

**DISTRICT OF COLUMBIA  
WATER AND SEWER AUTHORITY**

**Board of Directors**

*Finance and Budget Committee*

*Thursday, June 28, 2012*

11:00 a.m.

1. **Call to Order**..... Timothy L. Firestine, Chairperson
2. **May 2012 Financial Report (Attachment 1)** ..... Yvette Downs and Robert Hunt
  - A. Operating Revenues & Expenditures
  - B. Cash Reserves & Investments
  - C. Capital Disbursements Summary
  - D. **Investment Report**
3. **FY 2013 Revised Budget** ..... George Hawkins and Olu Adebo
  - A. **FY 2013 Revised Operating Budget Proposal (Attachment 2)**
  - B. FY 2014 Proposed Operating Budget Status Update
4. **Insurance Renewal Update (Attachment 3)** ..... Tanya DeLeon
5. **Rolling Owner Controlled Insurance Program (ROCIP) Briefing (Attachment 4)** .....  
..... Tanya DeLeon
6. **Action Items** ..... Yvette Downs & Tanya DeLeon
  - A. **FY 2013 Revised Operating Budget (Attachment 2-A)**
  - B. **FY 2012 Rate Stabilization Fund Transfer and PayGo (Attachment 2-B)**
  - C. **Rolling Owner Controlled Insurance Program Insurance Broker Services (Attachment 5)**
  - D. **Insurance Brokerage and Administrative Services for a Rolling Owner Controlled Insurance Program (ROCIP III) (Attachment 6)**
7. **Agenda for September Committee Meeting (Attachment 7)** ..... Timothy L. Firestine
8. **Adjournment**

***FOLLOW-UP ITEMS – Finance & Budget Committee (Follow-up Items from the Meeting held May 24, 2012)***

1. Provide trending analysis and strategy for funding repair and replacement through Paygo  
**(Mr. Patteson) Status:** July 2012
2. Provide Committee updates on the status of the Financial and Procurement System Expansion project implementation. **(Ms. Richardson) Status:** Semi-annual updates will be provided.

ATTACHMENT 1



May 2012  
FINANCIAL REPORT

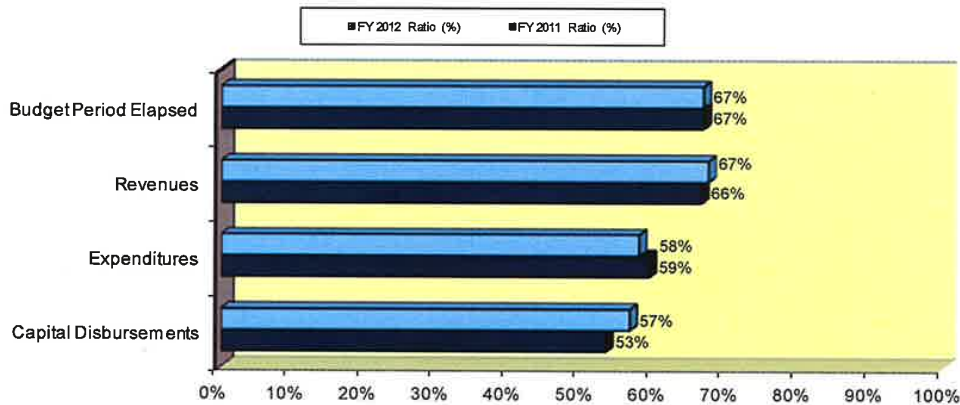
FY 2012 FINANCIAL PERFORMANCE

At the end of May, with approximately 67 percent of the fiscal year completed, we are on track with budgetary expectations. The table below summarizes detailed information as discussed later in this report.

Financial Performance  
As of May 31, 2012  
(\$ in millions)

	Approved	Revised Budget	YTD Budget	YTD	Variance		% Revised Budget	Year-End Projection
				Actual	Favorable (Unfavorable)			
Revenues (Receipts)*	\$412.2	\$426.4	\$284.3	\$287.3	\$3.0	1.1%	67.4%	\$422.5
Expenditures*	\$422.4	\$415.4	\$276.9	\$240.1	\$36.8	13.3%	57.8%	\$388.8
Capital Disbursements	\$555.8	\$531.7	\$345.6	\$300.5	\$45.1	13.0%	56.5%	\$500.1

\* Straight-lined (8/12 of revised budget)



120-day Operating Reserve Analysis  
(\$ in millions)

FY 2012 120-day Operating Reserve Objective	\$125.5
Actual Average Daily Balances	\$159.3
Difference	\$33.8

**OPERATING REVENUES & RECEIPTS**

At the end of May 2012, cash receipts totaled \$287.3 million, or 67.4 percent of the revised FY 2012 budget. Several categories of customers make payments on a quarterly basis, including the federal and District governments, and wholesale customers. The table below provides a summary of operating receipts at the end of May.

**REVENUE VARIANCE BY CATEGORY  
(\$ in 000's)  
As of May 31, 2012**

Revenue Category	FY 2012 Revised Budget	Year-to-Date Budget	Actual Received	Variance		Actual % of Budget	Year End Projections	Variance Proj v. Bud	Percent
				Favorable	(Unfavorable)				
Residential, Commercial, and Multi-family	226.2	150.8	144.0	(6.6)	-4.5%	63.7%	221.4	(4.8)	97.9%
Federal	47.5	31.7	34.1	2.4	7.7%	71.8%	47.5	0.0	100.1%
District Government	11.1	7.4	6.4	(1.0)	-13.0%	58.0%	10.6	(0.5)	95.8%
DC Housing Authority	6.4	4.3	5.0	0.7	16.3%	77.6%	6.9	0.5	108.3%
Customer Metering Fee	10.8	7.2	7.5	0.3	3.5%	69.0%	11.0	0.2	101.9%
Wholesale	74.4	49.6	56.7	7.1	14.2%	76.1%	74.4	0.0	100.0%
Right-of-Way Fee/PILOT	22.5	15.0	14.9	(0.1)	-0.4%	66.3%	22.4	(0.1)	99.6%
Subtotal (before Other Revenues)	\$398.9	\$266.0	\$268.5	\$2.5	1.0%	67.3%	\$394.3	(\$4.6)	98.9%
Other Revenue without RSF									
IMA Indirect Cost Reimb. For Capital Projects	4.0	2.7	6.0	3.4	126.5%	151.0%	6.0	2.0	150.0%
DC Fire Protection Fee	6.2	4.1	4.6	0.5	11.3%	74.2%	6.2	0.0	100.0%
Stormwater (MS4)	1.1	0.7	0.6	(0.1)	-20.2%	50.5%	0.9	(0.2)	77.3%
Interest	0.8	0.5	0.7	0.1	24.7%	83.2%	0.5	(0.3)	69.4%
Developer Fees (Water & Sewer)	6.0	4.0	6.1	2.1	52.3%	101.5%	6.9	0.9	115.0%
Others	2.9	1.9	0.8	(1.1)	-57.9%	28.1%	1.2	(1.7)	41.4%
Subtotal	\$21.0	\$14.0	\$18.8	4.8	34.6%	89.6%	\$21.7	\$0.7	103.4%
Rate Stabilization Fund Transfer	\$6.5	\$4.3	\$0.0	(4.3)	-100.0%	0.0%	\$6.5	\$0.0	100.0%
Other Revenue Subtotal	\$27.5	\$18.3	\$18.8	0.5	0.0%	68.4%	\$28.2	\$0.7	102.6%
Grand Total	\$426.4	\$284.3	\$287.3	\$3.0	1.1%	67.4%	\$422.5	(\$3.9)	99.1%

**Discussion of Relevant Variance**

In general, revenues are on target with 67.4 percent of the total revenues received through 67 percent of the year completed. We anticipate completing the fiscal year with 99.1 percent of the revised budget.

Receipts for Residential, Commercial and Multi-Family categories in May were \$21.1 million and cumulative receipts totaled \$144.0 million, or 63.7 percent of the revised FY 2012 budget. The consumption is generally lower in winter months whereas the year-to-date budget is on a straight-line basis. However, the receipts in these categories are projected to be slightly lower than the revised budget. Staff will continue to monitor and report receipts for these categories.

Receipts for the Federal payment were \$34.1 million or 71.8 percent of the annual budget. A total of \$1.42 million remains unpaid from the second and third quarterly payments. The unpaid balance pertains to Walter Reed Hospital, Joint Based Anacostia Bolling and National Geospatial Agencies. Staff is coordinating with the U.S. Treasury to collect the payment.

The District Government actual receipts for the first three quarters total \$6.4 million or 58 percent of the revised FY 2012 budget. The District Government has disputed consumption on a

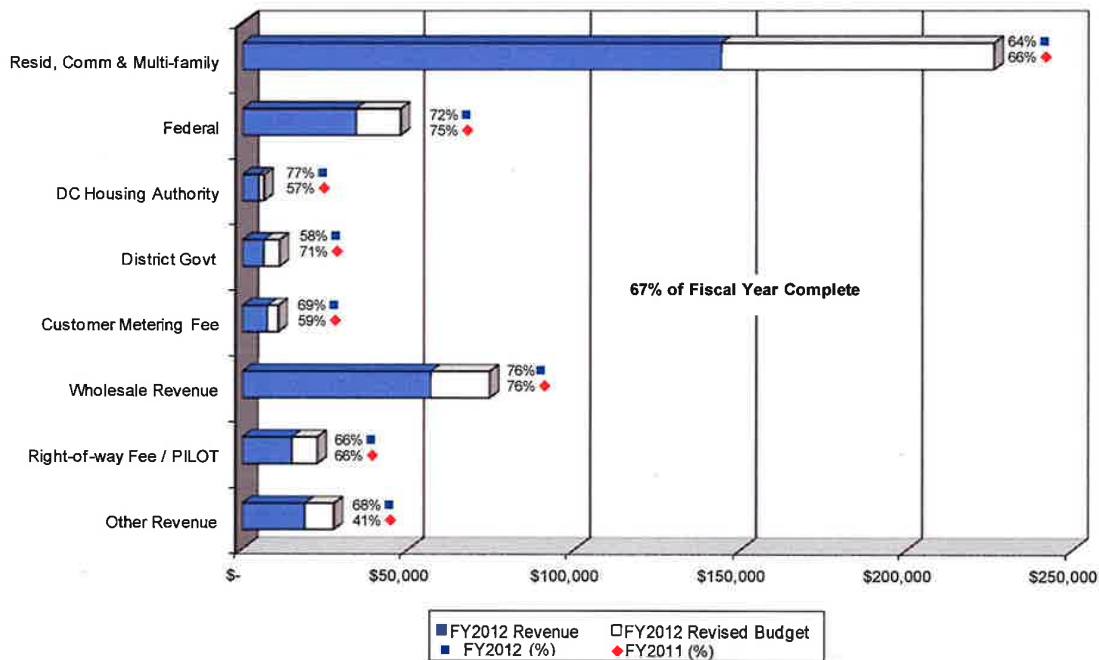
large account, withholding a portion of their quarterly payment while the account is being investigated. Staff is meeting with the officials to complete the review.

DC Housing Authority's actual receipts total \$5.0 million or 77.6 percent of the revised budget. The receipt for the month of May 2012 was \$0.47 million. Since the fourth quarter 2011, DC Housing Authority was behind on their payments by a month due to significant turnover within their Accounts Payable Department. They have now caught up with their payment schedule. DC Water, therefore, has received one additional payment this year, not anticipated within the FY 2012 revised budget.

At the end of May, payments from Wholesale Customers total \$56.7 million or approximately 76.1 percent of the budget. The Wholesale Customers are billed on a quarterly basis and third quarter payments have been received in May 2012.

Other Revenue receipts, which were previously trailing budget, are now slightly higher than the straight-lined budget at \$18.8 million or 68.4 percent of the budgeted category primarily due to receiving a \$6.0 million Indirect Capital reimbursement in May 2012. The Rate Stabilization Fund transfer is anticipated in the fourth quarter of the fiscal year.

**FY 2012  
OPERATING RECEIPTS BY CUSTOMER CATEGORY  
As of May 31, 2012**



**BREAKDOWN OF RETAIL RECEIPTS BY CUSTOMER CATEGORY**  
 (\$ in 000's)  
 As of May 31, 2012

Customer Category	Water	Sewer	Clean Rivers		Total
			IAC	Metering Fee	
Residential	17,499	21,562	5,652	3,312	48,025
Commercial	27,340	28,064	7,202	2,216	64,822
Multi-family	15,706	18,889	2,082	778	37,456
Federal	14,762	14,821	4,539	711	34,832
District Govt	2,193	2,691	1,554	347	6,785
DC Housing Authority	2,116	2,597	251	89	5,054
<b>Total:</b>	<b>79,617</b>	<b>88,624</b>	<b>21,280</b>	<b>7,454</b>	<b>196,974</b>

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)  
 As of May 31, 2012

Customer Category	FY2012 Budget	Year-To-Date Budget	Actual Received	Variance		
				Favorable / <Unfavorable>	Variance % of YTD Budget	Actual % of Budget
Residential	8,178	5,452	5,652	200	4%	69%
Commercial	9,714	6,476	7,202	726	11%	74%
Multi-family	3,235	2,157	2,082	(74)	-3%	64%
Federal	6,052	4,034	4,539	504	12%	75%
District Govt	2,131	1,420	1,554	134	9%	73%
DC Housing Authority	380	253	251	(2)	-1%	66%
<b>Total:</b>	<b>29,690</b>	<b>19,793</b>	<b>21,280</b>	<b>1,487</b>	<b>8%</b>	<b>72%</b>

**OPERATING EXPENDITURES**

At the end of May, with approximately 67 percent of the fiscal year completed, operating expenditures (including debt service and the right of way and PILOT fees) totaled \$240.1 million, or 58 percent of the FY 2012 Board-revised budget of \$415.4 million. These numbers include estimated incurred but unpaid invoices.

**EXPENDITURE VARIANCE BY CATEGORY**  
 (\$ in 000's)  
 As of May 31, 2012

	Board Revised Budget	YTD Budget	YTD as of 05/31/2012	FY 2012			Preliminary Year-End Projections	Projection Percent of Budget	Year-End Variance	FY 2013 Board Approved Budget
				YTD Variance Favorable/(Unfavorable) \$	%	Percent of Budget				
Personnel Services	111,114	74,076	69,169	4,907	6.6%	62%	107,382	97%	3,732	117,796
Contractual Services	79,747	53,165	41,455	11,710	22.0%	52%	73,516	92%	6,231	82,350
Water Purchases	31,517	21,011	17,695	3,317	15.8%	56%	29,400	93%	2,117	32,523
Chemicals and Supplies	29,947	19,965	15,929	4,035	20.2%	53%	26,112	87%	3,835	31,360
Utilities	37,446	24,964	17,660	7,304	29.3%	47%	29,800	80%	7,646	38,047
Small Equipment	995	653	612	51	7.7%	62%	787	79%	208	993
<b>Subtotal O &amp; M Expenditures</b>	<b>290,765</b>	<b>193,845</b>	<b>162,520</b>	<b>31,325</b>	<b>16.2%</b>	<b>56%</b>	<b>266,998</b>	<b>92%</b>	<b>23,768</b>	<b>303,069</b>
Debt Service	102,613	68,409	62,982	5,447	8.0%	51%	99,627	97%	2,986	129,392
Payment in Lieu of Taxes	16,862	11,255	11,255	-	0.0%	67%	16,862	100%	-	19,215
Right of Way	5,100	3,400	3,400	-	0.0%	67%	5,100	100%	-	5,100
<b>Total O &amp; M Expenditures</b>	<b>415,360</b>	<b>276,908</b>	<b>240,136</b>	<b>36,772</b>	<b>13.3%</b>	<b>58%</b>	<b>388,606</b>	<b>94%</b>	<b>26,755</b>	<b>456,775</b>
Personnel Services Charged to Capital Projects	(14,000)	(9,333)	(8,715)	618	-6.6%	62%	(13,530)	97%	(470)	(16,690)
<b>Total Net Operating Expenditures</b>	<b>401,360</b>	<b>267,575</b>	<b>231,421</b>	<b>36,154</b>	<b>13.5%</b>	<b>58%</b>	<b>375,076</b>	<b>93%</b>	<b>26,285</b>	<b>440,085</b>

Note: Actuals include accruals

**Discussion**

*Personnel Services (\$111.1 million annual budget; 38.2 percent of O&M budget)* – At the end of May, personnel costs total \$69.2 million or 62 percent of budget. Of the 1,171 positions budgeted (1,202 positions authorized), 1,043 positions were filled at the end of May. Overtime spending totals \$3.2 million of the annual budget of \$5.0 million, or 6 percent of regular payroll costs. Overtime costs remain significantly below the level of spending for the same period last year due to improved management data and controls and milder winter months experienced to date. We will continue to monitor and report overtime activities and risks.

*Water Purchases (\$31.5 million annual budget; 10.8 percent of O&M budget)* – At the end of May, water purchases incurred total \$17.7 million or 56 percent of budget. The current variance in this category is attributable to hiring delays and lower than anticipated water demand at the Washington Aqueduct.

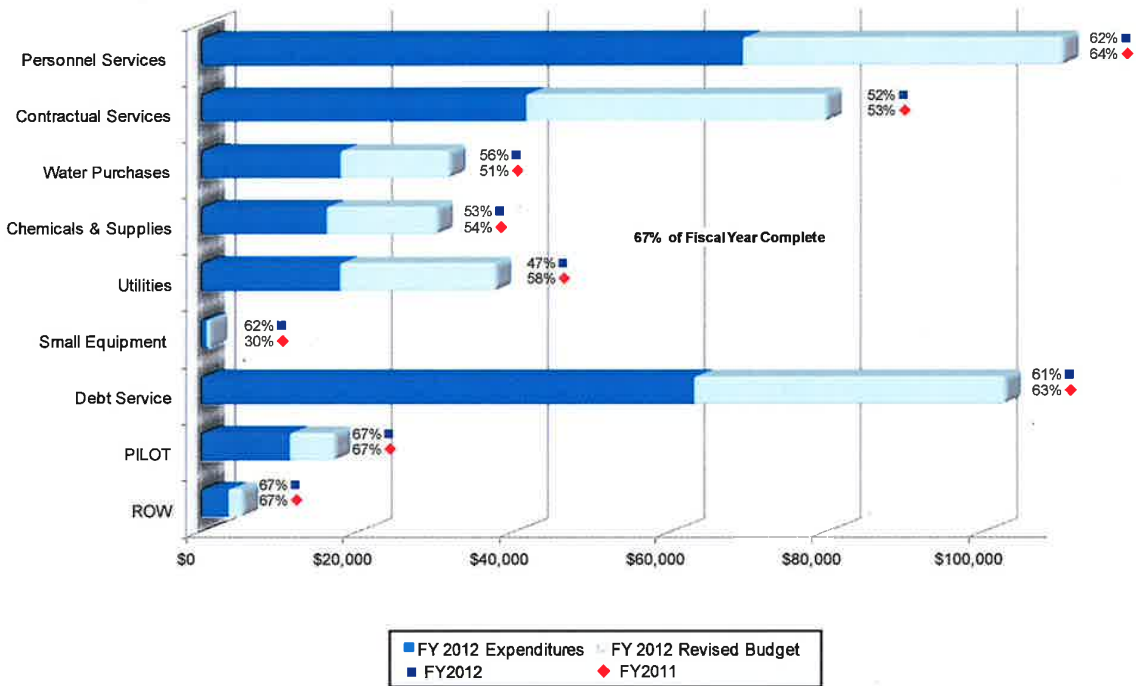
*Chemicals and Supplies (\$29.9 million annual budget; 10.3 percent of O&M budget)* – At the end of May, chemical and supplies costs total \$15.9 million or 53 percent of budget. We continue to experience lower than anticipated spending on major chemicals, including ferric chloride, caustic soda (sodium hydroxide), various polymer and sodium hypochlorite resulting from lower flows.

*Utilities (\$37.4 million annual budget; 12.9 percent of O&M budget)* – At the end of May, utilities expenditures total \$17.7 million or 47 percent of the budget. Later in the report is additional information concerning actual performance in this category.

*Debt Service (\$102.6 million annual budget)* – At the end of May, debt service expenditures total \$63.0 million or 61 percent of the budget.

