



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

Finance and Budget Committee

Thursday, May 23, 2013

11:00 a.m.

1. **Call to Order** Timothy L. Firestine, Chairperson
2. **April 2013 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. **Discussion on FY 2013 Year-End Projections (Attachment 2)**..... Mark Kim
4. **CIP Quarterly Update (Attachment 3)** Dave McLaughlin
5. **Insurance Renewal Update (Attachment 4)** Tanya DeLeon
6. **Legal Services Update (Attachment 5)** Randy Hayman
7. **Executive Session**
8. **Action Item** Mark Kim
 - A. **Approval for Legal Services – Dorsey & Whitney (Attachment 6)**
9. **FY 2013 Bond Update** Mark Kim
10. **Agenda for June Committee Meeting (Attachment 7)** Timothy L. Firestine
11. **Adjournment**

FOLLOW-UP ITEMS – Finance & Budget Committee (Meeting held April 25, 2013)

1. Provide additional information in the meeting minutes on the delayed invoicing dispute resolution with the District on water consumption at St. Elizabeth Hospital. **(Mr. Firestine) Status: Completed**
2. Provide additional explanation as to the reason for delayed invoicing on the capital Water Distribution program and the quantity. **(Mr. Firestine) Status: See Capital Section of the Financial Report.**
3. Provide additional information on the number of employees expected to relocate from Blue Plains and other DC Water facilities to the proposed Headquarters Building. **(Mr. Ortiz) Status: Staff**

anticipates that 359 employees will move into the proposed Headquarters Building from various locations: Blue Plains, Bryant Street, Main & O as well as 80M Street.

4. Provide an update of the procurement process for legal services at the next Committee meeting.
(Ms. Nancoo) Status: See Attachment 5.



April 2013 FINANCIAL REPORT

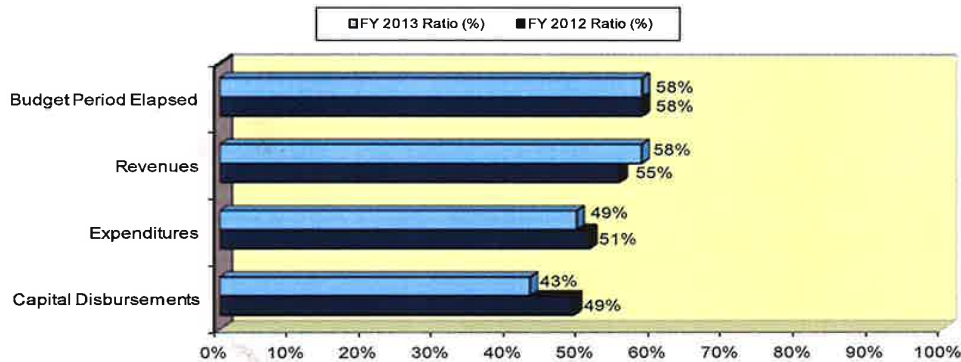
FY 2013 FINANCIAL PERFORMANCE

At the end of April, with approximately 58 percent of the fiscal year completed, we are on track with budgetary expectations, with the exception of major under spending in Capital Disbursements as reported in prior months and discussed later in this report. The FY 2013 mid-year budget review process is well underway and we are providing the Committee and Board with preliminary projections for revenues, operating expenses and capital disbursements. The table below summarizes detailed information provided in the report.

Financial Performance As of April 30, 2013 (\$ in millions)

	Approved	Revised Budget	YTD Budget	YTD	Variance	% Revised Budget	Year-End Projection
				Actual	Favorable (Unfavorable)		
Revenues (Receipts)*	\$460.2	\$447.5	\$261.0	\$260.7	(\$0.3)	58%	\$453.9
Expenditures*	\$456.8	\$440.3	\$256.9	\$217.1	\$39.8	49%	\$399.9
Capital Disbursements	\$665.7	\$644.3	\$376.7	\$276.2	\$100.5	43%	\$549.1

* Straight-lined (7/12 of revised budget)



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

FY 2013 120-day Operating Reserve Objective	\$125.5
Actual Average Daily Balances	\$172.8
Difference	\$47.3

OPERATING REVENUES & RECEIPTS

At the end of April 2013, cash receipts totaled \$260.7 million, or 58.3 percent of the revised FY 2013 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 April.

**REVENUE VARIANCE BY CATEGORY
(\$ in 000's)
As of April 30, 2013**

Revenue Category	FY 2013 Revised Budget	Year-to-Date Budget	Actual Received	Variance Favorable (Unfavorable)	Actual % of Budget	Year End Projections	Variance Proj v. Bud	Percent of Budget
Residential, Commercial, and Multi-family	236.2	137.8	146.1	8.3	61.9%	247.6	11.4	104.8%
Federal	52.8	30.8	39.0	8.2	73.8%	52.8	0.0	100.0%
District Government	12.0	7.0	4.7	(2.3)	38.9%	6.4	(5.6)	53.1%
DC Housing Authority	6.3	3.6	3.1	(0.5)	49.6%	6.1	(0.2)	97.3%
Customer Metering Fee	10.8	6.3	6.7	0.4	62.1%	11.0	0.2	102.2%
Wholesale	75.2	43.9	37.3	(6.6)	49.5%	74.8	(0.4)	99.4%
Right-of-Way Fee/PILOT	22.2	13.0	13.5	0.6	60.9%	21.8	(0.4)	98.3%
Subtotal (before Other Revenues)	\$415.5	\$242.3	\$250.4	\$8.1	60.3%	\$420.5	\$5.0	101.2%
Other Revenue without RSF								
IMA Indirect Cost Reimb. For Capital Projects	6.0	3.5	0.0	(3.5)	0.0%	8.9	2.9	148.8%
DC Fire Protection Fee	6.9	4.0	3.3	(0.7)	47.8%	6.9	0.0	99.9%
Stormwater (MS4)	1.0	0.6	0.4	(0.2)	39.6%	0.8	(0.2)	83.6%
Interest	0.7	0.4	0.5	0.1	80.9%	0.8	0.1	115.8%
Developer Fees (Water & Sewer)	8.0	4.7	4.6	(0.1)	57.7%	7.4	(0.6)	92.8%
Others	2.9	1.7	1.5	(0.2)	50.0%	2.1	(0.8)	71.4%
Subtotal	\$25.5	\$14.9	\$10.3	(4.6)	40.4%	\$26.9	\$1.4	105.7%
Rate Stabilization Fund Transfer	\$6.5	\$3.8	\$0.0	(3.8)	0.0%	\$6.5	\$0.0	100.0%
Other Revenue Subtotal	\$32.0	\$18.7	\$10.3	(6.4)	32.2%	\$33.4	\$1.4	104.5%
Grand Total	\$447.5	\$261.0	\$260.7	-\$0.3	58.3%	\$453.9	\$6.4	101.4%

Discussion of Relevant Variance

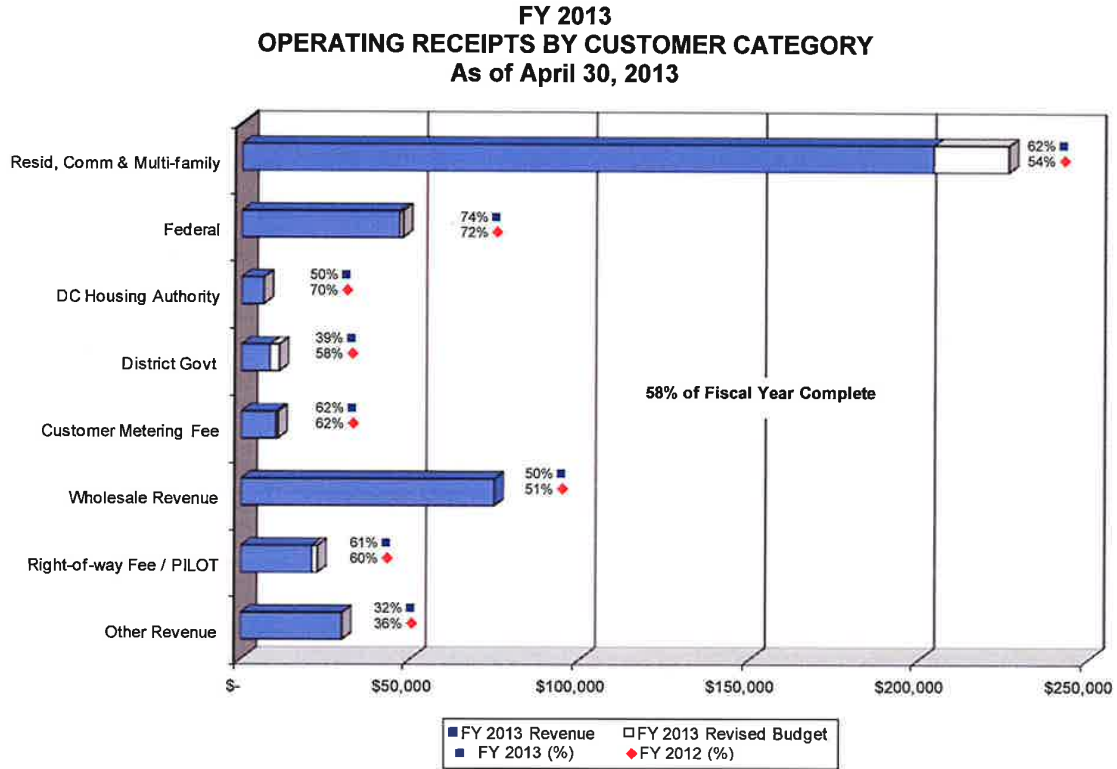
In general revenues are on target with the exception for District Government, DCHA, Wholesale and Other Revenues.

The District Government's actual receipts for the three quarters total \$4.7 million or 38.9 percent of the revised FY 2013 budget. The District Government had disputed consumption on large account (St. Elizabeth Hospital) and withheld a portion of quarterly payment while the account was being investigated. The dispute has been resolved and DC Water has adjusted the District Government's bill by crediting \$2.26 million in November 2012 (FY2013), and \$0.48 million in January 2013 which resulted in lower receipt as compared to Budget.

DC Housing Authority's actual receipts total \$3.1 million or 49.6 percent of the revised budget. The \$572,600.40 payment for March 2013 bill was received late on May 3, 2013 and will be reflected in the next month's report.

The Wholesale customers' actual receipts till date total \$37.3 million or 49.5 percent of the revised FY 2013 budget. The wholesale customers will make their quarterly payments in May 2013.

Other Revenue receipts are lower than the straight-lined budget at \$10.3 million or 32.2 percent of the budgeted category primarily due to IMA Indirect Cost Reimbursement and transfer of Rate Stabilization Fund. The IMA indirect cost reimbursement for the capital projects is not anticipated to be received until the fourth quarter of the fiscal year. The Rate Stabilization Fund transfer is anticipated in the fourth quarter of the fiscal year.



BREAKDOWN OF RETAIL RECEIPTS BY CUSTOMER CATEGORY
 (\$ in 000's)
 As of April 30, 2013

Customer Category	Water	Sewer	Clean Rivers		Total
			IAC	Metering Fee	
Residential	16,687	20,313	7,300	2,906	47,206
Commercial	28,512	29,339	9,413	1,988	69,252
Multi-family	14,534	17,339	2,707	686	35,265
Federal	16,165	15,346	7,488	705	39,704
District Govt	1,085	1,326	2,268	342	5,022
DC Housing Authority	1,265	1,527	318	79	3,189
Total:	78,248	85,190	29,493	6,706	199,637

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 April 30, 2013

Customer Category	FY2013 Budget	Year-To-Date Budget	Actual Received	Variance	Variance % of YTD Budget	Actual % of Budget
				Favorable / <Unfavorable>		
Residential	11,883	6,932	7,300	368	5%	61%
Commercial	13,905	8,111	9,413	1,302	16%	68%
Multi-family	4,665	2,721	2,707	(15)	-1%	58%
Federal	9,984	5,824	7,488	1,664	29%	75%
District Govt	3,145	1,835	2,268	434	24%	72%
DC Housing Authority	547	319	318	(1)	0%	58%
Total:	44,129	25,742	29,493	3,751	15%	67%

OPERATING EXPENDITURES

At the end of April, with approximately 58 percent of the fiscal year completed, operating expenditures (including debt service and the right of way and PILOT fees) totaled \$217.1 million, or 49 percent of the FY 2013 Board-revised budget of \$440.3 million. These numbers include estimated incurred but unpaid invoices.

