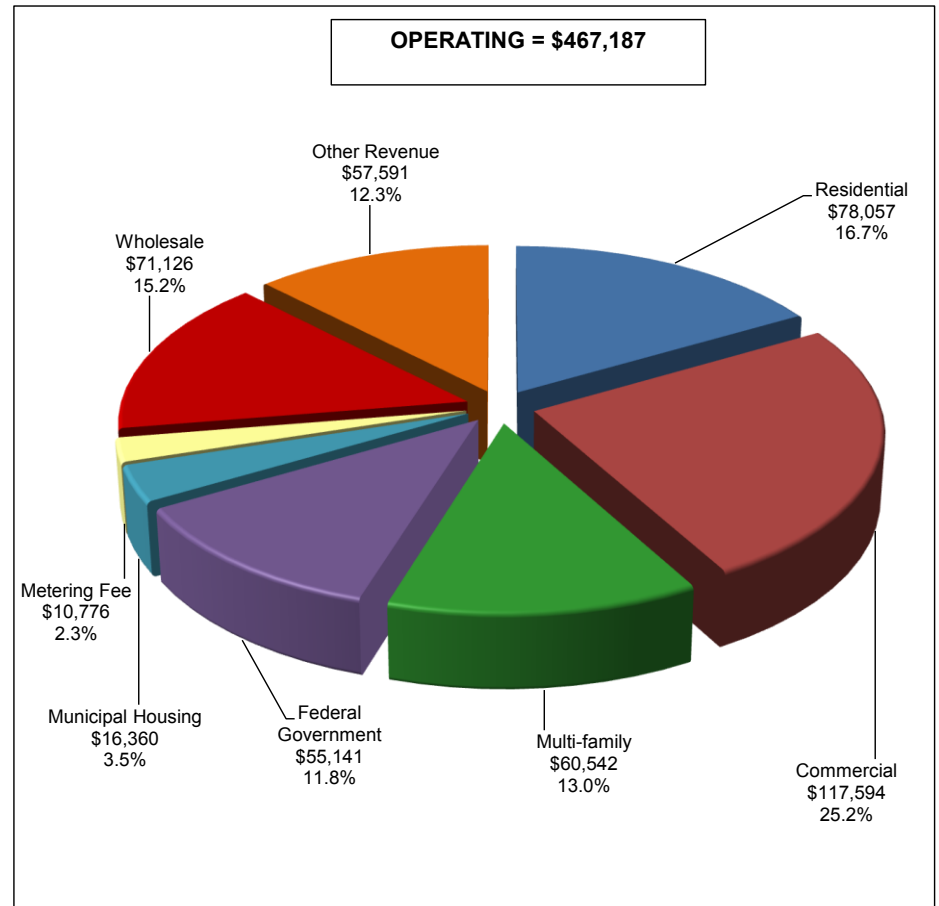
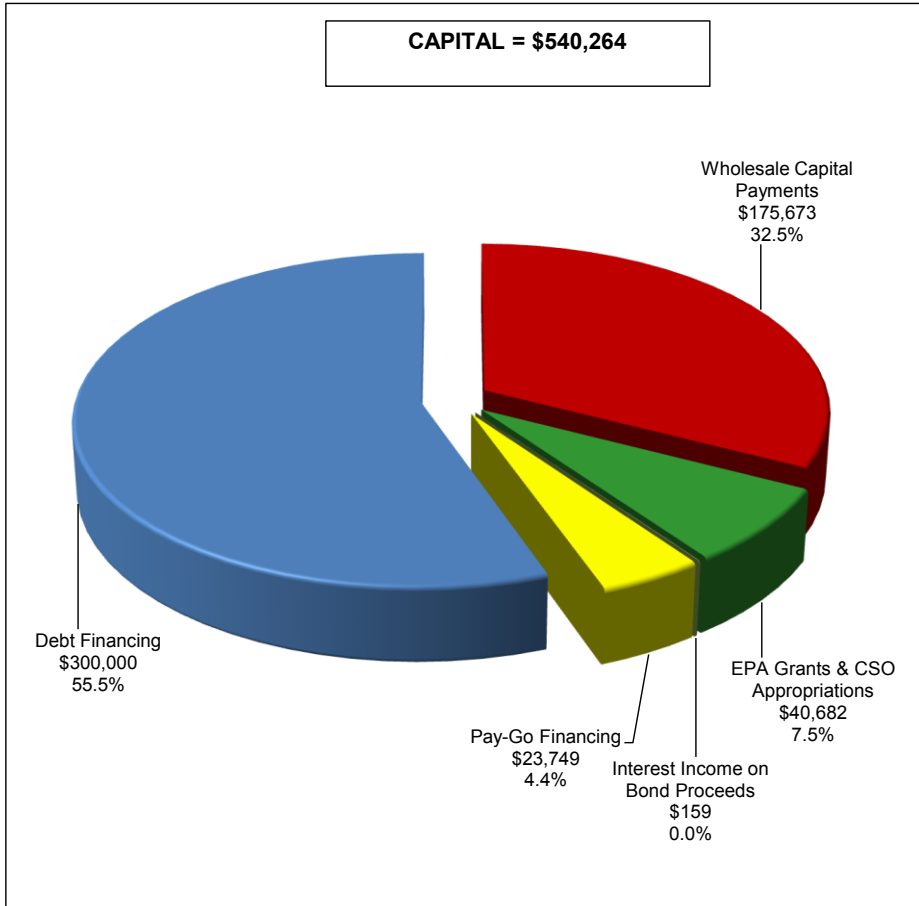




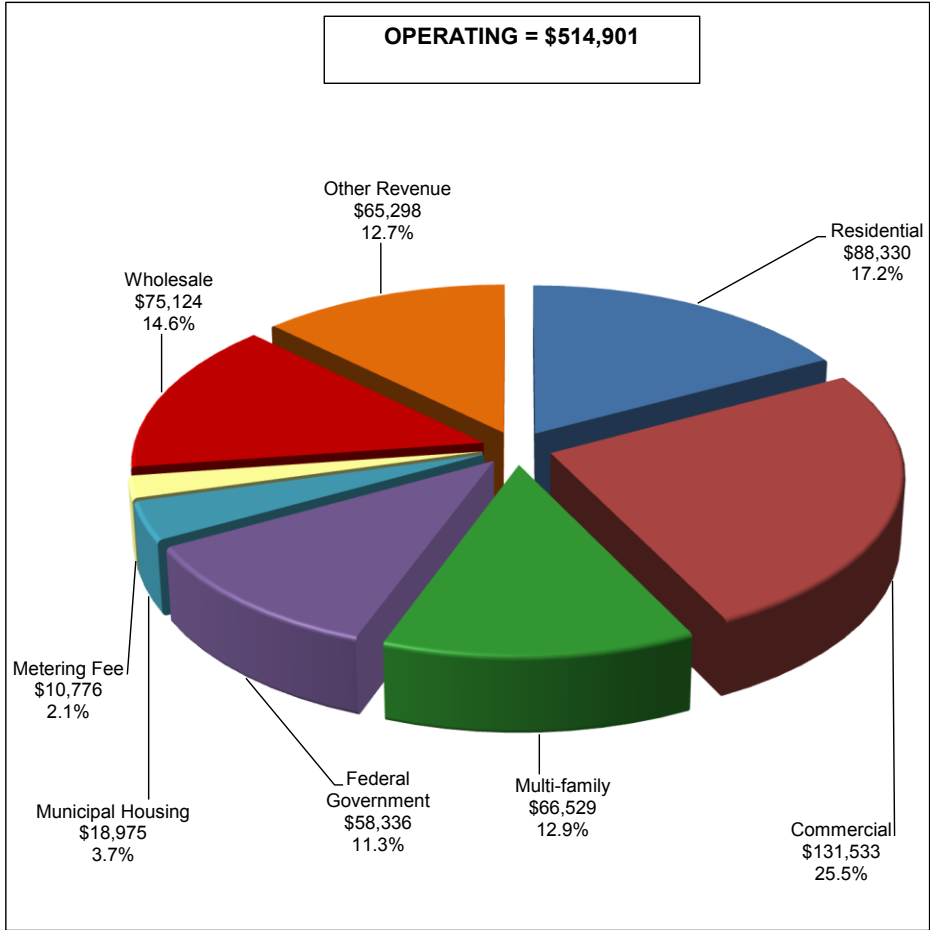
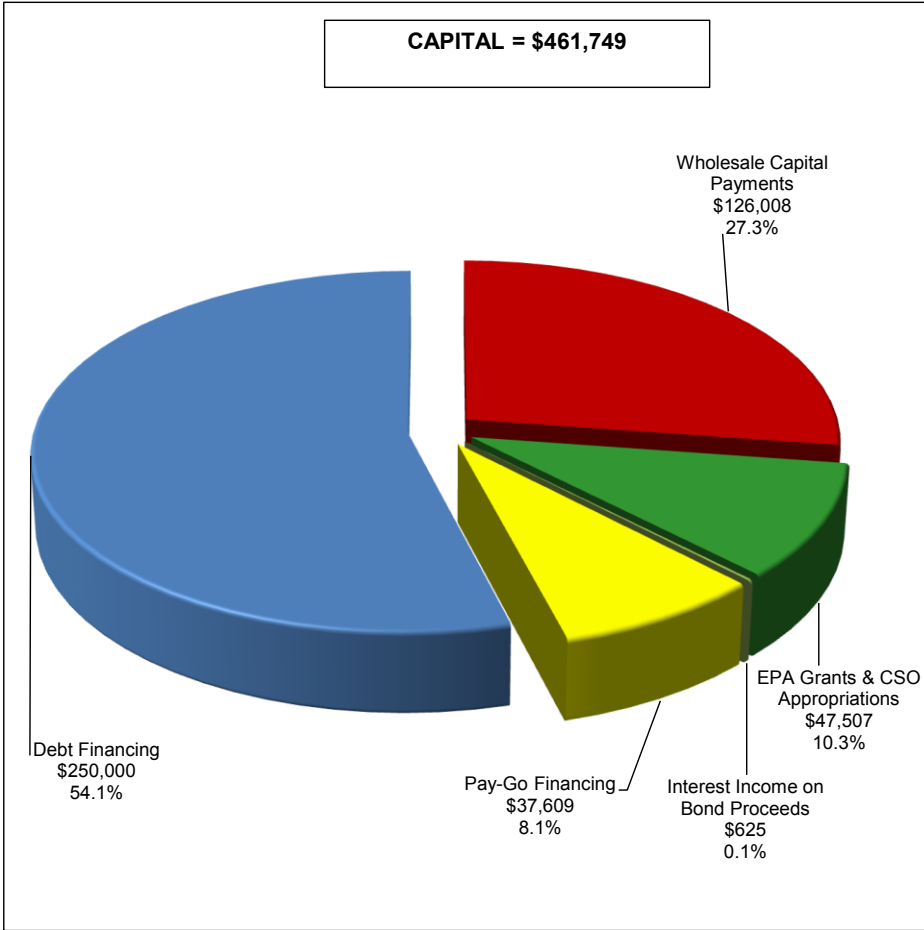
## FY 2015 Proposed Budgets (\$000's)



## FY 2014 Revised Revenues (\$000's)



## FY 2015 Proposed Revenues (\$000's)



## CASH FLOW SUMMARY

(\$000's)

	FY 2013 Actual Amount	FY 2014 Approved Budget	FY 2014 Revised Budget	FY 2015 Proposed Budget
<b>OPERATING BUDGET</b>				
<b>Operating Receipts</b>				
Residential, Commercial & Multi-Family	\$ 218,954	\$ 214,703	\$ 217,076	\$ 230,997
Federal	42,580	41,513	41,513	42,907
Municipal	3,957	9,287	5,887	6,265
D.C. Housing Authority	4,567	5,977	5,999	6,384
Groundwater	5	5	5	5
Metering Fee	11,103	10,776	10,776	10,776
Payment in Lieu of Taxes / Right of Way Fee	22,516	25,181	25,181	26,687
Clean Rivers IAC Revenue	47,195	58,525	57,214	77,145
Subtotal Retail	\$ 350,876	\$ 365,968	\$ 363,651	\$ 401,166
Wholesale	75,009	80,900	71,126	75,124
Other Operating Receipts <sup>(1)</sup>	34,917	30,547	32,291	37,813
<b>Total Operating Receipts</b>	\$ 460,803	\$ 477,415	\$ 467,067	\$ 514,103
<b>Operating Disbursements</b>				
Digester	-	-	-	(8,894)
Personnel Services	98,277	102,594	106,805	118,278
Contractual Services	74,008	84,094	76,043	76,944
Chemicals & Supplies	28,817	32,909	30,909	36,187
Utilities & Rent	22,877	34,011	30,714	30,415
Water Purchases	27,405	31,513	27,991	28,831
Small Equipment	944	993	993	1,028
Subtotal Operations & Maintenance	\$ 252,329	\$ 286,114	\$ 273,455	\$ 282,789
Payment in Lieu of Taxes / Right of Way Fee	17,514	25,181	25,181	26,687
Debt Service	107,700	147,792	130,120	160,264
Cash Finance Capital Contribution/Defeasance	-	-	-	20,058
<b>Total Operating Disbursements</b>	\$ 377,543	\$ 459,086	\$ 428,756	\$ 489,798
<b>Operating Surplus</b>	\$ 83,260	\$ 18,328	\$ 38,311	\$ 24,306
<b>CAPITAL BUDGET</b> (See Section VI for more details)				
Sources of Capital Funds	\$ 506,500	\$ 545,995	\$ 533,376	\$ 591,170
Uses of Capital Funds	559,044	556,979	557,125	628,779
<b>Capital Results</b>	\$ (52,544)	\$ (10,984)	\$ (23,749)	\$ (37,609)
<b>CASH RESERVES</b>				
<b>Beginning O&amp;M Reserve Balance (Net of Rate Stabilization Fund)</b>	\$ 140,251	\$ 125,500	\$ 141,518	\$ 140,500
Operating Surplus	83,260	18,328	38,311	24,306
Wholesale Customer Refunds/Payments for Prior Years	(5,800)	(1,500)	(9,700)	(3,000)
Customer Rebate	(3,298)	-	-	-
Transfer to Rate Stabilization Fund	(7,500)	-	-	-
Transfer to DC PILOT Fund	(7,900)	-	-	-
Reimbursement for Legal Settlement	-	-	-	-
Federal Customer Refund/Payments for Prior Years	(5,105)	(6,000)	(6,000)	(5,053)
Interest Earned from Bond Reserve	155	156	120	798
Pay-As-You-Go Capital Financing	(52,544)	(10,984)	(23,749)	(17,551)
<b>Ending O&amp;M Reserve Balance (Net of Rate Stabilization Fund)</b>	\$ 141,518	\$ 125,500	\$ 140,500	\$ 140,000
<b>Rate Stabilization Fund</b>	\$ 28,950	\$ 18,550	\$ 22,450	\$ 7,950
<b>DC PILOT Reserve Fund</b>	\$ 22,368	\$ 14,468	\$ 22,368	\$ 23,368

<sup>(1)</sup> Does not include interest earned from the debt service reserve fund

## Budget Summary

Description	Unit of Measurement	FY 2014 Revised Budget	FY 2015 Proposed Budget	Increase/ (Decrease)
Operating Budget	\$000's	\$441,717	<b>\$515,959</b>	\$74,242
Ten-Year CIP (Cash Disbursements)	\$billion	\$3.8	<b>\$3.8</b>	\$0
Retail Water & Sewer Rates	Ccf	\$8.02	<b>\$8.62</b>	\$0.60
Monthly Clean Rivers IAC	ERU	\$11.85	<b>\$16.75</b>	\$4.90
PILOT Fee	Ccf	\$0.53	<b>\$0.61</b>	\$0.08
ROW Fee	Ccf	\$0.17	<b>\$0.17</b>	\$0
Wholesale Operating Revenues	\$000's	\$71,126	<b>\$75,124</b>	\$3,998

## FY 2015 Proposed Retail Rates & Fees

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- FY 2015 combined Water and Sewer rate increase of \$0.60 per Ccf or {\$0.80 per 1,000 gallons}
  - Water rate increase of \$0.27 per Ccf to \$3.88 per Ccf {increase of \$0.36 to \$5.19 per 1,000 gallons}
  - Sewer rate increase of \$0.33 per Ccf to \$4.74 per Ccf {increase of \$0.44 to \$6.33 per 1,000 gallons}
- FY 2015 monthly Clean Rivers Impervious Area Charge increase of \$4.90 to \$16.75 per ERU to recover the costs of the DC Clean Rivers Project
- FY 2015 PILOT fee increase of \$0.08 per Ccf to \$0.61 per Ccf {increase of \$0.11 to \$0.82 per 1,000 gallons}
- No increase in FY 2015 ROW fee, which remains same at \$0.17 per Ccf {\$0.22 per 1000 gallons}

## DC WATER HISTORY & GOVERNANCE

The District of Columbia Water and Sewer Authority (DC Water) was created in April 1996 and began operating October 1, 1996 under and pursuant to an act of the Council of the District of Columbia and an act of the United States Congress. Previously, the Water and Sewer Utility Administration, a division of the District's Department of Public Works, performed DC Water's operations. In the aftermath of the District's financial crisis in the 1990s, Congress created an independent utility agency governed by a Board of Directors consisting of eleven principal and eleven alternate members who represent the District of Columbia, Montgomery and Prince George's Counties in Maryland and Fairfax County in Virginia to govern DC Water. The Mayor of the District of Columbia appoints, and the Council confirms, all District Board members, including the Chairperson. In addition, the Mayor appoints the five principal and five alternate members who represent the surrounding jurisdictions based on submissions from those jurisdictions. All members serve four-year terms. The existence of a quorum and an affirmative vote of a majority of the members present, who are permitted to participate in the matter under consideration, shall be required to approve any Board action; except, that 7 affirmative votes shall be required for approval of the Authority's budget and 8 affirmative votes shall be required for the selection or relieving of the General Manager. All Board members participate in decisions directly affecting the general management of joint-use facilities (such as projects at the Blue Plains Advanced Wastewater Treatment Plant), and only the District of Columbia members participate in decisions for those matters that affect only District ratepayers. Rates setting authority resides solely with the Board of Directors, and is a non-joint use matter.

At its inception, DC Water faced a cash shortage and projected multi-million dollar deficit. The newly established utility was also burdened with a barely functional fleet, poorly maintained infrastructure, an antiquated billing system, and a number of operating weakness. Through the leadership of an active Board of Directors and strong management staff, a line of credit was obtained, municipal bonds were issued and new strategic goals, business processes and technologies were developed. DC Water made tremendous strides in its prudent financial management and cutting-edge technology, customer service improvements, extensive capital investment, environmental stewardship, peer-reviewed research and establishment of an award winning fleet. Our credit rating since 1996 has gone from no credit to AA+.

Over the years, we have developed strong partnerships with the District government, Congress, suburban jurisdictions, federal regulators and environmental advocates. We are continuing to strengthen our existing partnerships while reaching out to establish new relationships. Our success has been acknowledged through many awards as well as positive financial results and audits over the years. Since 1996, the Authority has met its mission of providing clean drinking water to residents of the District of Columbia and wastewater conveyance and treatment services to both residents of the District and wholesale customers in Maryland and Virginia.

At DC Water, we focus all of our technology initiatives on improving both the quality of services we provide to our customers and organizational effectiveness. We were one of the first utilities to automate our meter reading program (AMR) which has been heralded as a best practice in the industry. The new automated meters use radio frequency and cell phone technology to send daily water usage information from the meter to DC Water. In addition we developed a powerful application in-house called the High Use Notification Application (HUNA). This tool analyzes daily water consumption and provides monthly and yearly averages on an account. It also allows customers access to daily meter readings via the web and has advanced features which alert customers of metering anomalies.

## **ACCOUNTING AND BUDGET PROCESSES**

### **Basis of Accounting**

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

### **Annual Budget Process**

As a first step in the budget development process, the Office of the Chief Financial Officer (OCFO) updates DC Water's ten-year financial plan to reflect any revisions to the capital improvement program and any other major revenue or operating budget issues, and analyzes the potential impact of these items on rates. In addition to these items, the ten-year plan is also developed based on the financial and rate-setting policies adopted by the Board as well as the Board's Strategic Plan.

In June, departments submit their initial budget requests for management review. DC Water's strategic and operational priorities are included in each department's work plan and performance agreements, as appropriate. During the month of June and in early July, departments complete budget reviews with Budget staff, and in July and August, reviews are held with the Executive Team and with the General Manager in tandem.

In November of each year, management presents the operating budget, ten-year capital improvement program and ten-year financial plan to the Board's Environmental Quality and Sewerage Services, Water Quality and Water Services, DC Water Retail Water and Sewer Rates and Finance and Budget Committees for their review. This budget is proposed for the following fiscal year (e.g. beginning October 1, 2014). The Committees review the budget documents in November through December and submit budget recommendations to the full Board in late November. Decisions are finalized and Board action on the budget is taken between December and January.

Upon budget adoption, the Budget Office publishes and distributes the approved budget book and ensures that DC Water's budget is included in the District of Columbia's budget submission, which is transmitted to the U.S. Congress for approval. Once approved by Congress, the budget is effective October 1 of each year.

### **Budgetary Control**

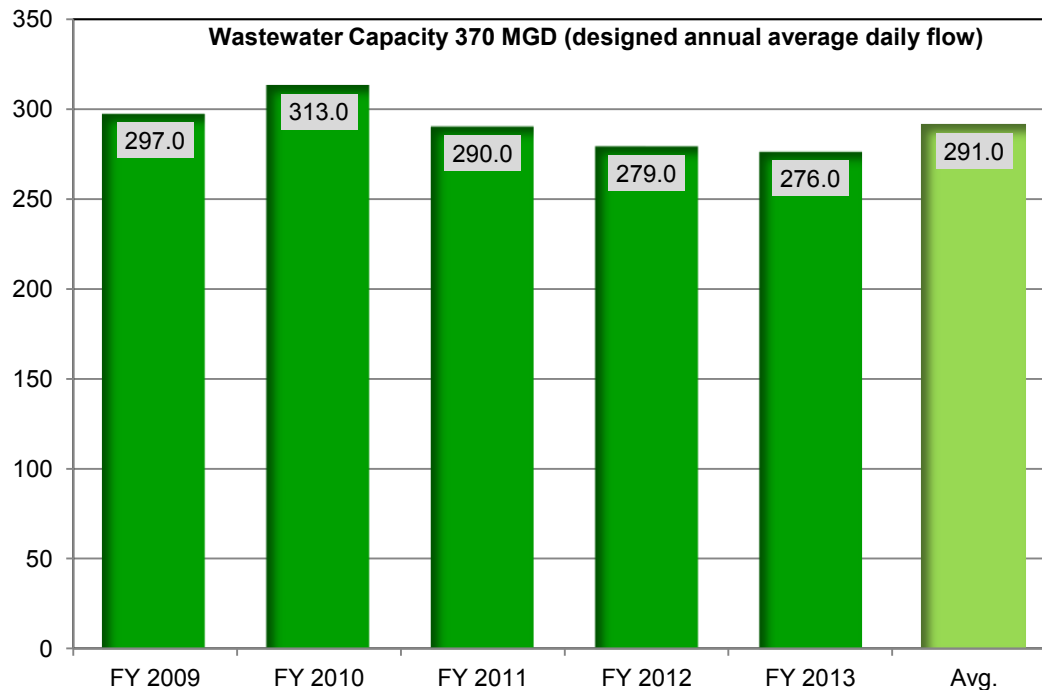
After the U.S. Congress approves the budget, the operating and capital budgets are loaded into the DC Water's financial management system, which prevents overspending without appropriate approvals. The Department of Finance, Accounting and Budget prepares monthly management reports for each operating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



## WASTEWATER SYSTEM CAPACITY ENSURES SERVICE AREA MEETS NEEDS THROUGH 2040

- Blue Plains is the world's largest advanced wastewater treatment plant
  - Treats an average of approximately 300 million gallons per day (MGD) annually
  - Designed for average daily flow of 370 MGD and peak wet weather capacity of 1,076 MGD
- System comprises 1,800 miles of sanitary, stormwater and combined sewers; 125,000 building sewer lateral; 22 flow-metering stations; 9 off-site wastewater pumping stations; and 16 stormwater pumping stations

Historical Wastewater Treatment vs. Capacity FY 2009 – FY 2013

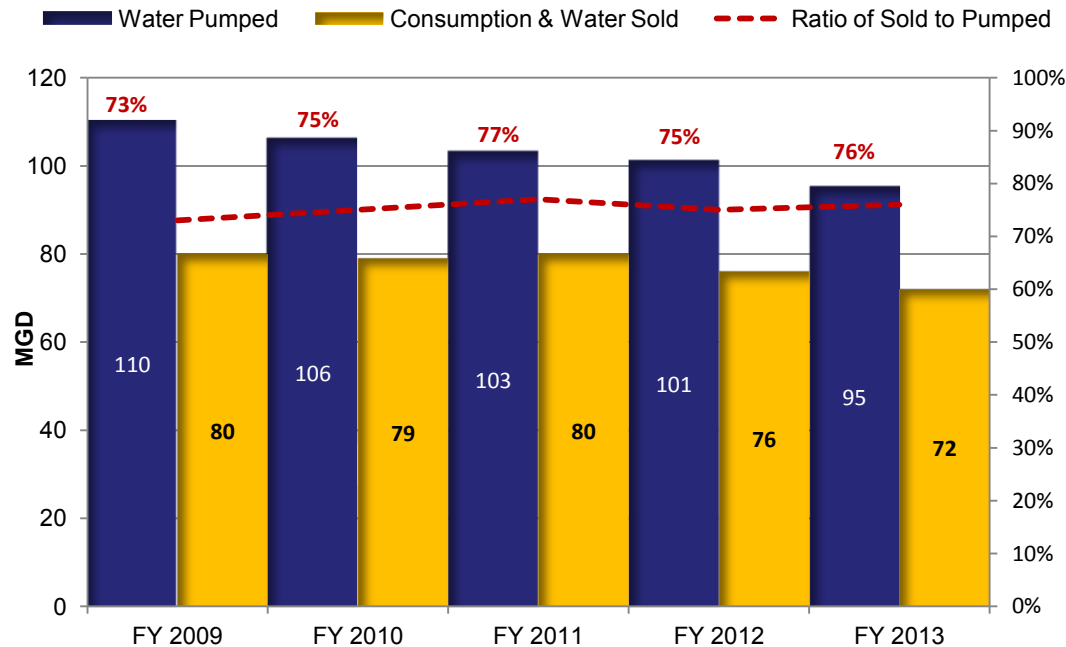


Note: In FY 2010 two historical snow storms are included in the system capacity

## WATER SYSTEM CAPACITY MEETS SERVICE AREA NEEDS

- Water purchased from the Washington Aqueduct, owned and operated by U.S. Army Corps of Engineers
- Total treatment capacity of 320 MGD exceeds average daily and peak requirements in service areas
- Four pumping stations with adequate capacity to meet peak demand
  - Bryant Street, New Fort Reno, 16th and Alaska, Anacostia
- One Washington Aqueduct pumping station with capacity sufficient to take over for Bryant Street pumping station
- 1,300 miles of concrete and steel pipes

**Volume of Water Pumped versus Sold FY 2009 – FY 2013**



Infrastructure Index Leakage (ILI) :	
FY 2009	8.84
FY 2010	7.54
FY 2011	7.22
FY 2012	8.31
FY 2013	7.38* As of 3 <sup>rd</sup> Qtr. 2013

## **REGIONAL DEMOGRAPHICS AND CUSTOMER DEMAND**

Strong financial planning requires careful monitoring and analysis of various trends and factors that may influence the market place. In this case, the market place for DC Water is the District of Columbia and its surrounding region. DC Water monitors consumption and wastewater flow trends within the customer base, weather patterns, regional income changes, population trends, federal activity in the region, housing starts, office vacancy rates and employment trends. A review of experiences from similar national systems is a useful benchmark assessment. While there are no crystal balls in the area of forecasting water demand, monitoring such data can provide insight into customer behavior and anticipated service demands.

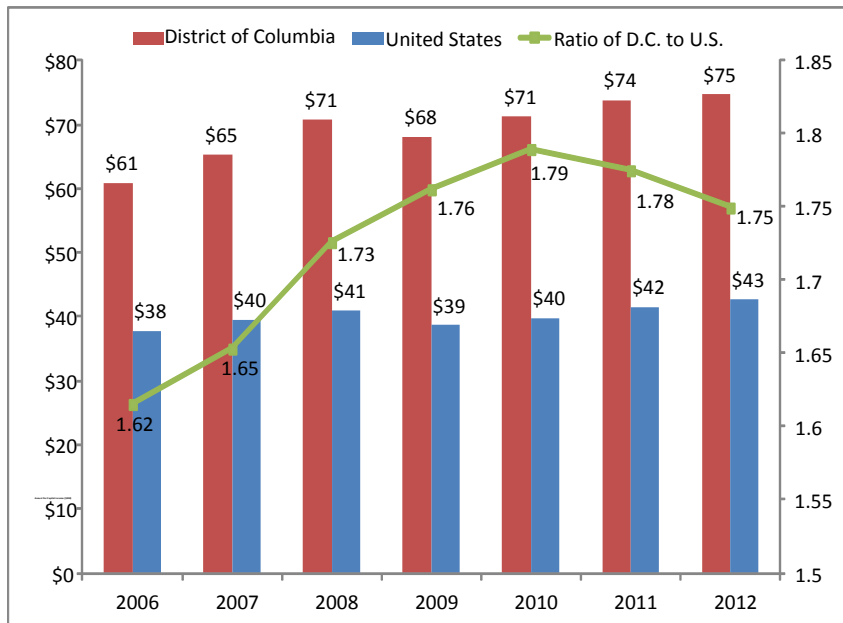
### *Regional Economy*

Despite a sluggish national economy, DC Water's service area has weathered the national recession well. The regional income remains stable and unemployment rates remain one of the lowest among America's large metropolitan areas (although the unemployment rate for the District of Columbia remains above 8.0 percent). Regional per capita incomes remain higher than the U.S. average. Office vacancy rates in the District of Columbia remain lower than the region, which experts believe are favorable economic indicators. A major local employer, the federal government, remains relatively stable for this employment sector. Select demographic charts following support the generally positive outlook for the Washington Metropolitan region and its economy.

As the largest job center in the DC Metropolitan region, the District of Columbia can be impacted by economic declines. However, impacts are tempered by the relatively stable federal employment enjoyed by the nation's capital.

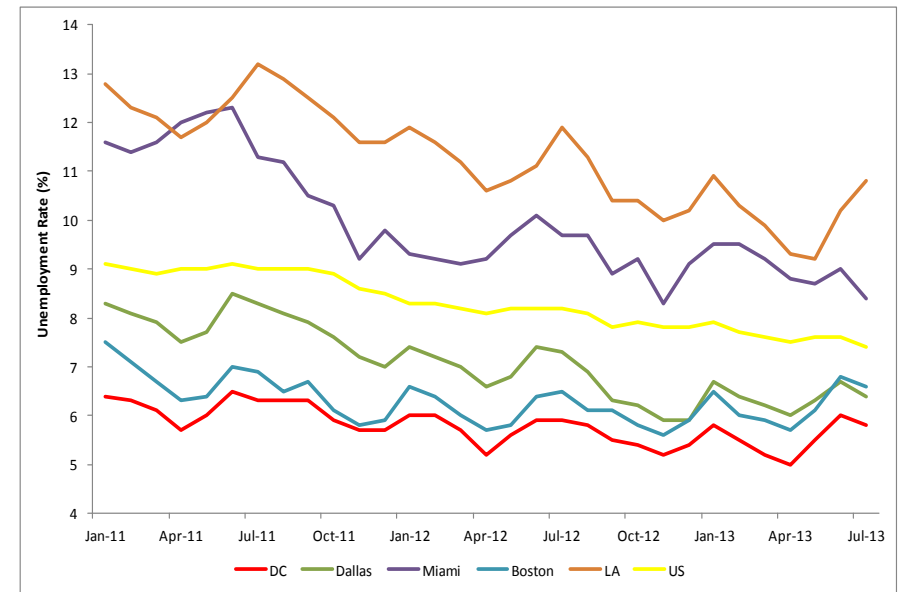
## REGIONAL DEMOGRAPHICS AND CUSTOMER DEMAND, Cont.

DC Per Capita Income is Higher than U.S. Average



Source: US Bureau of Economic Analysis

DC Metro Unemployment Rate Trends Lower than Nation



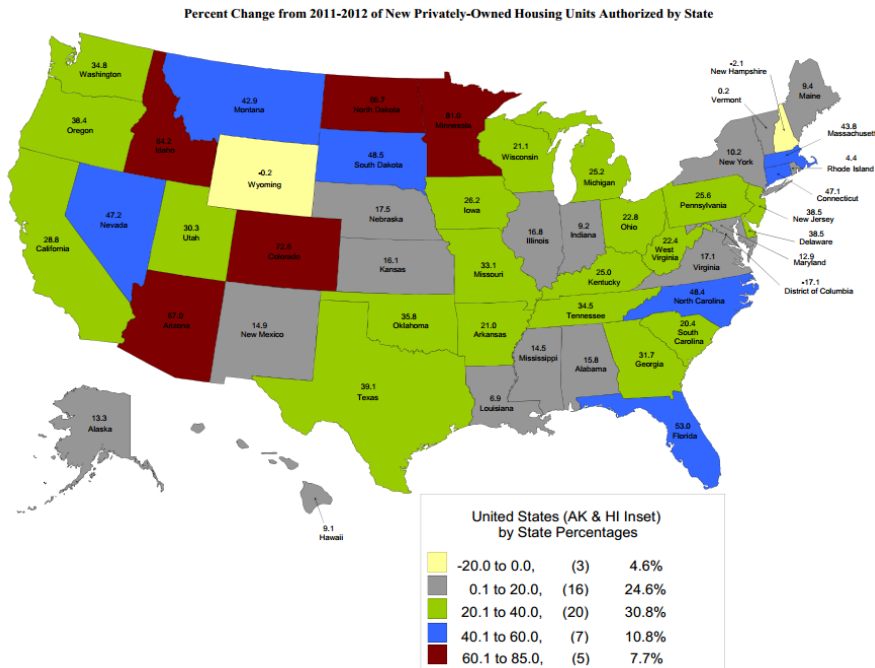
Source: Bureau of Labor Statistics

- The scale on the left side of the chart shows personal income per capita which applies to the columns in each year for DC and the U.S. The scale on the right side of the chart shows the ratio of DC income to U.S. income which is reflected by the line in the chart

# REGIONAL DEMOGRAPHICS AND CUSTOMER DEMAND, Cont.

Low commercial office vacancy rates and growth in housing permits throughout the region provide positive signs for the regional economy

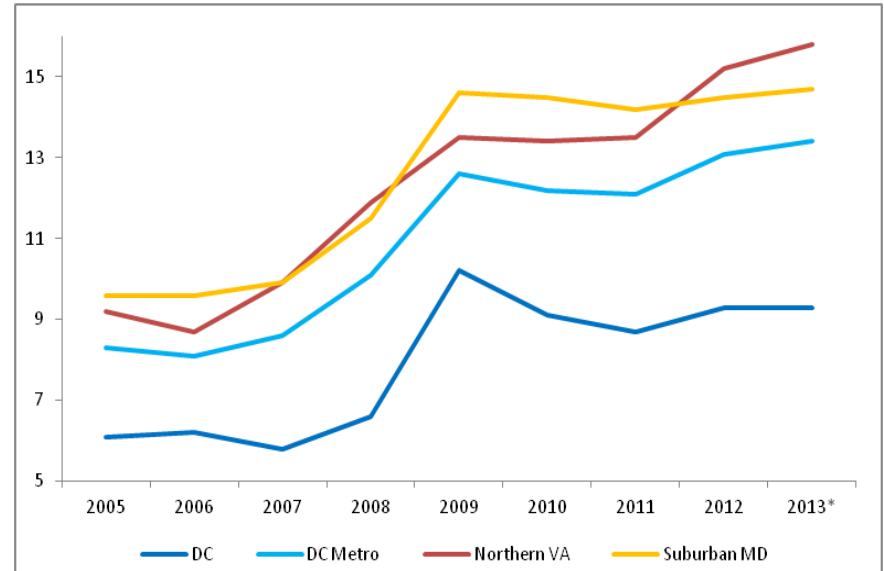
## 2011 – 2012 DC Growth in Housing-Permit Issuance at Par with the Rest of U.S.



Source: US Census Bureau

- DC performance is driven by federal government growth and associated industries, supporting regional growth and diversification

## DC Office Vacancy Rates Lower than Region Average of 13.4%



\* As of June 2013

Source: District of Columbia Office of Chief Financial Officer

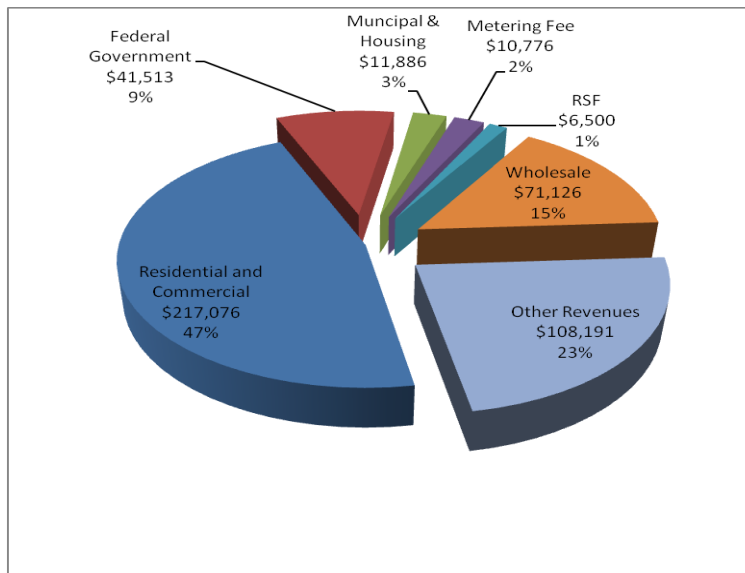
- The region's residential housing and office markets have weathered the economic climate relatively well compared to neighboring states

## REGIONAL DEMOGRAPHICS AND CUSTOMER DEMAND, Cont.

The regional economic indicators are positive according to the George Mason Center for Regional Analysis, with general job growth throughout the region, strong incomes, and unemployment below the national level. These factors coupled with stable consumption and the financial strength of some of the major AAA rated customers helps to ensure the financial success of DC Water.

### The DC Water service area includes highly-rated customers

- Almost 24% of the projected FY 2014 revenues are from “AAA” rated entities and are received in advance of service:
  - Federal Government
  - Fairfax County
  - Washington Suburban Sanitary Commission
  - Loudoun County Sanitation Authority
- An additional 3% of revenues came from the District of Columbia which is rated “AA-

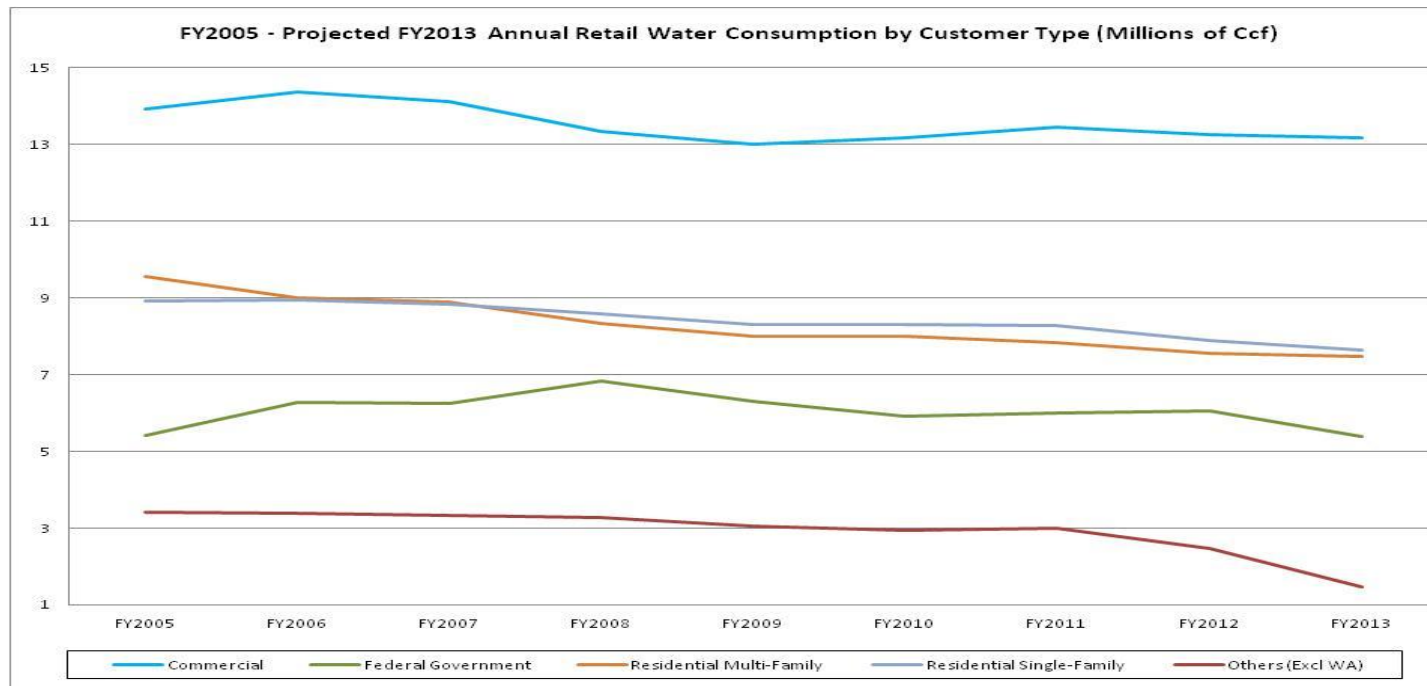


### Media reports reference the service area’s economic strength

- “Washington has returned to its recent historical average for new building activity, while many U.S. metro areas remain only about halfway back to it... Tax collections... are up from this time last year, suggesting continued economic growth.” The Washington Post, August 7, 2013
- “...the region [DC] has shown surprising resilience, thanks to an economy that has steadily broadened beyond the government the local economy has still grown faster than the nation as a whole and is projected to continue doing so at least through 2017... Seven of the nation's 10 wealthiest counties are in the Washington, D.C., metropolitan region.” The Wall Street Journal, May 31, 2013
- “Automatic federal spending cuts known as sequestration have not spawned unemployment in Virginia, Maryland and Washington, D.C., as many predicted, with data released on Friday showing that the three places gained jobs as their unemployment rates dropped over the last year“ Reuters, June 21, 2013

## REGIONAL DEMOGRAPHICS AND CUSTOMER DEMAND, Cont.

**Customer Demand:** A reasonable degree of accuracy in forecasting water demand is important for sound financial planning and rate-setting. DC Water has typically assumed an annual reduction in Water demand of one percent in line with a ten year historic average. The FY 2005 - 2013 actual is greater than the longer term experience, averaging annual aggregate demand decline of 2.0 percent. The FY 2014 – FY 2023 Financial Plan assumed Retail Water consumption decline of 1 percent in FY 2014 over FY 2013 projection and conservation of 1 percent in FY 2015 and onwards. We believe that this conservative estimate is in line with the financial policies and assures revenue sufficient for the Authority.



Water demand shows a decline greater than the historic 1% decline assumption

- FY 2005 – Projected FY 2013 usage shows an average annual rate of change in aggregate demand of -2.0%
- Projected FY 2013 consumption (based on YTD experience) decreased by 5.7%, partly due to an adjustment in consumption made for DC Government. Excluding DC Government, projected FY2013 consumption decline by 3.9%.
- FY 2005 – Projected FY 2013 average annual rate of change in demand for the customer classes: Commercial: -0.7%; Federal Government: -0.1%; Multi-Family: -3.0%; Single Family: -1.9%; and Other (include Exempt, DC Housing Authority, DC Municipal Government, and DC Water): -10.0%

## FY 2015 Budget Calendar

Month	Event
May 7	<b>General Manager's Budget Kickoff Meeting</b>
May 7	<b>Distribute budget manual and other preparation materials</b>
May 20	<b>CIP draft submitted for initial review</b>
May 21	<b>FY 2015 Final Capital and Operating numbers submitted to update Financial Plan</b>
June 7	<b>Proposed FY 2015 Operating Budget Submission due to Budget Office</b>
June 17 – June 28	<b>Budget Staff Review of Departmental submissions</b>
July 3	<b>Revised FY 2014 Budget Proposal Delivered to Full Board for Action</b>
July – August	<b>Begin Preliminary 10-year Financial Plan update IMA and Treasury (Submit IMA, CSO and EPA grants)</b> <b>CFO Budget review</b>
August	<b>Operating and Capital Budget Review with General Manager/Executive Team</b>
September	<b>FY 2015 Final Budget Decision Process Completed</b>
October	<b>Budget Preparation and Production</b>
November 7	<b>GM's Presentation to the Board for Proposed FY 2015 Budget</b>
November	<b>Board Committees Conduct In-depth Review of Budget Proposal</b> <b>Committees forward Recommendations to full Board for Deliberation/Action</b>
December 2013	<b>Board Adoption</b> <b>Submission to the District of Columbia</b>



**dc**   
water is life® **OPERATING  
BUDGETS**

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

**SECTION III  
FINANCIAL PLAN**

**Why is Envision™ looking at  
Construction and O&M?**

- The performance of utilities are being measured on more than just the delivery of water and sewer services. Customers, financial institutions, board members, environmental groups, and regulators will be viewing the impact and contribution of utilities against sustainability metrics.
  - World projects will be designed with the consideration of sustainability metrics, such as those used in the Envision™ system. Construction procedures, material selection, and maintenance procedures may be adapted to meet these goals.
- The feedback from Construction and Operations staff to the project designers is critical to the successful implementation and maintenance of the water and sewer system.

# THE DC WATER TEN-YEAR FINANCIAL PLAN PROVIDES A STRONG FINANCIAL FRAMEWORK TO SUPPORT IMPLEMENTATION OF THE BOARD STRATEGIC PLAN

## Vision

To be a world-class water utility

## Mission

Exceed expectations by providing high quality water services in a safe, environmentally friendly, and efficient manner.

## Values

- Respectful, serve with a positive attitude, courtesy, and respect that engender collaboration and trust
- Ethical, maintain high ethical standards, accountability, and honesty as we advance the greater good
- Vigilant, attend to public health, the environment, quality, efficiency, and sustainability of our enterprise
- Accountable, address challenges promptly, implement effective solutions, and provide excellent service as a committed team

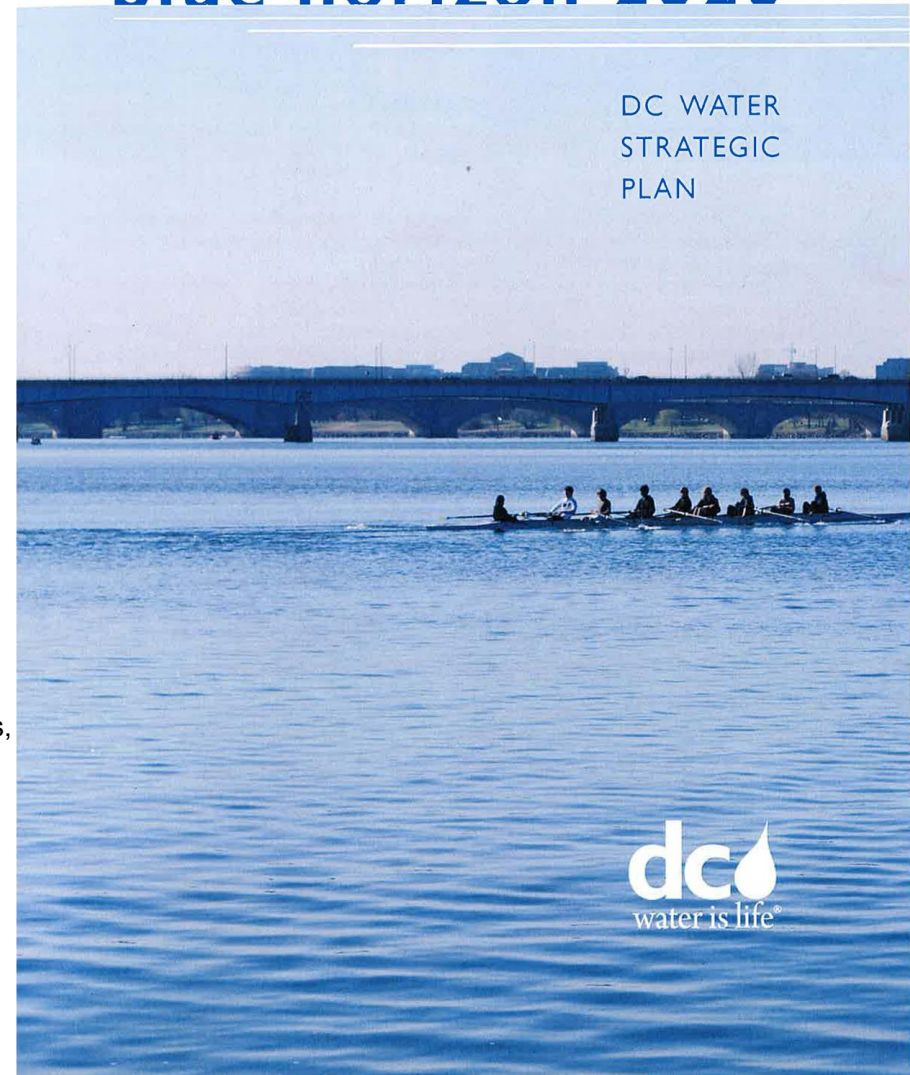
## Goals

The goals represent the core strategies that DC Water will pursue. The Board and Executive Management believe that they are essential to the achievement of the mission to become a world-class water utility

- Develop, maintain and recruit a high performing workforce
- Collaborate locally, regionally, and nationally
- Increase Board focus on strategic direction
- Enhance customer/stakeholder confidence, communications, and perception
- Assure financial sustainability and integrity
- Assure safety and security
- Consider DC Water role in drinking Water Treatment
- Optimally manage infrastructure
- Enhance operating excellence through innovation and adoption of best practices

*Note: DC Water Strategic Plan adopted by the DC Water Board of Directors on March 7, 2013.*

## blue horizon 2020



# STRATEGIC DIRECTION

## BLUE HORIZON 2020

Blue Horizon **2020** serves as a blueprint for future decision-making and provides a structure through which annual reviews can be accomplished to assure that the goals and objectives retain their relevance over time. By laying out a course of action, this plan represents a disciplined process for making fundamental decisions and shaping DC Water's future.

The plan represents the collaboration of the Board of Directors, Executive Management, and the management team, as well as input from key external stakeholders. The plan is designed to be a lasting framework, although updates should be made to goals, objectives, and initiatives as the organization moves forward and circumstances change.




This plan contains the DC Water vision, mission statement, values, goals, objectives, and initiatives. It addresses DC

Water's current challenges and helps ensure continued success in operations and management of resources and assets.

DC Water's vision describes the desired future state and guides the organization toward the future, while the mission of the utility describes the purpose of the organization and its role within the service area. Values articulate the deeply-held beliefs, norms, and qualities of the utility, and are the basis from which each DC Water staff member should operate.

## FOCUS AREAS

The strategic plan, and the accompanying strategic framework, is the direct result of evaluation and analysis of the elements of the environmental scan and the needs of key stakeholders represented by the DC Water Board. Early in the process, three key themes emerged, which are embodied in Blue Horizon **2020**. These have been called focus areas and are:

 <p><b>LEADERSHIP</b> DC Water will advocate and lead local, regional, and national collaborations, while internally developing the workforce of the future.</p>	 <p><b>VALUE</b> DC Water will be recognized for the value it delivers by protecting public health and the environment, supporting community sustainability, and providing for economic vitality.</p>	 <p><b>INNOVATION</b> DC Water will achieve international prominence in development and adoption of science, technology and processes in support of a culture of innovation.</p>
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# **FY 2014 – FY 2023 FINANCIAL PLAN**

## ***Overview***

DC Water's strong financial performance and its success in achieving and maintaining strong bond ratings has been primarily due to the annual development of and adherence to a ten-year strategic financial plan. In June 2013, Standard and Poor's Ratings Services, Moody's Investors Service and Fitch Ratings reaffirmed their current AA+, Aa2 and AA ratings respectively on DC Water's senior lien bonds. This financial plan serves as one of management's key tools to monitor progress in meeting financial goals and to proactively address future financial and operational issues. During FY 2013, DC Water met or exceeded the goals set by Board policy and the FY 2012 - 2021 ten-year plan. This budget includes DC Water's fourteenth comprehensive ten-year financial plan, covering FY 2014 – 2023.

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

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

Board policies, strategic plan, priorities and guidance in several key financial areas drive the development of the FY 2014 – 2023 financial plan. Given DC Water's substantial borrowing needs over the next ten years, adherence to these Board policies is crucial in order to cost-effectively access the capital markets and retain our credibility with customers and regulators.

## DC WATER KEY FINANCIAL POLICIES

- **DEBT SERVICE COVERAGE** – DC Water will set rates and develop operating and capital budgets that ensure **senior debt service coverage of 140 percent**
  - This coverage level exceeds DC Water’s bond indenture requirement of 120 percent senior debt service coverage
- **CASH RESERVES** – DC Water will maintain **cash reserves equivalent to 120 days of budgeted operations and maintenance expenses with the objective of maintaining at least \$125.5 million** in operating reserves.
- **PAY-GO FINANCING OF CAPITAL** – DC Water will finance a portion of its capital program on a **pay-go basis from cash balances that exceed operations requirements or restricted use.**
- **RATE-SETTING POLICIES**
  - Rates that, together with other revenue sources, **cover current costs and meet or exceed all bond and other financial requirements** as well as goals set by the Board.
  - Rates that yield a **reliable and predictable** stream of revenues, taking into account trends in costs and in units of service.
  - Rates based on **annually updated forecasts of operating and capital budgets.**
  - Rate structures that are **legally defensible**, based on objective criteria, **and transparently designed.**
  - Rate structures **that customers can understand** and DC Water can **implement efficiently and efficaciously.**
  - Rates increases, if required, are implemented **transparently and predictably.**

To the extent annual revenues exceed costs, the Board’s policy will continue to utilize all available options to mitigate future customer impacts and annual rate increases, including transferring some or all of such excess funds to the Rate Stabilization Fund.

- **RATE STABILIZATION FUND** - Once DC Water achieves its **required level of cash reserves**, a **rate stabilization fund** will be established **to avoid “rate shock.”** Based on favorable financial performance in FY 2013, DC Water increased the balance in the RSF by adding \$7.5 million to bring the total to \$28.95 million.

## DC WATER KEY FINANCIAL POLICIES, CONT.

### *Financing and Reserve Policies*

In FY 2004 and again in FY 2008, the Board completed a review of its existing financing policies, reaffirming the core policies. Two modifications were made to the reserves policy: 1) Changing the timing of when DC Water is required to meet its overall operations and maintenance reserve requirement from September 1 to an average daily balance basis, resulting in a more conservative calculation; and 2) revising the indenture-required renewal and replacement reserve requirement from two percent of original plant in service to \$35 million, with a requirement to revisit this reserve level every five years in conjunction with the indenture-required system assessment prepared by DC Water's independent rate consultants. The assessment was last performed in 2013.

In FY2013, the Board adopted further revisions which, modified the operating reserve policy and under Resolution #13-57 revised the DC Water's Statement of Financial Policies as follows:

1. DC Water will maintain financial practices and policies that result in high quality investment grade bond ratings so as to ensure the lowest practical cost of debt necessary to finance DC Water's long-term capital program.
2. DC Water will maintain strong levels of operating cash reserves, equivalent to 120 days of budgeted operations and maintenance costs, calculated on an average daily balance basis, with the objective of maintaining at least \$125.5 million in operating reserves. The annual reserve amount will be formally approved by the Board as part of its annual approval of the operating and capital budgets and ten-year plan. The operating reserve requirement will be evaluated every five years by DC Water's independent rate consultant in conjunction with the Indenture-required system assessment.
3. The operating reserve will, at a minimum, include any reserve requirements contained in DC Water's Master Indenture of Trust, ( the "Indenture"), excluding any debt service reserve funds and the rate stabilization fund, as follows:
  - *Operating Reserve* – equivalent to sixty days' operating costs
  - *Renewal & Replacement Reserve* - \$35 million. This reserve requirement will be in conjunction with the Indenture-required system assessment
4. DC Water will maintain senior debt service coverage of 140 percent, in excess of DC Water's indenture requirement of 120 percent. Senior debt service coverage will be calculated in accordance with DC Water's indenture.
5. In general, DC Water will utilize operating cash in excess of the Board's reserve requirement and any other significant one-time cash infusions for capital financing or for repayment of higher cost debt.
6. DC Water will whenever possible use the least costly type of financing for capital projects, based on a careful evaluation of DC Water's capital and operating requirements and financial position for each year.
7. DC Water will attempt to match the period of debt repayment, in total, with the lives of the assets financed by any such debt.

## **DC WATER KEY FINANCIAL POLICIES, CONT.**

### ***Rate Setting and Budgetary Policies***

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

1. Rates that, together with other revenue sources, cover current costs and meet or exceed all bond and other financial requirements as well as goals set by the Board.
2. Rates that yield a reliable and predictable stream of revenues, taking into account trends in costs and in units of service.
3. Rates based on annually updated forecasts of operating and capital budgets.
4. Rate structures that are legally defensible, based on objective criteria, and transparently designed.
5. Rate structures that customers can understand and DC Water can implement efficiently and efficaciously.
6. Rate increases, if required, that are implemented transparently and predictably.

### ***Pay-As-You-Go Capital Financing Policy***

1. The General Manager will include in the annual ten-year financial plan, developed as part of the annual operating budget process, a separate schedule showing projected annual cash balances and planned annual pay-go financing of capital projects.
2. The planned annual pay-go financing will be formally approved by the Board of Directors as part of its annual approval of the ten-year financial plan, operating and capital budgets.
3. At any time during the fiscal year, the General Manager may use pay-go financing for capital projects, as approved by the Board of Directors.
4. During the fourth quarter of each fiscal year, the General Manager (or designee) will conduct an analysis of DC Water's financial performance.
5. The General Manager will report the results of this analysis and his recommendations, including updated projected annual cash balances and annual pay-go financing, to the Finance and Budget Committee no later than its regularly scheduled meeting in July, for recommendation to the Board for action at its September meeting.

### ***Cash Management and Investment Policies***

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

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

Since 2007 the Investment Policy has been amended several times to include the segregation of funds into short-term and core funds, types of investments and collateral allowed. The current Investment Policy is available on-line at [dcwater.com](http://dcwater.com).

## ***Major Financial Accomplishments***

During FY 2013, DC Water met or exceeded the financial goals set out by the Board and the FY 2012 – FY 2021 financial plan. Senior debt service coverage, reserve levels, and budget performance met or surpassed Board policies, as discussed in more detail below.

- DC Water Board policy requires senior debt service coverage of at least 140 percent; greater than the indenture requirement of 120 percent. ***DC Water's senior debt service coverage in FY 2013 was at 427 percent***, while maintaining the Board's rate setting and financial policies. Although the senior debt service coverage is expected to decline to 199 percent by FY 2023 as capital spending and related debt issuance increase; the coverage is still well above the Board requirement of 140 percent. Subordinate debt service coverage, which includes DC Water's subordinated lien revenue bonds, Little Seneca Reservoir debt and Jennings Randolph Reservoir debt, was at 208 percent in FY 2013. DC Water is required to have 100 percent coverage of subordinate debt service. Combined debt service coverage was at 166 percent in FY 2013.
- In June 2013, DC Water issued Series 2013A, \$300 million in Public Utility Subordinate Lien Revenue Bonds. The bonds have the longest maturity to date in DC Water history, with maturities ranging from 2041-2048. Through this long-dated maturity, DC Water is better able to match the life of the bonds with useful life of the assets financed and provides greater debt capacity for the capital program.
- In June 2013, Standard and Poor's Ratings Services, Moody's Investors Service and Fitch Ratings reaffirmed their current ratings of AA, Aa2 and AA respectively.
- ***DC Water utilized \$6.5 million of the rate stabilization fund in FY 2013*** but due to better than expected financial performance which resulted in an operating cash surplus, a transfer of \$7.5 million was made into the fund. The Rate Stabilization Fund, ending balance for FY 2012 was \$28.95 million.
- ***DC Water continued its strong operating budget performance in FY 2013.*** For FY 2013, actual cash receipts were higher than the revised budget by \$13.5 million, or 3.0 percent; operating expenditures were projected at \$45.0 million, or 10.2 percent, less than the Board-revised budget. During FY 2013, DC Water experienced lower than anticipated costs for contractual services driven by lower contract award prices for biosolids hauling coupled with lower solids production from reduced flows and improved processes. DC Water experienced lower than anticipated costs for electricity and chemicals due to decline in market prices and implementation of successful procurement strategies. Also, there were significant savings in debt service costs related to lower than expected financing costs on the debt successfully issued in July 2013.
- The Clean Rivers Impervious Surface Area Charge (IAC) was implemented in May 2009 to recover the cost of the Combined Sewer Overflow Long-Term Control Plan (CSO LTCP), also known as the DC Clean Rivers Project. In FY 2011, a six-tiered rate structure was successfully implemented for all residential retail customers to better reflect the impacts of various size residential properties. The twenty-year CSO LTCP, whose terms are outlined in a consent decree executed in March 2005, combined with the nine-minimum controls programs are collectively projected to cost \$2.3 billion. See "Combined Sewer Overflow Long-Term Control Plan" in Section IV, Rates and Revenues for additional details on the projected rate impact of the plan.



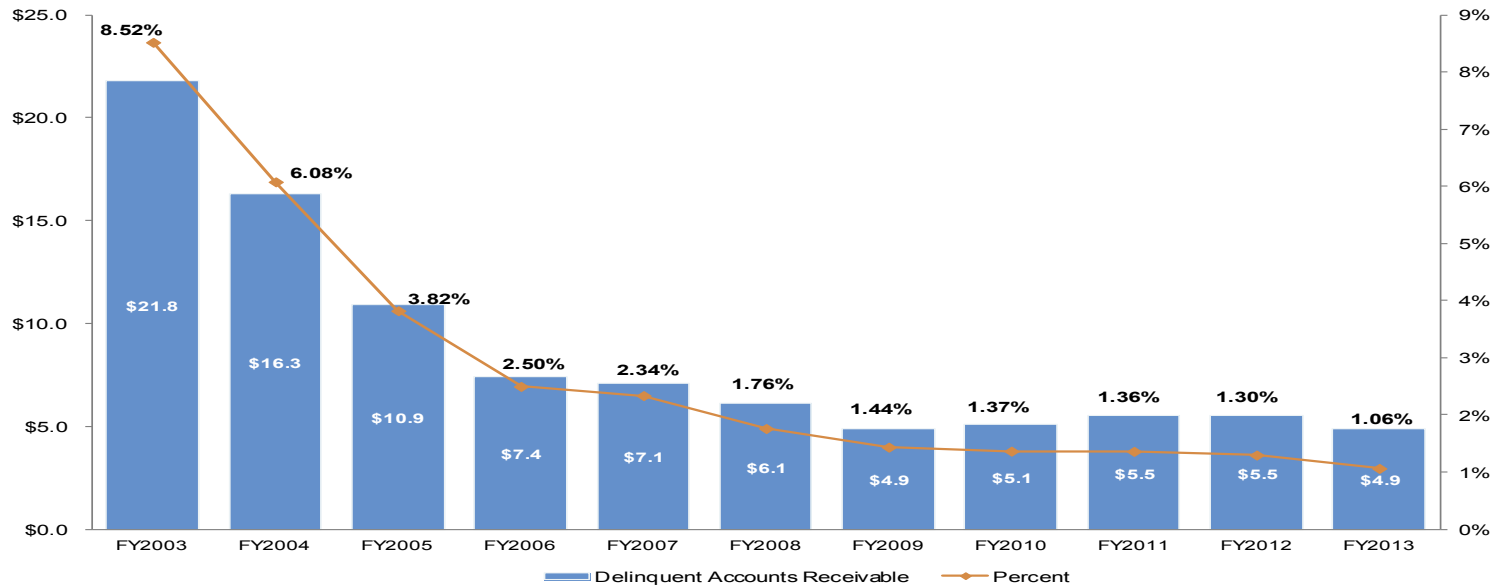
## ***Major Financial Accomplishments, Cont.***

- DC Water implemented a retail water and sewer rate increase of 5.5 percent in FY 2013 to recover increased revenue requirements of \$11 million. Even with this change, an additional \$6.5 million in revenues was required and available due to the existence of the rate stabilization fund. As noted earlier, this fund helps to mitigate rate shock and reduces needed retail rate increases. In addition, the Board approved a retail water and sewer rate increase of 5.5 percent effective October 1, 2013, as well as an increase in the PILOT and Right of Way fee (ROW fees remain same as in FY 2013) to recover the full costs of these fees charged to DC Water by the District of Columbia government. The rate changes are mainly due to the increase in debt service cost to finance the capital improvement plan. An additional use of \$6.5 million from the rate stabilization is anticipated in FY 2014 avoiding an additional retail rate increase of approximately 2.3 percent.
- For the thirteenth consecutive year, DC Water received the Government Finance Officers' Award for Distinguished Budget Presentation for its FY 2013 budget submission. DC Water also received its sixteenth unqualified audit opinion for the fiscal year ended September 30, 2012 and received the sixteenth GFOA Certificate of Achievement for Excellence in Financial Reporting.
- In FY 2013, we successfully renewed all of our insurance policies at essentially the same coverage and terms at 7 percent higher costs than previous year. Crime coverage was increased from \$5 million to \$10 million. Other coverage remains generally comparable to expiring.
- DC Water completed its ninth year of the rolling owner-controlled insurance program (ROCIP), fourth year of ROCIP II and first year of ROCIP III, under which DC Water procures general liability and workers' compensation insurance coverage for the majority of our construction contractors. The result is substantially higher insurance coverage levels for all contractors and significant cost savings. At the end of FY 2013, 65 projects, and 393 contractors were enrolled in the ROCIP I program, 47 projects and 559 contractors were enrolled in the ROCIP II program and 21 projects and 46 contractors were enrolled in the ROCIP III program. Preliminary savings are estimated in the range of \$4 to \$5 million for ROCIP I, approximately \$6 million for ROCIP II and \$12 million for ROCIP III. Given the success of ROCIP I and II, DC Water moved forward with the third ROCIP III in fiscal year 2013. ROCIP II and III are three year insurance programs that support an estimated \$688 and \$942 million of planned construction respectively. A major reason for the cost savings is the implementation of a uniformly strong safety program for all contractors.
- DC Water revenue collection rates rival high levels of performance achieved by investor-owned water utilities. Delinquent accounts receivable represents less than 2 percent of Total Operating Cash Receipts by:
  - Automated meter reading and monthly billing, continue to contribute significantly to the reduction of unpaid bills. These processes further allow meter reading staff to focus on other business needs i.e. maintenance of the meters.
  - Continuous updating of the customer information systems to allow the integrity of the data to be maintained, resulting in better credit decision making.

**Major Financial Accomplishments, Cont.**

- Maintain the predictive dialer outbound calls to remind customers to pay before balances become unmanageable.
- Adhering to payment plan policies that balance managing arrears and keep a vital service on for customers.
- Continuous placement of property liens when an account balance exceeds \$200 and is more than 60 days past due.
- Getting Executive and Board support for credit policies and developing assistance programs such as the customer assistance program and SPLASH program for low income customers. CAP and S.P.L.A.S.H together provide approximately \$1.3 million per year in assistance to more than 5,500 low income households to help make their bills more affordable.
- Continuous focus is placed on the top 75 accounts with the largest balances by making outbound calls to monitor payment and assess risk.

**DELINQUENT ACCOUNTS RECEIVABLE  
(\$000's)**



- Graph represents Delinquent Accounts Receivable as percent of Total Operating Cash Receipts (includes Retail, Wholesale and Other)

### ***Major Financial Accomplishments, Cont.***

- DC Water reviews the equity and sufficiency of its rates and rate structures periodically through various costs of service studies. In FY 2012, a cost of service study was conducted by Raftelis Financial Consultants, Inc. (RFC), which provides several recommendations:
  - Validation of the existing allocation of costs between the water and sewer rates
  - Adjustment of meter fees/base charges
  - Creation of a new customer category: multi-family (*See Section IV for more information*)
  - Consider rate differentiation between customer classes to reflect different demands upon the system
- The FY 2013 Potomac Interceptor (PI) Cost of Service Study has been completed. The new rates are effective from October 1, 2013.
- DC Water periodically reassesses its policies every five years regarding the operating reserve requirement. Amawalk Consulting Group (Amawalk) conducted the study to consider the appropriate level of its Total Operating Reserves for FY 2013 and subsequent years. Amawalk recommended that DC Water maintain its current operating reserve policy to require a minimum balance of the greater of \$125.5 million or 120 days of budgeted O&M expenses.
- DC Water Indenture of Trust requires the Authority to maintain a Renewal and Replacement (R&R) Reserve Fund. In FY 2013, Amawalk Consulting Group (Amawalk) conducted this study to examine the reasonableness of the amount on deposit in the R&R Reserve Fund and make recommendations to the Authority for the value of the Fund for the next 5-year period of FY 2013 through FY 2017. Amawalk recommended that DC Water maintain its current R&R Reserve Fund policy to require a balance of \$35.0 million.
- With respect to Operating Reserves and Renewal and Replacement (R&R) Reserve Fund Study, Amawalk also recommended the following:
  - DC Water's Operating Reserves and R&R Reserve Fund requirement be reassessed at least every five years in conjunction with the Indenture-required system assessment.
  - DC Water and its financial advisor should monitor the rating agencies assessment of the Total Operating Reserves (including the R&R Reserve Fund) on an ongoing basis. The purpose of such monitoring would be to ensure that the rating agencies remain comfortable with the level of the reserves. Amawalk also recommended that DC Water consider having wholesale customers provide a proportionate share of the contributions required for the R&R Reserve Fund.

**ALL LEGAL COVENANTS, FINANCIAL BOARD POLICIES, ACCOMPLISHMENTS AND TARGETS ARE INCORPORATED INTO THIS TEN YEAR FINANCIAL PLAN**

Complaint ?	Description	Legal covenant	Performance Target	FY 2013 Actual	FY 2014 Revised	FY 2015 Proposed
<input checked="" type="checkbox"/>	Senior Debt Service Coverage	120%	140%	427%	398%	305%
<input checked="" type="checkbox"/>	Operating Cash Reserves	N/A	\$125.5 million	\$141.5 million	\$140.5 million	\$140 million
<input checked="" type="checkbox"/>	Merrill Lynch 3-Month Treasury Index	N/A	25 basis points	35 basis points	15 basis points	25 basis points
<input checked="" type="checkbox"/>	Merrill Lynch 13-Year Treasury Index	N/A	50 basis points	58 basis points	50 basis points	60 basis points
<input checked="" type="checkbox"/>	Water and Sewer Rates	Revenues must be sufficient to cover: operating expenses, senior and sub debt service, amounts necessary to maintain DSRF and ORF levels, and any annual PILOT	Each customer will be charged for the actual cost to provide each service, and rate increases will be reliable and predictable	Future rate increases are driven by financial impact of the capital program and full utilization of the RSF; the development of a 10-year financial plan allows DC Water to meet these key goals of full cost	Same as Performance Target	
<input checked="" type="checkbox"/>	Rate Stabilization Fund (RSF)	N/A	Help to avoid spikes in rate increases for retail customers	Utilized \$6.5 million of the RSF, leaving a balance of \$28.95 million. The RSF will have a balance of \$34.05 million by the end of FY 2023	Projected at \$22.45 million at the end of FY 2014	Projected at \$7.95 million at the end of FY 2015

## ***Future Goals and Financial Assumptions***

The proposed FY 2014 - FY 2023 financial plan includes the resources necessary to accomplish critical financial and operational goals over the coming years, as summarized below.

