



# Proposed FY2024 – FY2033 Capital Improvement Program

Environmental Quality & Operations Committee

February 15, 2024

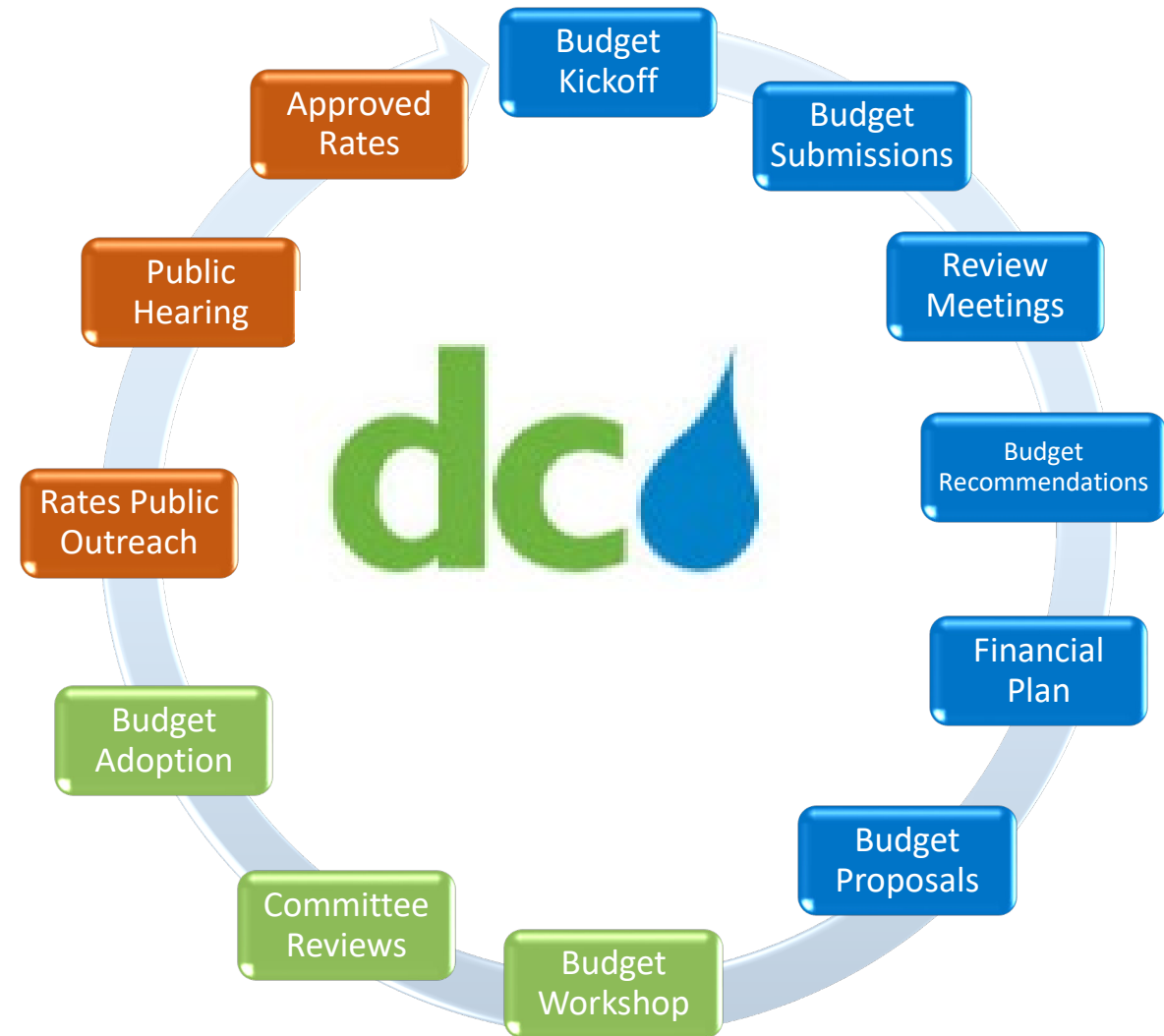


Matthew Brown, Chief Financial Officer and EVP Finance,  
Procurement



- Review the management's budget proposal
- Obtain committee's recommendation to the Board on the following:
  - Proposed FY 2024 – FY 2033 Capital Improvement Program (disbursements and lifetime), including amendments to the FY 2024 Capital Disbursements budget

