



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
CAPITAL IMPROVEMENT PROGRAM
APPROVED FY **2010-2019**



SECTION I
CIP Letter of Transmittal





FY 2010 - FY 2019 CAPITAL IMPROVEMENT PROGRAM
LETTER OF TRANSMITTAL

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY | 5000 OVERLOOK AVENUE, SW | WASHINGTON, DC 20032

February 3, 2011

Mr. William Walker, Chairman,
Members of the Board of Directors
and Mr. George Hawkins, General Manager
District of Columbia Water and Sewer Authority

We are pleased to transmit the District of Columbia Water and Sewer Authority's (DC Water) Capital Improvement Program (CIP) budget book as adopted by the DC Water Board of Directors at its regular meeting of February 3, 2011. These budgets are intended to meet the mandate provided for in District of Columbia Law 11-111, which specifies that "*...the Board shall annually develop, adopt and submit to the Mayor, a multi-year financial plan for Capital and Operating expenses ...*"

This book serves as a supplement to data contained in Section V of the Operating Book and provides more specific detail regarding each Service Area, including the specific projects that comprise each Program Area. We also provide Lifetime Budgets and annual disbursement estimates for the current planning period. We hope that this project specific information will help the reader understand the priority of each capital investment planned and the benefit to be shared by all of our customers.

As described in Sections I (*Budget in Brief*) and V of the Operating Book, the capital budgets include: a ten-year (FY 2010-2019) CIP disbursement budget, a Lifetime budget and a Capital Authority request. The CIP allocates billions of dollars in resources for important environmental and regulatory initiatives that will help improve the health of our surrounding waterways and reduce the carbon footprint of DC Water within the region. Many of our ongoing capital investments have already resulted in reduced energy use at the Blue Plains Wastewater Treatment Plant. In addition, we have achieved nitrogen reduction output levels below the requirements of the Chesapeake Bay Agreement and nearly 40 percent reductions in combined sewer overflows.

As shown in the table below, this approved budget includes: \$3.8 billion for our FY 2010 – FY 2019 CIP (10-year disbursement budget); \$7.9 billion for lifetime budget; and \$752.5 million in new Capital Authority request. This year's CIP generally continues

down the path established by the Board with the approval of last year's program. The ten-year disbursements remained flat at approximately \$3.8 billion, while the lifetime budget increased by \$402.1 million. Over 80 percent of the increase in the Lifetime budget is attributable to the Water and Sanitary Sewer Service Areas to continue the ramp-up approved in last year's budget supported by the 2009 Water and Sewer Facility Plans that identified critical needs in these areas.

Capital Improvement Program (CIP) Budget			
(\$ 000's)			
Program Area	10-Year Disbursement	Lifetime Budget	Capital Authority Request
Wastewater Treatment	1,402,604	2,644,081	72,035
Sanitary Sewer	436,655	835,165	56,798
Combined Sewer Overflow	1,125,047	2,671,963	513,853
Stormwater	21,839	61,958	1,343
Water System	612,873	1,400,215	78,279
Washington Aqueduct (DCWater share)	110,816	203,138	17,672
Capital Equipment	103,906	103,906	12,500
Total	3,813,740	7,920,426	752,480

We face a monumental task in managing a large and complex CIP. As we continue to meet the challenge of replacing an aging infrastructure, environmental mandates place additional demands on scarce resources; requiring continuous process improvement and technological advances. Team Blue staff members at DC Water continue to prove they are up to the challenges. The Clean Rivers Project (also known as the CSO Long Term Control Plan) is well on its way to reducing combined sewer overflows by 96 percent through an aggressive tunneling project along the Anacostia and Potomac rivers. Progress on other key projects continues, with contract procurement and site preparation work ongoing on the Enhanced Nitrogen Removal Facilities (ENRF) – BTN, and the biosolids (digester) projects. As noted in the operating budget book, the next generation of nitrogen removal projects under ENRF will break ground in 2011 after many years of planning. This project will allow Blue Plains to meet the newest federal permit requirements that go into effect in July 2014 for nitrogen as it already does for phosphorus. ENRF will operate in conjunction with the Clean Rivers Project, providing overall savings in capital investments. And the addition of anaerobic digestion and thermal hydrolysis for biosolids management will have the multiple

effect of create a better class of biosolids – Class A – reducing the amount of solid material to be hauled away each day by 50 percent (or about 30 fewer trucks on the road per day). Finally, this will generate clean, green renewable power that will generate about one third of the energy needs for DC Water each year!

Acknowledgements

Finally, we would like to thank our General Manager, George S. Hawkins, the Chairman of the Board, William H. Walker, and all DC Water Board members for their vision and tireless leadership as we worked on the development and adoption of a new ten-year capital plan. Our CIP represents a large investment for the Washington metropolitan region and we appreciate the diligence and support given by these leaders and the full Board of Directors as DC Water takes the steps necessary to address an aging infrastructure. We would also like to acknowledge all of the support from the hard working and dedicated professionals of the DC Water staff for the thoroughness and long hours required to gather all of the technical data, prioritize among very important requirements and propose a concise capital plan for Board presentation, review and adoption. With this blueprint forward, we will continue to support the delivery of clean water and sanitation through strategic capital investments while continuing our mantra of customer service excellence.

Sincerely,



Olu Adebo
Chief Financial Officer



Leonard Benson
Chief Engineer