- Continue adherence to the Board's financial, investment, rate-setting and long-term planning policies
- Continue implementation of the ten-year \$3.8 billion capital improvement program
- Includes disbursements of \$1.2 billion over the ten-year planning period for Clean Rivers Project (CSO Long-Term Control Plan) exclusive of the nine-minimum controls program
- Continued exceptional financial performance, reduction in overtime, adherence to Board's customer outreach and transparency to include customer input and flexibility to meet emerging needs
- Improving Public Image: re-focus of the government relations activities to bring greater visibility to DC Water and the national need for infrastructure investment and funding; and various pilot projects to look for additional improvements to DC Water services
- Efficiency
  - Capital efficiencies through in-sourcing of engineering design, valve operations and fire hydrant maintenance
  - Organizational development and Process improvement to enhance the Team Blue activities initiated in FY 2011 and continued through FY 2013
- Enhancing security
  - New Plant logistics at Blue Plains to support large environmental capital investments
  - Establish security command center and restructuring of guard services
  - Strengthened Cyber security to protect data integrity and technology investments
  - Enhance safety and security culture through improved communication
- Workforce
  - Renewed culture of safety throughout the agency
  - Communication and employee empowerment (intranet, increased employee access to email)
  - Enhance management skills through training
  - Creation of cross-functional teams for safety and asset management
  - Establish baseline data for employee and internal customer satisfaction and conduct periodic progress surveys

### ***Future Goals and Financial Assumptions, Cont.***

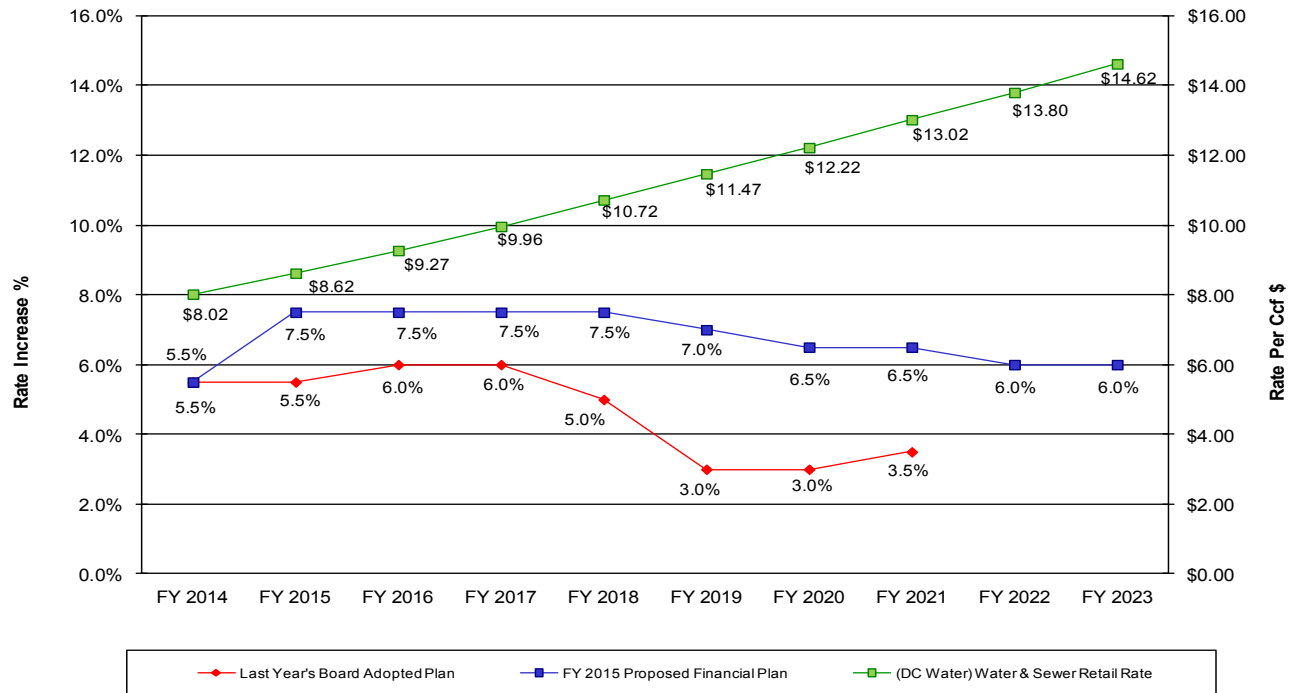
The ten-year financial plan reflects the following major assumptions:

- Operating and maintenance expenses are projected to grow at an average annual rate of 3.1 percent, primarily due to projected inflation
- Personnel services is projected to increase to accommodate for in-sourcing initiatives to support the capital program
- Payment in lieu of taxes (PILOT) to the District of Columbia increases at the same rate as DC Water retail rate increases, in accordance with the existing memorandum of understanding with the District
- The right-of-way payment to the District of Columbia stays level at \$5.1 million although the existing MOU expired in FY 2013. However, we have assumed it will be renewed at the same level
- Debt Service:
  - Interest on Variable debt assumed to be 1.25 percent in FY 2014 and 2.50 percent in FY 2015
  - Interest on Fixed debt assumed to be 5.50 percent in FY 2014 and 5.75 percent in FY 2015
  - Utilization of the commercial paper program for interim financing for bond issuance, capital equipment and Washington Aqueduct is assumed
- Biosolids Management Project – Digester
  - Financing assumed to be rate neutral during most of the construction period
  - Estimated average annual operating savings of \$8.9 million from digester implementation beginning in FY 2015

**Future Goals and Financial Assumptions, Cont.**

Due to these ongoing and new initiatives, from FY 2014 – FY 2023 DC Water’s water and sewer volumetric retail rates are projected to increase by \$0.42 to \$0.83 per 100 cubic feet as shown in the chart below. Cumulative rate increases would total 67.5 percent over the ten-year period compared to 47.50 percent projected in last year’s ten-year plan (FY 2012 – FY 2021).

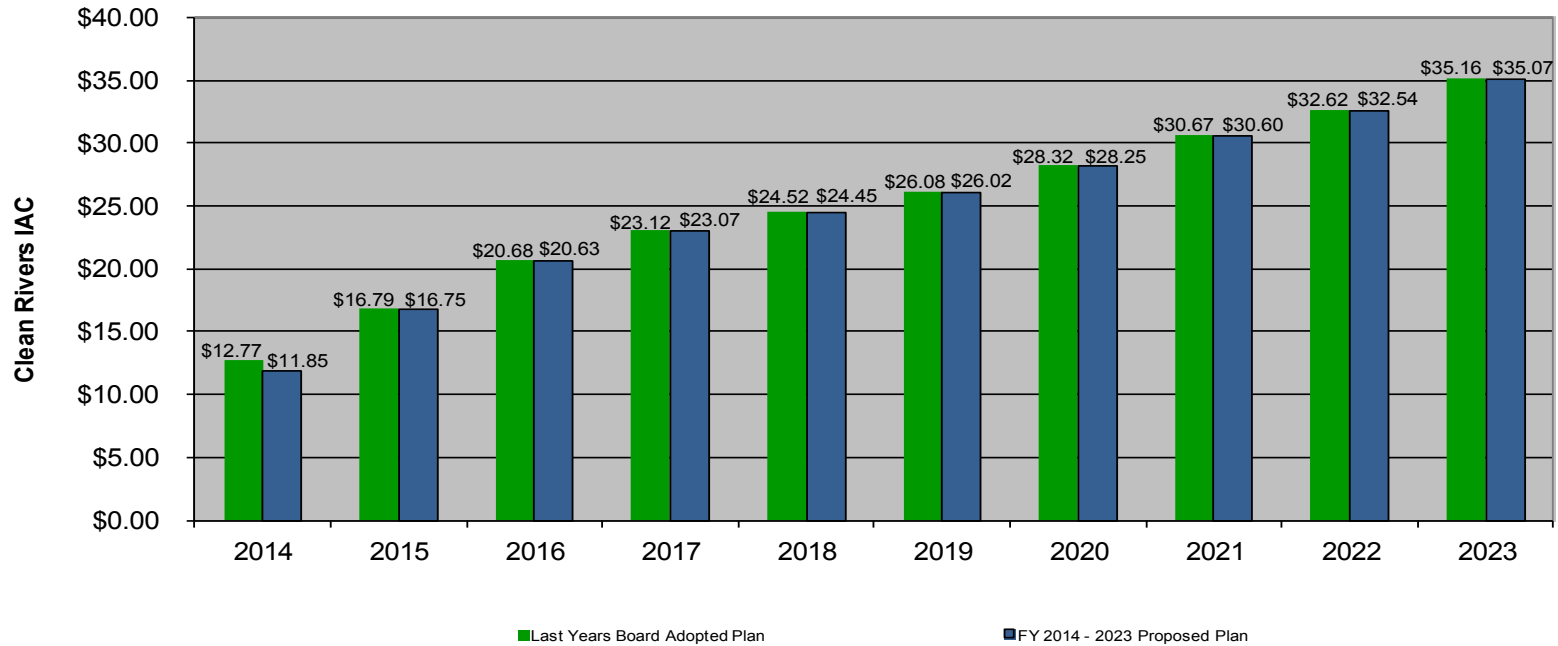
**Projected Retail Rate Increases  
FY 2014 – FY 2023**



The proposed retail water and sewer combined rate for FY 2015 is \$8.62 per Ccf (\$3.88 per Ccf water and \$4.74 per Ccf sewer); an increase of \$0.60 per Ccf, {\$0.80 per 1,000 gallons}. In addition, the proposed increase in the combined Right-of-Way and PILOT Fees is \$0.08 per Ccf, {\$0.11 per 1,000 gallons}, to recover the full amount charged to DC Water by the District. There is no increase in FY 2015 Right-of-Way Fee, which remains same at \$0.17 per Ccf (\$0.22 per 1,000 gallons). The proposed monthly Clean Rivers Project IAC charge for FY 2015 is \$16.75 per ERU (Equivalent Residential Unit); an increase of \$4.90 over the proposed FY 2014 charge.

**Future Goals and Financial Assumptions, Cont.**

**Projected Monthly Clean Rivers Impervious Surface Area Charge Increases  
FY 2014 – FY 2023**



- The projected charges displayed in the chart above are primarily driven by anticipated debt service costs necessary to support the twenty year Clean Rivers Project totaling \$2.6 billion federally mandated Clean Rivers Project (CSO LTCP) and the nine-minimum control program.
- The annual Clean Rivers Project IAC costs for the average Tier 2 residential customer (700 – 2,000 sq ft of Impervious Area) is projected to increase from \$16.75 per month in FY 2015 to \$35.07 per month in FY 2023.



### ***Future Goals and Financial Assumptions, Cont.***

The proposed rate and fee adjustments included in the FY 2014 – 2023 financial plan are driven by the following trends and initiatives:

- Assumed Retail Water consumption decline of 1 percent in FY 2014 over FY 2013 projection and conservation of 1 percent in
- FY 2015 and onwards. Increasing debt service expenditures, driven by DC Water's \$3.8 billion capital improvement program (cash disbursements basis), which increases on average by 9.6 percent over the Financial Plan period.
- Internal improvement programs – Operating budget savings at Blue Plains beginning in FY 2015 due to the operation of the digester project. The anticipated reduction in operating costs is approximately \$8.9 million in FY 2015.
- Operation and maintenance increase on average of 3.1 percent annually over ten year period.
  - Increasing operating expenditures, driven primarily by increases in chemical, electricity and personnel costs.
  - Continuation of In-Sourcing Proposals for in-house planning & design and valve operations.
  - Enhanced service to the development community through improved permitting operations.

Customer Assistance Programs: We continue our commitment to help improve the quality of life for those of our customers who are least able to pay, by providing relief through our customer assistance programs (CAP). Through CAP, we provide eligible customers a discount of 4 Ccfs per month on their water and sewer bills. Since it began in FY 2001, participation in CAP has continued to increase. As of October 1, 2010, the Board expanded the CAP discount to include the first 4 Ccf's of Payment in Lieu of Taxes (PILOT) and Right of Way (ROW) to qualifying low-income residential customers. The District Department of the Environment, Office of Energy, administers this program for the Authority and several other utilities in the area. For FY 2013, \$1,200,835 in discount benefits was provided to over 5,200 customers. Our program, SPLASH, customers donated an additional \$115,455 through their water bills for the benefit of those customers who needed additional help.

DC Water Board Approved a DC Clean Rivers Impervious Surface Area Charge Incentive Program (CRIAC) effective from October 1, 2013. This is a three year pilot credit/discount program for the DC Clean Rivers Impervious Surface Area Charge (CRIAC). See section IV for further details.

## Revenues

The Revised FY 2014 operating receipts projection totals \$467.2 million, a decrease of \$10.4 million below the approved FY 2014 receipts and the FY 2015 approved operating receipts total \$514.9 million, an increase of \$47.7 million over the Revised FY 2014 receipts.

<b>COMPARISON OF FY 2014 AND PROPOSED FY 2015 OPERATING RECEIPTS</b> <b>(\$000's)</b>
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	<u>FY 2014</u> <u>Approved</u>	<u>FY 2014</u> <u>Revised</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>	<u>FY 2015</u> <u>Proposed</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Residential	80,263	78,057	(2,206)	-2.7%	88,330	10,273	13.2%
Commercial	113,557	117,594	4,037	3.6%	131,533	13,939	11.9%
Multi-family	62,441	60,542	(1,899)	-3.0%	66,529	5,987	9.9%
<b>Sub-Total Residential, Commercial and Multi-family</b>	<b>256,261</b>	<b>256,193</b>	<b>(69)</b>	<b>0.0%</b>	<b>286,392</b>	<b>30,199</b>	<b>11.8%</b>
Federal Government(1)	53,452	55,141	1,689	3.2%	58,336	3,195	5.8%
District Government	13,560	9,675	(3,884)	-28.6%	11,588	1,913	19.8%
D.C. Housing Authority	6,738	6,685	(53)	-0.8%	7,387	703	10.5%
Transfer from Rate Stabilization Fund	7,000	6,500	(500)	-7.1%	14,500	8,000	123.1%
Metering Fee	10,776	10,776	-	0.0%	10,776	-	0.0%
<b>Total Retail</b>	<b>347,787</b>	<b>344,970</b>	<b>(2,818)</b>	<b>-0.8%</b>	<b>388,980</b>	<b>44,010</b>	<b>12.8%</b>
			-			-	
IMA Wastewater Charges	72,868	63,822	(9,046)	-12.4%	67,757	3,935	6.2%
Potomac Interceptor Wastewater Charges	8,032	7,304	(729)	-9.1%	7,367	63	0.9%
<b>Total Wholesale</b>	<b>80,900</b>	<b>71,126</b>	<b>(9,774)</b>	<b>-12.1%</b>	<b>75,124</b>	<b>3,998</b>	<b>5.6%</b>
			-			-	
District Stormwater Revenue (2)	1,000	1,000	-	0.0%	1,000	-	0.0%
Misc. Rev. (e.g. water tap installation, fire hydrant usage, etc.)	21,609	24,209	2,600	12.0%	21,610	(2,600)	-10.7%
Washington Aqueduct Debt Service Revenue for Falls Church & Arlington	201	201	-	0.0%	193	(8)	-3.8%
Interest Income (including interest on Bond Debt Service Reserve Fund)	892	500	(392)	-43.9%	1,308	808	161.5%
Other Misc Revenue	23,703	25,910	2,208	9.3%	24,111	(1,799)	-6.9%
Right of Way	5,100	5,100	-	0.0%	5,100	-	0.0%
PILOT Fee	20,081	20,081	-	0.0%	21,587	1,506	7.5%
<b>Total Other</b>	<b>48,883</b>	<b>51,091</b>	<b>2,208</b>	<b>4.5%</b>	<b>50,798</b>	<b>(293)</b>	<b>-0.6%</b>
			-			-	
<b>Total Operating Cash Receipts</b>	<b>477,570</b>	<b>467,187</b>	<b>(10,382)</b>	<b>-2.2%</b>	<b>514,901</b>	<b>47,714</b>	<b>10.2%</b>

- (1) Historical actuals are presented on revenue basis. Projected amounts shown are billed revenues. Actual Federal receipts are a combination of current year projected revenues and prior year adjustments, which are presented as reserve items. See Section 3 for further explanation.
- (2) Reflects District stormwater fee revenue that will fund DC Water share of District stormwater permit compliance activities, and will not be funded through DC Water retail rates or other DC Water revenue sources.

***FY 2014 Revised Operating Receipt compared to FY 2014 Approved:***

- ***Residential, commercial and multi-family receipts*** are projected at \$256.2 million, which is approximately \$0.07 million less than the Board approved FY 2014 level.
- ***Federal revenues*** are projected to increase by \$1.7 million or 3.2 percent reflecting the Congressional approval level for the FY 2014 federal bill.
- ***Municipal & D.C. Housing Authority Receipts*** are projected to decrease by \$3.9 million (or 19.4 percent) primarily due to revised conservation assumptions for this category.
- ***Rate Stabilization Fund Utilization*** - The ten-year plan and near-term revenue projections assume utilization of \$6.5 million in FY 2014. Prior years' plans also assumed the use of these funds, which is necessary as DC Water reaches its peak years of spending in the CIP. Utilization of RSF monies allows DC Water to implement future rate increases in a reliable and predictable manner while still meeting Board and indenture policies on cash reserves and debt service coverage.
- ***Customer Metering Fee*** - This fee recovers the costs associated with installing, operating, maintaining and replacing meters, and is charged to all retail customers (including federal and municipal customers). The fee varies based on meter size, with monthly fees ranging from \$3.86 for a 5/8 inch meter (typical size of a residential customer meter) to \$349.06 for 16" meters (typically used for large commercial customers). No revenue change is anticipated in this category.
- ***Wholesale receipts*** are projected to decrease by \$9.8 million, or 12.1 percent, reflecting lower budgeted costs at Blue Plains due primarily to personnel, electricity and chemicals price decreases.
- ***Stormwater*** - DC Water's FY 2014 and FY 2015 receipts include \$1.0 million each year from the District Department of the Environment (DDOE) that will be used to fund DC Water's services provided on behalf of the District's stormwater permit compliance activities including the billing and collection through DC Water invoices of fees established by DDOE. The FY 2014 – FY 2023 financial plan assumes that all incremental costs borne by DC Water for stormwater permit compliance activities will be reimburse by the stormwater fund, and that no DC Water funds will be advanced to pay for these activities,
- ***Other revenues*** - in FY 2014 are projected to increase by \$2.2 million, or 9.3 percent, mainly due to an increase in IMA indirect cost reimbursement for Capital projects.
- ***Right-of-Way and Payment In Lieu of Taxes (PILOT) Pass-Through Fees*** - Similar to other Washington area utilities, DC Water has implemented fees that pass through the costs of the District's Right-of-Way fee (ROW) and Payment in Lieu of Taxes (PILOT) as separate line items on its bill. In FY 2014, these fees will remain same at FY 2014 approved level.

***FY 2014 Revised Operating Receipt compared to FY 2014 Approved, Cont.***

Other major assumptions underlying the revenue projections contained in the FY 2014 – FY 2023 financial plan include:

- For FY 2014, 1 percent reduction in water sales is assumed over FY 2013 projection for all customer categories, based on historical trends in consumption levels. For FY 2015 and onwards, 1 percent conservation is assumed for all categories.
- 2.0 to 3.0 percent average revenue increase between FY 2015 and FY 2023 from wholesale customers, in line with operating and maintenance expense increases for joint use facilities.
- Based on the current interest rate environment, interest projections are conservatively assumed at 0.325 percent and 0.425 percent earnings rate in FY 2014 and FY 2015 respectively on operating funds. Interest rates for FY 2016 and FY 2017 are assumed to be 2.0 and 3.0 percent respectively. FY 2018 interest rate is 4.0 percent. For FY 2019 and onwards, interest rates are assumed at 5.0 percent.
- The majority of other non-operating revenues, totaling \$25.4 million in FY 2014 are projected to increase within the ten-year plan, and include such items as:
  - Reimbursement from Arlington County and Falls Church for debt service issued for pre-1997 Washington Aqueduct capital improvements - \$0.2 million.
  - Reimbursement from the Stormwater Enterprise Fund for services provided to DDOE million under their MS4 permit - \$1.0 million.
  - Recovery of indirect costs from DC Water's IMA partners - \$8.6 million - this reflects recovery of indirect costs on capital projects (e.g., costs for Finance and Budget, General Counsel, and Human Resources functions).
  - Reimbursement from the District for the Fire Protection Services fee of \$6.9 million.
  - Other miscellaneous fees and charges, including service line replacements, developer-related fees, and the Engineering Review and wastehauler fees - \$8.7 million.

**The Proposed FY 2015 receipts projection totals \$514.9 million, approximately \$47.7 million, or 10.2 percent, higher than the revised FY 2014 projections. This increase is due primarily to:**

- **Residential, Commercial & Multi-Family** - FY 2015 projections reflect an increase of \$30.2 million, or 11.8 percent from FY 2014 Revised due primarily to proposed retail rate increases of 7.5 percent (water and sewer volumetric rates) and \$4.90 monthly ERU fee for the Clean Rivers IAC (see Section IV- Rate and Revenues for detail on all rate and fee proposals)
  - One percent decrease in consumption has been assumed due to conservation in FY 2015.
- **Federal revenues** - Proposed FY 2015 federal revenues are projected to increase of \$3.2 million or 5.8 percent over Revised FY 2014 budget. Under existing federal billing legislation, federal billings are prepared on an estimated basis eighteen months in advance of the start of the fiscal year (e.g., the FY 2015 billing was prepared in April 2013), and are based on the current consumption estimates and projected rate increases as included in the current ten-year plan. These estimates are then reconciled with actual consumption and rate increases, and an adjustment is made in the subsequent year's billing (e.g., the reconciliation of FY 2013 estimated vs. actual consumption and rate increases will be included in the FY 2016 billing, prepared in April 2014). Federal revenues in the ten year plan are presented on a revenue basis, net of any adjustments for prior year reconciliations which are accounted for as reserve items. Consistent with this methodology, the proposed FY 2015 federal revenues reflect the final billing sent to the federal government in April 2013 net of the adjustment for the prior-year (FY 2012) reconciliation.
- **Municipal & D.C. Housing Authority Receipts** are projected to increase \$2.6 million (or 16 percent) due to a combination of the proposed retail rate increase and continued conservation.
- Projected use of \$14.5 million in **rate stabilization fund** in FY 2015. There will be a balance of \$34.05 million by the end of FY 2023.
- **Customer Metering Fee** - This fee recovers the costs associated with installing, operating, maintaining and replacing meters, and is charged to all retail customers (including federal and municipal customers). The fee varies based on meter size, with monthly fees ranging from \$3.86 for a 5/8 inch meter (typical size of a residential customer meter) to \$349.06 for 16" meters (typically used for large commercial customers). No revenue change is anticipated in this category.
- **Wholesale receipts** - DC Water's wholesale customers are responsible for a proportionate share of operating and maintenance expenses (associated only with shared facilities primarily at Blue Plains) based on their respective share of wastewater volume discharged. In addition, each user is responsible for a proportionate share of related indirect costs. In FY 2015, wholesale revenues are projected to increase by \$4.0 million to \$75.1 million due to anticipating increases in personnel, chemical, contractual services, (e.g. Combined Heat and Power component of the Digester Project) and increased parts purchase for preventive maintenance and maintenance costs for new equipment and facilities. These costs are offset in part by savings in utilities (electricity) and biosolids hauling costs.
- **Stormwater** – As noted earlier, the proposed FY 2015 receipts for this category include \$1.0 million each year from the District Department of the Environment (DDOE).

***FY 2015 Proposed Operating Receipts compared to FY 2014 Revised, Cont.***

- ***Right-of-Way and Payment In Lieu of Taxes (PILOT) Pass-Through Fees*** - Although the current PILOT/ROW agreement has expired in September 2013, it is assumed that it will be renewed at the same level. Therefore, the Board will consider an increase in the FY 2015 proposed PILOT receipts of \$1.5 million (or 7.5 percent). The ROW receipts are anticipated to remain stable at \$5.1 million.
- ***Other revenues*** - FY 2015 are projected to decrease by \$1.8 million, (or 6.9 percent) reflecting lower projected IMA Indirect Cost Reimbursement for Capital Projects.

# Long-Term Planning: 10-Year Financial Plan

DISTRICT OF COLUMBIA WATER & SEWER AUTHORITY  
FY 2014 - 2023 FINANCIAL PLAN  
(In 000's)

OPERATING	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Retail*	363,651	401,166	439,158	471,751	500,873	530,446	562,489	596,271	627,274	662,123
Wholesale*	71,126	75,124	75,485	77,756	80,156	82,555	85,063	87,693	90,406	93,200
Other	25,910	24,111	26,220	27,312	30,327	33,570	34,935	35,217	35,645	36,341
RSF	6,500	14,500	-	-	2,000	7,500	6,900	-	-	-
<b>Operating Receipts (1)</b>	<b>\$ 467,187</b>	<b>\$ 514,901</b>	<b>\$ 540,862</b>	<b>\$ 576,819</b>	<b>\$ 613,356</b>	<b>\$ 654,071</b>	<b>\$ 689,386</b>	<b>\$ 719,181</b>	<b>\$ 753,325</b>	<b>\$ 791,664</b>
<b>Operating Expenses</b>	<b>(298,636)</b>	<b>(309,476)</b>	<b>(315,766)</b>	<b>(326,142)</b>	<b>(337,023)</b>	<b>(351,043)</b>	<b>(362,486)</b>	<b>(374,426)</b>	<b>(386,638)</b>	<b>(400,795)</b>
<b>Debt Service</b>	<b>\$ (130,120)</b>	<b>\$ (160,264)</b>	<b>\$ (178,355)</b>	<b>\$ (197,937)</b>	<b>\$ (220,340)</b>	<b>\$ (240,670)</b>	<b>\$ (259,606)</b>	<b>\$ (271,244)</b>	<b>\$ (281,614)</b>	<b>\$ (292,788)</b>
<b>Defeasance D.S./Cash Financed Capital Cons</b>	<b>\$ -</b>	<b>\$ (20,058)</b>	<b>\$ (21,958)</b>	<b>\$ (23,588)</b>	<b>\$ (25,044)</b>	<b>\$ (26,522)</b>	<b>\$ (28,124)</b>	<b>\$ (29,814)</b>	<b>\$ (31,364)</b>	<b>\$ (33,106)</b>
<b>Net Revenues After Debt Service</b>	<b>\$ 38,431</b>	<b>\$ 25,103</b>	<b>\$ 24,783</b>	<b>\$ 29,153</b>	<b>\$ 30,949</b>	<b>\$ 35,835</b>	<b>\$ 39,170</b>	<b>\$ 43,697</b>	<b>\$ 53,709</b>	<b>\$ 64,975</b>
<b>Operating Reserve-Beg Balance</b>	<b>141,518</b>	<b>140,500</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>
<b>Other Misc (Disbursements)/Receipts</b>										
Wholesale/Federal True Up	(15,700)	(8,053)	-	-	-	-	-	-	-	-
Customer Rebate	-	-	-	-	-	-	-	-	-	-
Transfers To RSF	-	-	(4,500)	(4,000)	-	-	-	(3,000)	(12,000)	(19,000)
Transfers To DC PILOT Fund	-	-	-	-	-	-	-	-	-	-
Pay-Go Financing	(23,749)	(17,551)	(20,284)	(25,153)	(30,949)	(35,835)	(39,171)	(40,697)	(41,709)	(45,975)
<b>Operating Reserve - Ending Balance</b>	<b>\$ 140,500</b>	<b>\$ 140,000</b>	<b>\$ 140,000</b>	<b>\$ 140,000</b>	<b>\$ 140,000</b>	<b>\$ 140,000</b>	<b>\$ 140,000</b>	<b>\$ 140,000</b>	<b>\$ 140,000</b>	<b>\$ 140,000</b>
<b>Rate Stabilization Fund Balance RSF (2)</b>	<b>\$ (22,450)</b>	<b>\$ (7,950)</b>	<b>\$ (12,450)</b>	<b>\$ (16,450)</b>	<b>\$ (14,450)</b>	<b>\$ (6,950)</b>	<b>\$ (50)</b>	<b>\$ (3,050)</b>	<b>\$ (15,050)</b>	<b>\$ (34,050)</b>
<b>Senior Debt Service Coverage</b>	<b>398%</b>	<b>305%</b>	<b>267%</b>	<b>241%</b>	<b>224%</b>	<b>213%</b>	<b>209%</b>	<b>204%</b>	<b>201%</b>	<b>199%</b>
<b>Combined Debt Service Coverage</b>	<b>137%</b>	<b>140%</b>	<b>140%</b>	<b>140%</b>	<b>140%</b>	<b>140%</b>	<b>140%</b>	<b>140%</b>	<b>140%</b>	<b>141%</b>
<b>Actual/Projected Water/Sewer Rate Increases</b>	<b>5.5%</b>	<b>7.5%</b>	<b>7.5%</b>	<b>7.5%</b>	<b>7.5%</b>	<b>7.0%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>6.0%</b>	<b>6.0%</b>
<b>*Operating Receipts \$ Increase/Decrease</b>										
Retail	12,774	37,516	37,991	32,593	29,122	29,573	32,043	33,782	31,003	34,849
Wholesale	(3,884)	3,999	361	2,271	2,400	2,399	2,508	2,630	2,713	2,794
<b>*Operating Receipts % Increase/Decrease</b>										
Retail	3.6%	10.3% <sup>(3)</sup>	9.5%	7.4%	6.2%	5.9%	6.0%	6.0%	5.2%	5.6%
Wholesale	-5.2%	5.6%	0.5%	3.0%	3.1%	3.0%	3.0%	3.1%	3.1%	3.1%

(1) Includes interest earnings on senior lien revenue bonds' debt service reserve fund  
(2) FY 2014 Rate Stabilization Fund utilization brought the total fund balance to \$22.45 million  
(3) Savings anticipated from implementation of new biosolids management beginning in FY 2015

## Operating Expenditures

As in previous years, debt service continues to be the fastest growing expenditure in the ten-year financial plan as a result of DC Water's \$3.8 billion capital improvement program, growing at an average annual rate of 9.6 percent. All other operating expenses are projected to grow at an average annual rate of 3.1 percent. The following chart provides detail comparison of the FY 2014 and FY 2015 operating budgets.

<b>COMPARISON OF FY 2014 &amp; FY 2015 OPERATING BUDGETS</b>					
(In \$000's)					
	<b>FY 2014 APPROVED</b>	<b>FY 2014 REVISED</b>	<b>Percent Change</b>	<b>FY 2015 PROPOSED</b>	<b>Percent Change</b>
Personnel Services	120,454	119,765	-0.6%	135,544	13.2%
Contractual Services	64,741	60,283	-6.9%	65,732	9.0%
Biosolids	19,352	15,760	-18.6%	11,213	-28.9%
Water Purchases	31,513	27,991	-11.2%	28,831	3.0%
Supplies	7,121	7,120	0.0%	8,731	22.6%
Chemicals	25,788	23,789	-7.8%	27,456	15.4%
Utilities	34,011	30,715	-9.7%	30,415	-1.0%
Small Equipment	993	993	0.0%	1,028	3.5%
<b>Subtotal Operations &amp; Maintenance</b>	<b>303,973</b>	<b>286,416</b>	<b>-5.8%</b>	<b>308,950</b>	<b>7.9%</b>
Debt Service	150,389	130,120	-13.5%	160,264	23.2%
Cash Financed Capital Improvements				20,058	N/A
PILOT	20,081	20,081	0.0%	21,587	7.5%
Right Of Way Fee	5,100	5,100	0.0%	5,100	0.0%
<b>Subtotal Debt Service &amp; PILOT / ROW</b>	<b>175,570</b>	<b>155,301</b>	<b>-11.5%</b>	<b>207,009</b>	<b>33.3%</b>
<b>TOTAL OPERATING</b>	<b>479,543</b>	<b>441,717</b>	<b>-7.9%</b>	<b>515,959</b>	<b>16.8%</b>
Less Personnel Services Charged to Capital Projects	(17,860)	(12,960)	-27.4%	(17,266)	33.2%
<b>Total Net Operating</b>	<b>461,683</b>	<b>428,757</b>	<b>-7.1%</b>	<b>498,693</b>	<b>16.3%</b>



## ***Operating Expenditures, Cont.***

The revised FY 2014 budget totals \$441.7 million, which is lower than the Board-approved FY 2014 budget by approximately \$37.8 million or 7.9 percent. While the operations and maintenance expenditures reduced by approximately \$17.5 million or 5.8 percent, debt services costs were reduced by \$20.3 million or 13.5 percent. PILOT cost remained unchanged. A description of the assumptions and major issues/changes in each major expenditure category follows.

- ***Personnel service expenditures*** are \$0.7 million or 0.6 percent lower than the approved FY 2014 budget. The decrease is attributable to higher than previously anticipated vacancy rates. Additionally, fringe benefits were also adjusted based on current market rates.
- ***Contractual service expenditures*** are \$4.5 million or 6.9 percent lower than the approved FY 2014 budget. The decrease is attributable to lower projected spending in legal claims, IT support services, Green LID and multiple planned activities.
- ***Biosolids management expenditures*** are \$3.6 million or 18.6 percent lower than the approved FY 2014 budget. The decrease is attributable to projected savings from new contract award prices for biosolids hauling, coupled with lower solids production from reduced flow and improved processes.
- ***Water purchase expenditures*** decrease by approximately \$3.5 million or 11.2 percent below the approved FY 2014 budget. This directly relates to operating cost decreases for the Washington Aqueduct's (WAD) budget, which includes lower projected headcount, improvements in chemical costs, and savings in debt service.
- ***Supplies expenditures*** have no change between the approved FY 2014 and revised FY 2014 budgets.
- ***Chemicals expenditures*** are \$2.0 million or 7.8 percent lower than the approved FY 2014 budget. The decrease is attributable to Waste Water Treatments' lower projected chemical costs due to lower pricing and dosage.
- ***Utilities expenditures*** decrease by approximately \$3.3 million or 9.7 percent below the approved FY 2014 budget. The electricity budget, at \$22.8 million or 8.0 percent of the revised FY 2014 operations and maintenance budget continues to be the largest portion of the Authority's utilities (occupancy) budget. During FY 2013, electricity spot market prices were relatively stable compared to the volatility in prior years; this stability can be attributed to the general economic and market conditions. We continue to utilize the electricity contract entered in FY 2005 and were successful in purchasing electricity for an estimated average cost of \$78.58 per megawatt hour compared to an estimated average cost of \$126.66 per megawatt hour had we purchased electricity through PEPCO Standard Offer Service (SOS). This represented an estimated savings of \$12.6 million.

The proposed FY 2015 budget totals \$516.0 million, which is approximately 16.8 percent increase over the revised FY 2014 budget. This increase is primarily due to increasing debt service costs associated with DC Water's capital improvement program. The proposed FY 2015 operations and maintenance budget (net of debt service, PILOT/ROW fee) increases by 7.9 percent, due primarily to projected

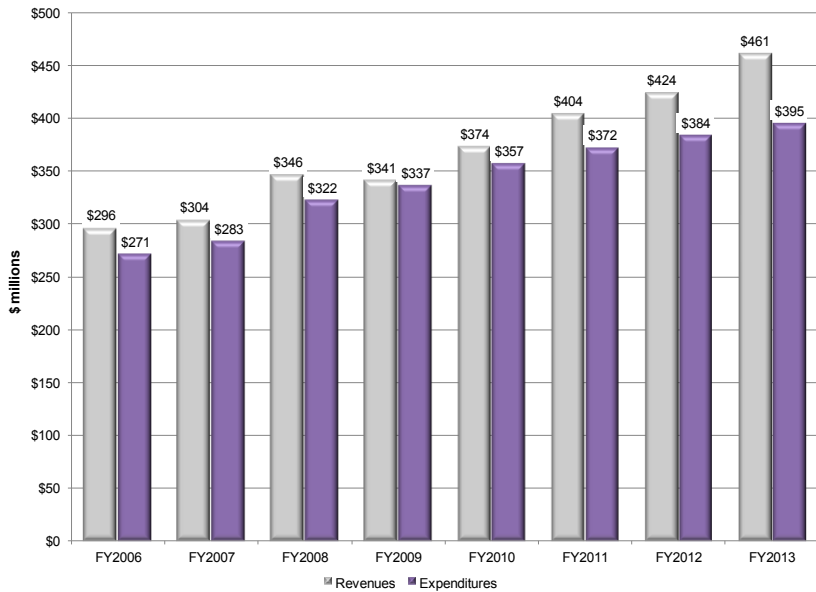
increases in supplies, chemicals, personnel services and contractual services. Specific information regarding each department is included in Section VII.

With concurrence from bond counsel as to legality and from rate consultants as to feasibility, beginning in FY 2015 the Office of the Chief Financial Officer is incorporating the Cash Financed Capital Improvements into its budget process. The purpose of the fund is two-fold: to serve as an Operations & Maintenance budget contingency and to establish sufficient debt service coverage. Establishment of the Cash Financed Capital Improvements as part of the annual budgeting process will provide greater transparency, accountability, and control in financial oversight of DC Water, while maintaining flexibility to meet financial needs as they arise within the Authority. Establishing this line item as part of the revenue planning and overall financial planning process will aid in aligning rates with true operational needs.

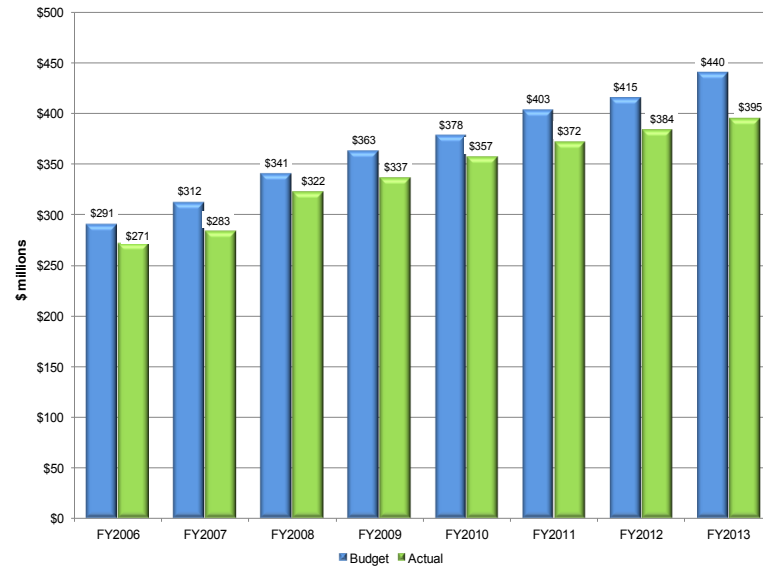
## Solid Financial Performance with Revenues Consistently Exceeding Expenses

- FY 2013 Actual Operating cash receipts increased by \$36.8 million to \$461.0 million or 8.7 percent
- FY 2013 projected operating expenses increased by \$11.5 million to \$395.3 million, or 3.0 percent
- FY 2013 Budget to actual results showed both revenues exceeding and expenses below budget

Revenue vs. Expenditures



Expenditure Budget to Actual Results



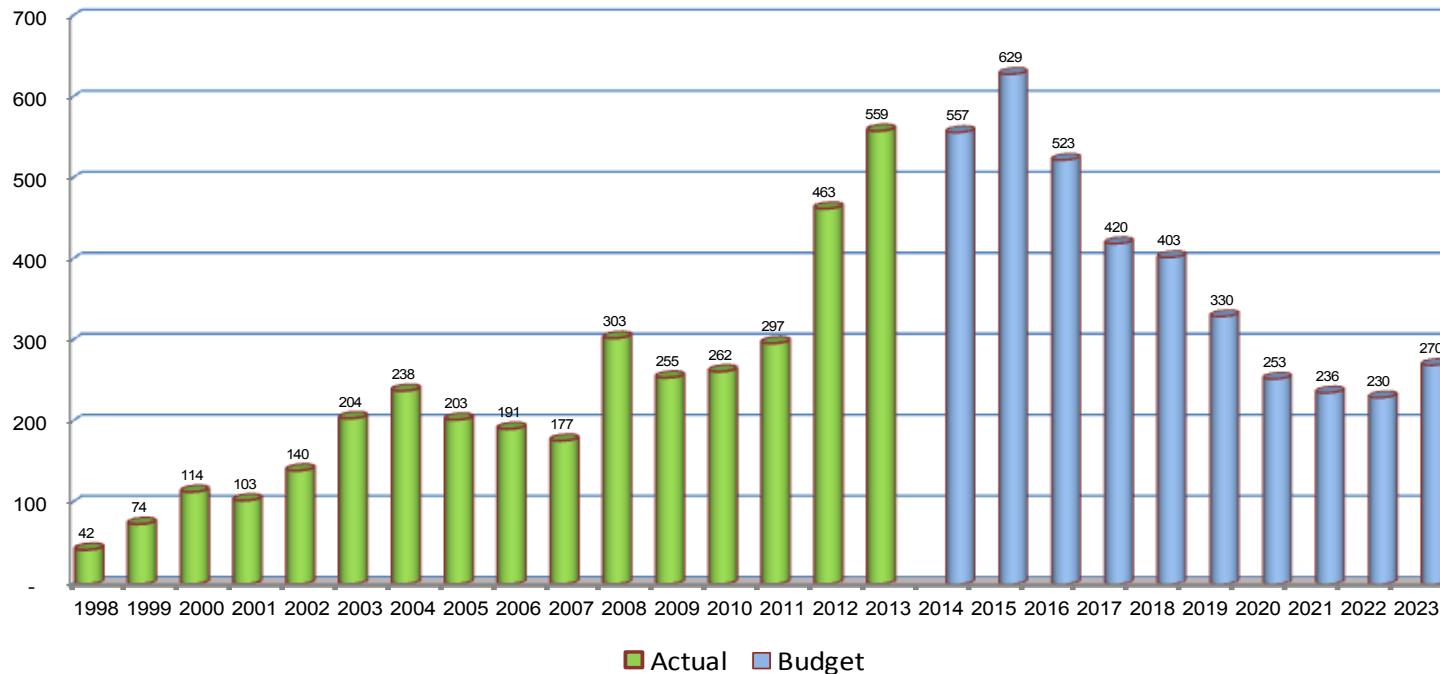
# The \$3.8 Billion 10-Year CIP Protects Our Assets While Leveraging Long-Term Debt

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

The FY 2014 – FY 2023 financial plan anticipates capital disbursements of \$3.8 billion. Over the last 16 years, \$3.6 billion have been invested on DC Water system averaging approximately \$227 million per year. Annual spending ranges from \$230 million to nearly \$629 million as shown in the chart below (or approximately \$385 million per year from FY 2014 – FY 2023). The financing of DC Water’s capital program comes from four primary sources, as more fully described in this section. The amount of EPA grant funding is defined by annual federal appropriations, while jurisdictional capital contributions are based on a fixed percentage of Blue Plains and other shared facilities. The remainder of the program is funded with DC Water debt and PAY-GO financing from operations.

As noted earlier in this section, DC Water developed a comprehensive financing plan in FY 1999 with the dual goals of 1) securing the lowest cost of capital possible, and 2) maximizing administrative and operating flexibility. The plan includes the following components: Grants; wholesale capital payments; permanent financing; Interim financing and PAY-GO.

**HISTORICAL AND PROJECTED CAPITAL SPENDING FY 1998 – FY 2023**  
(\$ IN MILLIONS)



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

Additional details on each financing source are described below.

	FY 2014 - 2023 PLAN TOTAL	PERCENT OF TOTAL
Revenue Bonds/Commercial Paper (2)	2,417,636,195	62.8%
Wholesale Capital Payments	670,518,000	17.4%
EPA Grants & CSO Appropriations	186,414,289	4.8%
Interest Income on Bond Proceeds	16,648,781	0.4%
Pay-Go Financing (1)	560,648,336	14.6%
<b>Total Sources</b>	<b>3,851,865,601</b>	<b>100.0%</b>

- **EPA Grants** - DC Water currently plans to finance 4.8 percent of its Ten-Year CIP through EPA grant funding for certain eligible projects under the Clean Water and Safe Drinking Water Acts. In general, the District of Columbia projects carried out by DC Water are supported by approximately one percent of the available annual funding through revolving fund programs associated with the Clean Water and Safe Drinking Water Acts. In addition, DC Water has received \$ 182.8 million in Congressional appropriations for the Clean Rivers Project (aka CSO LTCP) as of September 30, 2013.
- **Wholesale Capital Payments** - Approximately 60 percent of the capacity of DC Water's wastewater treatment facilities are contractually committed to provide wholesale service to suburban jurisdictions under various contracts. Montgomery and Prince George's Counties (through the Washington Suburban Sanitary Commission (WSSC), Fairfax County, and the Loudoun County Sanitation Authority pay a proportionate share of capital-related costs equal to their share of contracted capacity at Blue Plains. DC Water anticipates 17.4 percent of its capital funding will come from wholesale customers.
- **Revenue Bonds/Commercial Paper** - Currently debt financing represent only 62.8 percent of the funding in the ten-year capital program.

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

- ***PAY-GO (Internal) Financing*** – ‘Pay-go’ financing shall mean any cash financing of capital projects. The amount transferred from operations to the capital program each year shall be cash in excess of all operating requirements or restricted use. Approximately 14.6 percent of total funding for the FY 2014 – FY 2023 plan is projected to come from PAY-GO financing, which strikes an appropriate balance between maintaining moderate debt levels and financing provided by current ratepayers. PAY-GO funds will be used in a manner consistent with our financial policies: 1) to fund capital financing or for repayment of higher cost debt and that whenever possible, the least costly capital financing be used for capital projects. 2) to produce the lowest practical cost of debt for financing its capital projects.

### ***FY 2014 & FY 2015 Debt Issuance Plans & Debt Service Assumptions***

Based on current capital project spending, we plan to: 1) issue approximately \$300 million in new bonds in third quarter of FY 2014. For the purpose of financial planning we have assumed fixed rate, tax-exempt bonds at 5.50 percent. Similarly for the remainder of the ten-year plan we have assumed issuing long term bonds ranging from 5.75 to 6.5 percent, 2) issue commercial paper for interim financing. The ten-year plan assumes a variable interest rate of 1.25 percent in FY 2014. The remaining years in the ten-year plan assume 2.50. In order to yield the best possible interest rate savings, our debt portfolio is evaluated on a regular basis.

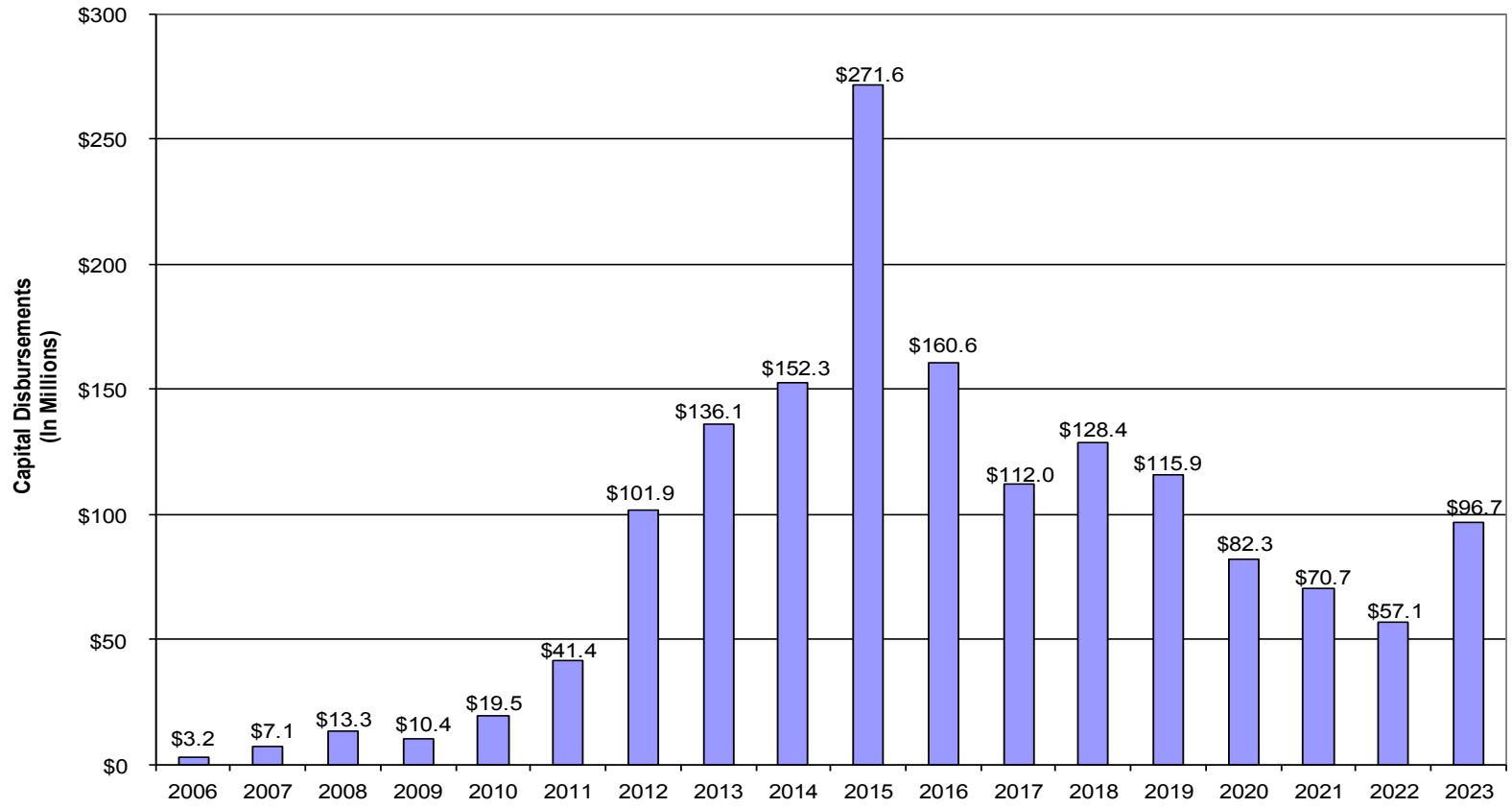
### ***DC Clean Rivers Project***

In December 2004, the Board reached agreement with the federal government on the proposed DC Clean Rivers Project LTCP and entered into a related consent decree. Lifetime capital costs for this project currently stands at approximately \$2.6 billion and this year’s proposed ten-year plan includes \$1.2 billion of projected disbursements. Projected spending by fiscal year for the Clean Rivers Project is shown in the next chart.

In FY 2013, DC Water received federal funding of \$6.5 million for the Combined Sewer Overflow Long term Control Plan Service Area. However, as the project spending increases over the years, so does the projected Clean Rivers Impervious Service Area Charge (IAC) rate. If additional federal assistance is provided, the Clean Rivers IAC would increase at a slower pace than this ten-year plan proposal assumes. As noted earlier, this plan assumes jurisdictional contributions, for joint use Projects, to the Clean Rivers Project under the IMA of 7.1 percent beginning in FY 2011. Please see section IV for more details on the Clean Rivers IAC.

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

**Clean Rivers CSO LTCP Disbursements by Fiscal Year**



## **Cash Position & Reserves**

Cash balances totaled \$229.7 million at the end of FY 2013. As detailed below, this includes \$28.9 million for rate stabilization and \$36.9 million for the unspent balance of the special Congressional appropriations DC Water received through FY 2013 for the CSO-LTCP, net of reimbursements to date. Over the next ten years, cash balances are projected to meet the Board-required reserve level, of 120 days of operating and maintenance budget or no less than \$125.5 million.

DC Water's operating reserve includes the following components:

<b>FY 2013 YEAR-END CASH</b>	
(In \$000's)	
<b>BOARD-ADOPTED OPERATING RESERVES (120 Days of O&amp;M)</b>	
60 Day Operating Reserve (Indenture Required)	\$ 41,119
Renewal & Replacement Reserve (Indenture Required)	35,000
Undesignated Reserve	<u>49,381</u>
<b>TOTAL OPERATING RESERVE</b>	<b>\$ 125,500</b>
<b>OTHER RESERVES</b>	
Rate Stabilization Fund	\$ 28,950
DC Insurance Reserve	1,038
DC PILOT	<u>22,381</u>
<b>TOTAL OTHER RESERVES</b>	<b>\$ 52,369</b>
<b>TOTAL RESERVES</b>	<b>\$ 177,869</b>
Cash in Excess of Reserves	<u>14,979</u>
<b>SUBTOTAL</b>	<b>\$ 192,848</b>
CSO Appropriations	<u>36,877</u>
<b>TOTAL CASH POSITION <sup>(1)</sup></b>	<b>\$ 229,725</b>

(1) Excludes Debt Service Reserve Funds



### **Cash Position & Reserves, Cont.**

- **Indenture-Required Operating Reserve** - This reserve is required by DC Water's bond indenture and is equivalent to two months' operations and maintenance expenses from the prior year, or approximately \$41.1 million in FY 2013.
- **Renewal & Replacement Reserve** – In FY 2013, the Board reaffirmed the amount of \$35 million in the financing policy. The reserve level will be reviewed every five years by DC Water's independent rate consultants in conjunction with the indenture-required assessment of the physical condition of the system.
- **Undesignated Reserve** - After allocating portions of the operating and maintenance reserve to the reserves listed above, the amount that remains (approximately \$49.4 million for FY 2013) is DC Water's undesignated reserve, and is available for other contingencies.

DC Water has other reserves that are available for very specific circumstances:

- **Rate Stabilization Fund** - Consistent with the Board's financial policies and as envisioned in the bond indenture, this fund is to be established to mitigate large annual rate increases. This year's plan reflects continued use of the rate stabilization fund, which totaled \$28.95 million as of September 2013. Future deposits to the rate stabilization fund will be determined annually based on financial performance in that fiscal year and updated ten-year capital and operating forecasts. The current plan anticipates \$22.45 million available at the end of FY 2014 and a balance of \$34.05 million by the end of FY 2023.
- **Debt Service Reserve Funds** - The supplemental bond indenture associated with the Series 1998 senior lien bonds requires DC Water to maintain a debt service reserve fund. This reserve which is in addition to the 120 day operating and maintenance reserve, is held by DC Water's trustee and can only be used in the event that net revenues are insufficient to meet the next debt service payment. DC Water earns interest on this reserve that is included in other operating revenue and is used to offset annual debt service payments. The amount of interest earnings that DC Water can retain on the debt service reserve fund is limited by federal arbitrage restrictions.



**dc** water is life<sup>®</sup> **OPERATING BUDGETS**

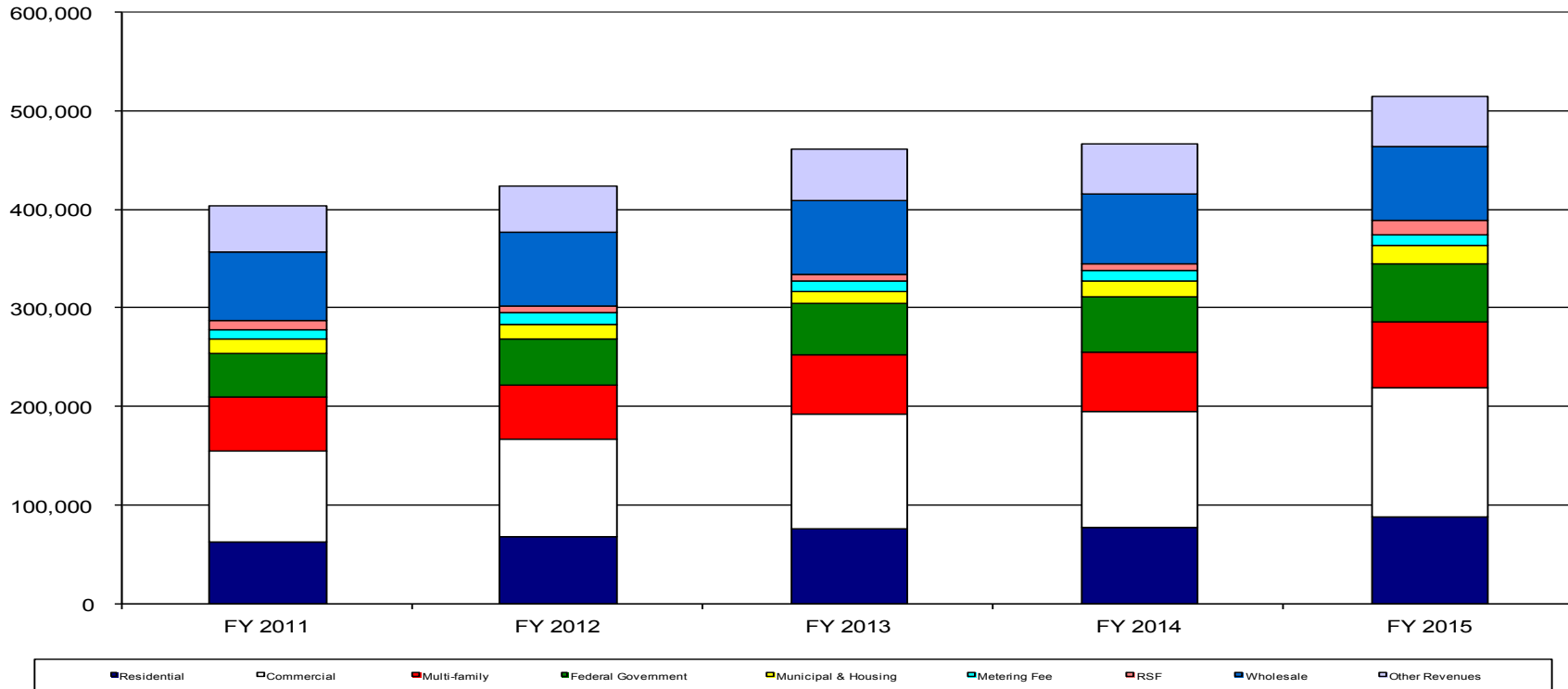
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

**SECTION IV  
RATES AND REVENUES**

## DC WATER REVENUE RECEIPTS

In order to provide continuous delivery of water and wastewater services, DC Water must ensure a reliable and predictable revenue stream that cover operating and maintenance (O&M) costs and meet or exceed all Board and other financial requirements. DC Water has a diverse customer base and thus receives cash receipts from a variety of sources. This diversity mitigates reliance on any single customer and provides a level of revenue stability.

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



## DC WATER REVENUE RECEIPTS, Cont.

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

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	Actual	Actual	Actual	Revised	Proposed
Residential	63,049	68,269	76,188	78,057	88,330
Commercial	92,472	98,612	116,693	117,594	131,533
Multi-family	54,167	55,369	59,646	60,542	66,529
<b>Sub-Total Residential, Commercial and Multi-family</b>	<b>209,688</b>	<b>222,250</b>	<b>252,527</b>	<b>256,193</b>	<b>286,392</b>
Federal Government (1)	44,854	46,508	52,564	55,141	58,336
District Government	8,903	8,419	7,042	9,675	11,588
D.C. Housing Authority	5,118	7,041	5,125	6,685	7,387
Transfer from Rate Stabilization Fund	9,500	6,500	6,500	6,500	14,500
Metering Fee	9,764	11,029	11,103	10,776	10,776
<b>Total Retail</b>	<b>287,827</b>	<b>301,747</b>	<b>334,861</b>	<b>344,970</b>	<b>388,979</b>
IMA Wastewater Charges	61,712	66,790	67,469	63,822	67,757
Potomac Interceptor Wastewater Charges	7,549	8,450	7,540	7,304	7,367
<b>Total Wholesale</b>	<b>69,261</b>	<b>75,240</b>	<b>75,009</b>	<b>71,126</b>	<b>75,124</b>
District Stormwater Revenue (2)	648	763	898	1,000	1,000
Misc. Rev. (e.g. water tap installation, fire hydrant usage, etc.)	22,320	22,769	26,702	24,209	21,610
Washington Aqueduct Debt Service Revenue for Falls Church & Arlington	313	217	206	201	193
Interest Income (including interest on Bond Debt Service Reserve Fund)	1,332	711	766	500	1,308
Right-of-Way Fee	5,167	5,100	5,100	5,100	5,100
PILOT Fee	17,106	17,576	17,416	20,081	21,587
<b>Total Other</b>	<b>46,886</b>	<b>47,136</b>	<b>51,088</b>	<b>51,091</b>	<b>50,798</b>
<b>Total Operating Cash Receipts</b>	<b>403,974</b>	<b>424,123</b>	<b>460,958</b>	<b>467,187</b>	<b>514,901</b>

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

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

## **DC WATER REVENUE RECEIPTS, Cont.**

### **CUSTOMER CATEGORIES AND ACCOUNTS**

As of September 30, 2013, DC Water had 126,497 active, metered water and wastewater accounts. In addition, there are 8,967 separate accounts that are billed only for impervious surface. DC Water's customers are classified as retail (residential, multi-family and non-residential) and wholesale customers only. However, within the retail customer class, DC Water tracks receipts and associated consumption at a more detailed level in order to analyze trends and service characteristics. Retail customers' characteristics can be viewed in six groups: residential, multi-family, commercial, federal, DC Municipal and Housing Authority.

FY 2013 revenue receipts are actual as of September 30, 2013.

In FY 2011, a study of the demand characteristics of DC Water customers was undertaken to determine if additional customer classes should be defined for the purpose of cost allocation. Review of 12 months of data (May 2010 to April 2011) revealed, (among other things) that there is a difference in peaking characteristics between many of the customer groups. Generally, the federal customers have the highest peaking factor, with commercial customers having the next highest peaking factor and municipal, residential, multi-family and Housing Authority customers having the lowest peaking factor. Segmentation of water customers is typically done by class-based peak use characteristics with the higher peaking customers allocated more of the system costs (primarily driven by electricity and system capacity costs).

This information helped to inform an analysis of alternative rate structures within the FY 2012 Cost of Service Study. Among the alternatives reviewed, the study reviewed different volumetric rates by customer class/category based on the different demands they place on the system. Differentiation could be based on water peaking characteristics or discharge strength contributions (wastewater). While it was recommended that additional analysis be undertaken in for any further consideration of discharge strength differentiation, management recommended that a new customer class, "Multi-Family", be created to acknowledge the similarity of peaking characteristics with other residential customers, yet provide transparency between single family and multi-family residential units. (Multi-Family residential facilities will continue to be defined as those facilities with 4 or more residential units). The new Multi-family class has been effective from October 1, 2013. The three customer classes are defined as follows:

- Residential – a single-family dwelling used for domestic purposes; a condominium or apartment unit where each unit is served by a separate service line and is individually metered and the unit is used for domestic purposes; or a multi-family structure of less than four apartment units where all the units are served by a single service line that is master metered

- Multi-Family – a multi-family structure (such as a condominium or apartment dwelling) used for domestic purposes, with four or more units
- Non-residential – all customers not within either the residential or multi-family class

***Residential, commercial and multi-family receipts are projected to increase in FY 2014 by approximately \$3.7 Million, or 1.5 percent, over the FY 2013 level due to:***

- Board-approved volumetric retail rate increase of 5.5 percent effective October 1, 2013
- Board-approved Clean Rivers Project IAC rate change from \$9.57 to \$11.85 per ERU per month
- 1 percent decrease in consumption due to conservation
- In FY 2013 DC Water's collections on its retail receivables was strong, with accounts receivable over 90 days at \$4.9 million as of September 30, 2013. DC Water will continue its aggressive collection efforts
- The customer assistance program reduces projected revenues by approximately \$2.5 million

***Residential and multi-family customers:***

- In FY 2014 residential customers include 104,477 accounts that comprise 16.7 percent of the total operating revenues. Given the large number of individual account holders who are in residential, it is unlikely that any one customer will have a major impact on the DC Water cash receipts.
- Multi-family customers house 4 or more units within one building with a master meter. In FY 2014 there are 7,368 accounts that comprise 13 percent of the total operating revenues.

The commercial group of customers includes a number of nationally-recognized universities and regional hospitals, national associations, lobbying firms, major law firms and hotels. This group has 11,969 accounts and will comprise 25.2 percent of the projected FY 2014 operating revenues. In FY 2015, they will comprise 25.5 percent of the fiscal year operating revenue.

FY 2015 projections for Residential, Multi-Family and Commercial customers reflect an increase of \$30.2 million, or 11.8 percent from FY 2014 revised due primarily to proposed retail rate increases of 7.5 percent (water and sewer volumetric rates) and \$4.90 monthly ERU fee for the Clean Rivers IAC. In FY 2014 and onwards, 1 percent decrease in consumption has been assumed due to conservation.

***The Federal customers' revised FY 2014 receipts are projected to total \$55.1 million; an increase of \$2.6 million, or 4.9 percent over FY 2013.*** In FY 2015 federal revenues are projected to be \$58.3 million or 5.8 percent increase over FY 2014. The projected federal revenues will rise by \$3.2 million in FY 2015 due to estimated rate and consumption assumptions provided under the federal billing policies. Under existing federal billing legislation, federal billings are prepared on an estimated basis eighteen

months in advance of the start of the fiscal year (e.g., the FY 2014 billing was prepared in April 2012), and are based on the current consumption estimates and projected rate increases as included in the current ten-year plan. These estimates are then reconciled with actual consumption and rate increases, and an adjustment is made in the subsequent year's billing (e.g., the reconciliation of FY 2014 estimated vs. actual consumption and rate increases will be included in the FY 2017 billing, prepared in April 2015). Federal revenues in the ten-year plan are presented on a revenue basis, net of any adjustments for prior year reconciliations which are accounted for as reserve items. Consistent with this methodology, revised FY 2014 federal revenues reflect the final billing sent to the federal government in April 2012 net of the adjustment for the prior year (FY 2011) reconciliation. The Authority serves many facilities of the federal government as well as the District of Columbia. The largest federal accounts include General Services Administration, U.S. Congress, the Smithsonian Institution, Department of the Navy, National Park Service and the Department of Defense in both DC and VA.

***Municipal & D.C. Housing Authority – FY 2014 receipts from the District of Columbia government and the District of Columbia Housing Authority are projected at \$16.4 million, an increase of \$4.2 million or 34.5 percent over FY 2013.*** In FY 2015, receipts from these organizations are projected to total \$19.0 million, an increase of \$2.6 million, or 16.0 percent, due to the proposed combined retail rate increase and continued conservation.

- The municipal customer group includes 630 accounts under the authority of the District of Columbia government. This includes offices and facilities for various government agencies and activities such as education, regulatory affairs and general government operations. This group will comprise 2.1 percent of the FY 2014 operating budget and 2.3 percent of the FY 2015 proposed budget.
- The D.C. Housing Authority has multiple accounts that include public housing at various facilities throughout the District of Columbia. They have 1,460 accounts. Their annual billings make up only 1.4 percent of the FY 2014 cash receipts and 1.4 percent of the FY 2015 proposed cash receipts.

***Wholesale customer revenue - FY 2014 revenues are projected at \$71.1 million, a decrease of \$3.9 million over FY 2013.*** In FY 2015, wholesale revenues are projected to increase by \$4.0 million to \$75.1 million. DC Water provides wholesale wastewater treatment services to User Jurisdictions at the Blue Plains Plant. The wholesale customers' share of operating costs at Blue Plains are recovered in accordance with the Blue Plains Intermunicipal Agreement of 1985 (replaced by Blue Plains Intermunicipal Agreement of 2012, effective April 3, 2013), the Potomac Interceptor Agreements and the Loudoun County Sanitation Authority Agreement (as discussed in more detail in "THE SYSTEM – The Wastewater System"), and are based on actual costs of operating and maintaining the plant and the collection facilities, prorated to each User Jurisdiction based on its respective actual share of wastewater flows. The User Jurisdiction's share of capital costs is based on each User Jurisdiction's share of capacity allocations in the Plant. Both operating and capital payments are made on a quarterly basis. Wholesale customers are billed based on the adopted budget for that fiscal year. Capital-related charges are billed quarterly with payments due on the 15th day of the second month following the end of the quarter. The operating and maintenance-related charges are billed annually by mid-October and payments are due each of November, February, May and August and receipts are projected to be 15 percent of total receipts in FY

2014. Following each fiscal year, the Authority prepares a reconciliation that determines the actual costs and each wholesale customer's appropriate share of such costs. Adjustments are then billed or credited to the wholesale customers in the first quarter of the subsequent fiscal year. The wholesale customers include: Washington Suburban Sanitary Commission (WSSC), Loudoun County, VA, Fairfax County, VA and a group of small customers of the Potomac Interceptor (PI). The PI customers are comprised of Dulles International Airport (MWAA), National Park Service, Department of Navy and the Town of Vienna.