- **Preparation** of Proposed Budget ✓
- Board review of proposals
  - Two months of detailed review by Finance and Budget, Environmental Quality and Operations, and Retail Rates Committees
- Customer **Briefings** and **Feedback**
  - Wholesale Customer Briefing ✓
  - Office of People’s Counsel Budget Briefing ✓
  - Town Halls
- Board **Budget Adoption** on March 7, 2024
- **Public Hearing** on May 9, 2024
- **Board adoption** of rates on July 3, 2024
- Fiscal year begins on October 1, 2024





# Budget & Rates Adoption Calendar

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

- The Board of Directors has the sole authority to adopt DC Water's budget
- When DC Council established DC Water, they emphasized the importance of need for independent financial control in DC Code § 34–2201.01:
  - **(3)** The **financing requirements** for water distribution and sewage collection, treatment, and disposal systems, including the ability to fund capital programs without undue reliance on the general obligation credit of the District, are substantial and **require financial resources independent of other District funds**
  - **(4)** Creation of an **independent authority** with secure funding **separated** from the District's General Fund to oversee water and sewer operations for the District and surrounding jurisdictions will **enhance the financial viability of water distribution and sewage collection, treatment, and disposal systems in the District and enhance the District's ability to meet its statutory obligation to provide sanitary sewer services to the surrounding jurisdictions**
  - **(7)** It is in the **best interest** of the District, its citizens, and the surrounding jurisdictions that the Council establish an **independent water and sewer authority** to achieve the following goals and objectives
    - **(B)** To expedite the repair, replacement, rehabilitation, modernization, and extension of existing water distribution and sewage collection, treatment, and disposal systems **including the financing, on a self-sustaining basis, of capital and operating expenses** relating thereto

- DC Council and the U.S. Congress enacted legal requirements for DC Water's budget:
  - **7 affirmative [Board member] votes shall be required for approval of the Authority's budget.** See D.C. Law 11-111; D.C. Code § 34-2202.04(b)(4)(j)
  - The District of Columbia Water and Sewer Authority established pursuant to Chapter 22 of Title 34 shall prepare and annually submit to the Mayor, for inclusion in the annual budget, annual estimates of the expenditures and appropriations necessary for the operation of the Authority for the year. All such estimates shall be forwarded by the Mayor to the Council for its action pursuant to §§ 1-204.46 and 1-206.03(c), **without revision but subject to his recommendations.** Notwithstanding any other provision of this chapter, the **Council may comment or make recommendations** concerning such annual estimates but **shall have no authority under this chapter to revise such estimates.** See Pub. L. 104-184, § 4(a); D.C. Code § 1-204.45a(a)



# Management's Recommendation: Ten-Year CIP

- The **proposed ten-year CIP budget of \$7.74B** includes annual spending estimates for capital construction, capital equipment and DC Water's share of the Aqueduct's capital projects
  - This is a \$792M increase over the Board-approved CIP for the ten-year period
- The **proposed lifetime budget is \$16.1B** and covers total commitments, including labor, for active projects prior to, during, and beyond the ten-year window

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

# DC Water Budget Overview

FY2024-2033 Proposed Capital Investments of \$7.7 billion

\$1.17 billion



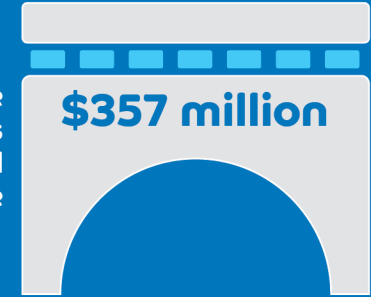
Fully funds DC Clean Rivers projects to meet Consent Decree requirements