**Comparative Statement of Expenditures
As of April 30, 2013
(000's)**

	FY 2013									FY 2014
	Board Revised Budget	YTD Budget	YTD as of 04/30/2013	YTD Variance Favorable/(Unfavorable)		Percent of Budget	Year-End Projections	Projection Percent of Budget	Year-End Variance	Approved Budget
			\$	%						
Personnel Services	116,609	68,022	65,699	2,323	3.4%	56%	115,511	99%	1,098	120,454
Contractual Services	82,350	48,038	33,684	14,353	29.9%	41%	67,793	82%	14,557	84,094
Water Purchases	31,513	18,383	14,716	3,666	19.9%	47%	27,176	86%	4,337	31,513
Chemicals and Supplies	31,360	18,293	14,543	3,750	20.5%	46%	28,073	90%	3,287	32,909
Utilities	34,185	19,941	13,905	6,036	30.3%	41%	28,898	79%	7,287	34,011
Small Equipment	993	579	627	(47)	-8.2%	63%	1,054	106%	(61)	993
Subtotal O & M Expenditures	297,009	173,257	143,175	30,082	17.4%	48%	266,504	90%	30,506	303,973
Debt Service	121,330	70,776	61,057	9,718	13.7%	50%	111,419	92%	9,911	150,389
Payment in Lieu of Taxes	16,882	9,848	9,848	-	0.0%	58%	16,882	100%	-	20,081
Right of Way	5,100	2,975	2,975	-	0.0%	56%	5,100	100%	-	5,100
Total O & M Expenditures	440,321	256,856	217,055	39,800	15.5%	49%	399,905	91%	40,417	479,543
Personnel Services Charged to Capital Projects	(16,690)	(9,736)	(6,324)	3,411	35.0%	38%	(10,706)	64%	(5,984)	(17,860)
Total Net Operating Expenditures	423,631	247,120	210,731	36,389	14.7%	50%	389,199	92%	34,433	461,683

Note: Actuals include accruals

Discussion

Personnel services (\$116.6 million annual budget; 39.3 percent of O&M budget) – At the end of April, personnel costs total \$65.7 million or 56 percent of budget. Of the 1,212 positions budgeted (1,243 positions authorized), 1,058 positions were filled at the end of April. Overtime spending totals \$3.6 million of the annual budget of \$5.2 million, or 8 percent of regular payroll costs. Overtime costs to date continue to trend higher than the level of spending for the same period last year due to the Hurricane Sandy, emergency response to water main breaks caused by the fluctuation in temperature, support to the District for snow removal and the Presidential Inauguration. We will continue to monitor and report overtime activities and risks. We expect to end the fiscal year within budget at 99 percent of the revised operating budget in this category with savings mainly attributable to higher than anticipated vacancy rate and lower benefits costs.

Contractual Services (\$82.4 million annual budget; 27.7 percent of O&M budget) – At the end of April, contractual services expenditures total \$33.7 million or 41 percent of budget and below the level of spending for the same period last year. We expect to end the fiscal year at 82 percent with under spending in various contractual line items throughout the Authority.

Water Purchases (\$31.5 million annual budget; 10.6 percent of O&M budget) – At the end of April, water purchases incurred total \$14.7 million or 47 percent of budget. The current variance in this category is attributable to hiring delays and lower than anticipated water demand at the Washington Aqueduct. We expect to end the fiscal year at 86 percent of the budget in this category.

Chemicals and Supplies (\$31.2 million annual budget; 10.6 percent of O&M budget) – At the end of April, chemical and supplies costs total \$14.5 million or 46 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. We expect to end the fiscal year at 90 percent of the revised operating budget in this category.

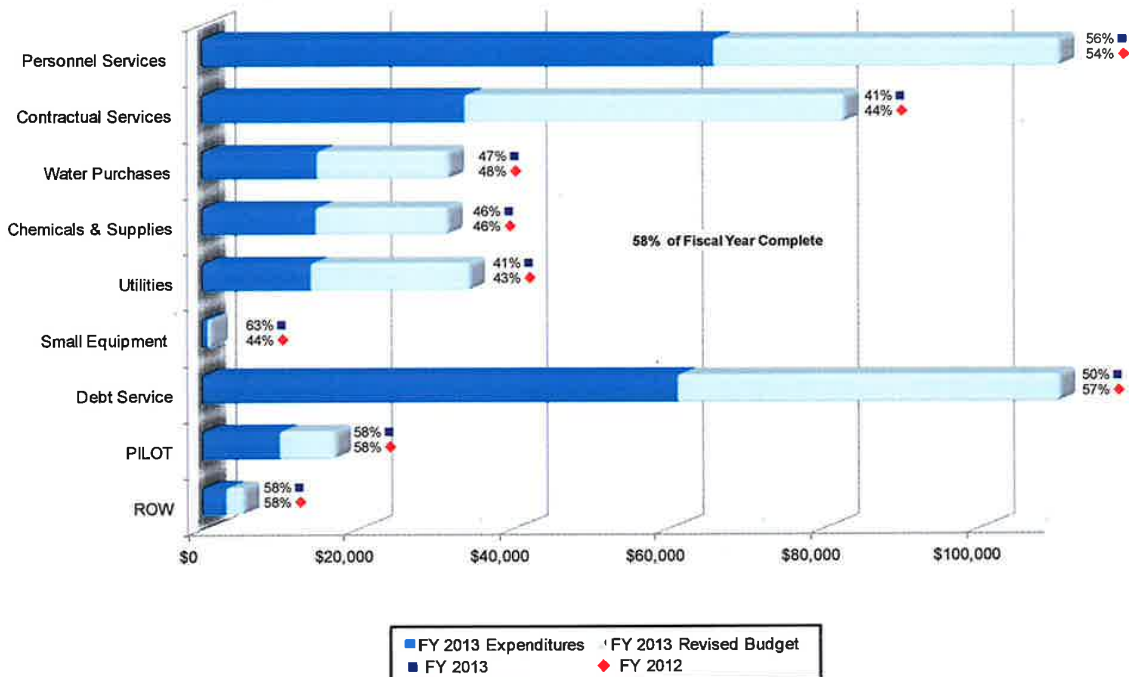
Utilities (\$34.2 million annual budget; 11.5 percent of O&M budget) – At the end of April, utilities expenditures total \$13.9 million or 41 percent of the budget. We expect to end the year at 79 percent of the revised operating budget in this category based on current and anticipated electricity market conditions. Additional information concerning actual performance in this category can be found later in this report.

Small Equipment (\$1 million annual budget; 0.3 percent of O&M budget) – At the end April, expenditures are slightly above the straight-line budget at 63 percent due to additional equipment (pumps, valves, valve actuators, and other motor parts) purchased to meet needed maintenance repairs. We expect to end the fiscal year at 106 percent of the revised budget in this category.

Debt Service (\$121.3 million annual budget) – At the end of April, debt service expenditures total \$61.1 million or 50 percent of the budget. We expect to end the fiscal year at 92 percent of the budget in this category with savings primarily due to successfully renegotiating the Letters of Credit and lower than anticipated interest rates on the SIFMA Notes and Commercial Paper.

Payment in Lieu of Taxes – (\$16.9 million annual budget) – Payments and accrued expenses for the District's PILOT fee totaled \$9.8 million. Actual payment differs due to previous Board direction and resulting offsets associated with the Fire Protection Fee.

**FY 2013 Operating Expenditures
by Category
(\$ in 000's)
As of April 30, 2013**



CAPITAL SPENDING

For the month of April 2013, actual disbursements totaled \$42.5 million, with year-to-date disbursements totaling \$276.2 million, or 43 percent of the FY 2013 Revised Disbursements Budget. Planned capital disbursements through April 2013 were \$376.7 million, or 58 percent of the FY 2013 Revised Disbursement Budget.

**Capital Disbursements Variance
(\$ in 000's)
As of April 30, 2013**

Description	FY 2013 Revised Disbursements Budget		Actual Disbursements			% of FY 2013 Revised Disbursements Budget		FY 2013 * Projected Disbursements Budget	
	Annual	YTD	Oct. '12 to Mar. '13	APR. '13	YTD	Variance Compared to Plan	Percent of Annual Budget	Amount	Percent of Annual Budget
Wastewater Treatment	\$358,543	\$211,639	135,443	\$23,910	\$159,353	25%	44%	\$313,823	88%
Sanitary Sewer	29,084	14,739	10,521	2,113	12,634	14%	43%	24,615	85%
Combined Sewer Overflow	163,509	96,854	57,493	8,351	65,844	32%	40%	138,074	84%
Stormwater	3,252	1,836	1,842	286	2,128	-16%	65%	2,845	87%
Water	60,858	35,817	19,445	6,928	26,373	26%	43%	45,979	76%
Washington Aqueduct	10,598	5,300	1,418	0	1,418	73%	13%	7,418	70%
Capital Equipment	18,422	10,510	7,498	922	8,420	20%	46%	16,332	89%
Total Capital Projects	\$644,265	\$376,694	\$233,661	\$42,510	\$276,171	27%	43%	\$549,087	85%

Actuals - Oct. 2012 through Apr. 2013, and Projections for May through Sep.

Discussion

More than 90 percent of the spending variance between the FY 2013 Revised Disbursements Budget and Actual Disbursements, on a year-to-date basis, continues to be attributable to three Service Areas: Wastewater Treatment, Combined Sewer Overflow and Water.

The Wastewater Treatment Service Area disbursements have been lower than budgeted for all Programs in this Service Area, most notably, the Enhanced Nitrogen Removal Facilities (ENRF), and Solids Processing Programs. The shortfall in ENRF Program disbursements spans all major projects in the Program, including the Wet Weather Peak Mitigation (aka Blue Plains Tunnel – 'EG'), Enhanced Clarification Facilities ('E8'), Centrate Treatment Facilities ('EE') and the Nitrogen Removal Facilities ('E9') projects. Shortfall in spending for project E9 continues to be, partly, the result of a later- than-expected procurement of equipment associated with the second construction contract. There has been no impact on the schedule of the project, and the spending is expected to recover in this fiscal year. Spending shortfall for project E8 is due to revised cost projections and is not expected to recover in this fiscal year. The shortfall in

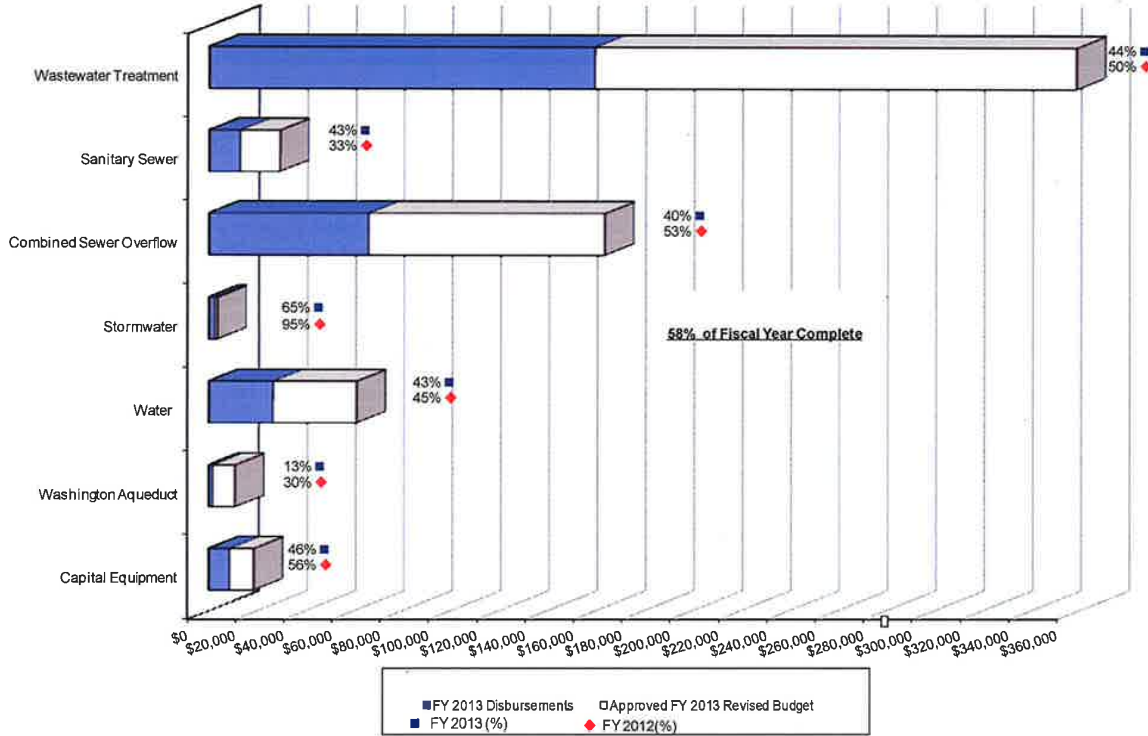
spending in the Solids Processing Program is primarily a result of revised disbursement projections for the Digester ('XA') project's construction contracts. These projects remain on schedule; however, the shortfall is currently not anticipated to recover.