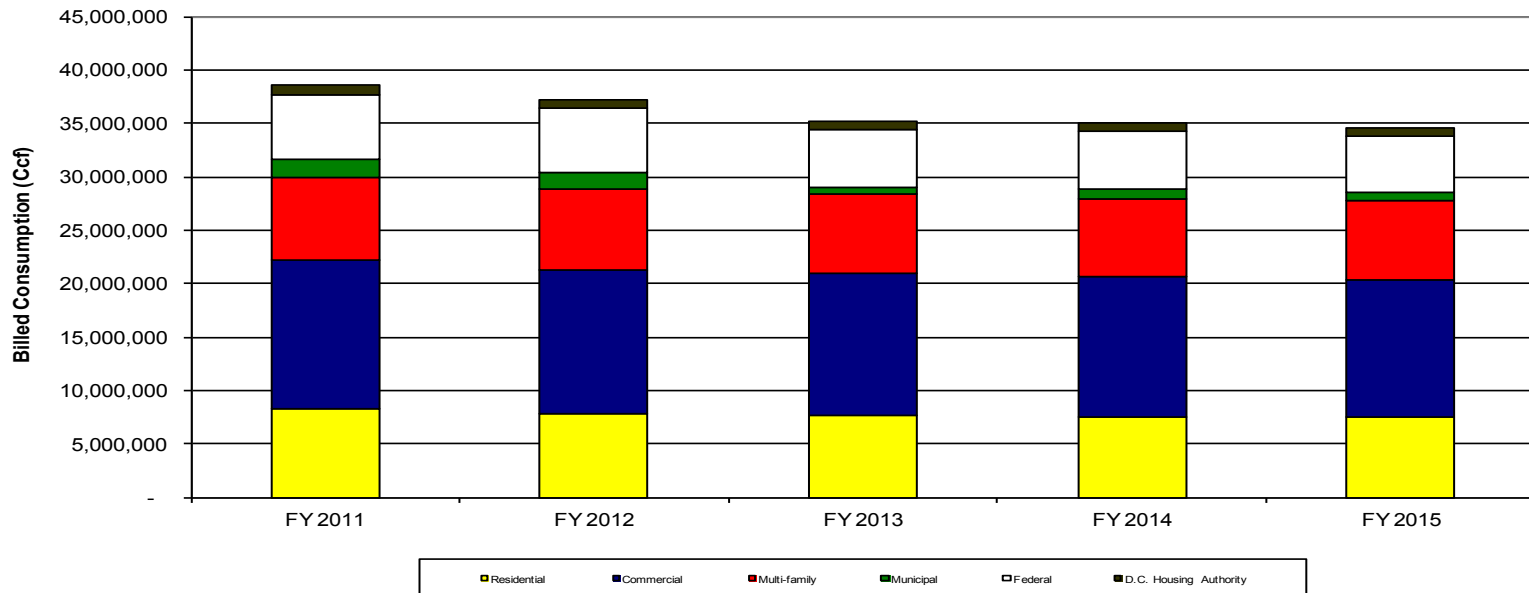


# DC WATER CASH RECEIPTS, Cont.

## CONSUMPTION

While wholesale customers pay for their proportional share of wastewater services, retail customers are billed based upon metered consumption. Therefore, variations in consumption have a direct impact upon DC Water retail rates. The consumption for DC retail customers declined by 5.7 percent in FY 2013. Given the uncertainty of the current economy as well as the federal government goal to close some neighboring federal facilities and implement a number of conservation best practices over the next few years, the revenue projections assume a 1 percent decline in FY 2014 over FY 2013 projection and 1 percent decline in FY 2015 and beyond.

Historical and Projected Billed Consumption (Ccf)



## DC WATER CASH RECEIPTS, Cont.

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

	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Projected	FY 2015 Projected
Residential	8,270,107	7,878,216	7,638,824	7,577,000	7,501,000
Commercial (1)	13,877,861	13,406,380	13,295,119	13,028,000	12,898,000
Multi-family	7,831,967	7,569,320	7,464,328	7,373,000	7,299,000
Municipal (2)	1,652,379	1,546,942	565,671	876,000	868,000
Federal	5,997,204	6,067,764	5,383,567	5,354,000	5,300,000
D.C. Housing Authority	<u>907,516</u>	<u>775,733</u>	<u>763,155</u>	<u>748,000</u>	<u>741,000</u>
Total Retail	38,537,034	37,244,355	35,110,664	34,956,000	34,607,000

(1) Reflects consumption at Commercial facilities and selected facilities at Howard University and Soldiers' Home. From October 1, 2011 Howard University accounts have been transferred to Commercial and are no longer exempt from paying water.

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

(3) Ccf - hundred cubic feet or 748 gallons

## RECENT & PROPOSED RATE & FEE CHANGES

### FY 2014 RATE & FEE CHANGES

Effective October 2013, the Board increased rates and fees as follows:

- Water and Sewer volumetric rate increased by \$0.42 per Ccf from \$7.60 to \$8.02 per Ccf, {\$0.56 per 1,000 gallons}
  - Water rate increase of \$0.19 per Ccf, {\$0.26 per 1,000 gallons} from \$3.42 per Ccf to \$3.61 per Ccf, {\$4.83 per 1,000 gallons}
  - Sewer rate increase of \$0.23 per Ccf, {\$0.30 per 1,000 gallons} from \$4.18 per Ccf to \$4.41 per Ccf, {\$5.89 per 1,000 gallons}
- Monthly Clean Rivers Impervious Area Surface Charge increased by \$2.28 from \$9.57 per ERU to \$11.85 per ERU
- Clean Rivers Impervious Area Surface Charge (IAC) six-tier residential rate structure is shown in the table below

<b>Tiers</b>	<b>Residential Impervious Area Range</b>	<b>ERU</b>
Tier 1	100 – 600 sq ft	0.6 ERU
Tier 2	700 – 2,000 sq ft	1.0 ERU
Tier 3	2,100 – 3,000 sq ft	2.4 ERU
Tier 4	3,100 – 7,000 sq ft	3.8 ERU
Tier 5	7,100 – 11,000 sq ft	8.6 ERU
Tier 6	11,100 sq ft and more	13.5 ERU

- Right-of-Way fee – This fee increased to recover the full cost of the Right-of-Way fee charged to DC Water by the District of Columbia
  - Increase of \$0.01 per Ccf in the Right-of-Way fee {\$0.01 per 1,000 gallons} to \$0.17 per Ccf, {\$0.22 per 1,000 gallons}
- Payment in Lieu of Taxes Fee – This fee increased to recover the cost for providing municipal services to DC Water by the District of Columbia
  - Increase of \$0.03 per Ccf in the PILOT fee {\$0.04 per 1,000 gallons} to \$0.53 per Ccf, (\$0.71 per 1,000 gallons)
- These changes increased the typical residential customer’s total monthly bill by \$5.36 or 7.5 percent

## RECENT & PROPOSED RATE & FEE CHANGES

### DC Clean Rivers Impervious Surface Area Charge Incentive Program

- Consistent with DC Water Board Resolution #08-34, Policy #3 on DC Clean Rivers Impervious Surface Area Charge (CRIAC) and the Mayors amendment of the Comprehensive Stormwater Management Enhancement Amendment Act of 2008, DC Water in coordination with the District Department of Environment (DDOE) developed a credit program for the Clean Rivers IAC customers to provide an incentive to install eligible stormwater management practices that reduce stormwater pollutants as well as the amount of stormwater runoff generated from a customer property. The Board has approved to implement the District of Columbia Clean Rivers Impervious Surface Area Charge Incentive Discount Program (IAC Incentive Discount), effective October 1, 2013.
  - Establish a three year pilot credit/discount program for the DC Clean Rivers Impervious Surface Area Charge (IAC)
  - Provide an incentive for the installation of eligible best management practices that reduce the amount of stormwater runoff from a property, as determined by District Department of the Environment (DDOE)
  - The IAC Incentive Discount shall not exceed the maximum allowable IAC Incentive Discount percentage, which shall be four percent (4%) of the otherwise chargeable Clean Rivers Impervious Area Charge in the first year of the IAC Discount program, which may change in subsequent years subject to DC Water's budget appropriations
  - The maximum allowable IAC Incentive Discount percentage is subject to change annually based on DC Water's budget appropriations

## PROPOSED FY 2015 RATE & FEE CHANGES

The Board has proposed the following rates and fee increases for rate making, to be, effective October 2014:

- Water and Sewer volumetric rate to be increased by \$0.60 per Ccf from \$8.02 to \$8.62 per Ccf, {\$0.80 per 1,000 gallons}
  - Water rate increase of \$0.27 per Ccf, {\$0.36 per 1,000 gallons} from \$3.61 per Ccf to \$3.88 per Ccf, {\$5.19 per 1,000 gallons}
  - Sewer rate increase of \$0.33 per Ccf, {\$0.44 per 1,000 gallons} from \$4.41 per Ccf to \$4.74 per Ccf, {\$6.33 per 1,000 gallons}
- Monthly Clean Rivers Impervious Area Charge (IAC) increase of \$4.90 from \$11.85 per ERU to \$16.75 per ERU
- PILOT and Right-of-Way fee – These fees are proposed to increase to recover the full cost of the PILOT and Right-of-Way fees charged to DC Water by the District of Columbia
  - Increase of \$0.08 in the PILOT fee, {\$0.11 per 1,000 gallons} to \$0.61 per Ccf, {\$0.82 per 1,000 gallons}
  - There is no increase in Right-of-Way fee, which remains same at \$0.17 per Ccf, {\$0.22 per 1000 gallons}

## **PROPOSED FY 2015 RATE & FEE CHANGES**

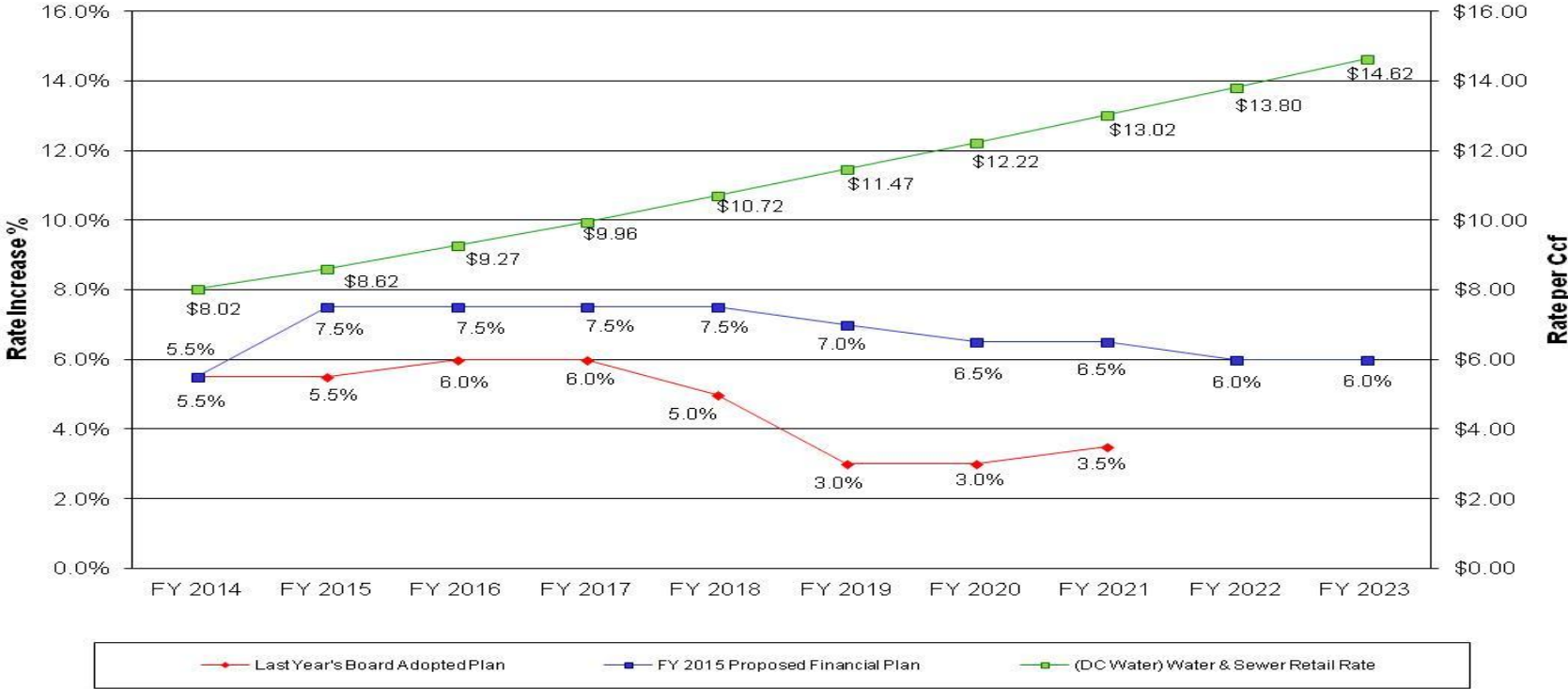
The ten-year projected water and sewer rate increases under this year's plan (FY 2014 – FY 2023) total 67.5 percent driven primarily by capital spending for DC Water's \$3.8 billion capital improvement program.

Primary spending in the ten-year capital plan includes: initial phases of the Clean Rivers Project (CSO LTCP), the Enhanced Nitrogen Removal Facilities (formerly called BTN), digesters, and various water and sewer infrastructure improvements.

The public outreach and comment process for the FY 2015 rate proposal will occur between February and June 2014. If approved, these changes will increase the typical residential customer's monthly bill by \$9.45 or 12.3 percent as shown on page IV-17.

# RECENT & PROPOSED RATE & FEE CHANGES, Cont.

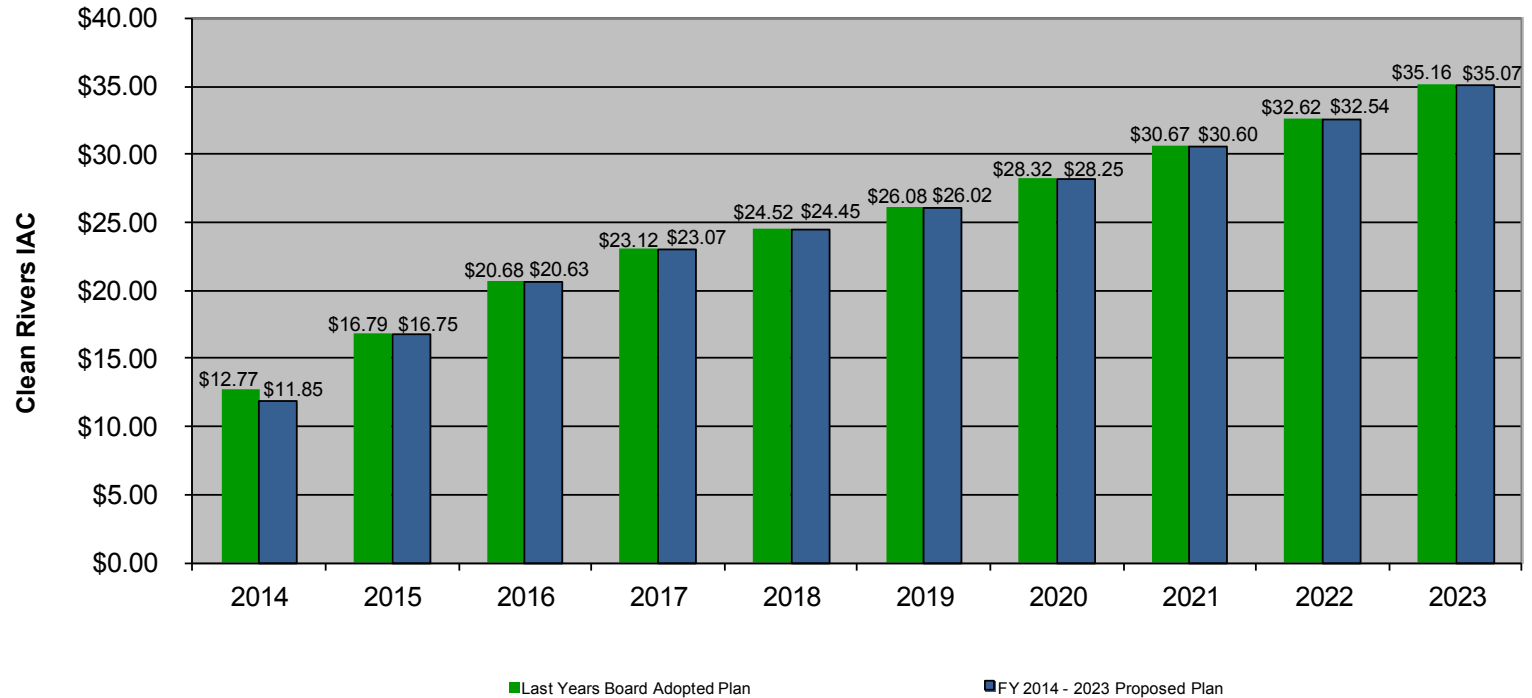
PROJECTED RETAIL WATER & SEWER RATE CHANGES  
FY 2014 – FY 2023



- 1) In FY 2015 proposed water and sewer rate increase of \$0.60 per Ccf, (\$0.80 per 1,000 gallons)  
— Combined water and sewer rate increases from \$8.02 to \$8.60 per Ccf
- 2) Rate increases ranging from 5.5 percent to 7.5 percent

## RECENT & PROPOSED RATE & FEE CHANGES, Cont.

### PROJECTED MONTHLY CLEAN RIVERS IMPERVIOUS SURFACE AREA CHARGE (IAC) CHANGES FY 2014 – FY 2023

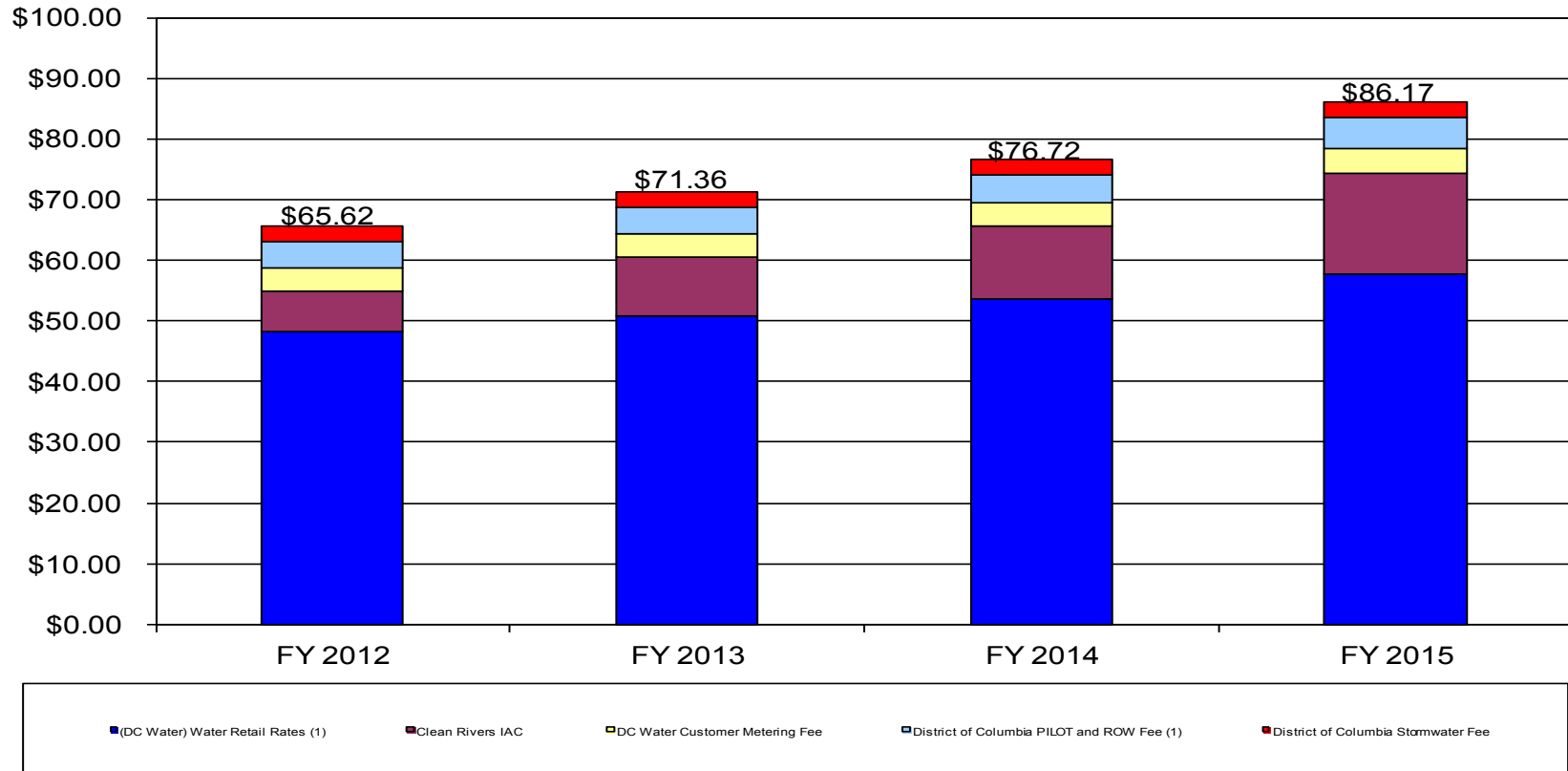


- The projected charges displayed in the chart above are primarily driven by anticipated debt service costs necessary to support the twenty year \$2.6 billion Clean Rivers Project, which includes the federally mandated CSO-LTCP and the nine-minimum controls program.
- The annual Clean Rivers Project IAC costs for the average Tier 2 residential customer (700 – 2,000 sq ft of impervious area) is projected to increase from \$201.0 in FY 2015 to \$420.84 in FY 2023.



## RECENT & PROPOSED RATE & FEE CHANGES, Cont.

*AVERAGE RESIDENTIAL CUSTOMER MONTHLY BILL  
FY 2012 – FY 2015*



- 1) Assumes average monthly consumption of 6.69 Ccf, or 5,004 gallons  
 – FY 2015 cost per gallon is \$0.01 (water and sewer rates only)

## RECENT & PROPOSED RATE & FEE CHANGES, Cont.

### AVERAGE RESIDENTIAL CUSTOMER MONTHLY BILL FY 2012 – FY 2015

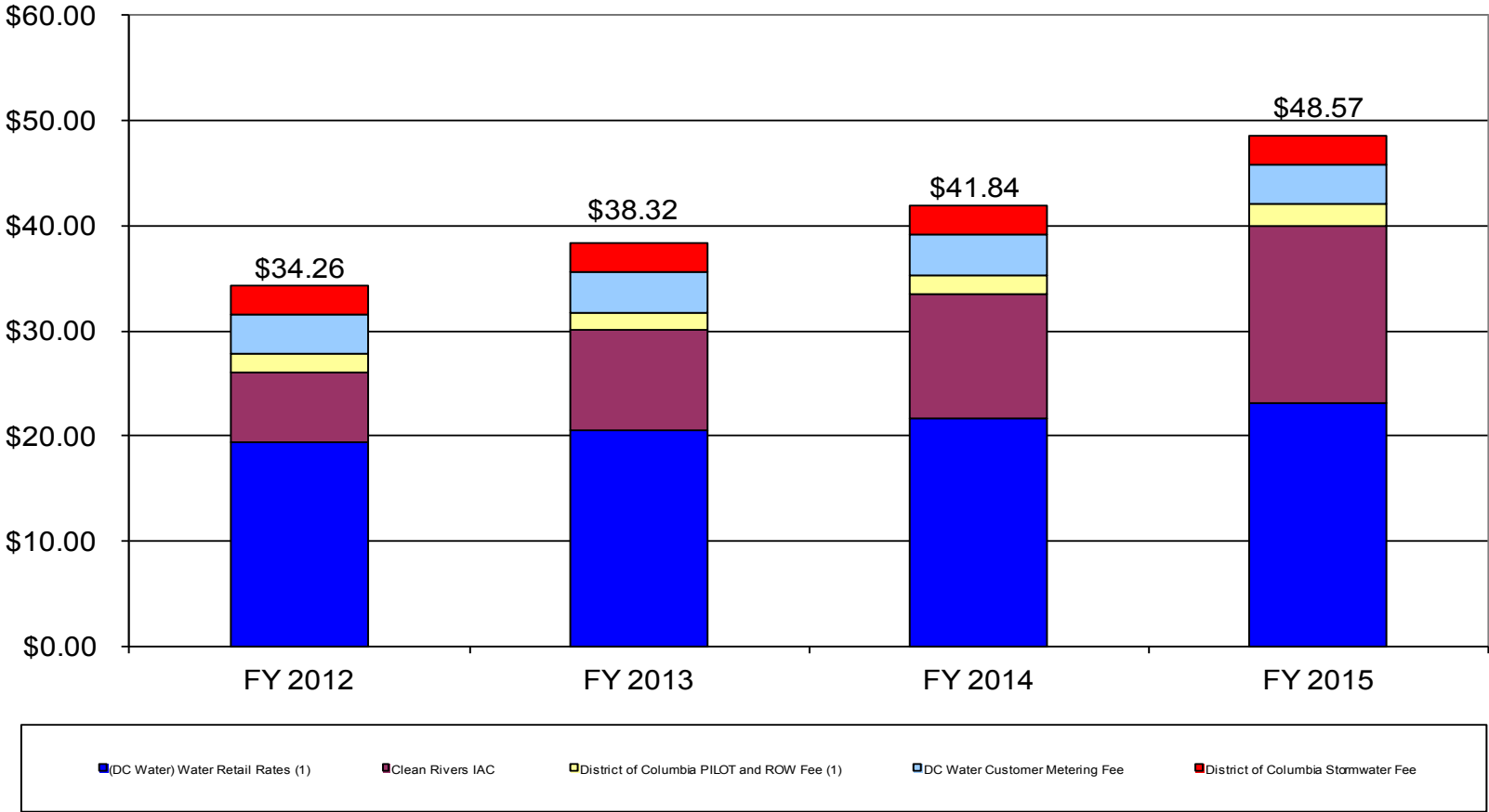
	Units	FY 2012	FY 2013	FY 2014	FY 2015
DC Water and Sewer Retail Rates (1)	Ccf	\$ 48.17	\$ 50.84	\$ 53.65	\$ 57.67
DC Water Clean Rivers IAC	ERU	6.64	9.57	11.85	16.75
DC Water Customer Metering Fee		3.86	3.86	3.86	3.86
<b>Subtotal DC Water Rates &amp; Charges</b>		<b>\$ 58.67</b>	<b>\$ 64.27</b>	<b>\$ 69.36</b>	<b>\$ 78.28</b>
Increase / Decrease		\$ 5.27	\$ 5.60	\$ 5.09	\$ 8.92
District of Columbia PILOT (1)	Ccf	\$ 3.28	\$ 3.35	\$ 3.55	\$ 4.08
District of Columbia Right of Way Fee (1)	Ccf	1.00	1.07	1.14	1.14
District of Columbia PILOT/ROW Fee	Ccf	4.28	4.42	4.69	5.22
District of Columbia Stormwater Fee (2)	ERU	2.67	2.67	2.67	2.67
<b>Subtotal District of Columbia Charges</b>		<b>\$ 6.95</b>	<b>\$ 7.09</b>	<b>\$ 7.36</b>	<b>\$ 7.89</b>
<b>Total Amount Appearing on DC Water Bill</b>		<b>\$ 65.62</b>	<b>\$ 71.36</b>	<b>\$ 76.72</b>	<b>\$ 86.17</b>
Increase / Decrease Over Prior Year		\$ 5.33	\$ 5.74	\$ 5.36	\$ 9.45
<b>Percent Increase in Total Bill</b>		<b>8.8%</b>	<b>8.7%</b>	<b>7.5%</b>	<b>12.3%</b>

(1) Assumes average monthly consumption of 6.69 Ccf, or (5,004 gallons)

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

# RECENT & PROPOSED RATE & FEE CHANGES, Cont.

AVERAGE CAP CUSTOMER MONTHLY BILL  
FY 2012 – FY 2015



1) Assumes average monthly consumption of 6.69 Ccf, or 5,004 gallons  
 – FY 2015 cost per gallon is \$0.01 (water and sewer rates only)

## RECENT & PROPOSED RATE & FEE CHANGES, Cont.

### AVERAGE CAP CUSTOMER MONTHLY BILL FY 2012 – FY 2015

	Units	FY 2012	FY 2013	FY 2014	FY 2015
DC Water Retail Rates (1)	Ccf \$	48.17 \$	50.84 \$	53.65 \$	57.67
DC Water Clean Rivers IAC	ERU	6.64	9.57	11.85	16.75
DC Water Customer Metering Fee		3.86	3.86	3.86	3.86
<b>Subtotal DC Water Rates &amp; Charges</b>	<b>\$</b>	<b>58.67 \$</b>	<b>64.27 \$</b>	<b>69.36 \$</b>	<b>78.28</b>
Increase / Decrease	\$	5.27 \$	5.60 \$	5.09 \$	8.92
District of Columbia PILOT (1)	Ccf \$	3.28 \$	3.35 \$	3.55 \$	4.08
District of Columbia Right of Way Fee (1)	Ccf	1.00	1.07	1.14	1.14
District of Columbia Stormwater Fee (3)	ERU	2.67	2.67	2.67	2.67
<b>Subtotal District of Columbia Charges</b>	<b>\$</b>	<b>6.95 \$</b>	<b>7.09 \$</b>	<b>7.36 \$</b>	<b>7.89</b>
Total Amount	\$	65.62 \$	71.36 \$	76.72 \$	86.17
Less: CAP Discount (4 Ccf per month) (1), (2)		(31.36)	(33.04)	(34.88)	(37.60)
<b>Total Amount Appearing on DC Water Bill</b>	<b>\$</b>	<b>34.26 \$</b>	<b>38.32 \$</b>	<b>41.84 \$</b>	<b>48.57</b>
Increase / Decrease Over Prior Year	\$	4.05 \$	4.06 \$	3.52 \$	6.73
<b>CAP Customer Discount as a Percent of Total Bill</b>		<b>-47.8%</b>	<b>-46.3%</b>	<b>-45.5%</b>	<b>-43.6%</b>

(1) Assumes average monthly consumption of 6.69 Ccf, or (5,004 gallons)

(2) Extension of CAP program in FY 2011 to first 4 Ccf of PILOT and ROW

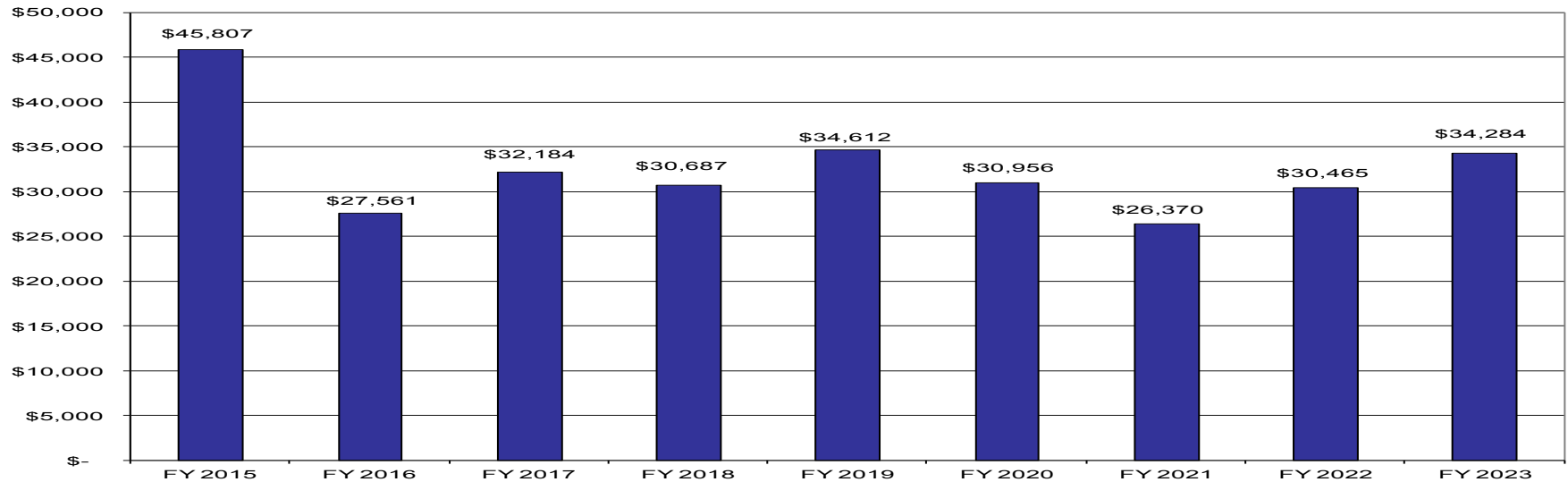
(3) District Department of the Environment stormwater fee of \$2.67 effective November 1, 2010

# WHY RATE INCREASES ARE NEEDED

## FY 2014 – FY 2023 FINANCIAL PLAN

- As shown in the chart below, incremental increases in retail revenues are projected to range from \$26.4 million to \$45.8 million in FY 2015 – FY 2023, due to:
  - Average annual debt service increase of 9.6 percent
  - Average annual O/M increase of 3.1 percent
  - Annual projected PILOT and ROW increases due to DC government increasing costs of providing services to the District
  - This year’s ten-year financial plan reflects anticipated operating cost savings at Blue Plains beginning in FY 2015 due to the implementation of the digester/cambi biosolids management project

*Incremental Increase in Revenues  
FY 2015 – FY 2023  
(\$000's)*



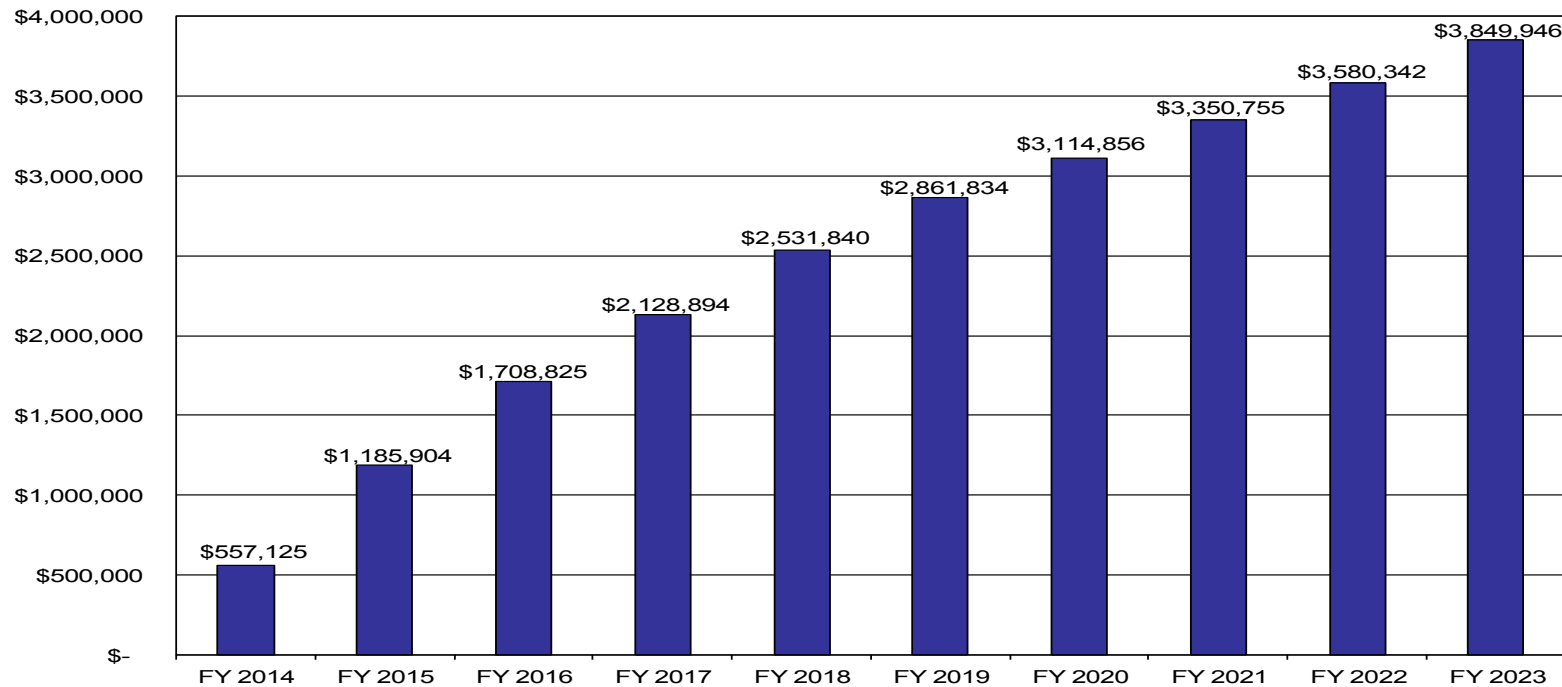
## WHY RATE INCREASES ARE NEEDED, Cont.

- These costs would be recovered through:
  - Proposed water and sewer rate increases ranging from 6.0 percent to 7.5 percent
  - Proposed Clean Rivers Impervious Surface Area Charge revenues ranging from \$16.75 to \$35.07 per ERU per month
  - Proposed DC PILOT & ROW fee increases ranging from 6.0 percent to 7.5 percent in accordance with the current MOU except for FY 2015 where the increase is 11.4% percent to recover the amount of PILOT/ROW payment obligation to the District of Columbia
  - Utilization of the Board-authorized Rate Stabilization Fund (RSF) to offset retail rate increases

## WHY RATE INCREASES ARE NEEDED, Cont.

DC Water's proposed rate increases are primarily required to fund increasing debt service costs from increased capital spending.

**CUMULATIVE CAPITAL SPENDING**  
FY 2014 – FY 2023  
(\$000's)



- DC Water's ten-year capital improvement program totals \$3.8 billion, with annual spending ranging from \$229.6 million to \$628.8 million.

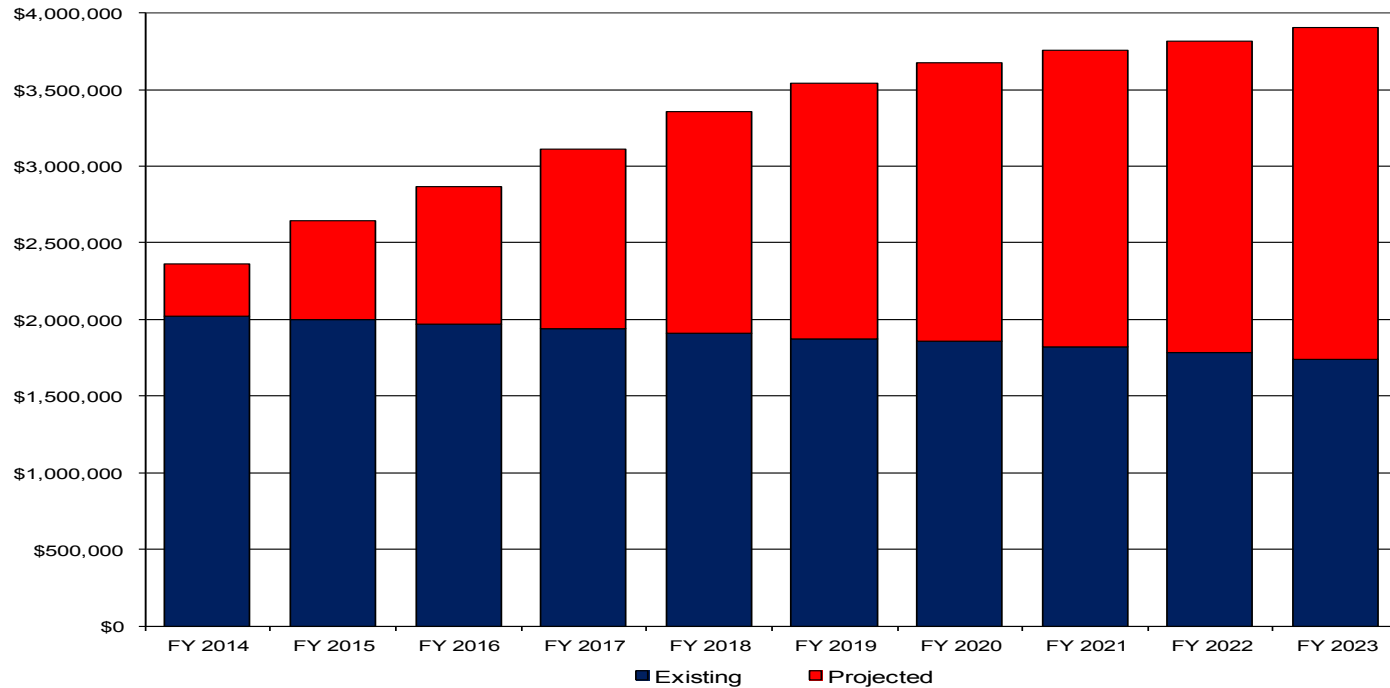
## **WHY RATE INCREASES ARE NEEDED, Cont.**

- Once completed, the ten-year capital improvement project will double the book value of DC Water's infrastructure.
- The ten-year plan includes disbursements of the Clean Rivers Project (CSO LTCP), totaling nearly \$1.2 billion exclusive of nine minimum controls.
- Water and sewer infrastructure continues to drive the ten-year Capital Improvement Plan from FY 2014 through FY 2023.



## WHY RATE INCREASES ARE NEEDED, Cont.

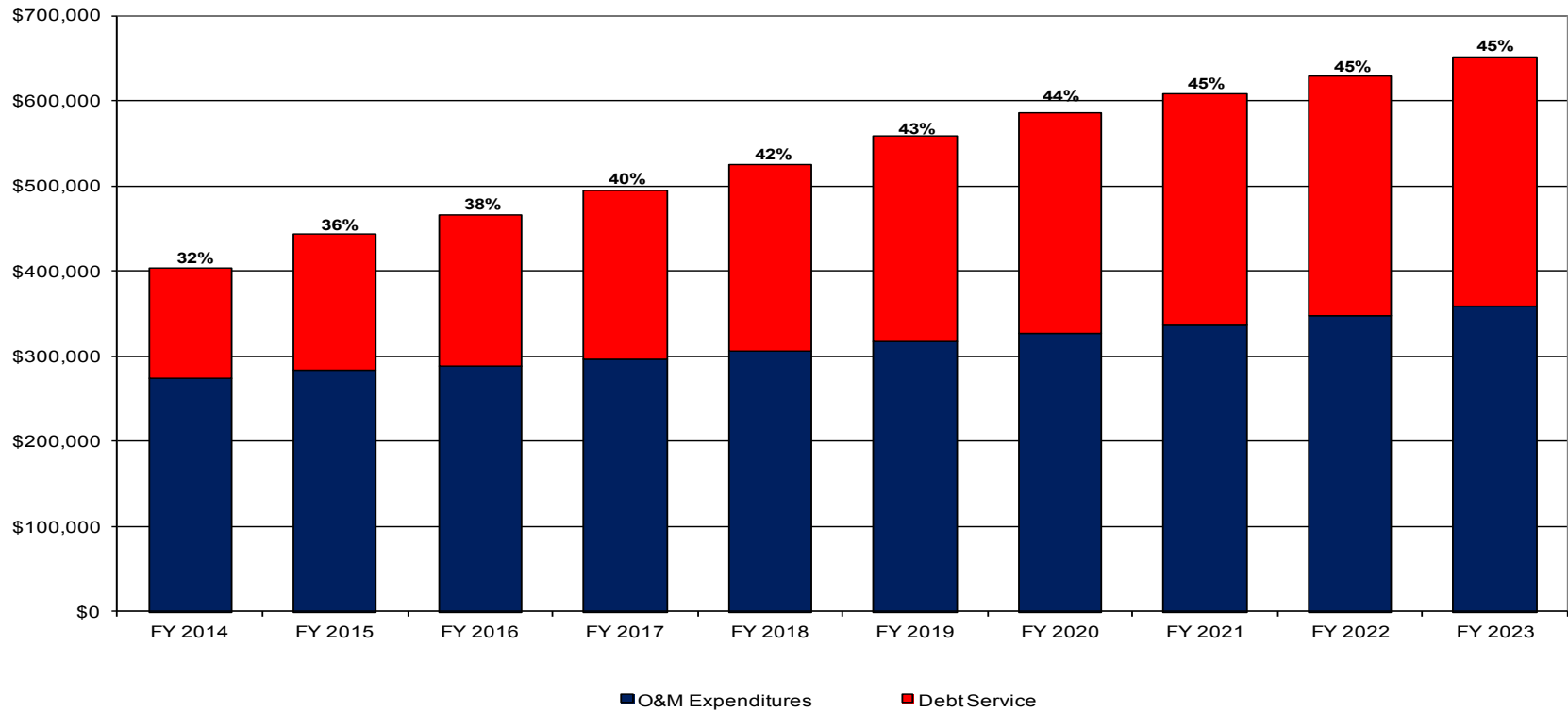
NEW & EXISTING DEBT OUTSTANDING  
FY 2014 – FY 2023  
(\$000's)



- The largest source of funding for DC Water's capital program is debt
- Over the next ten years, DC Water will issue approximately \$2.1 billion in new debt (which includes the funding of reserves and costs of issuance), increasing total debt outstanding to \$3.9 billion at the end of FY 2023

# WHY RATE INCREASES ARE NEEDED, Cont.

DEBT SERVICE AS PERCENT OF TOTAL OPERATING & MAINTENANCE EXPENDITURES  
FY 2014 – FY 2023  
(\$000's)



## WHY RATE INCREASES ARE NEEDED, Cont.

### OPERATING & DEBT SERVICE EXPENDITURES FY 2014 – FY 2023

Over the ten-year period, total expenditures increase on average by 5.5 percent annually

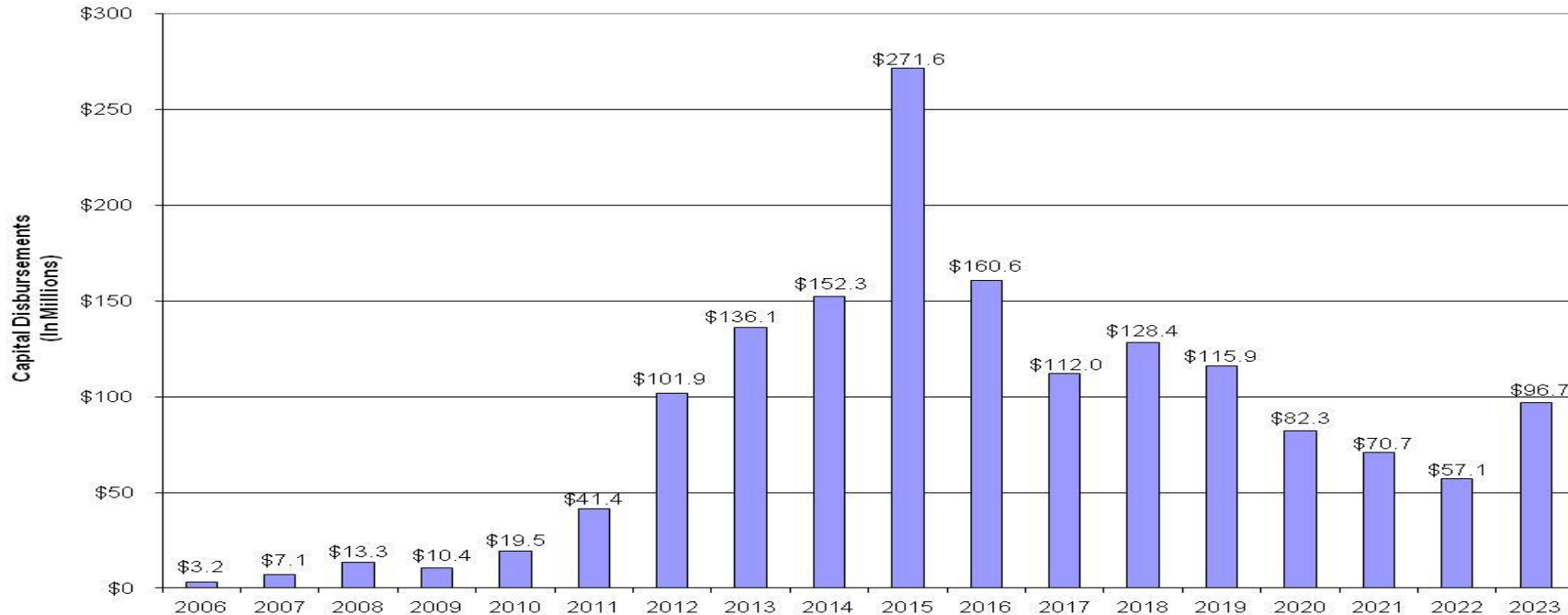
***DC Water's proposed rate increases are primarily required to fund increasing debt service costs***

- Operations and maintenance expenditures (excluding the payment in lieu of taxes and right-of-way fee) increase on average by only 3.1 percent annually
- Debt service expenditures grow at an annual average rate of 9.6 percent
- This year's ten-year financial plan reflects anticipated operating cost savings at Blue Plains beginning in FY 2015 due to the implementation of the digester/cambi biosolids management project

## WHY RATE INCREASES ARE NEEDED, Cont.

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

Clean Rivers CSO LTCP Disbursements by Fiscal Year



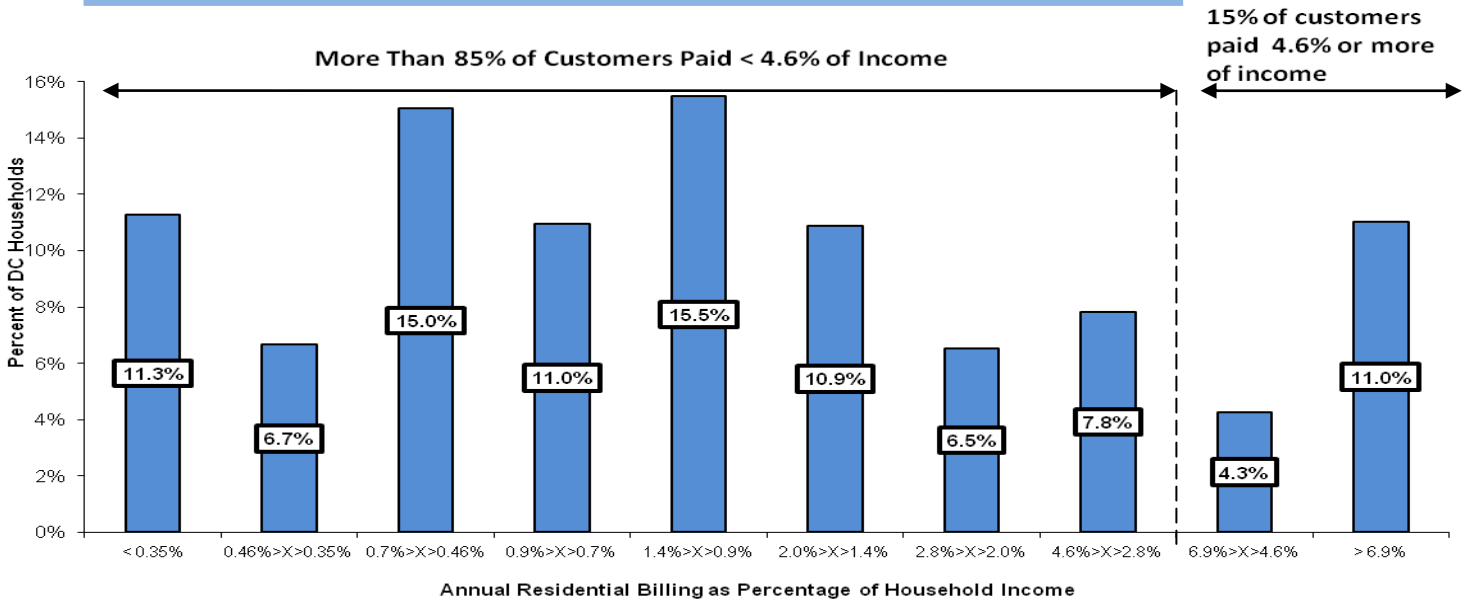
In December 2004, the Board reached an agreement with the federal government on the Clean Rivers Project (CSO-LTCP) and entered into a related consent decree. Actual and projected disbursements by fiscal year for the Clean Rivers Project are shown in the chart above and are the drivers for changes in the Clean Rivers IAC over the ten-year plan. Wholesale customers contribute 7.1 percent to the Clean Rivers Project. To mitigate impacts, DC Water continues to look for federal support for this program. As of September 30, 2013, \$182.8 million has been received through federal appropriations. Lifetime capital costs for the plan (exclusive of the nine – minimum controls program) total approximately \$2.3 billion, and this year’s proposed ten-year plan includes \$1.2 billion of projected Clean Rivers Project disbursements.

# AFFORDABILITY OF RETAIL RATES

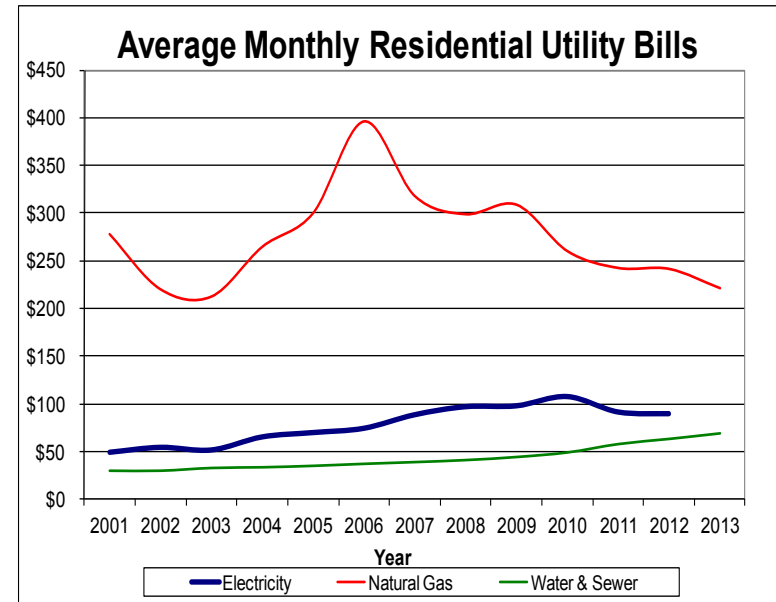
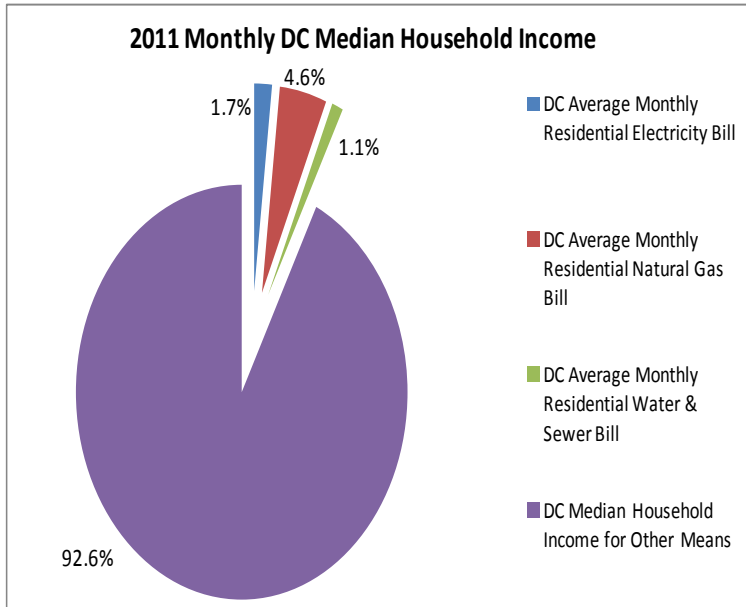
## DC WATER CHARGES ARE STILL AFFORDABLE AND COMPETITIVE WITH OTHER MAJOR CITIES

- **Median household income:** The average DC Water charges are less than 4.6% of income for 85% of the households in the District of Columbia. US EPA guidelines suggest that charges greater than 4% of median household income are typically viewed as a strain on household budgets (2% water + 2% sewer)
- **Typical DC Water residential bill as a percentage of median household income is lower than average when compared to other utilities of similar size.**
- **Customer Assistance programs are in place to help eligible low income customers with their water/sewer bills.**

### Most Residents Paid Less Than 4.6% of Income



## AFFORDABILITY, Cont.



### Observation:

- DC Water's average monthly residential water & sewer bill is about 1.1 percent of the total monthly household income for the median income family, lower compared to the average monthly electricity and natural gas bill and at about the national average for urban populations.

### Observation:

- Average electricity and natural gas are higher than water & sewer bills.

### Assumption:

- Average DC customer is assumed to use 6.69 Ccf of water, 200 Therms of natural gas and almost 695 kWh of electricity per month in 2012.

#### Sources:

Electricity and Gas: DC Public Service Commission

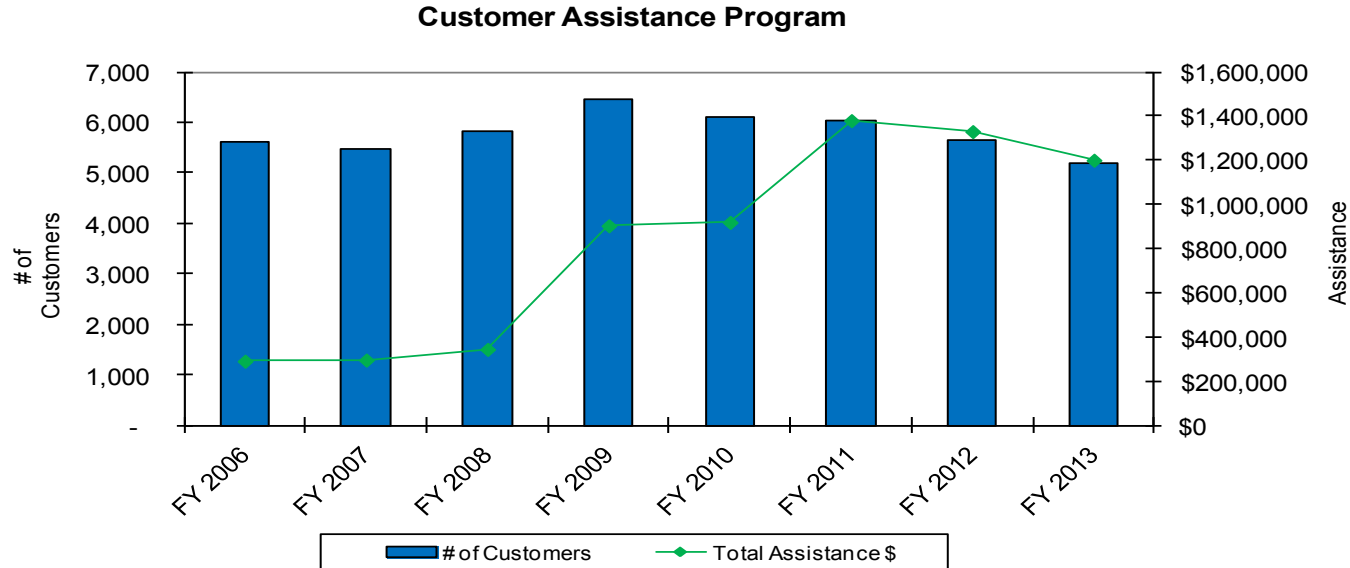
Water and Sewer: DC Water Assuming 6.69 Ccf, or 5,004 gallons consumption

Median HH Income: US Census Bureau

## AFFORDABILITY, Cont.

DC Water sponsors two programs to assist low income customers in paying their water bills:

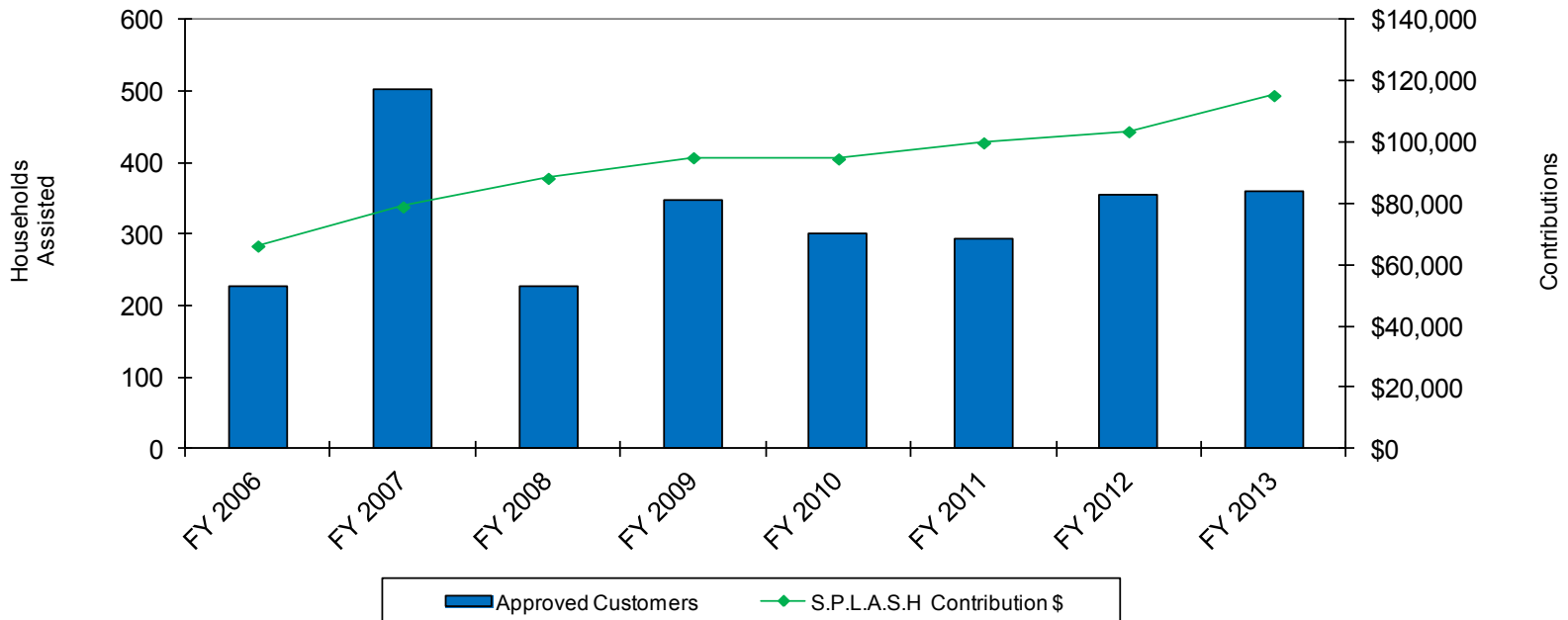
- Customer Assistance Program (“CAP”)**: The Authority implemented the CAP in 2001 providing a discount of 4 Ccf per months of water service for single family residential homeowners that meet income eligibility guidelines. In FY 2004, the Authority expanded the CAP to include tenants who meet the financial eligibility requirements and whose primary residence is separately metered by the Authority. In January 2009, the Authority further expanded the CAP to provide a discount of 4 Ccf per month of sewer services to eligible customers. In FY 2011, the discount was expanded to the first 4 Ccf associated with the PILOT/ROW fee in addition to the current discount provided on water and sewer services. In FY 2013, CAP assisted over 5,200 customers and provided \$1.2 million in discounts to low-income customers.



## AFFORDABILITY, Cont.

- Serving People by Lending a Supporting Hand (“S.P.L.A.S.H”):** The SPLASH program was implemented in FY 2001. Through the S.P.L.A.S.H. program, DC Water offers assistance to families in need so that they can maintain critical water and sewer services until they get back on their feet. The program is administered by the Greater Washington Urban League. Every dollar received by DC Water is distributed to eligible customers. In FY 2013, SPLASH assisted 359 households and provided \$115,455 in contributions to low-income customers.

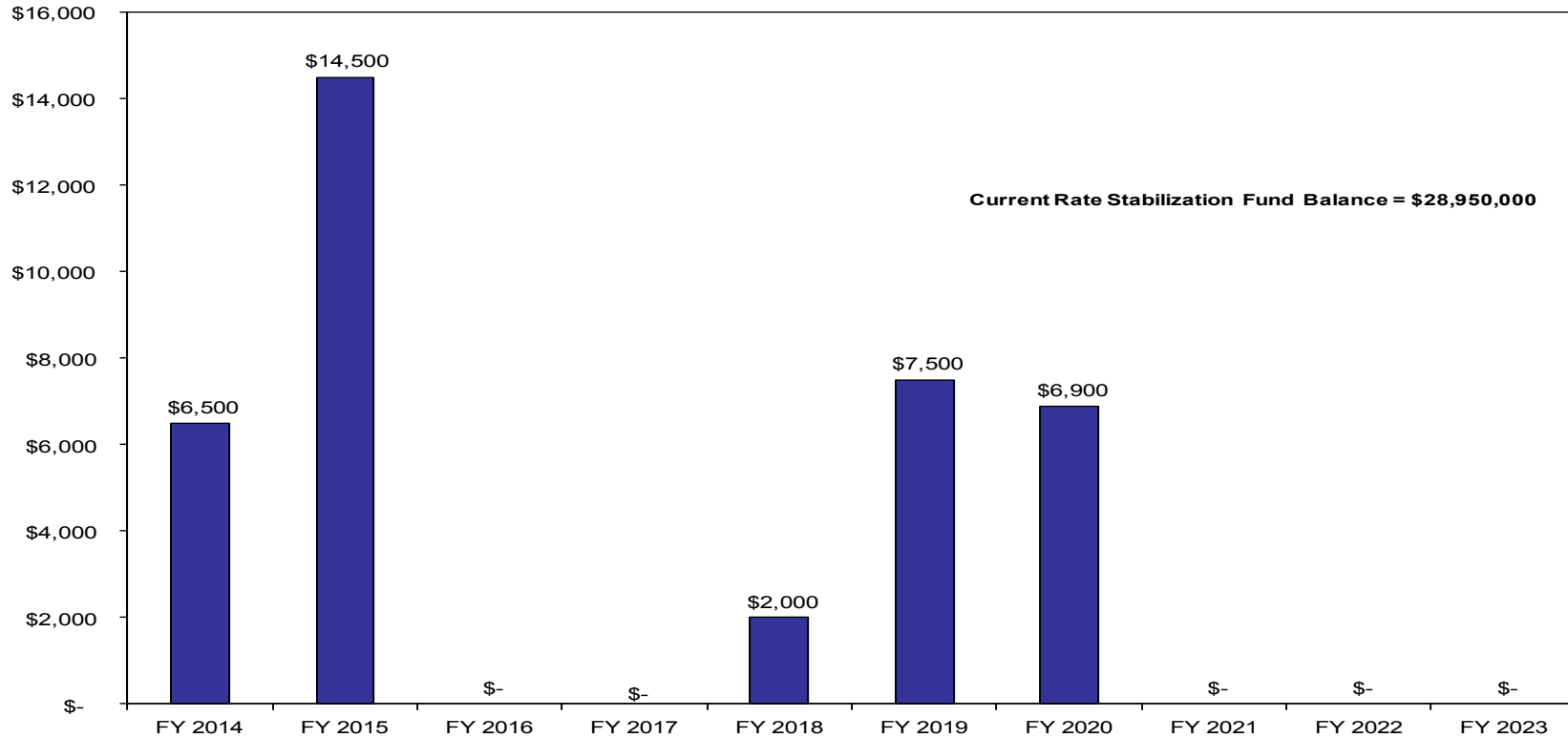
**S.P.L.A.S.H Program**





## AFFORDABILITY, Cont.

**RATE STABILIZATION FUND USAGE  
FY 2014– FY 2023  
(\$000's)**



- At the end of FY 2013, DC Water's rate stabilization fund (RSF) balance was \$28.95 million. The proposal calls for use of \$6.5 million in FY 2014 and \$14.5 million in FY 2015. RSF will have a balance of \$34.05 million at the end of FY 2023.

## **AFFORDABILITY, Cont.**

When considering factors of water and sewer service affordability, utilities often look at similarly situated agencies. However, every utility implements unique rate-setting structures, making it difficult to give clear representative data for comparison. The American Water Works Association (AWWA) conducts a survey every two years to compare utility rates from agencies across the country. AWWA sorts their results into water and sewer separately, and compare agencies by the quantities (MGD) served: A) over 75 MGD; B) 20-75 MGD and; C) less than 20 MGD. DC Water falls within the largest categories for both the water and the sewer comparisons. The last survey was conducted in 2012 and DC Water customer bills are near the median of all similarly sized utilities.

