

# Board of Directors

Finance and Budget Committee June 26, 2025 / 9:30am

Microsoft Teams meeting

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Meeting ID: 258 192 568 581 Passcode: k2HB9HM3

Call in (audio only) 202-753-6714, 636623879#

Phone Conference ID: 636 623 879#

L.	Cal	l to Order Anthony Giancola, Chairpersor
<u>)</u> .	Rol	I Call
3.	Ma	y 2025 Financial Report (Attachment 1)Lola Oyeyem
ŧ.	FY	2025 Mid-Year Projections (Attachment 2)
j.	Ins	urance Renewal Update (Attachment 3)Tanya DeLeor
ò.	Sur	mmer 2025 Financing Activities (Attachment 4)
7.		ion ItemsMatthew T. Brown
	A.	Recommendation for Approval of FY 2025 Use of Projection Net Cash Surplus (Attachment 5)
	В.	Recommendation for Approval of Liquidity Standby Bond Purchase Agreement in Support of VRDBs
		(Attachment 6)
	C.	Recommendation for Approval of Series 2014B Liquidity Extension Documents (Attachment 7)
		1. Resolution (Series 2014B)
		2. Extension Letters and Fee Agreement
	D.	Recommendation for Approval of Series 2025A & B Bond Resolutions and Related Documents

- 1. Resolution (Series 2025A&B)
- 2. Resolution (Series 2025C)

(Attachment 8)

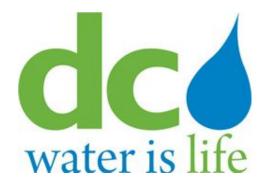
- 3. 36th Supplemental Indenture (Series 2025A&B)
- 4. 37th Supplemental Indenture (Series 2025C)
- 5. Bond Purchase Agreement (Series 2025A&B)
- 6. Bond Purchase Agreements (Series 2025C)
- 7. Preliminary Official Statement (Series 2025A&B)
- 8. Preliminary Official Statement (Series 2025C)
- 9. Escrow Agreement (Series 2025A)
- 10. Remarketing Agreements (Series 2025C)
- 11. SBPAs and Reimbursement Agreements (Series 2025C)

8.	Agenda for July 2025	Committee Meeting (	Attachment 9).	 .Anthony	<u>Giancola</u>
9.	Executive Session*			 .Anthony	Giancola
10.	Adjournment			 .Anthony	Giancola

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

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

#### **ATTACHMENT 1**



### Fiscal Year 2025

# Monthly Financial Report

Period Ending May 31, 2025

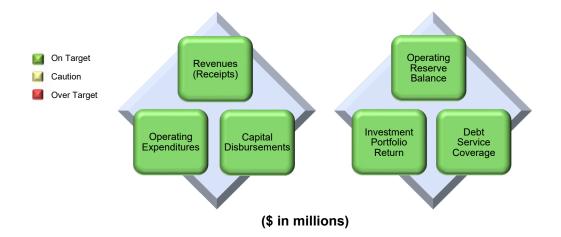
#### **DEPARTMENT OF FINANCE**

Matthew T. Brown, CFO & Executive Vice President, Finance, Procurement & Compliance Ivan Boykin, Vice President, Finance
Syed Khalil, Vice President, Rates & Revenue
Lola Oyeyemi, Vice President, Budget
Tika Acharya, Director, Controller (Acting)

### **MAY 2025**

#### **EXECUTIVE SUMMARY**

As of the end of May 2025, with approximately 67 percent of the fiscal year completed, we are on track with budgetary expectations and targeted performance metrics.



	Revised Budget	YTD Budget	Actual	Variance Fav(Unfav) \$	Variance Fav(Unfav) %	Actual % Budget	Y/E Projection
Revenues (Receipts)	\$951.9	\$652.7	\$663.9	\$11.2	1.7%	69.7%	\$970.3
Expenditures	\$788.2	\$475.3	\$452.6	\$22.7	4.8%	57.4%	\$736.8
Capital Disbursements	\$717.7	\$452.2	\$350.5	\$101.7	22.5%	48.8%	\$647.8

#### Highlights:

- Finance met with three rating agencies (Moody's/S&P/Fitch) during the first two weeks of June for review to obtain ratings for DC Water's upcoming July 2025 bond deal for \$325 million
- Members of the Finance Department will attend the 119th Government Finance Officers Association (GFOA) Annual Conference in Washington, DC

Matthew T. Brown, Executive Vice President & Chief Financial Officer

#### Fiscal Year-to-Date As of May 31, 2025

### **Operating Revenues (\$000's)**

FY 2024			FY 2025							
Actual				Year-to-Date Performance						ions
Total	YTD		Annual	YTD		% of	Variance \$	Variance %	Year-End	% of
Annual	May	CATEGORY	Budget	Budget	Actual	Budget	Fav(Unfav)	Fav(Unfav)	Projections	Budget
\$ 5532,156	\$343,269	Residential / Commercial / Multi-Family*	\$547,903	\$365,270	\$373,014	68.1%	\$7,744	2.1%	566,014	103.3%
91,338	\$68,504	Federal	91,696	68,772	69,699	76.0%	927	1.3%	91,696	100.0%
24,739	\$15,289	Municipal (DC Govt.)	26,388	17,592	16,262	61.6%	(1,330)	(7.6%)	25,562	96.9%
16,358	\$10,943	DC Housing Authority	17,027	11,351	10,294	60.5%	(1,057)	(9.3%)	16,094	94.5%
24,439	\$16,409	Metering Fee	24,083	16,184	16,416	68.2%	232	1.4%	24,409	101.4%
43,192	\$29,267	Water System Replacement Fee (WSRF)	40,717	27,617	29,335	72.0%	1,718	6.2%	43,329	106.4%
106,757	\$80,082	Wholesale	114,248	85,686	86,691	75.9%	1,005	1.2%	114,248	100.0%
25,601	\$16,627	PILOT/ROW	23,813	16,111	16,286	68.4%	175	1.1%	24,203	101.6%
50,291	\$29,999	All Other	65,988	44,123	45,872	69.5%	1,749	4.0%	64,723	98.1%
\$ 914,871	\$610,390	TOTAL	\$951,863	\$652,706	\$663,869	69.7%	\$11,163	1.7%	\$970,278	101.9%

<sup>\*</sup> Residential, Commercial & Multi-family receipts include credits for October 2024 through March 2025 for District's CAP3 (\$1,541) and Non-profit Relief Program (\$333,902).



#### **VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS**

At the end of May 2025, cash receipts totaled \$663.9 million, or 69.7 percent of the FY 2025 revised Budget. The YTD budgeted receipts were \$652.7 million. Several categories of customers make payments on a quarterly basis, including the Federal Government (which made their third quarterly payments in April 2025), and wholesale customers (which made their third quarterly payments in May 2025).

#### Favorable Variances

<u>Residential</u>, <u>Commercial</u>, <u>and Multi-Family</u> – Receipts for this category are favorable at \$373.0 million or 68.1 percent of the revised budget. The higher receipts are partly due to higher CRIAC in the Residential, Commercial and Multi-family categories as compared to the revised budget. The May 2025 receipts were higher by \$1.3 million, as compared to the revised monthly budget of \$45.7 million.

<u>Federal</u> - Actual receipts through May 2025 totaled \$69.7 million or 76.0 percent of the revised budget. The Federal government made its third quarter payment in May 2025.

<u>Wholesale</u> – At the end of May 31, 2025, the actual receipts for this category totaled \$86.7 million or 75.9 percent of the revised budget.

<u>PILOT/ROW</u> – The receipts for PILOT/ROW are favorable at \$16.3 million or 68.4 percent of the revised budget. May 2025 receipts are at \$1.7 million, which is slightly lower as compared to the revised budget.

<u>Other Revenue</u> – Receipts are higher at \$45.9 million or 69.5 percent of the revised budget mainly due to higher Interest Earnings and Washington Aqueduct Backwash. The receipts also include Blue Drop contribution of District's share of \$4.9 million. The receipts for Developer Fees, System Availability Fee (SAF), and Indirect Cost Reimbursement for Capital Projects are lower than the revised budget.

#### **Unfavorable Variances**

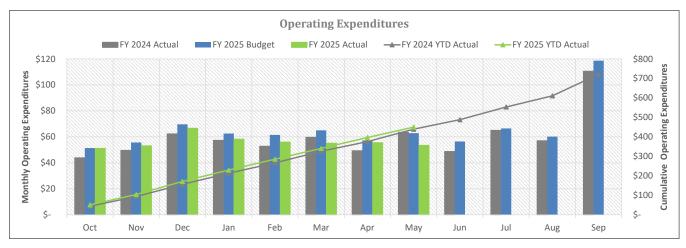
<u>District Government</u> – Receipts are lower at \$16.3 million or 61.6 percent of the revised budget. May 2025 receipts are slightly lower by \$0.4 million as compared to the revised budget of \$2.2 million.

<u>DC Housing Authority</u> – Receipts are lower at \$10.3 million or 60.5 percent of the revised budget. May 2025 receipts are higher by \$1 million as compared to the revised budget of \$1.4 million, because DC Housing Authority paid April 2025 overdue payment along with May 2025 payment in May.

#### Fiscal Year-to-Date As of May 31, 2025

### **Operating Expenditures (\$000's)**

FY 2024					FY 20	)25					
Ac	tual			Year-to-Date Performance						Projections	
Total	YTD		Revised	YTD		% of	Variance \$	Variance %	Year-End	% of	
Annual	May	CATEGORY	Budget	Budget	Actual	Budget	Fav(Unfav)	Fav(Unfav)	Projections	Budget	
\$192,994	\$129,806	Personnel	\$209,633	\$138,181	\$131,605	62.8%	\$6,577	4.8%	\$200,471	95.6%	
89,276	62,877	Contractual Services	102,284	68,333	64,634	63.2%	3,698	5.4%	92,835	90.8%	
38,904	28,298	Water Purchases	45,330	28,186	28,056	61.9%	130	0.5%	43,840	96.7%	
55,596	37,437	Supplies & Chemicals	55,585	38,401	38,286	68.9%	114	0.3%	56,737	102.1%	
34,202	22,536	Utilities	40,318	26,276	25,352	62.9%	924	3.5%	38,520	95.5%	
1,599	1,065	Small Equipment	1,364	861	842	61.7%	19	2.2%	1,236	90.6%	
\$412,570	\$282,018	SUBTOTAL O&M	\$454,513	\$300,238	\$288,775	63.5%	\$11,463	3.8%	\$433,639	95.4%	
220,073	141,979	Debt Service	243,969	159,215	147,972	60.7%	11,243	7.1%	,	92.2%	
23,430	15,620	PILOT/ROW	23,796	15,864	15,864	66.7%	0	0.0%	23,796	100.0%	
58,575	0	Cash Financed Capital Improvements	65,963	0	0	0.0%	0	0.0%	54,559	82.7%	
\$714,647	\$439,617	TOTAL OPERATING	\$788,241	\$475,317	\$452,611	57.4%	\$22,706	4.8%	\$736,812	93.5%	
(26,699)	(20,740)	Capital Labor	(34,087)	(23,207)	(20,857)	61.2%	(2,350)	10.1%	(28,348)	83.2%	
\$687,948	\$418,878	TOTAL NET OPERATING	\$754,154	\$452,110	\$431,754	57.3%	\$20,356	4.5%	\$708,464	93.9%	



#### **VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS**

Total operating expenditures for this period (including debt service and the Right-of-Way & PILOT fees) totaled \$452.6 million or 57.4 percent of the FY 2025 revised budget of \$788.2 million.

These numbers include estimated incurred but unpaid invoices and are subject to revision during year-end close-out.

#### Favorable Variances

<u>Personnel Services</u> – Of the 1280 positions authorized, 1147 were filled at the end of May. The YTD vacancy rate (based on authorized headcount less vacant positions that are over 180 days without recruitment) is 5.7 percent. There is increased overtime spending due to emergency water and sewer main repairs experienced during the past cold winter season.