Spending in the 'Clean Rivers Projects', as reported previously, has been lower than budgeted mainly due to schedule delays associated with concrete quality issues on the Wet Weather Peak Mitigation (aka Blue Plains Tunnel project 'EG'), and Poplar Point shaft diaphragm walls. Although the quality issues have been rectified, the delays hindered progress on the shafts and follow-up tunneling work. A recovery plan, to mitigate the delays, by adding one work day per week during the tunneling operations is anticipated to begin in early summer. Additionally, the spending is impacted by transfer of the CSO 019 Overflow Structure and Diversion Chamber work to a subsequent contract (Anacostia River Tunnel) in order to mitigate critical interface requirements. Although remediation plans are in place to mitigate impact to the critical path and to meet the consent decree of the project, spending is currently not anticipated to fully recover in this fiscal year.

With regards to the Water Service Area, DDOT, Water Distribution Systems, and the Water On-Going Programs are responsible for majority of the year-to-date under-spending. The primary reason for the shortfall on the DDOT Program is delayed invoicing. With regard to the Water Ongoing Program the contract restructuring and reduced paving quantities are contributing to the under-spending. The September through March Water Distribution Program's disbursements were \$9.9 million, \$3.0 million below the forecast disbursements of \$12.9 million for the same period, representing an achievement rate of 77 percent. The projects primarily affecting this disbursement shortfall were GU - Crosstown Water Main Rehabilitation (\$1.2 million), MX - Small Diameter Water Main Rehab (5) (\$1.1 million) and N8 - Small Diameter Water Main Rehabilitation Contract 6 (0.9 million). Project N8's shortfall was due to slow invoicing by the construction contractor. Project GU, Crosstown Water Main, was initially delayed by construction difficulties that hampered shaft demolition. These problems were overcome and the project is now substantially complete. Project MX shortfall was primarily due to withholding of retention monies contingent on contract closeout. As of May 14, 2013, the September through April Water Distribution Program's disbursements have recovered to a shortfall of \$0.5 million below the forecast disbursements for the same period representing an achievement rate of 97 percent. The Project N8 contractor's delayed invoice was processed for \$1.1 million, project GU's improved progress resulted in a posted invoice of \$1.2 million and although retention monies are still being withheld in project MX this shortfall is offset by higher than expected disbursements in project N9 - Small Diameter Water Main Rehabilitation Contract 7 (\$3.7 million).

The under-spending related to the Washington Aqueduct is attributable to a downward revision of budgeted disbursements by the Aqueduct, and is not expected to recover in this fiscal year.

**FY 2013 Capital Disbursements Compared to Plan
By Service Area
(\$ in 000's)
As of April 30, 2013**



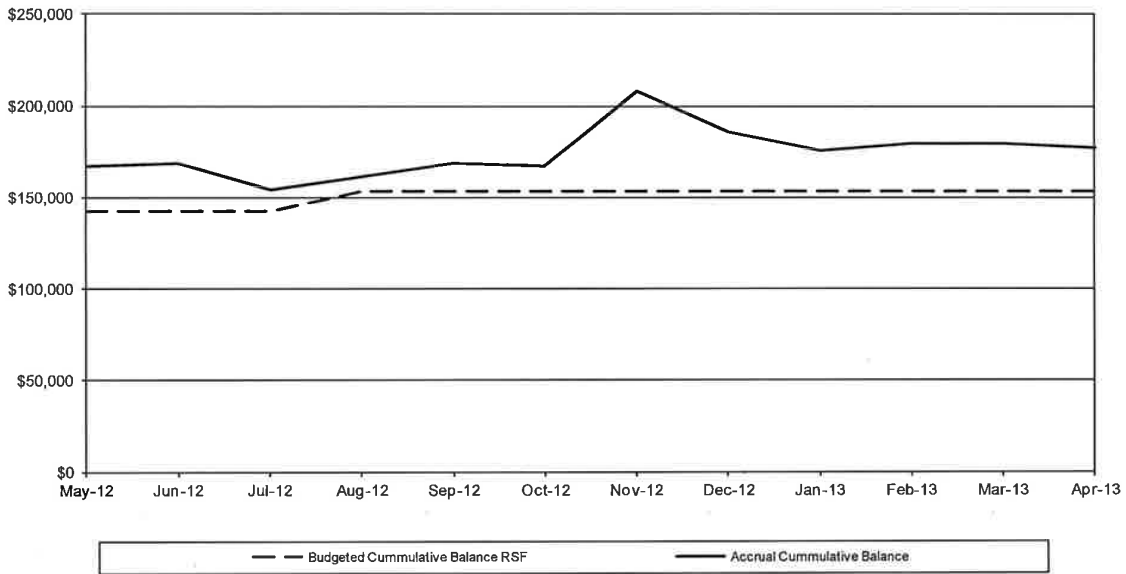
CASH AND INVESTMENT BALANCES

At the end of April, our operating reserve balance was \$149.7 million as compared to the FY 2013 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 April 30, 2013
(\$ in millions)**

Rate Stabilization Fund Account (RSF)	\$27.9
Operating Reserve Accounts	149.7
DC PILOT Fund	<u>14.5</u>
Operating Cash Balance Including RSF	192.1
Debt Service Reserve - Series 98	23.4
Bond Construction Fund - Series 10	16.3
Bond Construction Fund - Series 12	107.7
CSO LTCP Appropriations Account	<u>30.4</u>
Total All Funds	\$369.9

**FY 2013 Operating Cash Balances
(\$ in 000's)
(Operating Reserve and RSF)**



Overall Portfolio Performance

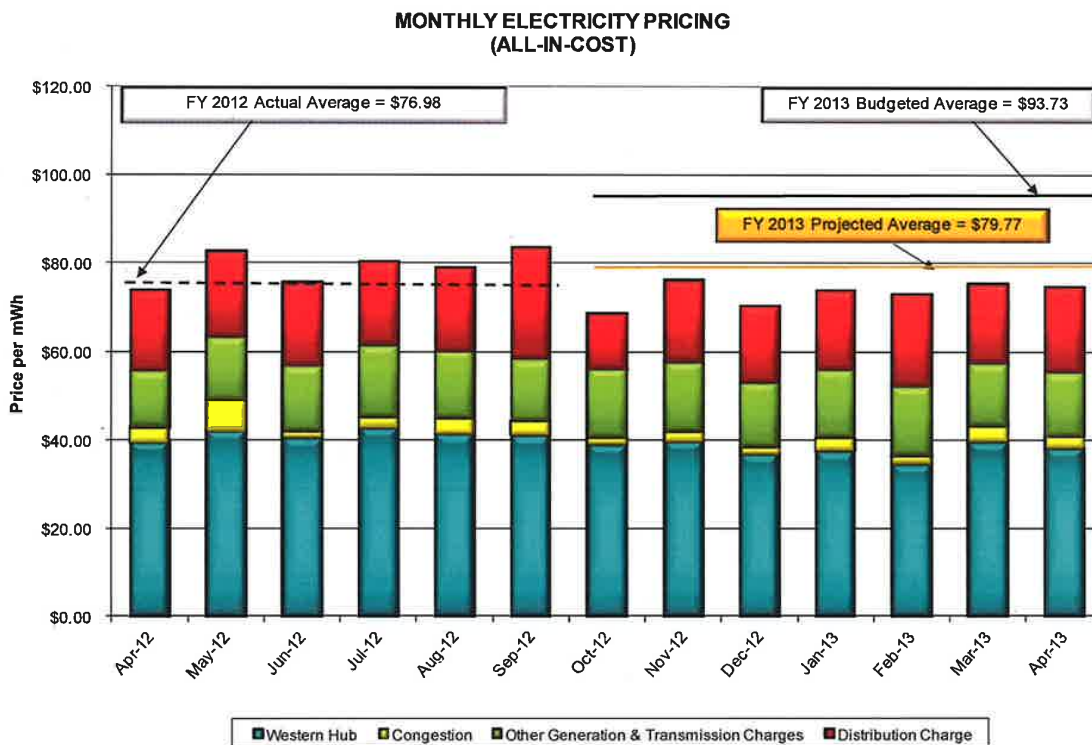
At the end of April, DC Water's total investment portfolio performed well and complied with the Authority's Investment Policy. Returns exceeded the established benchmarks for short term (less than one year) and core (one plus years) funds. Interest income for April (on a cash basis) was \$55,702, with year-to-date totals of \$493,256 as compared to the budget of \$539,336 for the year. A detailed investment performance report is attached.

OTHER STATUS REPORTS

ELECTRICITY

In line with the adopted electricity purchase strategy, for the remainder of FY 2013, we have purchased approximately 83 percent, or 25MW, of the Authority's monthly electric load at the Western Hub average unit price of \$43.84/mWh. For FY 2014, we have locked approximately 67 percent, or 20MW, of the monthly electric load from October 1 2013 through January 31, 2014 at the Western Hub unit price of \$43.50/mWh.

Electricity market conditions continue to be significantly below prior years' experience. 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 April 2013 was \$74.97/mWh with the year-to-date average price of \$73.31/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 2013 electricity budget of \$25.2 million represents 78 percent of the total utilities budget and assumes an average all-in-cost of \$93.73/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 slightly higher than the spot market price and significantly below the S.O.S. price.

All-In-Cost (\$/mWh)			
Unit Price			
	Standard Offer Service (S.O.S.)	Spot Market	Actual ¹
Oct-12	\$124.80	66.56	68.75
Nov-12	\$123.11	76.60	76.40
Dec-12	\$126.49	63.91	70.44
Jan-13	\$128.31	70.18	73.98
Feb-13	\$123.38	73.20	73.20
Mar-13	\$126.67	75.40	75.40
Apr-13	\$126.47	74.97	74.97
YTD Average	\$125.61	\$71.54	\$73.31

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

Electricity Budget (\$000)			
	Amount		Variance
	Budgeted	Actual	Budgeted vs Actual
Oct-12	\$1,878	\$1,473	\$405
Nov-12	\$1,827	\$1,550	\$277
Dec-12	\$2,278	\$1,401	\$876
Jan-13	\$2,492	\$1,757	\$735
Feb-13	\$2,054	\$1,698	\$356
Mar-13	\$1,905	\$1,787	\$118
Apr-13	\$1,756	\$1,601	\$155
YTD Total	\$14,190	\$11,267	\$2,923
Remainder	\$11,033		
Total Budget	\$25,223		

Overall, the FY 2013 electricity expenditure is tracking favorably to budget. We expect to end the fiscal year at approximately 81 percent of the electricity budget with the significant savings mainly attributable to lower than anticipated market prices for electricity and the adopted block purchasing strategy.