\$347 million

Invests in process equipment, specialized vehicles, and information technology infrastructure

Invests in the Aqueduct's capital infrastructure



\$357 million

## Continues investment in Water & Sewer infrastructure



\$732M

To continue lead service line replacements



\$1.62 billion

Ramps up to 1.5% replacement for small diameter water mains per year



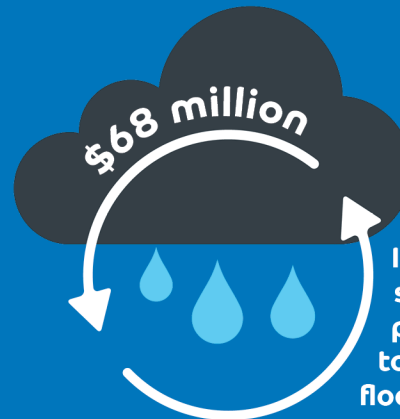
\$1.92 billion

Ramps up to 1% rehabilitation for small/local sewer lines per year

\$197 million



Renovates Non-Process Facilities including the Historic Main Pump Station, Bryant Street Pump Station, non-process buildings at Blue Plains, laboratory upgrades, and solar installations



\$68 million

Improves stormwater pump stations to relieve local flooding

\$1.33 billion

Funds rehabilitation and upgrades at Blue Plains







# Action Item: Proposed CIP Budget

## **ACTION ITEM: FY 2024 – FY 2033 Proposed Capital Improvement Program (Ten-Year Disbursement Plan and Lifetime Budget)**

DC Water presents its capital improvement program on two different bases:

- a. **Ten-Year Disbursement Plan** – The cash disbursement-based capital plan is utilized to forecast the timing and amount of capital financing, which is the primary basis for projected retail rate increases.
- b. **Lifetime Budget** – The project lifetime budget reflects the total costs of each project active during the ten-year planning period. These costs include historical and projected spending, project contingencies, and labor (listed as a separate line item).

As shown in Attachment A-1, the Board of Directors will be asked to approve the following:

1. **FY 2024 – FY 2033 Disbursement Plan** – \$7.74 billion, including the Proposed Revised FY 2024 budget of \$514.7 million
2. **Lifetime Budget** – \$16.08 billion