Contractual Services - Spending is in line with expectations throughout the Authority at this time of the fiscal year.

<u>Water Purchases</u> – Reflect DC Water's share of Washington Aqueduct (WAD) budget, and expenditures (approx. 75 percent). The YTD variance reflects current water purchases and higher rates.

<u>Chemicals & Supplies</u> – Underspending in Chemicals offset in part by overspending in Supplies due to increased costs of critical spare parts required for operations. We will continue to monitor this item as we progress through the fiscal year.

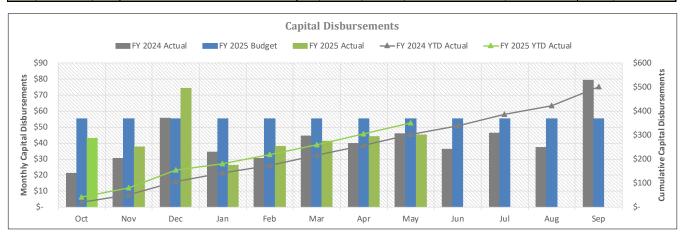
<u>Utilities</u> – Underspending on water usage was partially offset by higher electricity costs, driven by power purchased from the grid at rates exceeding the budgeted unit cost.

<u>Debt Service</u> – As previously reported, the YTD variance reflects actual cost of variable rate interest being lower than anticipated for variable rate bonds.

Fiscal Year-to-Date As of May 31, 2025

### **Capital Disbursements (\$000's)**

FY 2024		FY 2025								
Ac	tual				Year-to-Da	te Performa	ance		Project	ions
Total	YTD		Revised	YTD		% of	Variance \$	Variance %	Year-End	% of
Annual	May	CATEGORY	Budget	Budget	Actual	Budget	Fav(Unfav)	Fav(Unfav)	Projections	Budget
\$5,352	\$4,158	Non Process Facilities	\$18,181	\$11,454	\$3,948	21.7%	\$7,506	65.5%	\$9,108	50.1%
51,117	30,439	Wastewater Treatment	68,282	43,018	35,798	52.4%	7,219	16.8%	67,442	98.8%
138,861	83,535	Combined Sewer Overflow	223,832	141,014	97,970	43.8%	43,044	30.5%	206,744	92.4%
6,026	3,582	Stormwater	8,209	5,172	4,127	50.3%	1,045	20.2%	8,013	97.6%
82,772	40,934	Sanitary Sewer	146,901	92,547	62,871	42.8%	29,676	32.1%	106,806	72.7%
163,737	100,348	Water	185,094	116,609	121,038	65.4%	(4,429)	(3.8%)	189,199	102.2%
\$447,866	\$262,995	SUBTOTAL CAPITAL PROJECTS	\$650,499	\$409,814	\$325,753	50.1%	\$84,061	20.5%	\$587,312	90.3%
19,126	14,964	Capital Equipment	31,476	19,831	13,557	43.1%	6,274	31.6%	24,679	78.4%
35,594	25,147	Washington Aqueduct	35,770	22,535	11,217	31.4%	11,318	50.2%	35,770	100.0%
\$54,720	\$40,111	SUBTOTAL ADD'L CAPITAL PROGRAMS	\$67,246	\$42,366	\$24,774	36.8%	\$17,592	41.5%	\$60,449	89.9%
\$502,586	\$303,106	TOTAL	\$717,745	\$452,180	\$350,526	48.8%	\$101,653	22.5%	\$647,761	90.2%



#### **VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS**

At the end of May 2025, capital disbursements totaled \$350.5 million or 48.8 percent of the FY 2025 revised budget.

Detailed project performance will be provided as part of the quarterly CIP update by the Department of Engineering & Technical Services to the Environmental Quality & Operations and Finance & Budget Committees in July 2025.

Capital Projects	Additional Capital Programs
<u>Non-Process Facilities</u> – Lower YTD disbursement due to project holds and delays such as planned roof replacements and HVAC replacements.	<u>Capital Equipment</u> – YTD variance is mainly attributable to the unused funds in the
<u>Combined Sewer Overflow</u> – Lower YTD disbursement is due to delay in the administrative closeout, which includes the retainage for the Northeast Boundary Tunnel for the Clean Rivers Project that is anticipated for completion later in the fiscal year.	Authority-wide reserves.  Washington Aqueduct – YTD reflects payment of the first quarter PAYGO bill.
<u>Sanitary Sewer Service Area</u> – YTD variance is mainly due to realignment of Potomac Interceptor program work and in addition, no emergencies have arisen to use the contingency funds set aside.	
<u>Water Service Area</u> – Higher YTD disbursement is mainly for the Water On-Going Projects and Water Distribution which are progressing ahead of plans.	

Fiscal Year-to-Date As of May 31, 2025

### **Cash Investments (\$ in millions)**

#### **Cash Balances**

Rate Stabilization Fund Balance	\$35.64
DC Insurance Reserve Balance	1.00

Operating Reserve Accounts	
Renewal & Replacement Balance	35.00
O & M Reserve per Indenture	66.39
267 Days of Cash O&M Reserve	208.21
267 Days of Cash O&M Reserve Target FY2025	309.60
Excess Above 267 Days of Cash O&M Reserve	112.50
Operating Cash Balance	422.10

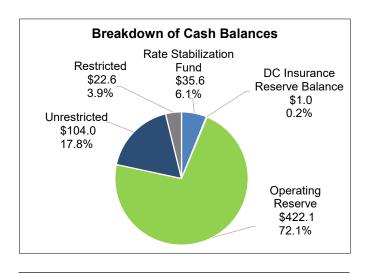
#### **Operating Cash Balance Including RSF**

458.75

Additional Reserve Accounts	
Unrestricted	
DC Water - FY2025 CSO Funding	8.06
Bond Fund - Construction 2022B	0.00
Bond Fund - Construction 2022C	0.00
Bond Fund - Construction 2022D	50.11
Bond Fund - Construction 2022E	45.86
Unrestricted Total	104.03

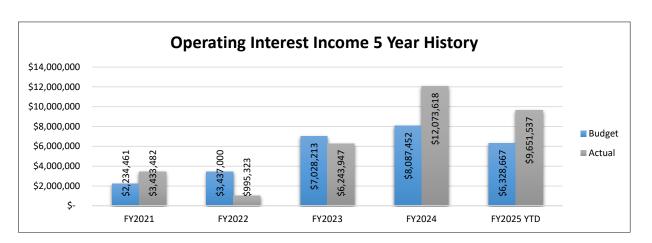
Restricted	
Debt Service Reserve - Series 1998	8.17
DC Water - CARES Residential Relief Fund	0.02
DC Water - CARES Multi-Family Relief Fund	0.00
DC Water - CARES FY2022 Targeted Assistance	0.17
DC Water - DDOT Projects	12.99
District Funds	0.68
DOEE - CRIAC Res + Emergency Res Relief	0.01
DOEE - CRIAC Non-Profit Relief	0.53
DOEE - Lead Pipe Replacement (LPRAP)	0.00
DOEE - Lead Service Line Replacement (ERW)	0.00
Restricted Total	22.57

Total All Funds \$585.35



#### **Overall Portfolio Performance**

- The operating reserve balance was \$422.1 million as compared to the revised operating reserve management target level of \$309.6 million for FY 2025
- Average cash balance for the month of May was \$362.1 million
- Total investment portfolio was in compliance with the Authority's Investment Policy
- Operating funds interest income for May (on a cash basis) was \$1,266,329; YTD \$9,651,537
- A detailed investment performance report is attached



#### Fiscal Year-to-Date As of May 31, 2025

### FY 2025 Cash Flow Summary (\$000's)

	Annual Budget Cash Basis	YTD Cash Budget	YTD Actual Cash Oct. 1, 2024 - May. 31, 2025	Variar Favora (Unfavor	ble
OPERATING BUDGET					
Cash Provided					
Retail	\$747,814	\$496,004	\$515,020	\$19,016	4%
Wholesale	114,248	85,685	86,691	\$1,006	1%
Other	89,397	47,982	62,097	\$14,115	29%
Total Cash Provided	951,460	629,671	663,808	34,137	5%
Operating Cash Used					
Personnel Services	175,530	138,181	113,619	(24,562)	-18%
Contractual Services	102,284	68,333	67,163	(1,170)	-2%
Chemicals & Supplies	55,585	38,401	49,639	\$11,238	29%
Utilities	40,318	26,276	19,697	(6,579)	-25%
Water Purchases	45,330	28,186	28,355	\$169	1%
Small Equipment Total Operating Cash Used	1,364 <b>420,411</b>	861 <b>300,238</b>	1,181 <b>279,654</b>	\$320 (20,584)	37% - <b>7%</b>
Total Operating Cash Oseu	420,411	300,230	273,034	(20,304)	-1 70
Defeasance D.S./Cash Financed Capital Construction	65,963	43,975	0	(43,975)	-100%
Other Cash Used	0.40.000	100.010	447.070	(44.074)	00/
Debt Service	243,969	162,646	147,972	,	-9%
Payment In Lieu of Taxes/Right of Way  Total Other Cash Used	23,796 267,765	11,898 174,544	17,847 165,819	\$5,949 (8,725)	50% - <b>5%</b>
Total Cash Used	754,138	518,757	445,473	(73,284)	-14%
Total Sasii Sasa	704,100	010,707	440,470	(10,204)	-1470
Net Cash Provided (Used) by Operating Act.	197,321	131,547	218,335	86,788	
CAPITAL BUDGET					
Cash Provided					
Debt Proceeds	346,847	231,231		(113,068)	-49%
Proceeds from WIFIA Loan Cash Financed Capital Improvements	26,000 0	17,333	25,673	\$8,339 \$	48% 0%
System Availability Fee	7,700	5,133		(5,133)	-100%
EPA Grants	20,144	13,430	36,210	\$22,780	170%
CSO Grants	20,	10,100	00,2.0	\$	0%
Interest Income	10,592	7,061	1,487	(5,575)	-79%
Wholesale Capital Contributions	88,796	59,197	53,598	(5,600)	-9%
Total Cash Provided	500,079	333,386	235,130	(98,256)	-29%
Cash Used					
DC Water Capital Program	681,975	454,650	340,906	(113,744)	-25%
Washington Aqueduct Projects	35,770	17,885	11,217	(6,668)	-37%
Total Cash Used	717,745	472,535	352,123	(120,412)	-25%
Net Cash/PAYGO Provided (Used) by Cap. Act.	(\$217,666)	(\$145,111)	(\$116,993)	\$28,118	
Decimina Polones October 4 (Not of Pote Oteb Pore)	#000 FCF		4000 505		
Beginning Balance, October 1 (Net of Rate Stab. Fund) Projecte	\$320,535 197,321	404 547	\$320,535		
Plus (Less) Operating Surplus Wholesale Customer Refunds for Prior Years	(7,700)	131,547 (5,133)	218,335 8,298		
Transfer to Rate Stabilization Fund	(1,100)	(5, 155)	0,230		
Transfer to CAP Fund					
Transfer from CAP Fund					
Transfer from SAF					
Interest Earned from Bond Reserve	404	303	61		
DDOT 2002 MOU Transfers (CapEx Reimbursement years later)					
Miscellaneous (i.e. Settlement for previous years, Voided AP, etc.)	/// a / = ·	/a aa=:	382		
Prior Year Federal Billing Reconciliation	(11,049)	(8,287)	(8,517)		
Project Billing Refunds Cash Used for Capital	(2,000)	(1,333)	(116 003)		
Balance Attributable to O&M Reserve	(187,911) \$309,600	(125,274)	(116,993) <b>\$422,102</b>	•	
Emilion Attributable to Odin reserve	. ,		φ <del>4</del> 22, 102		
OTHER OLD UP FOR PIVE	Current				
OTHER CASH RESERVES	Balance				
Rate Stabilization Fund	\$35,644				
DC Insurance Reserve	1,000 562,776				
Unrestricted Reserves Restricted Reserves	562,776 22,575				
	22,010				