RETAIL & WHOLESALE ACCOUNTS RECEIVABLE

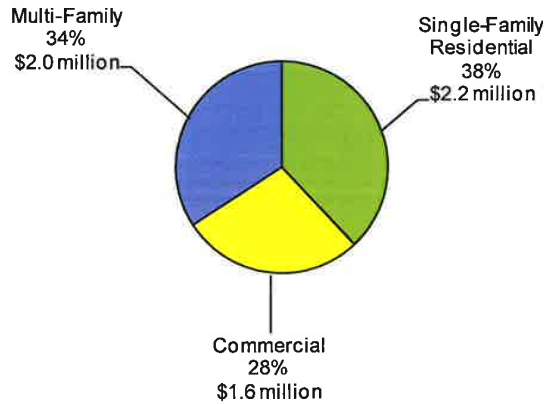
The following tables and chart show retail and wholesale accounts receivable over 90 days including a breakdown by customer class.

**Delinquent Accounts Receivable
Greater Than 90 Days by Customer
April 30, 2013**

	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, 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
September 30, 2012	\$5.5	13,063	\$0.0	0	\$5.5	13,063
October 31, 2012	\$5.7	12,537	\$0.0	0	\$5.7	12,537
November 30, 2012	\$5.8	12,876	\$0.0	0	\$5.8	12,876
December 31, 2013	\$6.0	13,480	\$0.0	0	\$6.0	13,480
January 31, 2013	\$5.9	12,700	\$0.0	0	\$5.9	12,700
February 28, 2013	\$5.8	12,269	\$0.0	0	\$5.8	12,269
March 31, 2013	\$5.7	12,077	\$0.0	0	\$5.7	12,077
April 30, 2013	\$5.8	11,638	\$0.0	0	\$5.8	11,638

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

**Retail Accounts
Greater Than 90 Days by Customer Class
April 30, 2013**



**Delinquent Accounts Receivable
Greater Than 90 Days by Customer
April 30, 2013**

	Number of Accounts			Month of April (All Categories)				Total Delinquent			
	W & S a/c	Impervious Only a/c	Total No. of a/c	Active		Inactive		No. of a/c Mar.	Amount (\$)	No. of a/c Apr.	Amount (\$)
				No. of a/c	Amount (\$)	No. of a/c	Amount (\$)				
Commercial	11,907	3,337	15,244	1,267	1,467,694.14	174	140,461.70	1,593	1,542,702.34	1,441	1,608,155.84
Multi-family	7,366	432	7,798	772	1,791,854.19	161	183,817.40	956	1,941,147.81	933	1,975,671.59
Single-Family Residential	104,171	3,121	107,292	7,298	1,540,882.94	1,966	658,130.85	9,528	2,238,616.04	9,264	2,199,013.79
Total	123,444	6,890	130,334	9,337	4,800,431.27	2,301	982,409.95	12,077	5,722,466.19	11,638	5,782,841.22

Notes: Including in the above \$4.80m (or 9,337 accounts) of the DC water Over 90 days delinquent accounts, \$1,010,293.94 (or 2,166 accounts) represents Impervious only accounts over 90 days delinquent.
-Reportable delinquencies do not include balances associated with a long standing dispute between DC Water and a large commercial customer.

**D.C. WATER AND SEWER AUTHORITY
FY 2013 CASH FLOW SUMMARY
through 4/30/13
(\$ In 000's)**

	Annual Budget Cash Basis	YTD 58% Cash Budget	YTD Actual Cash Oct. 1, 2012 - Apr. 30, 2013	Annual Budget Variance Favorable (Unfavorable)		FY 2013 Year End Projection
OPERATING BUDGET						
Cash Provided						
Retail	318,168	185,598	199,637	14,039	8%	324,005
Wholesale	75,195	43,864	37,276	(6,587)	-15%	74,737
Other	47,497	27,706	23,782	(3,925)	-14%	48,690
Transfer from Rate Stabilization Fund	6,500	3,792		(3,792)	-100%	6,500
Total Cash Provided	447,359	260,960	260,695	(265)	0%	453,932
Operating Cash Used						
Personnel Services	99,919	58,286	58,352	(66)	0%	104,805
Contractual Services	82,350	48,038	39,518	8,519	18%	67,793
Chemicals & Supplies	31,360	18,293	16,340	1,953	11%	28,073
Utilities	34,185	19,941	12,843	7,098	36%	26,898
Water Purchases	31,513	18,363	15,611	2,771	15%	27,176
Small Equipment	993	579	551	29	5%	1,054
Total Operating Cash Used	280,320	163,520	143,216	20,304	12%	255,799
Other Cash Used						
Debt Service	116,179	67,771	61,057	6,714	10%	111,419
Payment In Lieu of Taxes/Right of Way	21,982	12,823	8,757	4,066	32%	17,514
Total Other Cash Used	138,161	80,594	69,815	10,779	13%	128,933
Total Cash Used	418,481	244,114	213,031	31,083	13%	384,732
Net Cash Provided (Used) by Operating Act.	28,878	16,846	47,664	30,818		69,200
CAPITAL BUDGET						
Cash Provided						
Debt Proceeds	320,582	187,006	122,754	(64,253)	-34%	259,806
Capital Equipment Financing	10,799	6,300		(6,300)	-100%	10,799
EPA Grants	32,424	18,914	17,825	(1,089)	-6%	32,424
CSO Grants	30,000	17,500	17,795	295	2%	25,295
Interest Income	303	177	184	7	4%	201
Wholesale Capital Contributions	225,614	131,608	86,437	(45,171)	-34%	196,019
Total Cash Provided	619,723	361,505	244,995	(116,510)	-32%	524,544
Cash Used						
DC Water Capital Program	633,668	369,640	274,753	94,887	26%	541,669
Washington Aqueduct Projects	10,598	6,182	1,418	4,764	77%	7,418
Total Cash Used	644,266	375,822	276,171	99,651	27%	549,087
Net Cash/PAYGO Provided (Used) by Cap. Act.	(24,543)	(14,317)	(31,176)	(16,859)		(24,543)
Beginning Balance, October 1 (Net of Rate Stab. Fund) Projected						
Plus (Less) Operating Surplus	140,251		140,251			140,251
Wholesale Customer Refunds from Prior Years	28,878	16,846	47,664			69,200
Interest Earned From Bond Reserve	(5,800)	(3,383)				(9,656)
Transfer to Rate Stabilization Fund	120	70	40			41
Prior Year Federal Billing Reconciliation	(4,100)	(2,392)				(4,100)
PiLOT Reserve Fund	(5,105)	(2,978)	(3,829)			(5,105)
Customer Rebate						(4,500)
Cash Used for Capital	(4,200)	(2,450)	(3,298)			(3,298)
Balance Attributable to O&M Reserve	(24,543)	(14,317)	(31,176)			(24,543)
	125,500		149,652			158,288
OTHER CASH RESERVES						
	Current Balance					
Rate Stabilization Fund	27,950					
CSO Long-Term Control Plan Appropriation	30,408					
DC PiLOT Reserve Fund	14,477					

Finance and Budget Committee - 2. April 2013 Financial Report (Attachment 1) - Yvette Downs and Robert Hunt

**FY 2013 Overtime
Budget vs Actual
Period Ended April 30, 2013**

Department	FY 2012				FY 2013							
	Annual Budget	Actual	Percent of Budget Expended	Actual to Budget \$ Variance	Annual Budget	Percent of Annual Budget Expended	FY 2013 Year-to-Date					
							Straight-Line Budget - 10/01/12 - 04/30/13	Actual 10/01/12 - 04/30/13	Actual to Straight-Line Budget Variance	Percentage YTD Straight-Line Budget Expended	YTD Overtime as % of YTD Regular	
Office of the Secretary	4,000	2,729	68%	1,271	4,000	24%	2,220	979	1,241	44%	1%	
General Manager	13,000	1,493	11%	11,507	10,000	8%	5,549	805	4,745	15%	0%	
General Counsel	2,000	619	31%	1,381	2,000	0%	1,110	0	1,110	0%	0%	
External Affairs	2,000	1,090	54%	910	2,000	33%	1,110	658	452	59%	0%	
Internal Audit	-	-	0%	-	-	0%	0	0	0	0%	0%	
Information Technology	24,006	23,207	97%	799	20,000	76%	11,099	15,209	(4,110)	137%	2%	
Procurement	30,000	15,792	53%	14,208	30,000	118%	16,648	35,404	(18,755)	213%	3%	
Customer Service	240,000	178,495	74%	61,505	240,000	67%	133,187	160,320	(27,133)	120%	4%	
Finance & Budget	30,000	18,725	62%	11,275	30,000	80%	16,648	24,071	(7,423)	145%	1%	
Risk Management	1,000	132	13%	868	1,000	2%	555	16	539	3%	0%	
Assistant General Manager	1,000	1,040	104%	(40)	1,000	199%	555	1,992	(1,437)	359%	2%	
Human Capital Management	5,000	26,255	525%	(21,255)	5,000	41%	2,775	2,060	715	74%	0%	
Occupational Safety & Health	2,000	924	46%	1,076	2,000	1%	1,110	24	1,085	2%	0%	
Facilities & Security	150,000	190,193	127%	(40,193)	200,000	106%	110,989	211,234	(100,245)	190%	10%	
Water / Sewer Pump Maintenance	200,000	142,036	71%	57,964	200,000	52%	110,989	104,642	6,347	94%	8%	
Engineering & Technical Services	548,481	780,106	142%	(231,625)	680,000	64%	377,363	432,128	(54,765)	115%	6%	
Water Services	1,080,000	880,798	82%	199,202	1,080,000	65%	599,341	696,929	(97,588)	116%	12%	
Clean Rivers	25,000	2,333	9%	22,667	5,000	70%	2,775	3,521	(747)	127%	1%	
Sewer Services	900,000	874,742	97%	25,258	900,000	87%	499,451	784,412	(284,961)	157%	14%	
Wastewater Treatment - Operations	956,000	1,092,676	114%	(136,676)	847,209	74%	470,154	627,492	(157,337)	133%	14%	
Process Engineering	0	0		-	195,000	20%	108,214	39,877	68,337	37%	5%	
Maintenance Services	800,000	717,769	90%	82,231	700,000	64%	388,462	451,296	(62,835)	116%	12%	
Permit Operations	2,500	1,803	72%	697	11,000	20%	6,104	2,194	3,910	36%	0%	
Fleet Management	1,000	808	81%	192	1,000	91%	555	909	(354)	164%	0%	
Total DC WATER	\$5,016,987	\$4,953,761	99%	\$63,225	\$5,166,209	70%	\$2,866,962	\$3,596,173	-\$729,211	125%	8.1%	

Notes:

- (1) "Budget 10/01/12 - 04/30/13 " reflects annual budget straight-lined
- (2) " % YTD Budget Expended" reflects variance between straight-lined budget to-date and actual overtime
- (3) "Actual 10/01/12 thru, 04/30/13" includes 10 days accruals for April.
- (3) YTD payroll does not include fringe benefits

Finance and Budget Committee - 2. April 2013 Financial Report (Attachment 1) - Yvette Downs and Robert Hunt

Capital Projects
FY 2013 Disbursements Analysis
as of April 30, 2013
(dollars in thousands)