*Payment in Lieu of Taxes – (\$16.9 million annual budget)* – Payments and accrued expenses for the District’s PILOT fee totaled \$11.3 million. Actual payment differs due to previous Board direction and resulting offsets associated with the Fire Protection fee. We are accruing in accordance with the MOU on PILOT payments. The actual 2007 Board directive was to continue paying at the FY 2007 level until questions were resolved between DC Water and the City Administrator, which is still currently under discussion. The difference in the amount paid to the District annually and the balance the in budget will be placed into an escrow account until the account is settled.

**FY 2012 Operating Expenditures  
by Category  
(\$ in 000's)  
As of May 31, 2012**



**CAPITAL SPENDING**

For the month of May 2012, actual disbursements totaled \$40.4 million, with year-to-date disbursements totaling \$300.5 million or 57 percent of the FY 2012 Revised disbursements budget. Planned capital disbursements through May 2012 were \$345.6 million, or 65 percent of the FY 2012 Revised disbursements budget.

**Capital Disbursements Variance  
(\$ in 000's)  
As of May 31, 2012**

Description	FY 2012 Revised Disbursements Budget		Actual Disbursements			% of FY 2012 Revised Disbursements Budget		FY 2012 *Projected Disbursements Budget	
	Annual	YTD	Oct. '11 to Apr. '12	MAY '12	<sup>1</sup> YTD	Variance Compared to Plan	Percent of Annual Budget	Amount	Percent of Annual Budget
Wastewater Treatment	\$275,845	\$174,393	137,669	\$22,785	\$160,454	8%	58%	\$268,667	97%
Sanitary Sewer	39,922	25,091	13,073	2,805	15,879	37%	40%	24,332	61%
Combined Sewer Overflow	132,016	89,885	70,249	8,435	78,683	12%	60%	130,140	99%
Stormwater	2,775	1,695	2,626	350	2,977	-76%	107%	2,965	107%
Water	54,461	37,336	24,334	5,273	29,608	21%	54%	47,228	87%
Washington Aqueduct	11,373	7,000	3,436	0	3,436	51%	30%	11,373	100%
Capital Equipment	15,349	10,232	8,672	763	9,435	8%	61%	15,349	100%
<b>Total Capital Projects</b>	<b>\$ 531,741</b>	<b>\$345,632</b>	<b>\$ 260,060</b>	<b>\$ 40,412</b>	<b>\$300,472</b>	<b>13%</b>	<b>57%</b>	<b>\$500,053</b>	<b>94%</b>

Actuals - Oct.'11 thru Apr.'12, and Projections for May '12 thru Sep.'12

**Discussion**

The spending variance between the FY 2012 Revised Disbursements Budget and Actual disbursements, on a year-to-date basis, amounted to \$45.2 million resulting from under-spending in all service areas except Stormwater.

Spending in the Wastewater Treatment Service Area, on a year-to-date basis, was at 92 percent through May 2012. The major under-spending in this Area relates to the Solids Processing Program, and is attributable to a lag in contract award for two contracts for the New Digestion Facilities (Project XA), and lower disbursements for Program Management costs. Spending for the Enhanced Nitrogen Removal Facility (ENRF) continues ahead of schedule, while spending in the Liquid Process and Plantwide Programs continues to lag behind the budgeted amounts. With regards to the Liquids Processing Program, three projects that continue to comprise the majority of the under-spending are: Project BG – Dual Purpose Rehabilitation; Project BT – Filtration/Disinfection Facilities Phase II; and Project TQ – 504H3 Nitrification Facility. Spending for the Liquid Process Program is now projected to be



approximately 99 percent of the Revised FY 2012 budget. In the Plantwide Program, the Process Computer and Control Systems (Project GP and TA) still accounts for the majority of the year-to-date under-spending, but is still forecasted to recover during the balance of FY 2012. The overall spending in the Wastewater Treatment area is anticipated to recover during the remainder of FY 2012.

In the Combined Sewer Overflow Service Area, spending for the Clean Rivers Project and Program Management is only marginally lower than budgeted. There is no impact on project progress, and spending should be on target for the remainder of FY 2012. As indicated previously, the under-spending in the Combined Sewer Projects Program due to a delayed close-out process related to the Outfall Sewer Rehabilitation (Project D2) and the Main & O Pump Station (Project K1), is expected to continue for the remainder of FY 2012.

Almost all Programs under the Sanitary Sewer Service Area continue to experience year-to-date reduced spending, and recovery is not projected to occur in FY 2012. As indicated in previous months, this is the result of a reprioritization that would result in additional inspection work being done to refine project scopes, prior to the awarding of construction contracts.

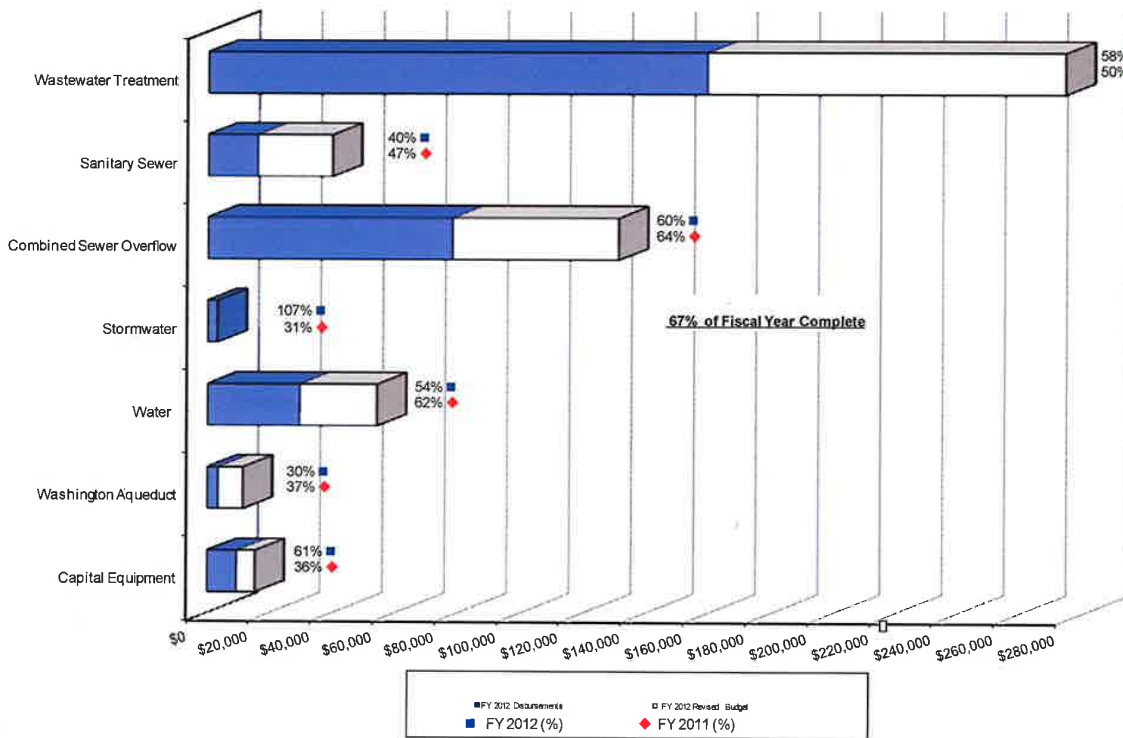
The Water Service Area under-spending of approximately \$8 million is primary driven by the Lead, Water Distribution, and Water Pumping Facilities Programs. Activity under the Lead Program has been relatively low, and, therefore, spending is not anticipated to recover. Under-spending in the Water Distribution Program is related to some of the Small Diameter Watermain Rehabilitation projects. With regards to the Pumping Program, the reduced spending is attributable to the Rehabilitation of Bryant St. Pump Station (Project M6) project. There are a number of items impacting the spending at the Bryant St. Pump Station (painting, change order for the hydraulic loop, SCADA, etc.) none of which are critical to the project, but the spending is not anticipated to recover in FY 2012.

The Washington Aqueduct's billings remain below what was originally budgeted, but the Aqueduct staff has indicated that the billings will recover over the third and fourth quarter of FY 2012 to come within the budgeted disbursements.

The Stormwater Service Area continues to spend ahead of schedule but is estimated to come within budget for FY 2012.

Capital Equipment spending, estimated on a pro-rata basis for the fiscal year, is in close proximity to the budgeted disbursements on a year-to-date basis.

**FY 2012 Capital Disbursements Compared to Plan  
By Service Area  
(\$ in 000's)  
As of May 31, 2012**



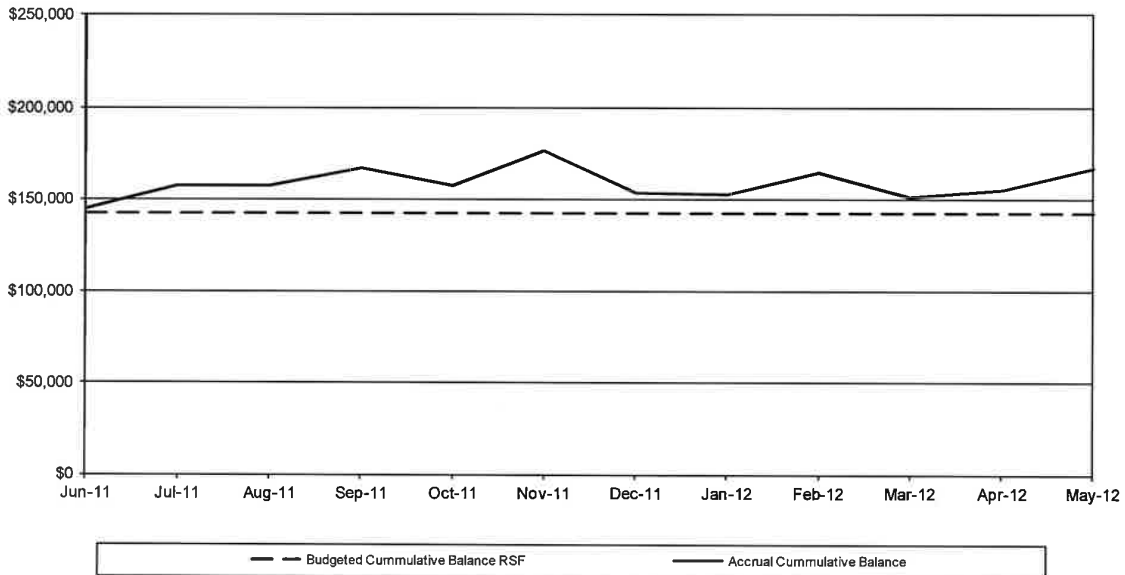
**CASH AND INVESTMENT BALANCES**

At the end of May, our operating reserve balance was \$150.2 million as compared to the FY 2012 operating reserve level objective of \$125.5 million. The following table provides a summary of all cash and investment account balances.

**Cash Balances  
As of May 31, 2012  
(\$ in millions)**

Rate Stabilization Fund Account (RSF)	\$16.7
Operating Reserve Accounts	150.2
DC PILOT Fund	10.0
<b>Operating Cash Balance Including RSF</b>	<b>176.9</b>
Debt Service Reserve - Series 98	23.9
Bond Construction Fund - Series 10	62.1
Bond Construction Fund - Series 12	275.7
CSO LTCP Appropriations Account	60.1
<b>Total All Funds</b>	<b>\$598.7</b>

**FY 2012 Operating Cash Balances  
(\$ in 000's)  
(Operating Reserve and RSF)**



### **Overall Portfolio Performance**

As of May 2012, DC Water's total investment portfolio continues to perform well and complies with the Authority's Investment Policy. Returns continue to exceed the established benchmarks for short term (less than one year) and core (one plus years) funds. Interest income for May (**on a cash basis**) was \$135,416 with year-to-date totals of \$411,256 as compared to the budget of \$535,376 for the year. A detailed investment performance report is attached.

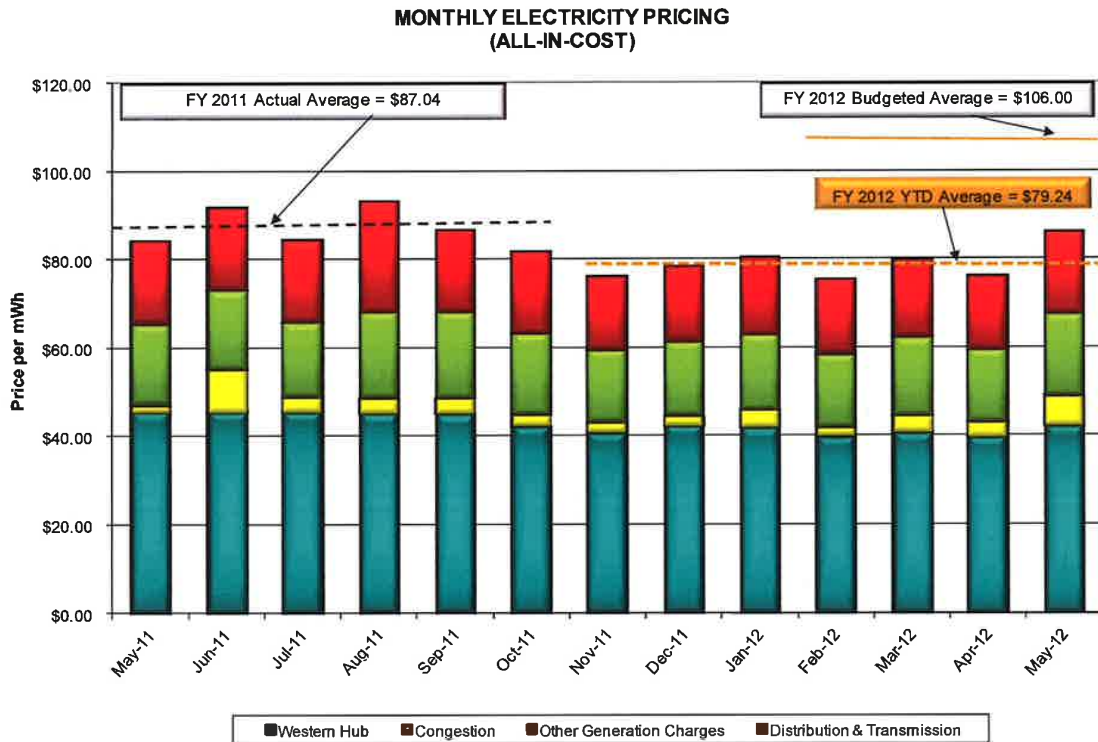
## OTHER STATUS REPORTS

### ELECTRICITY

As of May 2012, we have purchased approximately 79 percent, or 23MW, of the Authority's electric load at annual Western Hub average unit price of \$43.67/mWh. For FY 2013, staff has already purchased approximately 69 percent, or 20MW, of the Authority's electric load through January 31 at the Western Hub average unit price of \$39.98/mWh.

Electricity market conditions continue to be significantly below prior years' experience. Staff continues to monitor the futures market with intent to purchase additional electric loads for FY 2013 if market conditions are appropriate and in line with budget assumptions.

The chart below depicts the all-in-cost for the electricity purchased by the Authority. As indicated in the chart, electricity prices generally increase during the winter and summer peak months. The average all-in-cost paid for May 2012 was \$86.12/mWh, with the year-to-date average at \$79.24/mWh.



Notes: A) Other generation charges include the capacity charges, loss factor adjustments, ancillary costs, and other adder (administrative) fees associated with electricity procurement over the spot market  
 B) Prices include accruals for invoices not yet received.

**Electricity Costs**

The revised FY 2012 electricity budget of \$29.2 million represents 78 percent of the total utilities budget and assumes an average all-in-cost of \$106.00/mWh.

The current purchasing strategy can be compared to two benchmarks: the Standard Offer Service (S.O.S.) and spot market prices. As indicated in the chart below, DC Water’s average year-to-date actual price is higher than the spot market price and significantly below the S.O.S. price.

<b>All-In-Cost (\$/mWh)</b>			
<b>Unit Price</b>			
	Standard Offer Service (S.O.S.)	Spot Market	Actual <sup>1</sup>
Oct-11	\$127.19	76.55	81.99
Nov-11	\$128.01	69.88	75.92
Dec-11	\$127.72	69.60	78.27
Jan-12	\$128.30	71.67	80.30
Feb-12	\$125.39	65.76	75.43
Mar-12	\$126.87	69.11	79.92
Apr-12	\$128.30	65.50	75.99
May-12	\$128.30	78.11	86.12
<b>YTD Average</b>	<b>\$127.51</b>	<b>\$70.77</b>	<b>\$79.24</b>

<sup>1</sup> Actual prices are inclusive of the price mix of monthly block purchases and spot market unit prices.

<b>Electricity Budget (\$000)</b>			
<b>Amount</b>		<b>Variance</b>	
Budgeted	Actual	Budgeted vs Actual	
Oct-11	\$1,943	\$1,103	\$840
Nov-11	\$1,933	\$1,641	\$292
Dec-11	\$2,475	\$1,550	\$925
Jan-12	\$2,474	\$1,734	\$740
Feb-12	\$2,515	\$1,503	\$1,011
Mar-12	\$1,878	\$1,521	\$357
Apr-12	\$1,876	\$1,566	\$309
May-12	\$2,269	\$1,773	\$495
<b>YTD Total</b>	<b>\$17,363</b>	<b>\$12,393</b>	<b>\$4,970</b>
Remainder	\$11,855		
<b>Total Budget</b>	<b>\$29,218</b>		

Overall, the FY 2012 electricity expenditure to date continues to track favorably to budget. We expect to end the fiscal year with significant savings in this category mainly attributable to lower than anticipated market prices for electricity.

**RETAIL & WHOLESALE ACCOUNTS RECEIVABLE**

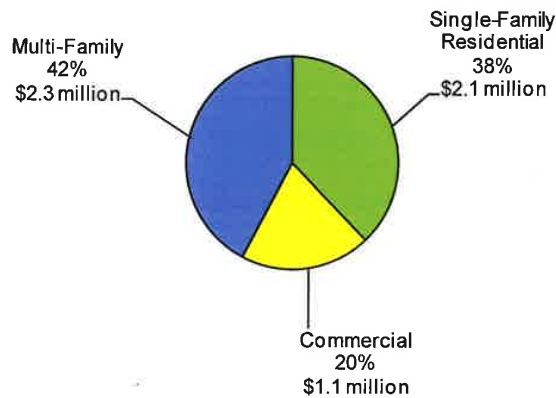
The following tables and chart show retail and wholesale accounts receivable over 90 days including a breakdown by customer class.