### **APPENDIX**

Operating Revenues Detail	9
Retail Accounts Receivable	
Overtime Spending	
Capital Disbursements Detail	
Developer Deposits (Permit Operations)	13
Investment Performance Summary Report	

Fiscal Year-to-Date As of May 31, 2025

### **Operating Revenues Detail**

Revenue Category	FY 2025 Budget	YTD Budget	Actual	Variand Favorable / (Un		Actual % of Budget
Residential, Commercial, and Multi-family	\$547.9	\$365.3	\$373.0	\$7.7	2.1%	68.1%
Federal	\$91.7	\$68.8	\$69.7	\$0.9	1.3%	76.0%
District Government	\$26.4	\$17.6	\$16.3	(\$1.3)	-7.4%	61.6%
DC Housing Authority	\$17.0	\$11.4	\$10.3	(\$1.1)	-9.6%	60.5%
Customer Metering Fee	\$24.2	\$16.2	\$16.4	\$0.2	1.2%	68.2%
Water System Replacement Fee (WSRF)	\$40.7	\$27.6	\$29.3	\$1.7	6.2%	72.0%
Wholesale	\$114.2	\$85.7	\$86.7	\$1.0	1.2%	75.9%
Right-of-Way Fee/PILOT Subtotal (before Other Revenues)	\$23.8 <b>\$885.9</b>	\$16.1 <b>\$608.6</b>	\$16.3 <b>\$618.0</b>	\$0.2 <b>\$9.4</b>	1.2% <b>1.4%</b>	68.4% <b>69.8%</b>
IMA Indirect Cost Reimb. For Capital Projects DC Fire Protection Fee Stormwater (MS4) Interest Developer Fees (Water & Sewer) System Availability Fee (SAF) Washington Aqueduct Backwash Others Subtotal	9.9 17.6 1.0 9.5 9.0 7.7 2.6 6.7 \$64.0	6.6 13.2 0.7 6.3 6.0 5.1 1.7 4.5	5.5 13.2 0.7 9.7 4.2 2.0 2.2 8.4 <b>45.9</b>	(1.1) (0.0) 0.1 3.4 (1.8) (3.2) 0.5 4.0 \$1.8	-16.7% 0.0% 14.3% 54.0% -30.0% -62.7% 29.4% 88.9% <b>4.1%</b>	55.6% 75.0% 70.0% 102.1% 46.7% 26.0% 84.6% 125.4% <b>71.8%</b>
Rate Stabilization Fund Transfer	\$2.0	\$0.0	\$0.0	\$0.0	0.0%	0.0%
Other Revenue Subtotal	\$66.0	\$44.1	\$45.9	\$0.0 <b>\$1.8</b>	4.1%	69.5%
Grand Total	\$951.9	\$652.7	\$663.9	\$11.2	1.7%	69.7%

## BREAKDOWN OF RETAIL RECEIPTS BY CUSTOMER CATEGORY (\$ in 000's)

Customer Category	Water	Sewer	IAC	Metering Fee	WSRF	Total
Residential	\$31,545	\$49,756	\$20,112	\$7,275	\$6,574	\$115,263
Commercial	60,644	68,661	24,317	4,807	11,371	169,799
Multi-family	42,731	65,724	9,524	2,457	5,499	125,935
Federal	25,093	28,525	16,081	1,153	4,251	75,103
District Govt	4,362	5,902	5,999	555	1,369	18,187
DC Housing Authority	3,835	5,682	777	170	270	10,734
Total:	\$168,210	\$224,248	\$76,811	\$16,416	\$29,335	\$515,020

Note: The breakdown of Collections into Residential, Commercial, & Multi-family and Water and sewer is approximate as it is based on percentages of historical data and does not take into account adjustments and timing differences

## Clean Rivers IAC - Actual vs Budget (\$ in 000's)

		1,				
				Variance		
	FY2025	Year-To-Date	Actual	Favorable /	Variance %	Actual %
Customer Category	Budget	Budget	Received	<unfavorable></unfavorable>	of YTD Budget	of Budget
Residential	\$28,226	\$18,817	\$20,112	1,295	7%	71%
Commercial	33,518	22,345	24,317	1,972	9%	73%
Multi-family	13,649	9,099	9,524	425	5%	70%
Federal	21,441	16,081	16,081	0	0%	75%
District Govt	8,988	5,992	5,999	7	0%	67%
DC Housing Authority	1,177	785	777	(7)	-1%	66%
Total:	\$106,999	\$73,119	\$76,811	\$3,691	5%	72%

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Fiscal Year-to-Date As of May 31, 2025

### **Retail Accounts Receivable (Delinquent Accounts)**

The following tables show retail accounts receivable over 90 days (from the billing date) including a breakdown by customer class.

#### **Greater Than 90 Days by Month**

	\$ in millions	# of accounts
September 30, 2012	\$5.5	13,063
September 30, 2013	\$4.9	11,920
September 30, 2014	\$5.3	12,442
September 30, 2015	\$6.5	11,981
September 30, 2016	\$7.7	12,406
September 30, 2017	\$8.4	11,526
September 30, 2018	\$13.4	16,273
September 30, 2019	\$10.6	8,744
March 31, 2020	\$12.8	9,933
September 30, 2021	\$26.3	13,065
September 30, 2022	\$29.1	12,168
September 30, 2023	\$28.0	10,420
September 30, 2024	\$33.9	11,832
October 31, 2024	\$34.1	11,815
November 30, 2024	\$35.4	11,854
December 31, 2024	\$36.4	12,161
January 31, 2025	\$35.5	11,709
February 28, 2025	\$35.2	11,839
March 31, 2025	\$35.7	11,608
April 30, 2025	\$35.6	11,360
May 31, 2025	\$34.6	11,111

#### Greater than 90 Days by Customer

Notes: The temporary suspension of collection procedures in order to carry out the upgrade of the billing system to VertexOne in December 2017 was the cause of the increase in accounts receivable over 90 days (from the billing date) for September 2018. The increase in accounts receivable from March 2020 to September 2022 is primarily due to increased delinquencies and deferred payments due to the impact of COVID-19.

				Month of Feb (All Categories)			Total Delinquent					
	٨	lumber of Accounts	3	Α	ctive	In	active	Ap	r		May	
	W & S	Impervious Only	Total No. of	No. of	Amount	No. of	Amount	No. of	Amount	No. of	Amount	
	a/c	a/c	a/c	a/c	(\$)	a/c	(\$)	a/c	(\$)	a/c	(\$)	%
Commercial	8,419	1,841	10,260	746	5,903,258	117	\$560,496	1,002	\$6,928,742	863	\$6,463,754	19%
Multi-family	9,058	304	9,362	1,194	17,767,488	53	\$649,321	1,366	\$19,192,328	1,247	\$18,416,809	53%
Single-Family Residential	108,015	1,904	109,919	8,861	9,467,476	140	\$222,286	8,992	\$9,478,363	9,001	\$9,689,763	28%
Total	125,492	4,049	129,541	10,801	\$33,138,222	310	\$1,432,103	11,360	\$35,599,433	11,111	\$34,570,325	100%

Notes: Included in the above \$34.6M (or 11,111 accounts) of the DC Water Over 90 days delinquent accounts, \$4,362,044.40 (or 872 accounts) represents Impervious only accounts over 90 days delinquent.

<sup>-</sup>Reportable delinquencies do not include balances associated with a long standing dispute between DC Water and a large commercial customer.

<sup>-</sup>Delinquent accounts (11,111) as a percentage of total accounts (129,541) is 8.6 percent.

<sup>-</sup>Delinquent impervious only accounts (872) as a percentage of total accounts (129,541) is 0.7 percent.

<sup>-</sup>Delinquent impervious only accounts (872) as a percentage of total delinquent accounts (11,111) are 7.8 percent.

<sup>-</sup>Delinquent impervious only accounts (872) as a percentage of total impervious only accounts (4,049) are 21.5 percent

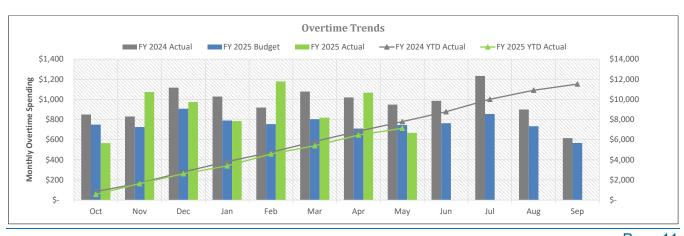
#### Fiscal Year-to-Date As of May 31, 2025

### **Overtime by Department**

	FY 2025								
			YTD Actual	% of					
Department	Budget	Actual <sup>1</sup>	% of Budget	Regular Pay					
Board Secretary	0	0	0.0%						
CIP Infrastructure Management*	5,000	7,505	150.1%						
Clean Rivers	0	0	0.0%						
Clean Water and Technology	250,000	66,432	26.6%						
Compliance	0	0	0.0%						
Customer Care	304,247	224,541	73.8%	3.2%					
Engineering and Technical Services	938,000	592,199	63.1%	7.1%					
Facilities Management	324,805	255,508	78.7%	8.2%					
Finance	83,000	7,026	8.5%	0.1%					
Fleet Management	6,000	345	5.8%	0.1%					
Information Technology	6,000	1,942	32.4%	0.1%					
Government and Legal Affairs	3,000	0	0.0%	0.0%					
Marketing & Communication	0	0	0.0%	0.0%					
Maintenance Services	700,000	499,049	71.3%	8.1%					
Occupational Safety	0	1,687	0.0%	0.2%					
Office of OCEO	0	0	0.0%	0.0%					
Office of OCAO	0	0	0.0%	0.0%					
Office of OCOO	0	0	0.0%	0.0%					
Office of Emergency Management	0	0	0.0%	0.0%					
People and Talent	0	0	0.0%	0.0%					
Permit Operations	55,000	7,734	14.1%	0.4%					
Process Engineering**	31,940	33,670	105.4%	1.4%					
Procurement	90,000	44,577	49.5%	1.6%					
Pumping and Sewer Operations***	2,133,695	1,725,614	80.9%	14.5%					
Resource Recovery ****	90,000	86,007	95.6%	16.5%					
Security	100	1,388	0.0%	0.2%					
Strategy and Performance	0	0	0.0%	0.0%					
Wastewater Engineering	10,000	62	0.6%	0.0%					
Wastewater Treatment Operations	1,530,319	995,342	65.0%						
Water Operations *****	2,541,768	2,575,981	101.3%	20.1%					
Total DC WATER	\$9,102,874	\$7,126,611	78.3%						

<sup>&</sup>lt;sup>1</sup> Actuals as of Pay Period #12 thru 05/31/25

<sup>\*\*\*\*</sup>Resource Recovery - High overtime due to additional shift coverage required for staff on extended leave.
\*\*\*\*\*Water Operations - Overtime used for increased unplanned emergencies and planned water system activities.



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<sup>\*</sup>CIP Infrastructure Management - High overtime usage for unplanned project earlier in the year.

\*\*Process Engineering - Overtime used for shift coverage and additional support during the cold winter months.

\*\*\*Pumping and Sewer - Crews working overtime due to increased sewer inspections with limited staff.