Description	Approved FY 2013 Revised Disbursements Budget		Projected FY 2013 Disbursements Budget	Actual Disbursements			% of Approved FY 2013 Revised Disbursements Budget		Commitments
	Annual	YTD		Annual	Oct. -'12 to Mar. -'13	APR. -'13	¹ YTD	Annual	
Wastewater Treatment									
Liquid Processing Projects	\$23,884	\$14,344	\$20,389	\$10,741	\$931	\$11,672	49%	81%	42,811
Plantwide Projects	27,128	14,363	23,641	7,873	3,082	10,955	40%	76%	99,383
Solids Processing Projects	159,690	87,881	139,194	64,723	11,072	75,795	47%	86%	272,822
Enhanced Nitrogen Removal Facilities (formerly Total Nitrogen Program)	<u>147,842</u>	<u>95,051</u>	<u>130,599</u>	<u>52,106</u>	<u>8,824</u>	<u>60,930</u>	41%	64%	<u>181,580</u>
Total Wastewater Treatment	358,543	211,639	313,823	135,443	23,910	159,353	44%	75%	596,595
Sanitary Sewer									
Sanitary Collection Sewers	858	466	689	269	82	351	41%	75%	2,067
Sanitary On-Going Projects	10,544	4,303	6,721	2,199	594	2,793	26%	65%	8,636
Sanitary Pumping Facilities	679	470	735	222	47	269	40%	57%	312
Sanitary Sewer Program Management	4,229	2,481	4,759	1,904	760	2,664	63%	107%	13,536
Sanitary Interceptor/Trunk Force Sewers	<u>12,774</u>	<u>7,019</u>	<u>11,711</u>	<u>5,927</u>	<u>630</u>	<u>6,557</u>	51%	93%	<u>13,591</u>
Total Sanitary Sewer	29,084	14,739	24,615	10,521	2,113	12,634	43%	86%	38,142
Combined Sewer Overflow									
CSO Program Management	1,634	801	1,567	532	400	932	57%	116%	10,647
Combined Sewer Projects	8,955	5,238	6,106	1,277	317	1,594	18%	30%	20,369
D.C. Clean Rivers Project (aka Long-Term Control Plan)	<u>152,920</u>	<u>90,815</u>	<u>130,401</u>	<u>55,685</u>	<u>7,634</u>	<u>63,319</u>	41%	70%	<u>467,213</u>
Total Combined Sewer Overflow	163,509	96,854	138,074	57,493	8,351	65,844	40%	68%	498,229
Stormwater									
Stormwater Local Drainage	28	7	16	0	0	0	0%	0%	239
Stormwater On-Going Program	812	436	534	298	111	409	50%	94%	496
Stormwater Pumping Facilities	-	-	-	0	0	0			0
DDOT Stormwater Program	2	-	0	0	0	0	0%		0
Stormwater Research and Program Management	289	155	1,279	967	157	1,123	389%	725%	943
Stormwater Trunk/Force Sewers	<u>2,120</u>	<u>1,238</u>	<u>1,017</u>	<u>577</u>	<u>18</u>	<u>595</u>	28%	48%	<u>461</u>
Total Stormwater	3,252	1,836	2,845	1,842	286	2,128	65%	116%	2,139
Water									
Water Distribution Systems	25,445	14,893	23,315	9,788	4,452	14,240	56%	96%	37,860
Water On-Going Projects	10,321	6,183	7,081	3,543	552	4,095	40%	66%	7,716
Water Pumping Facilities	3,226	1,764	2,367	569	829	1,398	43%	79%	14,596
DDOT Water Projects	5,791	3,477	1,035	1,035	0	1,035			8,133
Water Storage Facilities	1,353	652	1,139	129	203	332	25%	51%	1,797
Water Projects Program Management	4,332	2,358	3,517	1,678	365	2,043	47%	87%	7,869
Water Lead Program	1,860	1,514	2,227	1,008	476	1,484	80%	98%	6,567
AMR Installation / Replacement	<u>8,529</u>	<u>4,976</u>	<u>5,298</u>	<u>1,694</u>	<u>50</u>	<u>1,744</u>	20%	35%	<u>1,027</u>
Total Water	60,858	35,817	45,979	19,445	6,928	26,373	43%	74%	85,563
Washington Aqueduct	10,598	5,300	7,418	1,418	0	1,418	13%	27%	
Capital Equipment	18,422	10,510	16,332	7,498	922	8,420	46%	80%	5,933
Total Capital Projects	\$644,265	\$376,694	549,087	\$233,661	\$42,510	\$276,171	43%	73%	1,226,601

* Actuals - Oct. 2012 through Apr. 2013, and Projections for May through Sep.

¹ Includes actual OCIP related disbursements of \$5,364,055



DC Water

Investment Performance Report – April 2013



DC Water
Finance Division
Economic Update

ECONOMIC COMMENTARY

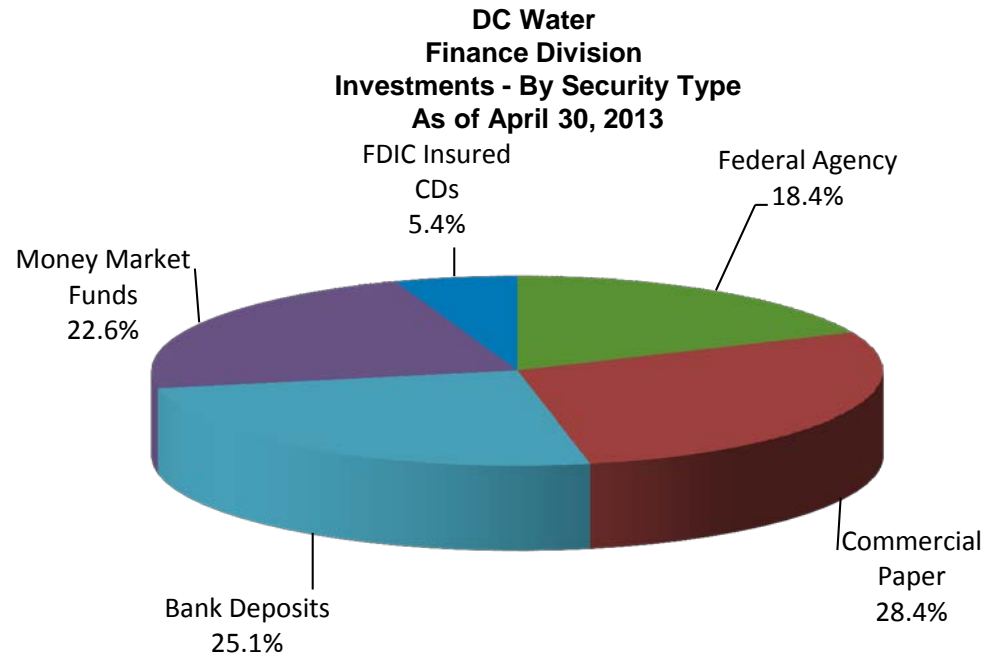
- April economic data suggested that the economy was slowing down after a moderate first quarter. Manufacturing, employment, and income data all came in a bit weaker and the Index of Leading Indicators turned negative for the first time since August 2012.
- The preliminary estimate for first-quarter U.S. gross domestic product (GDP) was 2.5%, falling below consensus estimates. Although it was markedly better than the 0.4% growth experienced in the previous quarter, economic growth for the first quarter was hurt by a reduction in defense spending.
- The national unemployment rate fell to 7.5% in April, the lowest level since 2008.
- New-home sales and pending sales of existing homes rose 1.5% in March, helped by historically low borrowing costs.

PORTFOLIO RECAP

- The portfolio is diversified among Bank Deposits, Commercial Paper, Federal Agencies, FDIC Insured CDs, and SEC registered money market funds.
- The overall yield-to-cost of the portfolio is 0.38%.
- The portfolio is in compliance with the Authority's Investment Policy.

Operating Reserve Fund

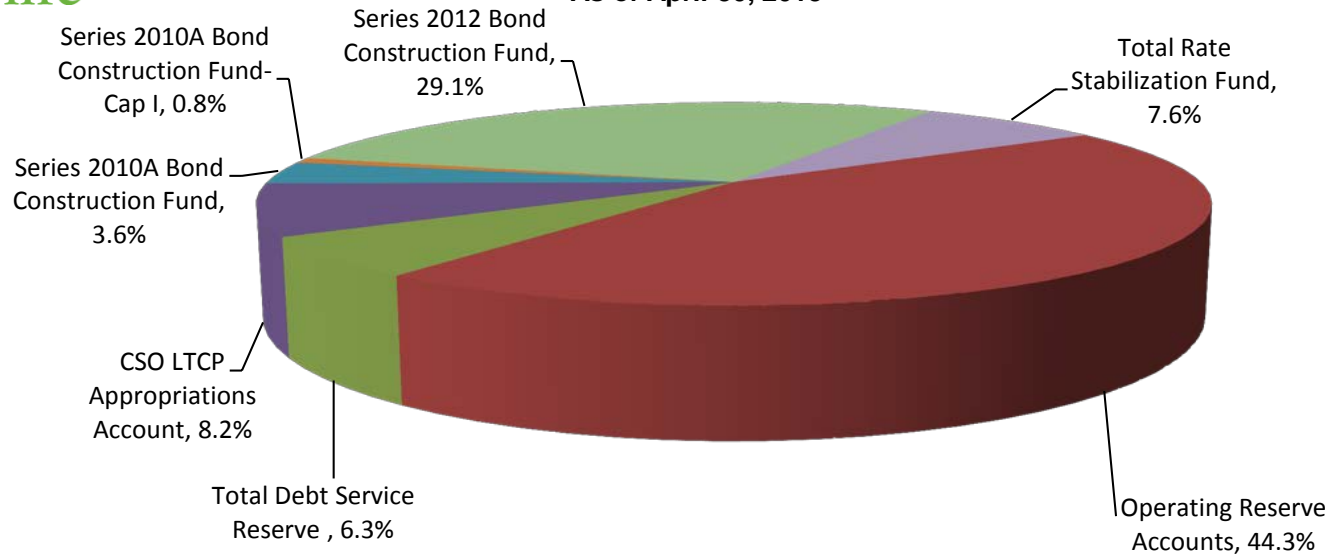
- The Authority purchased \$30 million of 2 to 5 month Commercial Paper with an average yield of 0.18%.



Security Type	Book Value + Accrued Interest	Asset Allocation	Permitted By Policy
Bank Deposits	\$ 92,948,393	25.1%	100.0%
Money Market Funds	83,632,875	22.6%	100.0%
Bankers Acceptances	-		40.0%
Commercial Paper	104,965,883	28.4%	35.0%
U.S. Treasuries	-	0.0%	100.0%
Federal Agency	68,193,785	18.4%	80.0%
FDIC Insured CDs	20,096,782	5.4%	30.0%
Municipal Obligations	-	0.0%	20.0%
Total	\$ 369,837,718	100.0%	



**DC Water
Finance Division
Investment Analysis – By Fund
As of April 30, 2013**

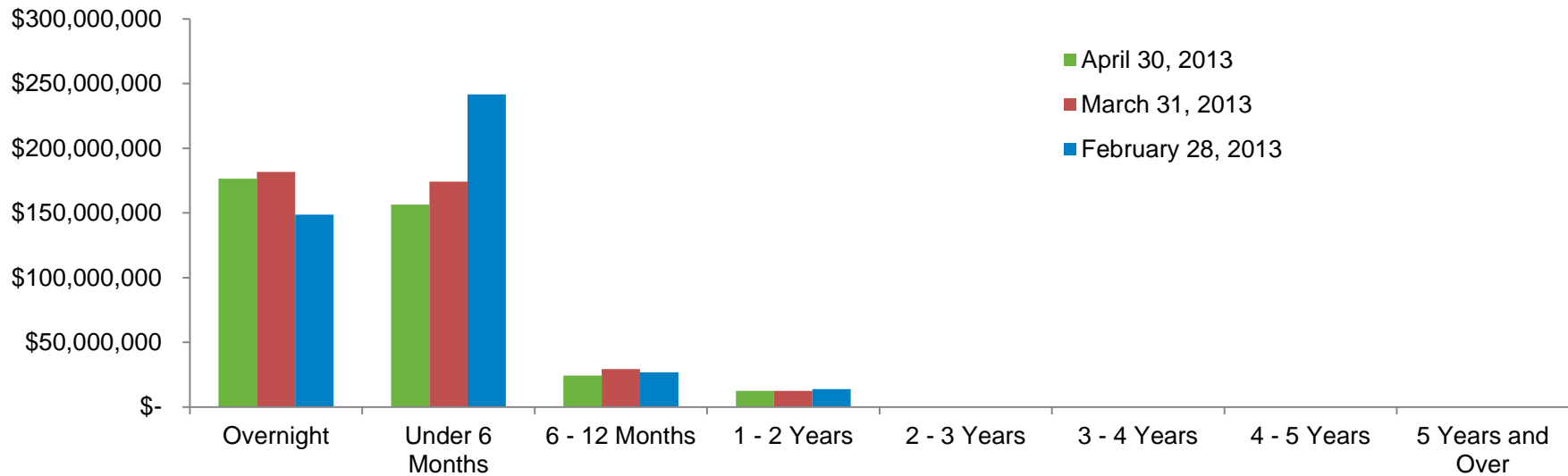


Fund Name	Book Value + Accrued Interest	Yield-to- Maturity at Cost	Effective Duration (years)	Weighted Average Maturity (days)
Total Rate Stabilization Fund	\$ 27,956,658	0.39%	0.08	27.5
Operating Reserve Accounts	\$ 163,898,371	0.63%	0.24	88.3
Total Debt Service Reserve	\$ 23,434,202	0.26%	0.52	191.2
Series 2010A Bond Construction Fund	\$ 13,358,401	0.10%	0.18	64.6
Series 2010A Bond Construction Fund- Cap I	\$ 3,049,829	0.99%	0.59	216.6
Total CSO LTCP Appropriations Account	\$ 30,411,316	0.27%	0.14	49.3
2012 Bond Construction Fund	\$ 107,728,940	0.05%	0.05	17.1
Total	\$ 369,837,718	0.38%	0.18	66.5