**Delinquent Accounts Receivable  
Greater Than 90 Days by Customer  
May 31, 2012**

	RETAIL		WHOLESALE		TOTAL	
	Greater than 90 Days		Greater than 90 Days		Greater than 90 Days	
	\$ in millions	# of accounts	\$ in millions	# of accounts	\$ in millions	# of accounts
September 30, 2006	\$7.4	14,762	\$0.0	0	\$7.4	14,762
September 30, 2007	\$7.1	14,917	\$0.0	0	\$7.1	14,917
September 30, 2008	\$6.1	15,635	\$0.0	0	\$6.1	15,635
September 30, 2009	\$4.9	10,211	\$0.0	0	\$4.9	10,211
September 30, 2010	\$5.1	13,441	\$0.0	0	\$5.1	13,441
September 30, 2011	\$5.5	13,039	\$0.0	0	\$5.5	13,039
October 31, 2011	\$5.5	12,831	\$0.0	0	\$5.5	12,831
November 30, 2011	\$5.4	12,629	\$0.0	0	\$5.4	12,629
December 31, 2011	\$5.6	13,549	\$0.0	0	\$5.6	13,549
January 31, 2012	\$5.6	13,541	\$0.0	0	\$5.6	13,541
February 29, 2012	\$5.6	12,938	\$0.0	0	\$5.6	12,938
March 31, 2012	\$5.4	12,533	\$0.0	0	\$5.4	12,533
April 30, 2012	\$5.5	12,384	\$0.0	0	\$5.5	12,384
May 31, 2012	\$5.5	12,232	\$0.0	0	\$5.5	12,232

\*In June 09 the Authority wrote off approximately \$1.3M of bad debt

**Retail Accounts  
Greater Than 90 Days by Customer Class  
May 31, 2012**



**Delinquent Accounts Receivable  
Greater Than 90 Days by Customer  
May 31, 2012**

	Number of Accounts			Month of May (All Categories)				Total Delinquent			
	W & S a/c	Impervious Only a/c	Total No. of a/c	Active		Inactive		No. of a/c Apr.	Amount (\$)	No. of a/c May	Amount (\$)
				No. of a/c	Amount (\$)	No. of a/c	Amount (\$)				
Commercial	11,800	3,445	15,245	1,268	944,365.09	158	145,909.01	1,597	1,116,005.32	1,426	1,090,274.10
Multi-family	7,367	460	7,827	866	2,074,226.89	147	240,821.44	1,093	2,393,049.78	1,013	2,315,048.33
Single-Family Residential	103,599	3,492	107,091	8,081	1,389,696.17	1,712	682,827.97	9,694	2,036,240.66	9,793	2,072,524.14
<b>Total</b>	<b>122,766</b>	<b>7,397</b>	<b>130,163</b>	<b>10,215</b>	<b>4,408,288.15</b>	<b>2,017</b>	<b>1,069,558.42</b>	<b>12,384</b>	<b>5,545,295.76</b>	<b>12,232</b>	<b>5,477,846.57</b>

-Included in the above \$4.41m (or 10,215 accounts) of the DC Water Over 90 days delinquent accounts, \$633,676.50 (or 2,227 accounts) represents Impervious only Accounts over 90 days delinquent

-Reportable delinquencies do not include balances associated with long-standing disputes between DC Water and two large commercial customers



**D.C. WATER AND SEWER AUTHORITY  
FY 2012 CASH FLOW SUMMARY  
As of May 31, 2012  
(\$ in 000's)**

	<b>Annual Budget Cash Basis</b>	<b>YTD 67% Cash Budget</b>	<b>YTD Actual Cash Oct. 1, 2011 - May 31, 2012</b>	<b>Variance Favorable (Unfavorable)</b>		<b>FY 2012 Year End Projection</b>
<b>OPERATING BUDGET</b>						
<b>Cash Provided</b>						
Retail	302,041	202,368	196,974	(5,393)	-3%	297,506
Wholesale	74,361	49,822	56,651	6,829	14%	74,361
Other	43,259	28,983	33,454	4,470	15%	43,919
Transfer from Rate Stabilization Fund	6,500	4,355		(4,355)	-100%	6,500
<b>Total Cash Provided</b>	<b>426,161</b>	<b>285,528</b>	<b>287,079</b>	<b>1,551</b>	<b>1%</b>	<b>422,285</b>
<b>Operating Cash Used</b>						
Personnel Services	97,114	65,066	64,851	215	0%	93,852
Contractual Services	79,746	53,430	46,638	6,792	13%	73,516
Chemicals & Supplies	29,946	20,064	18,661	1,403	7%	26,112
Utilities	37,447	25,089	14,624	10,466	42%	29,800
Water Purchases	31,517	21,116	18,064	3,053	14%	29,400
Small Equipment	985	667	648	19	3%	787
<b>Total Operating Cash Used</b>	<b>276,765</b>	<b>185,433</b>	<b>163,486</b>	<b>21,947</b>	<b>12%</b>	<b>253,467</b>
<b>Other Cash Used</b>						
Debt Service	100,776	67,520	62,962	4,558	7%	99,025
Payment In Lieu of Taxes/Right of Way	22,365	14,984	13,136	1,849	12%	21,982
Total Other Cash Used	123,141	82,504	76,098	6,407	8%	121,007
<b>Total Cash Used</b>	<b>399,906</b>	<b>267,937</b>	<b>239,583</b>	<b>28,354</b>	<b>11%</b>	<b>374,474</b>
<b>Net Cash Provided (Used) by Operating Act.</b>	<b>26,255</b>	<b>17,591</b>	<b>47,495</b>	<b>29,905</b>		<b>47,811</b>
<b>CAPITAL BUDGET</b>						
<b>Cash Provided</b>						
Debt Proceeds	258,889	173,456	100,863	(72,592)	-42%	249,477
Capital Equipment Financing	8,184	5,483		(5,483)	-100%	8,184
EPA Grants	25,455	17,055	17,218	163	1%	23,905
CSO Grants	31,332	20,992	16,065	(4,927)	-23%	21,065
Interest Income	93	63	184	122	195%	305
Wholesale Capital Contributions	175,242	117,412	124,769	7,357	6%	164,571
<b>Total Cash Provided</b>	<b>499,195</b>	<b>334,461</b>	<b>259,100</b>	<b>(75,361)</b>	<b>-23%</b>	<b>467,507</b>
<b>Cash Used</b>						
WASA Capital Program	520,368	348,647	297,035	51,611	15%	488,680
Washington Aqueduct Projects	11,373	7,620	3,436	4,184	55%	11,373
<b>Total Cash Used</b>	<b>531,741</b>	<b>356,266</b>	<b>300,471</b>	<b>55,795</b>	<b>16%</b>	<b>500,053</b>
<b>Net Cash/PAYGO Provided (Used) by Cap. Act.</b>	<b>(32,546)</b>	<b>(21,806)</b>	<b>(41,371)</b>	<b>(19,565)</b>		<b>(32,546)</b>
<b>Beginning Balance, October 1 (Net of Rate Stab. Fund)</b>						
Plus (Less) Operating Surplus	150,035		150,035			150,035
Wholesale Customer Refunds from Prior Years	26,255	17,591	47,495			47,811
Interest Earned From Bond Reserve	(5,250)	(3,518)	(5,661)			(5,661)
Transfer to Rate Stabilization Fund	256	171	246			223
Prior Year Federal Billing Reconciliation	(12,250)	(8,208)	0			(12,250)
Cash Used for Capital	(1,000)	(670)	(500)			(1,000)
<b>Cash Used for Capital</b>	<b>(32,546)</b>	<b>(21,806)</b>	<b>(41,371)</b>			<b>(32,546)</b>
<b>Balance Attributable to O&amp;M Reserve</b>	<b>125,500</b>		<b>150,245</b>			<b>146,613</b>
<b>OTHER CASH RESERVES</b>						
<b>Rate Stabilization Fund</b>				<b>Current Balance</b>		
<b>CSO Long-Term Control Plan Appropriation</b>	16,700					
<b>DC PILOT Reserve Fund</b>	60,201					
	10,003					

**Finance and Budget Committee - 2. May 2012 Financial Report (Attachment 1) - Yvette Downs and Robert Hunt**

**FY 2012 Overtime  
Budget vs Actual  
Period Ended May 31, 2012**

Department	FY 2011				FY 2012						
	Annual Budget	Actual	Percent of Budget Expended	Actual to Budget \$ Variance	Annual Budget	Percent of Annual Budget Expended	FY 2012 Year-to-Date				YTD Overtime as % of YTD Regular
							Straight-Line Budget 10/01/11 - 05/31/12	Actual 10/01/11 - 05/31/12	Actual to Straight-Line Budget Variance	Percentage YTD Straight-Line Budget Expended	
Office of the Secretary	4,000	1,854	46%	2,146	4,000	55%	2,703	2,184	520	81%	2%
General Manager	15,000	671	4%	14,329	13,000	8%	8,786	1,103	7,682	13%	0%
General Counsel	2,000	2,731	137%	(731)	2,000	26%	1,352	524	827	39%	0%
External Affairs	2,000	2,703	135%	(703)	2,000	20%	1,352	404	948	30%	0%
Internal Audit	-	-	0%	-	-	0%	0	0	0	0%	0%
Information Technology	25,000	15,471	62%	9,529	24,006	72%	16,224	17,288	(1,064)	107%	1%
Procurement	30,000	24,545	82%	5,455	30,000	59%	20,275	17,660	2,614	87%	1%
Customer Service	250,000	188,688	75%	61,312	240,000	46%	162,198	110,570	51,627	68%	2%
Finance & Budget	30,000	28,140	94%	1,860	30,000	48%	20,275	14,455	5,820	71%	1%
Risk Management	1,000	94	9%	906	1,000	9%	676	93	583	14%	0%
Assistant General Manager	1,000	222	22%	778	1,000	61%	676	607	68	90%	0%
Human Capital Management	5,000	2,852	57%	2,148	5,000	48%	3,379	2,392	987	71%	0%
Occupational Safety & Health	2,000	154	8%	1,846	2,000	21%	1,352	428	923	32%	0%
Facilities & Security	150,000	203,883	136%	(53,883)	150,000	89%	101,374	133,008	(31,634)	131%	5%
Water / Sewer Pump Maintenance	200,000	110,681	55%	89,319	200,000	30%	135,165	60,431	74,734	45%	4%
Engineering & Technical Services	549,960	611,204	111%	(61,244)	548,481	83%	370,677	457,578	(86,901)	123%	6%
Water Services	1,080,000	1,111,758	103%	(31,758)	1,080,000	52%	729,890	563,628	166,262	77%	7%
Clean Rivers	10,000	3,745	37%	6,255	25,000	10%	16,896	2,619	14,277	16%	0%
Sewer Services	900,000	1,063,680	118%	(163,680)	900,000	67%	608,242	603,227	5,014	99%	9%
Wastewater Treatment	956,000	1,010,473	106%	(54,473)	956,000	76%	646,088	722,979	(76,891)	112%	13%
Maintenance Services	800,000	880,595	110%	(80,595)	800,000	60%	540,659	479,528	61,131	89%	8%
Permit Operations	1,000	1,503	150%	(503)	2,500	67%	1,690	1,675	15	99%	0%
Fleet Management	1,000	926	93%	74	1,000	34%	676	336	340	50%	0%
<b>Total DC WATER</b>	<b>\$5,014,960</b>	<b>\$5,266,573</b>	<b>105%</b>	<b>-\$251,613</b>	<b>\$5,016,987</b>	<b>64%</b>	<b>\$3,390,601</b>	<b>\$3,192,719</b>	<b>\$197,882</b>	<b>94%</b>	<b>6%</b>

**Notes:**

- (1) "Budget 10/01/11 - 05/31/12" reflects annual budget straight-lined
- (2) "% YTD Budget Expended" reflects variance between straight-lined budget to-date and actual overtime
- (3) YTD payroll does not include fringe benefits

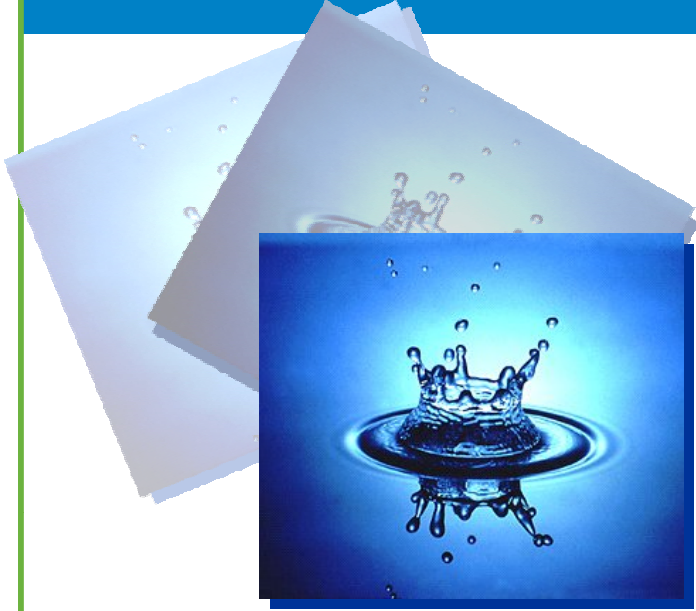
Finance and Budget Committee - 2. May 2012 Financial Report (Attachment 1) - Yvette Downs and Robert Hunt

Capital Projects  
 FY 2012 Disbursements Analysis  
 at of May 31, 2012  
 (dollars in thousands)

Description	FY 2012 Revised Disbursements Budget		Actual Disbursements			% of FY 2012 Revised Disbursements Budget		Commitments
	Annual	YTD	Oct. '11 to Apr. '12	MAY '12	<sup>1</sup> YTD	Annual	YTD	
<b>Wastewater Treatment</b>							67% of Fiscal Year Completed	
Liquid Processing Projects	\$23,263	\$14,923	\$10,172	\$2,921	\$13,093	56%	88%	39,777
Plantwide Projects	18,018	13,185	9,506	454	9,960	55%	76%	25,274
Solids Processing Projects	119,295	74,078	49,048	7,777	56,825	48%	77%	381,846
Enhanced Nitrogen Removal Facilities (formerly Total Nitrogen Program)	<u>115,269</u>	<u>72,207</u>	<u>68,943</u>	<u>11,633</u>	<u>80,577</u>	70%	112%	<u>263,513</u>
<b>Total Wastewater Treatment</b>	<b>275,845</b>	<b>174,393</b>	<b>137,669</b>	<b>22,785</b>	<b>160,455</b>	<b>58%</b>	<b>92%</b>	<b>710,410</b>
<b>Sanitary Sewer</b>								
Sanitary Collection Sewers	2,140	1,502	650	227	877	41%	58%	2,083
Sanitary On-Going Projects	16,081	9,386	3,959	651	4,610	29%	49%	9,771
Sanitary Pumping Facilities	659	532	137	0	137	21%	26%	674
Sanitary Sewer Program Management	6,880	5,068	2,260	941	3,201	47%	63%	17,372
Sanitary Interceptor/Trunk Force Sewers	<u>14,162</u>	<u>8,603</u>	<u>6,068</u>	<u>986</u>	<u>7,054</u>	50%	82%	<u>18,987</u>
<b>Total Sanitary Sewer</b>	<b>39,922</b>	<b>25,091</b>	<b>13,073</b>	<b>2,805</b>	<b>15,879</b>	<b>40%</b>	<b>63%</b>	<b>48,887</b>
<b>Combined Sewer Overflow</b>								
CSO Program Management	1,590	1,258	953	235	1,188	75%	94%	12,515
Combined Sewer Projects	14,504	12,429	7,080	747	7,826	54%	63%	10,861
D.C. Clean Rivers Project (aka Long-Term Control Plan)	<u>115,922</u>	<u>76,198</u>	<u>62,217</u>	<u>7,453</u>	<u>69,669</u>	60%	91%	<u>278,007</u>
<b>Total Combined Sewer Overflow</b>	<b>132,016</b>	<b>89,885</b>	<b>70,249</b>	<b>8,435</b>	<b>78,683</b>	<b>60%</b>	<b>88%</b>	<b>301,382</b>
<b>Stormwater</b>								
Stormwater Local Drainage	17	12	0	0	0	0%	0%	239
Stormwater On-Going Program	731	345	1,181	0	1,181	162%	342%	402
Stormwater Pumping Facilities	-	-	0	0	0	0	0	0
DDOT Stormwater Program	2	-	0	0	0	0%	0%	0
Stormwater Research and Program Management	499	420	240	23	263	53%	63%	1,361
Stormwater Trunk/Force Sewers	<u>1,527</u>	<u>918</u>	<u>1,205</u>	<u>327</u>	<u>1,531</u>	100%	167%	<u>1,006</u>
<b>Total Stormwater</b>	<b>2,775</b>	<b>1,695</b>	<b>2,626</b>	<b>350</b>	<b>2,976</b>	<b>107%</b>	<b>176%</b>	<b>3,008</b>
<b>Water</b>								
Water Distribution Systems	23,024	15,597	10,584	3,155	13,739	60%	88%	35,782
Water On-Going Projects	8,239	5,759	5,091	489	5,580	68%	97%	4,506
Water Pumping Facilities	5,327	2,947	732	656	1,388	26%	47%	5,364
DDOT Water Projects	4,002	2,822	2,918	0	2,918	0	0	7,336
Water Storage Facilities	2,083	1,459	1,480	186	1,665	80%	114%	633
Water Projects Program Management	4,109	2,776	1,847	308	2,155	52%	78%	11,658
Water Lead Program	4,801	4,058	1,045	241	1,286	27%	32%	7,097
AMR Installation / Replacement	<u>2,876</u>	<u>1,918</u>	<u>638</u>	<u>239</u>	<u>877</u>	30%	46%	<u>1,339</u>
<b>Total Water</b>	<b>54,461</b>	<b>37,336</b>	<b>24,334</b>	<b>5,273</b>	<b>29,609</b>	<b>54%</b>	<b>79%</b>	<b>73,714</b>
<b>Washington Aqueduct</b>	<b>11,373</b>	<b>7,000</b>	<b>3,436</b>	<b>0</b>	<b>3,436</b>	<b>30%</b>	<b>49%</b>	
<b>Capital Equipment</b>	<b>15,349</b>	<b>10,232</b>	<b>8,672</b>	<b>763</b>	<b>9,435</b>	<b>61%</b>	<b>92%</b>	<b>4,472</b>
<b>Total Capital Projects</b>	<b>\$531,741</b>	<b>\$345,632</b>	<b>\$260,060</b>	<b>\$40,412</b>	<b>\$300,472</b>	<b>57%</b>	<b>87%</b>	<b>1,141,875</b>

Notes:

<sup>1</sup> Includes actual OCIP related disbursements of \$1,474,391.93



# DC Water

*Investment Performance Report – May 2012*



DC Water  
Finance Division  
Economic Update

**ECONOMIC COMMENTARY**

- In May, concerns over Europe resurfaced, threatening to set back global economic growth. Investors continue to show concern that Greece may leave the euro and that Spain might default on its debt.
- The S&P/Case-Shiller 20-city home-price index reported in late May that housing prices fell 2.6% in the 12 months ending March, hinting that the real-estate market may be stabilizing.
- Retail sales in May were down by 0.9% according to the Johnson Redbook Index, less than the expected 1.1% drop due to Memorial Day holiday activity.
- The yield curve generally flattened during May, as the rally in longer-maturity Treasuries extended into the intermediate term, while two-year and shorter maturities remained in a narrow range.

**PORTFOLIO RECAP**

- The portfolio is diversified among Bank Deposits, Commercial Paper, Federal Agencies, U.S. Treasuries, FDIC Insured CDs, and SEC registered money market funds.
- The overall yield-to-cost of the portfolio is 0.34%.
- The portfolio is in compliance with the Authority's Investment Policy.

**Operating Reserve Account**

- In May, the Authority purchased \$30 million of 3 to 4 month commercial paper.

**2010 Construction Fund**

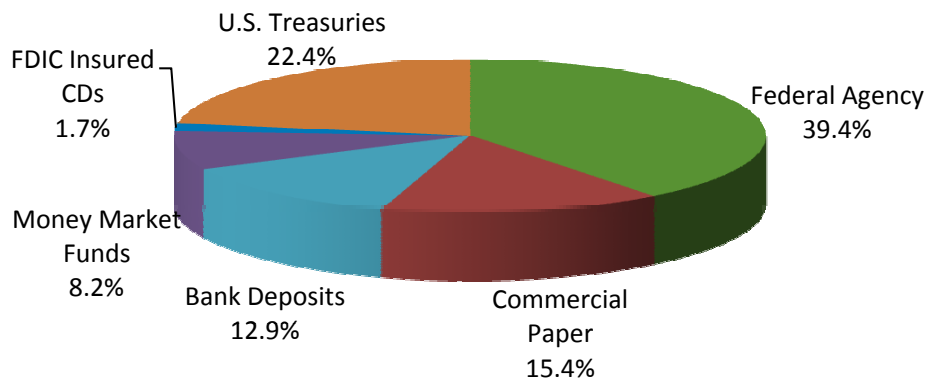
- The Authority purchased \$10 million of 2 month commercial paper at a yield of 0.16%.

**Debt Service Reserve Fund**

- The Authority purchased \$7.5 million of 4 month commercial paper at a yield of 0.24%.