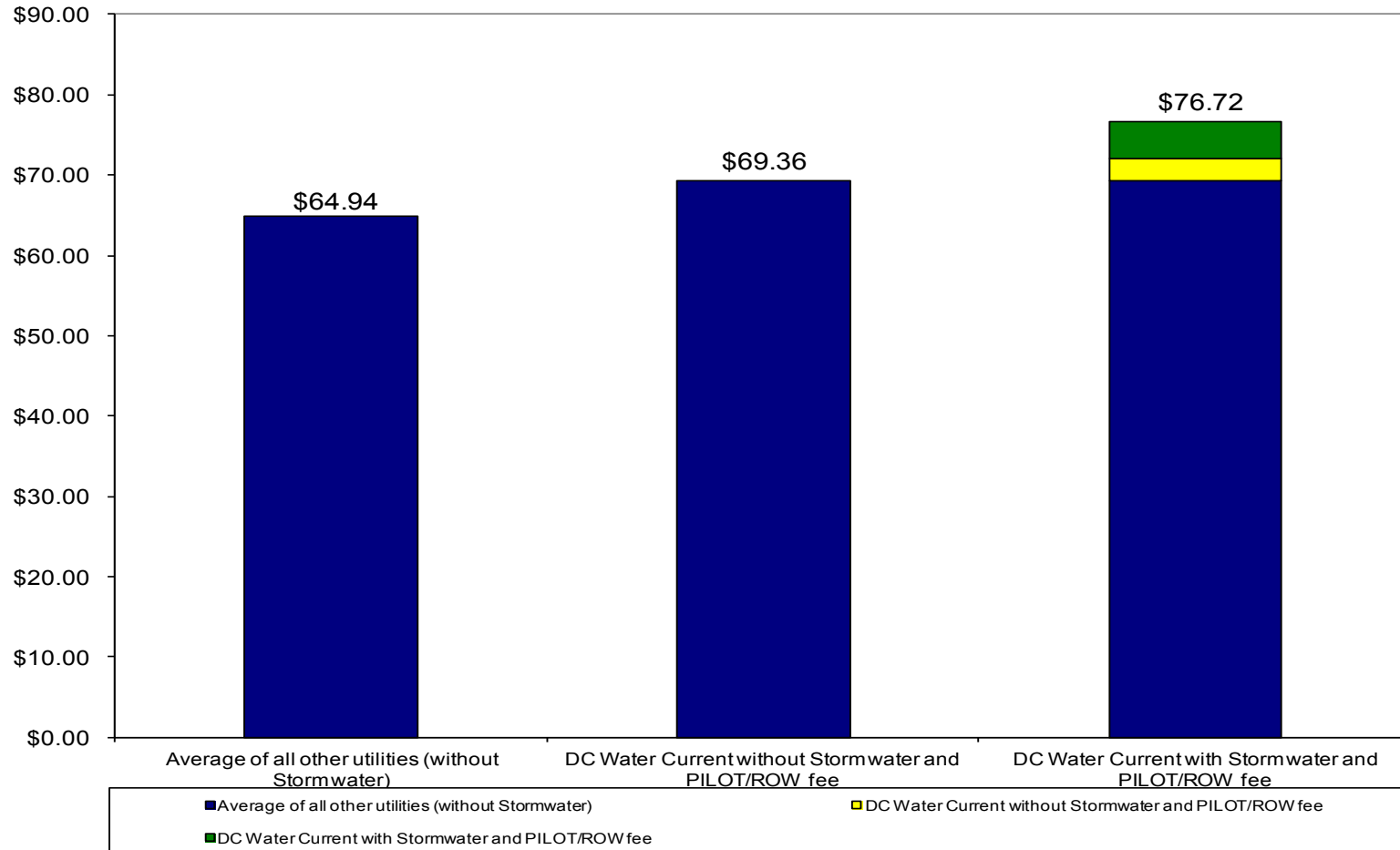
The following charts provide DC Water combined water and sewer rates compared to: large CSO communities average residential water bills, other similar large jurisdictions and other regional jurisdictions. There remains distinct differences between DC Water and other comparable utilities. Some differences include:

- Different use patterns (most suburban jurisdictions)
- Taxing authority or tax support (WSSC, Baltimore, Atlanta, Chicago)
- Available undeveloped areas supporting high developer contributions for growth (such as Fairfax)
- Separated wastewater and water authorities
- Different climate (perhaps with conservation needs such as Seattle)
- Status of federal mandates (such as DC Clean Rivers Project)

# AFFORDABILITY, Cont.

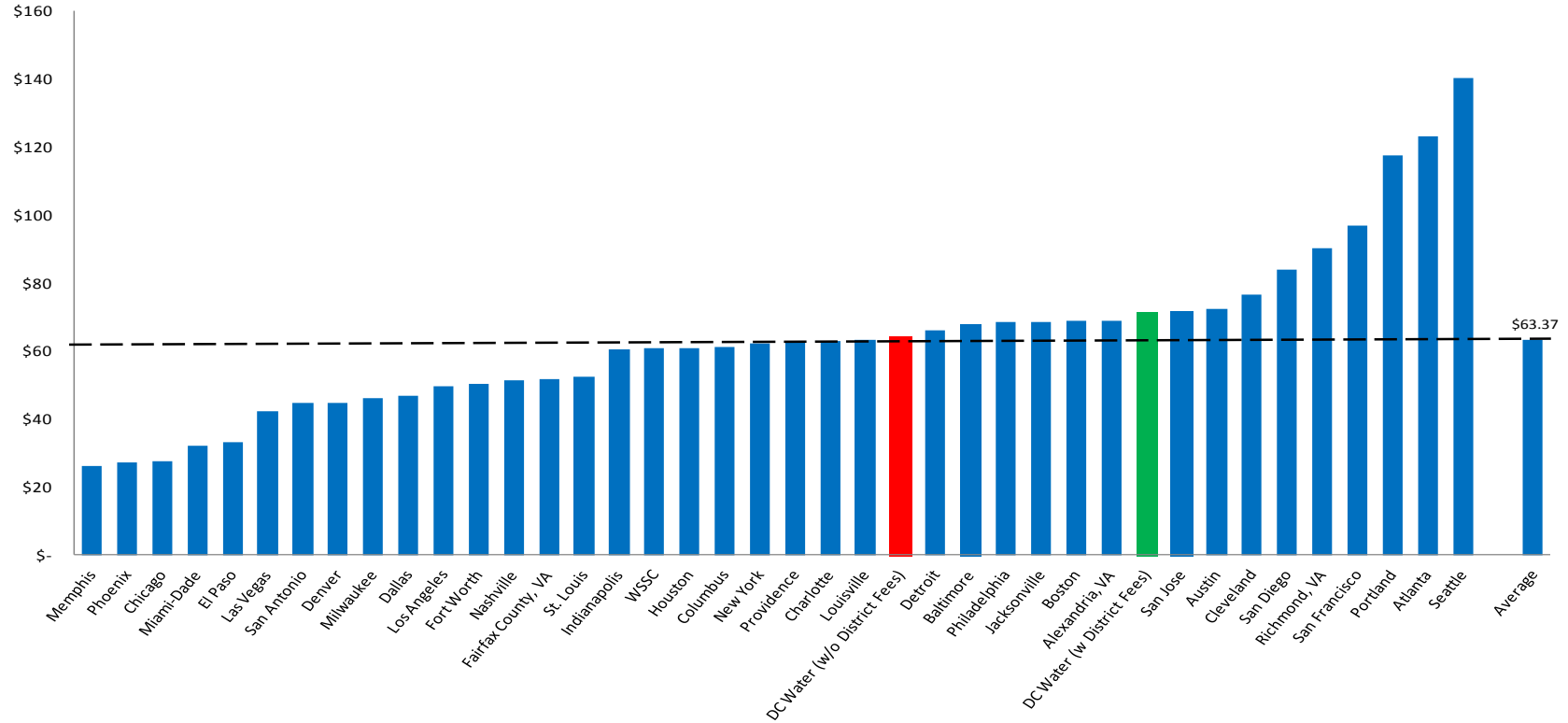
## DC WATER'S RETAIL RATES ARE COMPARABLE TO OTHER UTILITIES

*DC Water's Current FY 2014 Monthly Residential Bill*  
*vs.*  
*Average Monthly Bill of Other Utilities in Effect Fall 2013*



# AFFORDABILITY, Cont.

**DC Water Retail Rates Compared to Other Large Utilities  
(Based on Rates in effect Fall 2013)**

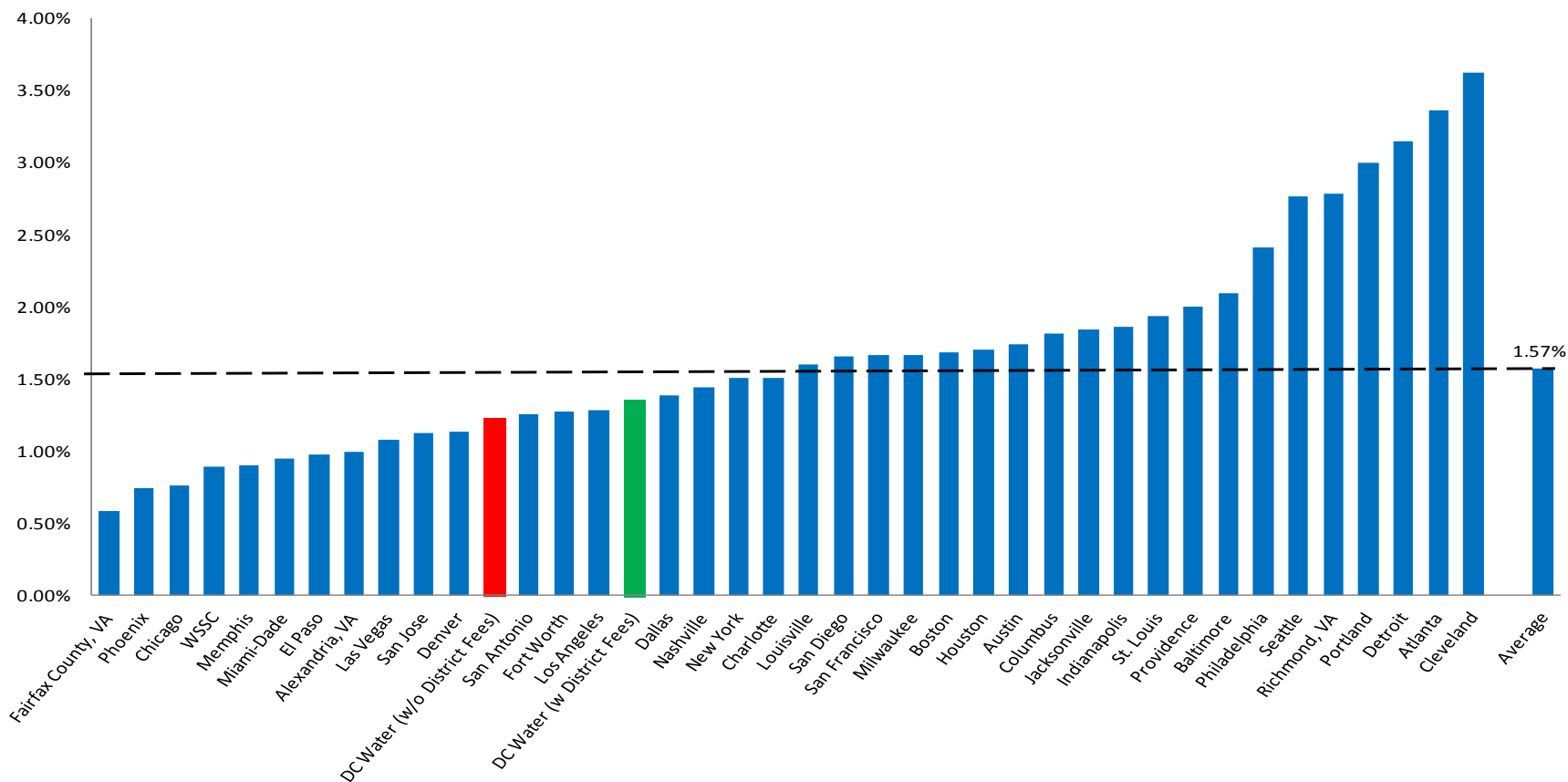


- (1) Assumes average residential consumption of 6.69 Ccf, or 5,004 gallons, per month. Ccf = hundred cubic feet, or 748 gallons.
- (2) Reflects DC Water's rate and fee changes in FY 2013.

## AFFORDABILITY, Cont.

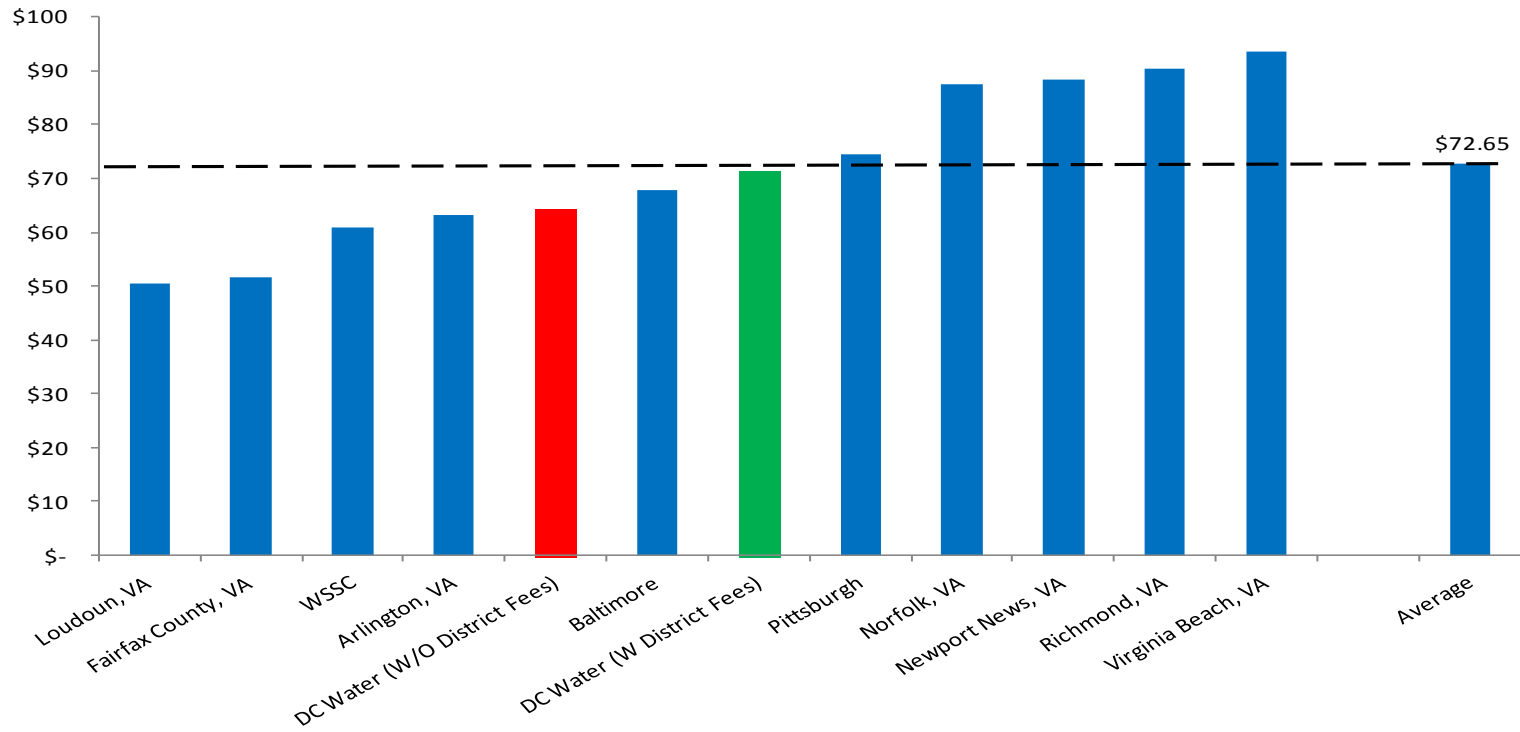
In the chart below DC Water current charges rank at the median for bill comparison purposes for water and wastewater services compared to a select group of large, regional and CSO utilities, but well within US EPA guidance of 4 percent.

**Single Family Residential (SFR) Monthly Bill as %  
of Median Household Income - Large National Utilities  
(Based on Rates in effect Fall 2013)**



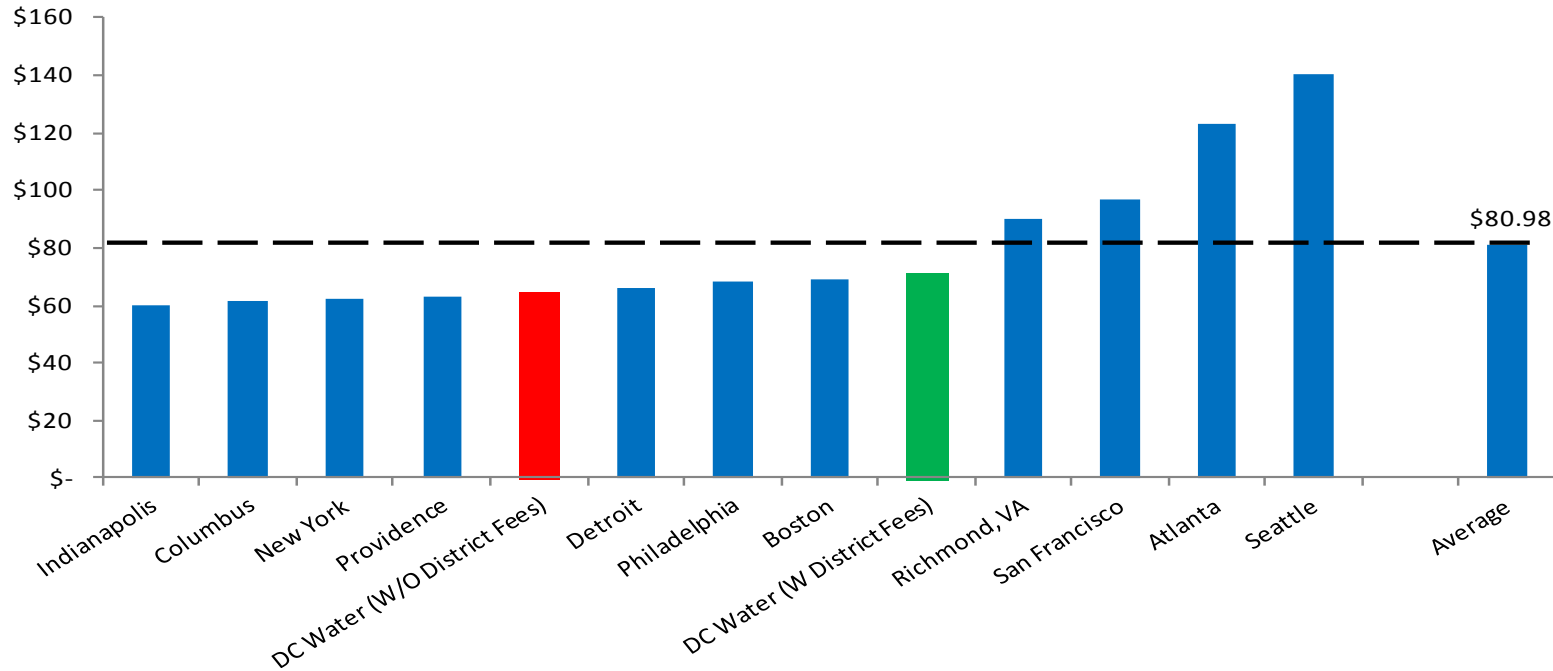
# AFFORDABILITY, Cont.

*DC Water Retail Rates Compared to Regional Utilities  
(Based on Rates in effect Fall 2013)*



## AFFORDABILITY, Cont.

*DC Water Compared to CSO Communities  
(Based on Rates in effect Fall 2013)*

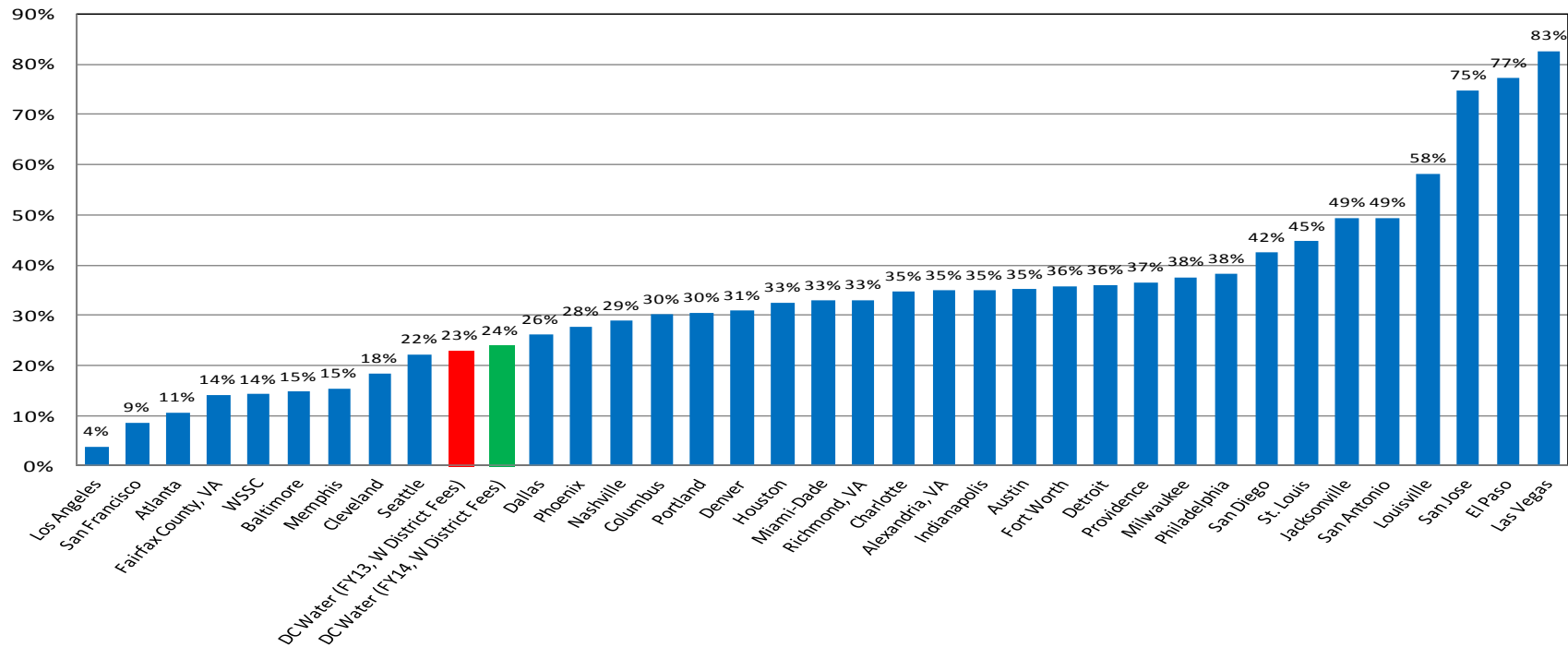


- Most CSO communities have implemented double digit rate increases to recover CSO-LTCP costs.
- Increases do not reflect other available dedicated taxes or state funding potentially available to some agencies.
- Chart reflects SFR monthly bill utilities with CSO programs without offsets to user charges.

## AFFORDABILITY, Cont.

Fixed charges are a small component of the DC Water monthly bill and is less than median for large utilities. This provides the customer more opportunities to impact monthly bills through water conservation.

**Fixed Charge as % of Total Single-Family Residential Bills in Large Cities  
(Based on Rates in effect Fall 2013)**



- User Charges are based upon information provided by the identified cities and standardize assumptions regarding water consumption, wastewater discharge, stormwater drainage area and other factors. Sewer charges include stormwater charges in those cities where separate stormwater fees are assessed. Some cities use property tax revenue or other revenues to pay for the part of the cost of water, wastewater, or stormwater services.
- DC Water rate schedule was effective October 1, 2012. Whereas, charges for all cities reflect rate schedules in effect Fall 2013.
- DC Water PILOT and ROW fees are split between variable water charges and variable sewer charges.
- DC Water charges include the stormwater charges of the District.
- CSO/Stormwater charges may cover the cost of CSO abatement facilities in those cities with combined sewers; such charges can also cover the cost of stormwater-related facilities and services.





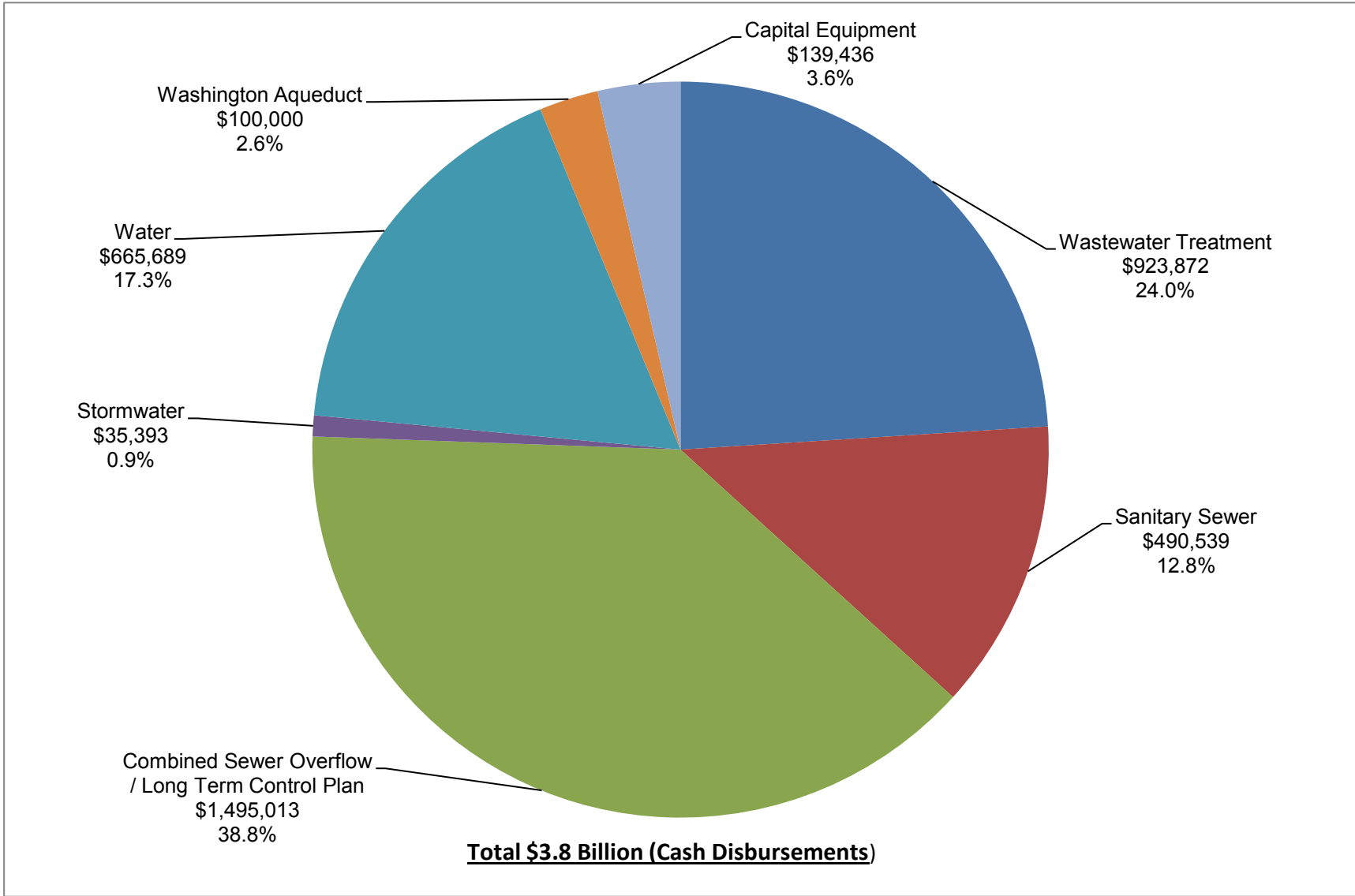
# OPERATING BUDGETS

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

## SECTION V CAPITAL PROGRAMS



# FY 2014 - FY 2023 Capital Improvement Program (\$ in 000's)



## **FY 2014 – FY 2023 CAPITAL IMPROVEMENT PROGRAM OVERVIEW**

District of Columbia Water and Sewer Authority's ("DC Water") ten-year capital improvement program (CIP) totals \$3.8 billion (on a cash disbursements basis), approximately the same amount as the past few years. Lifetime budgets increased in all service areas in the aggregate amount of \$911 million resulting in a total lifetime budget of \$9.4 billion. The Congressional Capital Authority request for FY 2015 is \$554.3 million.

While all mandates and immediate critical needs are incorporated into this ten-year plan, there is approximately \$219 million in projects which have been identified as prudent asset re-investments for DC Water, but have not been prioritized for inclusion within the current ten-year planning period. In addition, disbursements for existing work have been accelerated in the Combined Sewer Overflow Long-Term Control Plan (CSO-LTCP). These proposed changes for the DC Clean Rivers Green Infrastructure are discussed in more detail within this section and throughout this CIP document and contribute to an increase in the CSO-LTCP service area disbursements of \$206 million. The CSO ten-year disbursement increase along with increases to Sanitary Sewer, Water, Stormwater and Capital Equipment Service Areas are offset by the decrease in the Wastewater Treatment Area.

The following summarizes major projects and changes in each service area. Please note that all dollar amounts are presented on a project lifetime basis, except where noted otherwise.

### **WASTEWATER TREATMENT**

The lifetime budget for the Wastewater Treatment Service Area has increased by \$362 million to \$3.1 billion. This increase is driven primarily by the Liquid Processing (\$199 million), Plantwide (\$86 million) and Nitrogen Processing Projects (\$58 million). Planned upgrades to the Control System accounts for \$37 million increase in Plantwide Projects. The increases in the Liquid Processing Program Area, are attributable to the addition of new projects to rehabilitate the effluent filters (\$108 million) and Replace/Upgrade the influent Screens (\$40 million). Increases to Filtrate Treatment, Div D Bolling Overflow & Diversion and Program Management are responsible for the increases to the Nitrogen Program Area.

As indicated above, this service area continues to reflect the implementation of the Biosolids Management Plan including the costs of construction of the Combined Heat and Power Facility (CHP), Main Process Train (Digesters and thermal hydrolysis process) and Final Dewatering Facilities, with estimated completion in late FY 2014. The benefits of this plan include production of a Class A biosolids product which can be more widely beneficially processed at reduced costs; reduction in the carbon footprint relative to the existing lime stabilization process; and, the on-site production of electricity with an estimated net of 10 MW that can be utilized at

### ***Capital Improvement Program Overview, Cont.***

Blue Plains. An interim method of financing this project has been used in the Financial Plan to mitigate the impact on customers' rates and to better match the financing costs with the benefits that will be received over the life of these facilities.

Other significant projects within the Nitrogen Processing Program Area that are underway include Secondary Treatment Facility Upgrades/Enhanced Nitrogen Removal North (Project BI) and Filtrate Treatment Facilities (Project EE), with construction anticipated to start in FY 2014 as well as The Enhanced Clarification Facility (Project E8).

### **COMBINED SEWER OVERFLOW**

The lifetime budget for the Combined Sewer Overflow (CSO) Service Area has increased by \$101 million to \$2.9 billion, which includes the twenty-year DC Clean Rivers Project (CSO Long Term Control Plan). This budget increase is due to the accelerated North East Boundary Tunnel work included within the Anacostia River Tunnel portion of the Long Term Control Plan, which will now start three years earlier in order to provide flooding relief to the residents of the Bloomingdale neighborhood of DC than previously planned.

As has been noted over the past few years there are additional risks and contingencies associated with the twenty-year DC Clean Rivers Project that exist and need to be evaluated over time. Given the long time frame of this project and the uncertainties associated with tunneling projects, we are continually monitoring the costs and risks with the expectation of continuing to update the budget projections when certain milestones have been reached.

### **STORMWATER**

The lifetime budget for the Stormwater Service Area is \$91 million which is an increase of \$28 million from last year primarily as a result of the rehabilitation of the Stormwater Pumping Stations (Project NG \$25 million). Over the past few years, extensive dialogue among stormwater task force members resulted in a better definition of roles, responsibilities and funding sources for the activities required to enhance District of Columbia stormwater management. The District of Columbia Department of the Environment (DDOE) entered into agreements with various offices to provide services in support of the District's MS4 permit in accordance with funding availability from the Enterprise Fund. Under the current MS4 permit issued to the District of Columbia government, DC Water is responsible for the inspection, repair and cleaning of stormwater outfall structures, stormwater catch basins (annually), and clearing of blockages as necessary from storm sewer lines in the City's public space. Various other agencies have responsibility for a variety of other stormwater activities. Discussion of other matters, such as the turnover of stormwater pumping facility maintenance and planned capital replacement of infrastructure in areas managed by the District under the MS4 permit continues. DDOE maintains the central responsibility for managing stormwater activities under the MS4 permit and has worked to coordinate with all agencies, the

activities and funding mechanisms necessary to ensure full compliance. We are in the process of negotiating a new Agreement with DDOE.

While DC Water has the Clean Rivers Project to address these issues within the combined sewer areas, DC Water's staff continues to participate in the MS4 task force and to monitor the impact of other MS4 National Pollutant Discharge Elimination System (NPDES) requirements on DC Water and its ratepayers. Significant progress has been made throughout the District. Since 2001, DC Water collected the MS4 stormwater fees on behalf of the District, and acted as the Stormwater Administrator until the creation of DDOE and the transfer of duties in early 2007. DC Water continues to collect those fees on behalf of the District and transfer them to DDOE quarterly. In FY 2009, we worked closely with DDOE to share our impervious surface area database.

## **SANITARY SEWER**

Many of the sewers in the DC Water system were constructed more than one hundred years ago and are still in operation. Aging infrastructure is a national issue and can impact the condition and performance of the system. DC Water is responsible for wastewater collection and transmission in the District of Columbia, including operation and maintenance of the sanitary sewer system. DC Water's sanitary sewer system includes approximately 600 miles of large interceptor sewers and smaller gravity collection sewers. The Authority is also responsible for sewer lateral connections from the sewer mains to the property lines of residential, government, and commercial properties. In addition, DC Water is responsible for the 50 mile long Potomac Interceptor System under an agreement with the participating jurisdictions. This sewer provides conveyance of wastewater from areas in Virginia and Maryland to Blue Plains. The existing sanitary sewer system in the District of Columbia dates back to 1810, and includes a variety of materials such as brick and concrete, vitrified clay, reinforced concrete, ductile iron, plastic, steel, brick, cast iron, cast in place concrete, and even fiberglass.

During FY 2009, DC Water completed a Sewer System Assessment and the Water Facility Plan ("Study"). This document culminated a five-year effort involving sewer inspection and condition assessment, development of a sewer GIS and database, hydraulic monitoring and modeling to assess system capacity and the development of prioritized activities for system improvement. This Study identified a significant increase in funding needed for specific sewer infrastructure improvements. As recommended by the Study, the current CIP includes funds for an ongoing, annual sewer inspection program, which may identify the need for additional work.

### **Key Findings of the 2009 Sewer Facilities Plan:**

- Generally speaking, major sewer pipe infrastructure can meet current and future population needs; however, continued investment in upgrades to major infrastructure elements is needed.
- 88% of the sewers inspected had some defects, 60% of which could be addressed using localized repair and the remaining require, mainly, lining.
- 94% of the manholes inspected were found to have one or more defects.

- The number and severity of pipe defects indicates an expected increase in problems in pipes greater than 75 years old. Older pipes can be in good condition (and younger ones can be in poor condition), but at the 75-year mark, DC Water can assume that more extensive and frequent inspection is needed.
- There are approximately 210 miles of sewers in stream valleys and about 12.3 miles of these sewers were found to need some type of repair.
- There are about 316,000 linear feet of sewers with some portion under buildings. Of those inspected, a preliminary list has been developed, and approximately 17,000 linear feet of sewers have been found to have multiple and/or significant defects, warranting rehabilitation or replacement.

Key Recommendation of 2009 Sewer Facilities Plan - - continue a two-pronged, parallel approach to the CIP program:

- Implement identified projects resulting from ongoing system condition and needs assessment, and an increase in the continued annual sewer pipe renewal program.
- Based on a twenty-year planning outlook, this will require a \$1.2 billion increase (2008 dollars) in capital spending to address currently identified projects (\$536 million) and a sewer pipe renewal program (\$664 million).

An update to the facility plan is underway and expected to be complete in mid to late FY 2014.

The lifetime budget in this area has increased by \$230 million resulting in a lifetime budget of \$1.15 billion. The main increase is due primarily to Sanitary Interceptor/Trunk Force Sewers, an increase of \$119 million. The proposed ten-year CIP reflects disbursements at just over \$490 million of which more than fifty percent is attributable to projects within the Sanitary Interceptor/Trunk Force Sewers.

Also, there are approximately \$111 million in sanitary collection sewer projects identified in the ten-year Capital Improvement Plan that transmit some flow from our wholesale customers. These are projects in planning or design exclusive of projects already under construction. DC Water has implemented a new hydraulic model to determine our wholesale customer's share of these projects. Accordingly, in calendar 2011 we reached a preliminary agreement that for FY 2012 and forward that their share of these projects would reflect the new model per the Technical Memorandum No. 1 'Multi-Jurisdictional Use Facilities Capital Cost Allocation' dated June 20, 2013. The suburban share of these projects is consistent with the new Blue Plains Intermunicipal Agreement (IMA), effective April 3, 2013 as well as the newly adopted Multi Jurisdictional Use Facilities Technical Memorandum No. 1, effective June 27, 2013.

## **WATER**

The lifetime budget for the Water Service Area (including Meter Replacement/AMR installation/CIS) is \$1.7 billion or an increase of \$62 million from last year's CIP. Also, this years' increase includes accelerating replacement of existing AMR installations and the procurement, installation and implementation of a new Customer Information System (CIS) beginning in FY 2014.

The water service area CIP includes a majority of the projects recommended in the 2009 Water Facilities Plan Update. Major water projects include construction of pump station upgrades; new storage facilities; water main replacements, rehabilitations and extensions; fire hydrant replacements; and valve replacements.

## **WASHINGTON AQUEDUCT**

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

The proposed lifetime budget for DC Water's share of Washington Aqueduct projects is \$286 million. The budget reflects the prioritized need for infrastructure improvements over the next ten years. The main driver of this number is the lifetime costs attributable to each project.

## **CAPITAL EQUIPMENT**

DC Water's Capital Equipment disbursements budget totals approximately \$139.4 million for FY 2014 – FY 2023 plan, an increase of approximately \$43.4 million compared to the last ten-year plan. The main drivers of this increase can be attributed to reallocation of resources for Fleet Management, to make necessary upgrades to DC Water's Fleet; and, Maintenance Services, for the maintenance of a great portion of our current CIP program facilities such as – Digesters, Tunnel Dewatering Pump Station, and the Enhanced Clarification Facility. There are smaller increases in Facilities and Security and Sewer Services.

Approximately thirty five percent or \$48.7 million of spending in the capital equipment area is on major maintenance services projects, including Major Pump Rebuild/Replacements, Large Electric Motors and Centrifuge Rebuild. DC Water increases its commitment to scheduled replacement of its aging vehicle fleet with a budget of \$25.3 million, representing eighteen percent of the Capital Equipment disbursement budget. Finally, Information Technology totals \$28 million, or twenty percent of the ten-year plan. Other equipment including hydrant and valve equipment necessary for the maintenance of the District's public fire hydrant system, and Sewer Services total \$11.8 million or nine percent of the Capital Equipment disbursement budget.

## **CIP DEVELOPMENT AND APPROVAL PROCESS**

DC Water's capital budget review process begins each year in the Spring, as part of both our capital and operating budget review process. This process includes a review of major accomplishments, priorities, status of major projects and emerging regulatory and related issues impacting the capital program. Projections of changes in project lifetime budgets are also included. The review process involves the DC Water departments with responsibility for managing the operations of DC Water services and capital projects as well as staff from the Office of the Chief Financial Officer (OCFO) and Executive Management. The CIP is integrated into DC Water's ten-year financial plan; because of its size, it is the primary driver of DC Water's projected rate increases over the current ten-year planning period.

This review process spans over several months and culminates with the presentation of the updated CIP to DC Water's Board of Directors' Environmental Quality and Sewerage Services, Water Quality and Water Services, Finance and Budget and DC Retail Water and Sewer Rates Committees in November. The Committees complete their review from November through December. The operating budgets, capital improvement program, and ten-year financial plan are then forwarded to the full Board for its consideration and action in December.

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

## **DISBURSEMENTS AND PROJECT LIFETIME BUDGETS**

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

As in prior years, the budget document includes a comparison of this year's vs. last year's lifetime project budgets by program area for the Board's review. Changes have been made to some of the project lifetime budgets approved from last year due to a change in project scope, engineering cost estimates, site changes and other related issues. In addition, some projects are either closed or



dropped from the CIP. Projects for which all activities have been completed during a given fiscal year are listed as 'Closed' during that fiscal year; these same projects are, then, listed as 'Dropped' in the immediately following fiscal year.

## **CAPITAL AUTHORITY**

As part of DC Water's enabling legislation, Congressional appropriation authority is required before any capital design or construction contract can be entered into. The FY 2015 request totals \$554.3 million, and reflects the following:

- Remaining authority from prior years' appropriations;
- Projected commitments in FY 2014 and FY 2015;
- Planned FY 2016 and FY 2017 commitments, to ensure adequate authority exists, in the event that any projects are accelerated.

Due to the timing of the Congressional appropriations process, authority requests must be made well in advance of commitment execution. Including planned FY 2016 and FY 2017 commitments (a 24-month 'look ahead') allows us adequate flexibility to continue with contract commitments in the event that the U.S Congress delays budget approval, and allows us to quickly accelerate or reprioritize projects into earlier years as approved by the Board. While this gives us flexibility to reprioritize projects, it should be noted that such changes, and execution of any contract, still require General Manager's approval, with major projects and contracts requiring Board approval.

## **MAJOR ASSUMPTIONS**

**Inflation:** All project costs are typically inflated at three percent annually to the mid-point of construction.

**Contingency:** DC Water capital projects include project contingencies generally ranging from five to fifteen percent, based on the size of the project.

## **PROJECT PAGES**

This document contains individual sections for each of DC Water's seven service areas. Each service area is made up of specific projects. Within each service area section in this document, there are individual project sheets for each current capital project in that section. The capital project sheets contain general information for each project. The following information is included:

**Service Area Title** – currently, there are seven defined project service areas in DC Water's CIP. The seven areas are: Wastewater Treatment, Combined Sewer Overflow / LTCP, Stormwater, Sanitary Sewer, Water, Washington Aqueduct and

Capital Equipment. The service area categorization groups together similar projects based on facility location and type of work being done in the project. Congressional capital authority is requested at this level.

**Program Title** – is a further categorization within the Service Area and groups projects by type of process. For example, in the Wastewater Treatment Service Area, there are four programs: Liquid Processing, Plantwide Projects, Solids Processing and Enhanced Nitrogen Removal.

**Activity Group/Project Title** – The activity group is the level at which DC Water manages and monitors projects, including in the financial system and project management system. The project title reflects the descriptive name given to the project.

**Service Area Manager** – lists which department or organization manages the project. The majority of the projects in DC Water’s CIP are managed by an internal DC Water operating department. DC Water’s CIP also includes some projects which are managed by outside organizations. It is advantageous for DC Water to coordinate some of its capital work on the water and sewer infrastructure with the District’s Department of Transportation (DDOT). The funding required for DC Water’s work is included in the CIP, but those projects are managed by DDOT. Approximately 75 percent of the Washington Aqueduct’s capital program is funded by DC Water, but the U.S. Army Corps of Engineers actually manages those projects.

**Priority** – DC Water engages in and prioritizes capital projects based on specific criteria. A project comprises of one or more jobs which, in turn, have individual priorities. The Priority mentioned on the capital project-sheets (listed in different sections of this book) is the one that has the largest budgeted dollars associated with it. The following is a list of definitions of the priorities shown on the individual project sheets:

1A. Court Ordered, Stipulated Agreements, Etc.

These are the projects that are undertaken to comply with court orders, stipulated agreements, regulatory issues, and the National Pollutant Discharge Elimination System (NPDES).

2A. Health Safety

These are projects that are required to eliminate or mitigate impact on public health or safety. These projects are also required to ensure that there is no failure to comply with DC Water’s NPDES permit requirements.

2B. Board Policy, DC Water’s commitment to outside agencies

These are projects that are undertaken to comply with a policy that the Board may adopt as a result of its commitment to outside Agencies.

### 2C. Potential Failure/Ability to continue meeting permit requirement

These are projects that are undertaken to construct or rehabilitate Facilities or Equipment that is in danger of failing, and that such failure may potentially endanger DC Water's ability to continue meeting permit requirements.

### 2D. High Profile, Good Neighbor Policy

These are projects that are undertaken to remediate concerns expressed by Citizens or Public Officials.

### 3A. Good Engineering, High pay back, Mission / Function

This category includes projects that are needed for rehabilitation and upgrading of facilities and infrastructure required for DC Water to fulfill its mission and function, as well as projects needed to resolve operational issues and inefficiencies. This category also recognizes cost savings in operation and maintenance.

### 3B. Good Engineering, Low pay back, M&F over long term

This category includes projects that are needed for rehabilitation and upgrading of facilities and infrastructure, but have a lower priority than projects in 3A above, yet help DC Water to fulfill its mission over the long term.

**Project Description** – general description of the work to be done within the project.

**Impact on Operations** – describes the anticipated impact on DC Water's operations when the project is completed.

**Design / Construction / Project Completion Dates** – anticipated dates are shown.

**Funding by User** – lists the anticipated project funding, by source and is based on the current Intermunicipal Agreement (IMA) and anticipates EPA funding where grants have been previously approved or in anticipation of that approval.

**Lifetime Budget** – the full project budget is approved and reviewed each year by DC Water's Board of Directors. Proposed increases or decreases to the total project life budget are shown, if applicable. Lifetime budgets for program management have been reduced, and project budgets increased, to reflect the allocation of costs for program management services at the conclusion of the prior fiscal year.

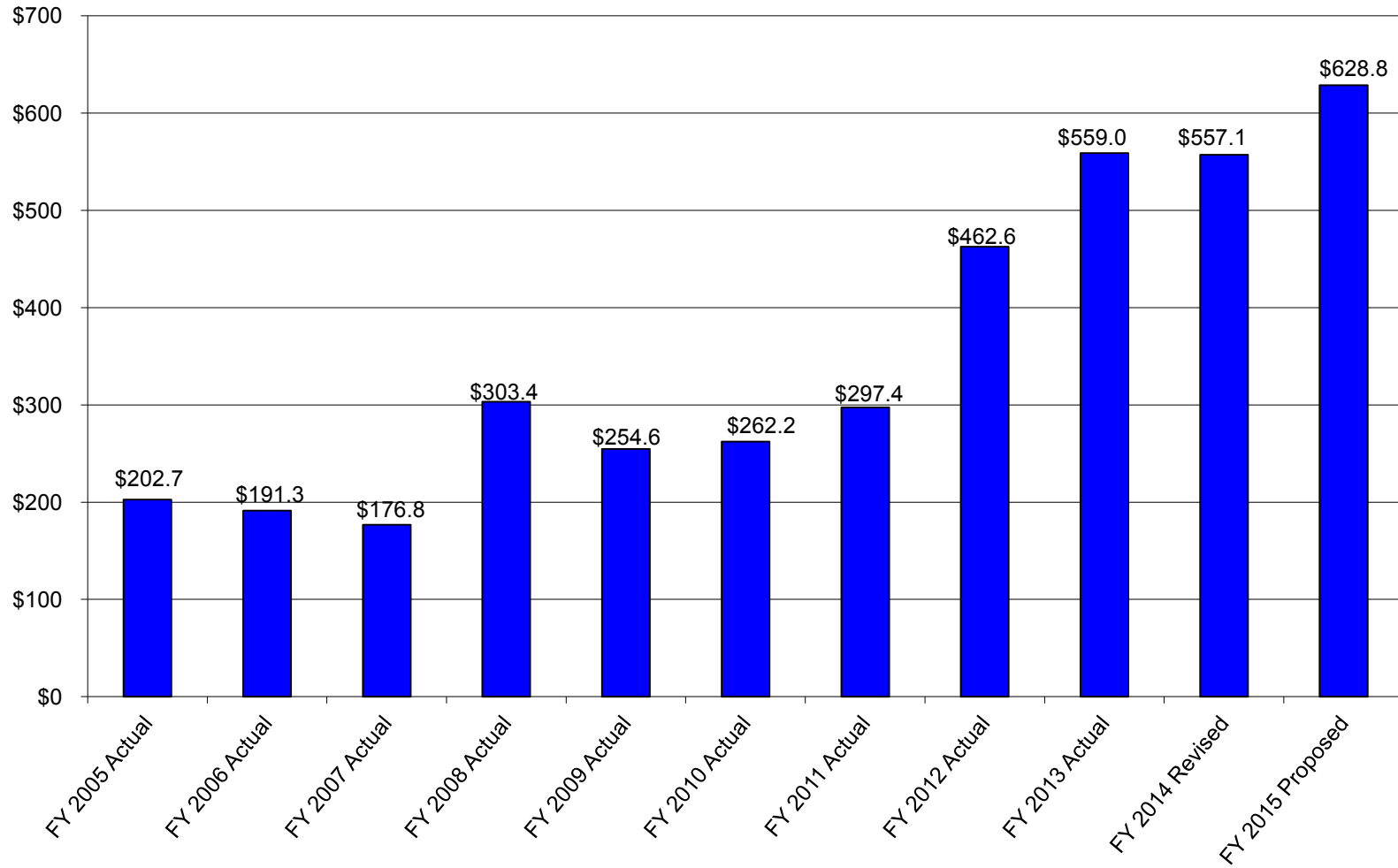
**Disbursements / Commitments Plan** – projected disbursements and commitments for various projects are shown by fiscal year in which they are anticipated. Commitments budgets are based on total project budgets, which reflect the fully loaded, anticipated costs of a project, including project contingencies. Contingencies are not included when calculating disbursement budgets.

## **CAPITALIZATION POLICY**

DC Water's capitalization policy determines how expenditures will be recognized and accounted for. Because we also match the financing to the projected useful life of the item, it also determines how projects will be financed. The following guidelines are used to categorize items as capital, capital equipment or operating (maintenance):

- Maintenance related items – are routine, cost under \$5,000, and do not extend the life of the item more than 3 years.
- Capital Equipment – has a life of at least 3 years, a cost exceeding \$5,000 and is financed with short-term debt or cash.
- Capital Project – has a long life (average of 30 years), a minimum cost of \$500,000, and is financed with 30 year bonds.

**Historical and Projected Capital Spending  
FY 2005 - FY 2015  
(\$ in 000's)**

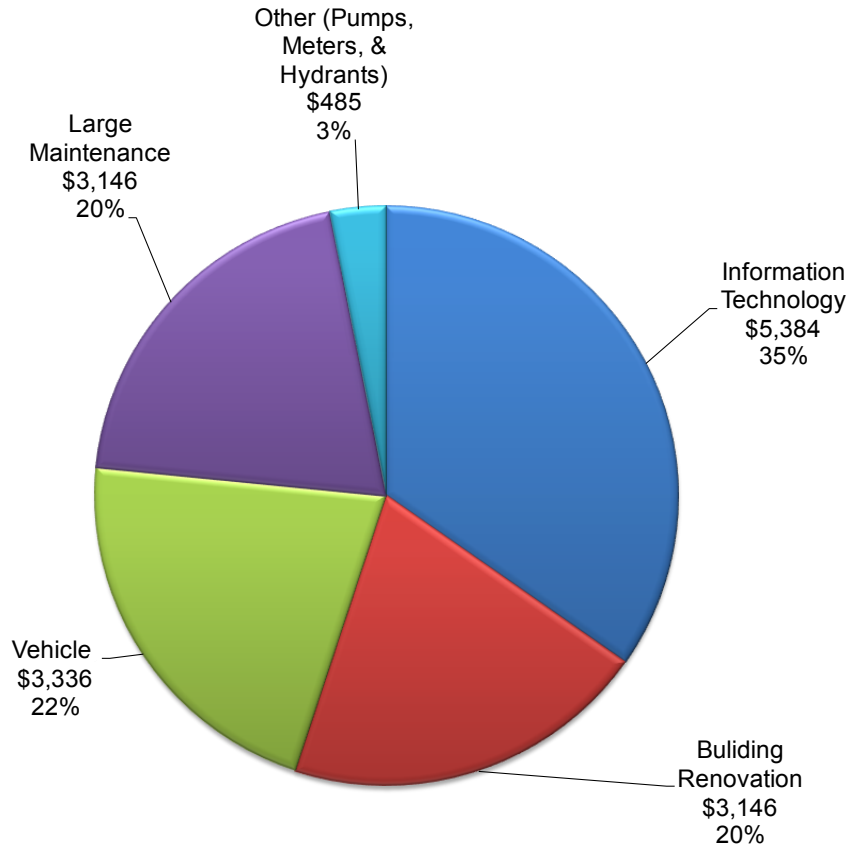


**FY 2014 - FY 2023 PROJECTED CAPITAL IMPROVEMENT PLAN (CIP) - DISBURSEMENTS BASIS (\$ in 000's)**

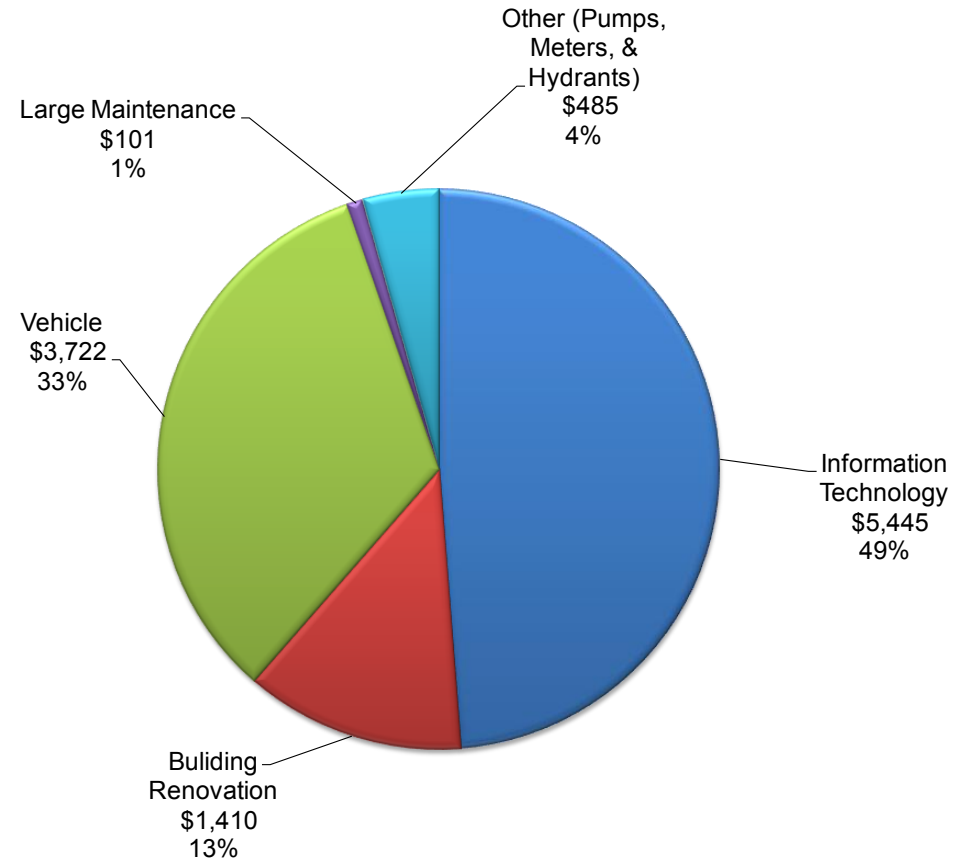
	FY 2014 Revised	FY 2015 Proposed	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total FY '14 (Revsd) - '23
<b>Wastewater Treatment</b>											
Liquid Processing Projects	18,072	18,443	19,676	29,426	23,742	11,130	4,596	8,595	10,958	15,389	160,028
Plantwide Projects	18,782	17,311	13,826	12,520	20,339	14,012	6,216	5,360	15,434	13,302	137,103
Solids Processing Projects	138,221	46,240	14,668	10,024	2,555	1,512	6,170	1,486	972	-	221,848
Enhanced Nitrogen Removal Facilities	93,116	92,370	97,943	66,418	45,054	4,899	2,581	878	539	1,097	404,893
<b>Sub-total</b>	<b>268,192</b>	<b>174,364</b>	<b>146,112</b>	<b>118,387</b>	<b>91,690</b>	<b>31,552</b>	<b>19,563</b>	<b>16,320</b>	<b>27,904</b>	<b>29,789</b>	<b>923,872</b>
<b>Sanitary Sewer</b>											
Sanitary Collection Sewers	1,478	9,562	11,422	4,543	7,533	6,260	6,760	7,585	9,337	11,618	76,099
Sanitary On-Going Projects	9,653	11,273	7,237	9,051	7,903	8,832	6,937	9,051	8,275	14,868	93,081
Sanitary Pumping Facilities	957	635	1,030	549	1,205	2,324	-	-	-	-	6,700
Sanitary Sewer Projects Program Management	4,739	4,993	4,866	5,192	5,498	5,863	4,973	4,071	2,460	3,027	45,683
Sanitary Interceptor/Trunk Force Sewers	12,990	22,813	45,001	36,731	29,179	43,694	27,750	23,207	14,356	13,257	268,977
<b>Sub-total</b>	<b>29,818</b>	<b>49,276</b>	<b>69,556</b>	<b>56,066</b>	<b>51,318</b>	<b>66,973</b>	<b>46,420</b>	<b>43,915</b>	<b>34,428</b>	<b>42,770</b>	<b>490,539</b>
<b>Combined Sewer Overflow / Long Term Control Plan</b>											
CSO Program Management	2,280	2,017	1,472	1,887	2,035	2,612	2,203	1,727	1,845	2,399	20,476
Combined Sewer Projects:Nine Minimum Controls	11,903	10,298	40,465	35,827	18,488	21,182	16,547	25,720	29,977	16,499	226,905
D.C. Clean Rivers Project ( <i>aka Long-Term Control Plan</i> )	152,325	271,593	160,600	111,962	128,441	115,903	82,311	70,665	57,087	96,746	1,247,632
<b>Sub-total</b>	<b>166,508</b>	<b>283,908</b>	<b>202,536</b>	<b>149,676</b>	<b>148,964</b>	<b>139,697</b>	<b>101,061</b>	<b>98,111</b>	<b>88,908</b>	<b>115,644</b>	<b>1,495,013</b>
<b>Stormwater</b>											
Stormwater Local Drainage	122	57	796	1,097	1,036	760	295	692	628	249	5,733
Stormwater On-Going Program	446	581	451	418	442	493	515	545	681	656	5,227
Stormwater Pumping Facilities	-	-	1,222	7,827	8,888	-	-	-	-	-	17,937
DDOT Stormwater Program	1	35	17	18	19	19	2	-	-	-	110
Stormwater Research and Program Management	436	190	138	171	192	258	227	171	177	227	2,186
Stormwater Trunk/Force Sewers	1,839	1,173	1,190	-	-	-	-	-	-	-	4,201
<b>Sub-total</b>	<b>2,843</b>	<b>2,035</b>	<b>3,813</b>	<b>9,531</b>	<b>10,577</b>	<b>1,529</b>	<b>1,039</b>	<b>1,408</b>	<b>1,486</b>	<b>1,132</b>	<b>35,393</b>
<b>Water</b>											
Water Distribution Systems	31,493	48,577	43,117	33,889	44,046	48,829	46,902	39,176	38,022	42,286	416,337
Water On-Going Projects	8,770	9,377	6,815	8,156	6,476	6,787	6,123	6,188	5,929	6,760	71,380
Water Pumping Facilities	3,710	5,386	5,760	4,263	6,798	850	286	152	80	0	27,286
DDOT Water Projects	4,869	2,123	1,109	-	-	-	-	-	-	-	8,100
Water Storage Facilities	2,173	11,387	8,707	5,153	10,607	3,799	840	773	2,076	1,223	46,739
Water Projects Program Management	3,565	5,245	4,375	4,379	4,346	3,645	3,618	3,508	5,528	5,658	43,867
Water Lead Program	2,823	2,010	1,384	1,377	1,440	1,534	1,632	476	-	-	12,678
Meter Replacement /AMR Installation +CIS	5,734	7,900	5,537	4,442	2,185	2,686	2,615	3,130	2,454	2,619	39,302
<b>Sub-total</b>	<b>63,136</b>	<b>92,006</b>	<b>76,804</b>	<b>61,660</b>	<b>75,898</b>	<b>68,131</b>	<b>62,015</b>	<b>53,404</b>	<b>54,088</b>	<b>58,546</b>	<b>665,689</b>
<b>Washington Aqueduct</b>	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	100,000
<b>Capital Equipment</b>	16,627	17,191	14,099	14,749	14,499	12,112	12,924	12,740	12,772	11,723	139,436
<b>Total FY 2015 DC Water CIP</b>	<b>\$557,125</b>	<b>\$628,779</b>	<b>\$522,921</b>	<b>\$420,070</b>	<b>\$402,945</b>	<b>\$329,994</b>	<b>\$253,022</b>	<b>\$235,898</b>	<b>\$229,586</b>	<b>\$269,603</b>	<b>\$3,849,942</b>

# CAPITAL EQUIPMENT DISBURSEMENTS BY MAJOR EXPENDITURE CATEGORIES (\$ in 000's)

**FY 2014 Revised**



**FY 2015 Proposed**



<b>FY 2014 Revised = \$16,627</b> <b>FY 2015 Proposed = \$17,191</b>
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**FY 2014 - FY 2023 CAPITAL EQUIPMENT BUDGET  
DISBURSEMENTS BASIS  
(\$ in 000's)**

Equipment Type	Owner-Deptt.	FY 2014 Revised	FY 2015 Proposed	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total FY '14-23	Project Sheet Ref.	Project Sheet Budget
<b><u>Wastewater Treatment</u></b>														
Lab Equipment	WWT	\$140	\$150	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$1,410	EB5	\$1,410
<b>Total</b>		<b>\$140</b>	<b>\$150</b>	<b>\$140</b>	<b>\$140</b>	<b>\$140</b>	<b>\$140</b>	<b>\$140</b>	<b>\$140</b>	<b>\$140</b>	<b>\$140</b>	<b>\$1,410</b>		
<b><u>Water Services</u></b>														
Water Service Replacement	DWS	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$2,600	EA2	\$2,600
System Valve Replacements	DWS	225	225	225	225	225	225	225	225	225	225	2,250	EW1	\$2,250
<b>Total</b>		<b>\$485</b>	<b>\$485</b>	<b>\$485</b>	<b>\$485</b>	<b>\$485</b>	<b>\$485</b>	<b>\$485</b>	<b>\$485</b>	<b>\$485</b>	<b>\$485</b>	<b>\$4,850</b>		
<b><u>Sewer Services</u></b>														
Sewer Pipes/Fittings	DSS	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$400	EA4	
Sewer Inspection Equipment	DSS	10	20	20	20	10	10	10	10	10	10	130	EA4	
Manhole Covers/Frames	DSS	40	40	40	40	40	40	40	40	40	40	400	EA4	
Regulator and Gate Rehabilitation	DSS	10	20	20	20	20	20	20	20	20	20	190	EA4	
Sewer Cleaning and Repair Equipment	DSS	55	55	55	55	55	55	55	55	55	55	550	EA4	
Portable Pumps	DSS	50	50	50	50	50	50	50	50	50	50	500	EA4	
Sewer Flow Meters/Sensor Replacements	DSS	50	50	75	75	75	75	75	75	75	75	700	EA4	
Catch Basin Tops/Frames/Covers	DSS	75	75	75	75	75	75	75	75	75	60	735	EA4	
Safety Equipment ( <i>shoring</i> )	DSS	50	50	50	50	50	50	75	75	75	50	575	EA4	\$4,180
100 W Emergency Generator & Load Center	DSS	50	50	50	50	50	50	50	50	50	50	500	ES4	\$500
CIPP Trenchless Equipment	DSS	200	100	50	200	50	50	50	50	50	50	850	EW6	\$850
TV for Jet Machine	DSS	60	60	60	60	60	60	75	75	75	60	645	EG5	\$645
Replace CCTV	DSS	250	-	-	-	-	250	-	-	-	250	750	SS1	\$750
<b>Total</b>		<b>\$940</b>	<b>\$610</b>	<b>\$585</b>	<b>\$735</b>	<b>\$575</b>	<b>\$825</b>	<b>\$615</b>	<b>\$615</b>	<b>\$615</b>	<b>\$810</b>	<b>\$6,925</b>		
<b><u>Fleet Management</u></b>														
Vehicles	FLEET	\$3,057	\$3,722	\$3,241	\$3,097	\$2,391	\$1,908	\$1,294	\$1,600	\$2,295	\$2,395	\$25,000	EB6	
Vehicles - SafePak														
Keybox/Panasonic Hardware	FLEET	279	-	-	-	-	-	-	-	-	-	279	EB6	\$25,279
<b>Total</b>		<b>\$3,336</b>	<b>\$3,722</b>	<b>\$3,241</b>	<b>\$3,097</b>	<b>\$2,391</b>	<b>\$1,908</b>	<b>\$1,294</b>	<b>\$1,600</b>	<b>\$2,295</b>	<b>\$2,395</b>	<b>\$25,279</b>		



**FY 2014 - FY 2023 CAPITAL EQUIPMENT BUDGET  
DISBURSEMENTS BASIS  
(\$ in 000's)**

Equipment Type	Owner-Deptt.	FY 2014 Revised	FY 2015 Proposed	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total FY '14-23	Project Sheet Ref.	Project Sheet Budget
<b><u>Facilities and Security</u></b>														
HVAC at Various Locations	FAC. & SECURITY	\$250	\$250	\$300	\$300	\$300	\$350	\$350	\$400	\$400	\$400	\$3,300	EF3	\$3,300
Photocopier Purchase	FAC. & SECURITY	200	100	200	100	500	100	200	100	200	100	1,800	EF5	\$1,800
Authority-wide fire suppress/detection	FAC. & SECURITY	125	250	250	125	125	150	150	150	150	150	1,625	EF7	\$1,625
Elevator -various locations	FAC. & SECURITY	150	75	75	75	75	75	75	200	75	75	950	EF8	\$950
Plumbing at Various Locations	FAC. & SECURITY	50	25	50	25	50	25	50	25	50	25	375	EX6	
Furniture and Fixtures	FAC. & SECURITY	200	200	200	200	600	200	200	200	200	200	2,400	EX6	
Facilities Improvements	FAC. & SECURITY	250	250	250	250	250	250	250	250	250	250	2,500	EX6	
Signage	FAC. & SECURITY	10	10	10	10	10	10	10	10	10	10	100	EX6	
Rollup Doors	FAC. & SECURITY	100	100	100	100	100	100	100	100	100	100	1,000	EX6	
Authority-wide Fencing	FAC. & SECURITY	50	25	50	25	50	25	150	25	50	25	475	EX6	\$6,850
Roofing	FAC. & SECURITY	50	50	50	50	50	50	250	50	50	50	700	EG7	\$700
Security- Misc. Enhancements	FAC. & SECURITY	50	50	50	50	50	50	50	50	50	50	500	EG8	\$500
Appliances	FAC. & SECURITY	25	25	25	25	25	25	25	25	25	25	250	EW7	\$250
<b>Total</b>		<b>\$1,510</b>	<b>\$1,410</b>	<b>\$1,610</b>	<b>\$1,335</b>	<b>\$2,185</b>	<b>\$1,410</b>	<b>\$1,860</b>	<b>\$1,585</b>	<b>\$1,610</b>	<b>\$1,460</b>	<b>\$15,975</b>		
<b><u>Information Technology</u></b>														
Desktop Replacements	I.T.	\$500	\$565	\$500	\$500	\$500	\$250	\$250	\$250	\$250	\$250	\$3,815	EA6	\$3,815
Cabling	I.T.	160	175	175	175	175	175	175	175	175	175	1,735	EA7	\$1,735
Telephone Systems Upgrades	I.T.	110	325	130	800	360	-	-	-	-	-	1,725	EA8	\$1,725
Radios	I.T.	575	30	30	30	30	30	30	30	30	30	845	EB4	\$845
Redundant Data Center Infrastructure Upgrade	I.T.	200	210	450	200	60	60	60	60	60	60	1,420	EB8	\$1,420
Enterprise Archiving	I.T.	405	1,055	585	605	1,035	605	605	530	527	605	6,557	EC4	\$6,557
Enterprise Storage Upgrades	I.T.	100	-	10	10	10	150	150	10	10	10	460	EG2	\$460
Enterprise Storage Upgrades	I.T.	525	375	125	125	125	125	125	125	125	125	1,900	EG3	\$1,900
Finance/Procurement System Materials Management System	FINANCE	353	500	500	-	-	-	-	-	-	-	1,353	EG4	\$1,353
Field Service / Mobile Equipment	PROCUREMENT	400	-	-	-	-	-	-	-	-	-	400	EP3	\$400
Enterprise Backup Solution	FLEET	275	175	100	100	100	100	100	100	100	100	1,250	ET5	\$1,250
Payroll/HR System - Ceridian (Software & Implementation)	I.T.	300	500	100	100	500	100	100	100	100	100	2,000	ET7	\$2,000
Document Management System	FINANCE	208	30	30	30	30	30	30	30	30	30	478	EZ4	\$478
CS-Leak Detection	I.T.	500	275	100	300	100	100	100	100	100	100	1,775	EZ8	\$1,775
Safety System-	DWS	-	50	-	-	-	-	-	-	-	-	50	EK2	\$50
	SAFETY	100	200	-	-	-	-	-	-	-	-	300	EK3	\$300

**FY 2014 - FY 2023 CAPITAL EQUIPMENT BUDGET  
DISBURSEMENTS BASIS  
(\$ in 000's)**

<b>Equipment Type</b>	<b>Owner-Deptt.</b>	<b>FY 2014 Revised</b>	<b>FY 2015 Proposed</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>Total FY '14-23</b>	<b>Project Sheet Ref.</b>	<b>Project Sheet Budget</b>
Enterprise Performance Dashboard	GM	375	100	-	-	-	-	-	-	-	-	475	EK4	\$475
VoIP Upgrades	I.T.	75	300	-	-	-	300	-	-	-	-	675	EH4	\$675
Time & Attendance Clocks - Inc. Software (DayForce) / Manuals	FINANCE	223	280	-	-	-	-	-	-	-	-	503	EH6	\$503
Compensation - Performance Management System	HCM	-	100	-	-	-	-	-	-	-	-	100	HC1	\$100
Succession Planning Module -( Learning & Development - Enhance Enterprise System)	HCM	-	100	-	-	-	-	-	-	-	-	100	EH2	\$100
Talent Management - Recruitment/Applicant Tracking module	HCM	-	100	-	-	-	-	-	-	-	-	100	HC2	\$100
<b>Total</b>		<b>\$5,384</b>	<b>\$5,445</b>	<b>\$2,835</b>	<b>\$2,975</b>	<b>\$3,025</b>	<b>\$2,025</b>	<b>\$1,725</b>	<b>\$1,510</b>	<b>\$1,507</b>	<b>\$1,585</b>	<b>\$28,016</b>		
<b><u>Maintenance Services</u></b>														
Major Pump Rebuild/Replacement	MAINTENANCE	\$1,000	\$2,000	\$1,800	\$1,600	\$1,500	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$16,900	EC1	\$16,900
Large Electric Motors	MAINTENANCE	400	450	450	450	550	550	550	550	550	550	5,050	EC2	\$5,050
High Priority Rehab Program	MAINTENANCE	500	500	500	500	600	600	600	600	600	600	5,600	EC3	\$5,600
Centrifuge Rebuild / Replace Mechanical /Electrical Replacements	MAINTENANCE	630	630	630	630	756	756	756	756	756	756	7,056	EM4	\$7,056
<b>Total</b>		<b>\$3,146</b>	<b>\$4,196</b>	<b>\$4,471</b>	<b>\$5,270</b>	<b>\$5,056</b>	<b>\$4,656</b>	<b>\$6,139</b>	<b>\$6,139</b>	<b>\$5,451</b>	<b>\$4,181</b>	<b>\$48,705</b>		
<b><u>Sewer and Water Pumping</u></b>														
Major Pump Rebuild/Replacement	SEWER & WATER PUMPING	24	24	24	24	25	25	25	25	26	26	250	EI1	\$250
High Priority Rehab Program	SEWER & WATER PUMPING	47	77	50	30	31	52	55	55	57	55	509	EI3	\$509
<b>Total</b>		<b>\$71</b>	<b>\$101</b>	<b>\$74</b>	<b>\$54</b>	<b>\$57</b>	<b>\$77</b>	<b>\$80</b>	<b>\$80</b>	<b>\$84</b>	<b>\$81</b>	<b>\$759</b>		
<b><u>Process Engineering</u></b>														
Actuators	PROCESS ENGG.	\$372	\$372	\$186	\$186	\$186	\$186	\$186	\$186	\$186	\$186	\$2,230	PE1	\$2,230
Flow Meters	PROCESS ENGG.	209	209	104	104	104	104	104	104	104	104	1,253	PE2	\$1,253
PLCs	PROCESS ENGG.	1035	100	173	173	100	100	100	100	100	100	2,080	PE3	\$2,080
Digesters- Major Equipment Replacement	PROCESS ENGG.	-	391	196	196	196	196	196	196	196	196	1,955	PE4	\$1,955
<b>Total</b>		<b>\$1,616</b>	<b>\$1,072</b>	<b>\$658</b>	<b>\$658</b>	<b>\$586</b>	<b>\$586</b>	<b>\$586</b>	<b>\$586</b>	<b>\$586</b>	<b>\$586</b>	<b>\$7,518</b>		
<b>Total Capital Equipment</b>		<b>\$16,627</b>	<b>\$17,191</b>	<b>\$14,099</b>	<b>\$14,749</b>	<b>\$14,499</b>	<b>\$12,112</b>	<b>\$12,924</b>	<b>\$12,740</b>	<b>\$12,772</b>	<b>\$11,723</b>	<b>\$139,436</b>		

FY 2014 - FY 2023 Capital Improvement Plan

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

	FY 2014 Approved	FY 2014 Revised / FY 2015 Proposed	Variance
<b><u>Wastewater Treatment</u></b>			
Liquid Processing Projects	\$632,948	\$831,760	\$198,812
Plantwide Projects	360,994	446,508	85,514
Solids Processing Projects	772,912	793,044	20,132
Enhanced Nitrogen Removal Facilities	966,888	1,024,481	57,593
<b>Sub-total</b>	<b>2,733,742</b>	<b>3,095,793</b>	<b>362,051</b>
<b><u>Sanitary Sewer</u></b>			
Sanitary Collection Sewers	162,656	212,995	50,339
Sanitary On-Going Projects	173,757	200,741	26,984
Sanitary Pumping Facilities	30,458	44,193	13,735
Sanitary Sewer Projects Program Management	91,086	111,214	20,128
Sanitary Interceptor/Trunk Force Sewers	466,541	585,475	118,934
<b>Sub-total</b>	<b>924,498</b>	<b>1,154,618</b>	<b>230,120</b>
<b><u>Combined Sewer Overflow</u></b>			
CSO Program Management	55,239	68,464	13,225
Combined Sewer Projects: Nine Minimum Controls	213,388	208,968	(4,420)
Combined Sewer Projects: Others	339,926	340,657	731
D.C. Clean Rivers Project ( <i>aka Long-Term Control Plan</i> )			
Anacostia Tunnel	1,714,720	1,806,541	91,821
Potomac Tunnel	383,700	383,700	-
Rock Creek Tunnel	65,342	65,342	-
D.C. Clean Rivers Green Infrastructures	40,000	40,000	-
<b>Sub-total</b>	<b>2,812,315</b>	<b>2,913,672</b>	<b>101,357</b>
<b><u>Stormwater</u></b>			
Stormwater Extensions/Local Drainage	22,816	22,829	13
Stormwater On-Going Program	11,323	12,988	1,665
Stormwater Pumping Facilities	-	25,000	25,000
DDOT Stormwater Program	3,237	3,237	-
Stormwater Projects Program Management	10,630	12,051	1,421
Stormwater Trunk/Force Sewers	15,162	15,341	179
<b>Sub-total</b>	<b>\$63,168</b>	<b>\$91,446</b>	<b>\$28,278</b>

**FY 2014 - FY 2023 Capital Improvement Plan**

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

	<b>FY 2014 Approved</b>	<b>FY 2014 Revised / FY 2015 Proposed</b>	<b>Variance</b>
<b><u>Water</u></b>			
Water Distribution Systems	\$857,178	\$940,902	\$83,724
Water Lead Program	191,040	189,040	(2,000)
Water On-Going Projects	127,879	140,871	12,992
Water Pumping Facilities	155,908	167,217	11,309
DDOT Water Projects	38,184	38,775	591
Water Storage Facilities	75,762	76,358	596
Water Projects Program Management	78,756	74,781	(3,975)
Meter Replacement /AMR Installation	91,264	50,181	(41,083)
<b>Sub-total</b>	<b>1,615,971</b>	<b>1,678,125</b>	<b>62,154</b>
<b>Washington Aqueduct</b>	<b>203,138</b>	<b>286,358</b>	<b>83,220</b>
<b>Capital Equipment</b>	<b>96,022</b>	<b>139,436</b>	<b>43,414</b>
<b>Total DC Water CIP Lifetime (see notes)</b>	<b><u><u>\$8,448,854</u></u></b>	<b><u><u>\$9,359,448</u></u></b>	<b><u><u>\$910,594</u></u></b>

Notes:

1 Lifetime budgets shown here represent total budgets for projects that are active during the current 10-year CIP. Lifetime budgets include historical spending prior to the beginning of the current 10-year plan, spending during the 10-year plan, and projected spending beyond the current 10-year plan. Projects completed in FY 2013 will be dropped from the CIP next year.