	FY 2024 - FY 2033 Disbursement Plan											Last Years	(Increase)/	Lifetime
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	10-yr Total	10-yr	Decrease	Budget
Facility Land Use	\$13,074,148	\$19,899,722	\$25,189,941	\$27,460,830	\$17,774,560	\$35,413,360	\$23,100,090	\$13,282,590	\$14,977,360	\$7,345,430	\$197,518,032	\$141,245,733	(\$56,272,299)	\$362,044,066
<b>NON PROCESS FACILITIES</b>	<b>\$13,074,148</b>	<b>\$19,899,722</b>	<b>\$25,189,941</b>	<b>\$27,460,830</b>	<b>\$17,774,560</b>	<b>\$35,413,360</b>	<b>\$23,100,090</b>	<b>\$13,282,590</b>	<b>\$14,977,360</b>	<b>\$7,345,430</b>	<b>\$197,518,032</b>	<b>\$141,245,733</b>	<b>(\$56,272,299)</b>	<b>\$362,044,066</b>
Liquid Processing	\$31,048,728	\$37,484,373	\$62,214,984	\$82,863,496	\$90,298,000	\$109,684,150	\$99,566,930	\$106,730,770	\$64,331,770	\$59,904,400	\$744,127,601	\$625,265,688	(\$118,861,913)	\$1,383,302,353
Plantwide	\$21,440,084	\$35,956,649	\$43,146,688	\$49,890,832	\$43,836,600	\$45,110,650	\$27,192,330	\$18,601,890	\$3,488,790	\$3,152,650	\$291,817,163	\$301,808,762	\$9,991,599	\$542,511,511
Solids Processing	\$11,166,208	\$28,652,274	\$27,041,176	\$10,790,136	\$29,141,904	\$31,597,830	\$34,274,930	\$38,154,170	\$23,316,940	\$11,608,670	\$245,744,238	\$203,857,210	(\$41,887,028)	\$985,127,586
Enhanced Nitrogen Removal Facilities	\$1,495,382	\$1,198,170	\$1,084,272	\$2,598,760	\$1,324,256	\$8,244,470	\$24,198,440	\$11,320,200	\$449,580	\$0	\$51,913,531	\$49,948,854	(\$1,964,676)	\$437,837,932
<b>WASTEWATER TREATMENT</b>	<b>\$65,150,402</b>	<b>\$103,291,467</b>	<b>\$133,487,120</b>	<b>\$146,143,224</b>	<b>\$164,600,760</b>	<b>\$194,637,100</b>	<b>\$185,232,630</b>	<b>\$174,807,030</b>	<b>\$91,587,080</b>	<b>\$74,665,720</b>	<b>\$1,333,602,533</b>	<b>\$1,180,880,515</b>	<b>(\$152,722,018)</b>	<b>\$3,348,779,382</b>
DC Clean Rivers Program	\$118,913,096	\$204,033,452	\$220,390,158	\$212,583,113	\$189,056,663	\$147,147,462	\$77,719,333	\$0	\$0	\$0	\$1,169,843,276	\$962,607,417	(\$207,235,859)	\$3,266,221,697
Combined Sewer Overflow Program	\$4,879,708	\$9,374,524	\$10,932,822	\$4,031,919	\$4,693,032	\$7,652,799	\$14,643,837	\$4,040,802	\$0	\$0	\$60,249,443	\$100,267,378	\$40,017,935	\$164,526,690
<b>COMBINED SEWER OVERFLOW</b>	<b>\$123,792,803</b>	<b>\$213,407,976</b>	<b>\$231,322,980</b>	<b>\$216,615,032</b>	<b>\$193,749,695</b>	<b>\$154,800,261</b>	<b>\$92,363,170</b>	<b>\$4,040,802</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,230,092,719</b>	<b>\$1,062,874,795</b>	<b>(\$167,217,924)</b>	<b>\$3,430,748,387</b>
Storm Local Drainage Program	\$491,379	\$3,461,292	\$2,886,366	\$430,646	\$424,035	\$226,443	\$264,562	\$302,681	\$324,394	\$302,681	\$9,114,479	\$10,920,503	\$1,806,024	\$38,639,859
Storm On-Going Program	\$224,568	\$574,996	\$642,534	\$846,220	\$1,083,740	\$1,287,260	\$935,100	\$500,000	\$500,000	\$500,000	\$7,094,418	\$7,566,163	\$471,745	\$11,553,151