**DC Water
Finance Division
Investment Analysis – By Maturity**

Maturity Distribution	April 30, 2013	March 31, 2013	February 28, 2013
Overnight \$	176,581,268.05 \$	181,628,687.57 \$	148,718,190.15
Under 6 Months	156,395,586.34	174,117,595.67	241,662,078.09
6 - 12 Months	24,343,733.16	29,339,335.10	26,813,067.40
1 - 2 Years	12,517,130.90	12,511,978.25	13,929,728.41
2 - 3 Years	-	-	-
3 - 4 Years	-	-	-
4 - 5 Years	-	-	-
5 Years and Over	-	-	-
Totals \$	369,837,718.45 \$	397,597,596.59 \$	431,123,064.05





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

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
Bank Deposits					
TD Bank		82,875,520.69	22.4%	100.0%	Yes
Premier Bank		5,031,617.52	1.4%	100.0%	Yes
Capital One Bank		5,041,254.89	1.4%	100.0%	Yes
Sub-Total Bank Deposits		92,948,393.10	25.1%	100.0%	Yes
Money Market Mutual Funds					
American Beacon MMF	AAA	1,483,557.10	0.4%	50.0%	Yes
Williams Capital Money Market Fund	AAA	2,500,396.26	0.7%	50.0%	Yes
Merrill Lynch MMF	AAA	1,185,285.66	0.3%	50.0%	Yes
Wells Fargo Advantage Treasury Plus	AAA	3,369,178.15	0.9%	50.0%	Yes
Wells Fargo Government MMF	AAA	75,094,457.78	20.3%	50.0%	Yes
Sub-Total Money Market Mutual Funds		83,632,874.95	22.6%	100.0%	Yes
Certificates of Deposit					
CDARs - Placed by Industrial Bank	NR / NR	15,078,502.58	4.1%	30.0%	Yes
CDARs - Placed by City First Bank	NR / NR	5,018,279.23	1.4%	30.0%	Yes
Sub-Total Certificates of Deposit		20,096,781.81	5.4%	30.0%	Yes
Commercial Paper					
Bank Of Nova Scotia Ny Comm Paper	A-1 / P-1	9,997,502.80	2.7%	5.0%	Yes
Baylor University Comm Paper	A-1+ / NR	9,999,166.70	2.7%	5.0%	Yes
Coca-Cola Company Comm Paper	A-1+ / P-1	9,998,133.30	2.7%	5.0%	Yes
Fcar Owner Trust Comm Paper	A-1+ / P-1	9,992,013.90	2.7%	5.0%	Yes
Jp Morgan Chase & Co Comm Paper	A-1 / P-1	9,995,750.00	2.7%	5.0%	Yes
Mizuho Funding Llc Comm Paper	A-1 / P-1	9,996,486.10	2.7%	5.0%	Yes
Nestle Finance Intl Ltd Comm Paper	A-1+ / P-1	9,996,930.60	2.7%	5.0%	Yes
Sumitomo Mitsui Bank Ny Comm Paper	A-1 / P-1	9,996,700.00	2.7%	5.0%	Yes
Union Bank Na Comm Paper	A-1 / P-1	9,995,400.00	2.7%	5.0%	Yes
Wells Fargo & Company Comm Paper	A-1 / P-1	14,997,799.95	4.1%	5.0%	Yes
Sub-Total Commercial Paper		104,965,883.35	28.4%	35.0%	Yes
Federal Agencies					
Fannie Mae	AA+ / Aaa	2,804,533.18	0.8%	40.0%	Yes
Freddie Mac	AA+ / Aaa	24,998,444.50	6.8%	40.0%	Yes
Federal Home Loan Bank	AA+ / Aaa	40,390,807.56	10.9%	40.0%	Yes
Sub-Total Federal Agencies		68,193,785.24	18.4%	100.0%	Yes
Total		\$ 369,837,718.45	100.0%		



**DC Water
Finance Division
Book Value Performance
As of April 30, 2013**

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	0.03%	0.39%	0.08%	0.33%	0.14%	0.28%	0.48%
Operating Reserve Accounts	0.01%	0.13%	0.08%	0.32%	0.14%	0.29%	0.45%
Total Debt Service Reserve	0.02%	0.26%	0.07%	0.28%	0.15%	0.30%	0.41%
Total CSO LTCP Appropriations Account	0.01%	0.15%	0.03%	0.11%	0.06%	0.11%	0.14%
2010A Construction Fund	0.01%	0.07%	0.01%	0.05%	0.02%	0.05%	0.06%
2010A Capitalized Interest Fund	0.09%	1.04%	0.22%	0.91%	0.45%	0.90%	0.85%
2012 Construction Fund	0.01%	0.06%	0.01%	0.05%	0.03%	0.07%	0.09%
Short-Term	0.03%	0.37%	0.09%	0.36%	0.16%	0.32%	0.31%
Merrill Lynch 3-Month Treasury Index (Book Value) ¹	0.00%	0.06%	0.02%	0.08%	0.04%	0.07%	0.08%
Core (1+ Years)	0.04%	0.50%	0.13%	0.51%	0.31%	0.63%	0.73%
Merrill Lynch 1-3 Year Treasury Index (Book Value) ²	0.02%	0.25%	0.06%	0.26%	0.13%	0.27%	0.27%

- (1) The Merrill Lynch 3-Month Treasury Bill is an unmanaged index tracking the on-the-run 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 3-Month Treasury Bill 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.



**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	TOTAL VALUE
<u>Total Rate Stabilization Fund</u>									
TD BANK BANK DEPOSIT	\$ 7,960,792		5/1/2013		0.90%	\$ 7,960,792	\$ 7,960,792	\$ 7,960,792	
BAYLOR UNIVERSITY COMM PAPER	10,000,000	-	5/21/2013	1/14/2013	0.15%	9,994,708	9,994,708	9,999,167	
SUMITOMO MITSUI BANK NY COMM PAPER	10,000,000	-	6/24/2013	3/26/2013	0.22%	9,994,500	9,996,690	9,996,700	
									\$ 27,956,658.37
<u>Operating Reserve Accounts</u>									
TD BANK BANK DEPOSIT	\$ 71,011,840		5/1/2013		0.90%	\$ 71,011,840	\$ 71,011,840	\$ 71,011,840	
CAPITAL ONE BANK	5,041,255		5/1/2013		0.50%	5,041,255	5,041,255	5,041,255	
WILLIAMS CAPITAL MONEY MARKET FUND	2,500,396		5/1/2013		0.00%	2,500,396	2,500,396	2,500,396	
WELLS FARGO & COMPANY COMM PAPER	15,000,000	-	6/14/2013	2/26/2013	0.12%	14,994,600	14,996,250	14,997,800	
COCA-COLA COMPANY COMM PAPER	10,000,000	-	6/26/2013	4/3/2013	0.12%	9,997,200	9,998,730	9,998,133	
UNION BANK NA COMM PAPER	10,000,000	-	8/1/2013	4/3/2013	0.18%	9,994,000	9,995,300	9,995,400	
FHLB NOTES	10,000,000	0.750	8/28/2013	5/18/2011	0.72%	10,008,025	10,033,498	10,014,072	
FCAR OWNER TRUST COMM PAPER	10,000,000	-	9/3/2013	4/3/2013	0.23%	9,990,225	9,990,690	9,992,014	
INDUSTRIAL BANK CDARS	5,000,000	0.600	10/17/2013	10/18/2012	0.60%	5,000,000	5,016,027	5,016,027	
FHLB TAP BONDS	10,000,000	3.125	12/13/2013	5/19/2011	0.99%	10,675,134	10,304,052	10,250,679	
INDUSTRIAL BANK CDARS	2,512,497	0.620	1/23/2014	1/24/2013	0.62%	2,512,497	2,516,694	2,516,694	
INDUSTRIAL BANK CDARS	2,500,000	0.900	1/27/2014	1/26/2012	0.90%	2,500,000	2,528,418	2,528,418	
CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,500,000	0.600	3/23/2014	3/23/2012	0.60%	2,500,000	2,516,590	2,516,590	
INDUSTRIAL BANK CDARS	5,000,000	0.650	10/16/2014	10/18/2012	0.65%	5,000,000	5,017,363	5,017,363	
CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,500,452	0.600	3/19/2015	3/21/2013	0.60%	2,500,452	2,501,690	2,501,690	
									\$ 163,898,371.47
<u>Total Debt Service Reserve</u>									
MERRILL LYNCH MMF	1,185,286		5/1/2013		0.06%	1,185,286	1,185,286	1,185,286	
WELLS FARGO GOVERNMENT MMF	12,121,771		5/1/2013		0.01%	12,121,771	12,121,771	12,121,771	
FHLB TAP BONDS	5,000,000	3.125	12/13/2013	5/25/2011	0.87%	5,000,000	5,152,026	5,129,067	
FEDERAL HOME LOAN BANK GLOBAL NOTES	5,000,000	0.250	2/20/2015	1/30/2013	0.30%	4,995,000	5,001,265	4,998,078	
									\$ 23,434,201.92



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	TOTAL VALUE
Series 2010A Bond Construction Fund									
WELLS FARGO ADVANTAGE TREASURY PLUS	\$ 3,361,471		5/1/2013		0.01%	\$ 3,361,471	\$ 3,361,471	\$ 3,361,471	
NESTLE FINANCE INTL LTD COMM PAPER	10,000,000	-	7/25/2013	3/26/2013	0.13%	9,995,631	9,997,400	9,996,931	
									\$ 13,358,401.40
Series 2010A Bond Construction Fund- Cap I									
WELLS FARGO GOVERNMENT MMF	\$ 237,589		5/1/2013		0.01%	\$ 237,589	\$ 237,589	\$ 237,589	
WELLS FARGO ADVANTAGE TREASURY PLUS	7,707		5/1/2013		0.01%	7,707	7,707	7,707	
FNMA NOTES	1,400,000	1.125	9/30/2013	3/16/2011	0.97%	1,405,418.00	1,407,231	1,402,248	
FNMA NOTES (EX-CALLABLE)	1,400,000	1.250	3/14/2014	3/16/2011	1.19%	1,402,520.00	1,415,660	1,402,285	
									\$ 3,049,829.26
Total CSO LTCP Appropriations Account									
TD BANK BANK DEPOSIT	\$ 3,902,889		5/1/2013		0.90%	\$ 3,902,889	\$ 3,902,889	\$ 3,902,889	
PREMIER BANK DEPOSIT	5,031,618		5/1/2013		0.24%	5,031,618	5,031,618	5,031,618	
AMERICAN BEACON MMF	1,483,557		5/1/2013		0.20%	1,483,557	1,483,557	1,483,557	
BANK OF NOVA SCOTIA NY COMM PAPER	10,000,000	-	7/2/2013	3/26/2013	0.15%	9,996,053	9,996,990	9,997,503	
JP MORGAN CHASE & CO COMM PAPER	10,000,000	-	7/25/2013	3/26/2013	0.18%	9,993,950	9,995,710	9,995,750	
									\$ 30,411,316.08
Series 2012 Bond Construction Fund									
WELLS FARGO GOVERNMENT MMF	\$ 62,735,098		5/1/2013		0.01%	\$ 62,735,098	\$ 62,735,098	\$ 62,735,098	
FREDDIE MAC DISC NOTE	25,000,000	-	5/29/2013	3/26/2013	0.08%	24,996,444	24,998,603	24,998,445	
FEDERAL HOME LOAN BANKS DISC NOTE	10,000,000	-	6/19/2013	3/26/2013	0.08%	9,998,111	9,998,842	9,998,911	
MIZUHO FUNDING LLC COMM PAPER	10,000,000	-	6/25/2013	3/26/2013	0.23%	9,994,186	9,996,930	9,996,486	
									\$ 107,728,939.95
						\$ 370,019,922.91	\$ 369,948,625.22	\$ 369,837,718.45	\$ 369,837,718.45