Fiscal Year-to-Date As of May 31, 2025

### **Capital Disbursements Detail by Program (\$000's)**

	Budg	jet		Actual		Variance		
Service Areas	REVISED BUDGET	YTD BUDGET	Oct - 24 - 'Apr - 25	May-25	YTD	ACTUAL % BUDGET	VARIANCE \$ Fav/(Unfav)	VARIANCE % Fav/(Unfav)
NON PROCESS FACILITIES								
Facility Land Use	\$18,181	\$11,454	\$4,077	(129)	\$3,948	21.7%	\$7,506	65.5%
Subtotal	18.181	11.454	4.077	(129)	3.948	21.7%		65.5%
Gustota	10,101	11,404	4,011	(123)	0,040	21.770	7,000	00.070
WASTEWATER TREATMENT								
Liquids Processing	28,574	18,002	17,323	1,145	\$18,468	64.6%	-466	-2.6%
Plantwide	28,284	17,819	8,319	1,295	\$9,614	34.0%	8,205	46.0%
Solids Processing	10,758	6,777	7,458	140	\$7,597	70.6%	-820	-12.1%
Enhanced Nitrogen Removal Facilities	666	419	119		\$119	17.9%	300	71.6%
Subtotal	68,282	43,018	33,218	2,580	35,798	52.4%	7,219	16.8%
COMBINED SEWER OVERFLOW								
D.C. Clean Rivers	220,365	138,830	78,134	17,515	95,649	43.4%	43,181	31.1%
Combined Sewer	3,467	2,184	1,888	433	2,321	67.0%	-137	-6.3%
Subtotal	223,832	141,014	80,022	17,948	97,970	43.8%	43,044	30.5%
STORMWATER								
Local Drainage	848.6	535	6	3	9	0.0%	525	98.3%
On-Going	371.73	234	136	13	149	40.1%	85	36.3%
Pumping Facilities	5,814	3,663	3,555	285	3,840	66.0%	-177	-4.8%
Research and Program Management	744	469	84	34	118	15.9%	351	74.8%
Trunk/Force Sewers	431	272	11	0	11	2.5%	261	96.0%
Subtotal	8,209	3,421	3,792	335	4,127	50.3%	-706	-20.6%
SANITARY SEWER								
Collection Sewers	15.875	10,001	2,455	1,073	3,528	22.2%	6.473	64.7%
On-Going	15,152	9,546	10,536	1,589	12,125	80.0%	-2,580	-27.0%
Pumping Facilities	6,047	3,810	2,283	704	2,987	49.4%	823	21.6%
Program Management	11,510		4,346	42	4,388	38.1%	2,863	39.5%
Interceptor/Trunk Force Sewers	98,317	61,940	34,141	5,701	\$39,843	40.5%	22,097	35.7%
Subtotal	146,901	92,547	53,762	9,109	\$62,871	42.8%	29,676	32.1%
WATER								
Distribution Systems	46,536	29.318	36,415	3,497	39,912	85.8%	-10,594	-36.1%
Lead Program	100.747	63.470	46.176	3,464	49.640	49.3%	13,830	21.8%
On-Going	15,362	9,678	14,961	4,119	19,080	124.2%	-9,402	-97.2%
Pumping Facilities	5,903	3,719	1,869	18	1,888	32.0%	1,831	49.2%
Storage Facilities	3,726	2,347	603	14	617	16.5%	1,731	73.7%
Program Management	12,821	8,077	7,733	2,169	9,902	77.2%	-1,824	-22.6%
Subtotal	185,094	116,609	107,758	13,281	121,038	65.4%	-4,429	-3.8%
Capital Projects	650,498	408,063	282,629	43,123	325,753	50.1%	82,311	20.2%
Suprair rojects	300,730	-100,000	202,023	-10,120	020,700	00.176	02,011	20.270
CAPITAL EQUIPMENT	\$31,477	\$19,831	11,420	\$2,137	13,557	43.1%		31.6%
WASHINGTON AQUEDUCT	35,770	\$22,535	11,217		11,217	31.4%	11,318	50.2%
Additional Capital Programs	67,247	42,366	22,637	2,137	24,774	36.8%	17,592	41.5%
Suprimi Tograms	J, 241	,000	22,001	2,.07	2-1,1.7	33.370	11,002	41.070
Total	\$717,745	\$450,429	\$305,266	\$45,261	\$350,526	48.8%	\$99,902	22.2%

Fiscal Year-to-Date As of May 31, 2025

### **Developer Deposits**

Developer Deposits are funds paid to DC Water for plans that are approved by the Permit Operations Department. They include:

- Flat fees for taps, abandonments, sewer connections, etc.
- Reimbursable estimated fees for inspection labor hours charged to the account.
- Deposits held as security against damage and uncharged accounts.
- Miscellaneous non-commercial account items (hydrant use, groundwater dewatering, waste hauler fees, etc.)
- As of May 31, 2025, developer deposits had \$36.44 million in credit balances (liability) and \$11.17 million in debit balances (receivable).

#### Balances by Year as of May 31, 2025

<b>Credit Balances</b>	<b>Debit Balances</b>
(Liability)	(Receivables)
\$36.44 million	\$11.17 million

Year	Credit Balances	Number of Accounts with Credit Balances		Debit Balances	Number of Accounts with Debit Balances	Net Balance
2001	\$ -	-	\$	960,164.05	1	\$ 960,164.05
2002	\$ -	-	\$	1,836.00	2	\$ 1,836.00
2004	\$	-	\$	9,066.08	6	\$ 9,066.08
2005	\$ (335,050.00)	77	\$	268,208.25	88	\$ (66,841.75)
2006	\$ (267,855.30)	22	\$	277,716.02	75	\$ 9,860.72
2007	\$ (114,482.12)	24	\$	141,076.99	48	\$ 26,594.87
2008	\$ (242,907.97)	29	\$	193,358.72	49	\$ (49,549.25)
2009	\$ (135,838.56)	22	\$	166,842.18	42	\$ 31,003.62
2010	\$ (130,612.23)	33	\$	177,940.08	38	\$ 47,327.85
2011	\$ (241,685.98)	52	\$	440,798.48	54	\$ 199,112.50
2012	\$ (588,780.48)	133	\$	467,508.73	89	\$ (121,271.75)
2013	\$ (618,235.50)	109	\$	251,974.80	77	\$ (366,260.70)
2014	\$ (1,172,765.44)	172	\$	962,966.69	61	\$ (209,798.75)
2015	\$ (1,401,173.05)	264	\$	264,313.54	36	\$ (1,136,859.51)
Subtotal - 2001 through 2015	\$ (5,249,386.63)	937	\$	4,583,770.61	666	\$ (665,616.02)
2016	\$ (2,241,094.44)	305	\$	515,636.05	59	\$ (1,725,458.39)
2017	\$ (2,020,385.27)	378	\$	430,264.85	109	\$ (1,590,120.42)
2018	\$ (2,706,784.04)	429	\$	819,739.81	114	\$ (1,887,044.23)
2019	\$ (3,730,006.27)	369	\$	1,547,901.11	157	\$ (2,182,105.16)
2020	\$ (4,157,432.51)	245	\$	528,641.16	121	\$ (3,628,791.35)
2021	\$ (3,939,984.54)	297	\$	652,054.02	151	\$ (3,287,930.52)
2022	\$ (5,453,735.54)	295	\$	921,011.97	166	\$ (4,532,723.57)
2023	\$ (3,245,955.77)	173	\$	861,397.30	120	\$ (2,384,558.47)
2024	\$ (2,842,086.05)	152	\$	261,335.55	95	\$ (2,580,750.50)
2025	\$ (854,809.36)	73	\$	43,485.28	58	\$ (811,324.08)
Subtotal - 2016 through 2025	\$ (31,192,273.79)	2,716	\$	6,581,467.10	1,150	\$ (24,610,806.69)
Total	\$ (36,441,660.42)	3,653	\$	11,165,237.71	1,816	\$ (25,276,422.71)
Forfeiture Action			,			
Accounts Forfeited on August 16, 2021	(4,838,938.52)	1,011	1			
Accounts Forfeited on September 23, 2022	(1,286,705.10)	348				
Accounts Forfeited on March 26, 2024	(1,621,242.25)	262				
Accounts Forfeited on September 27, 2024	(764,105.79)	113	1			

For ferture Action		
Accounts Forfeited on August 16, 2021	(4,838,938.52)	1,011
Accounts Forfeited on September 23, 2022	(1,286,705.10)	348
Accounts Forfeited on March 26, 2024	(1,621,242.25)	262
Accounts Forfeited on September 27, 2024	(764,105.79)	113
Accounts pending forfeiture determination and execution.	(5,249,386.63)	937

Fiscal Year-to-Date As of May 31, 2025

#### **Developer Deposits**

#### **Customer Communication**

Statements are provided to customers when there is activity on the account. To ensure that all customers are aware of the balances, statements are also mailed annually irrespective of whether there is an activity on the account. For the last three years, annual statements were mailed to customers on March 26, 2024, April 28, 2023, and January 25, 2022.

By law, refunds are to be requested by the account owner within two years of completion (DC Code § 34–2401.10). If not requested in that period, these accounts can be forfeited and closed. DC Water has placed a statement on invoices beginning in November 2019 notifying customers of the District law and that funds would be forfeited unless a refund is requested within two years of project completion or account inactivity. A notification to customers that is posted on our website indicates that unless a refund was requested, funds would be forfeited for projects without activity for ten years. AOBA and DCBIA have been asked to notify their membership to examine the invoices.

For accounts that were forfeited, zero balance statements were mailed to customers on August 16, 2021, September 21, 2022, March 26, 2024, and September 27, 2024.

#### **Refund Requests and Forfeiture Disputes**

Following the distribution of annual account statements to customers in March 2024, it has been determined that submitted refund requests affect 1,918 accounts. The accompanying table outlines the progress made to date.

#### **Construction Inspection Refund Data**

	Number of Accounts	Amount (\$)
Refund request received to date	1918	
Refunded this month	15	\$301,948.55
Refunded last month	17	\$57,613.23
Refunded FY25	131	\$1,192,751.09
Refunded in FY24	369	\$6,935,582.14
Refunded in FY23 (Oct 22 - Sept 23)	105	\$1,756,574.39
Refund requests that are debits (\$0 balance or owe DC Water)	142	\$(59,095.37)
Number of Refund Accounts Reviewed, Awaiting Information from Developers*	319	\$2,075,989.52
Number of Refund Account Requested after forfeiture date**	27	\$129,649.12

<sup>\*</sup>Documentation required to process the refund accounts has been thoroughly examined and assembled. DC Water is in the process of obtaining address verification and/or proof of payment from the developers to complete the refund issuance. Request for this information has already been communicated to the developers.

<sup>\*\*</sup> These accounts were forfeited, and zero balance statements were sent to the developers before they requested a refund. As a result, these accounts are not eligible for a refund.



Investment Performance Report - May 2025

#### DC Water Finance Division Economic Update & Portfolio Summary

#### **ECONOMIC COMMENTARY**

- In May, Moody's Ratings downgraded the U.S. sovereign credit rating from Aaa to Aa1, citing persistent fiscal deficits, a growing national debt exceeding \$36 trillion, and rising interest payment ratios significantly higher than similarly rated sovereigns. This marked the first time all three major credit rating agencies no longer assigned the U.S. their top tier rating, stripping the country of its perfect credit status held since 1917.
- The Federal Reserve (Fed) continues to follow a wait-and-see approach. Fed Chair Jerome Powell said he expects tariffs to move the Fed further away from both sides of its dual mandate goals of stable prices and maximum employment, and will make policy adjustments only in reaction to any increase in inflation or deterioration of labor markets.
- U.S. gross domestic product (GDP) shrank in Q1 by -0.3% as a surge in imports – a subtraction from GDP – dragged down reported growth. Final sales to domestic purchasers, a metric used by the Fed to gauge private sector demand remained strong. However, prospects for consumer spending remain uncertain given the pull-forward of demand in advance of tariffs which may weigh on growth later in the year.

#### PORTFOLIO RECAP

- The portfolio is diversified among Bank Deposits, U.S. Treasuries, Federal Agencies, Mortgage-Backed Securities, Supranational Bonds, Negotiable CDs, Corporate Notes/Bonds, Municipal Bonds, FDIC Insured CDs and SEC registered money market funds.
- The overall yield-to-maturity on cost of the portfolio is 3.88%. The short term consolidated composite periodic 1 month return was 0.32% and the benchmark of ICE BofA 3- month Treasury Index periodic 1 month return was 0.36%. The Core Consolidated Composite periodic 1 month return was 0.38% and the benchmark of ICE BofA 1-3 Year Treasury Index periodic 1 month return was 0.34%.