Storm Pumping Facilities	\$4,847,323	\$8,068,698	\$2,692,739	\$1,050,183	\$3,024,225	\$1,754,650	\$5,497,260	\$8,490,700	\$5,507,390	\$3,747,260	\$44,680,428	\$46,083,172	\$1,402,744	\$64,226,628
Stormwater Program Managemet	\$1,287,865	\$851,352	\$337,770	\$0	\$0	\$0	\$0	\$138,240	\$439,760	\$680,880	\$3,735,867	\$3,242,574	(\$493,293)	\$13,678,204
Stormwater Trunk/Force Sewers	\$441,724	\$608,525	\$1,398,672	\$1,477,017	\$0	\$0	\$0	\$0	\$0	\$0	\$3,925,938	\$4,428,226	\$502,288	\$28,976,732
<b>STORMWATER</b>	<b>\$7,292,860</b>	<b>\$13,564,862</b>	<b>\$7,958,081</b>	<b>\$3,804,066</b>	<b>\$4,532,000</b>	<b>\$3,268,353</b>	<b>\$6,696,922</b>	<b>\$9,431,621</b>	<b>\$6,771,544</b>	<b>\$5,230,821</b>	<b>\$68,551,129</b>	<b>\$72,240,638</b>	<b>\$3,689,509</b>	<b>\$157,074,574</b>
Sanitary Collection System	\$6,087,171	\$26,323,390	\$36,509,534	\$26,783,380	\$35,728,446	\$108,246,910	\$82,941,630	\$61,528,530	\$113,098,870	\$95,611,860	\$592,859,721	\$491,829,019	(\$101,030,702)	\$774,096,236
Sanitary On-Going Projects	\$13,397,969	\$14,489,438	\$13,643,343	\$13,383,880	\$16,037,200	\$29,818,230	\$26,474,270	\$26,465,890	\$26,963,810	\$26,176,970	\$206,851,000	\$155,609,676	(\$51,241,324)	\$292,096,297
Sanitary Pumping Facilities	\$3,639,346	\$7,259,350	\$9,040,344	\$5,374,521	\$9,016,038	\$18,035,170	\$20,116,590	\$20,951,460	\$32,230,670	\$27,351,080	\$153,014,569	\$201,000,160	\$47,985,591	\$236,064,444
Sanitary Program Management	\$7,495,225	\$3,382,364	\$5,193,600	\$7,889,814	\$10,130,481	\$9,192,210	\$6,269,290	\$748,620	\$0	\$0	\$50,301,604	\$77,312,817	\$27,011,213	\$171,900,257
Interceptor/Trunk Force Sewers	\$49,979,621	\$40,780,436	\$59,467,004	\$65,207,396	\$98,125,320	\$122,523,184	\$113,669,300	\$118,076,130	\$97,018,750	\$87,705,880	\$852,553,020	\$870,364,234	\$17,811,215	\$1,423,347,320
<b>SANITARY SEWER</b>	<b>\$80,599,332</b>	<b>\$92,234,977</b>	<b>\$123,853,825</b>	<b>\$118,638,991</b>	<b>\$169,037,485</b>	<b>\$287,815,704</b>	<b>\$249,471,080</b>	<b>\$227,770,630</b>	<b>\$269,312,100</b>	<b>\$236,845,790</b>	<b>\$1,855,579,913</b>	<b>\$1,796,115,906</b>	<b>(\$59,464,007)</b>	<b>\$2,897,504,554</b>
Water Distribution Systems	\$59,596,455	\$99,259,710	\$117,420,426	\$96,830,370	\$106,484,688	\$113,946,380	\$130,215,120	\$133,780,750	\$141,443,600	\$152,827,460	\$1,151,804,959	\$1,033,288,738	(\$118,516,220)	2,152,848,712
Lead Free DC Program	\$62,338,564	\$83,332,632	\$93,925,392	\$98,920,812	\$99,443,200	\$101,674,367	\$104,866,870	\$42,753,261	\$22,166,058	\$22,166,058	\$731,587,214	\$611,671,598	(\$119,915,616)	\$1,827,131,910
Water On-Going Projects	\$14,106,682	\$15,339,404	\$15,041,104	\$16,157,640	\$15,132,392	\$20,691,000	\$21,601,000	\$20,878,810	\$22,622,770	\$20,403,590	\$181,974,392	\$194,234,952	\$12,260,560	\$280,813,438