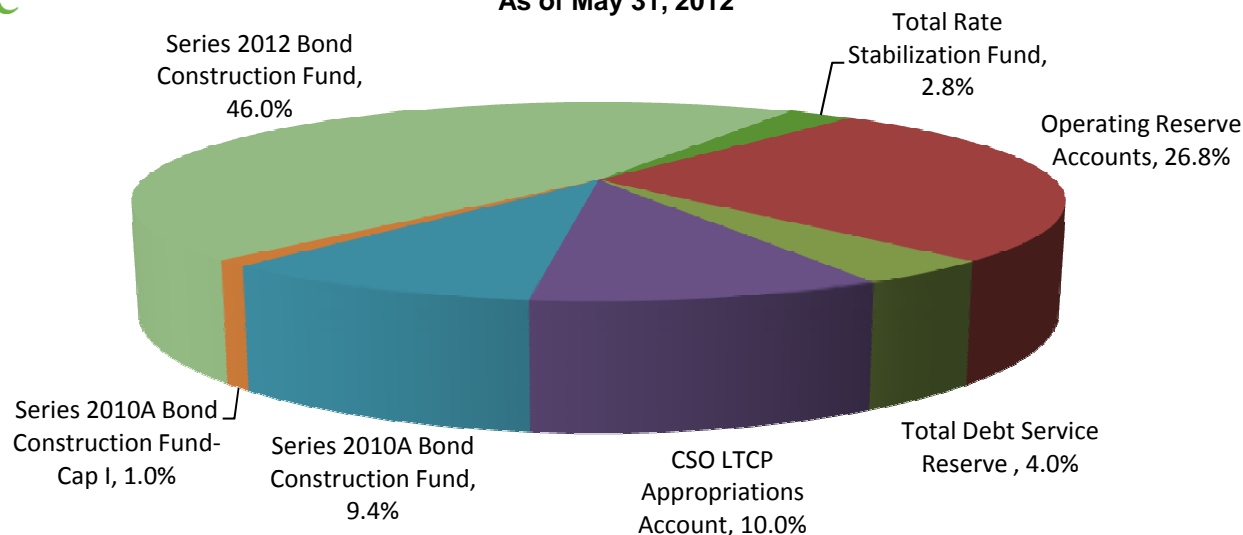
**DC Water  
Finance Division  
Investments - By Security Type  
As of May 31, 2012**



Security Type	Book Value + Accrued Interest	Asset Allocation	Permitted By Policy
Bank Deposits	\$ 77,456,956	12.9%	100.0%
Money Market Funds	48,999,853	8.2%	100.0%
Bankers Acceptances	-	0.0%	40.0%
Commercial Paper	92,463,203	15.4%	35.0%
U.S. Treasuries	134,076,601	22.4%	100.0%
Federal Agency	235,807,490	39.4%	80.0%
FDIC Insured CDs	10,017,438	1.7%	30.0%
Municipal Obligations	-	0.0%	20.0%
<b>Total</b>	<b>\$ 598,821,540</b>	<b>100.0%</b>	



**DC Water  
Finance Division  
Investment Analysis – By Fund  
As of May 31, 2012**



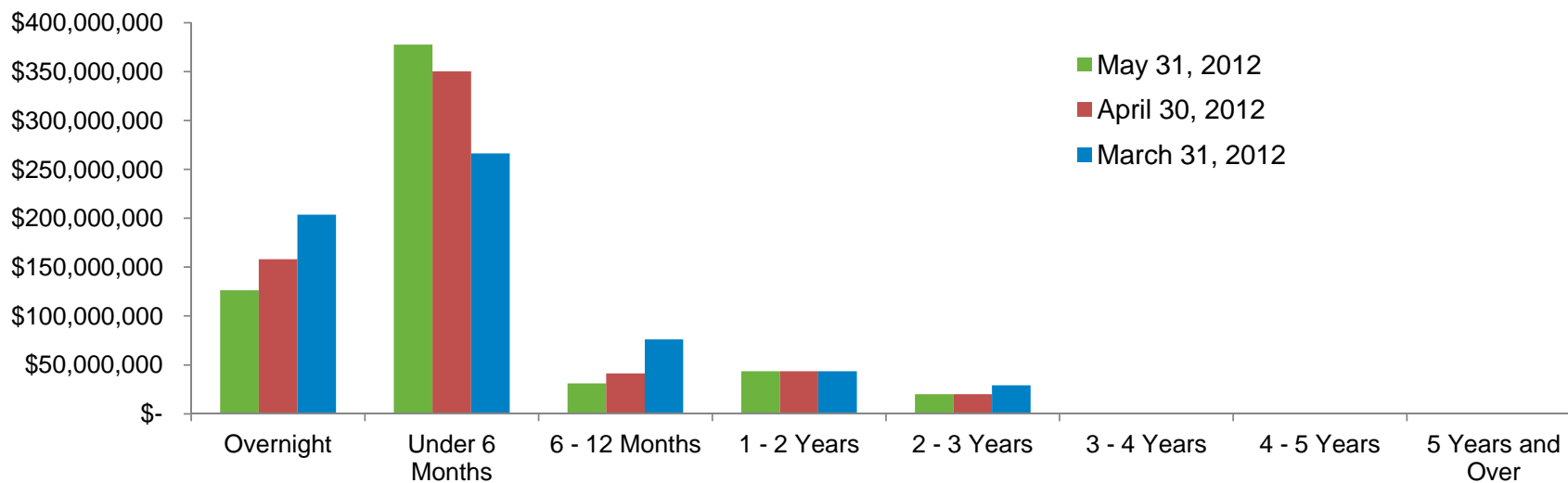
<b>Fund Name</b>	<b>Book Value + Accrued Interest</b>	<b>Yield-to- Maturity at Cost</b>	<b>Effective Duration (years)</b>	<b>Weighted Average Maturity (days)</b>
Total Rate Stabilization Fund	\$ 16,705,683	0.55%	0.05	17.2
Operating Reserve Accounts	\$ 160,208,241	0.71%	0.57	264.7
Total Debt Service Reserve	\$ 23,942,900	0.54%	0.63	234.0
Series 2010A Bond Construction Fund	\$ 56,083,640	0.08%	0.07	26.2
Series 2010A Bond Construction Fund- Cap I	\$ 6,063,154	0.77%	0.97	358.4
Total CSO LTCP Appropriations Account	\$ 60,083,605	0.45%	0.09	34.4
2012 Bond Construction Fund	\$ 275,734,317	0.12%	0.23	83.0
<b>Total</b>	<b>\$ 598,821,540</b>	<b>0.34%</b>	<b>0.31</b>	<b>128.4</b>

Investment Performance Report – May 2012



DC Water  
Finance Division  
Investment Analysis – By Maturity

Maturity Distribution	May 31, 2012	April 30, 2012	March 31, 2012
Overnight \$	126,456,808.39 \$	158,050,890.11 \$	203,648,373.81
Under 6 Months	377,621,806.72	350,108,868.71	266,415,363.91
6 - 12 Months	31,204,603.49	41,212,860.91	76,147,337.84
1 - 2 Years	43,538,574.15	43,547,243.42	43,543,515.48
2 - 3 Years	19,999,747.36	20,069,318.84	29,142,117.56
3 - 4 Years	-	-	-
4 - 5 Years	-	-	-
5 Years and Over	-	-	-
<b>Totals \$</b>	<b>598,821,540.11 \$</b>	<b>612,989,181.99 \$</b>	<b>618,896,708.60</b>







**DC Water  
Finance Division  
Investments – Issuer Allocation**

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
<b>Bank Deposits</b>					
TD Bank		67,415,877.63	11.3%	100.0%	Yes
Premier Bank		5,022,858.44	0.8%	100.0%	Yes
Capital One Bank		5,018,219.53	0.8%	100.0%	Yes
<b>Sub-Total Bank Deposits</b>		<b>77,456,955.60</b>	<b>12.9%</b>	100.0%	Yes
<b>Money Market Mutual Funds</b>					
American Beacon MMF	AAAm	1,482,407.62	0.2%	50.0%	Yes
Williams Capital Money Market Fund	AAAm	2,500,103.21	0.4%	50.0%	Yes
Merrill Lynch MMF	AAAm	1,183,982.56	0.2%	50.0%	Yes
Wells Fargo Advantage Treasury Plus	AAAm	20,080,723.31	3.4%	50.0%	Yes
Wells Fargo Government MMF	AAAm	23,752,636.09	4.0%	50.0%	Yes
<b>Sub-Total Money Market Mutual Funds</b>		<b>48,999,852.79</b>	<b>8.2%</b>	100.0%	Yes
<b>Certificates of Deposit</b>					
CDARs - Placed by Industrial Bank	NR / NR	5,012,178.09	0.8%	30.0%	Yes
CDARs - Placed by City First Bank	NR / NR	5,005,259.56	0.8%	30.0%	Yes
<b>Sub-Total Certificates of Deposit</b>		<b>10,017,437.65</b>	<b>1.7%</b>	30.0%	Yes
<b>Commercial Paper</b>					
Bank Of Nova Scotia Ny Comm Paper	A-1+ / P-1	9,997,750.00	1.7%	5.0%	Yes
Brown-Forman Corp Comm Paper	A-1 / P-1	9,997,822.20	1.7%	5.0%	Yes
FCAR Owners Trust	A-1+ / P-1	9,991,466.70	1.7%	5.0%	Yes
General Elec Cap Corp Comm Paper	A-1+ / P-1	9,998,350.00	1.7%	5.0%	Yes
Honeywell International Comm Paper	A-1 / P-1	9,999,027.80	1.7%	5.0%	Yes
JP Morgan Chase & Co Comm Paper	A-1 / P-1	9,995,680.55	1.7%	5.0%	Yes
Metlife Short Term Funding Comm Paper	A-1+ / P-1	9,993,388.90	1.7%	5.0%	Yes
Mizuho Funding Llc Comm Paper	A-1 / P-1	4,995,844.45	0.8%	5.0%	Yes
Private Export Funding Comm Paper	A-1 / P-1	7,494,249.98	1.3%	5.0%	Yes
Sumitomo Corp Of America Comm Paper	A-1 / P-1	9,999,622.20	1.7%	5.0%	Yes
<b>Sub-Total Commercial Paper</b>		<b>92,463,202.78</b>	<b>15.4%</b>	35.0%	Yes
<b>Federal Agencies</b>					
Fannie Mae	AA+ / Aaa	34,325,850.46	5.7%	40.0%	Yes
Freddie Mac	AA+ / Aaa	75,016,523.02	12.5%	40.0%	Yes
Federal Home Loan Bank	AA+ / Aaa	126,465,116.65	21.1%	40.0%	Yes
Federal Farm Credit Bank	AA+ / Aaa	-	0.0%	40.0%	Yes
<b>Sub-Total Federal Agencies</b>		<b>235,807,490.13</b>	<b>39.4%</b>	100%	Yes
<b>Treasuries</b>					
Treasury Note	AA+ / Aaa	134,076,601.16	22.4%	100.0%	Yes
<b>Sub-Total Treasuries</b>		<b>134,076,601.16</b>	<b>22.4%</b>	80.0%	Yes
<b>Total</b>		<b>\$ 598,821,540.11</b>	<b>100.0%</b>		



**DC Water  
Finance Division  
Book Value Performance  
As of May 31, 2012**

*The portfolio is in compliance with the Authority's Investment Policy*

	Trailing 1 Months		Trailing 3 Months		Trailing 6 Months		Trailing 12 Months
	Periodic	Annualized	Periodic	Annualized	Periodic	Annualized	
Total Rate Stabilization Fund	0.05%	0.56%	0.14%	0.56%	0.28%	0.56%	0.60%
Operating Reserve Accounts	0.05%	0.61%	0.16%	0.63%	0.31%	0.61%	0.60%
Total Debt Service Reserve	0.04%	0.51%	0.12%	0.49%	0.28%	0.56%	0.59%
Total CSO LTCP Appropriations Account	0.02%	0.27%	0.07%	0.30%	0.18%	0.36%	0.40%
2010A Construction Fund	0.01%	0.09%	0.02%	0.09%	0.07%	0.14%	0.20%
2010A Capitalized Interest Fund	0.07%	0.77%	0.19%	0.75%	0.36%	0.72%	0.66%
2012 Construction Fund	0.01%	0.12%	n/a	n/a	n/a	n/a	n/a
<b>Short-Term</b>	<b>0.02%</b>	<b>0.29%</b>	<b>0.07%</b>	<b>0.27%</b>	<b>0.19%</b>	<b>0.37%</b>	<b>0.42%</b>
Merrill Lynch 3-Month Treasury Index (Book Value) <sup>1</sup>	0.01%	0.08%	0.02%	0.08%	0.03%	0.05%	0.05%
<b>Core (1+ Years)</b>	<b>0.07%</b>	<b>0.82%</b>	<b>0.21%</b>	<b>0.84%</b>	<b>0.44%</b>	<b>0.89%</b>	<b>0.90%</b>
Merrill Lynch 1-3 Year Treasury Index (Book Value) <sup>2</sup>	0.02%	0.28%	0.08%	0.32%	0.14%	0.29%	0.31%

(1) The Merrill Lynch 3-Month Treasury Bill is an unmanaged index tracking the on-the-run 3-month Treasury Bill. The index is produced and maintained by Merrill Lynch & Co. Performance for this index is shown on a book value basis.

(2) The Merrill Lynch 1-3 Year Treasury Index is an unmanaged index tracking a basket of U.S. Treasuries with 1 to 3 year maturities. The index is produced and maintained by Merrill Lynch & Co. Performance for this index is shown on a book value basis.

(3) Performance prior to February 2011 provided by the Authority.

\*Weighted average maturity

Investment Performance Report – May 2012



DC Water  
Finance Division  
Portfolio Holdings by Fund

DESCRIPTION	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST
<b>Total Rate Stabilization Fund</b>								
TD BANK BANK DEPOSIT	\$ 6,707,333		6/1/2012		1.05%	\$ 6,707,333	\$ 6,707,333	\$ 6,707,333
GENERAL ELEC CAP CORP COMM PAPER	10,000,000	-	6/28/2012	2/29/2012	0.22%	9,992,667	9,999,220	9,998,350
<b>Operating Reserve Accounts</b>								
TD BANK BANK DEPOSIT	\$ 47,189,684		6/1/2012		1.05%	\$ 47,189,684	\$ 47,189,684	\$ 47,189,684
CAPITAL ONE BANK	5,018,220		6/1/2012		0.50%	5,018,220	5,018,220	5,018,220
WILLIAMS CAPITAL MONEY MARKET FUND	2,500,103		6/1/2012		0.00%	2,500,103	2,500,103	2,500,103
JP MORGAN CHASE & CO COMM PAPER	5,000,000	-	7/25/2012	4/25/2012	0.15%	4,998,104	4,998,500	4,998,875
FHLMC NOTES	10,000,000	1.000	8/28/2012	7/27/2010	0.73%	10,068,578	10,046,353	10,032,334
MIZUHO FUNDING LLC COMM PAPER	5,000,000	-	8/28/2012	5/24/2012	0.34%	4,995,467	4,995,720	4,995,844
FCAR OWNER TRUST COMM PAPER	10,000,000	-	9/5/2012	5/21/2012	0.32%	9,990,489	9,991,140	9,991,467
JP MORGAN CHASE & CO COMM PAPER	5,000,000	-	9/24/2012	5/24/2012	0.20%	4,996,583	4,996,010	4,996,806
METLIFE SHORT TERM FUNDING COMM PAPER	10,000,000	-	9/28/2012	5/21/2012	0.20%	9,992,778	9,988,000	9,993,389
INDUSTRIAL BANK CDARS	2,500,000	0.500	1/27/2013	1/26/2012	0.50%	2,500,000	2,504,349	2,504,349
CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,500,000	0.500	3/23/2013	3/23/2012	0.50%	2,500,000	2,503,906	2,502,391
FHLB NOTES	10,000,000	0.750	8/28/2013	5/18/2011	0.72%	10,008,025	10,062,695	10,007,296
FREDDIE MAC (CALLABLE) GLOBAL NOTES	10,000,000	0.500	10/18/2013	10/18/2011	0.56%	9,987,200	10,012,552	9,997,122
FHLB TAP BONDS	10,000,000	3.125	12/13/2013	5/19/2011	0.99%	10,675,134	10,576,993	10,469,916
INDUSTRIAL BANK CDARS	2,500,000	0.900	1/27/2014	1/26/2012	0.90%	2,500,000	2,507,829	2,507,829
CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,500,000	0.600	3/23/2014	3/23/2012	0.60%	2,500,000	2,503,286	2,502,869
FHLMC NOTES (CALLABLE)	10,000,000	0.875	11/14/2014	11/18/2011	0.87%	10,000,972	10,021,102	10,004,132
FNMA NOTES (CALLABLE)	10,000,000	0.800	11/21/2014	11/21/2011	0.83%	9,992,000	10,017,502	9,995,615
<b>Total Debt Service Reserve</b>								
WELLS FARGO GOVERNMENT MMF	\$ 25,750		6/1/2012		0.01%	\$ 25,750	\$ 25,750	\$ 25,750
MERRILL LYNCH MMF	1,183,983		6/1/2012		0.06%	1,183,983	1,183,983	1,183,983
PRIVATE EXPORT FUNDING COMM PAPER	7,500,000	-	9/24/2012	5/21/2012	0.24%	7,493,700	7,488,953	7,494,250
FHLMC NOTES	10,000,000	0.515	11/26/2012	11/22/2010	0.64%	9,981,294	10,018,015	9,994,643
FHLB TAP BONDS	5,000,000	3.125	12/13/2013	5/25/2011	0.87%	5,354,034	5,288,497	5,244,275



DC Water  
Finance Division  
Portfolio Holdings by Fund

DESCRIPTION	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST
<b>Series 2010A Bond Construction Fund</b>								
WELLS FARGO ADVANTAGE TREASURY PLUS	\$ 2,117,640		6/1/2012		0.01%	\$ 2,117,640	\$ 2,117,640	\$ 2,117,640
WELLS FARGO GOVERNMENT MMF	19,920,415		6/1/2012		0.01%	19,920,415	19,920,415	19,920,415
FHLB DISC NOTE	15,000,000	-	6/27/2012	4/25/2012	0.10%	14,997,375	14,998,920	14,998,917
BROWN-FORMAN CORP COMM PAPER	10,000,000	-	7/20/2012	5/21/2012	0.16%	9,997,333	9,997,080	9,997,822
FNMA GLOBAL NOTES	9,000,000	1.125	7/30/2012	4/18/2012	0.12%	9,047,549	9,048,404	9,048,846
<b>Series 2010A Bond Construction Fund- Cap I</b>								
WELLS FARGO ADVANTAGE TREASURY PLUS	\$ 237,589		6/1/2012		0.01%	\$ 237,589	\$ 237,589	\$ 237,589
WELLS FARGO GOVERNMENT MMF	160,308		6/1/2012		0.01%	160,308	160,308	160,308
FHLB GLOBAL BONDS	1,400,000	1.625	9/26/2012	3/16/2011	0.43%	1,436,191	1,410,699	1,409,440
FHLB TAP BONDS	1,400,000	3.875	3/8/2013	3/16/2011	0.70%	1,488,359	1,451,796	1,446,549
FNMA NOTES	1,400,000	1.125	9/30/2013	3/16/2011	0.97%	1,412,681	1,418,305	1,405,525
FNMA NOTES (EX-CALLABLE)	1,400,000	1.250	3/14/2014	3/16/2011	1.19%	1,402,617	1,426,553	1,403,743
<b>Total CSO LTCP Appropriations Account</b>								
TD BANK BANK DEPOSIT	\$ 13,518,860		6/1/2012		1.05%	\$ 13,518,860	\$ 13,518,860	\$ 13,518,860
PREMIER BANK DEPOSIT	5,022,858		6/1/2012		0.24%	5,022,858	5,022,858	5,022,858
AMERICAN BEACON MMF	1,482,408		6/1/2012		0.09%	1,482,408	1,482,408	1,482,408
SUMITOMO CORP OF AMERICA COMM PAPER	10,000,000	-	6/5/2012	2/28/2012	0.34%	9,990,744	9,999,780	9,999,622
FHLB TAP BONDS	10,000,000	1.375	6/8/2012	11/22/2010	0.50%	10,197,461	10,068,456	10,067,773
BANK OF NOVA SCOTIA NY COMM PAPER	10,000,000	-	7/25/2012	4/25/2012	0.15%	9,996,208	9,997,450	9,997,750
FHLMC DISC NOTE	10,000,000	-	10/15/2012	4/18/2012	0.15%	9,992,500	9,994,482	9,994,333
<b>Series 2012 Bond Construction Fund</b>								
WELLS FARGO GOVERNMENT MMF	\$ 21,371,657		6/1/2012		0.01%	\$ 21,371,657	\$ 21,371,657	\$ 21,371,657
FHLB DISC NOTE	50,000,000	-	6/20/2012	3/27/2012	0.09%	49,989,965	49,997,601	49,997,757
FHLB DISC NOTE	2,800,000	-	6/20/2012	3/27/2012	0.09%	2,799,438	2,799,866	2,799,874
HONEYWELL INTERNATIONAL COMM PAPER	10,000,000	-	6/26/2012	4/18/2012	0.14%	9,997,317	9,998,840	9,999,028
FHLB NOTES	20,000,000	0.250	6/29/2012	4/18/2012	0.11%	20,020,739	20,023,291	20,023,320
FNMA GLOBAL NOTES	12,405,000	1.125	7/30/2012	3/27/2012	0.13%	12,469,240	12,471,717	12,472,121
FHLMC DISC NOTE	25,000,000	-	8/27/2012	3/30/2012	0.10%	24,989,583	24,992,732	24,993,958
US TREASURY NOTES	25,000,000	0.375	8/31/2012	3/27/2012	0.14%	25,032,269	25,040,292	25,038,409
US TREASURY NOTES	49,500,000	0.375	9/30/2012	3/27/2012	0.15%	49,648,792	49,573,965	49,568,980
US TREASURY NOTES	34,500,000	1.375	10/15/2012	3/27/2012	0.15%	34,945,706	34,719,928	34,717,897
US TREASURY NOTES	24,500,000	1.125	12/15/2012	3/27/2012	0.18%	24,743,133	24,754,547	24,751,315
						<b>\$ 599,579,033.54</b>	<b>\$ 599,162,136.26</b>	<b>\$ 598,821,540.11</b>