2 These budgets do not include inhouse labor costs, estimated to be in the \$14 to \$17 million range, annually, and are applicable to, primarily, the time charged to capital projects by employees in the Departments of Engineering and Technical Services, Sewer Services and Water Services.

**Fiscal Year 2015 Capital Authority Request  
(\$ 000's)**

<b><u>Service Areas</u></b>	<b><u>Amount</u></b>
Blue Plains Wastewater Treatment	\$0
Sanitary Sewer System	48,100
Combined Sewer Overflow	327,059
Stormwater	28,226
Water System	111,627
Washington Aqueduct (DC Water share)	6,154
Capital Equipment	<u>33,137</u>
<b>Total</b>	<b><u>\$554,303</u></b>

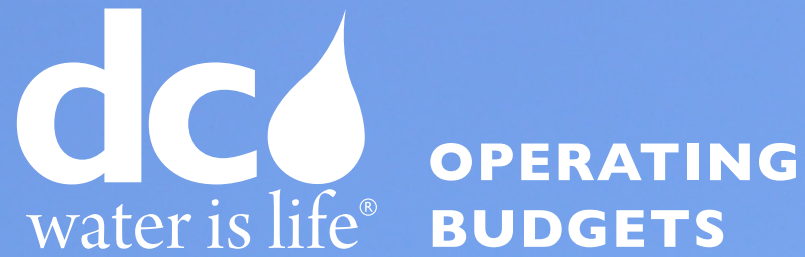
\* The authority request includes a 24 month look-ahead, i.e., it also takes into account projected commitments for FY 2016 and FY 2017.

**LIST OF NEW PROJECTS**

<b>Project ID</b>	<b>Project Title</b>	<b>Service Area</b>	<b>Lifetime Budget</b>
LY	Sewer Facilities Security Upgrades	Sanitary Sewer	\$2,000,000
LZ	Potomac Interceptor Projects - Rehab Phase 2	Sanitary Sewer	9,800,000
M9	FY 2022 - DSS Sanitary Projects	Sanitary Sewer	13,335,350
MB	3rd Street & Constitution Ave NW - Pumping Station	Sanitary Sewer	3,735,000
MC	Additional Sewer SCADA System Sites	Sanitary Sewer	8,000,000
MF	FY 2023 - DSS Sanitary Projects	Sanitary Sewer	13,735,411
MO	Small Local Sewer Rehabilitation 12	Sanitary Sewer	15,000,000
MP	Small Local Sewer Rehabilitation 13	Sanitary Sewer	18,475,000
MZ	Small Local Sewer Rehabilitation 14	Sanitary Sewer	19,029,250
N1	Large Sewer Rehabilitation 13	Sanitary Sewer	20,100,000
NC	Large Sewer Rehabilitation 14	Sanitary Sewer	20,703,000
NF	Large Sewer Rehabilitation 12	Sanitary Sewer	18,000,000
M8	FY 2022 - DSS Stormwater Projects	Stormwater	820,000
MG	FY 2023 - DSS Stormwater Projects	Stormwater	844,600
NG	Stormwater Pump Stations Rehabilitation	Stormwater	25,000,000
GW	Control Systems Replacement	Wastewater	37,000,000
I3	Biosolids Blending Development Center	Wastewater	700,000
I6	Combined Heat & Power as Backup Power	Wastewater	1,500,000
IV	Blue Plains IT Backbone FOC Tubes	Wastewater	2,775,000
IY	Effluent Filter Upgrade	Wastewater	107,714,000
IZ	Replace/Upgrade Influent Screens	Wastewater	40,433,000
JF	Construction of Flood Seawall	Wastewater	13,234,000
LD	Pre-Dewatering Additional Centrifuges	Wastewater	9,170,000
LX	Process Control System Upgrade	Wastewater	4,000,000
KF	Small Diameter Water Main Rehabilitation 19	Water	47,730,000
KG	Small Diameter Water Main Rehabilitation 20	Water	49,160,000
KX	FY 2022 - DWS Water Projects	Water	9,664,000
KY	FY 2023 - DWS Water Projects	Water	10,150,000
LT	Water System SCADA	Water	8,000,000
LU	Water Facilities Security System Upgrades 2	Water	2,000,000
	<b>Sub-total</b>		<b>\$531,807,611</b>
SS1	Replace CCTV	Capital Equipment	250,000
EH2	Succession Planning Module	Capital Equipment	100,000
HC1	Compensation Performance Management Syst	Capital Equipment	100,000
HC2	Talent Management	Capital Equipment	100,000
	<b>Sub-total</b>		<b>\$550,000</b>
	<b>TOTAL</b>		<b>\$532,357,611</b>

## LIST OF CLOSED / DROPPED PROJECTS

Project ID	Project Title	Service Area	Cost at Completion
<b><u>Closed Projects</u></b>			
BK	CSO Nine Minimum Control Projects	Combined Sewer Overflow	\$1,354,048
D2	Outfall Sewer Rehabilitation	Combined Sewer Overflow	51,035,833
AP	FY 2009 - DSS Sanitary Sewer Projects	Sanitary Sewer	5,609,337
I1	Selective Sewer Separation & I/I Sewer Rehabilitation	Sanitary Sewer	4,291,947
Q7	FY 2007 - DSS Sanitary Sewer Project	Sanitary Sewer	5,602,789
CK	WWTP Sampler Program	Wastewater	1,286,308
FF	WWTP Flood Protection	Wastewater	607,513
H9	Blue Plains Capital Equipment	Wastewater	2,239,898
TC	504B6 - Additional Chemical Systems	Wastewater	74,056,192
TM	504G6 - Influent Screen Facility	Wastewater	39,067,454
TN	504G9 - Primary Treatment Facility	Wastewater	38,658,735
TP	504H2 - Gravity Thickeners	Wastewater	19,958,237
TS	504H5 - IMP East Primary Effluent Excess Flow	Wastewater	1,684,749
XC	Additional Dewatering Facilities	Wastewater	81,635,535
AI	FY 2008 - DWS Water Projects	Water	6,967,611
DL	Citywide Fire Hydrant Program	Water	23,964,267
JJ	Bryant Street PS Improvements - Phase III	Water	0
			<b>\$358,020,453</b>
<b><u>Dropped Projects</u></b>			
CI	O Street - Facility Projects	Combined Sewer Overflow	612,704
AQ	FY 2009 - DWS Water Projects	Water	7,916,787
D4	Small Valve Replacements 5	Water	757,191
D9	FY 2014 - DDOT Water Projects	Water	6,300,000
DH	FY 2015 - DDOT Water Projects	Water	6,600,000
DV	FY 2016 - DDOT Water Projects	Water	7,000,000
FJ	Parking Ramp Rehab - Bryant St. PS	Water	409,672
FL	FY 2017 - DDOT Water Projects	Water	7,300,000
GT	FY 2018 - DDOT Water Projects	Water	7,750,000
HZ	FY 2019 - DDOT Water Projects	Water	8,000,000
J8	FY 2020 - DDOT Water Projects	Water	10,400,000
MK	877A1 - 24 Water main Ft. Stanton Res to MLK Ave.	Water	16,365,329
QM	Small Valve Replacements - Contract 4	Water	2,830,723
			<b>\$82,242,406</b>



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

# SECTION VI CAPITAL FINANCING, CASH AND DEBT





**Capital Improvement Program**  
**FY 2014 - FY 2023**  
(In \$000's)

Sources of Funds		
Debt Financing <sup>(1)</sup>	\$ 2,417,636	62.8%
Wholesale Capital Payments	670,518	17.4%
EPA Grants & CSO Appropriations	186,414	4.8%
Interest Income on Bond Proceeds	16,649	0.4%
Pay-Go Financing <sup>(2)</sup>	560,648	14.6%
<b>Total Sources</b>	<b>\$ 3,851,866</b>	<b>100.0%</b>

<sup>(1)</sup> Debt financing refers to the borrowing of funds through long-term revenue bonds, commercial paper and other short-term notes

<sup>(2)</sup> Pay-go financing is any funds available after funding the operating and maintenance reserve (equivalent to 120 days)

**Sources & Uses**  
**Capital Improvement Program**  
**FY 2013 - FY 2015**

Sources	FY 2013 Actual Amount	FY 2014 Approved Budget	FY 2014 Revised Budget	FY 2015 Proposed Budget
Beginning Balance	\$ 244,481	\$ 223,899	\$ 283,176	\$ 266,314
New Debt Proceeds / Commercial Paper <sup>(1)</sup>	300,000	300,000	300,000	250,000
Capital Equipment	-	13,378	-	-
Pay-Go Financing	52,544	10,984	23,749	37,609
EPA Grants	34,963	36,541	19,541	31,771
CSO Appropriations <sup>(2)</sup>	25,563	18,169	21,141	15,736
Wholesale Customer Capital Payments	184,402	175,673	175,673	126,008
Interest Income	267	256	159	625
<b>Total Sources</b>	<b>\$ 842,220</b>	<b>\$ 778,899</b>	<b>\$ 823,439</b>	<b>\$ 728,063</b>
<b>Uses</b>				
Water Projects	\$ 47,575	63,770	57,402	84,105
Blue Plains Projects	313,951	267,836	268,192	174,364
Sanitary Sewer Projects	24,643	42,136	29,818	49,276
Combined Sewer & LTCP Projects	144,426	152,345	166,508	283,908
Stormwater Projects	3,298	3,680	2,844	2,035
Washington Aqueduct	5,924	10,744	10,000	10,000
Capital Equipment	16,322	13,543	16,627	17,191
Meter Replacement AMR	2,905	3,071	5,734	7,900
<b>Total Uses</b>	<b>\$ 559,044</b>	<b>\$ 557,125</b>	<b>\$ 557,125</b>	<b>\$ 628,779</b>
<b>Sources Minus Uses</b>	<b>\$ 283,176</b>	<b>\$ 221,774</b>	<b>\$ 266,314</b>	<b>\$ 99,284</b>

<sup>(1)</sup> Commercial Paper is used for interim financing and capital equipment

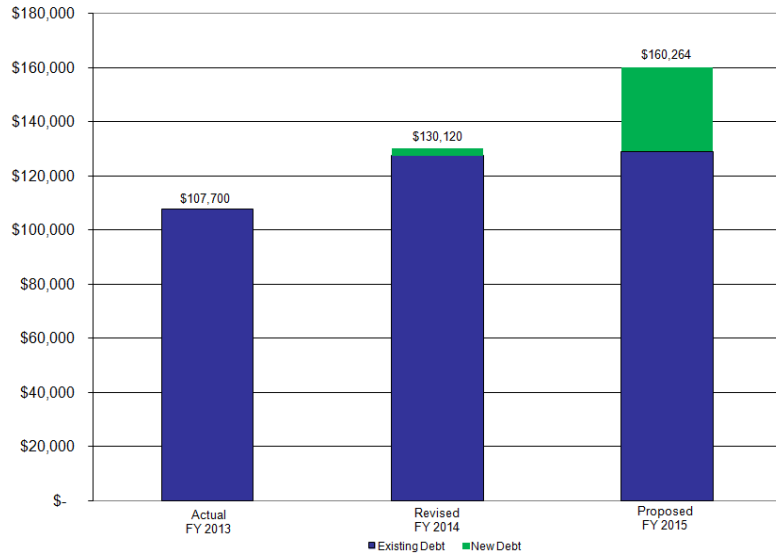
<sup>(2)</sup> Reflects spend down of a portion of FY 2003 - FY 2013 Congressional appropriations for the CSO LTCP

**Cash Reserve Summary**  
**FY 2013 - FY 2015**  
(\$000's)

	<u>FY 2013 Actual Amount</u>	<u>FY 2014 Approved Budget</u>	<u>FY 2014 Revised Budget</u>	<u>FY 2015 Proposed Budget</u>
Beginning O&M Reserve Balance (Net of Rate Stabilization Fund)	\$ 140,251	\$ 125,500	\$ 141,518	\$ 140,500
Operating Surplus	83,260	18,328	38,311	24,306
Wholesale Customer Prior Year Billing Reconciliation	(5,800)	(1,500)	(9,700)	(3,000)
Transfer to Rate Stabilization Fund	(7,500)	-	-	-
Transfer to DC PILOT Fund	(7,900)	-	-	-
Prior Year Right of Way Payment	-	-	-	-
Federal Customer Prior Year Billing Reconciliation	(5,105)	(6,000)	(6,000)	(5,053)
Customer Rebate	(3,298)	-	-	-
Reimbursement for Legal Settlement	-			
Interest Earned from Bond Proceeds	155	156	120	798
Prepayment of Aqueduct Treasury Loans	-	-	-	-
Pay-Go Capital Financing	<u>(52,544)</u>	<u>(10,984)</u>	<u>(23,749)</u>	<u>(17,551)</u>
Ending O&M Reserve Balance (Net of Rate Staiblization Fund)	<u>\$ 141,518</u>	<u>\$ 125,500</u>	<u>\$ 140,500</u>	<u>\$ 140,000</u>
Rate Stabilization Fund	\$ 28,950	\$ 18,550	\$ 22,450	\$ 7,950
DC PILOT Fund	\$ 22,368	\$ 14,468	\$ 22,368	\$ 22,368

# DEBT MANAGEMENT FY 2013 – FY 2015

**Debt Service  
(\$000's)**



## INTEREST RATE ASSUMPTIONS

- Budget Appropriation and Financial Plan
  - Variable rate
    - 1.25% (FY 2014) and 2.50% (FY 2015)
  - Fixed rate
    - 5.50% (FY 2014) and 5.75% (FY 2015)
    - Plus cost of issuance and insurance

## DEBT SERVICE

FY 2015 proposed debt service increased \$30.1M over the FY 2014 revised budget due to a full year debt service on Series 2014 and a partial year debt service on Series 2015 bonds.

## CAPITAL FINANCING PLAN

DC Water's comprehensive capital financing plan contains three key goals: 1) minimize cost of capital; 2) increase operational flexibility; and 3) optimize asset/liability matching through:

- Interim financing
- Permanent bond financing
- Pay-Go financing
- Federal grants

## SENIOR BOND RATINGS

- Moody's Investors Service Aa2 Stable Outlook
- Standard & Poor's Ratings Services AA+ Stable Outlook
- Fitch Ratings AA Stable Outlook

	ACTUAL FY 2013			REVISED FY 2014			PROPOSED FY 2015		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
<b>Existing Debt</b>									
Series 1998 - Senior	11,685	11,681	23,366	12,390	10,980	23,370	13,135	10,237	23,372
Series 2007A - Subordinate	-	11,351	11,351	-	11,351	11,351	-	11,351	11,351
Series 2008A - Subordinate	6,115	13,711	19,826	6,345	13,405	19,750	6,435	13,088	19,523
Series 2009A - Senior	2,575	15,963	18,538	2,790	15,885	18,675	3,175	15,774	18,949
Series 2010A - Subordinate	-	7,552	7,552	-	9,575	9,575	-	11,101	11,101
Series 2012 - Subordinate	4,440	17,468	21,908	4,585	17,032	21,617	4,750	18,310	23,060
Series 2013A - Subordinate	2,499	-	2,499	-	15,000	15,000	-	14,994	14,994
Commercial Paper <sup>(1)</sup>	-	1,787	1,787	-	589	589	-	2,500	2,500
Capital Equipment	-	-	-	6,750	-	6,750	3,375	-	3,375
Jennings Randolph	338	467	805	352	453	805	363	442	805
Little Seneca	63	5	68	-	-	-	-	-	-
<b>Subtotal</b>	<b>27,715</b>	<b>79,985</b>	<b>107,700</b>	<b>33,212</b>	<b>94,271</b>	<b>127,483</b>	<b>31,233</b>	<b>97,796</b>	<b>129,030</b>
<b>Projected New Debt</b>									
Series 2014A	-	-	-	-	2,637	2,637	-	21,861	21,861
Series 2015A	-	-	-	-	-	-	-	9,373	9,373
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,637</b>	<b>2,637</b>	<b>-</b>	<b>31,234</b>	<b>31,234</b>
<b>Total Debt</b>	<b>27,715</b>	<b>79,985</b>	<b>107,700</b>	<b>33,212</b>	<b>96,908</b>	<b>130,120</b>	<b>31,233</b>	<b>129,030</b>	<b>160,264</b>

(1) Includes fees and interest in FY 2013

**Debt Outstanding**  
**As of September 30, 2013**  
(In \$000's)

	RATES	FINAL MATURITY	AMOUNT OUTSTANDING
<b>SENIOR DEBT</b>			
<b>Revenue Bonds:</b>			
Public Utility Revenue Bonds, Series 1998	5.50% - 6.00%	2028	\$ 207,735
Public Utility Revenue Bonds, Series 2009A	3.00% - 6.00%	2039	293,720
Subtotal Senior Debt			\$ 501,455
<b>SUBORDINATE DEBT</b>			
<b>Revenue Bonds:</b>			
Public Utility Subordinated Lien Revenue Bonds, Series 2007A	4.75% - 5.50%	2041	\$ 218,715
Public Utility Subordinated Lien Revenue Refunding Bonds, Series 2008A	4.00% - 5.00%	2034	274,210
Public Utility Subordinated Lien Federally Taxable Issuer Subsidy Build America Bonds, Series 2010A	4.07% - 5.52%	2044	300,000
Public Utility Subordinated Lien Revenue Bonds, Series 2012A	2.00% - 5.00%	2037	177,430
Public Utility Subordinated Lien Multimodal Revenue Bonds, Series 2012B-1	SIFMA Index plus 0.48%	2044	52,690
Public Utility Subordinated Lien Multimodal Revenue Bonds, Series 2012B-2	SIFMA Index plus 0.58%	2040	47,310
Public Utility Subordinated Lien Revenue Refunding Bonds, Series 2012C	4.00% - 5.00%	2033	163,215
Public Utility Subordinated Lien Revenue Bonds, Series 2013A	4.85% - 5.04%	2048	300,000
<b>Notes Payable:</b>			
Notes Payable to the Federal Government for Jennings Randolph Reservoir	3.25%	2041	13,932
<b>Commercial Paper:<sup>(1)</sup></b>			
Series A (tax-exempt)	Maximum 12% per Annum		-
Series B (tax-exempt)	Maximum 12% per Annum		12,000
Series C (taxable)	Maximum 12% per Annum		29,200
Subtotal Subordinate Debt			\$ 1,588,702
<b>TOTAL DEBT OUTSTANDING</b>			<b>\$ 2,090,157</b>

<sup>(1)</sup> Letters of Credit expire May 2015

**DEBT LIMIT:** DC Water is not subject to any legal debt limitations. However, prior to any new debt issuance, DC Water must meet an additional bonds test and certify revenue sufficiency

**PUBLIC UTILITY SENIOR LIEN REVENUE BONDS:** 1) Series 1998, (fixed-rate, Aaa/AAA/AAA, FSA insured, March 1998); and 2) Series 2009A (fixed-rate, Aa3/AA/AA-, January 2009)

**PUBLIC UTILITY SUBORDINATE LIEN REVENUE BONDS:** 1) Series 2007A (fixed-rate, Aaa/AAA/AAA, FGIC insured, May 2007); and 2) Series 2013A (fixed-rate, Aa3/AA/AA-, July 2013)

**PUBLIC UTILITY SUBORDINATE LIEN REVENUE BONDS (FEDERALLY TAXABLE ISSUER SUBSIDY BUILD AMERICA BONDS):** 1) Series 2010A (fixed-rate, Aa3/AA-/AA, October 2010)

**PUBLIC UTILITY SUBORDINATE LIEN MULTIMODAL REVENUE BONDS:** 1) Series 2012B-1 and Series 2012B-2 (SIFMA indexed variable-rate Aa3/AA/AA- , March 2012)

**PUBLIC UTILITY SUBORDINATE LIEN REVENUE REFUNDING BONDS:** 1) Series 2008A: (refunded Series 2004, fixed-rate, Aaa/AAA/AAA, Assured Guaranty insured, April 2008; 2) Series C taxable commercial paper: (refunded Series 2007B, April 2008); and 3) Series 2012C: (advance refunded Series 2003, fixed-rate, Aa3/AA/AA-, March 2012)

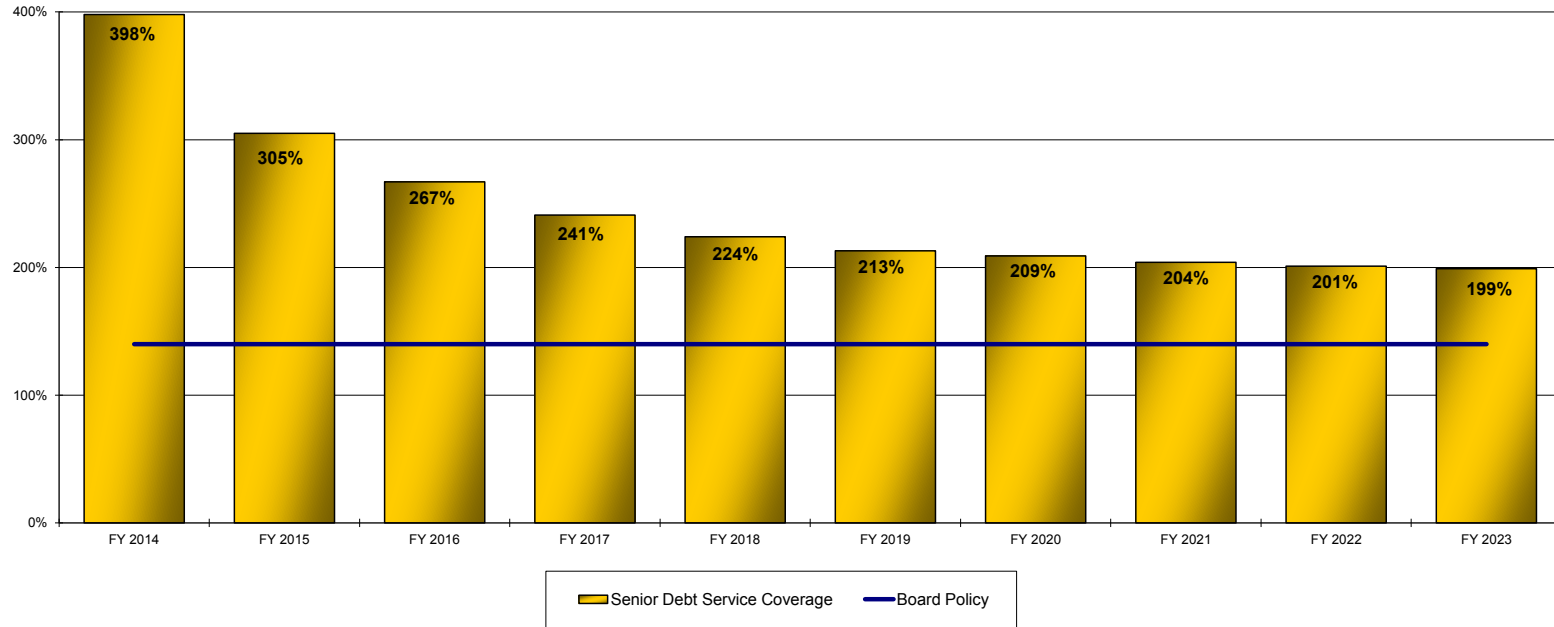
**NOTES FOR JENNINGS RANDOLPH RESERVOIR:** The note payable to the Federal government for improvements to the Jennings Randolph Reservoir is considered subordinate debt under the Master Indenture of Trust. The notes were issued to provide a backup water supply facility for the Authority. DC Water's share of operating and capital cost is 30 percent

**NOTES FOR LITTLE SENECA RESERVOIR:** The note payable to Washington Suburban Sanitary Commission (WSSC) is considered subordinate debt under the Master Indenture of Trust. The notes were issued by WSSC for construction of the Little Seneca Dam and Lake for backup and peak-day water supply for the Authority. DC Water's share of operating and capital costs is 40 percent. DC Water prepaid the note in full in August 2013

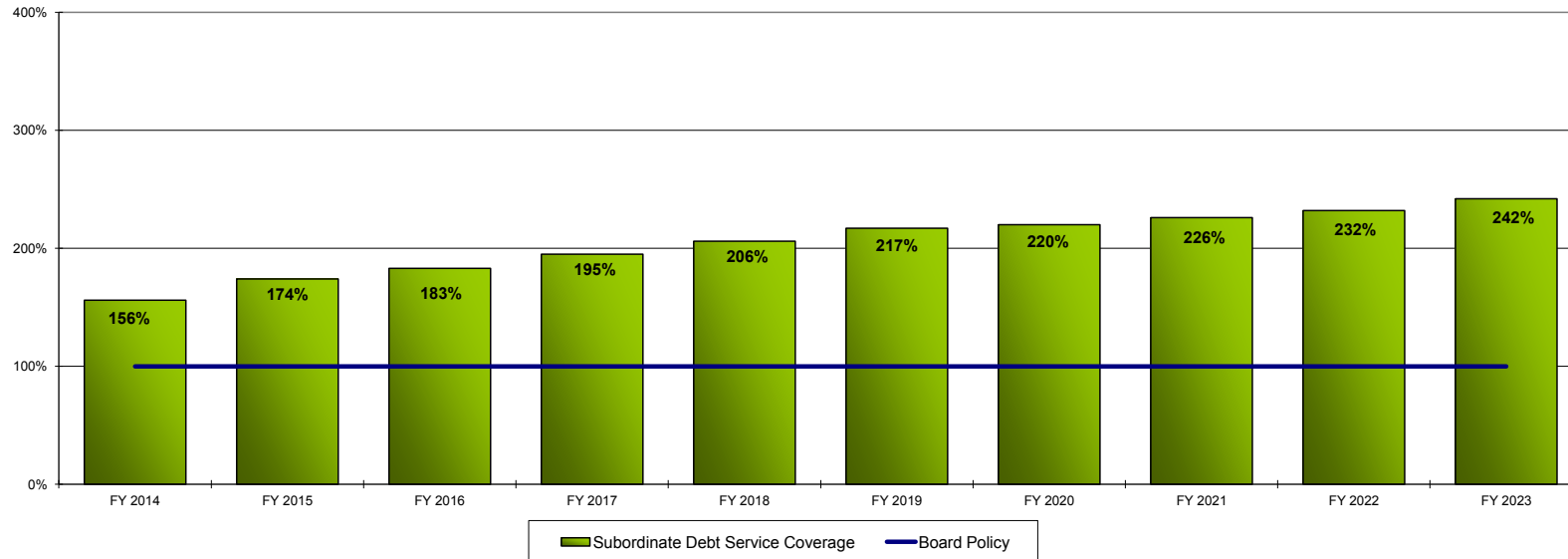
**COMMERCIAL PAPER:** These notes issued are considered subordinate debt under the Master Indenture of Trust. DC Water's commercial paper program is issued in increments with maturities less than 270 days. As described in Section III, the Board approved the commercial paper program in early FY 2002; proceeds from the sale of the notes are used for interim bond financing, short-term financing for capital equipment and certain taxable costs for the Washington Aqueduct. Each new bond issuance is evaluated to determine the most cost effective way of reducing the amount of taxable commercial paper. Normal market conditions for commercial paper carries significantly lower interest rates than long-term debt. In April 2013, DC Water successfully extended the Letter of Credit with JP Morgan Chase Bank and US Bank. The \$200 million commercial paper program includes: 1) Series A (tax-exempt) aggregate principal amount not to exceed \$75 million; 2) Series B (tax-exempt) aggregate principal amount not to exceed \$50 million; and (3) Series C (taxable) aggregate principal amount not to exceed \$75 million. If the Letter of Credit is not extended, it will expire May 29, 2015.

**DEBT POLICY:** DC Water's comprehensive debt policy can be found on our website at [www.dewater.com](http://www.dewater.com).

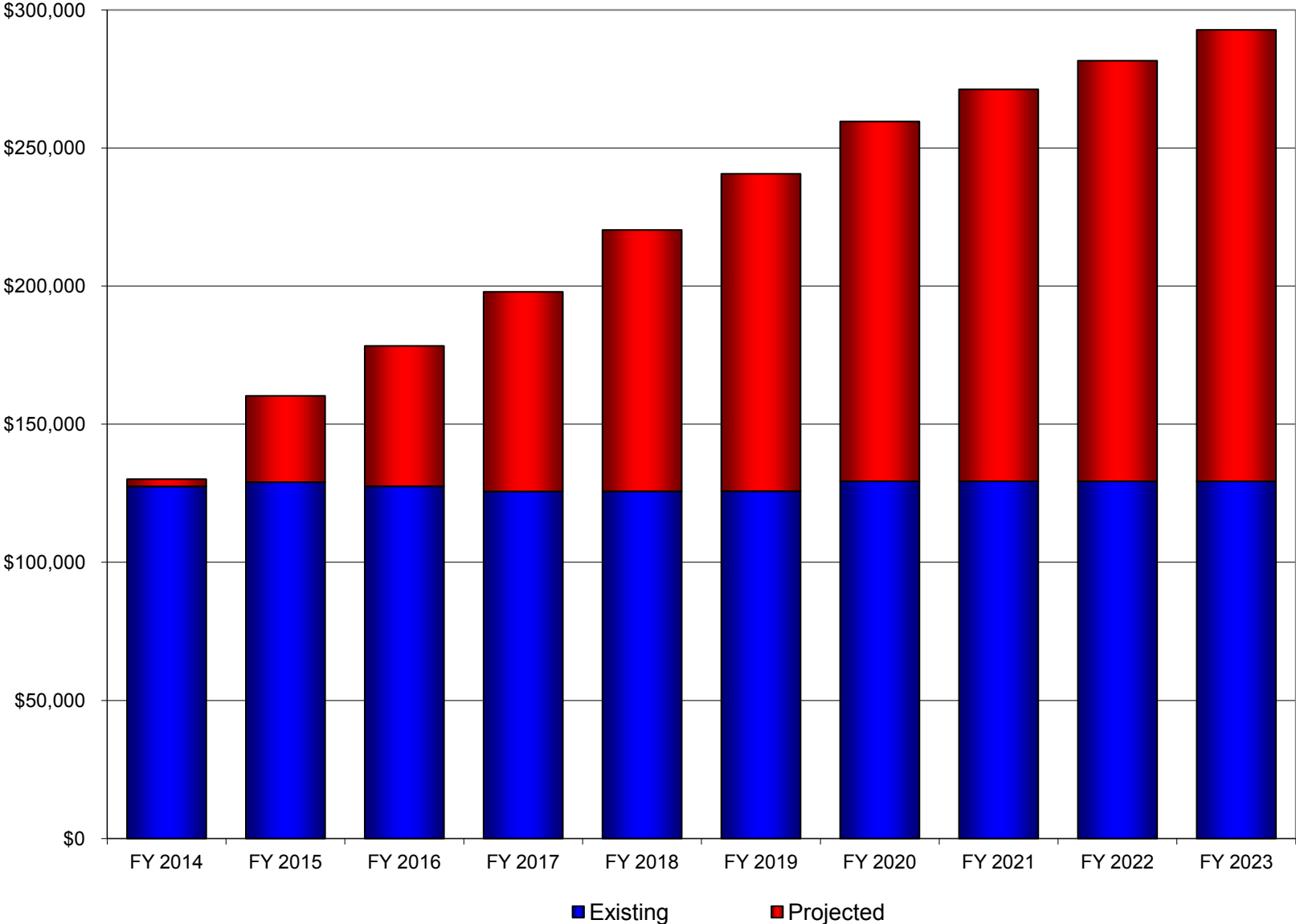
### Senior Debt Service Coverage FY 2014 - FY 2023



### Subordinate Debt Service Coverage FY 2014 - FY 2023

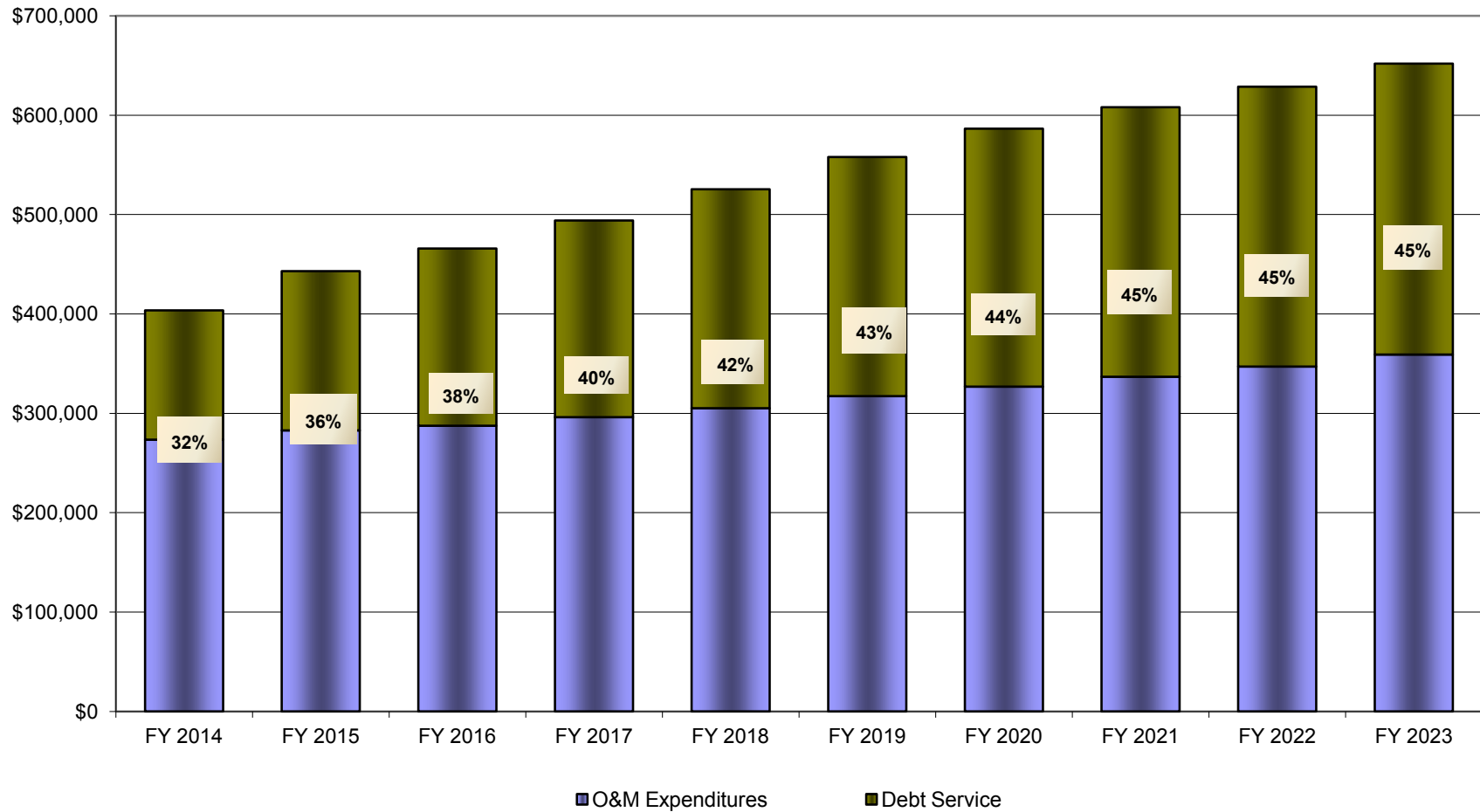


**Existing & Projected Debt Service**  
**FY 2014 - FY 2023**  
(In \$000's)





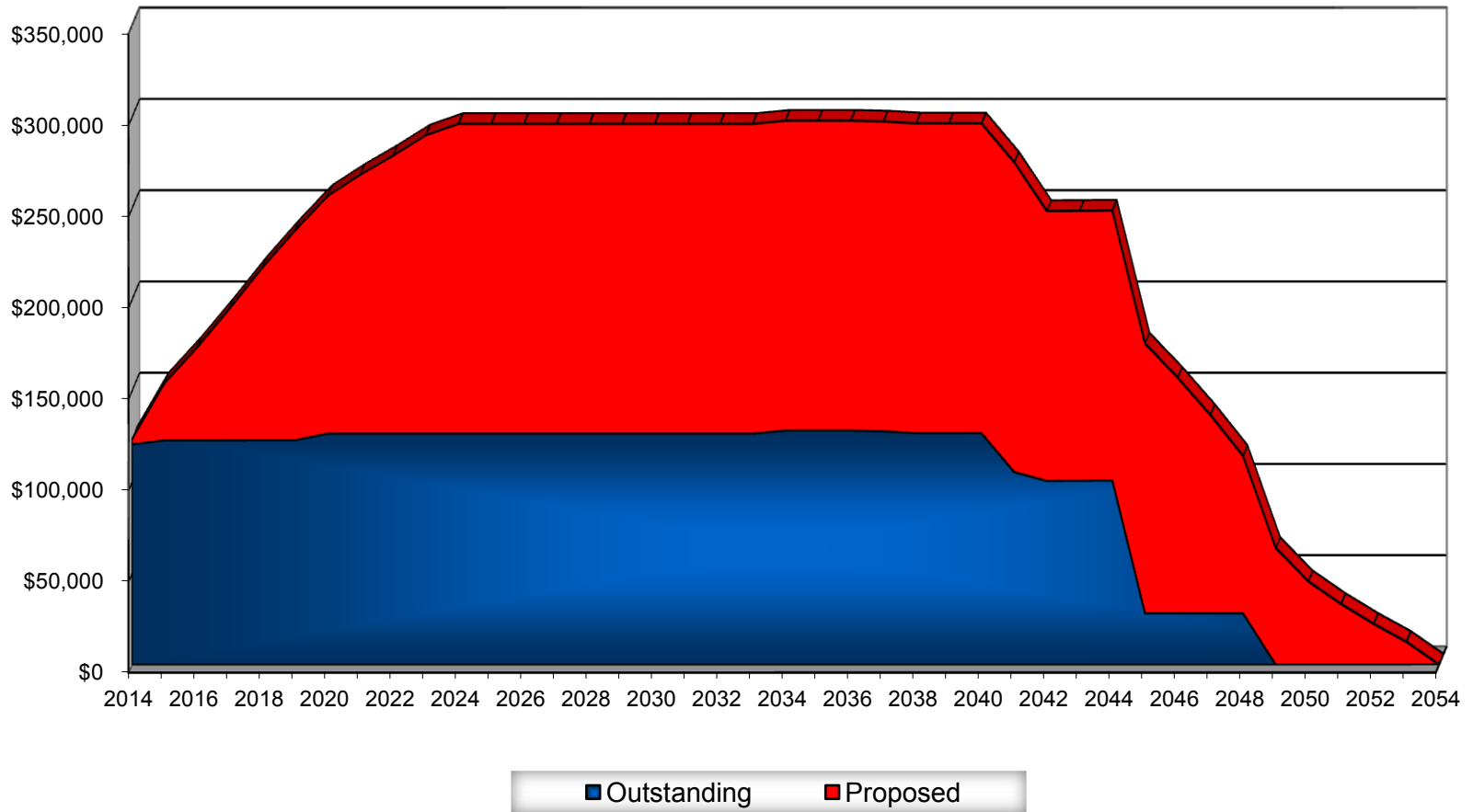
**Debt Service as Percentage of Total Operating and Maintenance Expenditures**  
**FY 2014 - FY 2023**  
(In \$000's)



# Debt Service

## FY 2014 - FY 2054

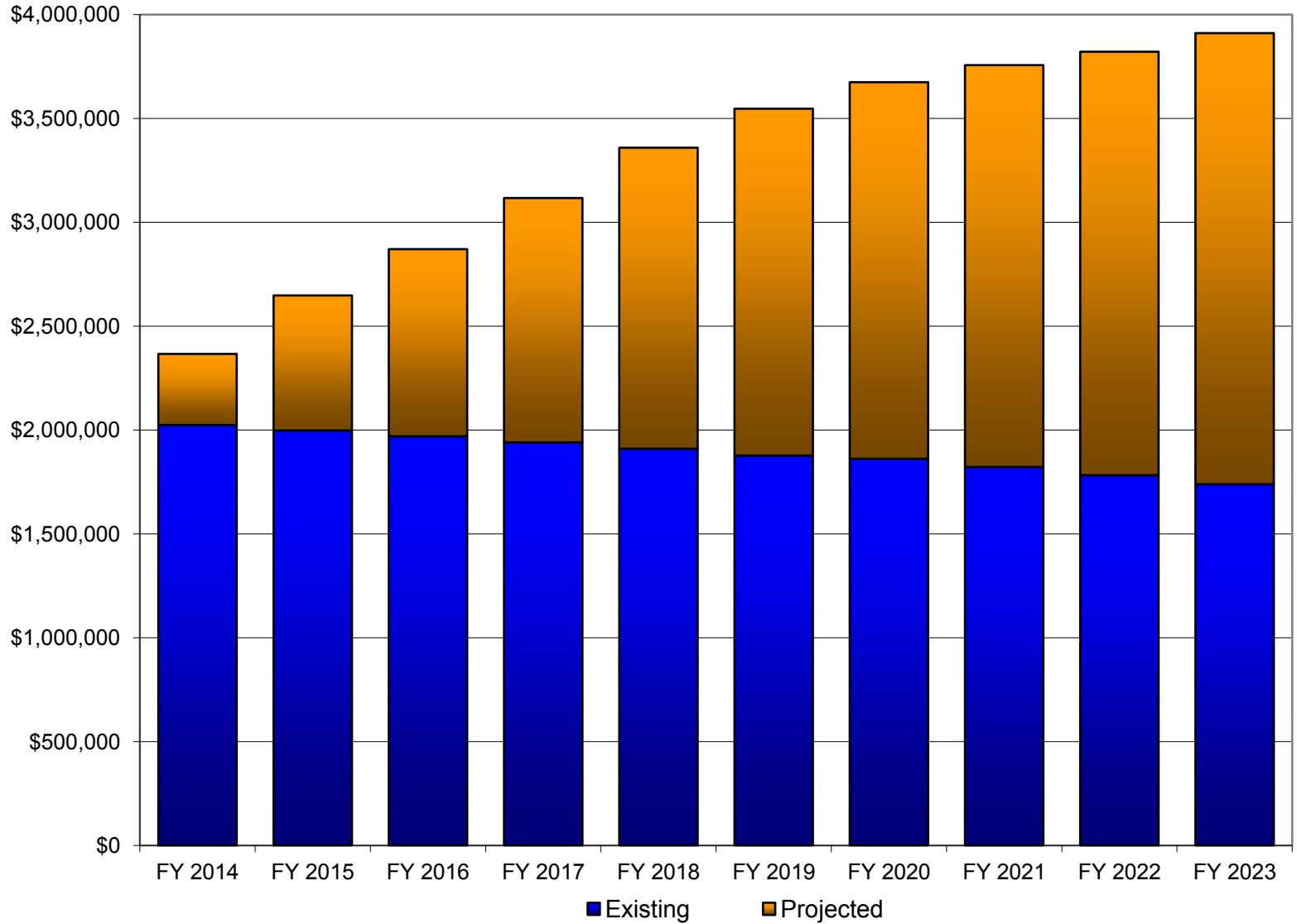
(In \$000's)



# Debt Outstanding

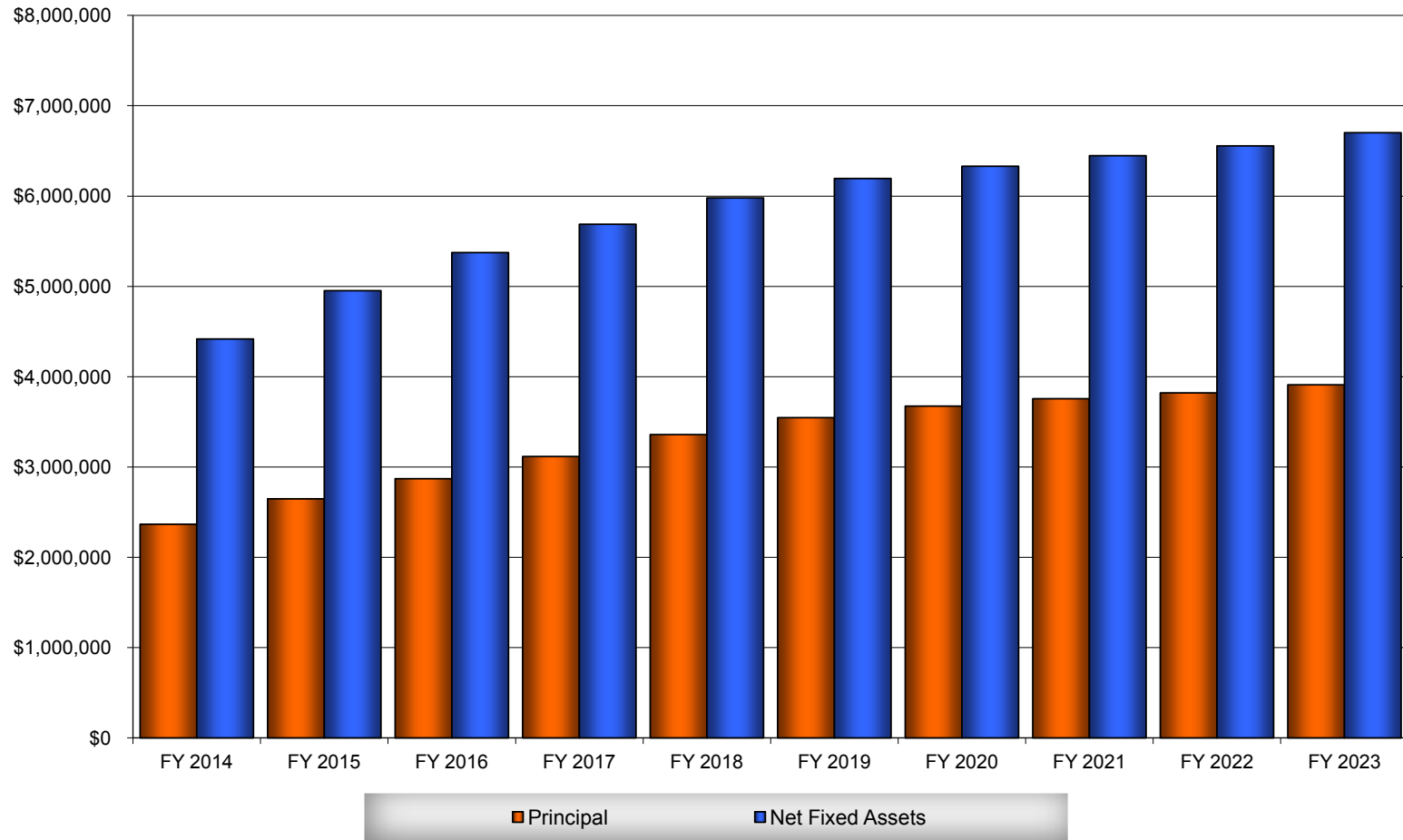
## FY 2014 - FY 2023

(In \$000's)



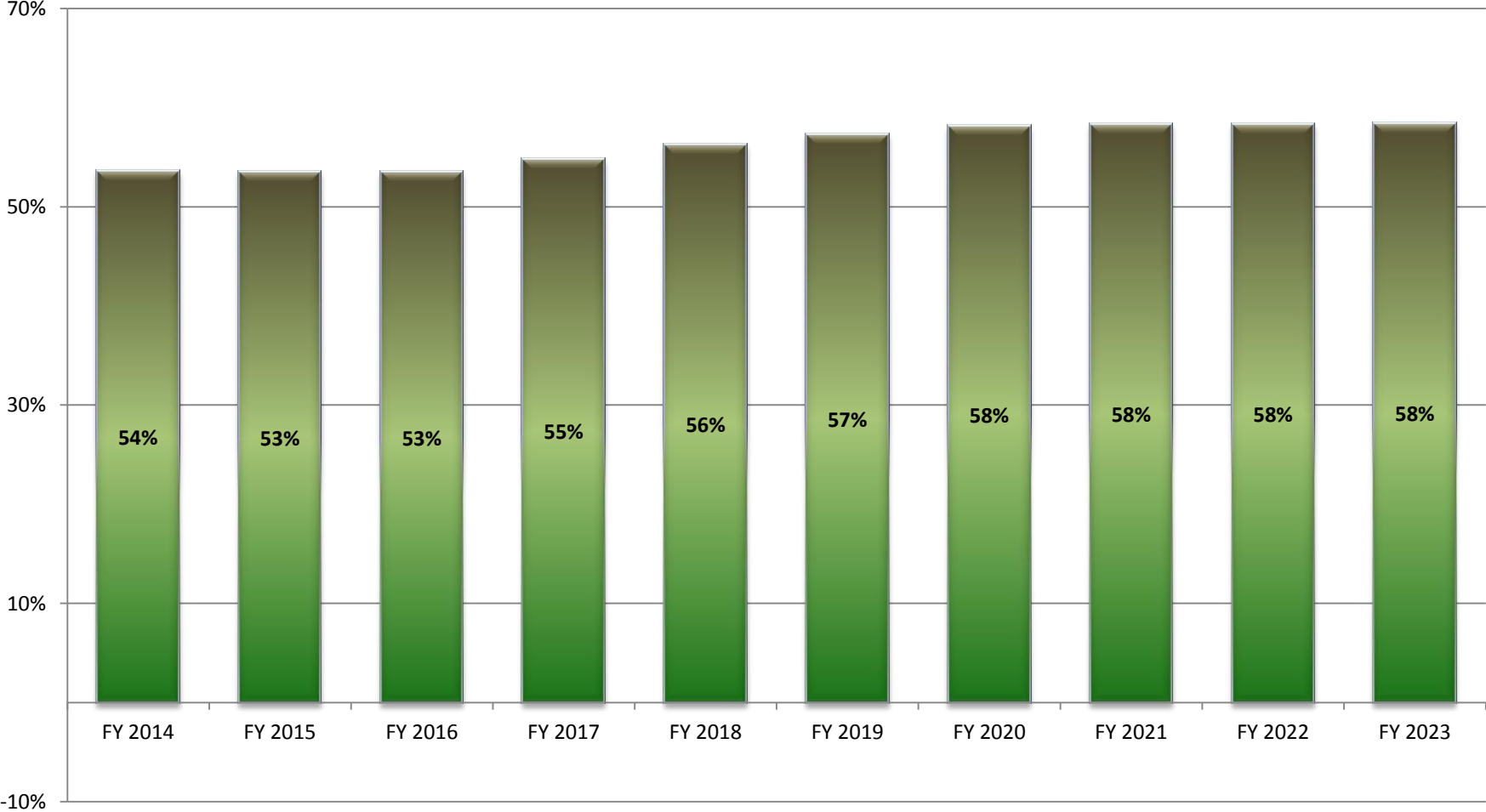
# Principal and Net Fixed Assets

FY 2014 - FY 2023  
(In \$000's)



# Debt to Net Fixed Asset Ratio

## FY 2014 - FY 2023





# dc water is life<sup>®</sup> OPERATING BUDGETS

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

## SECTION VII DEPARTMENTAL SUMMARIES



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY  
**BLUE PLAINS  
ADVANCED WASTEWATER TREATMENT PLANT**  
5000 Overlook Avenue SW, Washington, DC 20032

Vincent C. Gray, Mayor  
Allen Y. Lew, Board Chairman  
George S. Hawkins, General Manager

## Introduction to DC Water's Operational and Administrative (Support) Departments

DC Water's organizational structure is a key tool for ensuring that the organizational mission is achieved. The structure consists of twenty-four departments that are defined primarily along functional roles and further grouped along service lines (Operational or Administrative) or reporting lines of authority.

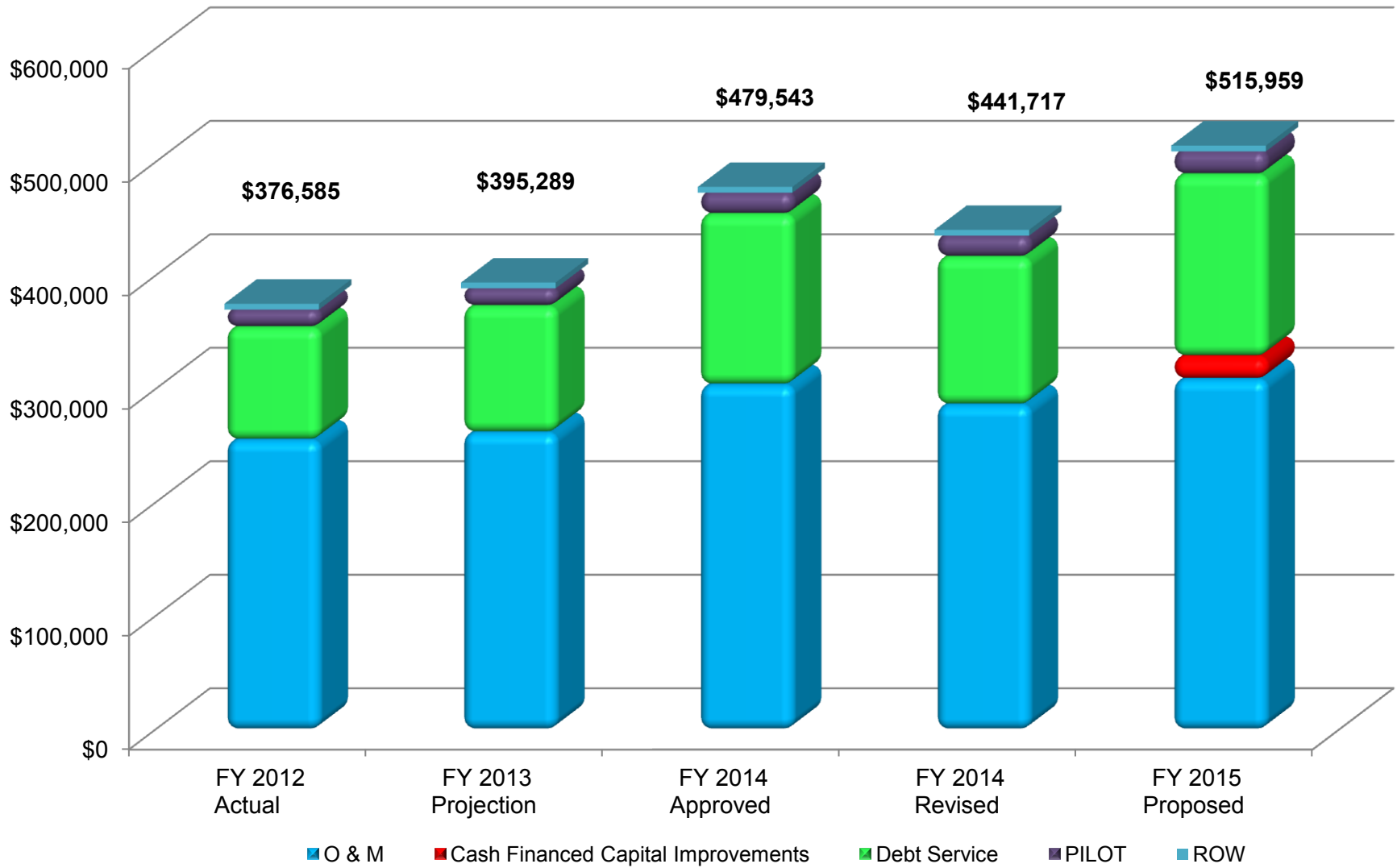
**Service Lines:** Operational departments include: Water Services, Sewer collection and Wastewater treatment services (including maintenance of these facilities). These departments are responsible for the day-to-day operations of the DC Water's extensive infrastructure and facilities that provide direct services to our customers. Similarly, the Customer Service department is classified as an operating department because of the integrated nature of their work to operations (i.e., customer care, metering and billing) and also because they provide first-line customer care to our customers to include 24 hour emergency service. Engineering and Technical Services, Clean Rivers and Permit departments are responsible for ongoing reinvestment of the system infrastructure, compliance with various mandates and service the development community throughout the District of Columbia.

All other departments provide critical administrative and technical support to ensure the safe and reliable continuity of our vital services through short and long-term planning, asset management, leadership and all financial and human capital support requirements. An organizational chart can be found on page VII-14.

**Reporting Lines:** Departments are grouped within clusters to ensure accountability and to enhance efficiency and delivery of various services. A member of the Executive Leadership Team heads each departmental cluster group and carries the accountability for service delivery and performance metrics of the departments within their cluster.

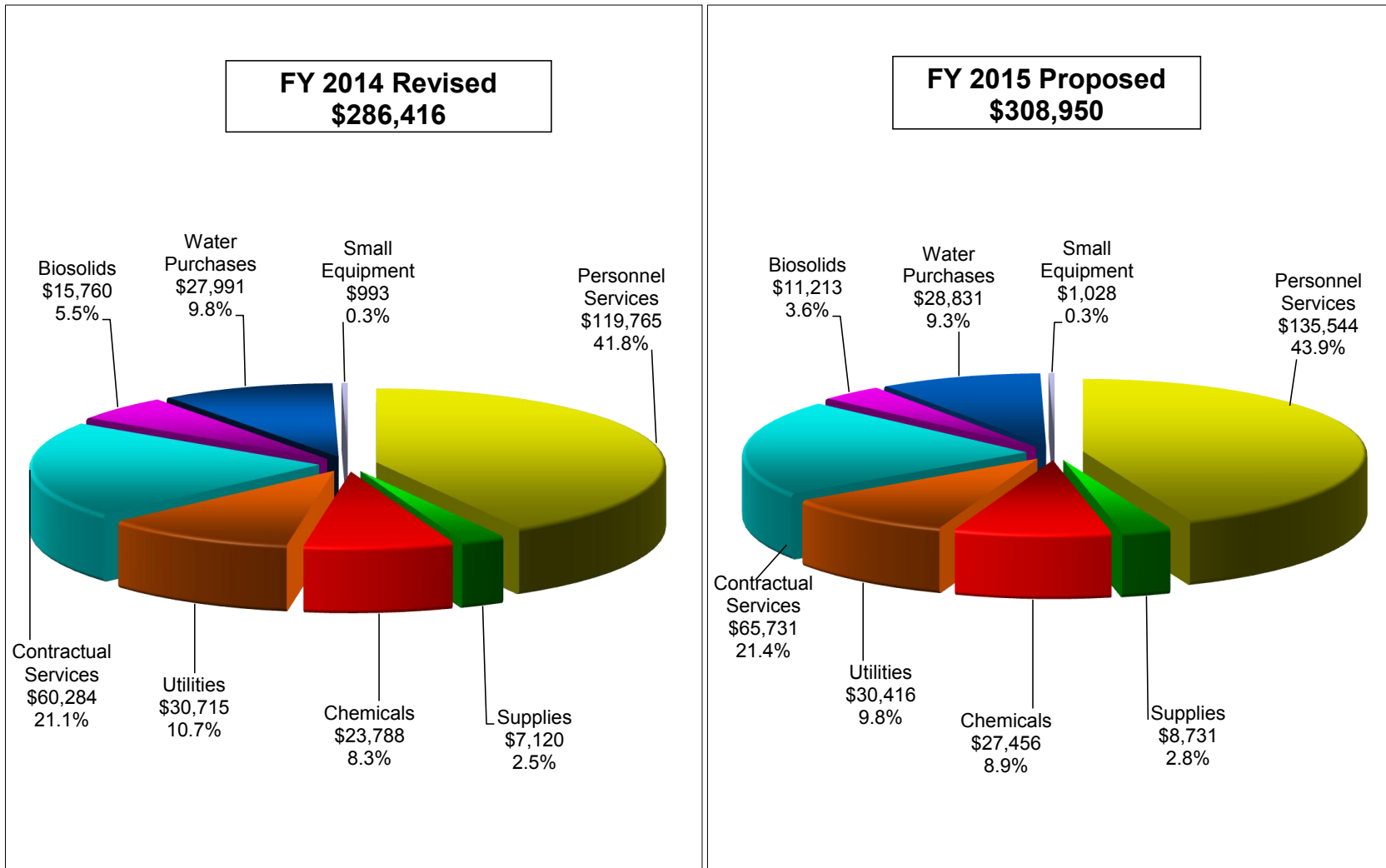
As DC Water strives in its mission to be a "best in world" organization, it also continues to make organizational changes and improvement to enhance efficiencies, improve processes and best utilize all assets with the goal to better serve the public and protect the environment. In FY 2013, this resulted in reorganization of the Office of the Chief Financial Officer, which involved renaming the department to Finance, Accounting and Budget, with inclusion of the Risk Management Office.