Water Pumping Facilities	\$6,276,940	\$8,130,624	\$8,562,160	\$6,142,860	\$7,451,730	\$5,688,940	\$3,625,010	\$1,785,530	\$0	\$0	\$47,663,793	\$57,295,042	\$9,631,249	\$84,432,273
Water Storage Facilities	\$7,461,655	\$5,812,826	\$7,836,632	\$21,093,345	\$31,911,237	\$26,562,030	\$18,875,870	\$8,037,130	\$33,647,710	\$32,582,080	\$193,820,515	\$59,898,591	(\$133,921,925)	\$306,733,553
Water Service Program Management	\$8,955,788	\$10,618,571	\$9,608,800	\$11,132,559	\$5,833,053	\$28,750	\$0	\$0	\$0	\$0	\$46,177,521	\$55,412,240	\$9,234,719	\$86,144,167
<b>WATER</b>	<b>\$158,736,084</b>	<b>\$222,493,766</b>	<b>\$252,394,514</b>	<b>\$250,277,586</b>	<b>\$266,256,300</b>	<b>\$268,591,467</b>	<b>\$279,183,870</b>	<b>\$207,235,481</b>	<b>\$219,880,138</b>	<b>\$227,979,188</b>	<b>\$2,353,028,393</b>	<b>\$2,011,801,161</b>	<b>(\$341,227,232)</b>	<b>\$4,738,104,052</b>
<b>CAPITAL PROJECTS</b>	<b>\$448,645,630</b>	<b>\$664,892,769</b>	<b>\$774,206,461</b>	<b>\$762,939,728</b>	<b>\$815,950,800</b>	<b>\$944,526,245</b>	<b>\$836,047,763</b>	<b>\$636,568,154</b>	<b>\$602,528,222</b>	<b>\$552,066,949</b>	<b>\$7,038,372,719</b>	<b>\$6,265,158,749</b>	<b>(\$773,213,970)</b>	<b>\$14,934,255,015</b>
METER REPLACEMENT	\$3,598,042	\$6,944,106	\$6,829,280	\$5,233,416	\$4,067,184	\$4,067,184	\$4,067,184	\$4,067,184	\$4,067,184	\$4,067,184	\$47,007,950	\$37,831,067	(\$9,176,883)	\$47,007,950
ERP System (Project Zeus)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$350,000	\$350,000	\$0
CAPITAL EQUIPMENT	\$26,937,000	\$24,532,395	\$25,009,725	\$25,289,725	\$33,102,229	\$33,102,229	\$33,102,229	\$33,102,229	\$33,102,229	\$33,102,229	\$300,382,217	\$309,209,100	\$8,826,883	\$300,382,217
WASHINGTON AQUEDUCT	\$35,546,040	\$35,769,600	\$35,769,600	\$35,769,600	\$35,769,600	\$35,769,600	\$35,769,600	\$35,769,600	\$35,769,600	\$35,769,600	\$357,472,440	\$338,518,000	(\$18,954,440)	\$357,472,440
<b>ADDITIONAL CAPITAL PROJECTS</b>	<b>\$66,081,082</b>	<b>\$67,246,101</b>	<b>\$67,608,605</b>	<b>\$66,292,741</b>	<b>\$72,939,013</b>	<b>\$72,939,013</b>	<b>\$72,939,013</b>	<b>\$72,939,013</b>	<b>\$72,939,013</b>	<b>\$72,939,013</b>	<b>\$704,862,607</b>	<b>\$685,908,167</b>	<b>(\$18,954,440)</b>	<b>\$704,862,607</b>
LABOR														\$443,166,477
<b>TOTAL CAPITAL BUDGETS</b>	<b>\$514,726,712</b>	<b>\$732,138,870</b>	<b>\$841,815,066</b>	<b>\$829,232,469</b>	<b>\$888,889,813</b>	<b>\$1,017,465,258</b>	<b>\$908,986,776</b>	<b>\$709,507,167</b>	<b>\$675,467,235</b>	<b>\$625,005,962</b>	<b>\$7,743,235,326</b>	<b>\$6,951,066,916</b>	<b>(\$792,168,410)</b>	<b>16,082,284,099</b>
Prior Year Board Approved CIP	\$604,670,700	\$784,063,681	\$838,249,154	\$859,187,756	\$892,646,051	\$841,454,213	\$677,036,073	\$507,646,685	\$444,676,243	\$0	\$6,951,067,266			
Delta (inc)/dec	\$89,943,988	\$51,924,811	(\$3,565,912)	\$29,955,287	\$3,756,238	(\$176,011,045)	(\$231,950,703)	(\$201,860,482)	(\$230,790,992)	(\$625,005,962)	(\$792,168,060)			