DC Water  
Finance Division  
Security Transactions  
Last 6 Months

ACCOUNT	CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
<b>Purchases</b>								
DC WASA 2010A CONSTRUCTION FUND	14912DCS6	CATERPILLAR FIN SERV CRP COMM PAPER	10,000,000	-	03/26/12	01/17/12	0.041	\$ 9,999,233.33
DC WASA 2010A CONSTRUCTION FUND	90526MDH7	UNION BANK NA COMM PAPER	10,000,000	-	04/17/12	01/17/12	0.304	\$ 9,992,416.67
DC WASA 2010A CONSTRUCTION FUND	89233GEV4	TOYOTA MOTOR CREDIT CORP COMM PAPER	10,000,000	-	05/29/12	02/29/12	0.152	\$ 9,996,250.00
DC WASA 2010A CONSTRUCTION FUND	31398AT77	FNMA GLOBAL NOTES	9,000,000	1.125	07/30/12	04/18/12	0.120	\$ 9,047,548.80
DC WASA 2010A CONSTRUCTION FUND	313384YR4	FHLB DISC NOTE	15,000,000	-	06/27/12	04/25/12	0.101	\$ 14,997,375.00
<b>DC WASA 2010A CONSTRUCTION FUND</b>	<b>11563VGL5</b>	<b>BROWN-FORMAN CORP COMM PAPER</b>	<b>10,000,000</b>	<b>-</b>	<b>07/20/12</b>	<b>05/21/12</b>	<b>0.162</b>	<b>\$ 9,997,333.33</b>
DC WASA OPERATING RESERVE ACCOUNTS	RE0854415	INDUSTRIAL BANK CDARS	2,500,000	0.500	01/27/13	01/26/12	0.507	\$ 2,500,000.00
DC WASA OPERATING RESERVE ACCOUNTS	RE0854423	INDUSTRIAL BANK CDARS	2,500,000	0.900	01/27/14	01/26/12	0.913	\$ 2,500,000.00
DC WASA OPERATING RESERVE ACCOUNTS	3024A6EF5	FCAR OWNER TRUST COMM PAPER	5,000,000	-	05/15/12	02/22/12	0.244	\$ 4,997,233.33
DC WASA OPERATING RESERVE ACCOUNTS	3024A6EF5	FCAR OWNER TRUST COMM PAPER	5,000,000	-	05/15/12	02/22/12	0.264	\$ 4,997,002.78
DC WASA OPERATING RESERVE ACCOUNTS	4662J0EP3	JP MORGAN CHASE & CO COMM PAPER	5,000,000	-	05/23/12	02/22/12	0.152	\$ 4,998,104.17
DC WASA OPERATING RESERVE ACCOUNTS	60688FEN5	MIZUHO FUNDING LLC COMM PAPER	5,000,000	-	05/22/12	02/22/12	0.376	\$ 4,995,375.00
DC WASA OPERATING RESERVE ACCOUNTS	RE0857798	CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,500,000	0.500	03/23/13	03/23/12	0.507	\$ 2,500,000.00
DC WASA OPERATING RESERVE ACCOUNTS	RE0857806	CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,500,000	0.600	03/23/14	03/23/12	0.608	\$ 2,500,000.00
DC WASA OPERATING RESERVE ACCOUNTS	4662J0GR7	JP MORGAN CHASE & CO COMM PAPER	5,000,000	-	07/25/12	04/25/12	0.152	\$ 4,998,104.17
<b>DC WASA OPERATING RESERVE ACCOUNTS</b>	<b>3024A6J52</b>	<b>FCAR OWNER TRUST COMM PAPER</b>	<b>10,000,000</b>	<b>-</b>	<b>09/05/12</b>	<b>05/21/12</b>	<b>0.325</b>	<b>\$ 9,990,488.89</b>
<b>DC WASA OPERATING RESERVE ACCOUNTS</b>	<b>59157TJU8</b>	<b>METLIFE SHORT TERM FUNDING COMM PAPER</b>	<b>10,000,000</b>	<b>-</b>	<b>09/28/12</b>	<b>05/21/12</b>	<b>0.203</b>	<b>\$ 9,992,777.78</b>
<b>DC WASA OPERATING RESERVE ACCOUNTS</b>	<b>4662J0J06</b>	<b>JP MORGAN CHASE &amp; CO COMM PAPER</b>	<b>5,000,000</b>	<b>-</b>	<b>09/24/12</b>	<b>05/24/12</b>	<b>0.203</b>	<b>\$ 4,996,583.33</b>
<b>DC WASA OPERATING RESERVE ACCOUNTS</b>	<b>60688FHU6</b>	<b>MIZUHO FUNDING LLC COMM PAPER</b>	<b>5,000,000</b>	<b>-</b>	<b>08/28/12</b>	<b>05/24/12</b>	<b>0.345</b>	<b>\$ 4,995,466.67</b>
DC WASA TOTAL CSO LTCP APPROPRIATIONS	06416JDW0	BANK OF NOVA SCOTIA NY COMM PAPER	10,000,000	-	04/30/12	01/17/12	0.112	\$ 9,996,822.22
DC WASA TOTAL CSO LTCP APPROPRIATIONS	86561AF51	SUMITOMO CORP OF AMERICA COMM PAPER	10,000,000	-	06/05/12	02/28/12	0.345	\$ 9,990,744.45
DC WASA TOTAL CSO LTCP APPROPRIATIONS	313396K77	FHLMC DISC NOTE	10,000,000	-	10/15/12	04/18/12	0.152	\$ 9,992,500.00
DC WASA TOTAL CSO LTCP APPROPRIATIONS	06416JGR8	BANK OF NOVA SCOTIA NY COMM PAPER	10,000,000	-	07/25/12	04/25/12	0.152	\$ 9,996,208.33
<b>DC WASA TOTAL DEBT SERVICE RESERVE</b>	<b>7426M4JQ1</b>	<b>PRIVATE EXPORT FUNDING COMM PAPER</b>	<b>7,500,000</b>	<b>-</b>	<b>09/24/12</b>	<b>05/21/12</b>	<b>0.244</b>	<b>\$ 7,493,700.00</b>
DC WASA RATE STABILIZATION FD	36959HFU6	GENERAL ELEC CAP CORP COMM PAPER	10,000,000	-	06/28/12	02/29/12	0.223	\$ 9,992,666.67
DC WASA 2012 CONSTRUCTION FUND	31398AT77	FNMA GLOBAL NOTES	12,405,000	1.125	07/30/12	03/27/12	0.130	\$ 12,469,239.67
DC WASA 2012 CONSTRUCTION FUND	912828LR9	US TREASURY NOTES	34,500,000	1.375	10/15/12	03/27/12	0.150	\$ 34,945,706.01
DC WASA 2012 CONSTRUCTION FUND	912828MB3	US TREASURY NOTES	24,500,000	1.125	12/15/12	03/27/12	0.183	\$ 24,743,133.01
DC WASA 2012 CONSTRUCTION FUND	912828NX4	US TREASURY NOTES	49,500,000	0.375	09/30/12	03/27/12	0.146	\$ 49,648,791.62
DC WASA 2012 CONSTRUCTION FUND	912828PH7	US TREASURY NOTES	25,000,000	0.375	08/31/12	03/27/12	0.137	\$ 25,032,269.03
DC WASA 2012 CONSTRUCTION FUND	313384YJ2	FHLB DISC NOTE	50,000,000	-	06/20/12	03/27/12	0.086	\$ 49,989,965.28
DC WASA 2012 CONSTRUCTION FUND	313384YJ2	FHLB DISC NOTE	2,800,000	-	06/20/12	03/27/12	0.086	\$ 2,799,438.06
DC WASA 2012 CONSTRUCTION FUND	313396D67	FHLMC DISC NOTE	25,000,000	-	08/27/12	03/30/12	0.101	\$ 24,989,583.33
DC WASA 2012 CONSTRUCTION FUND	313374K25	FHLB NOTES	20,000,000	0.250	06/29/12	04/18/12	0.108	\$ 20,020,738.89
DC WASA 2012 CONSTRUCTION FUND	43851TFS0	HONEYWELL INTERNATIONAL COMM PAPER	10,000,000	-	06/26/12	04/18/12	0.142	\$ 9,997,316.67

Securities highlighted in **blue font** denote trades executed during the current month.

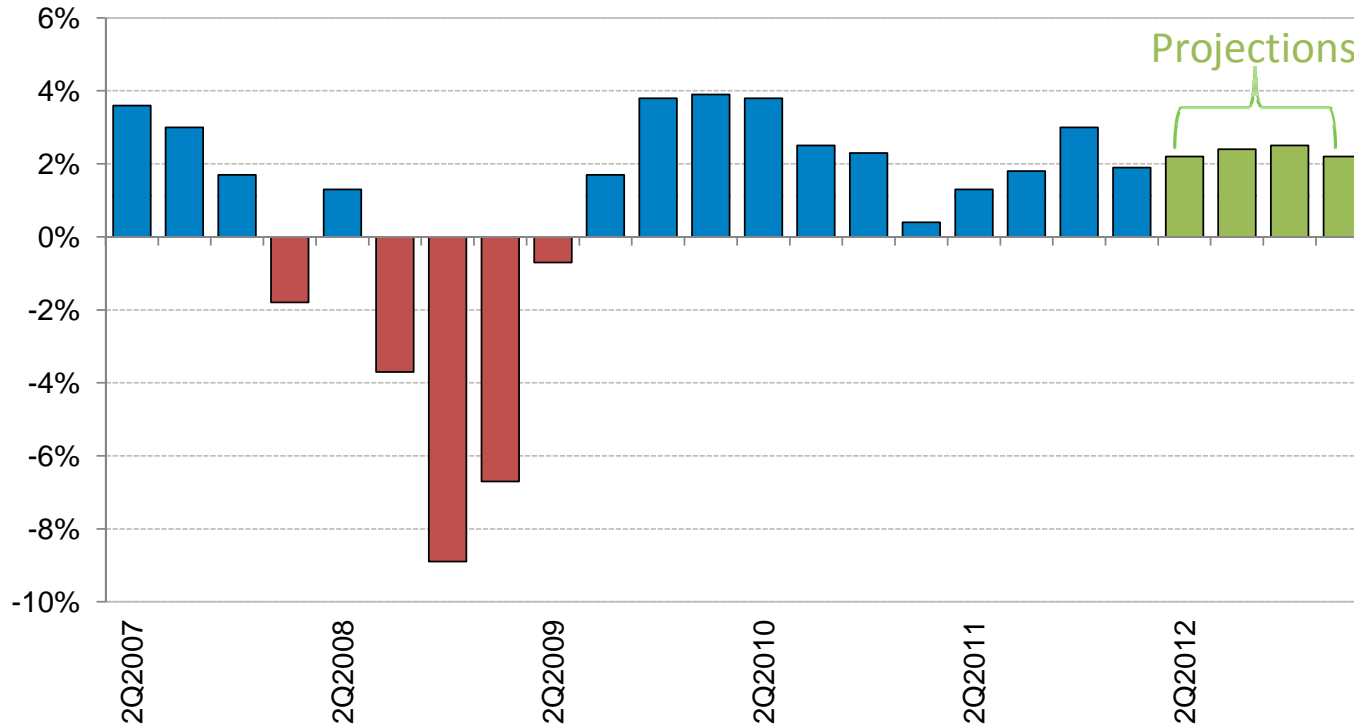


# Appendix: Economic Update



## Gross Domestic Product

- The Bureau of Economic Analysis revised first-quarter gross domestic product growth in the U.S. down to 1.9%, below the advance estimate of 2.2%.
- The Department of Commerce attributes the slow first-quarter growth to government budget-cutting and a slowdown in business investment.

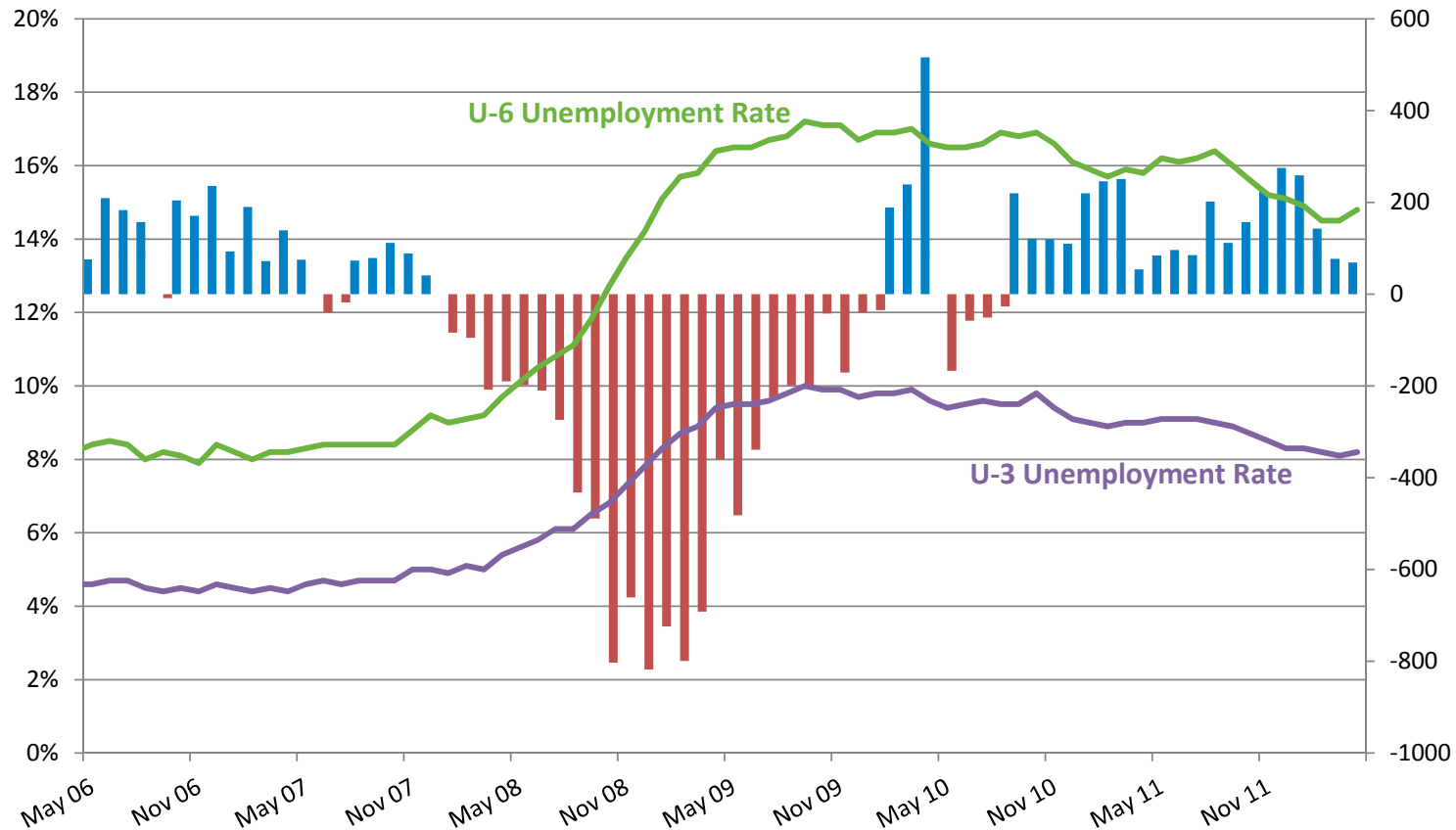


Source: Bloomberg



## Unemployment Remains Elevated

- The national unemployment rate rose from 8.1% in April to 8.2% in May, marking the first increase in the jobless rate since June 2011.
- Employers added 69,000 jobs in May, the lowest increase in a year.



Source: Bloomberg

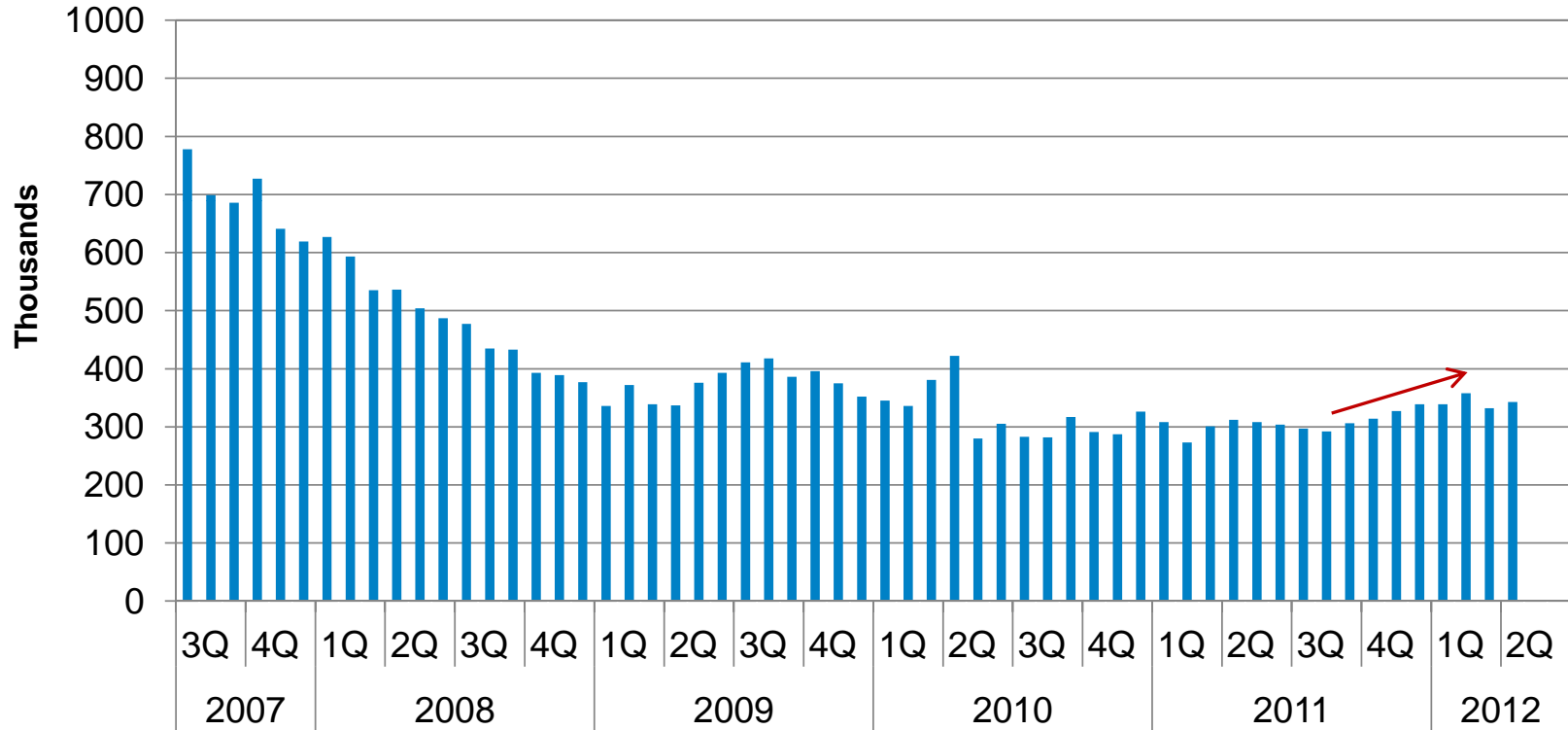




## New Home Sales Set to Increase in 2012

- The NAHB Homebuilder Confidence Index hit a 5 year high in May.
- Housing Starts for the month of April also reported higher than any time since before 2009.