# Comparative Operating Expenditure Budgets FY 2012 - FY 2015 (\$000's)





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



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

	<b>FY 2012 ACTUAL</b>	<b>FY 2013 PROJECTION</b>	<b>FY 2014 APPROVED</b>	<b>FY 2014 REVISED</b>	<b>FY 2015 PROPOSED</b>
<b><u>OPERATING</u></b>					
Personnel Services	107,334	115,964	120,454	119,765	135,544
Contractual Services	64,939	65,389	84,094	76,044	76,945
Water Purchases	28,389	26,900	31,513	27,991	28,831
Chemicals and Supplies	26,744	27,391	32,909	30,909	36,187
Utilities	26,786	25,063	34,011	30,715	30,416
Small Equipment	1,139	1,180	993	993	1,028
<b>Subtotal O &amp; M Expenditures</b>	<b>255,331</b>	<b>261,888</b>	<b>303,973</b>	<b>286,416</b>	<b>308,950</b>
Debt Service	99,272	111,419	150,389	130,120	160,264
Cash Financed Capital Improvements	-	-	-	-	20,058
Payment in Lieu of Taxes	16,882	16,882	20,081	20,081	21,587
Right of Way Fees	5,100	5,100	5,100	5,100	5,100
<b>Total Operating Expenditures</b>	<b>376,585</b>	<b>395,289</b>	<b>479,543</b>	<b>441,717</b>	<b>515,959</b>
Personnel Services charged to Capital Projects	(9,550)	(14,802)	(17,860)	(12,960)	(17,266)
<b>Total Net Operating Expenditures</b>	<b>\$ 367,035</b>	<b>\$ 380,487</b>	<b>\$ 461,683</b>	<b>\$ 428,757</b>	<b>\$ 498,693</b>

**Comparative Operating Expenditures by Department**  
**(\$000's)**

	<b>FY 2012 ACTUAL</b>	<b>FY 2013 PROJECTION</b>	<b>FY 2014 APPROVED</b>	<b>FY 2014 REVISED</b>	<b>FY 2015 PROPOSED</b>	
O	Wastewater Treatment - Operations	72,628	70,506	84,900	77,692	82,506
p	Wastewater Treatment - Process Engineering	-	2,252	7,816	7,398	8,882
e	Maintenance Services	18,192	17,292	19,312	18,749	21,822
r	Water Services	50,260	49,177	57,603	52,647	55,140
a	Sewer Services	19,227	20,798	21,160	19,461	21,264
t	Customer Service	15,329	15,584	15,994	15,396	17,197
i	Water Sewer Pumping Maintenance	4,944	4,988	5,136	5,493	6,085
o	Engineering and Technical Services	17,121	20,221	19,566	20,244	22,811
n	Clean Rivers	475	1,405	1,645	1,833	2,480
s	Permit Operations	1,266	1,796	2,015	2,078	2,251
	Subtotal Operations	<u>199,442</u>	<u>204,019</u>	<u>235,147</u>	<u>220,990</u>	<u>240,437</u>
A	General Manager	2,598	2,505	3,979	2,669	2,758
d	Office of the Board Secretary	604	361	619	620	635
m	Internal Audit	702	748	830	830	859
i	General Counsel	4,813	5,316	7,316	6,308	6,024
n	External Affairs	1,801	1,786	2,202	2,234	2,131
i	Information Technology	7,400	8,965	10,229	9,849	10,300
s	Finance, Accounting and Budget	7,220	7,797	8,819	8,925	9,853
t	Risk Management	5,258	4,403	6,033	5,034	4,899
r	Assistant General Manager - Support Services	324	302	340	341	364
a	Human Capital Management	4,285	4,626	4,630	5,016	5,362
t	Facilities Management and Security	11,394	11,534	12,879	12,618	13,132
i	Procurement	3,856	3,724	4,140	4,134	4,865
o	Occupational Safety and Health	1,303	1,396	1,894	1,924	1,964
n	Fleet Management	4,332	4,408	4,918	4,924	5,365
	Subtotal Administration	<u>55,890</u>	<u>57,869</u>	<u>68,827</u>	<u>65,426</u>	<u>68,512</u>
	<b>Subtotal O &amp; M Expenditures</b>	<b>255,331</b>	<b>261,888</b>	<b>303,973</b>	<b>286,416</b>	<b>308,950</b>
	Debt Service	99,272	111,419	150,389	130,120	160,264
	Cash Financed Capital Improvements	-	-	-	-	20,058
	Payment in Lieu of Taxes	16,882	16,882	20,081	20,081	21,587
	Right of Way	5,100	5,100	5,100	5,100	5,100
	<b>Total Operating Expenditures</b>	<b>376,585</b>	<b>395,289</b>	<b>479,543</b>	<b>441,717</b>	<b>515,959</b>
	Personnel Services charged to Capital Projects	(9,550)	(14,802)	(17,860)	(12,960)	(17,266)
	<b>Total Net Operating Expenditures</b>	<b><u>\$ 367,035</u></b>	<b><u>\$ 380,487</u></b>	<b><u>\$ 461,683</u></b>	<b><u>\$ 428,757</u></b>	<b><u>\$ 498,693</u></b>

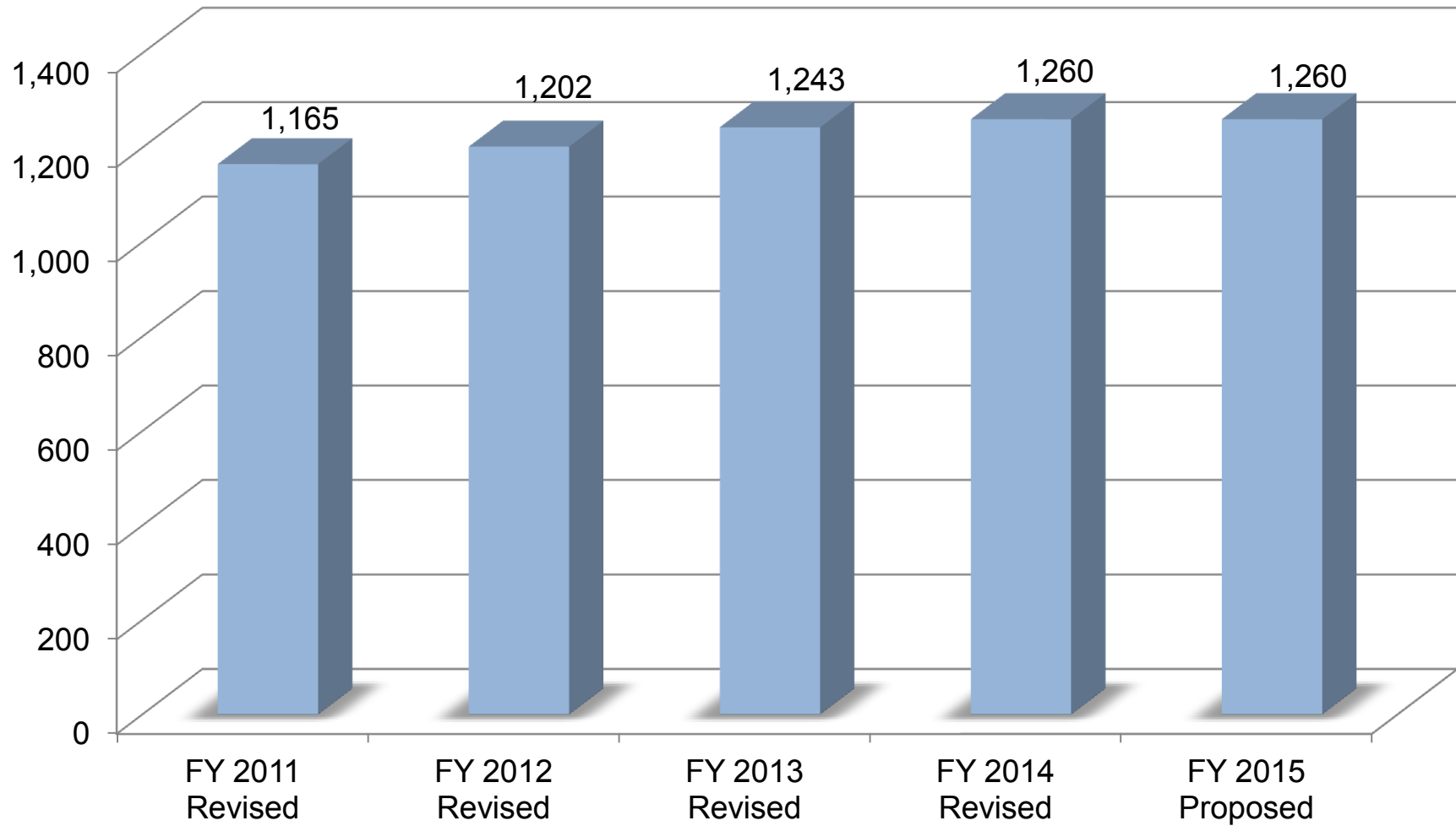
**Comparative Operating Expenditures by Department by Category**  
**FY 2014 Revised Budget**  
**(\$000's)**

	Auth Pos	Pay	Fringe	Overtime	Total PS	Supplies	Chemicals	Utilities	Contract	Biosolids	Water Purchases	Small Equipment	Total NPS	TOTAL Dept.
<b>O</b> Wastewater Treatment - Operations	118	8,321	2,359	1,108	11,789	721	23,578	21,635	4,155	15,760		55	65,903	77,692
<b>p</b> Wastewater Treatment - Process Engineering	42	2,758	779	100	3,637	788	-	17	2,896			59	3,761	7,398
<b>e</b> Maintenance Services	117	7,312	2,087	725	10,124	2,423	-	139	5,870			193	8,625	18,749
<b>r</b> Water Services	207	12,025	3,507	980	16,512	890	50	3,209	3,855	-	27,991	140	36,135	52,647
<b>a</b> Sewer Services	158	10,075	2,942	900	13,917	529	160	2,245	2,549	-	-	60	5,544	19,461
<b>t</b> Customer Service	125	7,716	2,266	240	10,222	117	-	1,086	3,923	-	-	48	5,174	15,396
<b>i</b> Water Sewer Pumping Maintenance	34	2,535	673	200	3,408	621	-	15	1,349	-	-	100	2,085	5,493
<b>o</b> Engineering and Tech. Services	166	13,491	3,961	780	18,232	99	-	271	1,613			29	2,011	20,244
<b>n</b> Clean Rivers	16	1,307	384	5	1,696	15	-	22	100			-	137	1,833
<b>s</b> Permit Operations	15	1,192	350	11	1,553	36	-	331	158			-	525	2,078
<b>Subtotal Operations</b>	<b>998</b>	<b>66,733</b>	<b>19,308</b>	<b>5,049</b>	<b>91,091</b>	<b>6,238</b>	<b>23,788</b>	<b>28,970</b>	<b>26,468</b>	<b>15,760</b>	<b>27,991</b>	<b>684</b>	<b>129,900</b>	<b>220,990</b>
<b>A</b> General Manager	11	1,105	325	10	1,440	13	-	26	1,190			-	1,229	2,669
<b>d</b> Office of the Board Secretary	2	202	59	4	265	18	-	7	330			1	355	620
<b>m</b> Internal Audit					-	-	-	8	822				830	830
<b>i</b> General Counsel	15	1,392	409	2	1,803	10	-	19	4,477			-	4,506	6,308
<b>n</b> External Affairs	12	1,103	324	4	1,431	15	-	40	745			3	803	2,234
<b>i</b> Information Technology	24	2,035	587	20	2,642	199	-	131	6,730			147	7,206	9,849
<b>s</b> Finance, Accounting and Budget	46	4,543	1,334	30	5,907	16	-	213	2,784			4	3,018	8,925
<b>t</b> Risk Management	4	328	96	1	425	6	-	5	4,599			-	4,609	5,034
<b>r</b> AGM - Support Services	2	242	71	1	314	1	-	5	21			-	27	341
<b>a</b> Human Capital Management	25	2,411	708	5	3,124	37	-	38	1,815			2	1,892	5,016
<b>t</b> Facilities Management and Security	67	4,208	1,216	200	5,624	468	-	109	6,360			57	6,993	12,618
<b>i</b> Procurement	38	2,794	821	30	3,645	39	-	63	387			-	489	4,134
<b>o</b> Occupational Safety and Health	10	1,002	294	2	1,298	50	-	25	541			10	626	1,924
<b>n</b> Fleet Management	6	583	171	1	755	12	-	1,057	3,016			85	4,169	4,924
<b>Subtotal Administration</b>	<b>262</b>	<b>21,949</b>	<b>6,415</b>	<b>310</b>	<b>28,674</b>	<b>883</b>	<b>-</b>	<b>1,745</b>	<b>33,815</b>	<b>-</b>	<b>-</b>	<b>309</b>	<b>36,752</b>	<b>65,426</b>
<b>Subtotal O &amp; M Expenditures</b>	<b>1,260</b>	<b>\$ 88,682</b>	<b>\$ 25,724</b>	<b>\$ 5,359</b>	<b>\$ 119,765</b>	<b>\$ 7,120</b>	<b>\$ 23,788</b>	<b>\$ 30,715</b>	<b>\$ 60,283</b>	<b>\$ 15,760</b>	<b>\$ 27,991</b>	<b>\$ 993</b>	<b>\$ 166,651</b>	<b>\$ 286,416</b>
Debt Service														130,120
Payment in Lieu of Taxes														20,081
Right of Way														5,100
<b>Total Operating Expenditures</b>														441,717
Personnel Services charged to Capital Projects														(12,960)
<b>Total Net Operating Expenditures</b>														<b>\$ 428,757</b>

**Comparative Operating Expenditures by Department by Category  
FY 2015 Proposed Budget  
(\$000's)**

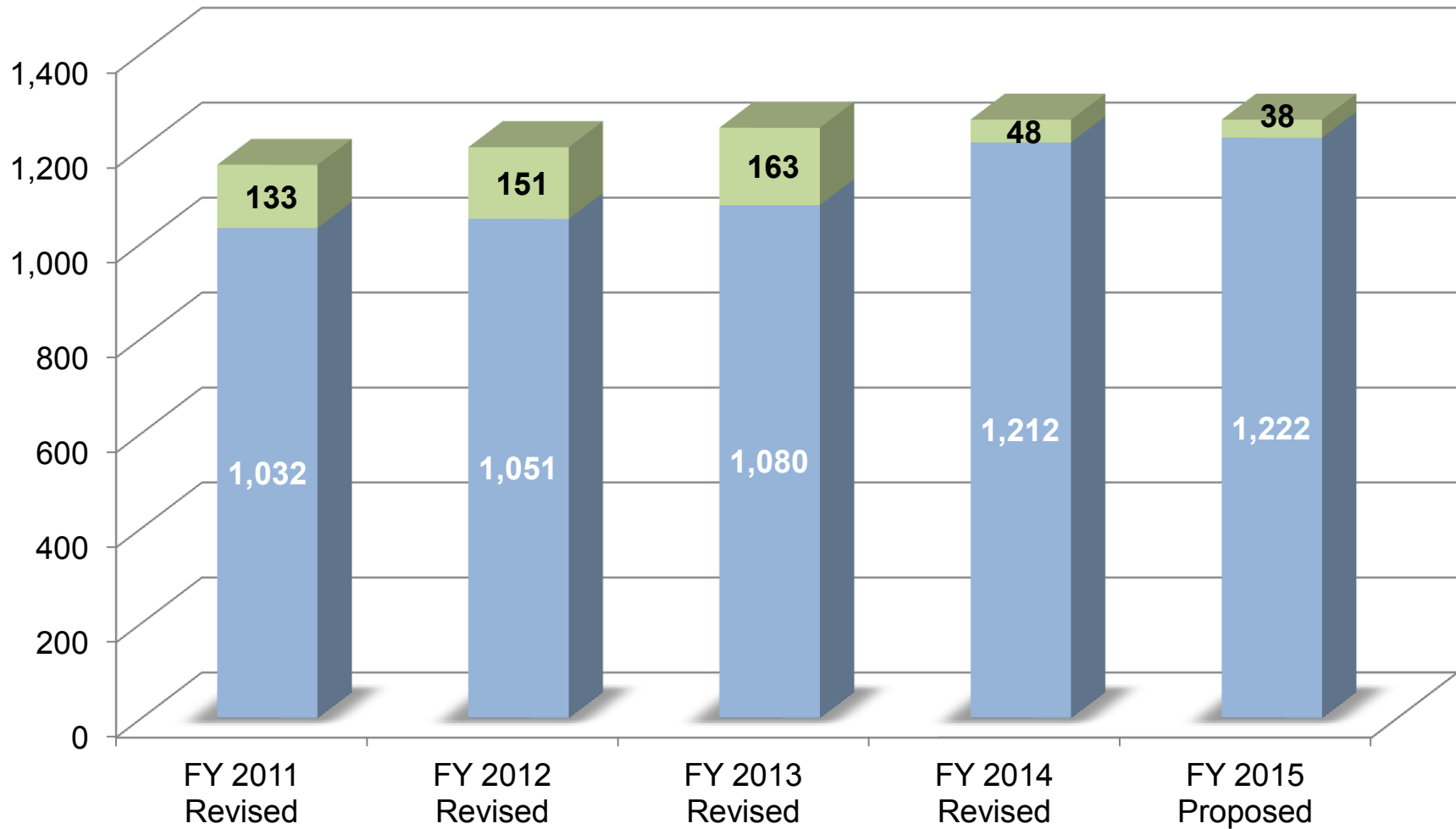
	Auth Pos	Pay	Fringe	Overtime	Total PS	Supplies	Chemicals	Utilities	Contract	Biosolids	Water Purchases	Small Equipment	Total NPS	TOTAL Dept.
<b>O</b> Wastewater Treatment - Operations	118	9,244	2,582	1,234	13,059	999	27,260	20,987	8,885	11,213		102	69,447	82,507
<b>p</b> Wastewater Treatment - Process Engineering	42	3,400	945	120	4,465	907	-	39	3,412			59	4,417	8,882
<b>e</b> Maintenance Services	117	8,564	2,401	725	11,690	3,664		134	6,138			196	10,132	21,822
<b>r</b> Water Services	207	13,407	3,842	980	18,229	878	60	3,139	3,863	-	28,831	140	36,911	55,140
<b>a</b> Sewer Services	158	11,286	3,238	900	15,425	548	135	2,522	2,574	-	-	60	5,839	21,264
<b>t</b> Customer Service	125	8,927	2,574	240	11,741	135	-	1,105	4,166	-	-	50	5,456	17,197
<b>i</b> Water Sewer Pumping Maintenance	34	2,898	757	200	3,855	553		17	1,565	-	-	95	2,230	6,085
<b>o</b> Engineering and Tech. Services	166	15,333	4,421	1,070	20,824	126		294	1,563			5	1,988	22,811
<b>n</b> Clean Rivers	16	1,760	508	7	2,274	14		80	111			-	206	2,480
<b>s</b> Permit Operations	15	1,343	387	11	1,742	30		327	151			-	509	2,251
<b>Subtotal Operations</b>	<b>998</b>	<b>76,163</b>	<b>21,654</b>	<b>5,487</b>	<b>103,303</b>	<b>7,854</b>	<b>27,456</b>	<b>28,644</b>	<b>32,428</b>	<b>11,213</b>	<b>28,831</b>	<b>707</b>	<b>137,134</b>	<b>240,438</b>
<b>A</b> General Manager	11	1,335	385	8	1,728	11		28	992			-	1,031	2,758
<b>d</b> Office of the Board Secretary	2	225	65	4	294	18		7	316			1	341	635
<b>m</b> Internal Audit	-				-	-		7	852				859	859
<b>i</b> General Counsel	15	1,487	429	2	1,918	10		19	4,078			-	4,107	6,024
<b>n</b> External Affairs	12	1,245	359	4	1,608	15		32	466			10	523	2,131
<b>i</b> Information Technology	24	2,334	663	20	3,017	199		109	6,811			164	7,283	10,300
<b>s</b> Finance, Accounting and Budget	46	5,041	1,454	30	6,525	31		200	3,093			4	3,328	9,853
<b>t</b> Risk Management	4	364	105	2	471	4		5	4,420			-	4,428	4,899
<b>r</b> AGM - Support Services	2	269	78	1	348	1		4	11			-	16	364
<b>a</b> Human Capital Management	25	2,680	773	5	3,458	38		35	1,828			2	1,904	5,362
<b>t</b> Facilities Management and Security	67	4,721	1,342	200	6,263	463		94	6,267			45	6,869	13,132
<b>i</b> Procurement	38	3,331	960	30	4,321	39		51	454			-	544	4,865
<b>o</b> Occupational Safety and Health	10	1,126	325	2	1,453	37		32	432			10	511	1,964
<b>n</b> Fleet Management	6	648	187	2	837	11		1,148	3,284			85	4,528	5,365
<b>Subtotal Administration</b>	<b>262</b>	<b>24,808</b>	<b>7,124</b>	<b>310</b>	<b>32,241</b>	<b>877</b>	<b>-</b>	<b>1,771</b>	<b>33,302</b>	<b>-</b>	<b>-</b>	<b>321</b>	<b>36,271</b>	<b>68,512</b>
<b>Subtotal O &amp; M Expenditures</b>	<b>1,260</b>	<b>\$ 100,971</b>	<b>\$ 28,778</b>	<b>\$ 5,796</b>	<b>\$ 135,544</b>	<b>\$ 8,731</b>	<b>\$ 27,456</b>	<b>\$ 30,416</b>	<b>\$ 65,731</b>	<b>\$ 11,213</b>	<b>\$ 28,831</b>	<b>\$ 1,028</b>	<b>\$ 173,406</b>	<b>\$ 308,950</b>
Debt Service														160,264
Cash Financed Capital Improvements														20,058
Payment in Lieu of Taxes														21,587
Right of Way														5,100
<b>Total Operating Expenditures</b>														515,959
Personnel Services charged to Capital Projects														(17,266)
<b>Total Net Operating Expenditures</b>														<b>\$ 498,693</b>

## Authorized Positions FY 2011 - FY 2015



DC Water increased hiring, beginning in FY 2011, in order to perform previously contracted services. This strategy is anticipated to decrease overall operating expenditures while enhancing organizational flexibility.

## Filled and Vacant Positions FY 2011 - FY 2015



Filled represents year-end actual headcount except for FY 2014 and FY 2015 which are budgeted headcounts.

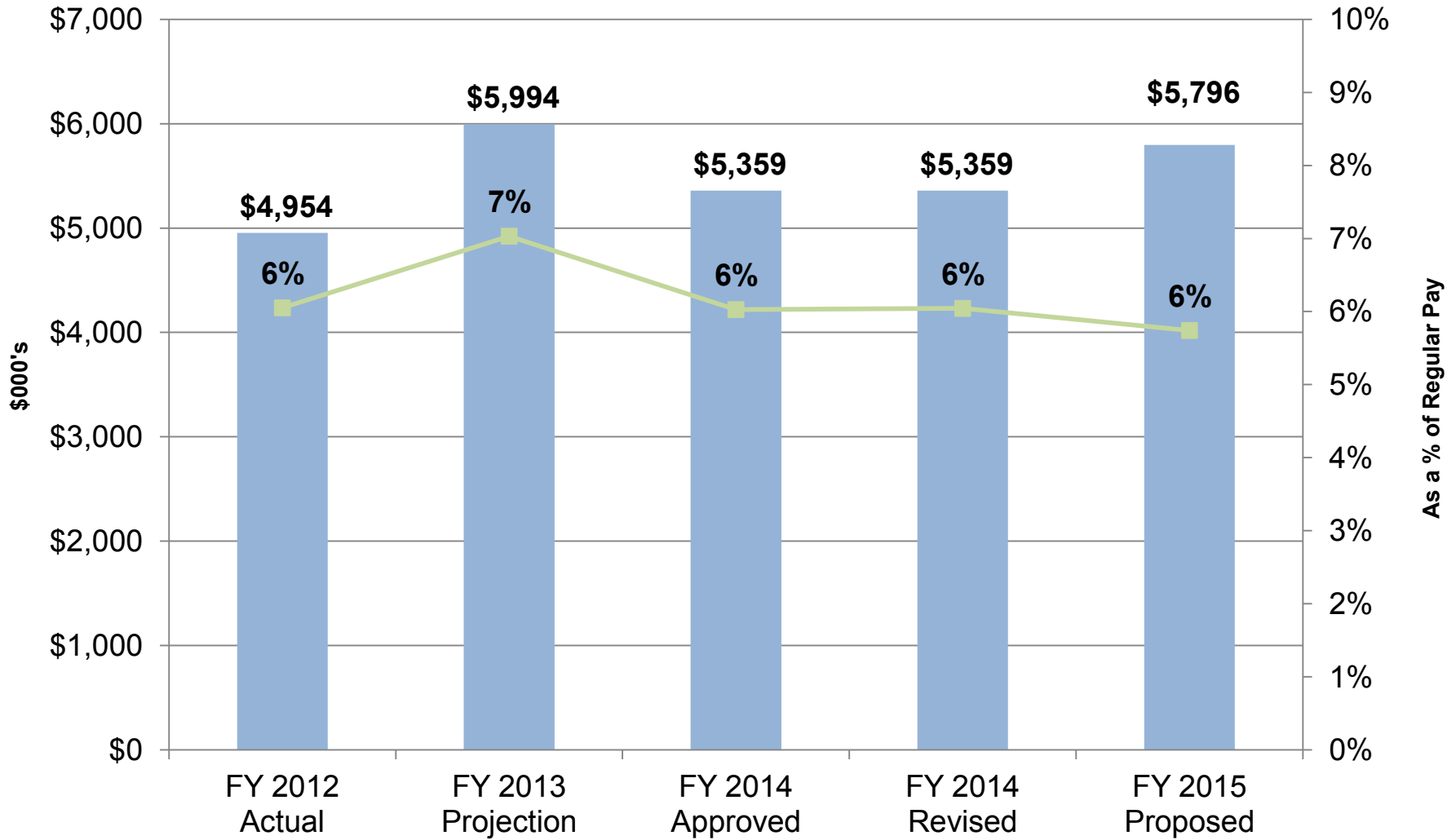
■ Filled ■ Vacant

## Authorized Positions by Department FY 2012 - FY 2015

	FY 2012				FY 2013				FY 2014		FY 2015
	Authorized	Average Filled	Average Vacant	Year-End Filled	Authorized	Average Filled	Average Vacant	Year-End Filled	Approved	Revised	Proposed
O Wastewater Treatment - Operations	121	117	4	121	108	101	7	100	118	118	118
p Wastewater Treatment - Process Engineering	0	0	0	0	37	20	17	23	42	42	42
e Maintenance Services	139	105	34	97	115	98	17	99	117	117	117
r Water Services	184	159	25	158	207	162	45	169	207	207	207
a Sewer Services	159	151	8	153	158	153	5	152	159	158	158
t Customer Service	124	116	8	118	125	115	10	114	125	125	125
i Water Sewer Pumping Maintenance	33	30	3	30	34	31	3	33	33	34	34
o Engineering and Technical Services	156	124	32	135	166	140	26	140	171	166	166
n DC Clean Rivers	10	4	6	5	16	7	9	11	10	16	16
s Permit Operations	15	11	4	14	15	14	1	15	15	15	15
<b>Subtotal</b>	<b>941</b>	<b>817</b>	<b>124</b>	<b>831</b>	<b>981</b>	<b>841</b>	<b>140</b>	<b>856</b>	<b>997</b>	<b>998</b>	<b>998</b>
A General Manager	17	10	7	9	11	8	3	8	14	11	11
d Office of the Board Secretary	2	2	0	2	2	2	0	1	2	2	2
m Internal Audit	0	0	0	0	0	0	0	0	0	0	0
i General Counsel	14	11	3	11	15	11	4	12	15	15	15
n External Affairs	11	11	0	12	12	12	0	12	12	12	12
i Information Technology	24	12	13	11	24	13	11	16	24	24	24
s Finance, Accounting and Budget	46	41	5	42	46	43	3	43	46	46	46
t Risk Management	4	4	0	4	4	4	0	4	4	4	4
r Asst. Gen. Mgr. - Support Services	2	2	0	2	2	1	1	1	2	2	2
a Human Capital Management	23	22	1	23	25	24	1	25	23	25	25
t Facilities Management and Security	66	61	5	58	67	60	8	60	67	67	67
i Procurement	38	35	4	33	38	30	8	30	38	38	38
o Occupational Safety and Health	8	8	0	8	10	7	3	7	10	10	10
n Fleet Management	6	6	0	5	6	5	1	5	6	6	6
<b>Subtotal</b>	<b>261</b>	<b>224</b>	<b>37</b>	<b>220</b>	<b>262</b>	<b>221</b>	<b>41</b>	<b>224</b>	<b>263</b>	<b>262</b>	<b>262</b>
<b>Total Positions</b>	<b>1,202</b>	<b>1,041</b>	<b>161</b>	<b>1,051</b>	<b>1,243</b>	<b>1,062</b>	<b>181</b>	<b>1,080</b>	<b>1,260</b>	<b>1,260</b>	<b>1,260</b>



## Annual Overtime Trend FY 2012 - FY 2015



Overtime By Department  
 FY 2012 - FY 2015  
 (\$000's)

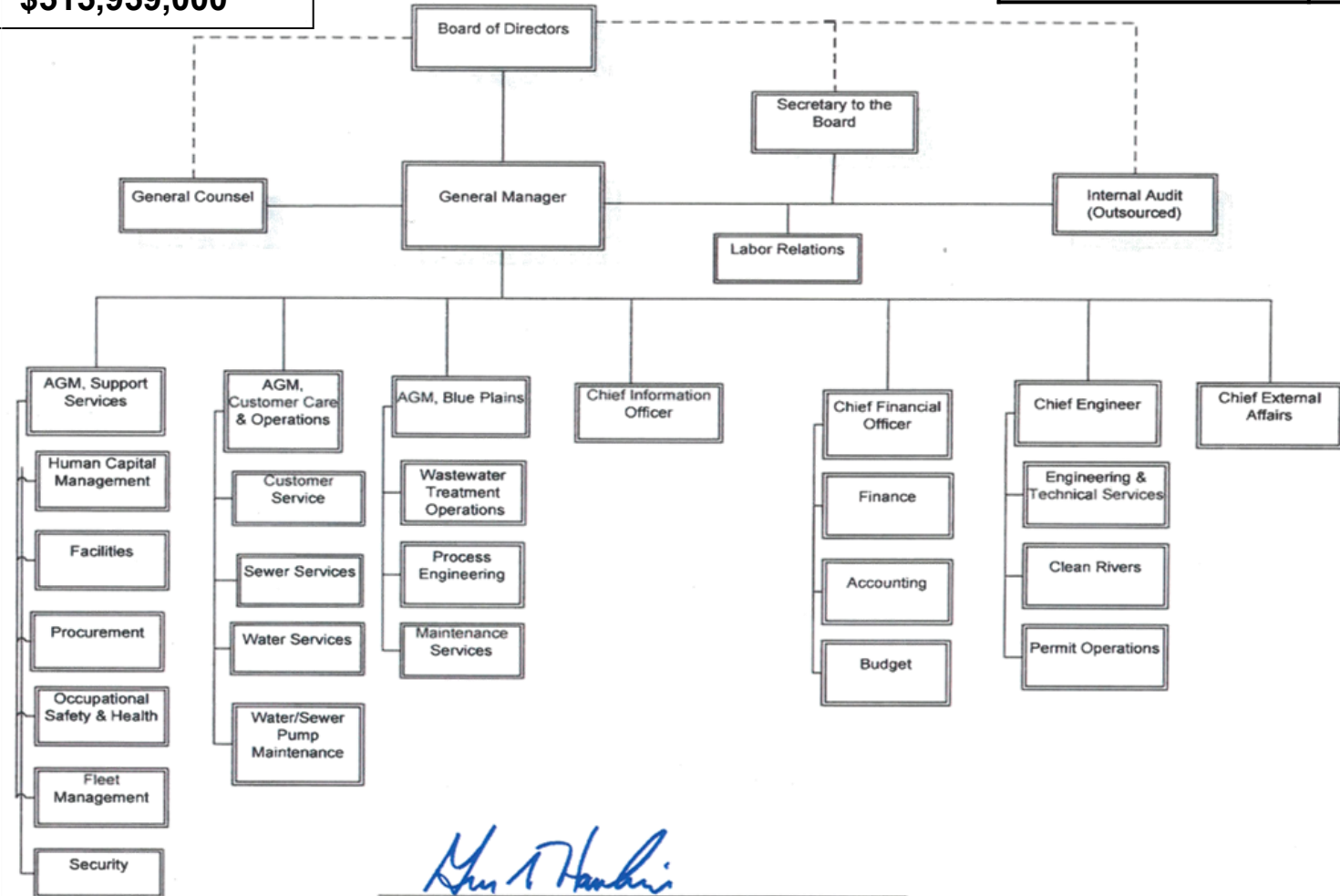
<b>Department</b>	<b>FY 2012 Actual</b>	<b>FY 2013 Projection</b>	<b>FY 2014 Approved</b>	<b>FY 2014 Revised</b>	<b>FY 2015 Proposed</b>
Wastewater Treatment - Operations	\$ 1,093	\$ 1,067	\$ 913	\$ 1,108	\$ 1,234
Wastewater Treatment - Process Engineering	-	71	270	100	120
Maintenance Services	718	873	750	725	725
Water Services	881	1,160	980	980	980
Sewer Services	875	1,327	900	900	900
Customer Service	178	217	240	240	240
Water/Sewer Pump Maintenance	142	145	200	200	200
Engineering and Technical Services	780	753	780	780	1,070
Clean Rivers	2	8	5	5	7
Permit Operations	2	4	11	11	11
General Manager	1	2	10	10	8
Office of the Board Secretary	3	2	4	4	4
Internal Audit	-	-	-	-	-
General Counsel	1	-	2	2	2
External Affairs	1	1	4	4	4
Information Technology	23	17	20	20	20
Finance, Accounting & Budget	19	34	30	30	30
Risk Management	0	0	1	1	2
Assistant General Manager - Support Services	1	1	1	1	1
Human Capital Management	26	4	5	5	5
Facilities Management and Security	190	246	200	200	200
Procurement	16	58	30	30	30
Occupational Safety and Health	1	0	2	2	2
Fleet Management	1	2	1	1	2
<b>Total</b>	<b>\$ 4,954</b>	<b>\$ 5,994</b>	<b>\$ 5,359</b>	<b>\$ 5,359</b>	<b>\$ 5,796</b>



D. C. Water & Sewer Authority  
Organization Chart

**FY 2015  
Operating Budget  
\$515,959,000**

POSITIONS				
		FY 2013		
Authorized	Average Positions Filled	Year-End Positions Filled	FY 2014	FY 2015
1,243	1,062	1,080	1,260	1,260

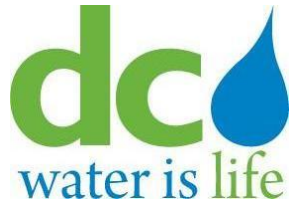


*George S. Hawkins*

George S. Hawkins, General Manager

Revised October 1, 2013

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**FY 2015 Budget  
\$82,507,000**

**ASSISTANT GENERAL  
MANAGER  
Blue Plains**

			POSITIONS	
CURRENT			FY 2014	FY 2015
Authorized	Average Positions Filled	Year-End Positions Filled		
108	101	100	118	118

**WASTEWATER  
TREATMENT -  
OPERATIONS  
1 - Position**

**Administrative  
Support  
3 - Positions**

**Wastewater  
Treatment  
Plant Operations  
95 - Positions**

**FUNCTIONS**

- Treat influent wastewater to remove pollutants and meet National Pollutant Discharge Elimination System Permit (NPDES) requirements
- Condition, thicken, dewater and stabilize biosolids for beneficial use
- Manage 4 shift crews – round the clock
- Manage use of resources – chemicals, energy, and contract support

**Residuals Energy &  
Nutrient Recycling  
6 - Positions**

**FUNCTIONS**

- Biosolids storage, loading, hauling and utilization/beneficial use

**Clean Water Quality  
& Technology  
13 - Positions**

**FUNCTIONS**

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

## WASTEWATER TREATMENT - OPERATIONS

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

**BUDGET OVERVIEW:** The revised FY 2014 operating budget decreased by \$7.2 million below the approved FY 2014 budget due to reductions in chemicals, utilities, and biosolids hauling costs from anticipated reduced flows and better hauling contract prices. The proposed FY 2015 budget increased by \$4.8 million compared to the revised FY 2014 budget due to anticipated increases in chemicals and contractual services costs, e.g., Combined Heat and Power component of the Digester Project, offset in part by anticipated savings in utilities and biosolids hauling costs.

	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
<b>Positions: (FTE's)</b>				
Number of authorized positions	108	118	118	118
Average number of positions filled	101			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	12,114	11,668	11,789	13,060
Overtime	1,091	913	1,108	1,234
<b>Non-Personnel Services:</b>				
Supplies	1,159	721	721	999
Chemicals	21,782	25,578	23,578	27,260
Utilities	16,835	23,162	21,635	20,987
Contractual Services, etc.	3,644	4,363	4,155	8,885
Biosolids	14,936	19,352	15,760	11,213
Small Equipment	37	55	55	102
Total Non-Personnel Services	58,392	73,231	65,903	69,447
<b>Total Operations</b>	<b>70,506</b>	<b>84,900</b>	<b>77,692</b>	<b>82,507</b>
<b>Capital Equipment</b>	<b>266</b>	<b>100</b>	<b>140</b>	<b>150</b>

Targeted Performance Measures	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
Achieve NACWA Award Status	Gold	Gold	Gold	Gold
Compliance with disposal of biosolids regulations (100%)	100% Compliance	100% Compliance	100% Compliance	100% Compliance
Inspection and Sampling of Pretreatment Permittees (100%)	100% Complete	100% Complete	100% Complete	100% Complete
Obtain 90% acceptable results on discharge monitoring report quality assurance samples	90% Acceptable results	90% Acceptable results	90% Acceptable results	90% Acceptable results
<p>Note: EPA 503 (i.e. Title 40 of the Code of Federal Regulations, Part 503) regulates the use or disposal of sewage sludge or biosolids EPA DMR QA (i.e. Discharge Monitoring Report Quality Assurance) is conducted on wastewater samples used for permit compliance reports. Achieving acceptable results for at least 90% of samples will minimize the potential for EPA to audit the laboratory.</p>				

## WASTEWATER TREATMENT OPERATIONS

### OVERVIEW

#### FY 2014 Major Planned Activities and Changes

- Maintain full compliance with the National Pollutant Discharge Elimination Systems (NPDES) permit
- Recruit and train 10 new operators to support the operations of new processes and assets at Blue Plains
- Continue to support implementation of CIP projects including Enhanced Nitrogen Removal Facility(ENRF), Biosolids Management Program (BMP), and Long Term Control Plan (LTCP)
- Complete startup/commissioning of ENR, Biosolids Main Process Train (MPT), Final Dewatering Facilities (FDF), and Filtration and Disinfection Facilities Phase III Projects
- Continue implementation of High Priority Rehabilitation Program to ensure availability of critical process equipment
- Continue implementation of Safety and Operator Cross Training and Incentive Programs
- Implement Goal #6 of the DC Water Board Strategic Plan (Establish a Safety Management System)
- Continue implementation of an Asset Management Program
- Continue to improve the structure and use of Maximo
- Continue to work with surrounding jurisdictions (Maryland and Virginia) on regulatory requirements for biosolids and land applications
- Continue to increase the use of biosolids products in the service area, for restoration projects, tree planting, and Low Impact Development (LID) projects
- Continue to improve biosolids product assurance to decrease the number of offsite odor complaints
- Continue to take a lead in conducting cutting-edge research in wastewater treatment and biosolids management, with R&D focus on Mainstream Deammonification for nitrogen removal and optimization of Thermal Hydrolysis process

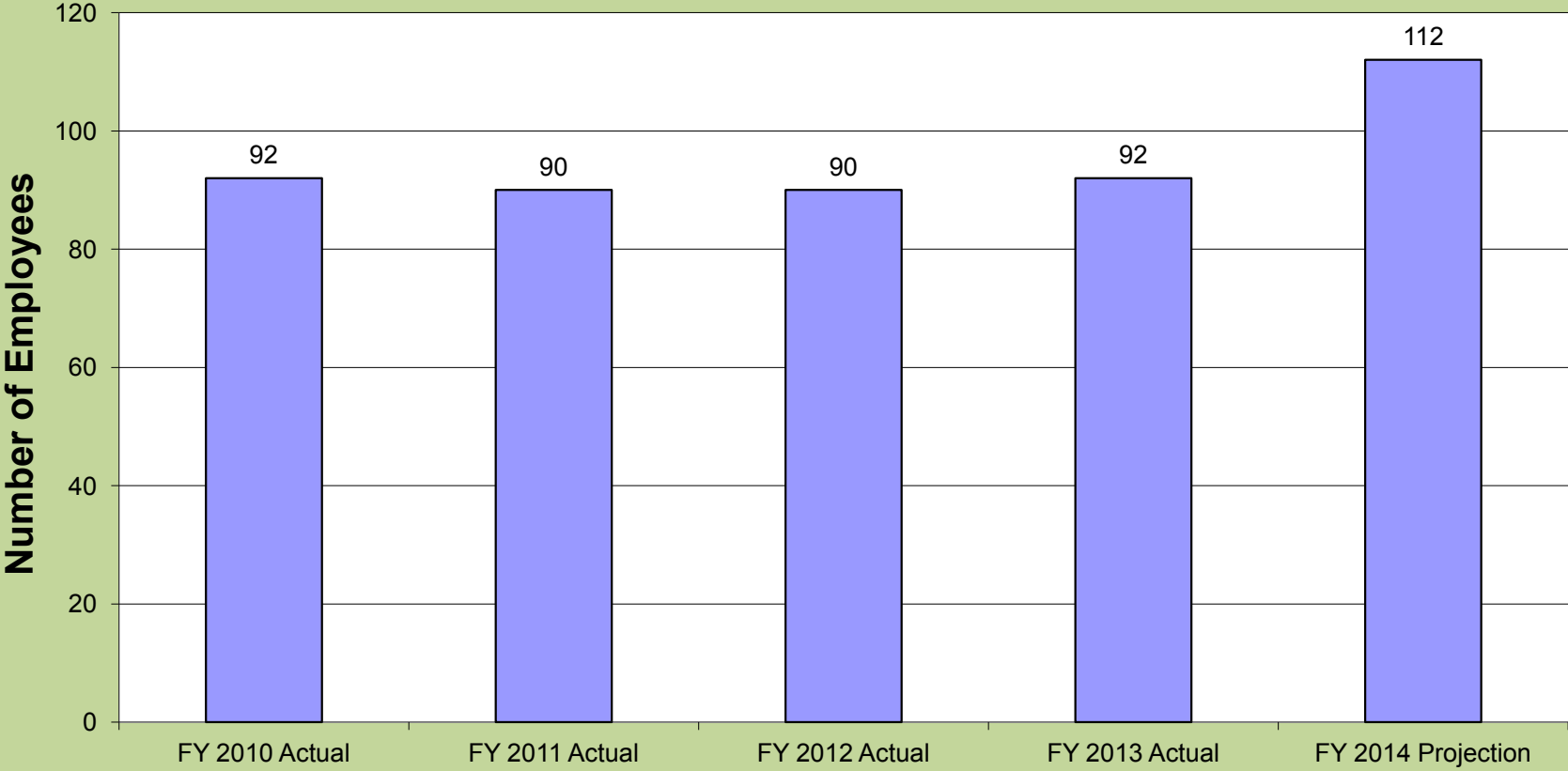
#### FY 2015 Major Recommended Activities and Changes

- Fully implement Biosolids Management Program with average Class A Biosolids production of 600 wet tons/day
- Implement operation and maintenance contract for Combined Heat and Power (CHP) Project
- Continue implementation of Goal 6 of the DC Water Board Strategic Plan

#### Impact of Capital Projects on FY 2014 and FY 2015 Operating Expenditures

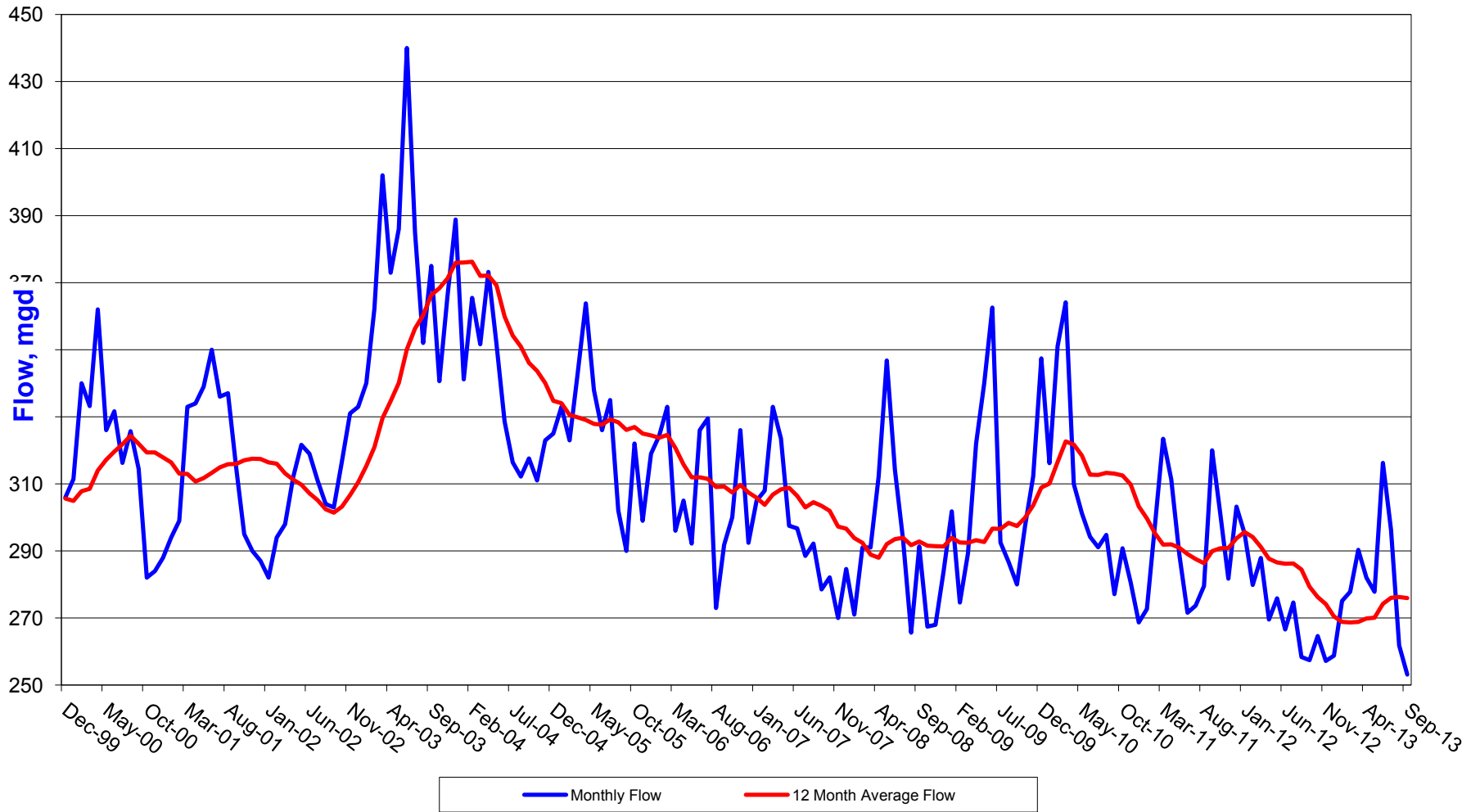
- The Digester Project, fully implemented in FY 2015, would reduce the quantity of biosolids production, which would reduce hauling costs
- Full implementation of the CHP component of the Digester Project in FY 2015 is anticipated to generate approximately 57,000,000 Kwh of renewable energy per year
- Operation of the Enhanced Nitrogen Removal Facility would increase chemicals costs due to additional chemicals (methanol and sodium hydroxide) needed to remove excess pounds of nitrogen and ammonium in the facility

# Wastewater Treatment Certified Operators FY 2010 - FY 2014

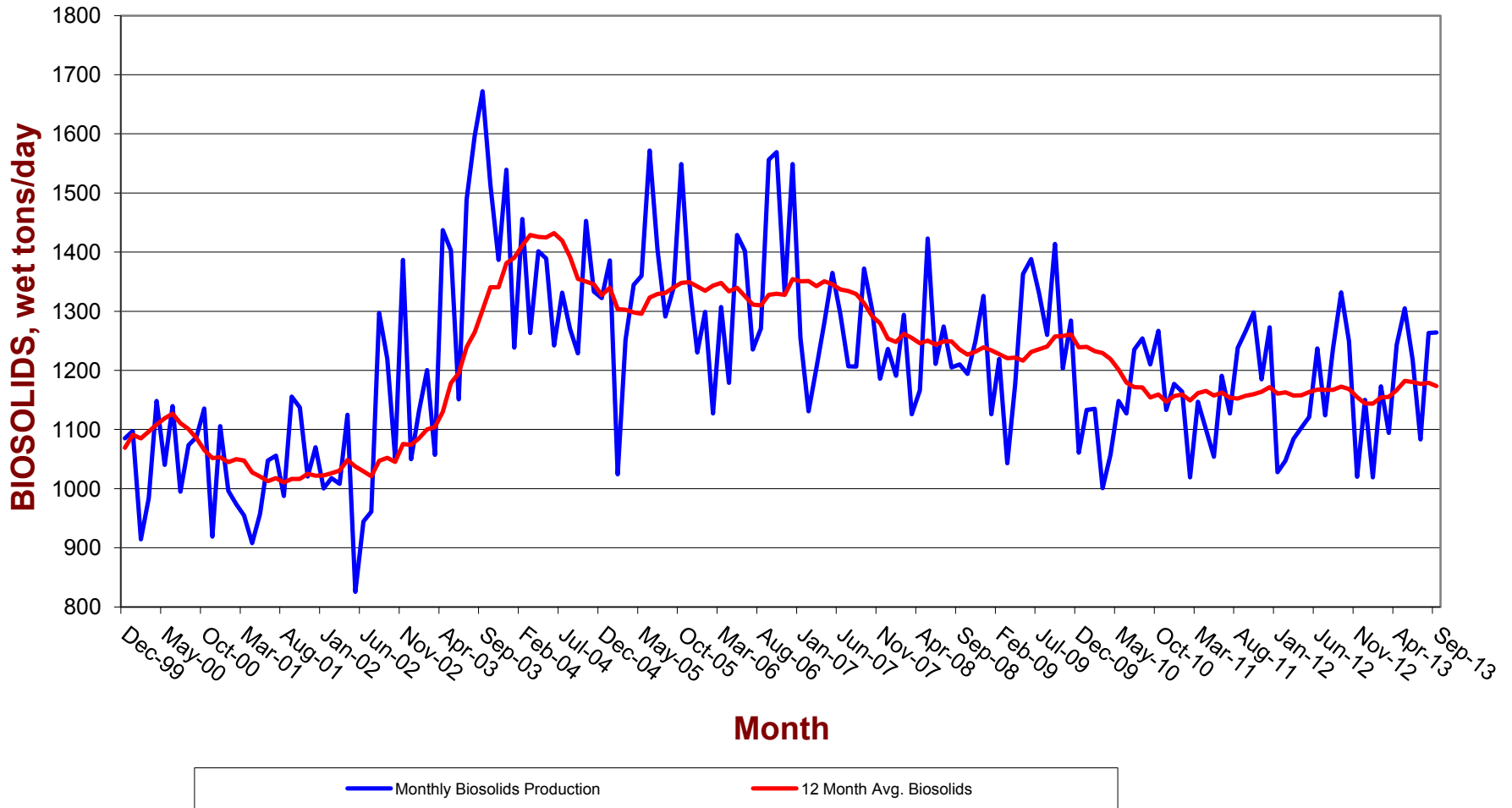




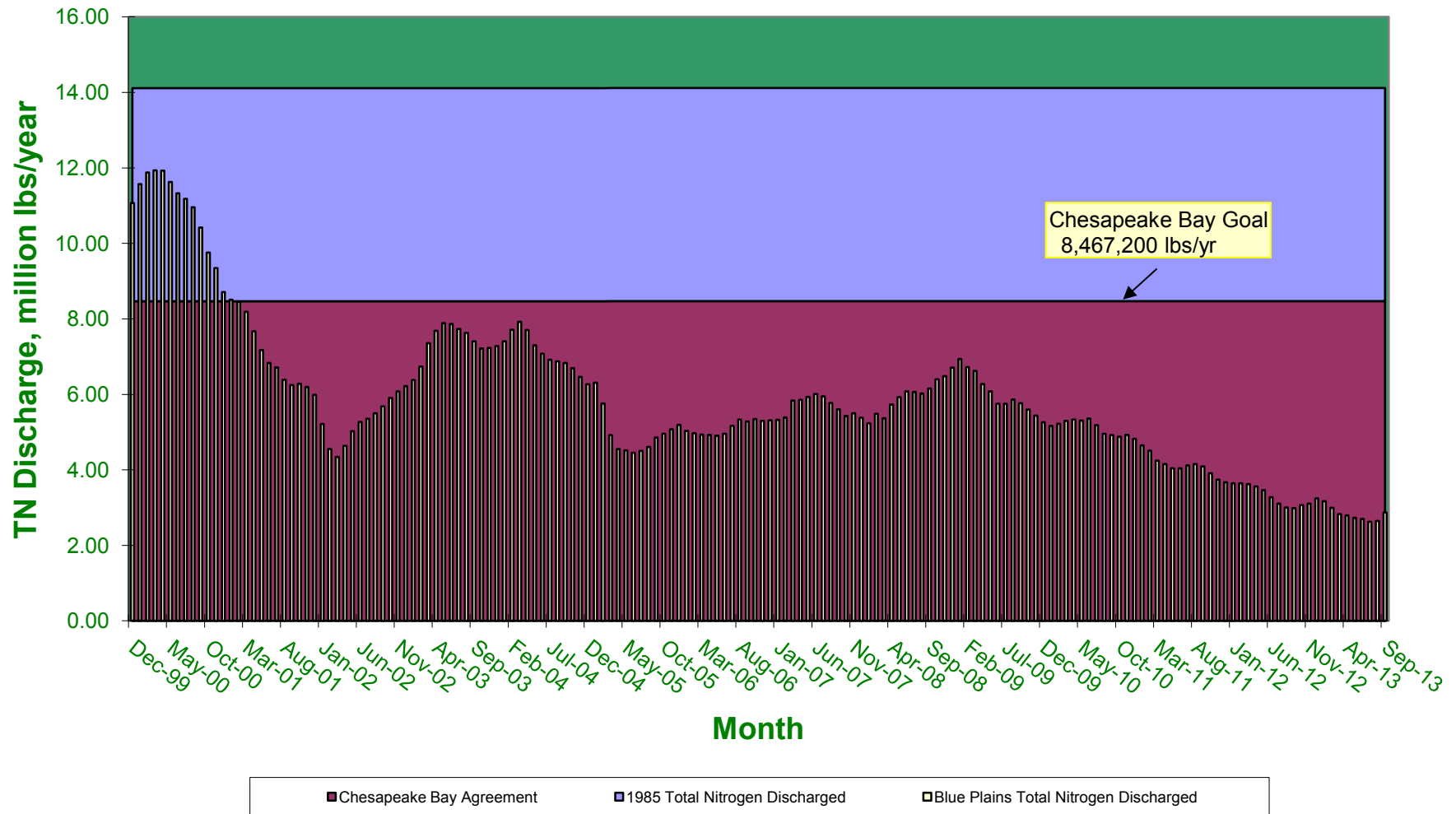
# BLUE PLAINS WASTEWATER TREATMENT PLANT EFFLUENT FLOW DECEMBER 1999 - SEPTEMBER 2013



# BLUE PLAINS WASTEWATER TREATMENT PLANT BIOSOLIDS PRODUCTION DECEMBER 1999 - SEPTEMBER 2013



# BLUE PLAINS WASTEWATER TREATMENT PLANT ANNUAL TOTAL NITROGEN LOAD DECEMBER 1999 - SEPTEMBER 2013



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**ASSISTANT GENERAL  
MANAGER  
Blue Plains**

		POSITIONS			
		CURRENT		FY 2014	FY 2015
Authorized	Average Positions Filled	Year-End Positions Filled			
37	20	23		42	42

**FY 2015 Budget  
\$8,882,000**

**WASTEWATER  
TREATMENT -  
PROCESS  
ENGINEERING  
1 - Position**

**Process  
Control  
Systems  
4 - Positions**

**Process  
Engineering  
9 - Positions**

**Process  
Control  
Maintenance  
28 - Positions**

**FUNCTIONS**

- Maintain Process Control System (PCS) for Blue Plains Advanced Wastewater Treatment Plant
- Provide Design and Construction interface to PCS
- Manage PCS hardware, software, maintenance, and support services
- Troubleshoot PCS issues and train Process and Instrumentation staff

**FUNCTIONS**

- Establish Process Control operating targets for Blue Plains
- Optimize process, chemical, and power use at the Plant
- Provide design comments and support during construction of capital projects
- Troubleshoot process performance problems

**FUNCTIONS**

- Plan and coordinate all activities for corrective, preventive, and predictive maintenance
- Maintain electronic process control systems, flow measurement, metering and recording equipment for the Plant

## WASTEWATER TREATMENT - PROCESS ENGINEERING

**MISSION:** To economically maintain DC Water's process equipment and facilities at the Blue Plains Advanced Wastewater Treatment Plant, ensuring that the operational and customer service objectives of the Authority are achieved.

**BUDGET OVERVIEW:** The revised FY 2014 budget decreased by approximately \$0.4 million below the approved FY 2014 budget due to projected personnel cost adjustments, including reduced overtime costs. The proposed FY 2015 budget increases by \$1.5 million over the revised FY 2014 budget due to projected increases in personnel services, coupled with additional increases in contractual services support to maintain the process control system.

	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
<b>Positions: (FTE's)</b>				
Number of authorized positions	37	42	42	42
Average number of positions filled	23			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	2,252	4,055	3,637	4,465
Overtime	79	270	100	120
<b>Non-Personnel Services:</b>				
Supplies		788	788	907
Occupancy		17	17	39
Contractual		2,896	2,896	3,412
Equipment		59	59	59
Total Non-Personnel Services	-	3,761	3,761	4,417
<b>Total Operations &amp; Maintenance</b>	2,252	7,816	7,398	8,882
<b>Capital Equipment</b>	29	1,616	1,616	1,072
<b>Targeted Performance Measures</b>	<b>FY 2013 Projection</b>	<b>FY 2014 Approved</b>	<b>FY 2014 Revised</b>	<b>FY 2015 Proposed</b>
Critical Equipment Availability (97%)	97%	97%	97%	97%

## WASTEWATER TREATMENT - PROCESS ENGINEERING

### OVERVIEW

#### FY 2014 Major Planned Activities and Changes

- Continue to build on planned activities of FY 2013
  - Provide guidance on set points and Plant operations
  - Provide Process Engineering reviews on new Capital Projects in Planning
  - Provide Process Engineering reviews on new Capital Projects in Design
  - Continue to assist with Construction Project Commissioning phases
  - Manage the Process Control System (PCS)
  - Continue the Equipment Reliability Program (predictive maintenance/condition monitoring)
  - Continue the Critical Spare Parts Inventory for process control equipment
  - Continue the major critical equipment maintenance initiative across the plant
  - Continue the Unit Shelf Replacement (spares) Program
- Startup and training for new capital projects – MPT (Main Process Train), ENRF (Enhanced Nitrogen Removal Facility), and FDF (Final Dewatering Facility, which is a part of the Digester Project)
- Develop and deploy key performance indicators in each group
- Reorganize Process Engineering roles, responsibilities, and reporting structure

#### FY 2015 Major Recommended Activities and Changes

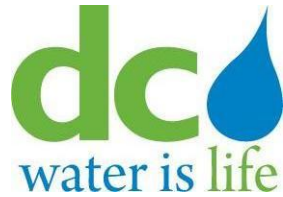
- Continue to build on planned activities of FY 2014
- Startup and training for new capital projects – FTF (Filtrate Treatment Facilities)
- Optimize recently commissioned capital projects - MPT, ENRF and FDF
- Conduct process design reviews for TDPS-ECF (Tunnel Dewater Pump Station and Enhanced Clarification Facilities)
- Fine tune and monitor key performance indicators in each group
- Complete reorganization of Process Engineering roles, responsibilities, and reporting structure
- Conduct aggressive training program to support reduction in contracted work force

#### Impact of Capital Projects on FY 2014 and FY 2015 Operating Expenditures

- Increased preventive maintenance costs for new equipment and facilities
- Increased effort for training and commissioning of new facilities – ENRF, MPT, and FDF in FY 2014

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**ASSISTANT GENERAL  
MANAGER  
Blue Plains**

			<u>POSITIONS</u>	
<u>CURRENT</u>			FY 2014	FY 2015
Authorized	Average Positions Filled	Year-End Positions Filled		
115	98	99	117	117

**FY 2015 Budget  
\$21,822,000**

**MAINTENANCE  
SERVICES**

**Electrical  
Maintenance  
39 - Positions**

**Mechanical  
Maintenance  
65 - Positions**

**Maintenance  
Management  
13 - Positions**

**FUNCTIONS**

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

**FUNCTIONS**

- Maintain mechanical process systems and equipment for the Plant
- Plan, schedule, and perform condition monitoring for all process equipment at all DC Water facilities

**FUNCTIONS**

- Plan and coordinate all activities for corrective, preventive, and predictive maintenance
- Plan & operate support systems to manage maintenance by planning, estimating, inspecting, and scheduling maintenance activities
- Coordinate work through operations and engineering
- Provide administrative support

## MAINTENANCE SERVICES

**MISSION:** To economically maintain DC Water's process equipment and facilities at the Blue Plains Advanced Wastewater Treatment Plant, ensuring that the operational and customer service objectives of the Authority are achieved.

**BUDGET OVERVIEW:** The revised FY 2014 budget decreased by approximately \$0.6 million below the approved FY 2014 budget due to projected personnel services costs adjustment (increased vacancy rate). The proposed FY 2015 budget is higher than the revised FY 2014 budget by \$3.1 million due to anticipated increases in personnel services, increased parts purchase for preventive maintenance, and maintenance costs for new equipment and facilities.

	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
<b>Positions: (FTE's)</b>				
Number of authorized positions	115	117	117	117
Average number of positions filled	99			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	10,095	10,687	10,124	11,690
Overtime	909	750	725	725
<b>Non-Personnel Services:</b>				
Supplies	1,845	2,423	2,423	3,664
Utilities	95	139	139	134
Contractual Services, etc.	4,817	5,870	5,870	6,138
Small Equipment	441	193	193	196
<b>Total Non-Personnel Services</b>	<b>7,197</b>	<b>8,625</b>	<b>8,625</b>	<b>10,132</b>
<b>Total Operations &amp; Maintenance</b>	<b>17,292</b>	<b>19,312</b>	<b>18,749</b>	<b>21,822</b>
<b>Capital Equipment</b>	<b>3,364</b>	<b>3,146</b>	<b>3,146</b>	<b>4,196</b>
<b>Targeted Performance Measures</b>	<b>FY 2013 Projection</b>	<b>FY 2014 Approved</b>	<b>FY 2014 Revised</b>	<b>FY 2015 Proposed</b>
Critical Equipment Availability (97%)	98%	98%	98%	98%

## MAINTENANCE SERVICES

### OVERVIEW

#### FY 2014 Major Planned Activities and Changes

- Continue to perform preventive, corrective and predictive maintenance services in all treatment process area equipment to improve reliability, reduce down time and maximize asset life
- Continue critical equipment scoring and implementation in Maximo
- Continue critical spare parts inventory evaluation process and develop the part “Item Master” in Maximo
- Capture and record all material purchases from both Lawson and P-Cards on Maximo work orders written against assets
- Track, report, and analyze asset failures by cost to identify “poor performers”
- Continue Preventive Maintenance Validation Team’s improvement program
- Continue Diver Services Program, as needed
- Continue the High Priority Rehabilitation Program
- Continue to support the new Process Computer Control System (PCCS) group
- Continue to build equipment reliability program (predictive maintenance/condition monitoring)
- Continue Unit Shelf Replacement (spares) Program
- Continue lubrication technician program within the equipment reliability group
- Continue to provide high voltage, predictive maintenance, and crane maintenance support for Water & Sewer Pumping Maintenance (Customer Care and Operations outside Blue Plains)
- Continue to increase safety awareness by enhancing equipment LOTO (lockout/tag-out) procedure
- Develop and deploy new key performance indicators to measure maintenance efficiency and productivity
- Increase level of work order planning and reduce level of reactive maintenance
- Train staff on all new process equipment

#### FY 2015 Major Recommended Activities and Changes

- Continue building upon the planned activities of FY 2014
- Optimize Preventive Maintenance Program
- Reorganize maintenance rolls, responsibilities and reporting structure

#### Impact of Capital Projects on FY 2014 and FY 2015 Operating Expenditures

- Increased maintenance support for various facilities as they come online within the next year: (1) New Main Process Plant including Cambi Thermal Hydrolysis and Digester Process; (2) Enhanced Nitrogen Removal Facility; and (3) the Methanol Facility commissioned

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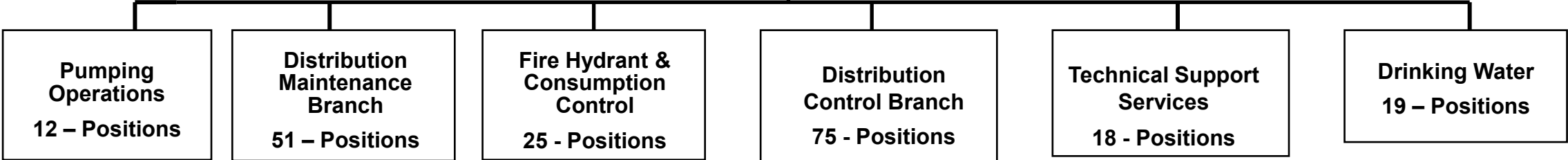


**ASSISTANT GENERAL  
MANAGER  
CUSTOMER CARE &  
OPERATIONS**

POSITIONS				
Authorized	CURRENT		FY 2014	FY 2015
	Average Positions Filled	Year-End Positions Filled		
207	169	169	207	207

**FY 2015 Budget  
\$55,140,000**

**WATER  
SERVICES  
7 - Positions**



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

- FUNCTIONS**
- Repair and replace water main service lines
  - Replace valves and hydrants
  - Support lead replacement program
  - Lead Leak Detection efforts for the Authority.
  - Assist Investigation as first responder during emergencies
  - Manage ordering of materials and inventory
  - Support departmental safety efforts

- FUNCTIONS**
- Develop and administer comprehensive fire hydrant program
  - Manage fire hydrant contracts
  - Inspect, exercise and perform preventive maintenance on all the hydrants in the system
  - Replace at least 400 hydrants per year
  - Monitor and track inventory level of fire hydrants and fire hydrant parts
  - Respond to all fire hydrant inquiries
  - Establish/maintain interaction & communications with DC FEMS
  - Respond to all fires equal to or greater than a 2 Alarm fire
  - Support departmental safety efforts

- FUNCTIONS**
- Inspect, exercise and perform preventative maintenance on the 40,000 system valves
  - Perform minor valve leak repairs
  - Administer the Flushing Program
  - Provide support for CIP projects
  - Respond to and perform investigations of customer complaints
  - Manage the Valve Coordination Control program
  - Manage valve Identification Program
  - Test valve shutdown plans for construction of CIP projects
  - Perform scheduled and emergency shuts
  - Support departmental safety efforts

- FUNCTIONS**
- Establish and administer a comprehensive asset management program for both water and sewer systems
  - Maintain quality control of Maximo data
  - Inspect construction projects
  - Update asset inventory data & perform QA/QC analysis
  - Manage and direct Operating and CIP Budgets
  - Administer Public Space Restoration Program and associated contracts
  - Support departmental safety efforts
  - Provide business process evaluation and direct process improvement across departments

- FUNCTIONS**
- Monitor the Environmental Protection Agency (EPA) compliance
  - Control and monitor corrosion in the water distribution system
  - Monitor chlorination treatment
  - Administer lead and copper program
  - Direct flushing activities
  - Administer an effective cross connection program
  - Respond to customer complaints and resolve water quality issues
  - Conduct routine water quality analysis
  - Issue public notifications when necessary
  - Prepare and publish Annual Consumer Confidence report
  - Manage Lead Service Program and associated contracts
  - Support departmental safety efforts

## WATER SERVICES

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

**BUDGET OVERVIEW:** The revised FY 2014 operating budget is approximately \$5.0 million lower compared to the approved FY 2014 operating budget. This is primarily due to decreased funding in contractual services, and water purchases. The \$2.5 million increase in the proposed FY 2015 budget reflects increased personnel cost due to salary adjustments.

	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
<b>Positions: (FTE's)</b>				
Number of authorized positions	184	207	207	207
Average number of positions filled	159			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	15,695	16,555	16,512	18,229
Overtime	1,200	980	980	980
<b>Non-personnel Services:</b>				
Supplies	600	890	890	878
Chemicals	70	50	50	60
Utilities	2,349	4,100	3,209	3,139
Contractual Services, etc.	3,429	4,355	3,855	3,863
Water Purchases	26,900	31,513	27,991	28,831
Small Equipment	135	140	140	140
<b>Total Non-Personnel Services</b>	<b>33,482</b>	<b>41,048</b>	<b>36,135</b>	<b>36,911</b>

<b>Total Operations &amp; Maintenance</b>	49,177	57,603	52,647	55,140
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<b>Capital Equipment</b>	363	485	485	535
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Targeted Performance Measures	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
Maintain full compliance with Safe Drinking Water Act standards for positive coliform results (less than 5%)	<5%	<5%	<5%	<5%
Flush at least 50% of the 1,300 miles of pipe in the distribution system annually	50%	50%	50%	50%
Exercise 18,000 - 23,000 valves annually	25,000	25,000	25,000	25,000
Maintain a 99% fire hydrant operational rate	99%	99%	99%	99%
Respond to 95% of all emergency service orders in less than 45 minutes	97%	97%	97%	97%
Repair 90% of reported main leaks within 10 days	90%	90%	90%	90%

## WATER SERVICES

### OVERVIEW

#### FY 2014 Planned Activities and Changes

- Continue with strategic fire hydrant upgrade and replacement plans, replacing at least 400 fire hydrants in FY 2014 and beyond
- Continue our target to inspect all public fire hydrants at least once a year and perform required repairs in a timely fashion
- Continue with our target to flow test 1,500 hydrants per year. Flow tests are performed to meet the requirements of the MOU with DC Fire and EMS, as well as respond to new service connection requests from developers, while meeting operational needs
- Exercise critical valves every year and non-critical valves are scheduled to be exercised every two years
- Improve our inventory control and asset management systems
- Accelerate quality control/quality assurance measures for critical programs and assets (pump stations, valves, hydrants, mains and service lines)
- Continue employee certification program for all the personnel in the Pumping Division
- Continue the development of requirements for Asset Management Program in Water Services
- Implement critical guidelines and control operating procedures for all facilities
- Continue recommended improvements to those reservoirs and tanks identified within EPA's Sanitary Survey
- Establish and administer a comprehensive project management program for restoration of public space
- Establish an Enforcement Task Force Team to protect the Water and Sewer Distribution system from illegal activities such as Cross Connection contamination, unlawful dumping of Fats, Oils, and Grease (F.O.G), unauthorized fire hydrant use, and illegal connections into the water and sewer system

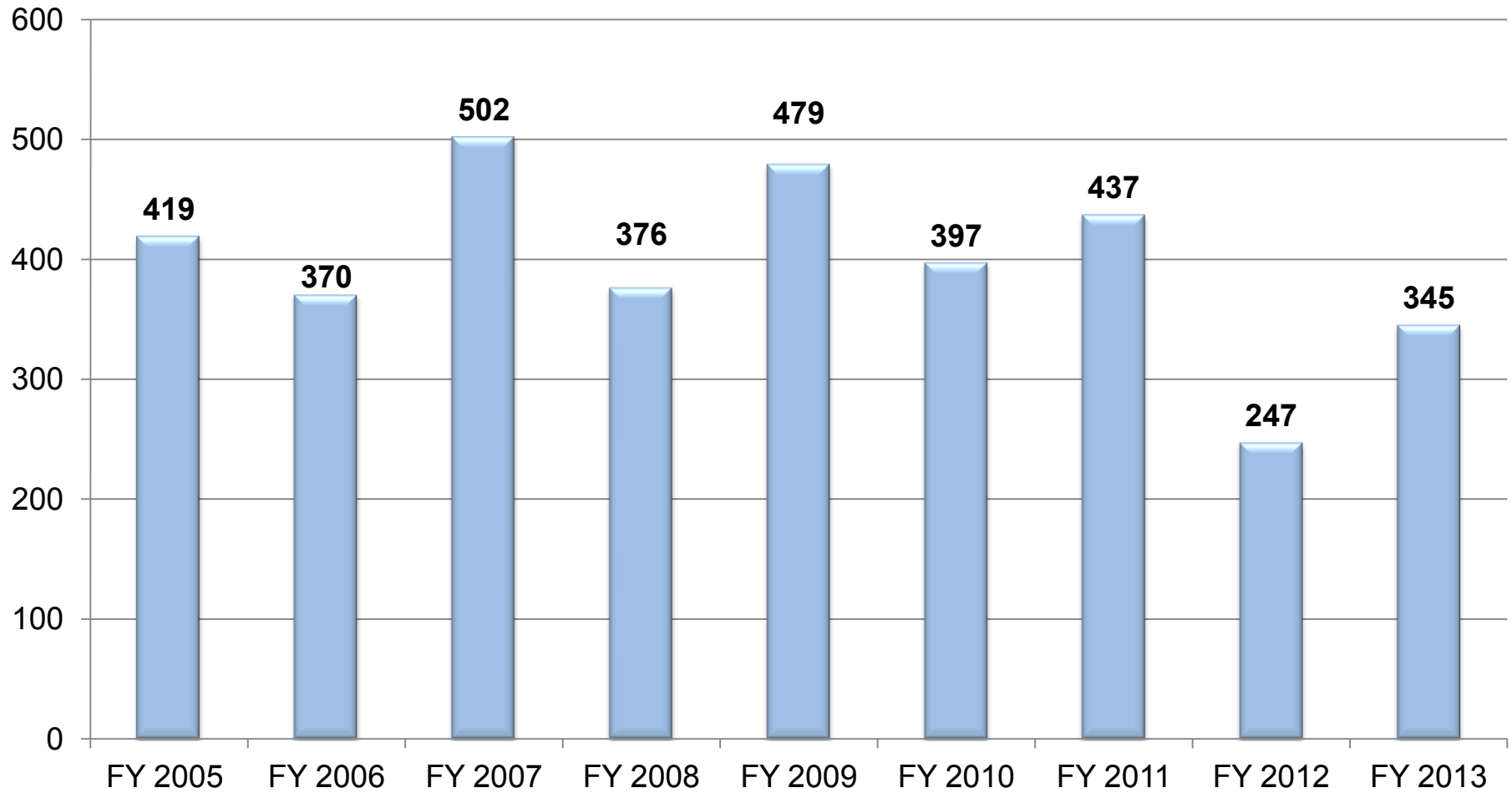
#### FY 2015 Major Recommended Activities and Changes

- Continue FY 2014 planned activities and changes
- Maintain critical guidelines and control operating procedures for all facilities
- Continue recommended improvements to those reservoirs and tanks identified within EPA's Sanitary Survey

#### Impact of Capital Projects on FY 2014 and FY 2015 Operating Expenditures

- No major items identified

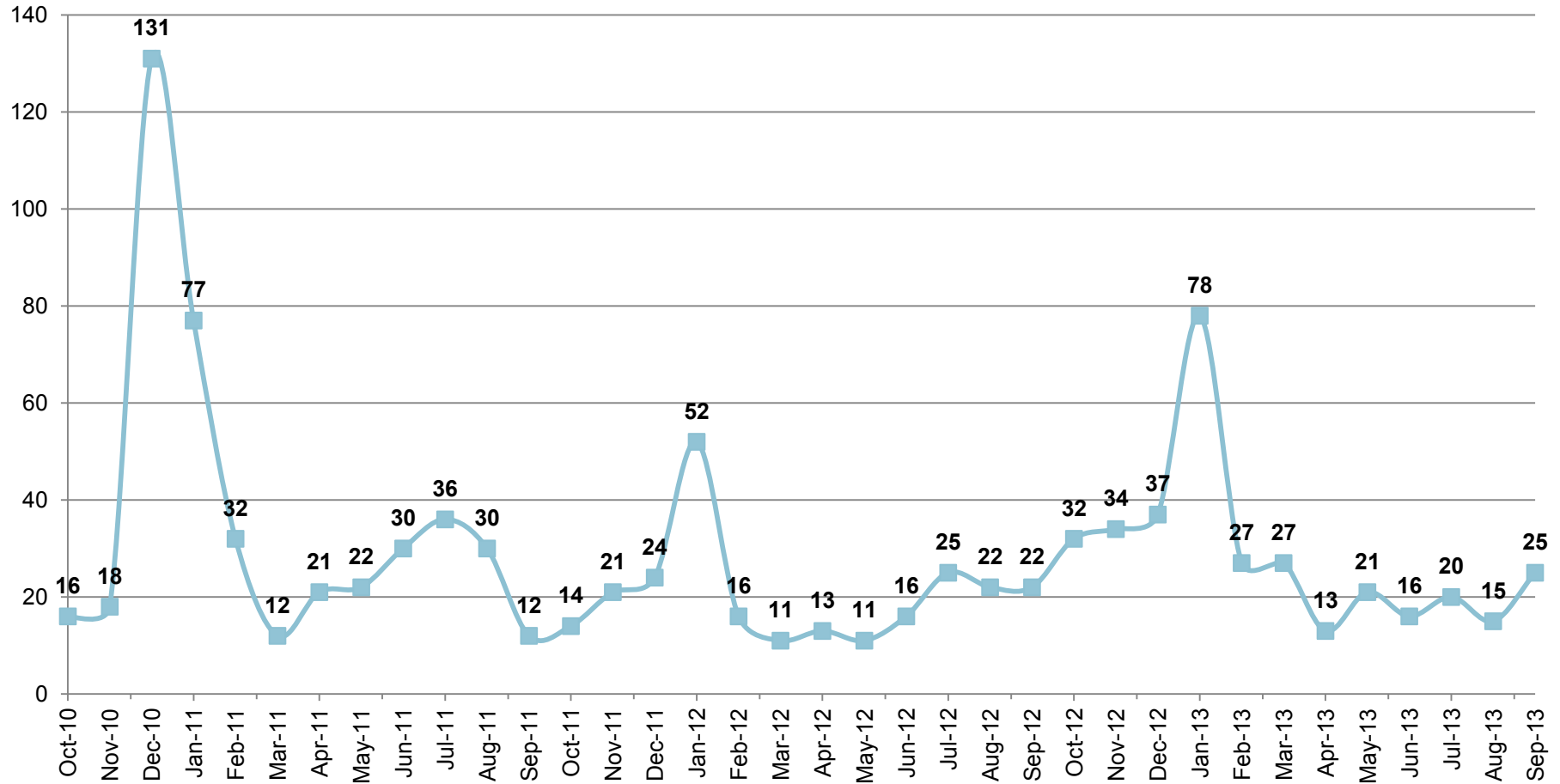
## Historical Annual Water Main Breaks FY 2005 - FY 2013



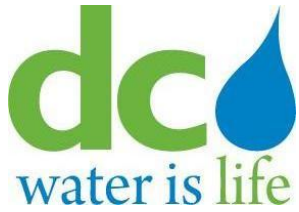


# HISTORICAL MONTHLY WATER MAIN BREAKS

## October 2010 thru September 2013



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**ASSISTANT GENERAL  
MANAGER  
CUSTOMER CARE &  
OPERATIONS**

			POSITIONS	
CURRENT			FY 2014	FY 2015
Authorized	Average Positions Filled	Year-End Positions Filled		
159	153	152	158	158

**FY 2015 Budget  
\$21,264,000**

**SEWER SERVICES  
2 - Positions**

**Sewage Pumping  
34 - Positions**

**Inspection & Maintenance  
66 - Positions**

**Construction & Repair  
52 - Positions**

**Potomac Interceptor  
4 - Positions**

**FUNCTIONS**

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

**FUNCTIONS**

- Inspect public sewers
- Inspect sewer laterals
- Clean sewers and inlet /outlet structures
- Operate and maintain sewer regulator structures
- Clean catch basins
- Remove floatable debris
- Monitor & Control Operations
- Enforcement of Fat, Oil, and Grease abatement in the sewer system

**FUNCTIONS**

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

**FUNCTIONS**

- Operate & Maintain Potomac Interceptor (PI) Sewer
- Operate and maintain PI Flow Meters
- Perform Manhole Inspection
- Operate and Maintain related Odor control facilities and manholes
- Right-of-Way maintenance and Surveillance

## SEWER SERVICES

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

**BUDGET OVERVIEW:** The revised FY 2014 budget decreased by \$1.7 million compared to the approved FY 2014 primarily due to projected decreases in electricity and contractual services costs. The proposed FY 2015 budget is higher than the revised FY 2014 budget by \$1.8 million due to projected personnel services cost adjustments.