DC Water
Finance Division
Security Transactions
Last 6 Months

ACCOUNT	CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
Purchases								
DC WSA 2010A CONSTRUCTION FUND	313589DP5	FNMA DISC NOTE	10,000,000	-	03/27/13	12/28/12	0.081	\$ 9,998,022.00
DC WSA 2010A CONSTRUCTION FUND	64105RUR9	NESTLE FINANCE INTL LTD COMM PAPER	10,000,000	-	07/25/13	03/26/13	0.132	\$ 9,995,630.56
DC WSA OPERATING RESERVE ACCOUNTS	64105RNN6	NESTLE FINANCE INTL LTD COMM PAPER	10,000,000	-	01/22/13	11/20/12	0.132	\$ 9,997,725.00
DC WSA OPERATING RESERVE ACCOUNTS	313385BA3	FHLB DISC NOTE	10,000,000	-	01/25/13	11/20/12	0.066	\$ 9,998,808.33
DC WSA OPERATING RESERVE ACCOUNTS	313397CL3	FHLMC DISC NOTE	15,000,000	-	02/28/13	11/20/12	0.112	\$ 14,995,416.67
DC WSA OPERATING RESERVE ACCOUNTS	3024A6R20	FCAR OWNER TRUST COMM PAPER	10,000,000	-	04/02/13	11/27/12	0.264	\$ 9,990,900.00
DC WSA OPERATING RESERVE ACCOUNTS	36959HQT7	GENERAL ELEC CAP CORP COMM PAPER	10,000,000	-	03/27/13	11/27/12	0.223	\$ 9,992,666.67
DC WSA OPERATING RESERVE ACCOUNTS	59157TPR8	METLIFE SHORT TERM FUNDING COMM PAPER	5,000,000	-	02/25/13	11/27/12	0.172	\$ 4,997,875.00
DC WSA OPERATING RESERVE ACCOUNTS	7426M4QS9	PRIVATE EXPORT FUND COMM PAPER	10,000,000	-	03/26/13	11/27/12	0.183	\$ 9,994,050.00
DC WSA OPERATING RESERVE ACCOUNTS	313397DQ1	FHLMC DISC NOTE	5,000,000	-	03/28/13	11/27/12	0.122	\$ 4,997,983.33
DC WSA OPERATING RESERVE ACCOUNTS	91411SR93	UNIVERSITY OF CALIFORNIA COMM PAPER	7,520,000	-	04/09/13	01/14/13	0.162	\$ 7,517,159.11
DC WSA OPERATING RESERVE ACCOUNTS	RE0962176	INDUSTRIAL BANK CDARS	2,512,497	0.620	01/23/14	01/24/13	0.629	\$ 2,512,497.00
DC WSA OPERATING RESERVE ACCOUNTS	9497FOTE2	WELLS FARGO & COMPANY COMM PAPER	15,000,000	-	06/14/13	02/26/13	0.122	\$ 14,994,600.00
DC WSA OPERATING RESERVE ACCOUNTS	RE1000216	CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,500,000	0.600	03/19/15	03/21/13	0.606	\$ 2,500,000.00
DC WSA OPERATING RESERVE ACCOUNTS	19121ATS0	COCA-COLA COMPANY COMM PAPER	10,000,000	-	06/26/13	04/03/13	0.122	\$ 9,997,200.00
DC WSA OPERATING RESERVE ACCOUNTS	3024A6W32	FCAR OWNER TRUST COMM PAPER	10,000,000	-	09/03/13	04/03/13	0.233	\$ 9,990,225.00
DC WSA OPERATING RESERVE ACCOUNTS	RE0962180	CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,500,452	0.600	03/19/15	03/21/13	0.600	\$ 2,500,452.11
DC WSA OPERATING RESERVE ACCOUNTS	90526MV12	UNION BANK NA COMM PAPER	10,000,000	-	08/01/13	04/03/13	0.183	\$ 9,994,000.00
DC WSA TOTAL CSO LTCP APPROPRIATIONS	313385DB9	FEDERAL HOME LOAN BANKS DISC NOTE	10,000,000	-	03/15/13	12/18/12	0.061	\$ 9,998,550.00
DC WSA TOTAL CSO LTCP APPROPRIATIONS	313589CZ4	FANNIE MAE DISC NOTE	10,000,000	-	03/13/13	01/31/13	0.031	\$ 9,999,646.94
DC WSA TOTAL CSO LTCP APPROPRIATIONS	06416JU27	BANK OF NOVA SCOTIA NY COMM PAPER	10,000,000	-	07/02/13	03/26/13	0.147	\$ 9,996,052.78
DC WSA TOTAL CSO LTCP APPROPRIATIONS	4662JOUR1	JP MORGAN CHASE & CO COMM PAPER	10,000,000	-	07/25/13	03/26/13	0.183	\$ 9,993,950.00
DC WSA TOTAL DEBT SERVICE RESERVE	313589DU4	FANNIE MAE DISC NOTE	10,000,000	-	04/01/13	12/18/12	0.051	\$ 9,998,555.56
DC WSA TOTAL DEBT SERVICE RESERVE	313381YP4	FEDERAL HOME LOAN BANK GLOBAL NOTES	5,000,000	0.250	02/20/15	01/30/13	0.299	\$ 4,995,173.61
DC WSA RATE STABILIZATION FD	313397DM0	FHLMC DISC NOTE	10,000,000	-	03/25/13	12/28/12	0.081	\$ 9,998,067.00
DC WSA RATE STABILIZATION FD	07286MSM4	BAYLOR UNIVERSITY COMM PAPER	10,000,000	-	05/21/13	01/14/13	0.152	\$ 9,994,708.33
DC WSA RATE STABILIZATION FD	86562KTQ7	SUMITOMO MITSUI BANK NY COMM PAPER	10,000,000	-	06/24/13	03/26/13	0.223	\$ 9,994,500.00
DC WSA 2012 CONSTRUCTION FUND	912828MN7	US TREASURY NOTES	25,000,000	1.375	02/15/13	11/20/12	0.085	\$ 25,166,817.77
DC WSA 2012 CONSTRUCTION FUND	313397CB5	FHLMC DISC NOTE	15,000,000	-	02/19/13	11/20/12	0.101	\$ 14,996,208.33
DC WSA 2012 CONSTRUCTION FUND	313397DP3	FHLMC DISC NOTE	40,000,000	-	03/27/13	12/18/12	0.051	\$ 39,994,500.00
DC WSA 2012 CONSTRUCTION FUND	313589CZ4	FANNIE MAE DISC NOTE	20,000,000	-	03/13/13	01/30/13	0.025	\$ 19,999,416.67
DC WSA 2012 CONSTRUCTION FUND	9127957M7	US TREASURY BILL	25,000,000	-	03/21/13	01/31/13	0.031	\$ 24,998,945.14
DC WSA 2012 CONSTRUCTION FUND	3137EACJ6	FHLMC GLOBAL NOTES	25,000,000	1.625	04/15/13	02/26/13	0.123	\$ 25,198,891.61
DC WSA 2012 CONSTRUCTION FUND	60688FTR0	MIZUHO FUNDING LLC COMM PAPER	10,000,000	-	06/25/13	03/26/13	0.233	\$ 9,994,186.11
DC WSA 2012 CONSTRUCTION FUND	313385HB5	FEDERAL HOME LOAN BANKS DISC NOTE	10,000,000	-	06/19/13	03/26/13	0.081	\$ 9,998,111.11
DC WSA 2012 CONSTRUCTION FUND	313397GE5	FREDDIE MAC DISC NOTE	25,000,000	-	05/29/13	03/26/13	0.081	\$ 24,996,444.44

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



DC Water
Finance Division
Upcoming Transaction Cash Flows
Next 30 Days

DATE	TRANSACTION	CUSIP	DESCRIPTION	COUPON	MATURITY DATE	PAR VALUE/SHARES	PRINCIPAL	INTEREST	TOTAL
Total Rate Stabilization Fund									
05/21/13	MATURITY	07286MSM4	BAYLOR UNIVERSITY COMM PAPER		05/21/13	10,000,000	9,994,708.33	5,291.67	10,000,000.00
Series 2012 Bond Construction Fund									
05/29/13	MATURITY	313397GE5	FREDDIE MAC DISC NOTE		05/29/13	25,000,000	24,996,444.44	3,555.56	25,000,000.00

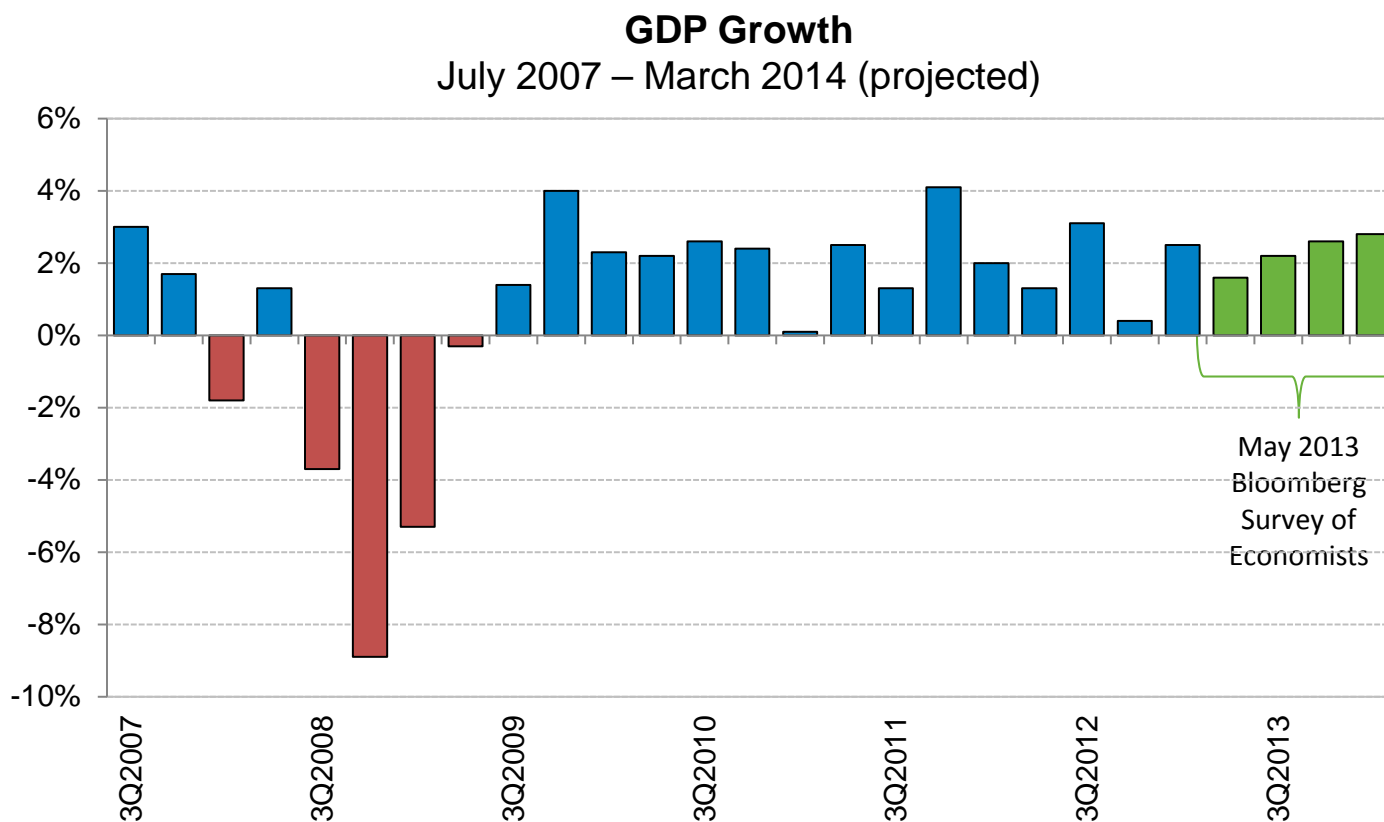


Appendix: Economic Update



Moderate GDP Growth in the First Quarter

- First quarter U.S. gross domestic product (GDP) growth was 2.5%.
- Government outlays declined for the 10th time in the past 11 quarters.
- Defense spending dropped at a 11.5% pace following a 22.1% fall in the last quarter, the largest back-to-back decline since 1954 when the military demobilized after the Korean War.