**New Home Sales (seasonally-adjusted annual rate)**

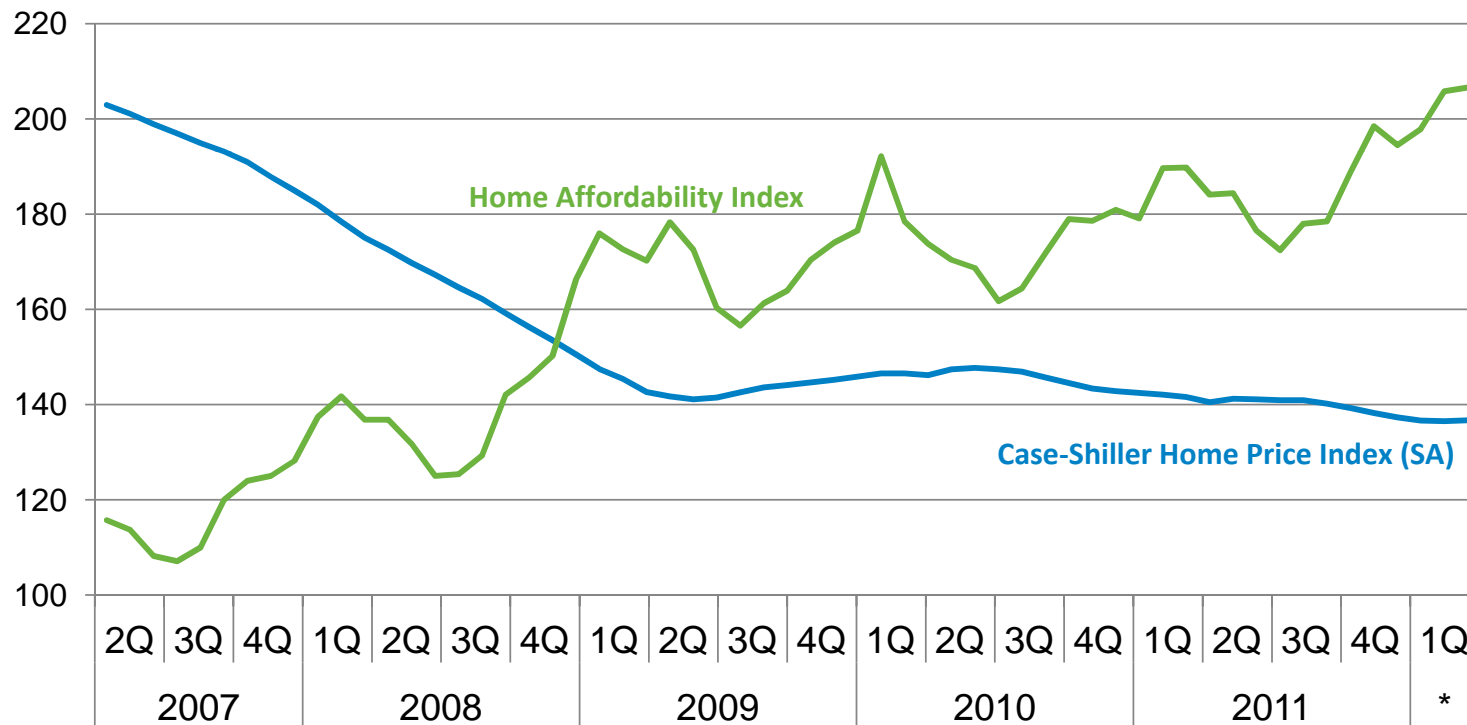


Source: Bloomberg



## Housing Affordability Vs. Case-Shiller Price Index

- Since the housing market peaked in 2006, falling home prices combined with low mortgage rates have increased the affordability of purchasing a home.
- Strict lending standards, stagnating household incomes, and high unemployment continue to suppress home sales.



Source: Bloomberg



## Relief with Lower Oil & Gasoline Prices

- Oil prices declined from a high of \$106 in early May to \$83 by mid-June.
- Every \$10 decline in the price of a barrel of oil adds about 0.3% to GDP.

**West Texas Light Crude**

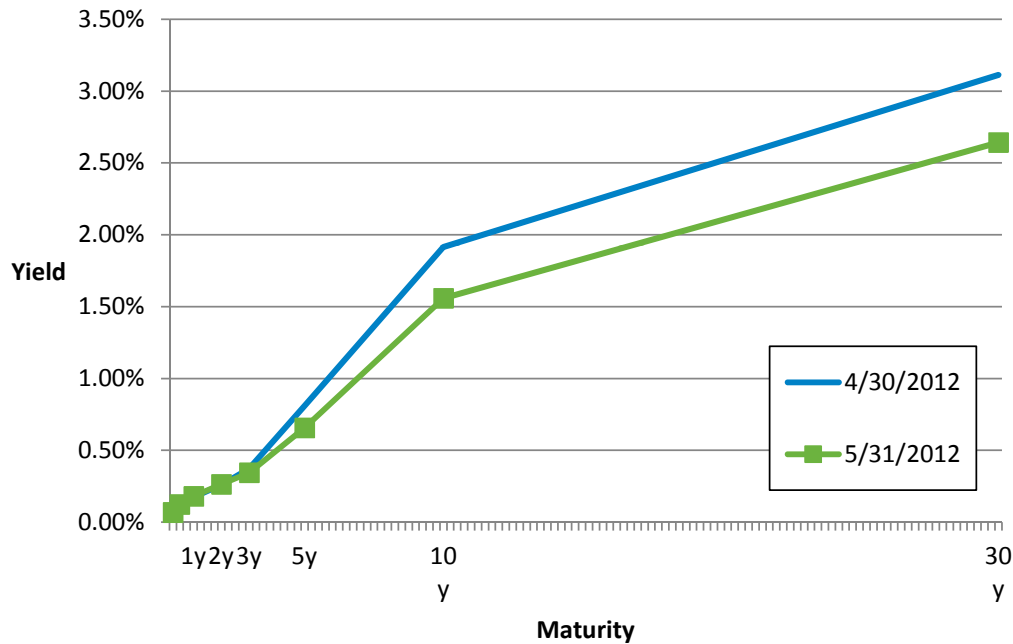


Source: Bloomberg



# Longer-Term Interest Rates Dropped to Record Levels

**U.S. Treasury Yield Curve**  
April 30, 2012 versus May 31, 2012



	4/30/2012	5/31/2012	Change
3 month	0.09%	0.07%	-0.03%
6 month	0.15%	0.12%	-0.02%
1 year	0.18%	0.18%	0.01%
2 year	0.26%	0.26%	0.00%
3 year	0.37%	0.34%	-0.03%
5 year	0.81%	0.66%	-0.15%
10 year	1.92%	1.56%	-0.36%
30 year	3.11%	2.64%	-0.47%

Source: Bloomberg



**ATTACHMENT 2**

# **Revised FY 2013 Budget Proposal**

**Finance and Budget Committee**

**June 28, 2012**

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Presented by:

George S. Hawkins  
General Manager

Olu Adebo  
Chief Financial Officer



## AGENDA

-  Budget Planning Calendar
-  Revised FY 2013 Budget Overview
-  FY 2012 PAYGO & RSF Recommendations
-  Next Steps



## FY 2013 BUDGET PLANNING CALENDAR

Activities	Month
Revised FY 2013 Budget Kickoff	March
Management Review, Analysis and Decision	April – May
<ul style="list-style-type: none"> <li>- General Manager’s Recommendation</li> <li>- Committee Recommendation</li> </ul>	June
Board Action	July





# REVISED FY 2013 BUDGET OVERVIEW





## OVERVIEW

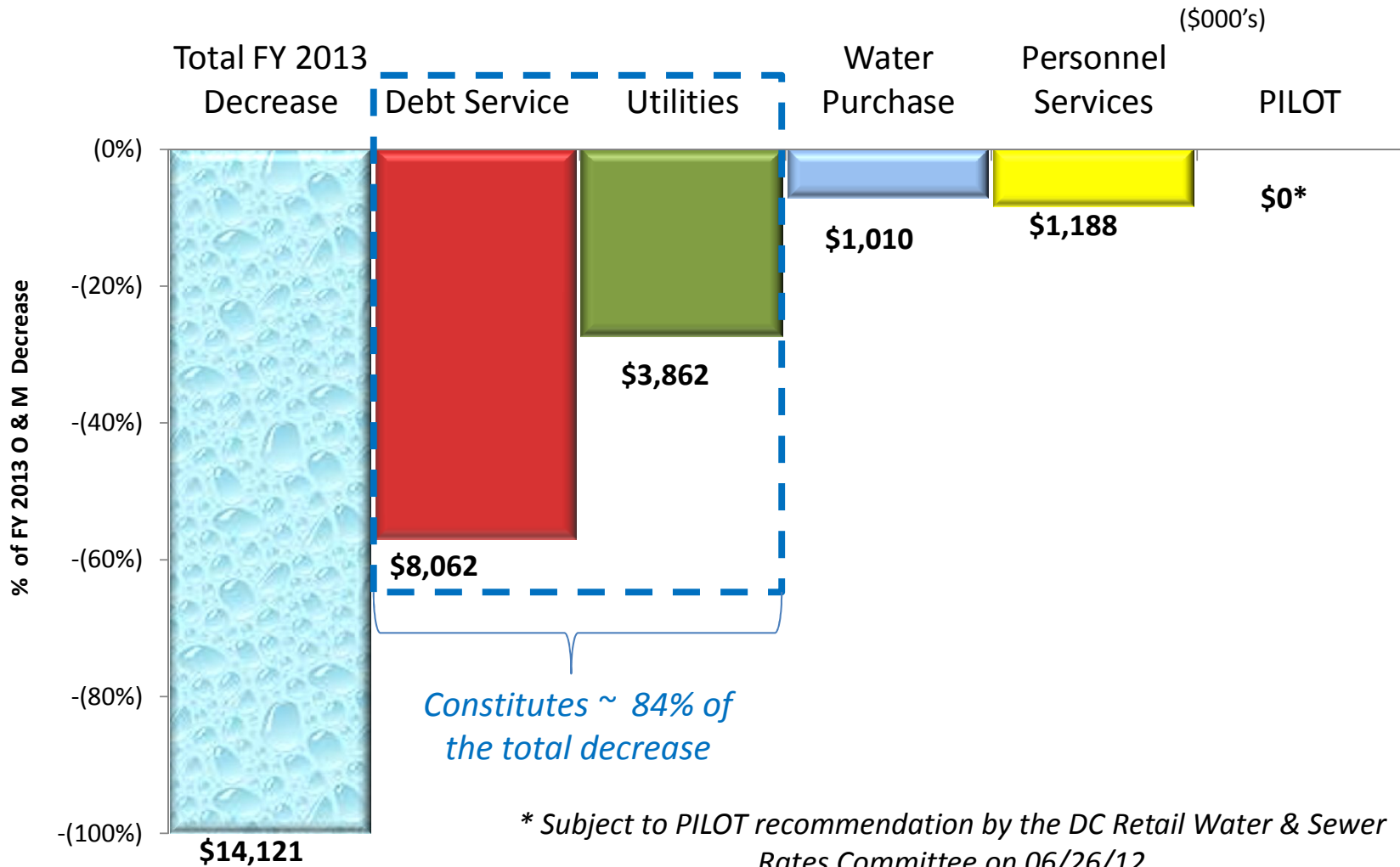
### **FY 2013 Revised Operating Budget - \$442.7M\***

- \$14.1M below the FY 2013 Board-approved budget of \$456.8M
  - Primarily from lower debt service cost, electricity cost, water purchase cost and personnel services cost
- \$27.3M above FY 2012 Revised budget

*\* Subject to PILOT recommendation by the DC Retail Water & Sewer Rates Committee on 06/26/12*

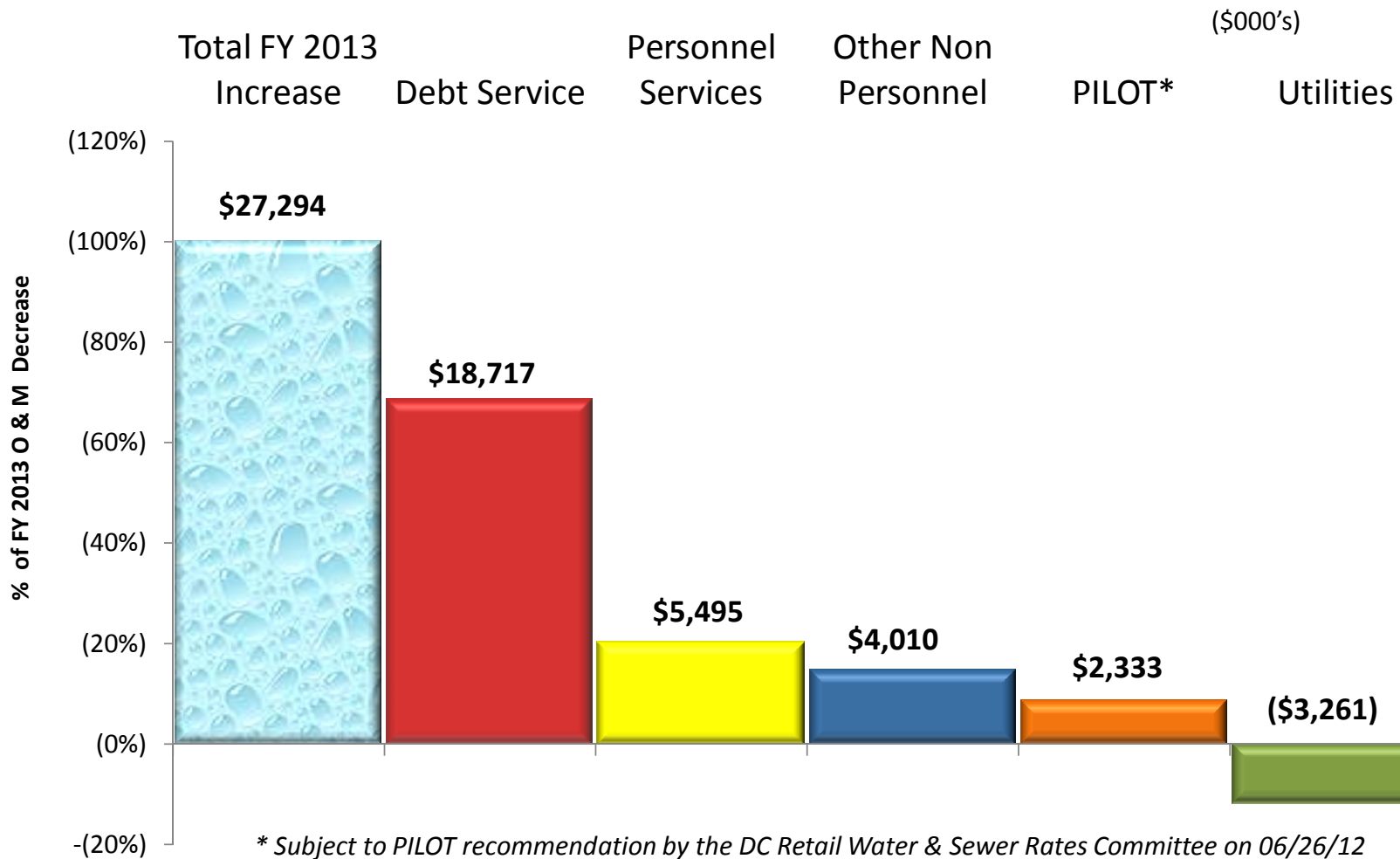


## FY 2013 REVISED BUDGET DECREASE FROM APPROVED - \$14.1M





## FY 2013 REVISED BUDGET INCREASE FROM FY 2012 - \$27.3M





## REVISED FY 2013 OPERATING BUDGET SUMMARY

(\$000's)

	FY 2013 Approved	FY 2013 Revised	Increase / (Decrease)	Percentage Change
Personnel Services	\$ 117,796	\$ 116,609	\$ (1,188)	-1.0%
Non-Personnel Services	185,272	180,401	(4,871)	-2.6%
<b>Operations &amp; Maintenance Expenditures</b>	<b>303,069</b>	<b>297,009</b>	<b>(6,059)</b>	<b>-2.0%</b>
Debt Service	129,392	121,330	(8,062)	-6.2%
*Payment in Lieu of Taxes	19,215	19,215	-	0.0%
Right of Way Fee	5,100	5,100	-	0.0%
<b>Total Operating Budget</b>	<b>\$456,775</b>	<b>\$442,654</b>	<b>(\$14,121)</b>	<b>-3.1%</b>
PS Charged to Capital Projects	(16,690)	(16,690)	-	0.0%
Net Operating Expenditures	\$440,085	\$425,964	(\$14,121)	-3.2%
Authorized Positions	1,243	1,243	-	0.0%
Budgeted/Filled Positions	1,204	1,212	8	0.7%
Vacancy Rate	3%	2%		

\* Subject to PILOT recommendation by the DC Retail Water & Sewer Rates Committee on 06/26/12



## REVISED FY 2013 O & M BUDGET ASSUMPTIONS

### 💧 Personnel Services (\$1.2M↓)

- Savings from higher vacancy assumptions (1.7% or \$1.5M↓)
- Increased Benefits cost (0.8% or \$0.3M↑)
  - ▢ Adjustments for retirement cost, health cost, and employment taxes to reflect actual trends

### 💧 Non-Personnel Services

- Electricity (\$4.0M↓)
  - ▢ Approved Board level all-in-cost of \$108.46 per mWh
  - ▢ Revised projected all-in-cost \$93.73 per mWh
    - For FY 2013, 20 MW or 69% of electricity load locked for Oct. 2012 thru Jan. 2013
    - HESS contract expiration – **01**/31/2013



## REVISED FY 2013 O & M BUDGET ASSUMPTIONS, cont.

### Non-Personnel Services – cont.

- Water Purchases (\$1.0M↓)
  - Washington Aqueduct's revised projections for FY 2013 estimate
  
- Debt Service (\$8.1M↓)
  - Reduction attributable to successful issuance of the Series 2012 at 3.63% true interest cost
  
- PILOT
  - Subject to changes pending recommendation by the DC Retail Water & Sewer Rates Committee on 06/26/2012



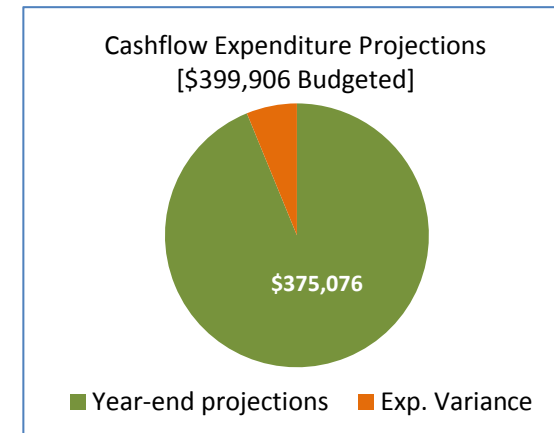
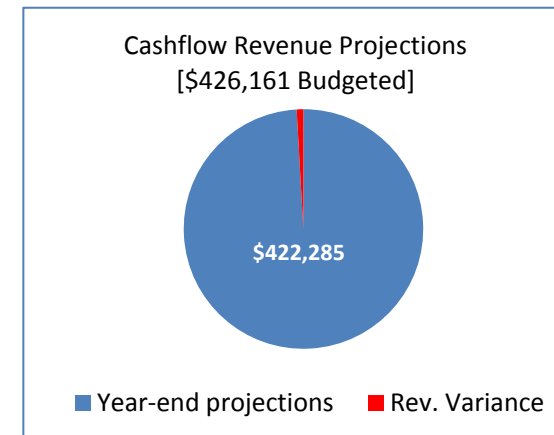
# FY 2012 AND FY 2013 FINANCIAL PROJECTIONS