	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
<b>Positions: (FTE's)</b>				
Number of authorized positions	159	159	158	158
Average number of positions filled	151			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	14,654	14,239	13,917	15,425
Overtime	1,306	900	900	900
<b>Non-Personnel Services:</b>				
Supplies	444	529	529	548
Chemicals	188	160	160	135
Utilities	2,753	3,122	2,245	2,522
Contractual Services, etc.	2,688	3,049	2,549	2,574
Small Equipment	70	60	60	60
<b>Total Non-Personnel Services</b>	<b>6,143</b>	<b>6,921</b>	<b>5,544</b>	<b>5,839</b>
<b>Total Operations &amp; Maintenance</b>	<b>20,798</b>	<b>21,160</b>	<b>19,461</b>	<b>21,264</b>
<b>Capital Equipment/Projects:</b>	<b>253</b>	<b>775</b>	<b>940</b>	<b>610</b>

Targeted Performance Measures	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
Catch basins cleaned annually	27,500	27,500	27,500	27,500
Laterals investigated/relieved annually	2,000	2,000	2,000	2,000
Floatable debris tonnage removed from rivers	400	400	400	400
Sewer laterals repaired/replaced annually	350	350	350	350
Sewer main and lining footage repaired/replaced annually	1,000	1,000	1,000	1,000
Number of inspections completed on Potomac Interceptor meters	400	400	400	400

## SEWER SERVICES

### OVERVIEW

#### FY 2014 Major Planned Activities and Changes

- Begin construction improvements at Poplar Point, Main, O Street, and Potomac Pumping Stations
- Integrate rainfall prediction into SCADA
- Continue to coordinate efforts with DC Clean Rivers Program and Pumping Operations for construction activities
- Continue working with DETS to rehabilitate deficient areas on the Potomac Interceptor Sewer
- Continue Implementation of Potomac Interceptor Long-Term Odor Abatement Program (Operation Clean Air) for the Virginia facilities
- Continue replacement of sewer laterals using trenchless technologies

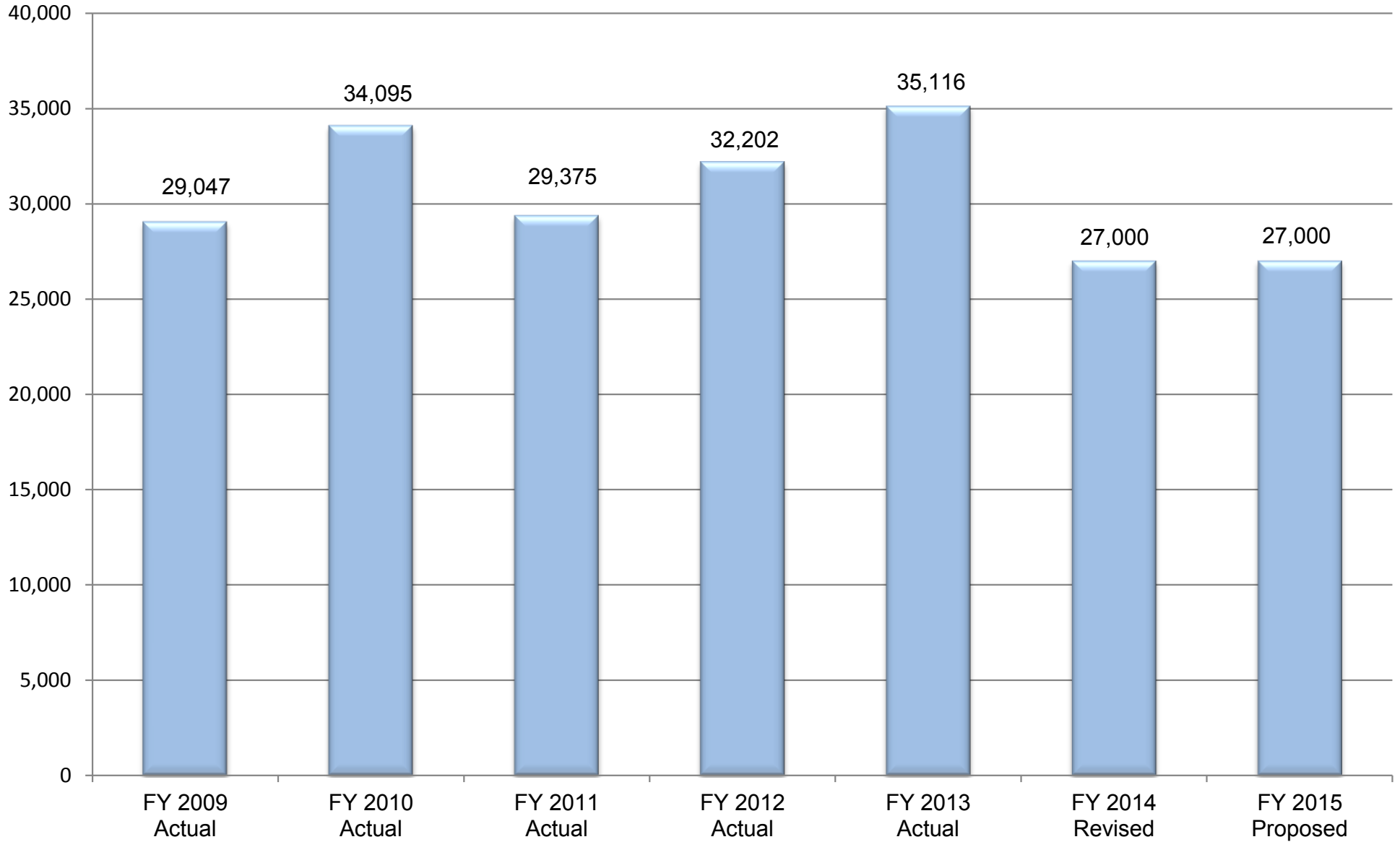
#### FY 2015 Major Recommended Activities and Changes

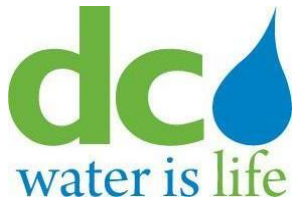
- Continue FY 2014 Major Planned Activities

#### Impact of Capital Projects on FY 2014 and FY 2015 Operating Expenditures

- No major impacts identified

## FY 2009 - FY 2015 Catch Basins Cleaned





**ASSISTANT GENERAL  
MANAGER  
CUSTOMER CARE &  
OPERATIONS**

POSITIONS				
CURRENT			FY 2014	FY 2015
Authorized	Average Positions Filled	Year-End Positions Filled		
125	115	114	125	125

**FY 2015 Budget  
\$17,197,000**

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

**Customer Care  
44 - Positions**

**FUNCTIONS**

- Respond to customer calls, correspondence and internet requests
- Assist customers in Business Office

**Credit and  
Collections  
11 - Positions**

**FUNCTIONS**

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

**Billing Services  
and Control  
19 - Positions**

**FUNCTIONS**

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

**Meter and Field  
Services  
43 - Positions**

**FUNCTIONS**

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

## CUSTOMER SERVICE

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

**BUDGET OVERVIEW:** The revised FY 2014 operating budget decreased by approximately \$0.6 million compared to the approved FY 2014 budget due to projected personnel cost adjustments. The proposed FY 2015 budget is higher than the revised FY 2014 budget by \$1.8 million due primarily to personnel salary adjustments and increased contractual services expenditures.

	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
<b>Positions: (FTE's)</b>				
Number of authorized positions	125	125	125	125
Average number of positions filled	115			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	10,171	10,821	10,222	11,741
Overtime	240	240	240	240
<b>Non-personnel Services:</b>				
Supplies	133	117	117	135
Utilities	1,449	1,086	1,086	1,105
Contractual Services, etc.	3,876	3,923	3,923	4,166
Small Equipment	62	48	48	50
<b>Total Non-Personnel Services</b>	<b>5,520</b>	<b>5,174</b>	<b>5,174</b>	<b>5,456</b>
<b>Total Operations &amp; Maintenance</b>	<b>15,690</b>	<b>15,994</b>	<b>15,396</b>	<b>17,197</b>
<b>Capital Equipment</b>	<b>1</b>			

Targeted Performance Measures	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
Calls answered within 40 seconds	86%	85%	85%	85%
Percentage of AMR Meters Read	92%	95%	95%	95%
Sustained Retail 90-day receivable balance (not including IAC)	\$5.5 Million	\$5.7 Million	\$5.8 Million	\$5.7 Million
Top 100 Accounts Billed as Scheduled	98%	98%	98%	98%



## CUSTOMER SERVICE

### OVERVIEW

#### FY 2014 Major Planned Activities and Changes

- Complete funding and feasibility review for new Customer Information System (CIS)
- Accelerate Automatic Meter Reading (AMR) Replacements
- Work with Information Technology and External Affairs departments to redesign current bill and customer self-service options concurrent with CIS changes
- Work on Strategic Plan Goal #4 including customer and stakeholder satisfaction surveys

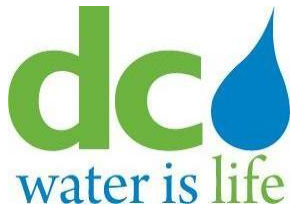
#### FY 2015 Major Recommended Activities and Changes

- Implement change in CIS and related interfaces
- Continue work on the Strategic Plan Goal #4 satisfaction surveys
- Continue AMR and meter replacements
- Update Geographical Information System (GIS) data for impervious area billing using 2013 DC GIS data

#### Impact of Capital Projects on FY 2014 and FY 2015 Operating Expenditures

- Anticipating higher staffing costs and lower contractual costs to accompany investments in technology

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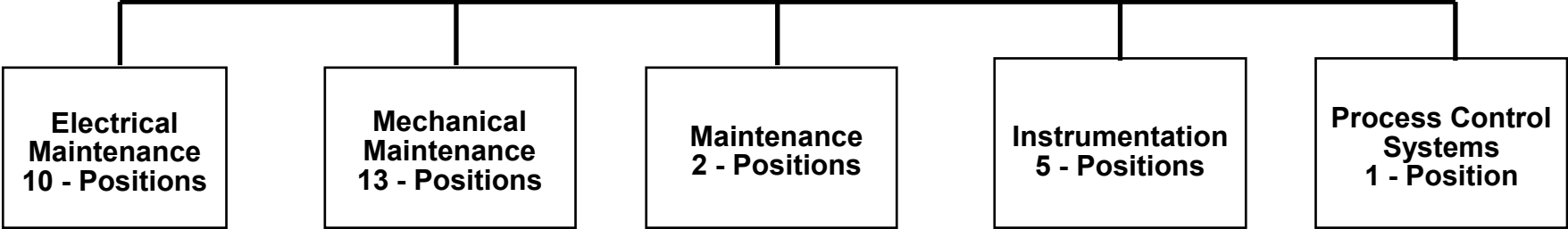


**ASSISTANT  
GENERAL  
MANAGER  
CUSTOMER CARE &  
OPERATIONS**

			POSITIONS	
CURRENT			FY 2014	FY 2015
Authorized	Average Positions Filled	Year-End Positions Filled		
34	31	33	34	34

**FY 2015 Budget  
\$6,085,000**

**WATER/SEWER  
PUMPING  
MAINTENANCE  
3 - Positions**



**FUNCTIONS**

- Maintain electrical process control systems, equipment, and components for the Water and Sewer Services Departments
- Operate and maintain electrical power distribution system from 69kv to 5kv, electrical control systems for process equipment and facilities

**FUNCTIONS**

- Maintain mechanical process systems and equipment for the Water and Sewer Services Departments

**FUNCTIONS**

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

**FUNCTIONS**

- Maintain electronic process control systems, flow measurement, metering and recording equipment for the Water and Sewer Services departments

**FUNCTIONS**

- Maintain automated process control networking systems, flow, measurement, metering and recording equipment for the Water and Sewer Services departments

## WATER/SEWER PUMPING MAINTENANCE

**MISSION:** To economically maintain DC Water's process equipment and facilities external to Blue Plains, ensuring that the operational and customer service objectives of the Authority are achieved.

**BUDGET OVERVIEW:** The revised FY 2014 operating budget is higher than the approved FY 2014 budget by \$0.4 million due to revised vacancy assumptions for personnel services. The proposed FY 2015 operating budget increases by \$0.6 million due to salary adjustments for personnel and increased contractual services cost.

	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
<b>Positions: (FTE's)</b>				
Number of authorized positions	34	33	34	34
Average number of positions filled	31			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	3,142	3,051	3,408	3,855
Overtime	155	200	200	200
<b>Non-Personnel Services:</b>				
Supplies	410	621	621	553
Utilities	17	15	15	17
Contractual Services, etc.	1,290	1,349	1,349	1,565
Small Equipment	130	100	100	95
<b>Total Non-Personnel Services</b>	1,847	2,085	2,085	2,230
<b>Total Operations &amp; Maintenance</b>	4,988	5,136	5,493	6,085
<b>Capital Equipment</b>		100	71	101
<b>Targeted Performance Measures</b>	<b>FY 2013 Projection</b>	<b>FY 2014 Approved</b>	<b>FY 2014 Revised</b>	<b>FY 2015 Proposed</b>
Critical Equipment Availability (98%)	98%	98%	98%	98%

## WATER/SEWER PUMPING MAINTENANCE

### OVERVIEW

#### FY 2014 Major Planned Activities and Changes

- Increase the department's approved FTE's through the proposed reorganization of Water Pumping and Sewer Pumping Operations
- Establish 2<sup>nd</sup> shift within WSPM to improve service level while reducing potential for unscheduled overtime
- Support compliance with the Municipal Separate Storm Sewer System (MS4) Permit through the funded rehabilitation of storm water facilities
- Provide centralized oversight of mobile emergency pump procurement and deployment for water and sewer pumping
- Continue support of maintenance associated with SCADA for storm, sanitary, and potable water pumping stations

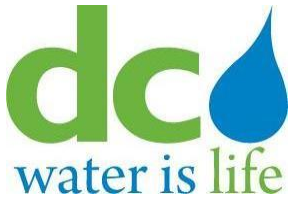
#### FY 2015 Major Recommended Activities and Changes

- Continue FY 2014 Major Planned Activities

#### Impact of Capital Projects on FY 2014 and FY 2015 Operating Expenditures

- Minimal impact to overtime and part/materials budgets (in the event emergency repair is required for major pumps and mechanical climber screens associated with critical capital equipment).

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**CHIEF ENGINEER**

**ENGINEERING and TECHNICAL SERVICES  
6 - Positions**

POSITIONS				
Authorized	CURRENT		FY 2014	FY 2015
	Average Positions Filled	Year-End Positions Filled		
166	140	140	166	166

**FY 2015 Budget  
\$22,811,000**

**Program Management Branch  
5 - Positions**

**FUNCTIONS**

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

**Design Branch  
53 - Positions**

**FUNCTIONS**

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

**Engineering Management Services Branch  
20 - Positions**

**FUNCTIONS**

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

**Planning Branch  
14 - Positions**

**FUNCTIONS**

- Perform system planning and facilitate planning for the water, sewer, and stormwater systems

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

**FUNCTIONS**

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

**Blue Plains Project Branch  
8 - Positions**

**FUNCTIONS**

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

## ENGINEERING AND TECHNICAL SERVICES

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

**BUDGET OVERVIEW:** The revised FY 2014 budget increased by approximately \$0.7 million above the approved FY 2014 budget due to a lower projected vacancy rate. The proposed FY 2015 budget is higher than the revised FY 2014 budget by \$2.6 million due primarily to personnel service cost adjustments, including overtime costs to support on-going capital projects.

	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
<b>Positions: (FTE's)</b>				
Number of authorized positions	166	171	166	166
Average number of positions filled	140			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	18,690	17,554	18,233	20,824
Overtime	1,009	780	780	1,070
<b>Non-Personnel Services:</b>				
Supplies	112	99	99	126
Utilities	218	271	271	294
Contractual Services, etc.	1,196	1,613	1,613	1,563
Small Equipment	6	29	29	5
<b>Total Non-Personnel Services</b>	1,532	2,011	2,011	1,988
<b>Total Operations &amp; Maintenance</b>	20,221	19,566	20,244	22,811
<b>Capital Equipment</b>	3			
<b>Targeted Performance Measures</b>				
	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
Percentage of KPI's Completed	80%	80%	80%	80%
Use 100% of Clean Water Act grant funds	100%	100%	100%	100%
Use 100% of Safe Drinking Water Act grant funds	100%	100%	100%	100%



## ENGINEERING & TECHNICAL SERVICES

### OVERVIEW

#### FY 2014 Major Planned Activities and Changes

- Lead, manage timely, and ensure in-budget implementation of the Capital Improvement Program (CIP)
- Maintain Geographic Information System (GIS) with in-house staff, develop GIS applications
- Continue implementation of the projects resulting from the sewer system condition assessment program
- Continue implementation of the Enhanced Nitrogen Removal (ENR) Project at Blue Plains
- Ensure EPA Fair Share Objectives are met or exceeded
- Continue implementation of Biosolids Management Plan projects
- Ensure all grant funding is obligated in accordance with grant requirements
- Continue to develop in-house survey capability
- Continue to grow in-house design capability
- Continue to grow increased in-house construction management capability

#### FY 2015 Major Recommended Activities and Changes

- Continue to lead, manage timely, and ensure in-budget implementation of the Capital Improvement Program (CIP)
- Maintain GIS with in-house staff, develop GIS applications
- Continue implementation of the projects resulting from the sewer system condition assessment program
- Continue implementation of Biosolids Management Plan projects
- Continue to grow in-house design capability
- Continue to grow increased in-house construction management capability

#### Impact of Capital Projects on FY 2014 and FY 2015 Operating Expenditures

- Additional staffing to support implementation of the \$3.8 billion CIP for FY 2014 - 2023

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**CHIEF ENGINEER**

**DC CLEAN RIVERS  
(CSO - LTCP)  
2 - Positions**

POSITIONS				
Authorized	CURRENT		FY 2014	FY 2015
	Average Positions Filled	Year-End Positions Filled		
16	7	11	16	16

**FY 2015 Budget  
\$2,480,000**

**DCCR Planning and Design Branch  
5 - Positions**

**DCCR Construction Branch  
5 - Positions**

**DCCR Green District  
4 - Positions**

**FUNCTIONS**

- Manage and oversee the planning and design phase of the \$2.6 billion, 20 year Clean Rivers Project
- Oversee the program consultants' management of design contracts, consent decree driven schedules, budgets and program planning
- Ensure adherence to all design related consent decree milestones
- Oversee and guide value engineering efforts to improve the quality and cost effectiveness of designs
- Coordinate the interaction between the DCCR Department and other departments within DC Water
- Review, oversee and ensure compliance with quality assurance/quality control procedures
- Develop risk mitigation strategies for all Clean Rivers projects, with emphasis on bringing quality projects online, on time and within budget

**FUNCTIONS**

- Manage and oversee the construction phase of the 20 year Clean Rivers Project
- Ensure adherence to all construction related consent decree requirements
- Guide constructability review efforts
- Identify and mitigate potential sources of project delay and scope growth
- Develop risk mitigation strategies for all Clean Rivers Projects
- Inspect tunnel construction and other CSO abatement facilities
- Review, oversee and ensure compliance with quality assurance/quality control procedures

**FUNCTIONS**

- Manage and oversee the Green Infrastructure Program
- Siting and Planning for Green projects
- Manage construction of Green Infrastructure
- Manage DC Water initiative for Potomac and Rock Creek watersheds
- Manage the design and construction of demonstration project

## DC CLEAN RIVERS (CSO LTCP)

**MISSION:** To develop, design, construct and implement the Authority's 20-year DC Clean Rivers Project (aka Combined Sewer Overflow Long Term Control Plan) that includes federally enforceable consent decree driven milestones.

**BUDGET OVERVIEW:** The revised FY 2014 budget increased slightly over the approved FY 2014 budget by \$0.2 million due to the projected personnel services cost adjustments for increased FTE's (6) for the Green Infrastructure. The proposed FY 2015 budget is higher than the revised FY 2014 budget by \$0.6 million primarily due to anticipated personnel services costs adjustments and telecommunications costs.

	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
<b>Positions: (FTE's)</b>				
Number of authorized positions	16	10	16	16
Average number of positions filled	9			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	1,347	1,508	1,696	2,274
Overtime	-	5	5	7
<b>Non-Personnel Services:</b>				
Supplies	6	15	15	14
Utilities	-	22	22	80
Contractual Services, etc.	52	100	100	111
Small Equipment	-	-	-	-
Total Non-Personnel Services	58	137	137	206
<b>Total Operations &amp; Maintenance</b>	1,405	1,645	1,833	2,480
<b>Capital Equipment</b>				
<b>Targeted Performance Measures</b>	<b>FY 2013 Projection</b>	<b>FY 2014 Approved</b>	<b>FY 2014 Revised</b>	<b>FY 2015 Proposed</b>
Meet all CSO LTCP consent decree milestones	100%	100%	100%	100%
Meet Mayor's Task Force commitments to Northeast Boundary neighborhoods	100%	100%	100%	100%

## DC CLEAN RIVERS (CSO LTCP)

### OVERVIEW

#### FY 2014 Major Planned Activities and Changes

- Continue design and implementation of the 20-year DC Clean Rivers Project
- Complete construction of Combined Sewer Overflow (CSO) diversions at M Street and Tingey Street
- Begin construction of Joint Base Anacostia-Bolling (JBAB) Overflow facilities
- Begin construction of Poplar Point Pumping Station Replacement
- Begin construction of Main Pumping Station Diversions
- Begin construction of First Street Tunnel
- Begin construction of Soldiers Home/NRH Sewer Separation
- Continue construction of Anacostia River Tunnel
- Continue construction of Blue Plains Tunnel
- Procure contractor for Green Infrastructure Demonstration Project
- Continue design of Northeast Boundary Tunnel
- Continue monitoring of Low Impact Development Retrofit at DC Water Facilities

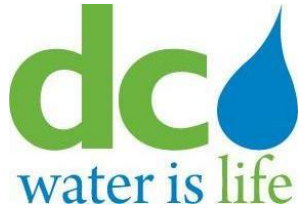
#### FY 2015 Major Recommended Activities and Changes

- Continue design and implementation of the 20-year DC Clean Rivers Project
- Complete construction of Soldiers Home/NRH Sewer Separation
- Complete construction of First Street Tunnel
- Complete construction of Blue Plains Tunnel
- Continue construction of Joint Base Anacostia-Bolling (JBAB) Overflow facilities
- Continue construction of Poplar Point Pumping Station Replacement
- Continue construction of Main Pumping Station Diversions
- Continue construction of Anacostia River Tunnel
- Continue construction of Green Infrastructure Demonstration Project
- Continue design of Northeast Boundary Tunnel
- Continue monitoring of Low Impact Development Retrofit at DC Water Facilities
- Begin planning for Potomac Tunnel

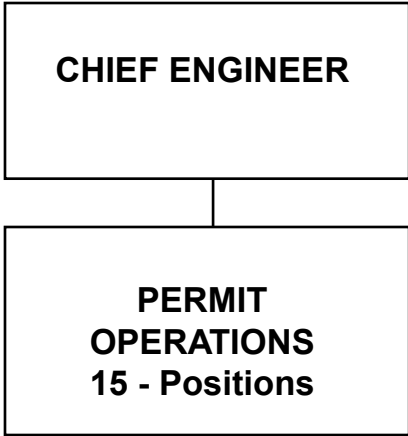
#### Impact of Capital Projects on FY 2014 and FY 2015 Operating Expenditures

- Ramp up of capital program and implementation of Green District initiative requires an increase in operating expenditures as positions are filled

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**FY 2015 Budget  
\$2,251,000**



			<b>POSITIONS</b>	
<b>Authorized</b>	<b>CURRENT</b>		<b>FY 2014</b>	<b>FY 2015</b>
	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
15	14	15	15	15

**FUNCTIONS**

- Review and approve permit applications
- Issue approvals to connect to the public water and sewer system
- Ensure development community compliance with DC Water design standards, criteria and specifications
- Evaluate impact of proposed development on water and sewer infrastructure for capacity and hydraulic grade
- Ensure compliance with combined sewer system/DC Clean Rivers program initiatives
- Coordinate with various DC agencies (DCRA, DDOE and DDOE) in support of the District’s permit procedures
- Update and/or create customer service records (Premises) and the GIS database
- Assess and collect fees for permit review, fixed fee services, and inspection services
- Initiate Maximo records and inspection work orders
- Forward as-designed plans to GIS updating system
- Provide copies of approved plans in-house as required for inspection and record keeping
- Develop, review and record easements and covenants

## PERMIT OPERATIONS

**MISSION:** To manage DC Water's development and permit services.

**BUDGET OVERVIEW:** The revised FY 2014 budget is relatively flat compared to the approved FY 2014 budget. The approved FY 2015 budget is higher than the revised FY 2014 budget by \$0.2 million primarily due to anticipated personnel services cost adjustments.

	FY2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
<b>Positions: (FTE's)</b>				
Number of authorized positions	15	15	15	15
Average number of positions filled	14			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	1,561	1,490	1,553	1,742
Overtime	2	11	11	11
<b>Non-Personnel Services:</b>				
Supplies	7	36	36	30
Utilities	207	331	331	327
Contractual Services, etc.	22	158	158	151
Small Equipment	-	-	-	-
<b>Total Non-Personnel Services</b>	236	525	525	509
<b>Total Operations &amp; Maintenance</b>	1,796	2,015	2,078	2,251
<b>Capital Equipment</b>				-
<b>Targeted Performance Measures</b>	<b>FY 2013 Projection</b>	<b>FY 2014 Approved</b>	<b>FY 2014 Revised</b>	<b>FY 2015 Proposed</b>
Process all permit applications in accordance with the service level agreement timeframe (85%)	95%	85%	85%	85%



## PERMIT OPERATIONS

### OVERVIEW

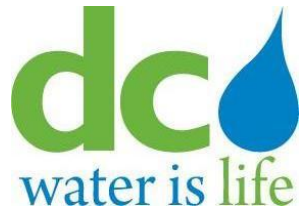
#### FY 2014 Major Recommended Activities and Changes

- Maximo integration of project status with sister agency programs (Project Dox, Transportation Online Permitting System (TOPS), and Accela)
- Develop an easement/covenant tracking/research tool that integrates available data from the District's databases in Surveyor's Office, Recorder of Deeds and Office of Tax and Revenue
- Scan and catalogue historic developer design drawings that are currently stored in Technical Information Center (TIC). This accounts for approximately 30,000 plan sheets which will reduce the storage in TIC and make document retrieval easier. Documents will be stored in Livelink and accesable by address

#### FY 2015 Major Recommended Activities and Changes

- Develop a program to educate and assist individual district home owners and small business owners in the preparation of documents for permit applications, specifically as they relate to DC Water requirements
- Evaluate the current permit classification structure, particularly those associated with large developments/redevelopments, to insure that the fee schedule properly reflects the level of effort required to review large, multi-connection projects

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**BOARD  
OF  
DIRECTORS**

**OFFICE of the  
GENERAL  
MANAGER  
11 - Positions**

**FY 2015 Budget  
\$2,758,000**

POSITIONS				
Authorized	CURRENT		FY 2014	FY 2015
	Average Positions Filled	Year-End Positions Filled		
11	8	8	11	11

**FUNCTIONS**

The General Manager's Office provides overall operational and policy direction in support of the Board of Director's Strategic Plan

- Organize, plan and direct all operations of the Authority
- Ensure development and implementation of improvement processes to increase operational efficiencies

## GENERAL MANAGER

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

**BUDGET OVERVIEW:** The revised FY 2014 budget is lower than the approved FY 2014 budget by approximately \$1.3 million primarily due to personnel service cost adjustments including the transfer of 3 FTE's to HCM (2) and DETS (1), coupled with other reductions in contractual services. The proposed FY 2015 budget is relatively flat compared to the revised FY 2014 budget with projected increases in personnel services offset by lower anticipated contractual services costs.

	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
<b>Positions: (FTE's)</b>				
Number of authorized positions	11	14	11	11
Average number of positions filled	8			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	1,727	2,250	1,440	1,728
Overtime	2	10	10	8
<b>Non-Personnel Services:</b>				
Supplies	3	13	13	11
Utilities	19	26	26	28
Contractual Services, etc.	756	1,690	1,190	992
Small Equipment	-	-	-	
Total Non-Personnel Services	779	1,729	1,229	1,031
<b>Total Operations &amp; Maintenance</b>	2,505	3,979	2,669	2,758
<b>Capital Equipment</b>		375	375	100
<b>Targeted Performance Measures</b>	<b>FY 2013 Projection</b>	<b>FY 2014 Approved</b>	<b>FY 2014 Revised</b>	<b>FY 2015 Proposed</b>
Implement all policies and directives of the Board of Directors.				

## GENERAL MANAGER

### OVERVIEW

#### FY 2014 Major Planned Activities and Changes

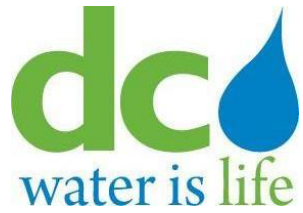
Continue:

- Implementation and oversight of the DC Water Strategic Plan, Blue Horizon 2020
- Develop a comprehensive program to advance local hiring initiatives and manage the employment requirements of contractors
- Support the Team Blue effort to create the best utility in the world in service excellence, technology and environmental sustainability
- Develop and implement an innovation program in support of the Authority's mission to be a world-class utility
- Conduct a careful study of the potential approach and the cost and benefits of taking direct responsibility for drinking water treatment

#### FY 2015 Major Recommended Activities and Changes

- Continue the major planned activities listed above

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**BOARD  
OF  
DIRECTORS**

<b>POSITIONS</b>				
<b>CURRENT</b>			<b>FY 2014</b>	<b>FY 2015</b>
<b>Authorized</b>	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
2	2	2	2	2

**FY 2015 Budget  
\$635,000**

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

**GENERAL  
MANAGER**

**FUNCTIONS**

- Manage logistics for Board of Directors and Committee meetings, Public Hearings, Workshops, Strategic Planning Process and all other business activities of the Board
- Manage and oversee the day-to-day operations of the Board of Directors
- Coordinate logistics for Board’s strategic planning process
- Maintain custodian of all books, records and official documents of the Board
- Administer the subpoena process for the Authority
- Provide Notary Service for the Authority

**OFFICE OF THE SECRETARY (BOARD)**

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

**BUDGET OVERVIEW:** The revised and approved FY 2014 operating budgets, are the same. The proposed FY 2015 operating budget is slightly higher than the revised FY 2014 by approximately \$0.015 million primarily due to increases in personnel costs offset by reductions in contractual services.

	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
<b>Positions: (FTE's)</b>				
Number of authorized positions	2	2	2	2
Average number of positions filled	2			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	209	264	264	294
Overtime	3	4	4	4
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	3	18	18	18
Utilities	4	7	7	7
Contractual Services, etc.	145	330	331	316
Small Equipment	-	1	1	1
Total Non-Personnel Services	152	355	356	341
<b>Total Operations &amp; Maintenance</b>	361	619	620	635
<b>Capital Equipment</b>	-	-	-	-
<b>Targeted Performance Measures</b>				
	<b>FY 2013 Projection</b>	<b>FY 2014 Approved</b>	<b>FY 2014 Revised</b>	<b>FY 2015 Proposed</b>
Provide timely and accurate Board and Committee agendas, reports and minutes	100%	100%	100%	100%
Follow-up and complete Board actions	100%	100%	100%	100%



## OFFICE OF THE SECRETARY (BOARD)

### OVERVIEW

#### FY 2014 Major Planned Activities and Changes

- Continue to draft and submit notices and agendas for all Board and Committee meetings and Public Hearings for publication in the DC Register as required by the Open Meetings Act of 2010
- Continue to publish all Board and Committee meeting agendas, meeting material and meeting minutes on DC Water's website as required by the Open Meetings Act of 2010
- Continue to coordinate logistics for the Board's Strategic Planning Session
- Continue to coordinate the process to fill the expired and/or vacant Board appointments
- Continue to effectively monitor follow-up requests from the Board and Committees to ensure timely responses
- Continue to enhance data dissemination process for the Board, DC Water employees, the general public, and stakeholders by use of state-of-the-art technology that supports the Board's strategic plan

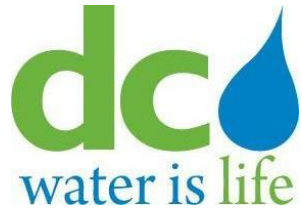
#### FY 2015 Major Recommended Activities and Changes

- No major activities and/or changes expected in FY 2015

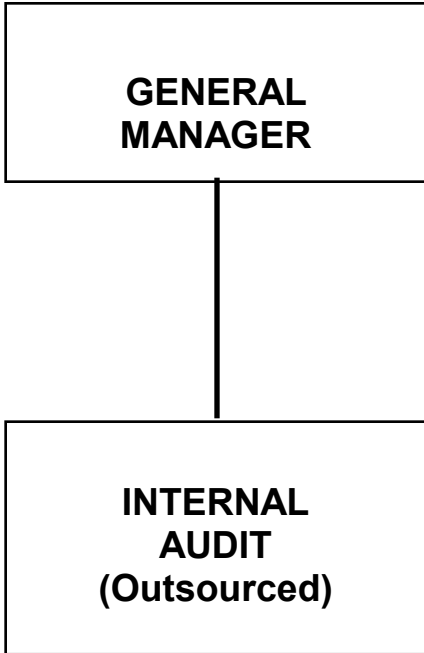
#### Impact of Capital Projects on FY 2014 and FY 2015 Operating Expenditures

- No direct impact envisaged at this time

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**FY 2015 Budget  
\$859,000**



			POSITIONS	
Authorized	CURRENT		FY 2014	FY 2015
	Average Positions Filled	Year-End Positions Filled		
0	0	0	0	0

**FUNCTIONS**

Oversight:

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

**FUNCTIONS**

Insight:

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

**FUNCTIONS**

Foresight:

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

## INTERNAL AUDIT

**MISSION:** The mission of Internal Audit is to provide independent, objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of DC Water. It assists the organization in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's risk management, control and governance processes.

**BUDGET OVERVIEW:** There is no change between the approved and revised FY 2014 budgets. The proposed FY 2015 budget is higher than the revised FY 2014 budget by \$0.03 million due to higher anticipated contract cost for the Internal Audit outsourced contractual agreement.

	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
<b>Positions: (FTE's)</b>				
Number of authorized positions	-	-	-	-
Average number of positions filled				
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	-	-	-	-
Overtime	-	-	-	-
<b>Non-Personnel Services:</b>				
Supplies	-			
Utilities	6	8	8	7
Contractual Services, etc.	742	822	822	852
Small Equipment	-	-	-	
<b>Total Non-Personnel Services</b>	<b>748</b>	<b>830</b>	<b>830</b>	<b>859</b>
<b>Total Operations &amp; Maintenance</b>	<b>748</b>	<b>830</b>	<b>830</b>	<b>859</b>
<b>Capital Equipment</b>				
<b>Targeted Performance Measures</b>	<b>FY 2013 Projection</b>	<b>FY 2014 Approved</b>	<b>FY 2014 Revised</b>	<b>FY 2015 Proposed</b>
Internal Audit Work Planned	14	14	14	14

**INTERNAL AUDIT**

**OVERVIEW**

FY 2014 Major Planned Activities and Changes

- Implement Board approved audit plan

FY 2015 Major Recommended Activities and Changes

- No major changes anticipated

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**GENERAL  
MANAGER**

**GENERAL  
COUNSEL  
15 - Positions**

**FY 2015 Budget  
\$6,024,000**

			POSITIONS	
Authorized	CURRENT		FY 2014	FY 2015
	Average Positions Filled	Year-End Positions Filled		
15	11	13	15	15

**Litigation**

**Administrative  
Law**

**FUNCTIONS**

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

**FUNCTIONS**

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

## GENERAL COUNSEL

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

**BUDGET OVERVIEW:** The revised FY 2014 budget decreased by approximately \$1.0 million below the approved FY 2014 budget due to reduction in contractual services. The proposed FY 2015 operating budget is lower than the revised FY 2014 budget by \$0.3 million primarily due to lower anticipated legal costs, slightly offset by higher projected personnel costs.

	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
<b>Positions: (FTE's)</b>				
Number of authorized positions	15	15	15	15
Average number of positions filled	11			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	1,450	1,810	1,803	1,918
Overtime		2	2	2
<b>Non-personnel Services:</b>				
Supplies	3	10	10	10
Utilities	14	19	19	19
Contractual Services, etc.	3,849	5,477	4,477	4,078
Small Equipment	-	-	-	-
<b>Total Non-Personnel Services</b>	<b>3,866</b>	<b>5,506</b>	<b>4,506</b>	<b>4,107</b>
<b>Total Operations &amp; Maintenance</b>	<b>5,316</b>	<b>7,316</b>	<b>6,308</b>	<b>6,024</b>
<b>Capital Equipment</b>	<b>273</b>			
<b>Targeted Performance Measures</b>				
	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
Hours of employee time spent on direct work	1,400	1,400	1,400	1,400



## GENERAL COUNSEL

### OVERVIEW

#### FY 2014 Major Planned Activities and Changes

- Increased compliance monitoring
- Provide assistance in obtaining environmental operating permits
- Increased assistance in contract review and analysis
- Increase in-house litigation
- Management of major litigation
- Provide support in management of consent decrees, Clean Rivers project, Biosolids project, and Green Initiative efforts
- Increase support of collection activities

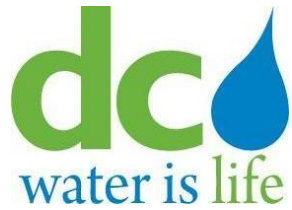
#### FY 2015 Major Recommended Activities and Changes

- Management of major litigation
- Provide assistance in renewing of construction/operating permits under Clean Air Act
- Continue to provide support in management of consent decrees, Clean River project, Biosolids project, and green initiative efforts
- Continue to provide support in reviewing design build contracts, bid protests and other contracts
- Maintain accounts receivables low through increased collection activities
- Continue to increase in-house litigation
- Continue to management of major litigation

#### Impact of Capital Projects on FY 2014 and FY 2015 Operating Expenditures

- Continue providing support in construction management of Biosolids Project and Clean Rivers Project
- Provide assistance in obtaining appropriate environmental construction and operating permits
- Increased assistance in contract review and compliance

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**GENERAL  
MANAGER**

POSITIONS				
CURRENT			FY 2014	FY 2015
Authorized	Average Positions Filled	Year-End Positions Filled		
12	12	12	12	12

**FY 2015 Budget  
\$2,131,000**

**EXTERNAL  
AFFAIRS  
Office of the Chief  
2 - Positions**

**Communications  
3 - Positions**

**Production  
3 - Positions**

**Community  
Outreach  
3 - Positions**

**Government  
Relations  
1 - Position**

**FUNCTIONS**

- Prepare speeches, editorials, special reports and stakeholder presentations
- Produce articles for community and weekly newspapers
- Produce press releases
- Produce newsletters and brochures materials, DC Water exhibits, etc.
- Provide editing/design support for other departmental communications projects
- Produce special high-profile project communications materials and exhibits
- Respond to local/national media inquiries
- Manage website content
- Produce live and archived webcasts of Board meetings

**FUNCTIONS**

- Facilitate communications training for employees (e.g. media, speakers bureau, focus group)
- Manage the production of the Annual Report, Water Quality Report and marketing materials
- Produce Public Service Announcements, Commercials and Videos
- Manage Speakers Bureau
- Manage department's budget

**FUNCTIONS**

- Partner on specific project/programs with neighborhood commissions, business, civic and environmental groups and organizations, and schools
- Prepare exhibits
- Develop and coordinate community service and customer outreach activities
- Coordinate stakeholder presentations and community Plant tours
- Conduct Sewer Science and other public school programs

**FUNCTIONS**

- Track and strategically influence relevant policy proposals
- Pursue state and federal government funding opportunities
- Establish and enhance working relationship with elected and appointed officials

## EXTERNAL AFFAIRS

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

**BUDGET OVERVIEW:** There is relatively no change between the approved FY 2014 and revised FY 2014 budgets. The proposed FY 2015 budget is lower than the revised FY 2014 budget by \$0.1 million primarily due to decreases in contractual services offset by adjustments for personnel services cost.

	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
<b>Positions: (FTE's)</b>				
Number of authorized positions	12	12	12	12
Average number of positions filled	12			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	1,406	1,399	1,431	1,608
Overtime	1	4	4	4
<b>Non-Personnel Services:</b>				
Chemical and Supplies	13	15	15	15
Utilities	19	40	40	32
Contractual Services, etc.	346	745	745	466
Small Equipment	2	3	3	10
<b>Total Non-Personnel Services</b>	<b>380</b>	<b>803</b>	<b>803</b>	<b>523</b>
<b>Total Operations &amp; Maintenance</b>	<b>1,786</b>	<b>2,202</b>	<b>2,234</b>	<b>2,131</b>
<b>Capital Equipment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Targeted Performance Measures</b>				
	<b>FY 2013 Projection</b>	<b>FY 2014 Approved</b>	<b>FY 2014 Revised</b>	<b>FY 2015 Proposed</b>
Publication of DC Water's Annual Report	1	1	1	1
Publication of Customer Newsletter	10	10	10	10
Publication of Clean River's Update	2	2	2	2
Publication of Employee Newsletter	12	12	12	12
Publication of Water Quality Report	1	1	1	1
Senior speech and presentation development	10	10	10	10
Community meetings/outreach re: lead, rates, CSO/CIP projects, etc	100	100	100	100

## EXTERNAL AFFAIRS

### OVERVIEW

#### FY 2014 Major Planned Activities and Changes

- Expand communications and marketing around tap water, with emphasis on partnerships with the business community, universities and civic/neighborhood groups
- Ongoing tap water promotion and distribution at large festivals - H Street Festival; DC Vegetable Fest; and Pride Festival
- Expand DC Water's internal (employee) outreach, working closely with Human Capital Management, the Office of the General Manager and other departments
- Ramp up Clean Rivers outreach with a sustained public education campaign to inform all stakeholders about the benefits of the program
- Enhance our social media strategies
- Ongoing rebranding efforts
- Continuing to expand and enhance our relationships with local media, community bloggers and trade press

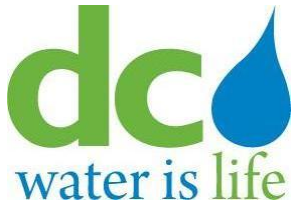
#### FY 2015 Major Recommended Activities and Changes

- No major changes anticipated

#### Impact of Capital Projects on FY 2014 and FY 2015 Operating Expenditures

- No direct impact

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**GENERAL  
MANAGER**

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

**Deputy CIO/System  
Operations  
Administration  
1- Position**

**FY 2015 Budget  
\$10,300,000**

CURRENT			POSITIONS	
Authorized	Average Positions Filled	Year-End Positions Filled	FY 2014	FY 2015
24	13	16	24	24

**Telecom  
4 - Positions**

**Enterprise Applications  
5 - Positions**

**Helpdesk  
5 - Positions**

**Infrastructure  
6 - Positions**

**FUNCTIONS**

- Install, operate and maintain audio/video systems and equipment
- Implement & support radio systems/phone

**FUNCTIONS**

- Integrate and provide product support for the financial, payroll, maintenance and customer information and billing, AMR, IVR, AM systems
- Design and maintain DC Water's website to allow customer e-business access
- Database administration
- Develop and support DC Water's intranet
- Ensure successful project implementations
- Manage project prioritization process

**FUNCTIONS**

- Support project planning, management, and implementation
- Business Process Improvement
- Develop and provide standards for System Architecture/Integration
- Independent Verification and Validation (IVAV)
- Provide and enterprise content, document & record management system support
- Business process integration
- Application Development
- System administration
- Provide GIS/IAB support

**FUNCTIONS**

- Maintain DC Water's technology standards
- Manage the Solution Center (Help Desk)

**FUNCTIONS**

- Provide technical support for applications, E-Business and other functional teams
- Technical resource PCS and SCADA security architecture
- Manage and maintain processes, procedures, and supplementary safeguards to mitigate risk and ensure operations data integrity, throughout organization's IT infrastructure
- Maintenance of the enterprise continuity of operations (COOP) capabilities

## INFORMATION TECHNOLOGY

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

**BUDGET OVERVIEW:** The revised FY 2014 budget decreased by approximately \$0.40 million below the approved FY 2014 budget due to reduction in contractual services slightly offset by higher projected personnel services cost adjustments. The proposed FY 2015 operating budget is higher than the revised FY 2014 budget by \$0.5 million primarily due to higher projected personnel services cost adjustments and telecommunication costs.

	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
<b>Positions: (FTE's)</b>				
Number of authorized positions	24	24	24	24
Average number of positions filled	13			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	1,665	2,273	2,642	3,017
Overtime	21	20	20	20
<b>Non-Personnel Services:</b>				
Supplies	102	199	199	199
Utilities	77	131	131	109
Contractual Services, etc.	7,023	7,480	6,730	6,811
Small Equipment	97	147	147	164
Total Non-Personnel Services	7,299	7,956	7,206	7,283
<b>Total Operations &amp; Maintenance</b>	8,965	10,229	9,849	10,300
<b>Capital Equipment</b>	4,281	3,586	3,450	3,810
<b>Targeted Performance Measures</b>				
	<b>FY 2013 Projection</b>	<b>FY 2014 Approved</b>	<b>FY 2014 Revised</b>	<b>FY 2015 Proposed</b>
98% Network uptime during peak hours	99.2%	99.8%	99.8%	99.4%
95% Network uptime during non-peak hours	98.3%	99.8%	99.8%	97.0%
96% of all high priority tickets completed within 4 hours	100.0%	96.0%	96.0%	98.0%



# INFORMATION TECHNOLOGY

## OVERVIEW

### FY 2014 Major Planned Activities and Changes

- Continue with system support & implementation of Asset Management system
- Increase support of Lawson Financial system
- Increase support of Geographic Information System (GIS) application and Field Service Management systems
- Continue with new Customer Information System (CIS) selection, development, and implementation strategy with Customer Service Department
- Improve Internal DC Water Communication Avenues
- Continue to ensure IT infrastructure reliability and upgrades consistent with Authority Technology Life-cycle:
  - Network infrastructure
  - Telephone system
  - Personal computers, laptops, cell phones, and tablet devices
- Continue with upgrade selections, development, and implementation strategy of the Radio System (city-wide and plant wide)
- Begin analysis of redundant/disaster recovery facility
- Wireless implementation to the authority
- Move email and SharePoint to the cloud for high availability and efficiencies

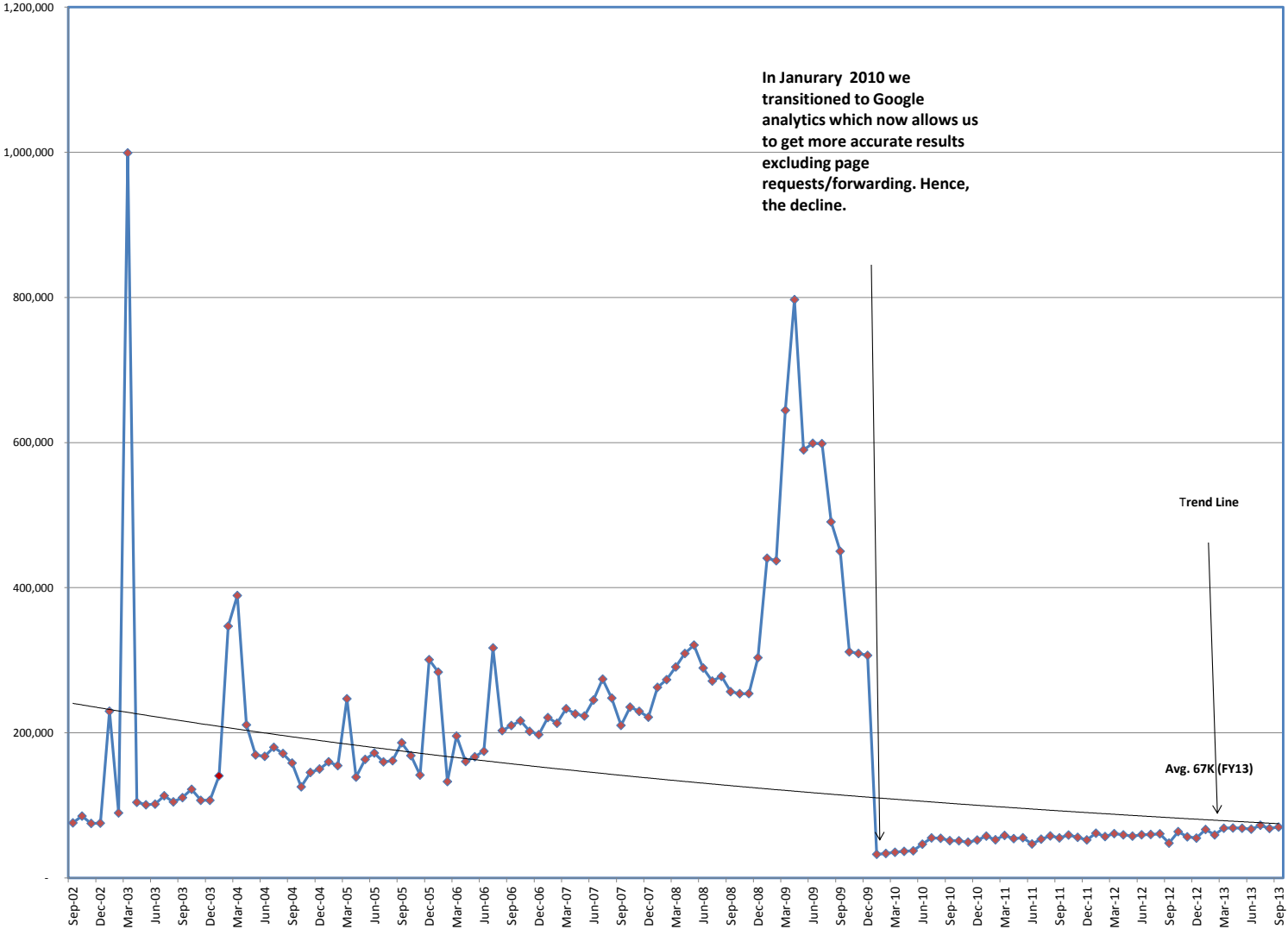
### FY 2015 Major Recommended Activities and Changes

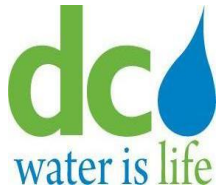
- Implementation of new CIS system
- New redundant/disaster recovery facility
- Transfer of SCADA support from IT to operations department
- Network equipment refresh of devices (campus wide)

### Impact of Capital Projects on FY 2014 and FY 2015 Operating Expenditures

- CIS implementation support will increase head count in operating costs
- Operating costs of software licenses

**VISITORS TO DC WATER'S WEBSITE (WWW.DCWATER.COM)  
OCTOBER 2003 - SEPTEMBER 2013**





**CHIEF FINANCIAL OFFICER**

**FINANCE ACCOUNTING AND BUDGET  
2 - Positions**

			POSITIONS	
CURRENT			FY 2014	FY 2015
Authorized	Average Positions Filled	Year-End Positions Filled		
46	41	42	46	46

**FY 2015 Budget  
\$9,853,000**

**Finance**

**12 - Positions**

**FUNCTIONS**

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

- Debt portfolio
- Investment portfolio
- Banking services operations
- Short and long-range financial planning
- Revenue forecasting and monitoring process
- Rate-setting processes
- Financial security and risk assessment
- Liquidity risks
- Business Office – Cashiering operations
- Administer all aspects of insurance and risk management
- Ensure compliance with legislation, industry practice and market requirements

**Accounting**

**22 - Positions**

**FUNCTIONS**

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

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

**Budget**

**10 - Positions**

**FUNCTIONS**

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

- Prepare and monitor operating and capital budgets
- Board Committees' reporting process
- Financial relationship with the Washington Aqueduct
- Assistance on special project

## FINANCE, ACCOUNTING AND BUDGET

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

**BUDGET OVERVIEW:** The revised FY 2014 operating budget is relatively flat compared to the approved FY 2014 operating budget. The proposed FY 2015 budget is higher than the revised FY 2014 budget by \$0.9 million due to anticipated personnel service cost adjustments and contractual services funding.

	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
<b>Positions: (FTE's)</b>				
Number of authorized positions	46	46	46	46
Average number of positions filled	41			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	5,413	5,801	5,907	6,525
Overtime	35	30	30	30
<b>Non-Personnel Services:</b>				
Chemical and Supplies	15	16	16	31
Utilities	57	213	213	200
Contractual Services, etc.	2,310	2,784	2,784	3,093
Small Equipment	1	4	4	4
<b>Total Non-Personnel Services</b>	<b>2,383</b>	<b>3,018</b>	<b>3,018</b>	<b>3,328</b>
<b>Total Operations &amp; Maintenance</b>	<b>7,797</b>	<b>8,819</b>	<b>8,925</b>	<b>9,853</b>
<b>Capital Equipment</b>	<b>84</b>	<b>435</b>	<b>784</b>	<b>810</b>

Targeted Performance Measures	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
Manage DC Water's financial operations to ensure revenue is within 99% of projections and expenditures are within budget	Revenue - 103% Expenditures - 90%	Revenue - 99% Expenditures - 93%	Revenue - 99% Expenditures - 93%	Revenue - 99% Expenditures - 93%
Comply with the Board's investment policy and strategy				
Benchmarks: Short-Term Funds - ML 3 months US T-Bill Index and Core Funds - ML 1 - 3 year	35 basis points 58 basis points	25 basis points 65 basis points	15 basis points 50 basis points	25 basis points 60 basis points
Manage DC Water's financial operations to ensure 140% senior debt service coverage	427%	253%	398%	305%
Meet or exceed the 120 day operating and maintenance expense with the objective of maintaining at least \$125.5 million in operating reserves as set by Board policy	141.5 million	125.5 million	125.5 million	125.5 million
Issue Comprehensive Annual Financial Report (CAFR) in February	February	February	February	February
Pay 97% of all undisputed invoices within 30 days	96%	97%	97%	97%

## FINANCE, ACCOUNTING and BUDGET

### OVERVIEW

#### FY 2014 Major Planned Activities and Changes

##### **Finance:**

- Continue Water Balance monitoring
- Develop Clean Rivers and Impervious Area Charge (IAC) incentive program
- Review revenues and rate structure for opportunities to improve rates:
  - Complete FY 2013 Cost of Service Study
  - Continue to monitor economic conditions and affordability
- Monitoring of consumption trends and regional economic indicators
- Review process of PILOT with DCFO, if appropriate
- Aggressively pursue billing dispute with Soldier's Home
- Introduce E-Payables solution for Accounts Payable
- Analyze and evaluate operating reserve level
- Administer post compliance program for all outstanding debt including Build America Bonds (BABS)
- Continue to evaluate investment portfolio strategy, performance and reporting
- Issue new bonds / commercial paper in support of capital improvement program (Est. \$300M, June 2014)

##### **Accounting:**

- Internal Control Improvements
  - Control Activities Documentation for Business Improvement Accounts
  - Internal Control and Assessment Monitoring Program
  - Develop procedure for CIS, Revenue Refund payment process
  - Continue Fraud Awareness Training
  - Overhead Rate Review Program
- Study/develop efficiencies of paperless environment in Accounts Payable
- Revise procedure for Permit Department payments processing
- Payroll
  - Implement employee pay card program
  - Time & Attendance Implementation
- Ensure a clean external audit opinion
- Grants/IMA
  - Complete FY 2013 operating settlement for wholesale customer cost
  - Complete implementation of automated Grants Management System
- 2011-2012 WSSC Audit of IMA Billing Settlement

## FINANCE, ACCOUNTING and BUDGET

### **Budget:**

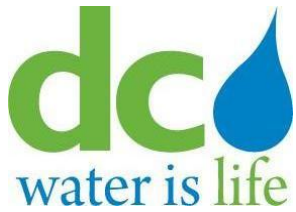
- Ensure operational efficiency
- Ongoing financial management of critical programs
  - Continue monitoring of key financial performance targets
  - Document business procedures for new budget processes
- Revamp Budget planning process
- Develop team work for CIP line items

### FY 2015 Major Recommended Activities and Changes

- Revise and update reporting and budgeting process
- Explore revenue generating activities
- New bond issuance
- Continue with FY 2014 major activities

### Impact of Capital Projects on FY 2014 and FY 2015 Operating Expenditures

- There is \$784,000 in the FY 2014 operating budget for Financial Management (Finance Procurement System, Time and Attendance and Payroll H/R System). This involves updates and enhancements to the systems that would result in operating efficiencies and overall costs savings
- Additionally, there are other miscellaneous IT projects that would either directly or indirectly impact this department's operating expenditures



**FY 2015 Budget  
\$4,899,000**

**CHIEF FINANCIAL  
OFFICER**



**RISK  
MANAGEMENT  
4 - Positions**

POSITIONS				
Authorized	CURRENT		FY 2014	FY 2015
	Average Positions Filled	Year-End Positions Filled		
4	4	4	4	4

**Risk Management**

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

**Claims Management**

- Manage all claims, including workers compensation and tort claims for DC Water’s Operations
- Manage all claims, including workers compensation and tort claims for DC Water’s Rolling Owner Controlled Insurance Program (ROCIP)
- Ensure adequate insurance reserve levels
- Coordinate communication and investigation activities between various departments and the insurance administrator
- Manage subrogation and negotiate settlements
- Conduct internal investigations for general liability claims

**Loss Prevention/Risk Mitigation**

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

## RISK MANAGEMENT

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

**BUDGET OVERVIEW:** The revised FY 2014 budget is \$1 million below the approved FY 2014 budget, attributable to anticipated reductions in claims cost. The proposed FY 2015 budget is lower than the revised FY 2014 budget by \$0.1 million due primarily to reductions in contractual costs.

	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
<b>Positions: (FTE's)</b>				
Number of authorized positions	4	4	4	4
Average number of positions filled	4			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	418	424	424	471
Overtime	0	1	1	2
<b>Non-personnel Services:</b>				
Chemicals and Supplies	4	6	6	4
Utilities	4	5	5	5
Contractual Services, etc.	3,977	5,599	4,599	4,420
Small Equipment		-	-	-
<b>Total Non-Personnel Services</b>	3,985	5,609	4,610	4,428
<b>Total Operations &amp; Maintenance</b>	4,403	6,033	5,034	4,899
<b>Capital Equipment</b>	-	-	-	-
<b>Targeted Performance Measures</b>	<b>FY 2013 Projection</b>	<b>FY 2014 Approved</b>	<b>FY 2014 Revised</b>	<b>FY 2015 Proposed</b>
Reduction of workers compensation costs	5%	5%	5%	5%
Meet workers compensation filing requirements within 14 days	14	14	14	14



## RISK MANAGEMENT

### OVERVIEW

#### FY 2014 Major Planned Activities and Changes

- Expand utilization of the Risk and Safety Management Information System for the purpose of capturing operational safety, claims, litigation, fleet and property data to allow trending of data by exposure bases and help facilitate insurance renewal data-gathering
- Continued management of Rolling Owner Controlled Insurance Program (ROCIP) II and III programs for capital projects

#### FY 2015 Major Recommended Activities and Changes

- Implement ROCIP IV program with continued management of ROCIP II and III programs for capital projects
- Continue to expand utilization of the Risk and Safety Management Information System (SRS) for the purpose of capturing operational safety, claims, litigation, fleet and property data to allow trending of data by exposure bases and help facilitate insurance renewal data-gathering

#### Impact of Capital Projects on FY 2014 and FY 2015 Operating Expenditures

- Increased Risk Management staff resources for management and oversight of the ROCIP II, III and IV claims and safety programs.
- ROCIP – Increased construction activity impacts the Authority's insurance exposures

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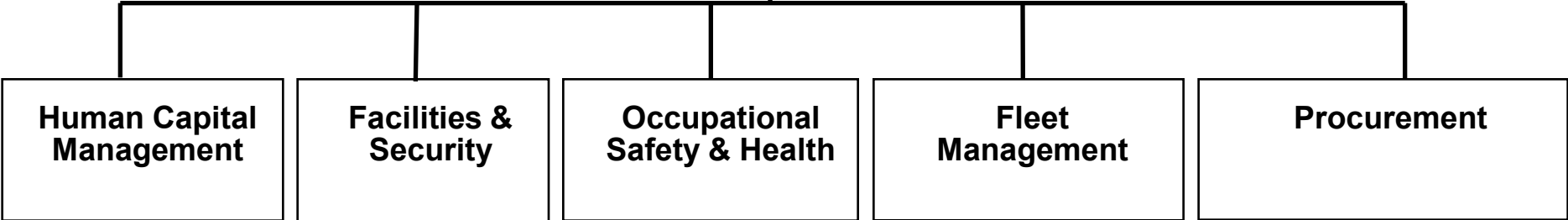


**FY 2015 Budget  
\$364,000**

**GENERAL  
MANAGER**

**ASSISTANT  
GENERAL  
MANAGER  
SUPPORT SERVICES  
2 - Positions**

<b>POSITIONS</b>				
<b>CURRENT</b>			<b>FY 2014</b>	<b>FY 2015</b>
<b>Authorized</b>	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
2	2	2	2	2



**FUNCTIONS**

- Develop and direct the strategic objectives of the Authority’s support services divisions
- Oversee and direct the administrative services functions that support the achievement of the Enterprise’s goals.

## ASSISTANT GENERAL MANAGER - SUPPORT SERVICES

**MISSION:** To oversee and direct the administrative services functions that support the achievement of DC Water's goals.

**BUDGET OVERVIEW:** The revised FY 2014 operating budget is relatively flat in comparison to the approved FY 2014 budget. The proposed FY 2015 budget is also relatively flat compared to the revised FY 2014 operating budget.

	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
<b>Positions: (FTE's)</b>				
Number of authorized positions	2	2	2	2
Average number of positions filled	2			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	284	313	314	348
Overtime	1	1	1	1
<b>Non-Personnel Services:</b>				
Supplies	-	1	1	1
Utilities	3	5	5	4
Contractual Services, etc.	14	21	21	11
Small Equipment	-	-	-	
<b>Total Non-Personnel Services</b>	18	27	27	16
<b>Total Operations &amp; Maintenance</b>	302	340	341	364
<b>Capital Equipment</b>				
<b>Targeted Performance Measures</b>	<b>FY 2013 Projection</b>	<b>FY 2014 Approved</b>	<b>FY 2014 Revised</b>	<b>FY 2015 Proposed</b>
<b>Planning Meetings with directors of supporting departments:</b>				
Facilities & Security	4	4	4	4
Fleet Management	4	4	4	4
Human Capital Management	4	4	4	4
Procurement Services	4	4	4	4
Occupational Safety & Health	4	4	4	4

## ASSISTANT GENERAL MANAGER – SUPPORT SERVICES

### OVERVIEW

#### FY 2014 Major Planned Activities and Changes

- Develop and implement a skills-based compensation system
- Rollout managers and supervisors training of the changes with the new collective bargaining agreements, negotiated in FY 2013
- Implement a voluntary benefits program that will allow employees to choose from a wide variety of benefits supported by a comprehensive service platform
- Continue to enhance the safety training program for all DC Water employees

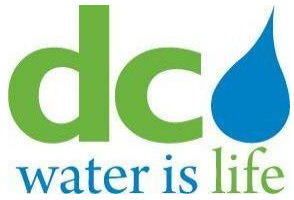
#### FY 2015 Major Recommended Activities and Changes

- Achieve 100% of employees with required certifications and/or licenses by 2015
- Continue support of the Rolling Owner Controlled Insurance Program (ROCIP) capital construction program
- Successfully implement appropriate recommendations of the Vulnerability Assessment
- Continue to enhance operating excellence through innovation, sustainability, and adoption of best practices in safety, procurement, human capital management, security, facilities and fleet

#### Impact of Capital Projects on FY 2014 and FY 2015 Operating Expenditures

- Support Human Capital Management initiatives to provide Asset Management Training throughout the Enterprise, which will impact the FY 2014 and FY 2015 Capital Budgets
- Support DC Water Strategic Plan with purchase of a new On-boarding/Recruitment System for HCM Talent Management in FY 2014 to support Goal #1; and a new Performance Management System for both union and non-union employees in FY 2015

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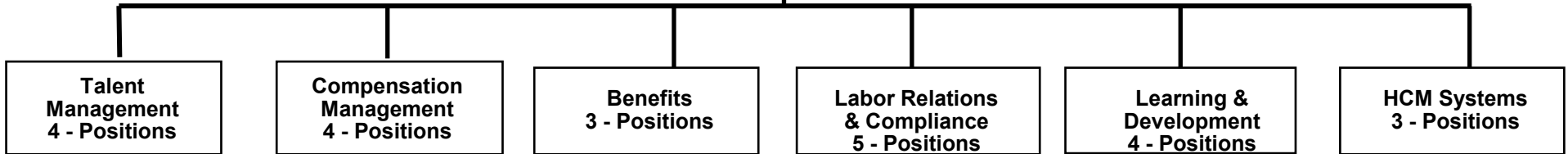


**ASSISTANT  
GENERAL  
MANAGER  
Support Services**

POSITIONS				
Authorized	CURRENT		FY 2014	FY 2015
	Average Positions Filled	Year-End Positions Filled		
25	24	25	25	25

**FY 2015 Budget  
\$5,362,000**

**HUMAN CAPITAL  
MANAGEMENT  
2 - Positions**



**FUNCTIONS**

- Recruitment and hiring
- Employment forecasting and planning
- Skills assessment and testing for new hires
- Employee Referral Program
- On-boarding

**FUNCTIONS**

- Compensation Program
- Job Evaluation Program
- Pay Incentive Program
- Performance Management
- Market Analysis
- Position Control

**FUNCTIONS**

- Health and Welfare Benefits Administration
- Pension Benefits Administration
- Employee Assistance Program
- Wellness Program

**FUNCTIONS**

- Labor Relations
- Employee counseling
- Employee grievances and complaints
- Employee Relations
- Affirmative Action Program
- EEO complaint investigation and responses
- Disciplinary actions
- Arbitration
- Drug & Alcohol Testing
- Fit for Duty
- Americans with Disabilities (ADA)
- Leave Administration

**FUNCTIONS**

- Management training
- Employee training
- Internship Program
- Education assistance & reimbursement
- Succession Planning and Knowledge Capture
- Employee Recognition Awards
- Employee Leadership Skills Assessment
- HCM required training

**FUNCTIONS**

- Data Integrity in all HCM systems
- Records management
- Coordination of security & configuration changes to all HCM systems
- Primary liaison between HCM and IT
- Conducts needs assessments & analysis for all of HCM branches.
- Employment Verifications

## HUMAN CAPITAL MANAGEMENT

**MISSION:** To deliver high quality, innovative, valued and timely human capital management services that are responsive to the needs of DC Water employees and departments, in order to help facilitate employees to achieve their individual and organizational goals.

**BUDGET OVERVIEW:** The revised FY 2014 operating budget is slightly higher than the approved FY 2014 budget by \$0.4 million primarily due to adjustments in personnel services costs (including 2 FTE transfers from the General Manager's Office). The proposed FY 2015 budget is also higher than the revised FY 2014 budget by approximately \$0.3 million due to anticipated increases in personnel services costs.