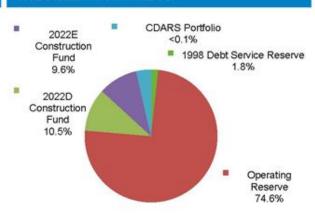
#### Operating Reserve and Bond Proceeds Portfolios

During May, the investment advisor (PFMAM) purchased seven different corporate bonds totaling \$3.9 million at an average yield of 4.46% and a \$2 million 3-year Treasury Note yielding 3.98%.

#### Operating Funds Interest Income Earnings<sup>3</sup>

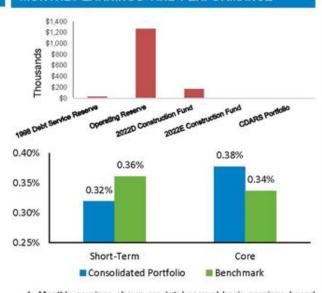
- May 2025 \$1,266,329.29
- > Total FY 2025 \$9,651,536.70

#### **INVESTMENT PORTFOLIOS**



Certificates of Deposit Account Registry Services (CDARs)

#### MONTHLY EARNINGS1 AND PERFORMANCE2



- Monthly earnings shown are total accrual basis earnings based on amortized costs.
- Please reference performance details under "portfolio recap" and on Page 10 of the Monthly Board Report.
- Operating Funds Interest Income Earnings Reported by DC Water.

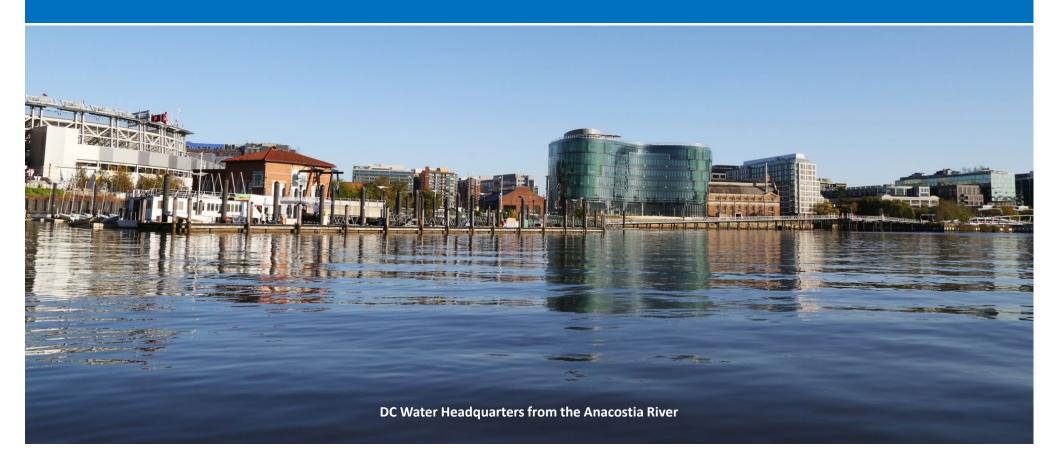
Prepared by PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc.



**ATTACHMENT 2** 

# FY 2025 Mid-Year Projections and Recommendation Presentation to the Finance & Budget Committee, June 26, 2025

**District of Columbia Water And Sewer Authority** 





## **Purpose**

- Review year-end revenue and expenditure projections
- Discuss considerations and options
- Seek Committee's recommendation to the Board for allocation of projected year-end cash



# Overview of FY 2025 Mid-Year Projections

### Revenue

 Revenue is anticipated to be \$18.4 million, or 1.9%, above the Revised Budget of \$951.9 million

## Capital Budget

 Preliminary year-end projections are estimated to be \$70 million below the revised budget of \$717.7 million

## Operating Budget

 Expenditures are projected to be \$51.4 million below the revised budget and align with the Continuing Resolution which mandates FY 2025 spending at the FY 2024 budget levels



# **Summary of Revenues and Expenditures**



(\$ in Millions)	FY 2025 Budget	YTD May Actual	YTD % of Budget	Year-End Projection	Year-End % of Budget
Revenues/Receipts	\$951.9	\$663.9	69.7%	\$970.3	101.9%
Net Operating Expenditures	\$754.I	\$431.8	57.4%	\$708.5	94.0%
Capital Disbursements	\$717.7	\$350.5	48.8%	\$647.8	90.2%



# **Operating Revenues**

◆ Total operating revenues are projected at \$18.4 million or 1.9 percent above the FY 2025 revised budget.

\$ in thousands

					B 1 10/-0
	FY 2025		Year-End	Projected	Projected % of
Category	Revised Budget	YTD May	Projection	Variance (\$)	Revised Budget
Residential, Commercial and Multi-family	\$547,903	\$373,014	\$566,014	\$18,111	3.3%
Federal Government	91,696	69,699	91,696	-	0.0%
District Government	26,388	16,262	25,562	(826)	-3.1%
D.C. Housing Authority	17,027	10,294	16,094	(933)	-5.5%
Customer Metering Fee	24,083	16,416	24,409	326	1.4%
Water System Replacement Fee (WSRF)	40,717	29,335	43,329	2,612	6.4%
Wholesale, Loudoun, Small Pl	114,248	86,691	114,248	-	0.0%
Right-of-Way Fee/PILOT	23,813	16,286	24,203	390	1.6%
Subtotal (before Other Revenue)	885,875	617,997	905,555	19,680	2.2%
Other Revenue without RSF:					
IMA Indirect Cost Reim. For Capital Projects	9,921	5,376	7,982	(1,939)	-19.5%
DC Fire protection Fee	17,575	13,181	17,575	-	0.0%
Stormwater (MS4)	1,008	744	1,004	(4)	-0.4%
Interest	9,493	9,713	14,748	5,255	55.4%
Developer Contractor Water Sercive Fees, Taps	5,000	2,549	4,029	(971)	-19.4%
Developer Contractor Liability Deposits and Sewer Service Fees	4,000	1,683	2,803	(1,197)	-29.9%
Washington Aqueduct Backwash - DC Water's prorata share	2,598	2,219	3,411	813	31.3%
System Availability Fee (SAF)	7,700	1,968	3,068	(4,632)	-60.2%
Other	6,693	8,439	10,103	3,410	50.9%
Subtotal	63,988	45,872	64,723	735	1.1%
Rate Stabilization Fund Transfer	2,000	-	-	(2,000)	-100.0%
Grand Total	\$951,863	\$663,869	\$970,278	\$18,415	1.9%



# **Summary of Revenue**

- Overall, revenue is projected to be \$18.4 million or 1.9 percent over the revised budget of \$951.9 million
- Residential, Multi-family and Commercial revenue receipts are projected to be \$18.1 million or 3.3% over the Revised Budget due to higher consumption and CRIAC receipts
- DC Housing Authority revenue receipts are projected to be lower by \$0.9 million or 5.5% as compared to the Revised Budget due to slightly lower consumption than the budget
- Municipal revenue is anticipated to be below budget by \$0.8 million or 3.1% mainly due to lower consumption
- Metering Fee and Water System Replacement Fee (WSRF) are projected to increase by \$0.3 millionand \$2.6 million respectively above the Revised Budget
- Interest earnings are projected to be \$5.3 million higher than the Revised Budget based on year-to-date earnings
- Development Contractors' Water and Sewer Fees are projected lower by \$2.2 million from the Revised Budget based on year-to-date activity
- Other revenues category includes DC Water's share of the Blue Drop Contribution of \$4.9 million, which was allocated based on the IMA agreement



# **Capital Disbursements**

◆ Total capital disbursements are projected at \$647.8 million or \$70.0 million below thebudget

(000's)	FY 2024			FY 2025				FY 2026
	Actual	Revised Budget	*YTD Actual	YTD %	Projections	Variance	% of Budget	Approved Budget
Non Process Facilities	\$5,352	\$18,181	\$3,948	21.7%	\$9,108	\$9,073	50.1%	\$51,570
Wastewater Treatment	51,117	68,282	35,798	52.4%	67,442	840	98.8%	106,353
Combined Sewer Overflow	138,861	223,832	97,970	43.8%	206,744	17,088	92.4%	250,386
Stormwater	6,026	8,209	4,127	50.3%	8,013	196	97.6%	17,360
Sanitary Sewer	82,772	146,901	62,871	42.8%	106,806	40,096	72.7%	148,796
Water	163,736	185,094	121,038	65.4%	189,199	(4,105)	102.2%	270,680
Total Capital Projects	447,865	650,499	325,753	50.1%	587,312	63,187	90.3%	845,145
Capital Equipment	19,126	31,476	13,557	43.1%	24,679	6,797	78.4%	32,481
Washington Aqueduct	35,594	35,770	11,217	31.4%	35,770	-	100.0%	35,770
Total Additional Capital Programs	54,720	67,246	24,774	36.8%	60,449	6,797	89.9%	68,251
Grand Total	\$502,585	\$717,745	\$350,526	48.8%	\$647,761	\$69,983	90.2%	\$913,396

# dc

# FY 2025 Capital Budget Variances

- Non-Process Facilities (\$9.1 million decrease) Underspending is due to projects being re-evaluated to conform to collaborative delivery. The resulting underspending also affected associated work, such as the Solar Projects
- DC Clean Rivers (\$17.1 million decrease) Underspending is due to close out on Northeast Boundary Channel. At least a partial recovery is expected by the end of the fiscal year
- <u>Sanitary Sewer (\$40.1 million decrease)</u> Underspending is mainly due to delays in the realignment of Potomac Interceptor program work
- <u>Water (\$4.1 million increase)</u> The overspending is primarily due to the Water Ongoing (emergency work) exceeding the baseline. In addition, the Water Program Manager's anticipated spending is exceeding the baseline driven by the revised FY25 workplan, which includes more extensive work than initially envisioned. However, spending for Lead-Free DC is expected to come in under budget
- <u>Capital Equipment (\$6.8 million decrease)</u> The underspending is primarily due to lower than anticipated utilization of the Authority-wide reserves budget. Additionally, savings were realized on the Metering project due to the decision to reuse existing meters rather than purchase new meters during lead line replacements. These reductions are partially offset by increased costs associated with fleet vehicle purchases requested in prior fiscal years but delivered in FY 2025
- <u>Washington Aqueduct</u> projections are estimated at \$35.7 million, consistent with the budget



# **Annual Operating Expenditures**

• Total Operating Expenditure is projected at \$736.8 million, representing 93% of the revised budget of \$788.2 million

(\$000's)	FY 2024			FY 2	2025			2026
	Actual	Revised	YTD May	YTD %	Projections	Variance	% of Budget	Approved
Regular Pay	\$ 139,983	\$ 154,105	\$ 95,011	62%	\$ 145,393	\$ 8,712	94%	\$ 159,348
Benefits	41,491	46,425	29,029	63%	43,547	2,878	94%	46,914
Overtime	11,521	9,103	7,562	83%	11,530	(2,427)	127%	11,200
Total Personnel Services	192,995	209,633	131,605	63%	200,470	9,163	96%	217,462
Chemicals	44,079	44,079	29,006	66%	43,297	782	98%	43,995
Supplies	11,506	11,506	9,280	81%	13,441	(1,934)	<u>117</u> %	13,496
Chemicals and Supplies	55,585	55,585	38,286	69%	56,737	(1,152)	102%	57,491
Utilities	34,202	40,318	25,352	63%	38,520	1,798	96%	41,659
Contractual Services	89,276	102,284	64,634	63%	92,835	9,449	91%	102,284
Water Purchases	38,904	45,330	28,056	62%	43,839	1,491	97%	48,149
Small Equipment	1,599	1,364	842	62%	1,236	128	91%	1,531
Total Non-Personnel Services	219,566	244,881	157,170	64%	233,168	11,713	95%	251,114
Total Operations & Maintenance	412,561	454,513	288,775	64%	433,639	20,876	95%	468,576
Debt Service	220,073	243,969	147,972	61%	224,818	19,151	92%	271,489
PILOT & ROW	23,430	23,796	15,864	67%	23,796	-	100%	24,170
Cash Financed Capital Improvements	58,575	65,963	-	0%	54,559	11,404	83%	73,897
Total Non-O&M	302,078	333,728	163,836	49%	303,173	30,555	91%	369,556
Total Operating Expenditure	714,639	788,241	452,611	57%	736,812	51,431	93%	838,132
Capital Labor Charges	(26,699)	(34,087)	(20,857)	61%	(28,348)	(5,739)	83%	(30,907)
Net Operating Expenditure	\$ 687,940	\$ 754,154	\$ 431,754	57%	\$ 708,464	\$ 45,693	94%	\$ 807,225