## FY 2012 FINANCIAL PERFORMANCE (PROJECTIONS – CASH BASIS)

\$20.5M excess cash above the operating reserve requirement is anticipated at year-end

- FY 2012 revenues slightly lower than budget (\$3.8M or -0.9% projected)
  - Water and Sewer revenues projected at about 99% of budget due to lower than budgeted consumption – approx 3.5% decline compared to previous year
  - Other Revenues are projected to be in line with the budget
  - Assumes full draw down of \$6.5M RSF
- Operating cash-used projected to be below budget (\$24.8M or -6.2%):
  - Utilities (\$7.6M)
  - Contractual Services (\$6.2M)
  - Chemicals (\$3.8M)
  - Personnel (\$3.3M)
  - Water purchases (\$2.1M)
- Debt Service (\$1.1M)







## FY 2013 REVISED REVENUE REQUIREMENT

- Consumption assumption
  - Retail revenue is lower by an additional 1.5% due to a decline in consumption
  - Clean Rivers IAC projected to be lower by approximately \$0.4M due to fewer billable ERUs (397K rather than 401K)
- Wholesale Revenue
  - Wholesale revenue is lower by \$2.5M due to share of lower budget



## FY 2013 REVISED REVENUE REQUIREMENT

FY 2013 Revised Budget (in millions)			
	Approved	Revised	Change
Exp Budget	\$ (456.80)	\$ (442.70)	\$ 14.10
Rev Projection	\$ 459.90	\$ 456.30	\$ (3.60)
Revenue Requirement change			\$ 10.50
Wholesale Share			\$ (2.50)
Retail Share			\$ 8.00

- 💧 Although, \$10.5M of lower revenue requirement is anticipated, only \$6.4M is permanent
  - \$2.5M is expected to reduce the wholesale customer bill, leaving \$3.9M of permanent reduction in revenue requirement to retail customers



## FY 2012 CASH SURPLUS AND FY 2013 REVISED REVENUE REQUIREMENT

Basis (In Millions)

		FY 2012 Projected	FY 2013 Revised	Cumm
Retail Revenue				
	W/S	-\$4.0	-\$3.2	-\$7.2
	IAC	\$0.0	-\$0.4	-\$0.4
Expenditures:				
	O/M	\$23.0	\$6.0	\$29.0
	Debt Service	\$1.5	\$8.1	\$9.6
<b>Total Cash Surplus</b>		<b>\$20.5</b>	<b>\$10.5</b>	<b>\$31.0</b>
<i>Refund to Wholesale customers</i>		<i>-\$5.8</i>	<i>-\$2.5</i>	<i>-\$8.3</i>
<b>DC Rate Payer Share</b>		<b>\$14.7</b>	<b>\$8.0</b>	<b>\$22.7</b>



# **DISCUSSIONS OF OPTIONS (FOR USE OF EXCESS CASH)**



## OPTIONS FOR BOARD'S CONSIDERATIONS

- 💧 Approximately \$31M of combined excess cash and lower revenue requirement is anticipated between FY 2012 and FY 2013, if:
  - Current projections hold true; and
  - Board acts on all FY 2013 rate proposals without amendments
- 💧 Approximately \$8.3M of excess cash will be refunded to wholesale customers.
  - The balance of **\$22.7M** will be available for various Board considerations to retail customers. These options include:
    - ❑ Buy Down Current Proposed Rates
    - ❑ Transfer to RSF to buy down future rates
    - ❑ Pay-Go contribution to lower future debt service costs
    - ❑ Rebate to customers to offer immediate cash relief
    - ❑ Fund Incentive Program



## OPTIONS FOR BOARD'S CONSIDERATIONS

- 💧 Utilize additional PAYGO
  - For FY 2013, \$13.7M is currently anticipated for PAYGO (each additional \$1m will result in approx. \$65K in avoided annual debt service cost or \$650k over 10-year plan)
- 💧 Additional transfer to RSF
  - Additional RSF contribution for future flexibility



## OPTIONS FOR BOARD'S CONSIDERATIONS

- Lower proposed FY 2013 retail rate adjustments
  - Proposed water/sewer rate increase of approximately 6.5%
    - Each 1% change in water/sewer volumetric rates generates approximately \$2.8M in additional revenue
  - Proposed impervious area charge monthly increase of \$3.09/ERU
    - Each 1% change in ERU rate (or \$0.07 per monthly ERU) is equivalent to \$0.35M in additional revenue
  
- Rebates to retail customers – some of the excess cash can be refunded to customer via a rebate or credit on bills (each 1% rebate will result in approximately \$2.8M in total cash refund).

Rebate Option	Credit per Ccf	Typical Residential Customer Rebate Per Year
0.5 Percent	\$0.03	\$2.64
1.0 Percent	\$0.07	\$5.28
1.5 Percent	\$0.11	\$7.92

- Other uses – Fund Incentive Program



# MANAGEMENT RECOMMENDATIONS





## FY 2012 AND FY 2013 DC WATER CASH SURPLUS

💧 FY 2012 Projected Cash Surplus of \$20.5M:

- Refund \$5.8M to Wholesale Customers
- Transfer \$5.0M to PAYGO
- Transfer \$5.5M to Rate Stabilization Fund
- Provide \$4.2M for Customer Rebate

💧 FY 2013 reduced revenue requirement of \$10.5M:

- Reduction of \$2.5M to Wholesale Customers share of cost
- Permanent reduction of \$3.9M
  - Buy down Clean Rivers IAC \$1.1M
  - Buy down retail rates by \$2.8M (or 1%)
- Transfer \$4.1M to Rate Stabilization Fund

*Note: If the Board decides to freeze the PILOT budget, this will further lower the revenue requirement in FY 2013 and provide an opportunity to lower the PILOT charge.*



## NEXT STEPS

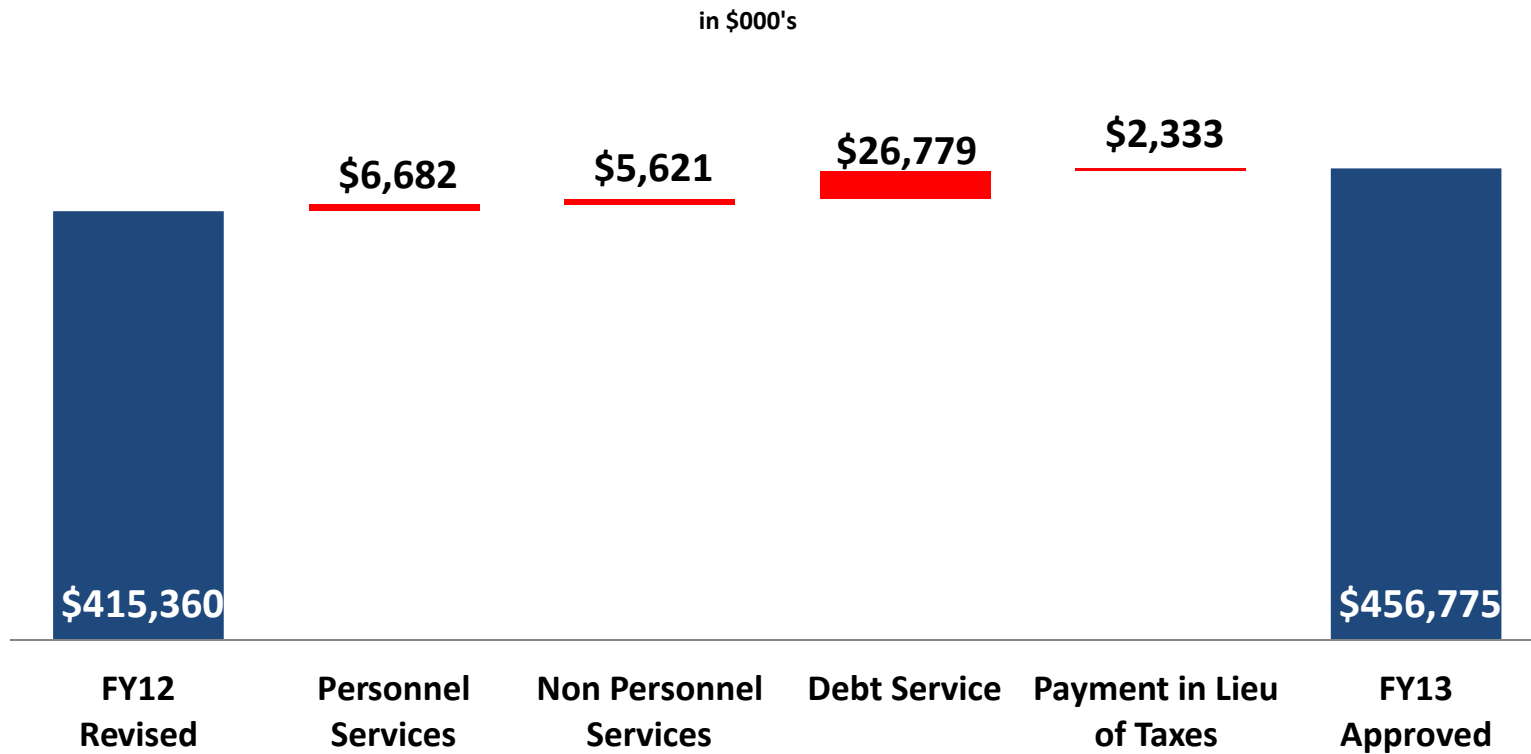
- 💧 Committee Recommendations – June
- 💧 Board Adoption – July
  - Revised FY 2013 Operating Budget
  - Final FY 2013 retail rates and fees
  - Recommended PAYGO and RSF action items



# APPENDIX



## FY 2012 REVISED VS FY 2013 APPROVED BUDGET





## REVISED FY 2013 OPERATING BUDGET

(\$000's)

	FY 2013 Approved	FY 2013 Revised	Increase / (Decrease)	Percentage Change
Personnel Services	\$ 117,796	\$ 116,609	\$ (1,188)	-1.0%
Contractual Services	82,350	82,350	0	0.0%
Water Purchases	32,523	31,513	(1,010)	-3.1%
Chemicals and Supplies	31,360	31,360	0	0.0%
Utilities	38,047	34,185	(3,862)	-10.1%
Small Equipment	993	993	0	0.0%
<b>Subtotal O &amp; M Expenditures</b>	<b>\$ 303,069</b>	<b>\$ 297,009</b>	<b>\$ (6,059)</b>	<b>-2.0%</b>
Debt Service	129,392	121,330	(8,062)	-6.2%
Payment in Lieu of Taxes *	19,215	19,215	0	0.0%
Right of Way	5,100	5,100	0	0.0%
<b>Subtotal Debt Service &amp; PILOT/ROW</b>	<b>\$ 153,707</b>	<b>\$ 145,645</b>	<b>\$ (8,062)</b>	<b>-5.2%</b>
<b>Total O &amp; M Expenditures</b>	<b>\$ 456,775</b>	<b>\$ 442,654</b>	<b>\$ (14,121)</b>	<b>-3.1%</b>
Less PS Charged to Capital Projects	(16,690)	(16,690)	0	0.0%
<b>Total Net Operating Expenditures</b>	<b>\$ 440,085</b>	<b>\$ 425,964</b>	<b>\$ (14,121)</b>	<b>-3.2%</b>

\* Subject to PILOT recommendation by the DC Retail Water & Sewer Rates Committee on 06/26/12






## IMPACT OF PILOT PAYMENT ALTERNATIVES ON OPERATING BUDGET

(\$000's)

	FY 2013 Approved	Alternative 1	Alternative 2	Alternative 3
O & M Budget	303,069	297,009	297,009	297,009
Debt Service	129,392	121,330	121,330	121,330
Payment in Lieu of Taxes*	19,215	19,215	18,189	16,882
Right of Way Fee	5,100	5,100	5,100	5,100
<b>Total Operating Budget</b>	<b>\$456,775</b>	<b>\$442,654</b>	<b>\$441,628</b>	<b>\$440,321</b>

<b>Total Operating Budget Decrease</b>	<b>\$14,121</b>	<b>\$15,147</b>	<b>\$16,454</b>
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-  Alternative 1 – If Water/Sewer rate increase = 6.5%
-  Alternative 2 – If Water/Sewer Rate increase = 5.5%
-  Alternative 3 – If Board decides to freeze PILOT at the FY 2011 level

\* PILOT is subject to recommendation by the DC Retail Water & Sewer Rates Committee on 06/26/12



## FY 2012 REVENUE PROJECTIONS & ASSUMPTIONS

(in millions)

-  Historically, 67% of annual revenues have been received in the first 8 months of the fiscal year (October – May)
-  FY 2012 Consumption through May is less than FY 2011, impacting residential, commercial and multi-family revenues
-  Year-end projections assume receipt of additional 33% revenues in remaining 4 months
-  DC government has disputed some billings at St. Elizabeth’s, but it is assumed that this dispute will be resolved in favor of DC Water

REVENUE VARIANCE BY CATEGORY					
Revenue Category	FY 2012 Revised Budget	Actual (05/31/12)	Year End Projections	FY 2012 Variance	Y/E % of Budget
Residential, Commercial, and Multi-family	226.2	144.0	221.4	(4.8)	97.9%
Federal	47.5	34.1	47.5	0.0	100.1%
District Government	11.1	6.4	10.6	(0.5)	95.8%
DC Housing Authority	6.4	5.0	6.9	0.5	108.3%
Customer Metering Fee	10.8	7.5	11.0	0.2	101.9%
Wholesale	74.4	56.7	74.4	0.0	100.0%
Right-of-Way Fee/PILOT	22.5	14.9	22.4	(0.1)	99.6%
<b>Subtotal (before Other Revenues)</b>	<b>\$398.9</b>	<b>\$268.5</b>	<b>\$394.3</b>	<b>(\$4.6)</b>	<b>98.9%</b>
Other Revenue without RSF					
IMA Indirect Cost Reimb. For Capital Projects	4.0	6.0	6.0	2.0	150.0%
DC Fire Protection Fee	6.2	4.6	6.2	0.0	100.0%
Stormwater (MS4)	1.1	0.6	0.9	(0.2)	77.3%
Interest	0.8	0.7	0.5	(0.3)	69.4%
Developer Fees (Water & Sewer)	6.0	6.1	6.9	0.9	115.0%
Others	2.9	0.8	1.2	(1.7)	41.4%
<b>Subtotal</b>	<b>\$21.0</b>	<b>\$18.8</b>	<b>\$21.7</b>	<b>\$0.7</b>	<b>103.4%</b>
Rate Stabilization Fund Transfer	\$6.5	\$0.0	\$6.5	\$0.0	100.0%
<b>Other Revenue Subtotal</b>	<b>\$27.5</b>	<b>\$18.8</b>	<b>\$28.2</b>	<b>\$0.7</b>	<b>102.6%</b>
<b>Grand Total</b>	<b>\$426.4</b>	<b>\$287.3</b>	<b>\$422.5</b>	<b>(\$3.9)</b>	<b>99.1%</b>



## FY 2012 OPERATING EXPENDITURE BUDGET PERFORMANCE (PROJECTIONS)

FY 2012 revised operating budget is projected to have approximately \$26.8M (or 6 %) under-spending by the end of the fiscal year.

(\$'000s)

	Revised Budget	Actual (05/30/12)	Year-End Projections	Y/E Variance	Y/E % of Budget
Personnel Services	111,114	69,169	107,382	3,732	97%
Contractual Services	79,747	41,455	73,516	6,231	92%
Water Purchases	31,517	17,695	29,400	2,117	93%
Chemicals and Supplies	29,947	15,929	26,112	3,835	87%
Utilities	37,446	17,660	29,800	7,646	80%
Small Equipment	995	612	787	208	79%
<b>Subtotal O &amp; M Expenditures</b>	<b>290,765</b>	<b>162,520</b>	<b>266,998</b>	<b>23,768</b>	<b>92%</b>
Debt Service	102,613	62,962	99,627	2,986	97%
Payment in Lieu of Taxes	16,882	11,255	16,882	-	100%
Right of Way	5,100	3,400	5,100	-	100%
<b>Total O &amp; M Expenditures</b>	<b>415,360</b>	<b>240,136</b>	<b>388,606</b>	<b>26,755</b>	<b>94%</b>
Personnel Services Charged to Capital Project	(14,000)	(8,715)	(13,530)	(470)	97%
<b>Total Net Operating Expenditures</b>	<b>401,360</b>	<b>231,421</b>	<b>375,076</b>	<b>26,285</b>	<b>93%</b>

Note: Actuals include accruals





## FY 2012 OPERATING BUDGET VARIANCE EXPLANATION

### Personnel Services - \$3.7M

- Regular Pay – Projecting savings from higher vacancy than budgeted (8% vs 3%)
- Overtime – Lower expenditure due to tighter controls and milder winter months
- Benefits - Lower projection due to
  - Lower health costs and employment taxes; offset by higher retirement benefits due to increased employee awareness.

### Contractual Services - \$6.2 M

- Projected savings from various professional services in the areas of the Green LID program, revenue initiatives, energy quick wins; support services for LAN/WAN, Maximo and GIS; other security-related expenses.

### Chemicals & Supplies - \$3.8 M

- Chemicals - saving from lower than anticipated spending on ferric chloride, various polymer, caustic soda, and sodium hypochlorite resulting from lower flows
- Anticipated supplies savings mainly from spare parts and other custodial services

### Water Purchases - \$2.1M

- Savings attributable to the Washington Aqueduct’s hiring delays and lower than anticipated water demand.

### Utilities - \$7.6M

- Projected savings in electricity due the adopted purchasing strategy, lower unit prices and decreased consumption; offset by increased fuel expenditure and natural gas unit prices

### Debt Service - \$3.0M

- Savings based on the successful issuance of the 2012 Bond Series at lower than anticipated All-in-TIC of 3.27%.



## FY 2012 CAPITAL BUDGET PERFORMANCE (CASH DISBURSEMENT BASIS)

### Wastewater Treatment

- Projects are on schedule: 2 Digester contracts awarded later than anticipated, still on schedule for start up in late FY 2014
- Under spending in liquid processing program expected to continue through year-end, no impact to critical aspects of the projects

### Sanitary Sewers

- Reduced spending due to reprioritization of inspection work

### Water

- Water distribution program projected to be 90% of budgeted spending
- Water Pumping and Lead are not likely to recover. Design changes and utility coordination issues at Fort Reno and Bryant Street may result in implementation lags

FY 2012 Disbursements Budget \$\$ In thousands					
Description	Annual	Actual (05/31/12)	Annual Projected	Variance	Y/E % of Budget
<b>Wastewater Treatment</b>	<b>\$275,845</b>	<b>\$160,454</b>	<b>\$268,667</b>	<b>\$7,177</b>	<b>97%</b>
Sanitary Sewer	39,922	15,879	24,332	\$15,590	61%
Combined Sewer Overflow	132,016	78,683	130,140	1,875	99%
Stormwater	2,775	2,977	2,965	(\$189)	107%
Water	54,461	29,608	47,228	\$7,232	87%
Washington Aqueduct	11,373	3,436	11,373	\$0	100%
Capital Equipment	15,349	9,435	15,349	\$0	100%
<b>Total Capital Projects</b>	<b>\$ 531,741</b>	<b>\$300,472</b>	<b>\$500,053</b>	<b>\$ 31,684</b>	<b>94%</b>



Update:

# July 1 Property & Casualty Insurance Renewals

June 28, 2012

Presenter: Tanya DeLeon, Risk Manager



# Background

- The Authority is on track to renew its Property & Equipment, Excess Auto/General Liability, Workers' Compensation, Public Officials' Liability, Crime and Fiduciary insurance coverages on July 1.
- We anticipated a 8.5% increase in total premium costs due to increased operating exposures and worsening insurance market conditions following recent natural catastrophes both domestically and abroad.
- Overall premium increase are up 5%, well within budgeted estimates, and coverages remain comparable to expiring.
- We are very pleased with this outcome and believe the renewal process helped to contain insurance costs and maintain broad coverage in a rising insurance market.