	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
<b>Positions: (FTE's)</b>				
Number of authorized positions	25	23	25	25
Average number of positions filled	25			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	3,013	2,738	3,124	3,458
Overtime	4	5	5	5
<b>Non-personnel Services:</b>				
Supplies	18	37	37	38
Utilities	28	38	38	35
Contractual Services, etc.	1,568	1,815	1,815	1,828
Small Equipment	-	2	2	2
<b>Total Non-Personnel Services</b>	1,613	1,892	1,892	1,904
<b>Total Operations &amp; Maintenance</b>	4,626	4,630	5,016	5,362
<b>Capital Equipment</b>	-	-	-	300

Targeted Performance Measures	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
120 days from job posting to hire	120	120	120	120
10 days to initiate disciplinary action	7	7	7	7
14-days, new hire benefit set-up	14	14	14	14
22.5 Average number training hours per FTE	22.5	22.5	22.5	22.5
Comparison DC Water Employees Compensation (100%)	100%	100%	100%	100%



## HUMAN CAPITAL MANAGEMENT

### OVERVIEW

#### FY 2014 Major Planned Activities and Changes

- Implement a voluntary benefits program that would allow employees to choose from a wide variety of benefits supported by a comprehensive delivery service platform
- Rollout managers and supervisors training of the changes with the new collective bargaining agreements, negotiated in FY 2013
- Develop a comprehensive skills assessment plan for the organization
- Develop and implement a comprehensive leadership development program
- Implement new Recruitment/Applicant Tracking Solution
- Establish baseline data for employee satisfaction and conduct periodic progress surveys of employee satisfaction
- Determine and define a composite measure for workforce productivity

#### FY 2015 Major Recommended Activities and Changes

- Implement new Succession Planning System
- Implement new Career Development System
- Implement new Performance Management System
- Assess and determine the current succession needs for the organization
- Enhance process by which DC Water evaluates union and non-union employee performance and establish individual performance measures
- Enhance the Ceridian Latitude (HR/Payroll) system to the more robust Ceridian Dayforce system

#### Impact of Capital Projects on FY 2014 and FY 2015 Operating Expenditures

- Providing Asset Management Training throughout the Enterprise will impact the FY 2014 and FY 2015 Capital Budgets
- Implementation of new systems for succession planning, career development, performance management and recruitment/applicant tracking will enhance the impact of HCM throughout DC Water

## FY 2014 AND FY 2015 LEARNING AND DEVELOPMENT PLAN

### LEARNING AND DEVELOPMENT OVERVIEW

Learning involves acquiring new skills and knowledge in relation to current roles. Development relates to a person's potential to acquire wider capabilities. DC Water uses both to support its mission and to benefit the Authority, its team members, and customers. By positing ourselves to take a more strategic approach to developing employees through using formalized job roles with core competencies as the map, we purposely create a well-trained **world class** workforce. An added byproduct is a robust long-term succession plan to develop the future leaders of DC Water. Our leadership team, present and future, need to be able to demonstrate a wide range of behaviors and technical skills. They are responsible for:

- Leadership – leading their teams at each level
- Celebrating achievements and managing under-performance, supporting improvement where needed
- Setting goals and priorities by responding to change and spotting opportunities
- Coaching and mentoring team members

In FY 2013, Learning and Development has continued to support the efforts in FY 2012 through a more systematic method of assessments, blended learning, and effective evaluations against core competencies. This provides a strong foundation to meet the Authority's current and future training needs. The Authority has moved away from one-size-fit-all training to developing programs that support the individual needs of employees. By promoting and supporting learning at all levels and offering various channels to cultivate development, team members are empowered to focus on "being their best" and growing with the Authority. In this way, everyone in DC Water has the opportunity to deliver the highest standards of service to meet the Authority's mission and reach its strategic goals.

During FY 2013, the budgeted amount for training was \$1,423,700 or an average of approximately \$1,318 per employee. This training included regulatory, safety, technical, information technology, interpersonal skills, and literacy classes. All training supported Goal #1 in DC Water's strategic plan, which is to "develop, maintain, and recruit a high performance workforce."

## ***Learning and Development Overview, Cont.***

Categories of training classes offered at DC Water are as follows:

**Contractual Training** – primarily technical classes that support our performance improvement program. This training also includes classes on occupational safety and security and the installation, operation of new equipment and processes and general instruction on standard software applications.

**In-House Training** – classes and courses designed and implemented by DC Water’s training personnel and periodic outsourced support. In-house training focuses on providing non-technical mandatory courses, basic skills development, skill enhancement courses and literacy. These courses involve all or a large number of our employees.

**Outside Training** – classes and programs that support individual employee training and development needs and requirements, not implemented by DC Water’s training personnel. This is an effective means of providing highly specialized or special focus training to individuals or a small group of employees. DC Water’s education reimbursement program is included in this category.

**On-Line Training** - web-based courses offered by colleges, universities and professional organizations.

## **FY 2013 ACCOMPLISHMENTS**

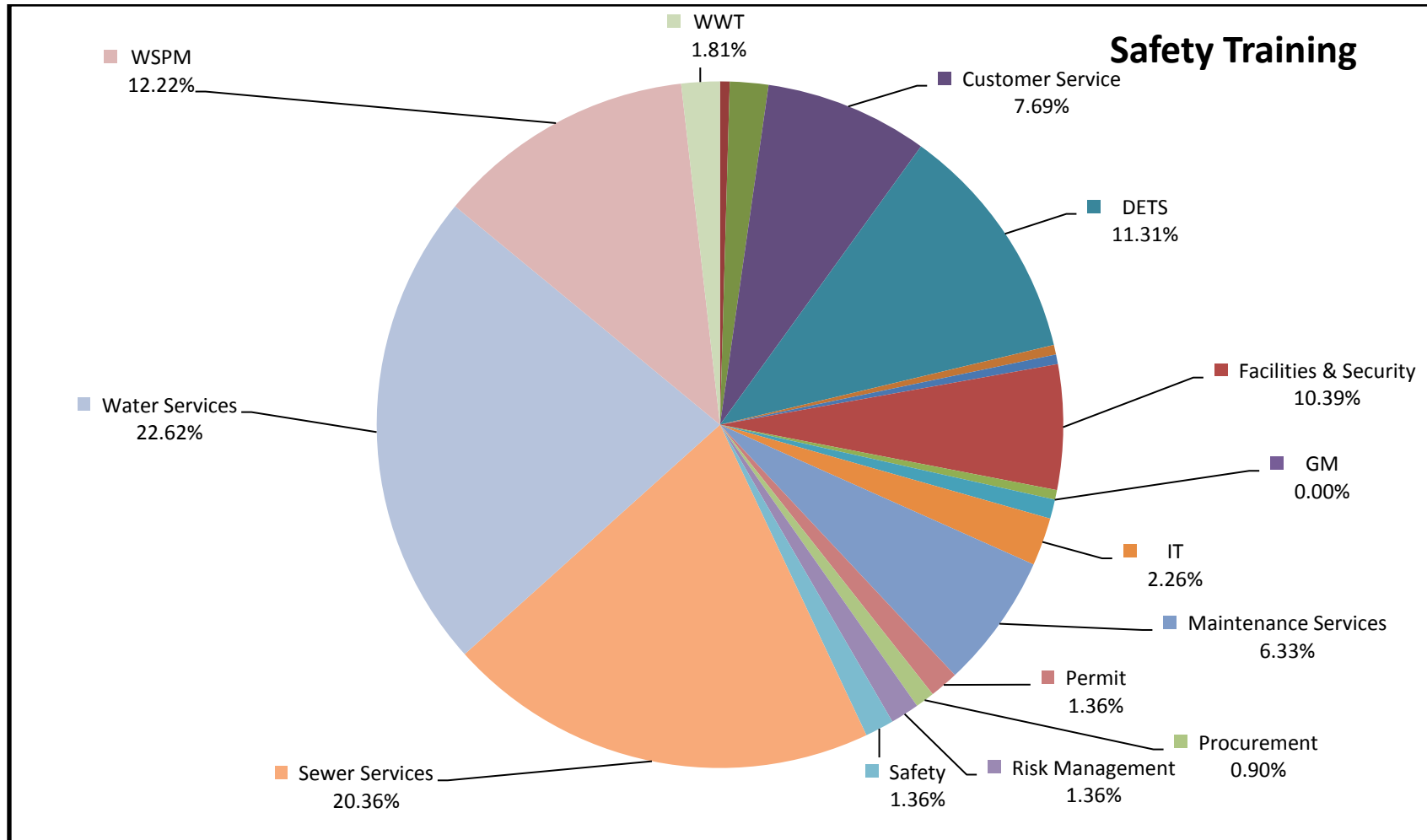
In FY 2013 the Board of Directors approved the strategic plan for DC Water, "Blue Horizon 2020." While the function of Learning & Development supports all of the strategic goals, in FY 2013, Learning and Development was specifically tied to Goals #1 and #6, which is to "assure safety and security." This translated into model best practices for leadership and safety. DC Water has partnered with renowned organizations such as Franklin Covey, Personify Leadership, Kirkpatrick Partners, Partners in Leadership, National Seminars, and Chesapeake Region Safety Council. All of these companies are proven in the field of leadership development and safety training, to bring relevant well-rounded programs that make a significant impact towards sustainable change.

During FY 2013, our Executive Team and Human Capital Management, in collaboration with Learning and Development, continued to drive the importance of properly training and developing our team members. To that end, the services of Cornerstone on Demand were procured to support a Learning Management System (LMS) which helped to ensure the investment DC Water made in learning and development was realized through sustained Return on Investment (ROI). In April 2013, Cornerstone on Demand went live with phase one of the implementation cycle. This allowed team members to have real time electronic access to learning event information, register for classes, and view and print their training histories. Additionally, managers were able to assign training as well as view specific training information for their team members. This positioned them to be more proactive and strategic in the full development of team members based on prescribed competencies and relevant compliance trainings. Furthermore, the LMS has created a different sense of awareness for team members and managers about the available learning events offered at DC Water. As an immediate Return on Learning (ROL), these programs can be extended to meet employee needs without regard to timing or physical location. Another important long-term benefit of the LMS is that it supports the process of moving HCM to formalize job roles with core competencies. This data will tieback to relevant training options and forecasting for recruiting, performance, and succession planning. The final two phases of Cornerstone on Demand are planned for rollout in early FY 2014.

Learning and Development continued its collaboration with the Department of Occupational Safety and Health to begin to close the gap that was identified by the FY 2012 Safety Gap Analysis. As a result, 30 different targeted training topics were offered to meet regulatory and job-specific needs. During FY 2013 a total of \$67,000 was spent on this training. Utilizing both internal and external training resources, significant efforts were made to provide safety classes such as Confined Space, HazCom, CPR/First Aid, Forklift, Overhead Crane, Excavation and Trenching, Scaffolding, Operating a Bucket Truck, and Work Zone Safety. The Occupational Safety and Health Department added "Safety Trained Supervisor" to the safety program. This program is required for all managers and supervisors and includes the critical

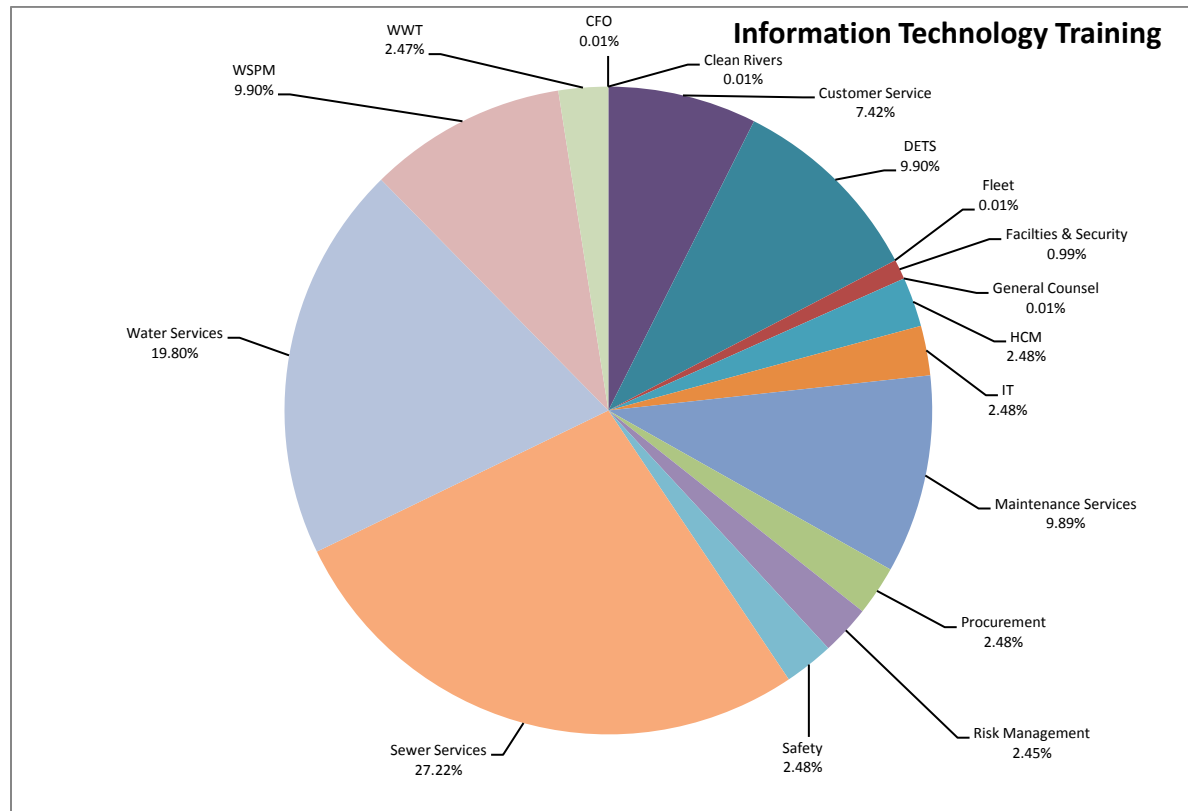
**FY 2013 Accomplishments, Cont.**

information managers/supervisors need to ensure team members work safely. The below graph provides a breakdown of safety training taken through Learning and Development per department in FY 2013.



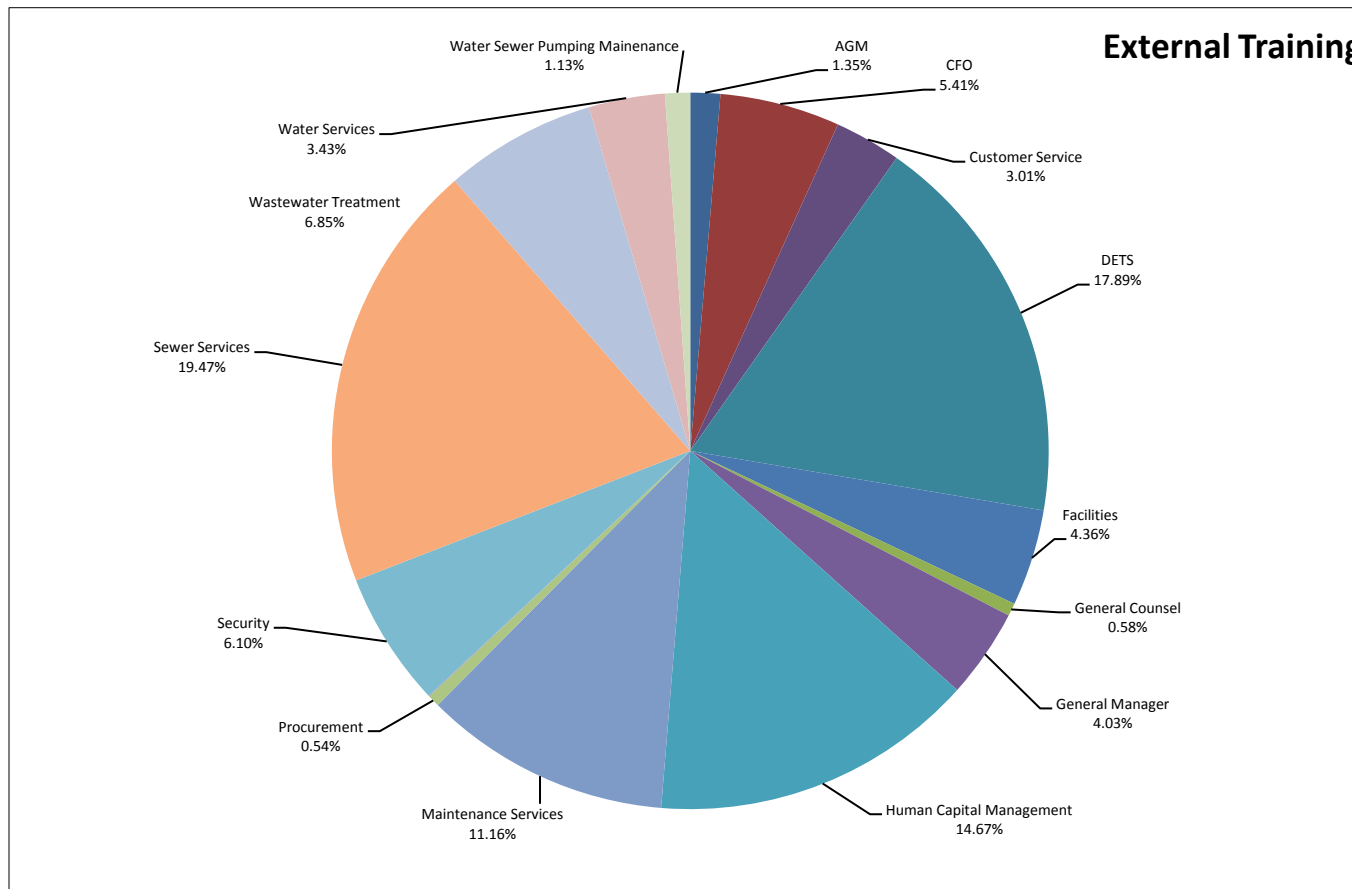
**FY 2013 Accomplishments, Cont.**

A total of \$6,130 was spent on IT training for DC Water team members. By leveraging partnerships with the Information Technology (IT) Department and external vendors, courses were offered in Windows, Microsoft Office, and Navigating DC Water Information Technology. Intact classes were facilitated for employees representing the Department of Water Services (DWS), Water Sewer Pumping Maintenance, and Customer Service’s (CS)-Meter Operations. This training was created to enhance the computer skill set of employees required to work on laptops installed in service vehicles. Employees also learned how to “Navigate DC Water Technology”, an in-house learning and development class designed to ensure that all employees understood they have immediate access to information via the intranet, Cornerstone on Demand, Ceridian self-service, electronic paystub, and remote email access. Standard course offerings continued for Excel, Access, Word, and PowerPoint. The below graph provides a breakdown of IT training taken through Learning and Development per department.



**FY 2013 Accomplishments, Cont.**

DC Water sees external training as an opportunity to keep employees on the cutting edge of knowledge and practice for unique skill sets within the organization. In FY 2013, approximately \$200,000 was spent for 221 employees to attend outside training at an average cost of \$995 per employee. Examples of classes attended by employees include: Situational Leadership, Surveying, AutoCAD, De-Energized Motor & Motor Circuit Analysis, Work Life Balance, 30 Series Screw & Scroll Chiller, and Pump Fundamentals & Hydrants. The graph below provides a breakdown of external training by department.



***FY 2013 Accomplishments, Cont.***

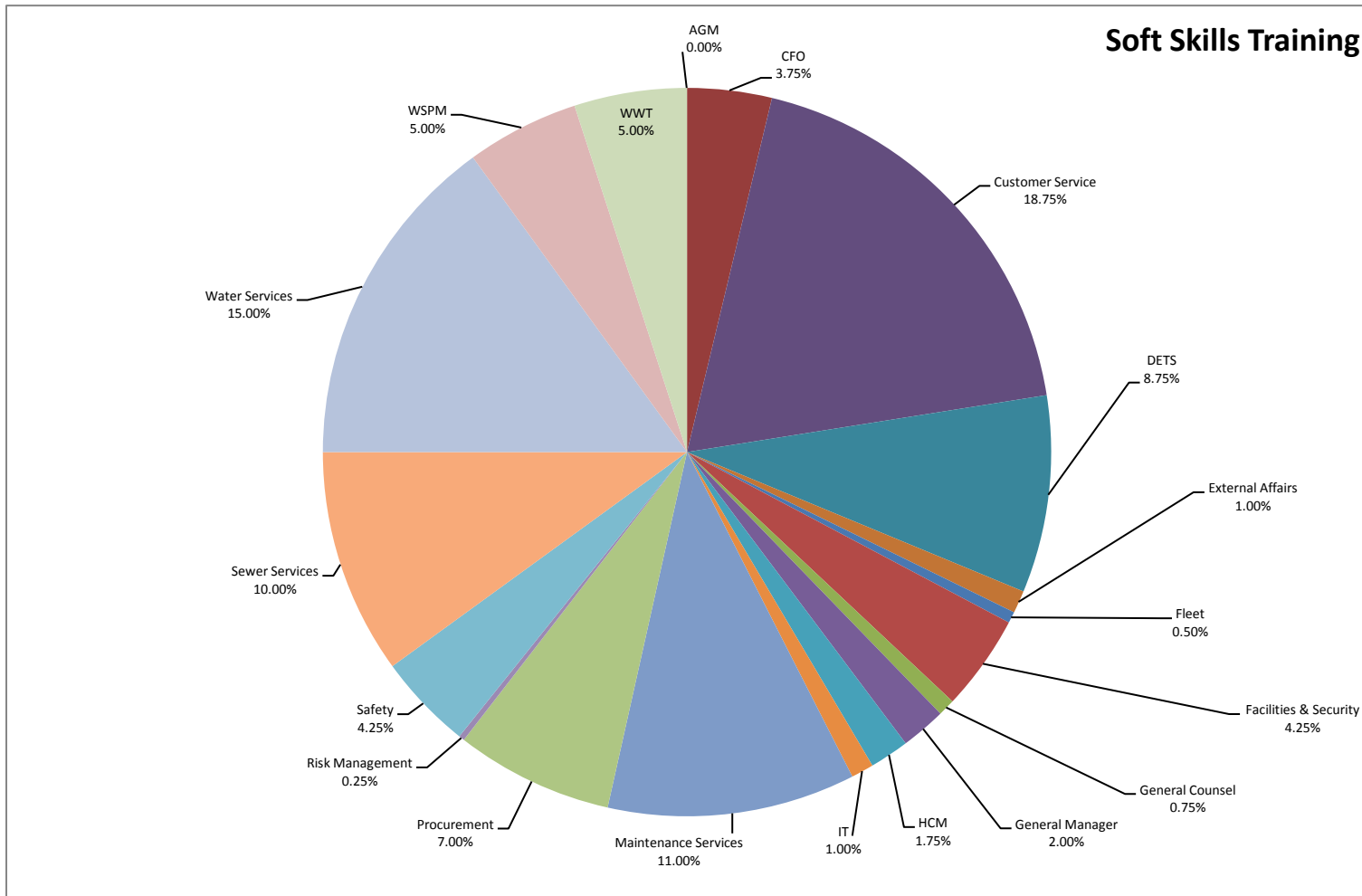
DC Water understands technical skills are vital to the day-to-day operations of the Authority. That said, attention is also given to the importance of developing people or “*success*” skills for the efficient and effective function of the organization. Work ethic, attitude, communication skills, emotional intelligence and a host of other interpersonal attributes are essential skills for workplace success. Problem solving, delegating, coaching, and team building are all much easier when employees possess these skills. During FY 2013, DC Water invested approximately \$80,000 in “*success*” skill training programs. Professional development training classes such as grammar and business writing, effective time management, and project management were also offered.

Based on the feedback from team members and the union presidents, Learning and Development invited Talent Management to partner in the fall of 2012 to offer Interviewing Skills and Resume Writing classes. The purpose of this collaboration was to enhance interviewing skills of internal candidates, re-enforce DC Water’s commitment to promote its employees, capitalize on the institutional knowledge of internal applicants, and improve interview results of employees. The classroom dynamics are Instructor led ½ day sessions – 3 hours each, focus on industry best practices, role play, and Q&A, and a commitment to have an HCM presence in each class. A total of 44 team members attended the training of which, 31 applied for jobs at DC Water. Of the 31 applicants, 8 team members were promoted/hired during this time period.

The following graph provides a breakdown of internal soft skills training by department.



**FY 2013 Accomplishments, Cont.**



In October 2012, the Office of the General Manager, Office of the Chief Financial Officer, and Human Capital Management collaborated to enhance the Education Reimbursement Program; significant upgrades were made. First, the annual benefit for all permanent full-time employees, with at least one year of service, increased to \$5,000 annually.

### ***FY 2013 Accomplishments, Cont.***

This amount covered not only the cost of tuition and books for undergraduate coursework, but also included graduate level and coursework associated with licensure and/or certifications. Second, in an effort to help mitigate the upfront out-of-pocket cost to team members, an assistance option was included to the benefit. This meant that once the necessary paperwork was submitted and processed, team members could request to have payment for classes issued directly to the institution of their choice prior to the start of the semester.

Team members are also able to take advantage of tuition cost savings, waived application fees and other benefits based on Memorandums of Understanding (MOUs) that have been put in place with colleges and universities in the area. Learning and Development is pleased to have great partnerships with Catholic University, DeVry University, University of Maryland University College, Strayer University, and University of Phoenix. In order to educate team members on the myriad of benefits that are available, the Learning and Development team hosted the first annual College fair in September 2013. A total of 77 team members were present along with 15 local colleges and universities.

As a result of the enhanced program now renamed the Education Assistance and Reimbursement Program, in FY 2013 DC Water provided \$136,064.69, in education reimbursement/assistance. This is an approximate 43% increase over FY 2012 amount of \$58,054.04. A significant number of employees are pursuing advanced degrees as part of their career development efforts.

Learning and Development continues to manage a robust and competitive summer internship program that has been in existence for 11 years. The FY 2013 Summer Internship Program consisted of 68 interns from 25 different colleges and universities. The diverse group of students was from local areas such as Maryland, Virginia, and the District of Columbia and as far away as Texas, Alabama, California, Pennsylvania, Thailand, Nigeria, China, and Russia. Successful proven elements such as the sponsor workshop, which engages sponsoring departments prior to the arrival of the interns to discuss program logistics and expectations of accountability and engagement, were continued. Additionally, the interns completed specialized projects that related to their academic choices and participated in professional development classes on resume writing and interviewing skills and techniques and how to work in teams. They took field trips that focused on team building, the richness of the Anacostia, and topics of ecology and water chemistry. The interns participated in a tree maintenance community service event in partnership with the Anacostia Watershed Society. This year the interns were treated to a Washington Nationals baseball game as part of a new activity, "intern's night out". A total of 18 students continued in the year-round program. These students will conduct independent research and are expected to work on complex technical projects within the Wastewater Treatment, Sewer Service, Information Technology, and External Affairs departments.

***FY 2013 Accomplishments, Cont.***

The Safe Driving Program continues as an effort to reduce DC Water's liability for preventable accidents and to ensure that employees who drive vehicles as a primary job responsibility learn best practices. Learning and Development in conjunction with Chesapeake Region Safety council partnered to offer Defensive and Attitudinal Dynamics Driving courses. Learning and Development also sought and secured the services of a new vendor, A1- CDL Driving School to provide CDL training for team members. This training has proven beneficial as 95% of the students have successfully completed the course and passed both their CDL learners and license exams.

Mandatory training on DC Water policy topics such as Drug and Alcohol Prevention and Managing Leave continued to be offered. In addition to the traditional courses, Learning and Development partnered with the Finance, Accounting & Budget and the Internal Auditor's office to facilitate Ethics and Fraud Mitigation courses to both union and non union team members. This course ensured that all team members fully understood key terms related to fraud and ethics and introduced them to the new Fraud Hotline. Other Human Capital Management specific courses were offered for Sexual Harassment, Effective Two-Way Communication (supervisors and employees), Collective Bargaining Agreements, Performance Management, and Managing Discipline of Union Employees.

## FY 2014 and FY 2015 Training Budgets

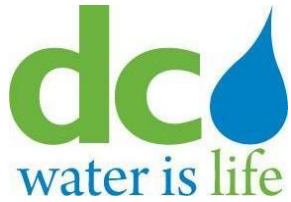
The revised FY 2014 and proposed FY 2015 training budgets are summarized in the table below:

Training Type	FY 2014		FY 2015	
	Budget (\$000's)	Percent of Total Budget	Budget (\$000's)	Percent of Total Budget
In-house	\$554	36%	\$519	33%
Contractual training – <i>by department</i>	881	57	976	61
Safety Training	100	7	100	6
<b>Total</b>	<b>\$1,535</b>	<b>100%</b>	<b>\$1,595</b>	<b>100%</b>

A concerted effort continues to be made to create synergy between Human Capital Management and the various departments within the Authority for a more structured approach at universal training resources. The purpose is to ensure that all resources are being maximized to deliver quantifiable ROI. Evaluation of training programs will be structured with the learner in mind; keeping stakeholder expectations around desired results which impact critical behaviors at the forefront of all curriculum design.

In FY 2014, Learning and Development will continue to focus on the need to train beyond the initial job qualifications. Attention will be given to professional and trade certifications. This effort will specifically support the second objective under Goal 1, which is to have 100% team members with the appropriate license or certification by 2015. Additionally, development plans will be created to focus on 4 core areas of development: technical, safety, professional development, and information technology. More specialized small group intact learning and development programs will occur as proactive measures are taken to address identified areas of opportunity within workgroups.

Learning and Development is poised to be a strategic internal business partner in the planning, rollout, management, and support of the various training initiatives that are in queue for the Authority over the next 3 – 5 years. These initiatives span areas to cover Procurement, Wastewater Treatment, Maintenance Services, Clean Rivers, and Customer Service. It is through these partnerships that Learning and Development will be able to assist team members in meeting strategic goals outlined in Blue Horizon 2020; thus helping DC Water achieve the organization's vision of becoming a "World Class Water Utility."



**ASSISTANT  
GENERAL  
MANAGER  
Support Services**

**FACILITIES  
MANAGEMENT &  
SECURITY  
5 - Positions**

POSITIONS				
CURRENT			FY 2014	FY 2015
Authorized	Average Positions Filled	Year-End Positions Filled		
67	60	59	67	67

**FY 2015 Budget  
\$13,132,000**

**Security  
6 - Positions**

**Office Services  
6 - Positions**

**Facilities  
Operations  
39 - Positions**

**Mechanical  
Services  
11 - Positions**

**FUNCTIONS**

- Provide physical security for DC Water employees and property
- Respond to safety and security emergency situations
- Investigate theft, incidents, illegal entries and other security concerns
- Oversee contract guard services
- Parking and Key Control
- DC Emergency Management Agency (EMA) Liaison

**FUNCTIONS**

- Mail, courier and freight services
- Motor pool services
- Manage DC Water's recycling program (paper, cans, bottles)
- Facilities work order requests and surveys
- Vendor Management
- Manage DC Water's copy services

**FUNCTIONS**

- Building operations/maintenance
- Coordinate workspace assignments and moves
- Janitorial Service
- Landscaping
- Trash removal
- Procure and assign furniture
- Adequate ground direction and building signage
- Manage cafeteria operations
- Pest control
- Repair fences and rollup doors

**FUNCTIONS**

- Predictive/preventive maintenance
- Adequate indoor air quality
- Elevator maintenance
- Engage in major construction and renovation projects
- HVAC systems maintenance
- Fire suppression and detection
- Project management

## FACILITIES MANAGEMENT & SECURITY

**MISSION:** Support the operations of the Authority through routine maintenance, custodial services, repair and improvement of its facilities, buildings, grounds and roadways for DC Water's operations. Provide security services and management throughout DC Water.

**BUDGET OVERVIEW:** The revised FY 2014 is approximately \$0.3 million below the approved FY 2014 budget, due to projected personnel cost adjustments. The proposed FY 2015 budget is higher than the revised FY 2014 budget by approximately \$0.5 million primarily due to increases in personnel costs, offset by decreases in contractual services costs.

	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
<b>Positions: (FTE's)</b>				
Number of authorized positions	67	67	67	67
Average number of positions filled	60			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	5,473	5,886	5,624	6,263
Overtime	250	468	468	200
<b>Non-Personnel Services:</b>				
Supplies	454	468	468	463
Utilities	85	109	109	94
Contractual Services, etc.	5,471	6,360	6,360	6,267
Small Equipment	51	57	57	45
<b>Total Non-Personnel Services</b>	6,061	6,993	6,994	6,869
<b>Total Operations &amp; Maintenance</b>	11,534	12,879	12,618	13,132
<b>Capital Equipment</b>	1,705	1,500	1,510	1,410
<b>Targeted Performance Measures</b>	<b>FY 2013 Projection</b>	<b>FY 2014 Approved</b>	<b>FY 2014 Revised</b>	<b>FY 2015 Proposed</b>
Annual work orders closed	3,000	3,000	3,000	3,000

## FACILITIES MANAGEMENT & SECURITY

### OVERVIEW

#### FY 2014 Major Recommended Activities and Changes

- Complete Bryant Street Pumping Station Gutter/Roof Repairs
- Complete 125 O St Complex, Fleet Building Electrical Upgrades
- Complete 125 O St Complex, Fleet Building HVAC Upgrades
- Continue Security Enhancements DC Water-wide
- Continue Building Information Management Preventive Maintenance (PM) program
- Continue office renovations in the Central Maintenance Facility (CMF) and Central Operations Facility (COF) buildings

#### FY 2015 Major Recommended Activities and Changes

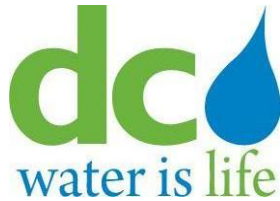
- Continue Security Enhancements DC Water-wide
- Continue Building Information Management PM program

#### Impact of Capital Projects on FY 2014 and FY 2015 Operating Expenditures

- Increased follow-up maintenance during construction, primarily cleaning of streets, roads, interiors will increase some maintenance costs
- Continued improvement of CMF systems and building will reduce overall maintenance efforts, improve space usage and public image
- Continued improvement of 125 O St. systems and buildings will reduce overall maintenance, improve space usage, improve public image
- Mega-projects require significant security upgrades and enhancements which will require increased manning to fully support

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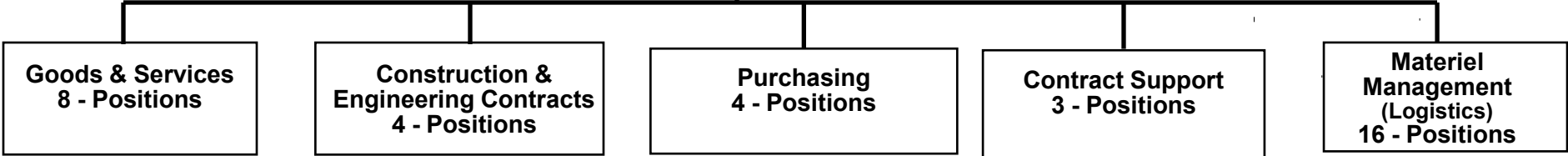


**ASSISTANT  
GENERAL  
MANAGER  
Support Services**

			POSITIONS	
CURRENT			FY 2014	FY 2015
Authorized	Average Positions Filled	Year-End Positions Filled		
38	30	30	38	38

**FY 2015 Budget  
\$4,865,000**

**PROCUREMENT  
Office of the Director  
3 - Positions**



**FUNCTIONS**

- Manage DC Water's procurement process for large purchases
- Manage DC Water's Cooperative Program contracts
- Manage the post-awards administration of contracts
- Provide administrative support for goods and services procurements
- Provide direction and guidance on procurement policies and procedures

**FUNCTIONS**

- Manage DC Water's procurement process for large purchases
- Manage DC Water's Cooperative Program contracts
- Manage the post-award administration of contracts
- Provide administrative support for construction and engineering contract services
- Provide direction and guidance on procurement policies and procedures

**FUNCTIONS**

- Manage DC Water's procurement process for small purchases
- Process all requisitions for large procurements
- Prepare small purchase statistical reports
- Liaison with Finance and IT for improvements to the Lawson Financial Management System

**FUNCTIONS**

- Manage DC Water's business development program
- Manage the contract compliance program
- Maintain the department's web page
- Maintain Procurement Manual
- Manage DC Water's purchase and travel card programs
- Provide direction and guidance on compliance policies and procedures

**FUNCTIONS**

- Manage the warehouse and associated functions
- Administer the material control system and associated functions
- Provide direction and guidance on inventory policies and procedures
- Conduct spot, cycle and annual physical inventory
- Manage disposal of excess and obsolete inventory
- Manage Fixed Asset Program

## PROCUREMENT

**MISSION:** To procure the best value products and services, with the highest degree of procurement integrity, utilizing efficient and cost-effective procurement methods, with a continuing focus on LSDBE contracting participation.

**BUDGET OVERVIEW:** The revised FY 2014 budget is relatively flat compared to the approved FY 2014 budget. The proposed FY 2015 budget is higher than the revised FY 2014 budget by \$0.7 million due to anticipated increases in personnel and contractual services cost.

	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
<b>Positions: (FTE's)</b>				
Number of authorized positions	32	38	38	38
Average number of positions filled	30			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	3,374	3,651	3,645	4,321
Overtime	57	30	30	30
<b>Non-Personnel Services:</b>				
Supplies	18	39	39	39
Utilities	50	63	63	51
Contractual Services, etc.	280	387	387	454
Small Equipment	1	-	-	-
<b>Total Non-Personnel Services</b>	350	489	489	544
<b>Total Operations &amp; Maintenance</b>	3,724	4,140	4,134	4,865
<b>Capital Equipment</b>	1,654		400	

Targeted Performance Measures	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
Timely processing small purchases within 10 working days	95%	95%	95%	95%
Issue Invitation for Bid (IFB) and award contracts within 90 calendar days	95%	95%	95%	95%
Issue Requests for Proposal (RFP) and award contracts within 120 calendar days	95%	95%	95%	95%
Complete Purchase Card authorization process within 30 working days	95%	95%	95%	95%
Ensure applicable contractors submit the EPA monthly reports by the 25th of the month	80%	80%	80%	80%
Issue Procurement request for inventory restock within one (1) business day of approval	95%	95%	95%	95%
System review of warehouse stock deliveries within one (1) business day of truck delivery	95%	95%	95%	95%
System and physical issue of all stock request within same day of authorized request	95%	95%	95%	95%

## PROCUREMENT

### OVERVIEW

#### FY 2014 Major Planned Activities and Changes

- Complete automation of compliance monitoring and reporting (implementation)
- Complete automation of Procurement business processes
- Reorganize Procurement staff
- Train procurement staff and end users in new business processes and procedures

#### FY 2015 Major Recommended Activities and Changes

- Complete reorganization of Procurement staff
- Continue training staff and end users in new business processes and procedures
- Refine and document business processes and procedures

#### Impact of Capital Projects on FY 2014 and FY 2015 Operating Expenditures

- Reduces personnel costs in procurement and materiel management

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**ASSISTANT  
GENERAL  
MANAGER**

POSITIONS				
Authorized	CURRENT		FY 2014	FY 2015
	Average Positions Filled	Year-End Positions Filled		
10	7	7	10	10

**FY 2015 Budget  
\$1,964,000**

**OCCUPATIONAL SAFETY  
AND HEALTH**

**Emergency Response  
and Planning Program  
1 - Position**

**Occupational Safety and  
Health Program  
8 - Positions**

**Environmental Safety  
Program  
1 - Position**

**Functions**

- Coordinate the emergency response and planning activities for all DC Water operations
- Coordinate implementation of the National Incident Management System (NIMS)
- Coordinate DC Water response activities with the District and Regional Authorities
- Develop guidelines for training, conducting drills and updating emergency response plans

**Functions**

- Maintain an effective Accident Prevention Safety Awareness Program
- Conduct safety inspections of all DC Water facilities
- Develop and analyze safety statistics
- Investigate, evaluate and review all accident, injuries and incidents for effective preventive measures
- Maintain effective safety training guidelines and assistance to ensure DC Water compliance with mandated safety requirements
- Provide safety oversight of the Comprehensive Construction Safety Program and the Rolling Owner Controlled Insurance Program (ROCIP)

**Functions**

- Ensure DC Water's compliance with environmental safety regulations
- Provide oversight and guidance of DC Water's Hazardous Waste Program
- Generate and provide required safety reports to regulatory agencies
- Provide oversight and management of aboveground and underground storage tanks

## OCCUPATIONAL SAFETY AND HEALTH

**MISSION:** To provide technical services and support that ensures a safe and healthy work environment for all DC Water employees.

**BUDGET OVERVIEW:** The revised FY 2014 budget increased slightly by approximately \$0.03 million above the approved FY 2014 budget due to personnel services cost adjustments. The proposed FY 2015 budget is lower than the revised FY 2014 budget by \$0.04 million due to reductions in contractual services costs, offset in part by projected increases in personnel services costs.

	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
<b>Positions: (FTE's)</b>				
Number of authorized positions	10	10	10	10
Average number of positions filled	7			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	997	1,268	1,298	1,453
Overtime	0	2	2	2
<b>Non-Personnel Services:</b>				
Supplies	25	50	50	37
Utilities	21	25	25	32
Contractual Services, etc.	311	541	541	432
Small Equipment	43	10	10	10
<b>Total Non-Personnel Services</b>	399	626	626	511
<b>Total Operations &amp; Maintenance</b>	1,396	1,894	1,924	1,964
<b>Capital Equipment</b>				
<b>Targeted Performance Measures</b>	<b>FY 2013 Projection</b>	<b>FY 2014 Approved</b>	<b>FY 2014 Revised</b>	<b>FY 2015 Proposed</b>
Reportable accidents per hours worked (Reduce 10%) Target = 9.0	6.6	6.6	6.6	6.6
Lost time due to non-fatal accidents. Target = 2.7	2.7	2.7	2.7	2.7
No of time work stopped due to unplanned unsafe conditions. Target = 0	0.0	0.0	0.0	0.0
No of formally raised safety related employee concerns (reduce 20%)	9	9	9	9
No. of Workplace Violence Incidents	0	0	0	0
% of investigations closed out in 45 days. Target = 100%	100%	100%	100%	100%
No. of Vehicle Accidents (Prev). Target = 15	15	15	15	15

## OCCUPATIONAL SAFETY AND HEALTH

### OVERVIEW

#### FY 2014 Major Planned Activities and Changes

- Work in partnership with the operating departments to address the vulnerability assessments conducted in FY 2012 and FY 2013
- Provide program intended to improve core body strength, flexibility, and coordination of employees in an effort to reduce the number of slips, trips, falls, strains, and sprains
- Broaden the use of the Safety Risk System (SRS) based upon the implementation plan developed in FY 2013
- Augment emergency response programs
- Enhance the support to the in-house construction program
- Continue the Automated External Defibrillator (AED) program, including maintenance, installation of new units, monitoring, and registration with DC government
- Create stronger outreach/communication presence to inform and remind employees, contractors and guests about expectations and safe behaviors

#### FY 2015 Major Recommended Activities and Changes

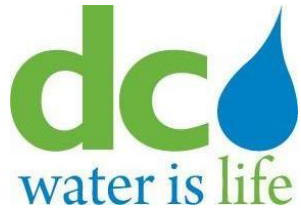
- Continue to provide support to the Office of Risk Management in the oversight of the Rolling Owner Controlled Insurance Program for DC Water Contractors
- Continue the AED program, including maintenance, installation of new units, monitoring, and registration with DC government
- Implement a new SRS contract by December 1, 2014 and train needed employees on system use by May 2015

#### Impact of Capital Projects on FY 2014 and FY 2015 Operating Expenditures

- Two additional positions were approved in FY 2013 to enhance the Rolling Owner Controlled Insurance Program (ROCIP) through increased safety monitoring and oversight of multiple construction projects initiated DC Water-wide

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**ASSISTANT  
GENERAL  
MANAGER  
Support Services**

<b>POSITIONS</b>				
<b>CURRENT</b>			<b>FY 2014</b>	<b>FY 2015</b>
<b>Authorized</b>	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
6	5	5	6	6

**FY 2015 Budget  
\$5,365,000**

**FLEET  
MANAGEMENT**

**Maintenance  
2 - Positions**

**Administrative  
3 - Positions**

**Acquisition  
1 - Position**

**FUNCTIONS**

- Preventive and repair maintenance
- Management of vehicles, equipment and parts
- Manage fleet maintenance contractor and vendors
- Manage the DC Water loaner pool program

**FUNCTIONS**

- Fleet Rightsizing – Process Improvements
- Contract monitoring
- Budget Management
- Performance Measurements - percent of uptime/availability
- Monitor fuel usage

**FUNCTIONS**

- Acquisition/Disposition of vehicles/equipment
- Inventory control
- Integration and retrofitting of vehicles

## FLEET MANAGEMENT

**MISSION:** To provide safe, reliable and cost effective vehicles and equipment to DC Water for use by all departments in performance of their missions.

**BUDGET OVERVIEW:** The revised FY 2014 budget is relatively flat compared to the approved FY 2014 budget. The proposed FY 2015 budget increase of \$0.4 million above the revised FY 2014 budget is primarily due to projected vehicle maintenance and repairs costs under contractual services.

	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
<b>Positions: (FTE's)</b>				
Number of authorized positions	6	6	6	6
Average number of positions filled	5			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	628	749	755	837
Overtime	2	1	1	2
<b>Non-personnel Services:</b>				
Supplies	10	12	12	11
Utilities	1,015	1,057	1,057	1,148
Contractual Services, etc.	2,719	3,016	3,016	3,284
Small Equipment	36	85	85	85
<b>Total Non-Personnel Services</b>	<b>3,781</b>	<b>4,169</b>	<b>4,169</b>	<b>4,528</b>
<b>Total Operations &amp; Maintenance</b>	<b>4,408</b>	<b>4,918</b>	<b>4,924</b>	<b>5,365</b>
<b>Capital Equipment</b>	<b>3,837</b>	<b>1,150</b>	<b>3,611</b>	<b>3,897</b>

Targeted Performance Measures	FY 2013 Projection	FY 2014 Approved	FY 2014 Revised	FY 2015 Proposed
Preventive maintenance completed on schedule	97%	96%	96%	97%
Vehicles available for use	96%	96%	97%	97%
DC Water Priority vehicle in-service	96%	96%	96%	96%

## FLEET MANAGEMENT

### OVERVIEW

#### FY 2014 Major Planned Activities and Changes

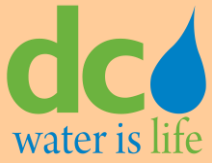
- Continue to purchase electric vehicles
- Continue to purchase fuel efficient vehicle/equipment
- Continue purchasing hybrid vehicles
- Continue to review DC Water vehicle operators driving records' "W" Endorsement program
- Complete implementation of the Fleet Management Information System (FMIS) for capturing and reporting of vehicle related information
- Continue the Vehicle Appearance Program
- Reduce fuel consumption
- Continue the "Right Sizing" program

#### FY 2015 Major Recommended Activities and Changes

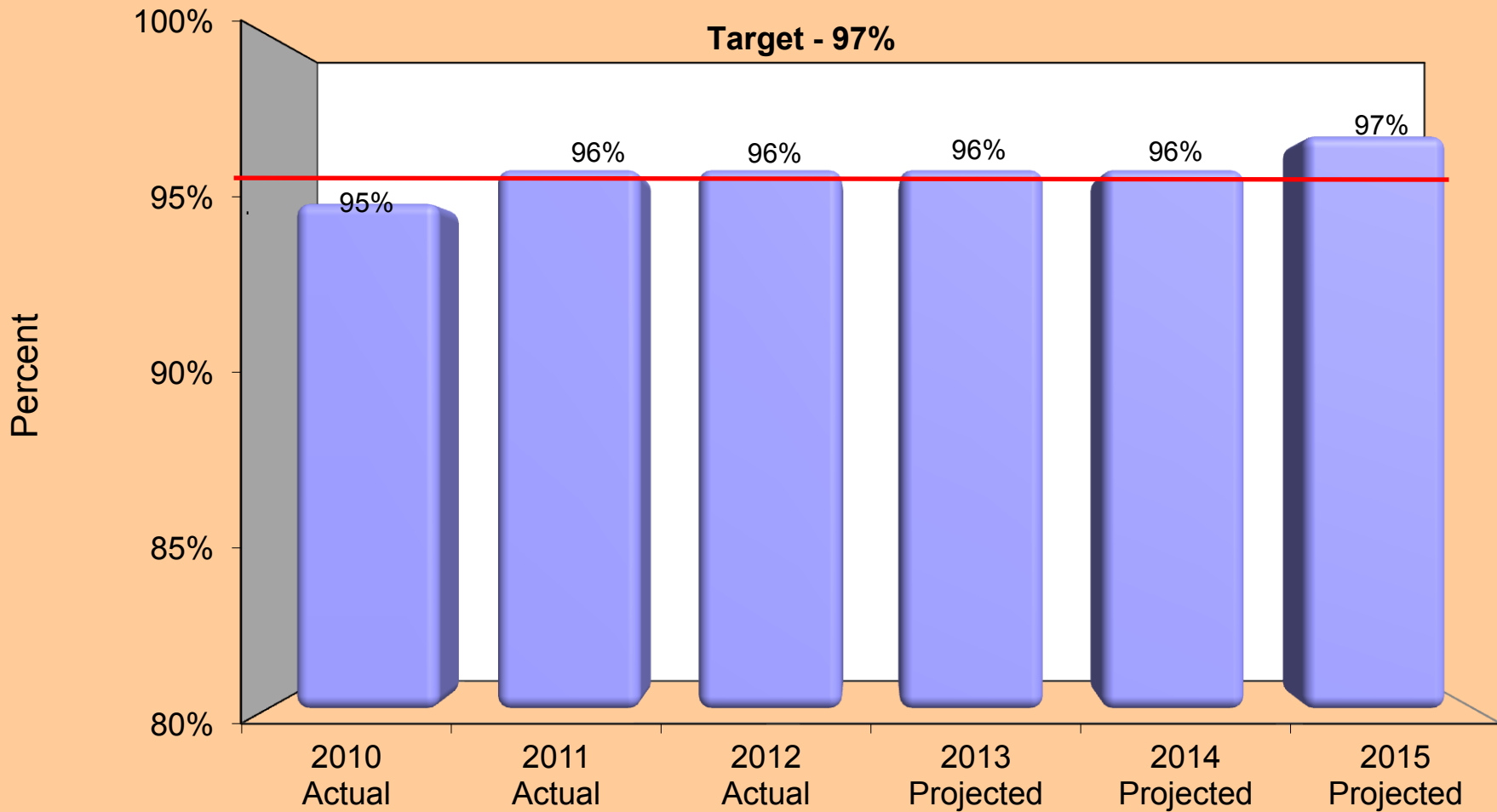
- Continue the "Right Sizing" program
- Continue purchasing fuel efficient vehicles
- Replace gasoline vehicles with electric where possible and practical
- Continue purchasing hybrid vehicles
- Continue the Vehicle Appearance Program

#### Impact of Capital Projects on FY 2014 and FY 2015 Operating Expenditures

- Increase in replacement of aging fleet inventory with fuel efficient vehicles/equipment
- Reduce vehicle downtime
- Reduce fuel usage
- Improve customer services/satisfaction



## Vehicle In-Service Percentage





**OPERATING  
BUDGETS**

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

**SECTION VIII  
GLOSSARY AND ACRONYMS**



## GLOSSARY

**ACCRUAL BASIS:** The method of accounting under which revenues are recorded when they are earned (whether or not cash is received at that time) and expenditures are recorded when goods and services are received (whether or not cash disbursements are made at that time).

**A/E CONTRACT:** Architectural and Engineering Contracts

**AERATION:** The process that forces compressed air into wastewater. The oxygen keeps the microorganisms alive and sets off a chain reaction; live, eat, and work. Oxygen is an essential ingredient in "activating" sludge.

**AMERICAN RECOVERY AND REINVESTMENT ACT:** Is an economic stimulus package enacted by the 111<sup>th</sup> United States Congress in February 2009. The stimulus was intended to create jobs and promote investment and consumer spending during the recession.

**ANAEROBIC DIGESTION:** A biological process that uses microorganisms to reduce the volume of biosolids.

**APPROPRIATION:** An authorization by Congress, which permits officials to incur obligations and expend Authority resources. Appropriations are usually made for fixed amounts, which extend for a fiscal year. Appropriations for capital improvement projects, however, extend until completion, usually beyond the current fiscal year.

**ARBITRAGE:** The simultaneous purchase and selling of an asset in order to profit from a differential in the price. This usually takes place on different exchanges or marketplaces. Also known as a "riskless profit".

**ASSETS:** Property with monetary value owned by the Authority.

**AUDIT:** An independent systematic examination of resource utilization concluding in a written report. It is a test of management's internal accounting records. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements.

**AUTOMATED METER READING (AMR):** System that automatically read customers' meters using radio frequencies, allowing for more accurate and frequent meter readings and transfer of data to a central database for billing and analysis.

**BALANCED BUDGET:** A budget in which the income equals expenditure.

**BIOCHEMICAL OXYGEN DEMAND (BOD):** An indicator of the amount of biodegradable contaminants in wastewater.

**BIOSOLIDS:** Sludge that has been treated to reduce pathogens, organics, and odors, forming a reusable agricultural product.

**BLUE PLAINS ADVANCED WASTEWATER TREATMENT PLANT:** Located in Washington, DC, Blue Plains is the world's largest advanced wastewater treatment plant, and has a permitted capacity of 370 million gallons per day.

**BOARD OF DIRECTORS:** DC Water's governing board (the Board), which includes 11 primary members, six members from the District of Columbia, two members each from Montgomery and Prince George's Counties in Maryland, and one member from Fairfax County, Virginia.

**BOND:** An obligation issued by DC Water promising to pay a specified sum of money (called principal or face value) at a specified future date (called the maturity date) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically issued to fund specific capital improvement expenditures.

**BUDGET:** A plan of financial operations including an estimate of proposed expenditures and revenues for a fiscal period. The budget establishes funding levels for continuing service programs, operation and maintenance of public facilities, and principal and interest payments on bonded indebtedness. Recurring replacement of capital outlay and minor new capital outlay items are included.

**CAPACITY MANAGEMENT OPERATION and MAINTENANCE (CMOM):** A standard framework for municipal sewer collection systems to identify and incorporate widely-accepted wastewater industry practices to meet regulatory compliance.

**CAPITAL BUDGET:** A plan for investment in long-term assets such as buildings, plant, and equipment. DC Water's capital budget includes project schedules and funding needed to acquire, improve or construct properties or facilities to enhance water and sewer services to our customers.

**CAPITAL EQUIPMENT:** A capital asset with a useful life of at least 3 years, a cost exceeding \$5,000 and is financed with short-term debt or cash. Examples include rolling stock and computer equipment.

**CAPITAL IMPROVEMENT PROGRAM (CIP):** A plan, which identifies the nature, schedule and cost of long-term improvements to DC Water's infrastructure.

**CERIDIAN:** DC Water's fully integrated payroll and personnel system designed to accommodate a variety of pay, leave, and work rules and to provide a comprehensive set of human resource applications.

**CHLORAMINATION:** The process of adding chloramines to drinking water. Chloramine, a form of chlorine and ammonia, is used as a disinfectant by the Washington Aqueduct.

**CLEAN RIVERS IMPERVIOUS AREA CHARGE:** DC Water uses information contained in the District of Columbia's GIS plainmetric database, which includes tax and property records to determine impervious surface areas. (All surfaces are classified as either pervious or impervious). An impervious charge is billed to DC Water customers based on Equivalent Residential Unit (ERU). This is the amount of impervious surface area measured in square feet based on a statistical median for a single family residential property.

**CLEAN WATER ACT (CWA):** Act passed by the U.S. Congress in 1972 to control water pollution.

**COMBINED SEWER OVERFLOWS (CSO):** Discharge of untreated wastewater (a mixture of storm water and sanitary waste) directly to waterways during periods of significant rainfall.

**COMBINED SEWER OVERFLOW LONG-TERM CONTROL PLAN (CSO LTCP):** This Program encompasses projects designed to reduce overflows into the local waterways by 98%, and is now known as the Clean Rivers Project.

**COMBINED SEWER SYSTEM LONG-TERM CONTROL PLAN (CSS LTCP):** Final plan submitted by DC Water in July 2002 and approved by EPA in March 2005 to control Combined Sewer Overflow (CSO's) to the Districts waterways.

**COMMERCIAL PAPER:** Short-term (less than 270 days) notes issued by DC Water to provide interim financing of its capital improvement program. Commercial paper typically carries lower interest rates than long-term debt and is issued on a subordinate basis.

**CUSTOMER INFORMATION SYSTEM (CIS):** System which DC Water utilizes for customer billing and information and other related services.

**DC CLEAN RIVERS PROJECT:** New name for the COMBINED SEWER OVERFLOW LONG TERM CONTROL PLAN (CSO LTCP), which is a program that encompasses projects designed to reduce overflows into the local waterways by 98%.

**DEBT RATING:** An independent opinion, based on a comprehensive quantitative and qualitative evaluation, of a company's financial position, operating performance, business profile and management. Specifically, the debt rating reflects a company's ability to meet its obligations to repay interest and principal on outstanding obligations to investors. DC Water's bond ratings provided by Moody's Investors Service, Standard & Poor's and Fitch Ratings are Aa3, AA-, AA-, respectively.

**DEBT SERVICE:** Amount of money necessary to pay principal and interest on senior outstanding notes and bonds in any given fiscal year.

**DEBT SERVICE COVERAGE:** Requirement of DC Water's master trust indenture and Board policy that provides that annual revenue available to pay debt service must exceed annual debt service by a certain percentage. DC Water's master trust indenture requires 120 percent senior debt service coverage; DC Water Board policy requires 140 percent senior debt service coverage.

**DEAMMONIFICATION:** Involves Anammox bacteria working synergistically with Ammonia Oxidizing Bacteria to oxidize ammonia without organic carbon to produce nitrogen gas.

**EFFLUENT:** Treated wastewater discharged from the Blue Plains Advanced Wastewater Treatment Plant.

**ENABLING ACT:** Legislation which established DC Water and defined its purpose and authority. DC Water's enabling legislation was initially enacted in 1996.



**ENCUMBRANCES:** Obligations in the form of purchase orders, contracts or salary commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid or when an actual liability is released.

**ENHANCED NITROGEN REMOVAL FACILITY:** This Program Area represents the new name for the Total Nitrogen Program (BTN) which includes projects for new facilities and upgrades to existing facilities needed at Blue Plains to meet the total nitrogen discharge limit that has been included in DC Water's 2010 NPDES permit.

**ENTERPRISE FUND:** A fund established to finance and account for the acquisition, operation, and maintenance of governmental facilities and services, which are entirely or predominantly self-supporting by user charges. This type of fund uses the accrual basis of accounting. DC Water is responsible for two enterprise funds:

- 1) Water and Sewer Enterprise Fund
- 2) The District of Columbia Stormwater Enterprise Fund

**ENVIRONMENTAL PROTECTION AGENCY (EPA):** Federal agency responsible for environmental regulations and enforcement.

**EXPENDITURES:** Payment for goods and services received.

**FABRIDAM:** A dynamic weir (or dam) that inflates and deflates depending on the structure set point. Set points vary from structure to structure.

**FISCAL YEAR:** The twelve-month period used by DC Water which begins October 1 and ends September 30 of the following calendar year.

**FIXED ASSET:** Long-lived property owned by an entity that is used by an entity in the production of its income. Tangible fixed assets include real estate, plant, and equipment.

**GENERAL OBLIGATION DEBT:** This is money that DC Water still owes the District of Columbia for bond issuance prior to the enabling act that created DC Water

**IMPERVIOUS SURFACE:** an area that impedes or retards the percolation of water into the subsoil and impedes plant growth. Impervious surfaces include but are not limited to the following: roofprints, footprints of patios, driveways, private streets, other paved areas, tennis courts, and swimming pools, and any path or walkway that is covered by impervious material.

**INFRASTRUCTURE:** DC Water's facilities, services, and installations needed for its functioning, such as its water, sewer and customer delivery systems.

**INTER-MUNICIPAL AGREEMENT OF 1985 (IMA):** This agreement outlines the operating and financial responsibilities for wholesale wastewater treatment services at Blue Plains. Signatories to the IMA include the District of Columbia, Montgomery and Prince George's Counties in Maryland, Fairfax County, Virginia, and the Washington Suburban Sanitary Commission.

**INTERCEPTORS:** The large pipes that convey wastewater from the collection system to DC Water's wastewater treatment plant, Blue Plains.

**INTERNAL IMPROVEMENT PLAN (IIP):** Operational improvement plans for various operating departments across DC Water that will result in improved service and cost savings to DC Water's customers. Proposed improvements are a function of new capital projects, investments in technology, and new business processes. IIP's have been developed for the Departments of Wastewater Treatment, Maintenance Services, and Customer Service, and are in process for the Departments of Water and Sewer Services.

**INVERTED BLOCK RATE STRUCTURES:** Is a schedule of rates applicable to blocks of increasing usage in which the usage in each succeeding block is charged at a higher unit rate than in the previous blocks. Generally, each successive block rate may be applicable to a greater volume of water delivery than the preceding block(s).

**JOINT USE SEWERAGE FACILITIES:** A list of specific facilities identified in the DC Official Code, Section #34-2202.01(4).

**LOW IMPACT DEVELOPMENT (LID):** Integrates ecological and environmental considerations into all phases of urban planning, design and construction in order to avoid encroaching on environmentally fragile or valuable lands, and to decrease runoff volumes and peak flow impacts.

**LOCAL SMALL DISADVANTAGED BUSINESS ENTERPRISE (LSDBE):** Business entities that are encouraged to do business in the District through supportive legislation, business development programs, and agency and public/private contract compliance.

**MASTER FACILITIES PLAN:** A twenty-year plan that outlines proposed capital improvements across DC Water. This plan is updated every three to five years.

**MUNICIPAL SEPARATE STORM SEWER SYSTEM (MS4):** A regulatory program for controlling stormwater pollution.

**NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM (NPDES):** A permit issued by the EPA that governs effluent discharges into various rivers and waterways by Blue Plains and DC Water's sewer system.

**NITRIFICATION:** An aerobic process in which bacteria changes the ammonia and organic nitrogen in wastewater into oxidized nitrogen.

**NINE MINIMUM CONTROLS (NMC):** Nine EPA-designated activities that DC Water must undertake to reduce Combined Sewer Overflow (CSO) while implementing its Long Term Control Plan (LTCP).

**OPERATING RESERVE:** Reserve established by the Board of Directors equivalent to approximately 180 days' operating and maintenance expenses.

**OPERATING BUDGET:** The budget that encompasses the day-to-day activities for DC Water. The operating budget includes employee salaries, supplies, and other non-personnel items related to current activities. The operating budget also includes other costs including debt service and payment in lieu of taxes/right of way fees.

**OPERATIONS & MAINTENANCE (O&M):** The activities related to the performance of routine, preventive, and predictive, actions aimed at preventing DC Water's equipment and infrastructure from failure or decline, with the goal of increasing efficiency, reliability, and safety.

**OUTFALL:** The place or structure where effluent is discharged into receiving waters.

**PAYMENT IN LIEU of TAXES (PILOT):** Amounts which DC Water pays each fiscal year to the District and institutions in which its facilities are located. Consistent with the provisions of DC Water's Enabling Act, these payments are to be based on services received and certified from the District of Columbia.

**PLANT RESIDUALS:** In 2003, the EPA issued a revised NPDES permit to the Washington Aqueduct (WAD) and entered into a Federal Facilities Compliance Agreement (the federal agency equivalent of an Administrative Order) requiring WAD, to have in operation, by Dec 31, 2009, a new process, which dewateres the residuals on site and trucks them off-site for disposal.

**POTOMAC INTERCEPTOR:** Fifty-mile interceptor that carries wastewater from Loudoun and Fairfax Counties in Virginia and Montgomery County in Maryland to Blue Plains.

**PRIMARY TREATMENT:** A wastewater treatment process that allows those substances in wastewater that readily settles or floats to be separated from the water being treated.

**PRINCIPAL:** The total amount of money being borrowed or lent.

**PROCESS COMPUTER CONTROL SYSTEM (PCCS):** Electronically monitors and controls all treatment processes and facilities.

**RATE STABILIZATION FUND:** A fund established by the Board of Directors, which is used to implement rate increases on a gradual and predictable basis.

**RESERVES:** An accounting entry that properly reflects contingent liabilities.

**REVENUE:** An increase in (sources of) fund financial resources other than from inter-fund transfers and debt issue proceeds. Revenues should be classified by fund and source.

**REVENUE BONDS:** Bonds payable from specific source of revenue and which do not pledge the full faith and credit of the issuer.

**RIGHT-OF-WAY FEE (ROW):** A permit fee that the District of Columbia Government charges DC Water for water and sewer conduits that it occupies within the District of Columbia.

**SAFE DRINKING WATER ACT (SDWA):** Act passed by the U.S. Congress (most recently amended in 1996) to control drinking water quality.

**SECONDARY TREATMENT:** Usually following primary treatment, secondary treatment employs microorganisms to reduce the level of biochemical oxygen demand (BOD) in wastewater.

**SENIOR DEBT:** Debt whose terms in the event of bankruptcy require it to be repaid before subordinated debt receives any payment.

**SLUDGE:** Solid residue from wastewater treatment.

**SUPPLEMENTAL ENVIRONMENTAL PROJECT (SEP):** A project DC Water is funding as part of its nine minimum control (NMC) CSO consent order.

**SUBORDINATED DEBT:** Debt over which senior debt takes priority. In the event of bankruptcy, subordinated debtholders receive payment only after senior debt claims are paid in full.

**SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA):** Equipment and computer technology used to monitor and control the water distribution and wastewater conveyance systems.

**WASHINGTON AQUEDUCT:** A division of the U.S. Army Corps of Engineers which owns and operates the water treatment facilities for DC Water, Arlington and Falls Church, Virginia. DC Water purchases treated drinking water on a wholesale basis from the Washington Aqueduct, and is responsible for approximately 73 percent of the Aqueduct's costs.

## ACRONYMS

**ADA:** AMERICANS WITH DISABILITY ACT

**AED:** AUTOMATED EXTERNAL DEFIBRILLATOR

**AMSA:** ASSOCIATION OF METROPOLITAN SEWERAGE AGENCIES

**AMR:** AUTOMATIC METER READING

**ANC:** ADVISORY NEIGHBORHOOD COMMISSION

**BAB's:** BUILD AMERICA BONDS

**BOD:** BIOCHEMICAL OXYGEN DEMAND

**CAFR:** COMPREHENSIVE ANNUAL FINANCIAL REPORT

**CAP:** CUSTOMER ASSISTED PROGRAM

**CHP:** COMBINED HEATING POWER

**CIP:** CAPITAL IMPROVEMENT PROGRAM

**CIS:** CUSTOMER INFORMATION SYSTEM

**CMOM:** CAPACITY MANAGEMENT OPERATION and  
MAINTENANCE

**COBRA:** THE CONSOLIDATED OMNIBUS BUDGET  
RECONCILIATION ACT OF 1985

**COF:** CENTRAL OPERATIONS FACILITY

**COG:** COUNCIL OF GOVERNMENT

**COTR:** CONTRACTING OFFICER TECHNICAL REPRESENTATIVES

**CSO:** COMBINED SEWER OVERFLOWS

**CSO LTCP:** COMBINED SEWER OVERFLOW LONG-TERM  
CONTROL PLAN

**CSS LTCP:** COMBINED SEWER SYSTEM LONG-TERM CONTROL  
PLAN

**CSP:** COMPREHENSIVE SAFETY PROGRAM

**CSRS:** CIVIL SERVICE RETIREMENT SYSTEM

**CWA:** CLEAN WATER ACT

**CWSFR:** CLEAN WATER STATE REVOLVING FUND

**DDOE:** DISTRICT DEPARTMENT OF ENVIRONMENT

**DETS:** DEPARTMENT OF ENGINEERING AND TECHNICAL  
SERVICES

**DRBCP:** DISASTER RECOVERY AND BUSINESS CONTINUITY  
PLAN

**DSS:** DEPARTMENT OF SEWER SERVICES

**DWS:** DEPARTMENT OF WATER SERVICES

**DWWT:** DEPARTMENT OF WASTEWATER TREATMENT

**EBU:** EQUIVALENT BILLING UNIT

**EDMC:** ENGINEERING DOCUMENT MANAGEMENT AND CONTROL

**IIP:** INTERNAL IMPROVEMENT PLAN

**EEOC:** EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

**EMA:** EMERGENCY MANAGEMENT AGENCY

**ENRF:** ENHANCED NITROGEN REMOVAL FACILITIES

**EOC:** EMERGENCY OPERATIONS CENTER

**EPA:** ENVIRONMENTAL PROTECTION AGENCY

**ERDMS:** ENTERPRISE RECORDS AND DOCUMENT MANAGEMENT SYSTEM

**ERU:** EQUIVALENT RESIDENTIAL UNIT

**ESF:** EMERGENCY SUPPORT FUNCTION

**FOG:**FAT OIL AND GREASE

**GFOA:** GOVERNMENT FINANCE OFFICERS ASSOCIATION

**GICD:** GREEN INFRASTRUCTURE CONSENT DECREE

**GIS:** GEOGRAPHICAL INFORMATION SYSTEM

**HPRP:** HIGH PRIORITY REHABILITATION PROGRAM

**HUNA:** HIGH USAGE NOTIFICATION APPLICATION

**HVAC:**HEATING VENTILATION AND AIRCONDITIONING

**IAC:** IMPERVIOUS AREA CHARGE

**IFB:** INVITATION FOR BID

**IVR:** INTERACTIVE VOICE RESPONSE

**IIP:** INTERNAL IMPROVEMENT PLAN

**IVR:** INTERACTIVE VOICE RESPONSE

**JUDD:** JOINT UTILITY DISCOUNT DAY

**LID:** LOW IMPACT DEVELOPMENT

**LOTO:** LOG OUT TAG-OUT

**LSDBE:** LOCAL SMALL DISADVANTAGED BUSINESS ENTERPRISE

**LSR:** LEAD SERVICE REPLACEMENT

**LTCP:** LONG TERM CONTROL PLAN

**MBE:** MINORITY BUSINESS ENTERPRISE

**MGD:** MILLION GALLONS PER DAY

**MOU:** MEMORANDUM OF UNDERSTANDING

**MPT:**MAIN PROCESS TRAIN

**MS4:** MUNICIPAL SEPARATE STORM SEWER SYSTEM

**NEB:** NORTH EAST BOUNDARY

**NMC:** NINE MINIMUM CONTROLS

**NPDES:** NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

**IMA:** INTER-MUNICIPAL AGREEMENT

**O&M:** OPERATIONS & MAINTENANCE

**OCIP:** OWNER CONTROLLED INSURANCE PROGRAM

**PACT:** POSITIVE ATTITUDE, ACCOUNTABILITY, COMMUNICATION AND TEAMWORK

**PCCS:** PROCESS COMPUTER CONTROL SYSTEM

**PILOT:** PAYMENT IN LIEU OF TAXES

**PM:** PREVENTIVE MAINTENANCE

**PPM:** PARTS PER MILLION

**PSA:** PUBLIC SERVICE ANNOUNCEMENT

**PBS:** PUBLIC BROADCASTING SERVICE

**PDMS:** PAYABLES DOCUMENT MANAGEMENT SYSTEMS

**RFQ:** REQUEST FOR QUOTATION

**RFP:** REQUEST FOR PROPOSAL

**ROCIP:** ROLLING OWNER CONTROLLED INSURANCE PROGRAM

**RSF:** RATE STABILIZATION FUND

**SCADA:** SUPERVISORY CONTROL AND DATA ACQUISITION

**SDWA:** SAFE DRINKING WATER ACT

**SEP:** SUPPLEMENTAL ENVIRONMENTAL PROJECT

**SOX:** SARBANES OXLEY ACT

**SPLASH:** SERVING PEOPLE BY LENDING A SUPPORTING HAND

**SSO:** SANITARY SEWER OVERFLOW

**TEAMS:** TOTAL ENTERPRISE ASSET MANAGEMENT SYSTEM

**TMDL:** TOTAL MAXIMUM DAILY POLLUTANT LOADS

**ULSD:** ULTRA LOW SULFUR DIESEL

**VAV:** VARIABLE AIR VOLUME

**VEP:** VALVE EXERCISE PROGRAM

**VIT:** VEHICLE INFORMATION TRANSMITTER

**WBE:** WOMEN BUSINESS ENTERPRISE

**WSSC:** WASHINGTON SUBURBAN SANITARY COMMISSION

**WAD:** WASHINGTON AQUEDUCT