# dc

## Summary of Operating Expenditure Budget Variances

- Personnel Services (\$9.2 million decrease) The projected underspending is primarily attributed to higher vacancy rates, including the elimination of 45 vacant positions (~\$5M underspending). Overtime expenditures are projected to exceed budgeted amounts
- <u>Chemicals (\$0.8 million decrease)</u> Projected underspending mainly due to lower budgeted unit prices for methanol and other chemicals
- Supplies (\$1.9 million increase) Overall increased spending on critical spare parts, mainly due to inflationary cost pressures
- <u>Utilities (\$1.8 million decrease)</u> The projected underspending is mainly in water usage costs after various pipe repairs throughout the system
- Contractual Services (\$9.4 million net decrease) Overall projections are below budget due to lower cost estimates for workers' compensation claims and delays in the compensation assessment implementation. Areas of overspending are for software and hardware maintenance, repairs, and, and various maintenance and professional services (locate and mark utilities, hauling and disposal)
- Water Purchase (\$1.5 million decrease) Reflects DC Water's share of WAD cost projections, maintaining FY 2024 levels
- <u>Debt Service (\$19.2 million decrease)</u> The reduction is attributable to the delayed issuance of new debt, favorable variable interest rates, and cost savings achieved through the refinancing of existing obligations. The projection includes \$2.4 million allocated for 50% of the Build America Bond Subsidy (BABS) payment
- <u>Cash Financed Capital Improvement (\$11.4 million decrease)</u> Reflects lower utilization for Paygo than anticipated in the budget to comply with spending mandate for overall operating budget
- <u>Capital Labor Charges (\$5.7 million decrease)</u> Projected underspending due to the elimination of vacant positions from the engineering cluster



# FY 2025 Projected Net Cash Position

(\$000's)	Board Approved (Revised)		F	Y2025 Year-End		Variance
Category		FY2025 Financial Plan		Projection*		ositive/(Negative)
Total Revenue	\$	951,863,038	\$	970,278,553	\$	18,415,515
Total Expense		688,191,482		653,905,159		34,286,323
Cash Financed Capital Improvements (CFCI)		65,962,683		54,558,985		11,403,698
Revenue Less Expense and CFCI	\$	197,708,873	\$	261,814,409	\$	64,105,536
County Refunds / Mid-Year Projected Refund (Reversal)		(3,000,000)		(3,600,000)		(600,000)
Project Billing Refunds		(2,000,000)		(2,000,000)		-
Prior Year's Federal Billing Reconciliation		(11,048,790)		(11,048,790)		-
Net Income / Planned Capital Contributions	\$	181,660,083	\$	245,165,619	\$	63,505,536
Beginning Cash Balance over Target		180,513,383		180,513,383		-
Transfer to Capital Improvement Program (CIP)		(192,573,465)		(192,573,465)		-
Transfer to Paygo to be consistent with CFCI in the financial plan		-		(11,403,698)		(11,403,698)
Total	\$	169,600,001	\$	221,701,839	\$	52,101,838

<sup>\*</sup> Preliminary unaudited year-end projection, subject to change

# dc

### **Considerations for Cash**

- Board policy includes a goal of achieving 350 days of cash through the allocation of year-end surpluses by 2032
  - Current Board-approved Financial Plan projection is 267 days of cash at the end of FY 2025
  - ◆ Each day of cash is approximately \$1.2 million, and an additional 83 days is needed to meet the goal.
- ◆ DC Water will issue about \$4.2 billion in new debt to finance the capital program.
  - Using cash to fund a portion of capital expenditures would reduce debt service costs
- With federal government actions and uncertainty in the economy, adding funds to the Rate Stabilization Fund could provide a contingency if there are revenue impacts
- Permits continues to process refunds, and funds should be available so that effort does not impact the cash balance
- ◆ Compliance with the CR required a reduction of \$11.4 million from CFCI / PAYGO

# Recommendation



# FY 2025 Projected Net Cash Position

(\$000's)	Board Approved (Revised)			FY2025 Year-End		Variance
Category		FY2025 Financial Plan		Projection*		ositive/(Negative)
Total Revenue	\$	951,863,038	\$	970,278,553	\$	18,415,515
Total Expense		688,191,482		653,905,159		34,286,323
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Revenue Less Expense and CFCI	\$	197,708,873	\$	261,814,409	\$	64,105,536
County Refunds / Mid-Year Projected Refund (Reversal)		(3,000,000)		(3,600,000)		(600,000)
Project Billing Refunds		(2,000,000)		(2,000,000)		-
Prior Year's Federal Billing Reconciliation		(11,048,790)		(11,048,790)		-
Net Income / Planned Capital Contributions	\$	181,660,083	\$	245,165,619	\$	63,505,536
Beginning Cash Balance over Target		180,513,383		180,513,383		-
Transfer to Capital Improvement Program (CIP)		(192,573,465)		(192,573,465)		-
Transfer to Paygo to be consistent with CFCI in the financial plan		-		(11,403,698)		(11,403,698)
Total	\$	169,600,001	\$	221,701,839	\$	52,101,838
Recommendation:						
Transfer to Rate Stabilization Fund (RSF) for true-up due to uncertainty of any consumption decline						(5,000,000)
Additional Transfer to Paygo to reduce future borrowing						(27,601,838)
Additional Cash Balance over Target- for Permit Refunds in FY2026						(2,000,000)
Additional Cash Balance over Target -Transfer to Ending Cash Balance to increase the Days of Cash from 267 to 282 days						(17,500,000)

<sup>\*</sup> Preliminary unaudited year-end projection, subject to change



# **Management Recommendation**

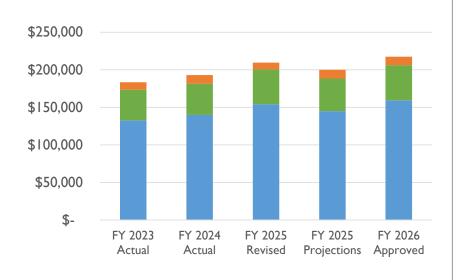
- ◆ That the Committee recommend to the Board the allocation of:
  - \$5.0 million to Rate Stabilization Fund (RSF) due to uncertainty of any consumption decline
  - \$27.6 million to Paygo to reduce future borrowing
  - \$2.0 million to the cash balance for permit refunds in FY 2026
  - \$17.5 million to Ending Cash Balance to increase the Days of Cash from 267 to 282 days

# **Appendix**



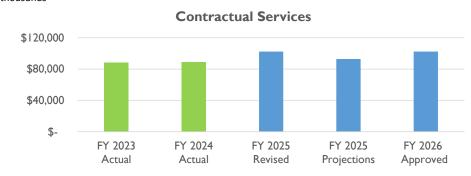
## **Personnel & Contractual Services**

#### **Personnel Services**





#### \$ in thousands



#### **Breakdown of Contractual Services**

	F	r 2023	23 FY 2024		FY 2025		FY 2025		FY 2025		FY 2026	
Category	Δ	ctual	l Actual		Revised		Pro	jections	Va	riance	Approved	
Maintenance and Repairs	\$	10,244	\$	13,061	\$	11,047	\$	12,998	\$	(1,951)	\$	14,054
Software and Hardware Maintenance		12,059		12,369		12,453		13,926		(1,473)		14,797
Professional Services		40,151		34,751		42,764		32,276		10,488		37,148
Contractual Services		12,433		13,337		15,451		14,981		470		17,118
Insurances and Bonds		5,210		5,921		6,612		5,911		701		6,504
Judgements Indemnities and Claims		157		1,474		2,400		2,300		100		2,350
Tuition For Employee Training		1,161		925		1,735		1,114		621		1,406
Travel Cost		900		1,151		1,019		603		416		1,009
Professional Fees		919		1,011		2,655		2,323		332		1,277
Other Contractuals <sup>2</sup>		5,075		5,277		6,147		6,403		(256)		6,620
Total Contractual Services	\$	88,309	\$	89,276	\$	102,283	\$	92,835	\$	9,448	\$	102,283

Notes:

1) Professional services include audit costs

<sup>2)</sup> Other contracts include government fees



# **Chemicals & Supplies**

\$ in thousands

### FY 2025 chemicals prices are slightly lower than budgeted



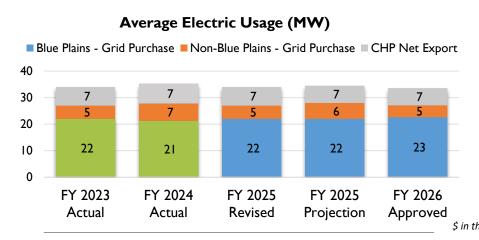
### Supply chain constraints continue to impact spare parts and other critical custodial and maintenance supplies

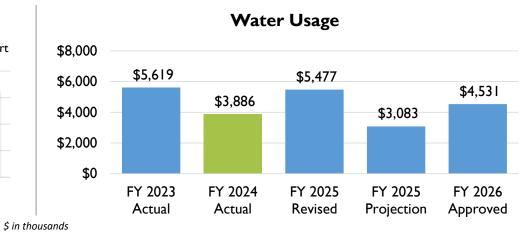


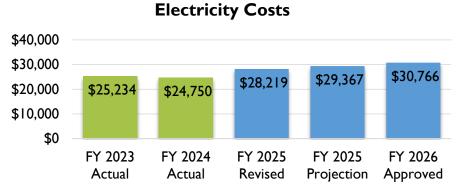
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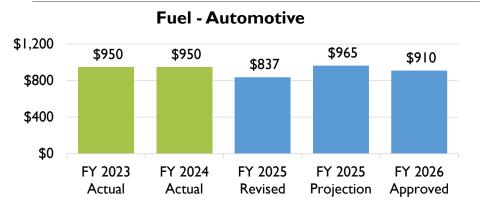
# dc

### **Utilities**









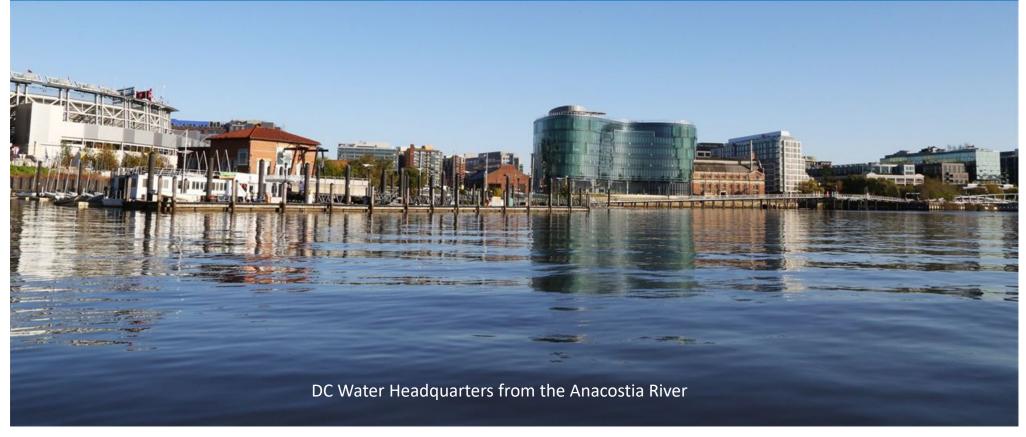


# July 1, 2025 Insurance Renewals

**ATTACHMENT 3** 

Finance & Budget Committee Meeting - June 26, 2025 By Tanya DeLeon, Risk Manager

**District of Columbia Water and Sewer Authority** 





# **Purpose**

◆ Provide brief update on DC Water's insurance renewal effective July 1, 2025

# dc

# **Insurance Update**

- DC Water has renewed its insurance on July 1
  - Includes Property/Equip, Pollution, Flood, Cyber, Excess Workers' Compensation, Excess Liability, Employment Practices Liability, Public Officials' Liability, Crime, Fiduciary Liability, and Professional Liability