## Background (cont.)

- The Authority's procurement strategy maximizes competition and market access by involving multiple insurance brokers. An RFP process qualified insurance brokers for participation in the 2012-2017 pool.
- 2012 represents one of the periodic full competitive bid years wherein qualified brokers compete against each other with assigned insurance markets and receive placement fees only if they deliver the superior insurance proposal for the respective line of coverage.



# Renewal Results

Coverage	Market Representation	Best Quote	Cost Change** / Drivers
Property	3 brokers, 11 insurers	PEPIP	+14% due mostly to increased flood insurance costs, plus insurable values (1.2%)
Excess Liability	2 brokers, 18 insurers	ANML/CLIP	+1% due to increased op. budget (5%)
Excess Workers Comp	1 broker, 1 insurer (2-year rate lock)	Safety National	+3% due to increased payrolls (3%)
Public Officials	2 brokers, 8 insurers	RSUI/Hiscox*	-8% due mostly to new excess insurer
Crime	2 brokers, 5 insurers	Travelers	Flat
Fiduciary	2 brokers, 5 insurers	Travelers	+3% due to increased assets (25%)

\* Change in insurance carrier

\*\* Inclusive of broker comp



# Appendix I

## Program Summary – Jul 1, 2012-13

Coverage	Main Limit	Main Deductible / Retention	Insurer	Premium** (thousand)
Property incl. Boiler & Machinery	\$1 Bil per occurrence \$100 Mil annual Flood \$25 Mil ann.–100 Yr Flood	\$1 Mil	Public Entity Property Ins. Program (PEPIP)*	\$779
Equipment	incl. above	\$10,000	same as above	incl. above
Excess Workers' Compensation (WC) and Employers' Liability (EL)	Full benefits due under WC law; \$3 Mil Employers' Liability	\$1 Mil / accident or disease	Safety National	Safety Nat'l \$329
Public Officials' Liability (POL)	\$20 Mil	\$250,000	RSUI and <u>Hiscox</u>	\$111
Excess Liability (excess of GL, AL and POL, EPL)	\$100 Mil	\$1 Mil General Liability (GL) and Automobile Liability (AL)	Alliant National Municipal Liability (ANML) and Catastrophe Liability Ins. Program (CLIP)*	\$898
Crime & Fidelity	\$5 Mil	\$50,000	Travelers	\$19
Fiduciary Liability	\$3 Mil	Nil	Travelers	\$12
<b>TOTAL</b>				<b>\$2,138</b>

\* Group Purchasing programs involving public entities throughout the country and a broad syndication of insurers.

\*\* All premiums include broker placement fees/commissions.



# Appendix I (cont.) Insurance Coverages

Coverage	Scope
Property incl. Boiler & Machinery	Provides blanket "all risk" coverage for direct physical damage to WASA structures, buildings and contents.
Equipment	Provides "all risk" coverage for direct physical damage to specified equipment.
Excess Workers Compensation (WC)	Provides excess statutory workers' compensation benefits over self-funded levels.
Employers Liability (EL)	Provides protection for liabilities that WASA may have resulting from employee injuries that are not covered under workers compensation law. Very rare in DC.
Public Officials Liability (POL)	Provides reimbursement protection for wrongful acts (excl. bodily injury and property damage) that are actually or allegedly caused by WASA directors, officers and employees within the course of their duties.
Employment Practices Liability (EPL)	Provides protection for claims of discrimination, harassment, or wrongful termination.
Umbrella / Excess Liability	Provides protection for bodily injury, property damage, and personal injuries to third parties arising out of WASA operations (GL) including use of automobiles (AL) in excess of self-funded levels. Beginning in 2009, also applies excess of public officials (POL) and employment practices liability (EPL).
Crime & Fidelity	Employee dishonesty coverage and miscellaneous crime coverages.
Fiduciary Liability	Provides protection for wrongful acts that actually or allegedly are caused by trustees and employees of the DCWASA sponsored Employee Benefit Plans.





ATTACHMENT 4



*Briefing on*  
***Owner Controlled Insurance Program***

Finance and Budget Committee

June 28, 2012

# ROCIP Program Goals

- Availability of broader insurance coverage with higher dedicated limits for contractors (provides better protection for DCWater)
- Potentially lower construction costs resulting from:
  - Volume discounts on insurance purchases; and
  - Reduced losses from more effective, comprehensive, safety and loss control programs
  - Lock in insurance rates over several years
- Targeted, superior, comprehensive and uniform risk management services (e.g., claims handling, loss control and safety program)
- Reduced barriers for Disadvantaged Business Enterprises (minority, small, other)
  - Insurance requirements are no longer an obstacle for contractors bidding the DC Water work

# Background and History

- 2003 Driven by DC Water's sizeable CIP, a study was conducted to evaluate the feasibility of an OCIP
- 2004 ROCIP 1 Program authorized to facilitate DCWASA construction projects from 10-15-2004 through 4-15-2012 (Complete)
- 2008 Review of performance and success supported renewal/extension of the ROCIP concept
- 2009 ROCIP 2 Procurement authorization
- 2009 ROCIP 2 Implemented for planned Construction Projects started 10-15-2009 / 10-15-2012
- 2012 ROCIP 3 Broker Administrator procurement completed for October 2012
  - If authorized, the broker administrator will conduct competitive bidding for the ROCIP 3 insurance companies and report bid results to DC Water in September

# ROCIP 1 & 2 Program Overview

- ROCIP 1 & 2 multi-year programs – started 2004, new contract rolling project enrollment ends mid Oct. 2012
  - Contract Values estimated @ \$1.75 (BIL) awarded projects
  - Contractor Payroll estimated @ \$254 (MIL)
- Insurance Plan Characteristics
  - Combined Workers Compensation and General Liability paid loss rating plan includes a fixed premium rate based upon Contractor site payroll
  - Deductible -\$500,000/ per line per loss deductible \$750,000 all lines per loss “clash”
  - Maximum aggregate stop loss guaranteed rate, dollar amount variable based on actual contractor payroll
- General Liability Limits are \$2 MIL/ \$4MIL per Occurrence / Aggregate
- Excess General Liability limits are \$100 million ~ premium cost is fixed
- Workers Compensation limits are statutory
- Employers Liability limits are \$2 MIL

# Next Steps

<u>ROCIP3 Task</u>	<u>Status</u>	<u>Proposed Milestones</u>
Feasibility evaluation for ROCIP extension	Complete	December 2011 - February 2012 – Indicates extension of the program may produce significant benefits for DCWater. Independent insurance consultant and DC WASA project team recommend extension, initiated Broker / Administrator procurement process
Finance & Budget Committee Review	Complete	February 23, 2012 -Briefing to the Finance and Budget Committee -Recommendation to extend program
Procurement Broker/ Administrator Selection	Complete	February - April 2012 - Proceed with RFP for Broker/Administrator, conduct interviews, verify references.
Committee and Board authorization to Award Broker Administrator	Presentation	June/July 2012 – Board approval , two actions~ 1) the Board authorizes the General Manager to proceed with the ROCIP 3 and 2) the Board authorizes the General Manager to execute Contract with successful broker administrator to implement ongoing ROCIP 3 broker/administration services
ROCIP 3 Insurance Procurement	Pending	June - August 2012 – Execute contract with Broker/Administrator and Complete ROCIP 3 insurance marketing bidding activity
Committee Review	Pending	September 2012 - Presentation and recommendation to Finance and Budget Committee meeting
Board Approval	Pending	October 2012 – Present resolution to Board for approval
Bind and Verify ROCIP 3 Insurance Program	Pending	No later than October 15, 2012
ROCIP 3 Start Date – 10/15/12		

ATTACHMENT 2-A

**FINANCE & BUDGET COMMITTEE  
PROPOSED FY 2013 REVISED BUDGET ACTION ITEM**

**ACTION ITEM 2-A: Revised FY 2013 Operating Budget**

The Revised FY 2013 operating budget to be considered by the Board of Directors totals \$441,628,000, which is below the originally approved budget.

**FY 2013**

Operations & Maintenance Expenditures	\$297,009,000
Debt Service	121,330,000
Payment In Lieu of Taxes	18,189,000
Right of Way Fee	5,100,000
<b>Subtotal (Debt Service / PILOT / ROW)</b>	<b>\$144,619,000</b>
<b>Revised FY 2012 Operating Budget</b>	<b><u><u>\$441,628,000</u></u></b>

\* Also see Attachment 2-A Detail

ATTACHMENT 2-A Detail

**Proposed FY 2013 Revised Operating Budget**

(\$ in 000's)

	<b>FY 2013 Approved Budget</b>	<b>FY 2013 Revised Budget</b>	<b>FY 2013 Increase (Decrease)</b>	<b>FY 2013 Percentage Change</b>
Personnel Services	\$ 117,796	\$ 116,609	\$ (1,188)	-1.0%
Contractual Services	82,350	82,350	0	0.0%
Water Purchases	32,523	31,513	(1,010)	-3.1%
Chemicals and Supplies	31,360	31,360	0	0.0%
Utilities	38,047	34,185	(3,862)	-10.1%
Small Equipment	993	993	0	0.0%
<b>Subtotal O &amp; M Expenditures</b>	<b>\$ 303,069</b>	<b>\$ 297,009</b>	<b>\$ (6,059)</b>	<b>-2.0%</b>
Debt Service	129,392	121,330	(8,062)	-6.2%
Payment in Lieu of Taxes	19,215	18,189	(1,026)	-5.3%
Right of Way	5,100	5,100	0	0.0%
<b>Subtotal Debt Service &amp; PILOT/ROW</b>	<b>\$ 153,707</b>	<b>\$ 144,619</b>	<b>\$ (9,088)</b>	<b>-5.9%</b>
<b>Total O &amp; M Expenditures</b>	<b>\$ 456,775</b>	<b>\$ 441,628</b>	<b>\$ (15,147)</b>	<b>-3.3%</b>
Less PS Charged to Capital Projects	(16,690)	(16,690)	0	0.0%
<b>Total Operating Expenditures</b>	<b>440,085</b>	<b>424,938</b>	<b>(15,147)</b>	<b>-3.4%</b>

**ATTACHMENT 2-B**

**FINANCE & BUDGET COMMITTEE  
PROPOSED FY 2012 EXCESS OPERATING FUND TRANSFERS TO THE  
RATE STABILIZATION FUND AND PAYGO FINANCING**

**ACTION ITEM 2-B: FY 2012 Utilization of Excess Cash Above Operating Requirements**

The FY 2012 estimated cash surplus above operating requirements is fourteen million, seven hundred thousand dollars (\$14,700,000). In accordance with Resolution #10-88, portions of this excess cash would be used as follow:

- Transfer the sum of five million and five hundred thousand dollars (\$5,500,000) to the Rate Stabilization Fund. This brings the sum transfers to the Rate Stabilization Fund for FY 2012 to seventeen million, seven hundred and fifty thousand dollars (\$17,750,000). This transfer is to be no later than September 1, 2012;
- Provide four million, two hundred thousand dollars (\$4,200,000) for customer rebates; and
- Transfer five million dollars (\$5,000,000) to PAYGO financing



**DC WATER AND SEWER AUTHORITY  
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

**ACTION REQUESTED**

**GOODS AND SERVICES CONTRACT:**

**Rolling Owner Controlled Insurance Program (ROCIP)  
Insurance Broker Services  
(Joint Use- Indirect Cost )**

Approval is requested to execute the third (3<sup>rd</sup>) option of four (4) option years in the amount of \$824,283.00. The cumulative contract value including the option amount will be \$2,781,872.00.

**CONTRACTOR/SUB/VENDOR INFORMATION**

<b>PRIME:</b> AON RISK SERVICES, INC. 1120 20 <sup>TH</sup> STREET, NW, SUITE 600 WASHINGTON, DC 20036-3419	<b>SUBS:</b> MFL Consulting 1619 13 <sup>th</sup> Street, N.W. Washington, DC 20009 LBE	<b>PARTICIPATION:</b> 30%
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**DESCRIPTION AND PURPOSE**

Base Period Contract Value:	\$404,218.00
Original Contract Dates:	07-01-2009 – 06-30-2010
Number of Option Years:	4
First Option Year Value:	\$404,218.00
First Option Year Dates:	07-01-2010 – 06-30-2011
Second Option Year Value:	\$899,218.00
Second Option Year Dates:	07-01-2011 – 06-30-2012
Modification Nos. 01/02 Dates:	03-01-2012 – 07-31-2012
Modification Nos. 01/02 Value:	\$249,935.00
<b>Third Option Period Value:</b>	<b>\$824,283.00</b>
<b>Third Option Period Dates:</b>	<b>08-01-2012 – 06-30-2013</b>

**Purpose of the Contract:**

To provide extensive and continuous oversight and data verification ensuring the effective administration of DC Water's ROCIP.

**Contract Scope:**

To provide full ROCIP administration services to include claims management coordination, safety/loss control and contractor worker's compensation and general liability insurance enrollment.

**Spending Previous Year:**

Cumulative Contract Value: (07-01-2009 to 06/08/2012) - \$1,957,589.00  
 Cumulative Contract Spending: (07-01-2009 to 05/31/2011) - \$1,882,654.00

**Contractor's Past Performance:**

The Contractor's performance has been satisfactory.

**Note:** The initial cost for option year two (2) increased from \$404,218 to \$899,218 due to the addition of safety staff to accommodate DC Water's Long Term Control Plan (LTCP). The modification of funding, in the amount of \$249,935, during option year two (2), was to provide more safety staff and extend the contract services for a period of one (1) month. The costs anticipated for the third option period, \$824,283, is for a total of 11 months. Monthly contract pricing for the third option period is the same as the monthly cost for the second option year, and is considered fair and reasonable. Thus, Procurement recommends exercising the third option year.

**PROCUREMENT INFORMATION**

<b>Contract Type:</b>	Fixed Price	<b>Award Based On:</b>	Highest Rating
<b>Commodity:</b>	Goods & Services	<b>Contract Number:</b>	WAS-09-014-AA-GA
<b>Contractor Market:</b>	Open Market with LSB/LSBE Preference		

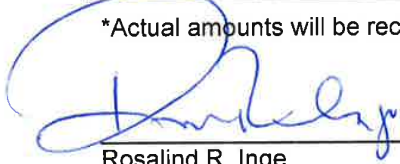
**BUDGET INFORMATION**

<b>Funding:</b>	Capital	<b>Department:</b>	Finance and Budget
<b>Service Area:</b>	DC Water-Wide	<b>Department Head:</b>	Olu Adebo


**ESTIMATED USER SHARE INFORMATION**

User	Share % *	Dollar Amount
District of Columbia	81.85%	\$674,675.63
Washington Suburban Sanitary Commission	13.24%	\$109,135.06
Fairfax County	3.37%	\$27,778.34
Loudoun County	1.33%	10,962.96
(Potomac Interceptor)	.22%	1,730.99
<b>Total Estimated Dollar Amount</b>	<b>100.00%</b>	<b>\$824,283.00</b>

\*Actual amounts will be reconciled and billed to customers accordingly.

 \_\_\_\_\_, 6/22/12  
 Rosalind R. Inge Date  
 Director of Procurement

 \_\_\_\_\_, 6/22/12  
 Yvette Downs Date  
 Director, Finance & Budget

 \_\_\_\_\_, 6/22/12  
 Olu Adebo Date  
 Chief Financial Officer

\_\_\_\_\_, \_\_\_\_\_  
 George S. Hawkins Date  
 General Manager

**DC WATER AND SEWER AUTHORITY  
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

**ACTION REQUESTED**

**GOODS AND SERVICES CONTRACT:**

**Insurance Brokerage and Administrative Services for a  
Rolling Owner Controlled Insurance Program (ROCIP III)  
(Joint Use- Indirect Cost)**

Approval to execute a contract for a base period of one (1) year with up to four (4) one-year options in the amount of \$4,732,600. The contract will provide Insurance Brokerage and Administrative Services for ROCIP III.

**CONTRACTOR/SUB/VENDOR INFORMATION**

<b>PRIME:</b> AON RISK SOLUTIONS 1120 20 <sup>TH</sup> ST., NW, SUITE 600 WASHINGTON, DC 20036	<b>SUBS:</b> MFL CONSULTING 1619 13 <sup>TH</sup> ST NW WASHINGTON, DC 20009	<b>PARTICIPATION:</b>  68%
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**DESCRIPTION AND PURPOSE**

Contract Value:	\$4,732,600
Contract Period:	Base Year with up to four (4) Options Years
Anticipated Contract Start Date:	07-01-2012
Anticipated Contract Completion Date:	06-31-2017
Proposal Closing Date:	05-11-2012
Proposals Received:	5
Proposal Range:	\$3,969,250 – \$6,940,907
Preference Points Received:	6.8

**Purpose of the Contract:**

To provide insurance brokerage and administrative services for ROCIP III.

**Contract Scope:**

To provide insurance brokerage and project administration services for ROCIP III. ROCIP III will cover construction planned to commence over the next five (5) years. The vendor will also provide safety and loss prevention services.

**Note:** The cost for the base year and each option year is \$946,520 annually.

This was a Request for Proposal (RFP). Award will be made to one vendor. Aon Risk Solutions is the highest rated of all vendors. The names of all qualified vendors submitting proposals are listed below.

**Proposals Received:**

- Alliant Insurance Service, Inc.
- AON Risk Solutions
- Turner Surety and Insurance Brokerage
- Wells Fargo Insurance Services USA Inc
- Willis of Maryland, Inc.

**PROCUREMENT INFORMATION**

<b>Contract Type:</b>	Fixed Price	<b>Award Based On:</b>	Highest Rating
<b>Commodity:</b>	Goods & Services	<b>Contract Number:</b>	WAS-12-027-AA-SS
<b>Contractor Market:</b>	Open Market with preference		

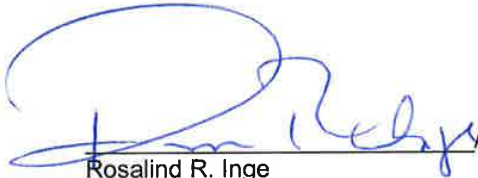
**BUDGET INFORMATION**

<b>Funding:</b>	Operating	<b>Department:</b>	Finance and Budget
<b>Service Area:</b>	DC Water Wide	<b>Department Head:</b>	Olu Adebo


**ESTIMATED USER SHARE INFORMATION**

User	Share % *	Dollar Amount
District of Columbia	81.85%	\$3,873,633.10
Washington Suburban Sanitary Commission	13.24%	\$626,596.24
Fairfax County	3.37%	\$159,488.62
Loudoun County	1.33%	\$62,943.58
Potomac Interceptor	.22%	\$9,938.46
<b>Total Estimated Dollar Amount</b>	<b>100.00%</b>	<b>\$4,732,600.00</b>

\*Actual amounts will be reconciled and billed to customers accordingly.

  
 Rosalind R. Inge  
 Director of Procurement  
 Date 6/21/12

  
 Yvette Downs  
 Director, Finance & Budget  
 Date 6/21/12

  
 Olu Adebo  
 Chief Financial Officer  
 Date 6/21/12

\_\_\_\_\_  
 George S. Hawkins  
 General Manager  
 Date



D.C. WATER AND SEWER AUTHORITY  
BOARD OF DIRECTORS  
FINANCE AND BUDGET  
FEBRUARY COMMITTEE MEETING

Thursday, July 26, 2012; 11:00 a.m.  
Blue Plains Wastewater Treatment Plant  
5000 Overlook Avenue, SW, DC  
AGENDA

<b>Call to Order</b>	Chairman
<b>June 2012 Financial Report</b>	Director of Finance & Budget
<b>Action Items</b>	Chairman
<b>Agenda for September Committee Meeting</b>	Chairman
<b>Adjournment</b>	Chairman

\*Detailed agenda can be found on DC Water's website at [www.dewater.com/about/board\\_agendas.cfm](http://www.dewater.com/about/board_agendas.cfm)