- Actual premiums were approximately \$5.563 million
- Increase in cyber limit from \$5 million to \$10 million







# Appendix I Insurance Program – Jul 1, 2025-26

Coverage	Main Limit	Main Deductible or Retention	Insurer	24-25 Premium	25-26 Premium	Increase / (Decrease)
Property, Equip. incl. Boiler & Machinery	\$1 Billion per occurrence \$100 Million annual Flood \$25 Million annual–100 Yr Flood	\$1 Million per occurrence	FM Global	\$2,640,000	\$2,648,034  Member Cr: (\$198,000)  Resiliency Cr: (132,000) \$2,318,034	(\$321,966)
Pollution / Environmental Liability	\$10 Million per incident and aggregate (2nd of 3-year policy)	\$250,000 per incident	Beazley	\$101,734 annualized	\$101,734 annualized	flat
National Flood Policies (9 total)	Ea. Policy: \$500,000 bldg., \$500,000 contents	\$50,000 bldg., \$50,000 contents	Hartford / National Flood Insurance Program	\$32,963	\$36,669	\$3,706
Cyber/Data Security	\$10 Million annual	\$100,000 per loss	Beazley (5M) / Crum (5M)	\$81,600	\$114,750	\$33,150
Workers' Compensation (WC) and Employers' Liability (EL)	Full benefits due under Workers' Compensation; \$1 Million Employers' Liability	\$1 Million per accident or disease	Safety National	\$410,237	\$400,974	(\$9,263)
Excess Liability & Employment Practices Liability	\$100 Million annual	\$1 Million per occurrence	AEGIS (35M) + EIM (65M)	\$2,117,213	\$2,397,522	\$280,309
Public Officials' Liability (POL)	\$20 Million annual	\$250,000 per claim	RSUI, Chubb, Ascot, Crum & Forster (5M each)	\$131,821	\$131,821	flat
Crime & Fidelity	\$10 Million	\$25,000 per loss	AIG	\$25,369	\$25,369	flat
Fiduciary Liability	\$5 Million annual	Nil	Encore	\$20,144	\$20,144	flat
Professional Liability	\$2 Million annual	\$10,000 per claim	Lloyds of London	\$18,151	\$15,657	(\$2,494)
TOTAL				\$5,579,232	\$5,562,674	(\$16,558)



# Appendix I (cont.) Insurance Coverages

Coverage	Summary Description
Property, Equip. and Boiler & Machinery	Provides blanket "all risk" coverage for direct physical damage to DC Water structures, buildings and contents.
Pollution / Environmental Liability	Provides first party remediation expense coverage for sudden/accidental releases and third-party liability coverage for pollution incidents, subject to coverage restrictions (e.g. PFAS).
National Flood Insurance	Government sponsored program that provides a modest amount of insurance protection at affordable premium levels. Coverage is subject to a maximum of \$500,000 for buildings and \$500,000 for contents, excluding underground property and subject to actual cash valuation.
Cyber/Data Security and Breach Notification	Provides coverage for third party liability and privacy notification expenses resulting from data breaches.
Excess Workers Compensation (WC) and Employers Liability (EL)	Provides excess statutory workers' compensation benefits over self-funded levels. EL covers liability from employee injuries that are not covered under workers compensation law. Very rare in DC.
Excess Liability	Provides protection for bodily injury, property damage, and personal injuries to third parties arising out of DC Water operations (General Liability) including use of automobiles (Auto Liability) in excess of self-funded levels. The Authority's policy also provides excess EPL coverage over self-insured levels.
Employment Practices Liability (EPL)	Provides protection for claims of discrimination, harassment, or wrongful termination.
Public Officials Liability (POL)	Provides reimbursement protection for wrongful acts (excl. bodily injury and property damage) that are actually or allegedly caused by DC Water directors, officers and employees within the course of their duties.
Crime & Fidelity	Employee dishonesty coverage and miscellaneous crime coverages.
Fiduciary Liability	Provides protection for wrongful acts that are actually or allegedly caused by trustees and employees of the DC Water sponsored Employee Benefit Plans.
Professional Liability	Provides protection for errors or omissions arising from engineering, consulting or testing services provided to third parties for a fee.

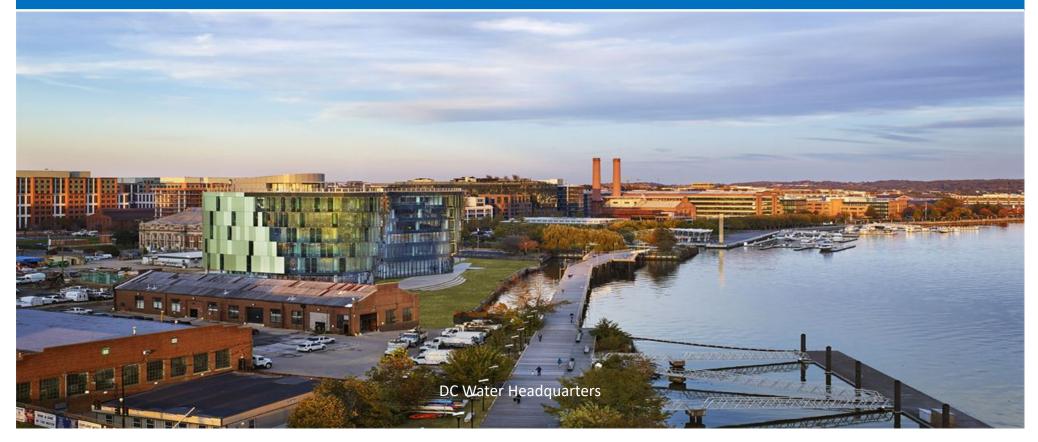


# **Update on 2025 Financing Activities**

**ATTACHMENT 4** 

Presentation to Finance and Budget Committee on June 26, 2025 Ivan Boykin, Vice President of Finance

**District of Columbia Water and Sewer Authority** 





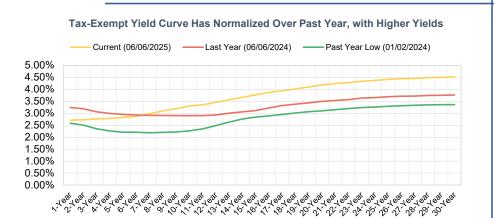
## **Purpose**

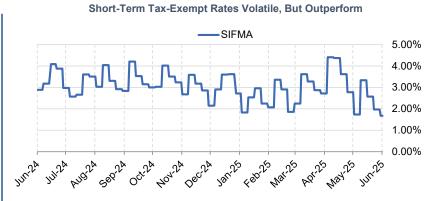
- ◆ To update the committee on the upcoming plan of finance and seek the Committee's recommendation to the full Board to approve the proposed plan of finance and related documents:
  - Series 2025 A (Subordinate Lien, Fixed Rate Bonds)
  - Series 2025 B (Subordinate Lien, Fixed Rate Green Bonds)
  - Series 2025 C (Subordinate Lien, Variable Rate Demand Bonds)
  - Extension of Liquidity Facility for 2014 Variable Rate Demand Bonds

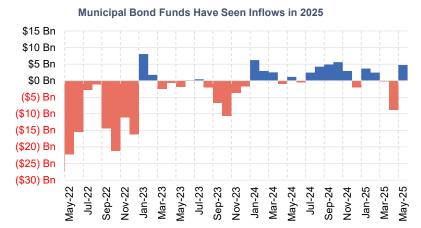


# **Recent Market Catalysts and Expectations for 2025**

- Key municipal market catalysts in 2025 are expected to include:
  - Implementation of new administration policies, including tariffs, which could impact economic growth and the labor market
  - Federal Reserve policy
  - Data on labor market and inflation
  - Potential for reforms in tax-exempt bond market
  - Supply and demand for tax-exempt municipal bonds
  - Geopolitical events









# **Series 2025 A Refunding**

- Series 2025 A bonds will be issued on the Subordinate Lien as tax-exempt fixed-rate bonds
- Purpose of the Series 2025 A bonds is to refund outstanding bonds for debt service savings
  - Potential refunding candidates include remaining 2014 C bonds, along with 2015 A bonds
  - Under current market conditions, DC Water anticipates net present value savings of \$4.7 million and refunded principal of \$59.2 million (8%)
  - Refunding will be executed only to the extent market conditions allow DC Water to exceed savings threshold included in Authorizing Resolution
- DC Water is also evaluating refunding of existing Build America Bonds ("BABs") and seeks authorization to refund should favorable market conditions present an opportunity at time of sale
  - BABs redemption price would be paid as a part of Series 2025 A



# **Build America Bond ("BAB") Refunding**

- DC Water has \$270.6 million of outstanding BABs that have been subject to reduced interest subsidies from the IRS since 2013 due to Sequestration
- DC Water bonds were sold with an Extraordinary Redemption Provision ("ERP") feature that permits DC Water to redeem the bonds at a favorable price if interest subsidies are reduced or eliminated
- Wide variety of specific ERP language exists (with more restrictive language the subject of most investor dissent) but DC Water ERP is among most permissive

Series	Maturity	Outstanding Par (000s)	MWC Price (Any date)	MWC Price (6/9/2025)	ERP Price (Any date)	ERP Price (6/9/2025)
Series 2010A	10/01/2028	\$20,065	UST +30 bps	102.200	UST +100 bps	100.905
	10/01/2044	\$250,500	UST +30 bps	102.722	UST +100 bps	100.000

- Over the past two years, significant number of issuers have exercised ERP and refunded BABs with taxexempt debt
  to generate savings or to de-risk portfolio at a low cost, due to favorable market conditions
- Investors may incur losses when an ERP is triggered and therefore have voiced opposition in certain other cases where issuers have exercised ERP



# Series 2025 B New Money & Refunding

- Series 2025 B (Green Bonds) will be issued on the Subordinate Lien as tax-exempt fixed-rate bonds
- ◆ Purpose of the Series 2025 B (Green Bonds) is to provide \$150 million of new money funding for Clean Rivers and refund outstanding Green Bonds for debt service savings
  - Potential refunding candidates include Series 2015 A (Green Bonds)
  - Under current market conditions, DC Water anticipates net present value savings of \$1.0 million and refunded principal of \$37.3 million (3%)
  - Refunding will be executed only to the extent market conditions allow DC Water to exceed savings threshold included in Authorizing Resolution
- ◆ Series 2025 B (Green Bonds) will be independently certified as Green Bonds



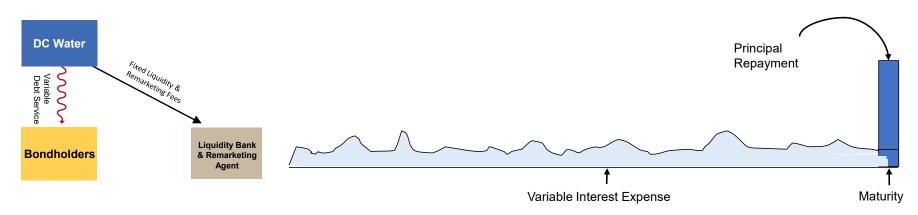
## Series 2025 C Variable Rate New Money

- Series 2025 C will be issued on the Subordinate Lien as tax-exempt Variable Rate Demand Bonds
- Purpose of Series 2025 C is to provide \$175 million of new money funding for general CIP projects
- VRDBs require a bank-provided liquidity facility that offers investors the ability to tender bonds on an ongoing basis
  - Liquidity facility is drawn to pay investors that tender their bonds if bonds are temporarily unable to be remarketed
  - DC Water conducted a competitive procurement process and selected Bank of America, N.A. to provide liquidity for a three-year term tied to Series 2025C bonds



### Overview of Variable Rate Demand Bonds ("VRDBs")

- DC Water benefits from maintaining a portion of debt portfolio in a variable rate mode, with existing policy target of 2025% variable rate debt
- Variable Rate Demand Bonds ("VRDBs") are floating rate obligations with nominal long-term maturities (20 to 40 years) and a
  coupon rate that is periodically reset (daily, in the case of Series 2025C) by a remarketing agent
- VRDBs remain preferred variable rate structure in the current market given superior liquidity offered to investors
- ◆ VRDBs require a bank-provided liquidity facility that offers investors the ability to tender bonds on an ongoing basis
  - Liquidity facility is drawn to pay investors that tender their bonds if bonds are temporarily unable to be remarketed
- In addition to planned Series 2025C, DC Water has two other series of outstanding VRDBs (Series 2014B and Series 2024B)





# **Preliminary 2025 Plan of Finance**

### Series 2025A\*

Par Amount: \$55.4 million

Purpose: Refunding for savings

Mode: Fixed Rate

 Term: Up to 40 years, matching final maturity of the refunded debt

Tax Status: Tax-Exempt

Lien: Subordinate

10-year optional par call (expected)

### Series 2025B (Green Bonds)\*

Par Amount: \$179.9 million

 Purpose: Clean Rivers Project and Refunding for savings

Mode: Fixed Rate

Term: Up to 40 years

Tax Status: Tax-Exempt

Lien: Subordinate

10-year optional par call (expected)

### Series 2025C\*

Par Amount: \$176.1 million

Purpose: General CIP projects

 Mode: Multi-modal, initially as Variable Rate Demand Bonds in Daily Mode

Term: Up to 40 years

Tax Status: Tax-Exempt

Lien: Subordinate

	Source	es & Uses*		
	Series 2025A	Series 2025A Series 2025B (Green Bonds)		Total
	Sou	rces (\$)		
Par Amount	55,405,000	179,935,000	176,110,000	411,450,000
Net Premium	4,298,022	8,770,929	-	13,068,951
Accrued Interest	1,104,070	682,825	-	1,786,895
Total	60,807,092	189,388,755	176,110,000	426,305,847
	Us	ses (\$)		
Project Fund (General CIP)	-	-	175,000,000	175,000,000
Project Fund (Clean Rivers)	-	150,000,000	-	150,000,000
Refunding Escrow Deposit	60,353,911	37,954,989		98,308,900
Issuance/Underwriting Expenses	452,496	1,430,224	1,110,000	2,992,720
Total	60,807,092	189,388,755	176,110,000	426,305,847



# **Extension of Liquidity for Series 2014 B Bonds**

- DC Water issued \$100 million in Variable Rate Demand Bonds ("VRDBs") in 2014 (the Series 2014 B Bonds)
- VRDBs include a demand feature that allows investors to tender the VRDBs back to DC Water on the interest reset date (which can occur daily or weekly depending on interest mode)
- DC Water maintains external liquidity to pay investors that tender bonds that cannot be remarketed, which must be extended or replaced from time to time
  - Protects DC Water from requirement to pay cash
- Current facility with TD Bank, N.A. that is associated with Series 2014 B Bonds expires on July 23, 2025
- DC Water conducted a competitive procurement for replacement liquidity facility, and TD Bank, N.A. was selected to provide liquidity for an additional 5-year term

#### NEW ISSUE - BOOK-ENTRY ONLY

atings: Standard & Poor's: AA A-1+
Moody's: Aa3 VMIG-1
Fitch: AA- F1+
Son Parling® borole

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\$100,000 RICT OF COLUMBIA WATER AND SEWER AUTHOR ablic Utility Subordinate Lien Multimodal Revenue Bonds Series 2014B

(Weekly Rate Period

#### \$50,000,000 bseries 2014B-1

\$50,000,000 Subseries 2014B-2

Due: As shown on inside co

The Public Using Subserlance Lim Multimodal Bovens Bonds, Series 2010 (10 erries 2014) Bonds, ), consisting of the Subseries 20113-18 Bonds of the Subseries 2011-18 Bonds of t

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14B Bonds, as more fully described herein. See Appendix E = "DTC BOOK-ENTRY ONLY SYSTEM."

The Series 2014B Bonds are subject to redescribe to redescribe to redescribe to redescribe to redescribe.

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#### TD Bank

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#### BofA Merrill Lynch

Loop Capital Markets

This cover page, including the inside cover page, contains certain information for quick reference only. It is not a summary of this Official Statement.

This cover page, including the inside cover page, contains certain information for galock reference only. It is not a summary of this Official States Prospective purchasers must read the entire Official Statement to obtain the information essential to the making of an informed investment decision Dated: 24th 17, 2014



# **Preliminary Financing Calendar**

June 2025						
S	М	Т	W	Т	F	S
ı	2	3	4	5	6	7
8	9	10	П	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					



	August 2025					
S	М	Т	W	Т	F	S
					I	2
3	4	5	6	7	8	9
10	П	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Timing	Event
Weeks of June 3 & June 9, 2025	Rating Agency presentations
June 26, 2025	Finance and Budget Committee consideration of Plan of Finance
July 3, 2025	Board consideration of Plan of Finance
July 8, 2025	Execute Series 2014B Liquidity Extension
July 22, 2025	Series 2025A&B Pricing
August 12, 2025	Series 2025C Pricing
August 13, 2025	Series 2025A&B and Series 2025C Closing

\*Preliminary, subject to change.



## **Summary**

- DC Water seeks authorization to issue subordinate lien revenue bonds to fund CIP projects
  - Series 2025 B (Green Bonds) will provide \$150 million of new money funding for Clean Rivers and will be issued as taxexempt fixed-rate debt
  - Series 2025 C will provide \$175 million of new money funding for general CIP projects and will be issued as tax-exempt variable rate debt
- In addition, DC Water seeks authorization to issue Series 2025 A & B bonds to refund outstanding debt for debt service savings
  - Refunding will be executed only to the extent market conditions allow DC Water to exceed savings thresholds included in Authorizing Resolution
- Series 2025 B bonds issued in support of Clean Rivers will be independently certified as Green Bonds
- Pursuit of these opportunities within a single process generates significant administrative and cost efficiencies
- Competitive procurement process was conducted to select liquidity facility provider for Series 2025 C bonds and replace expiring liquidity associated with Series 2014 B bonds
- Pursuant to Authorizing Resolutions, DC Water Board will be asked to approve several documents related to the financing plan

### **ATTACHMENT 5**

### FINANCE & BUDGET COMMITTEE PROPOSED TRANSFER OF FY 2025 PROJECTED NET CASH SURPLUS

ACTION ITEM A: Recommendation for Board Approval Authorizing the Transfer of the Projected FY 2025 Net Cash Surplus to the Rate Stabilization Fund, Paygo, Cash Balance over Target, and Ending Cash Balance.

DC Water Management requests authorization of the transfer of the Projected FY 2025 Net Cash Surplus as follows:

Projected FY 2025 Net Cash Surplus:	\$52,101,838
Transfer to Rate Stabilization Fund (RSF) for true-up due to uncertainty of any consumption decline	\$5,000,000
Additional Transfer to Paygo to reduce future borrowing	\$27,601,838
Additional Transfer to Cash Balance over Target for Permit Refunds in FY 2026	\$2,000,000
Additional Cash Balance over Target - Transfer to Ending Cash Balance to increase the Days of Cash on Hand from 267 to 282 days	\$17,500,000

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

### **ACTION REQUESTED**

### GOODS AND SERVICES CONTRACT NEW AWARD

### **VARIABLE RATE DEMAND BONDS**

(Non-Joint Indirect)

Approval to award two contracts totaling \$2,934,981 for Liquidity Support of Variable Rate Demand Bonds (VRDBs). One to TD Bank, N.A. in the amount of \$1,258,019 for \$100 million for a 5-year term, and another to Bank of America, N.A. in the amount of \$1,676,962 for \$185 million for a 3-year term.

CONTRACTOR/SUB/VENDOR INFORMATION					
PRIME:	SUBS:	PARTICIPATION:			
T.D. Bank, N. A.	N/A	N/A			
1919 Gallows Road	i i	·			
Vienna, VA 11182					
Bank of America, N.A.					
620 S. Tryon Street, 25th Floor					
Charlotte, NC 28255					

### **DESCRIPTION AND PURPOSE**

Contract Value (T.D. Bank): \$1,258,019

Contract Dates (T.D. Bank): 07-23-2025—07-23-2030

Contract Value (Bank of America): \$1,676,962

Contract Dates (Bank of America): 08-13-2025—08-13-2028

Option Years: N/A
Total Number of Proposals: 23

Total Value of Contract \$2,934,981

Proposal Price Range \$170,000 - \$6,105,000

### Purpose of the Contract:

DC Water requires a replacement liquidity facility to support the outstanding Series 2014B Bonds of up to \$100 million. The TD Bank, N.A., facility will support the Series 2014B bonds. In addition, DC Water also requires a liquidity facility to support a new issue of Series 2025C Bonds of up to \$185 million. The Bank of America, N.A., facility will support the Series 2025C Bonds.

### **Contract Scope:**

Liquidity services are documented in the form of Standby Bond Purchase Agreements that are governed by the terms of DC Water's bond indenture and negotiated between DC Water and liquidity providers. DC Water will issue \$285 million in VRDBs, requiring a bank provided credit facility for support. The Bank will provide liquidity support and pay investors that tender their bonds in the event DC Water is unable to provide the necessary cash. Investors require (and indenture mandates) that a credit facility secure both the Series 2014B bonds and the Series 2025C bonds.

### Solicitation:

Open market RFP DCW-SOL-25-10439 was published on March 12, 2025, with a proposal due date of April 4, 2025. Seven companies responded to the RFP. Each vendor had the opportunity to respond to up to 5 options based on terms ranging from 1-5 years (35 in total). The final selection is based on the evaluation criteria of implementation costs, ongoing commitment fees, interest rates on drawn amounts and downgrade pricing, credit terms, Bank Credit Ratings and simplicity of execution. TD Bank, N.A., and Bank of America, N.A., offer the best value combination to DC Water of lowest price and high technical score.

### PROCUREMENT INFORMATION

Contract Type:	Fixed Basis Points	Award Based On:	Best Value
Commodity:	Bank Credit Facility	Contract Number:	10439, 10447
Contractor Market:	Open Market		

BUDGET INFORMATION						
Funding:	Funding: Operating Department: Finance					
Project Area:	DC Water – wide	Department Head:	Matthew Brown			

ESTIMATED USER SHARE INFORMATION					
User - Operating	Share %	Dollar Amount			
District of Columbia	100.00%	\$2,934,981			
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$2,934,981			

Signed by:

39182F34D52A4D0.

VP Finance

6/18/2025

Date

VP Compliance and Chief Procurement Officer

Matthew T. Brown

CFO and Executive Vice-President of

Finance, Procurement and Compliance

David L. Gadis
CEO and General Manager

dcd water is life\*

**ATTACHMENT 9** 

# Board of Directors

Finance and Budget Committee July 24, 2025 / 9:30am

Microsoft Teams meeting

Click here to join the meeting

Meeting ID: 258 192 568 581 Passcode: k2HB9HM3

Call in (audio only) 202-753-6714, 636623879#

Phone Conference ID: 636 623 879#

1.	Call to Order	Anthony Giancola, Chairperson
2.	Roll Call	Michelle Rhodd, Board Secretary
3.	June 2025 Financial Report (Attachment 1)	Lola Oyeyemi
4.	Agenda for September 2025 Committee Meeting (Attachment 3)	Anthony Giancola
5.	Executive Session*	Anthony Giancola
6.	Adjournment	Anthony Giancola

This meeting is governed by the Open Meetings Act. Please address any questions or complaints arising under this meeting to the Office of Open Government at <a href="mailto:opengovoffice@dc.gov">opengovoffice@dc.gov</a>.

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