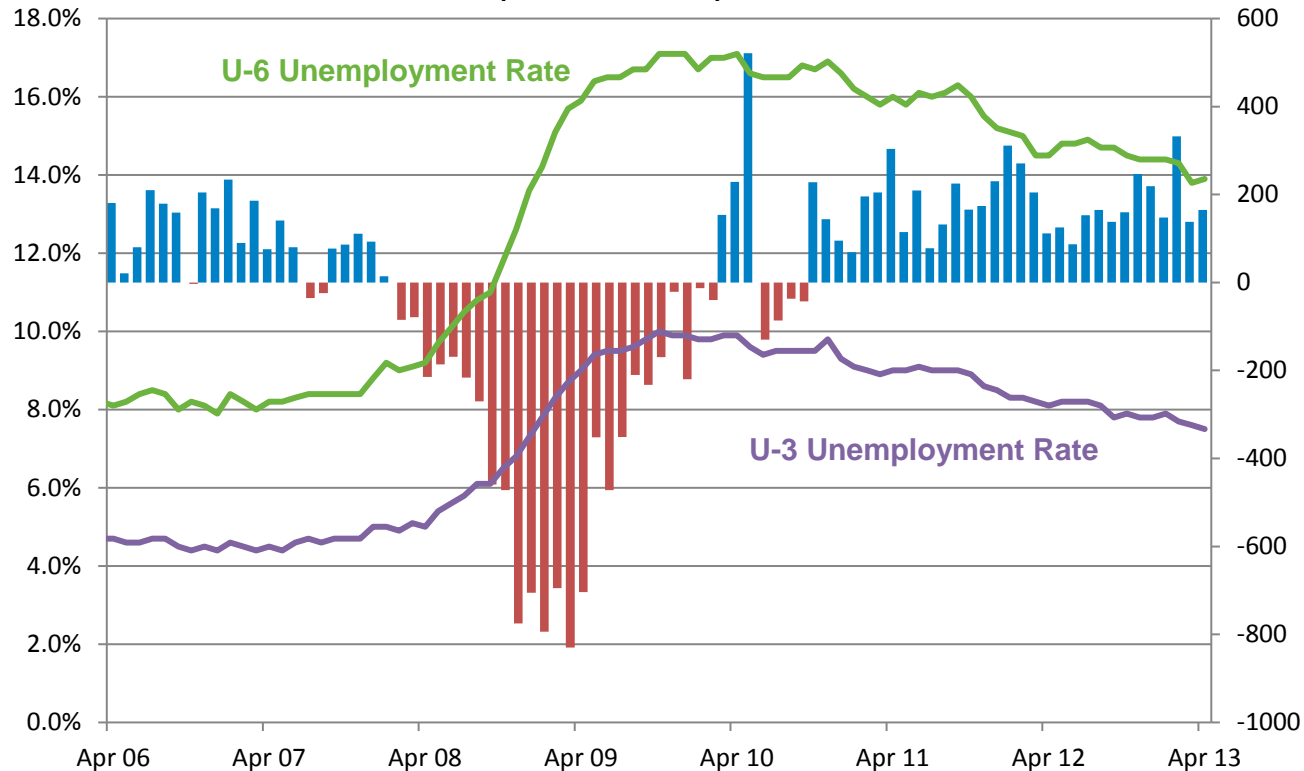
Source: Bloomberg



Job Growth Remains Consistent

- Employment rose more than forecast in April, as the U.S. economy added 165,000 jobs during the month.
- The unemployment rate fell to 7.5%, a four year low.

Unemployment vs. Non-Farm Payrolls
April 2006 – April 2013



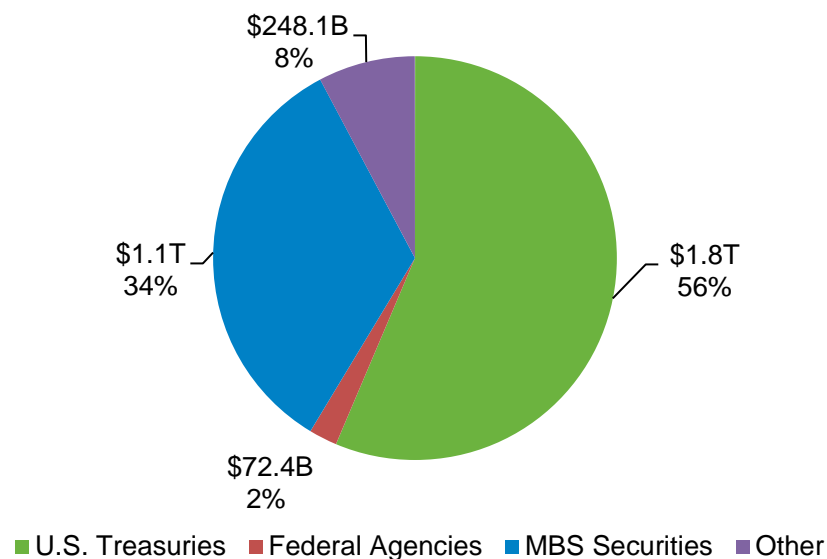
Source: Bloomberg



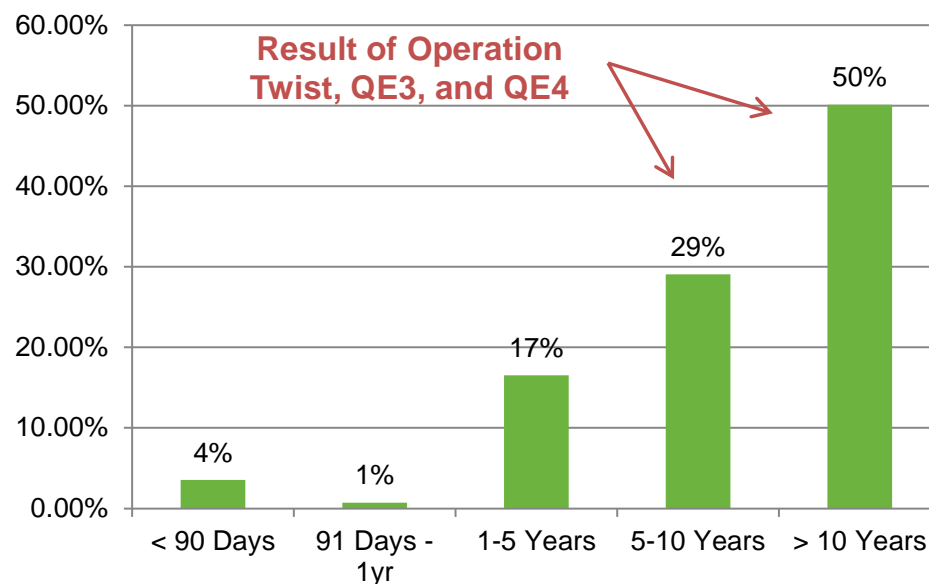
Federal Reserve Balance Sheet Snapshot

- The Federal Reserve has continued to purchase open market securities in an effort to keep rates suppressed and ultimately encourage economic growth; swelling its balance sheet to historical highs.
- The Fed’s current focus is on promoting lower rates at the longer end of the yield curve, hence the concentration in maturities greater than five years.

Federal Reserve Balance Sheet Assets



Balance Sheet Assets Maturity Distribution

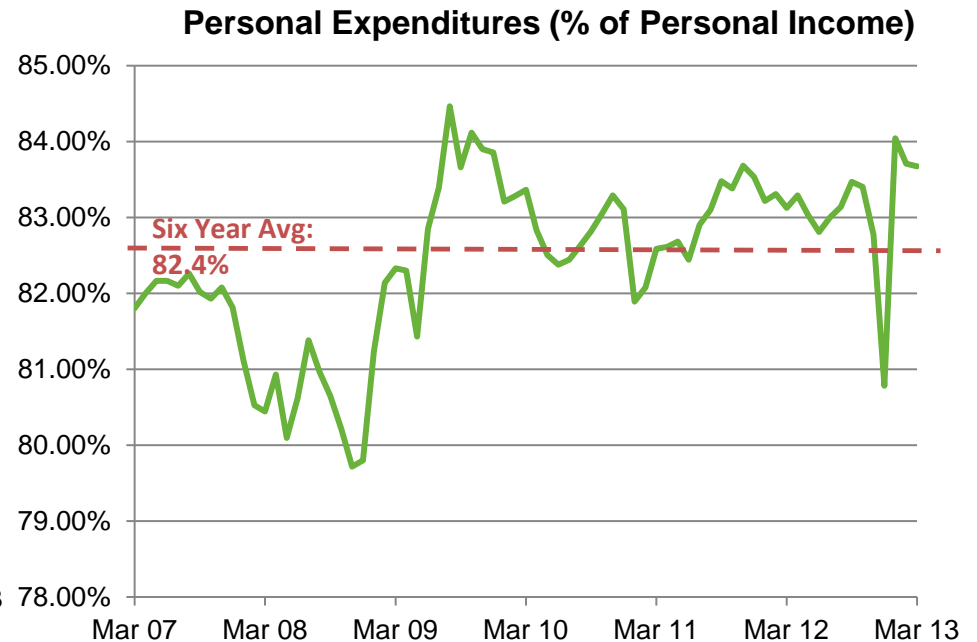
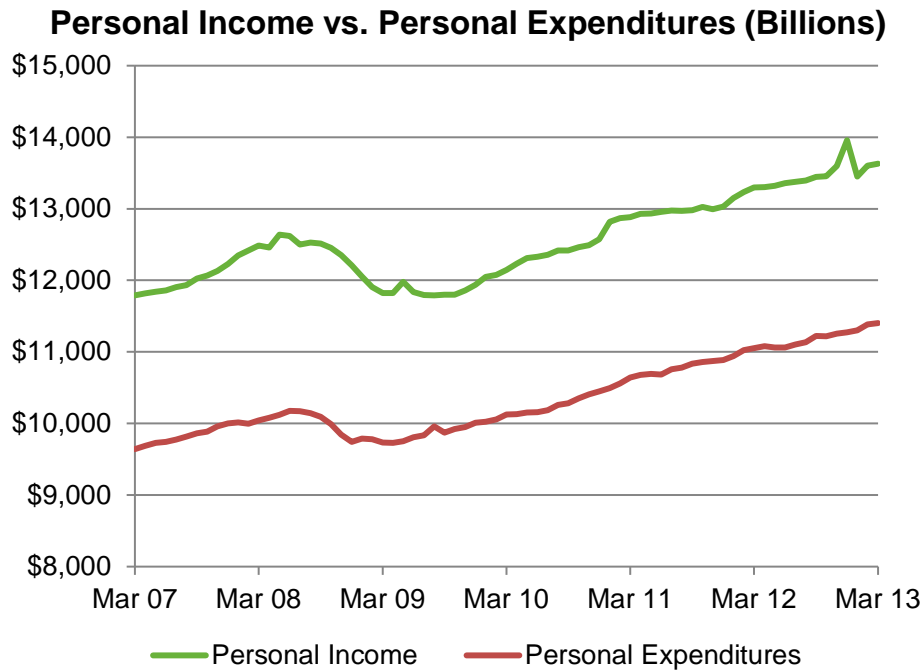


Source: Federal Reserve Bank Statistical Release. Data as of April 3, 2013. Percent values may not equal 100% due to rounding.



Increased Income Supports Economic Growth

- Personal income has continued to grow post recession offering additional evidence of a steadily improving economic environment.
- The economic impact of increased income is enhanced by individuals' willingness to spend it at a higher rate than in recent history.

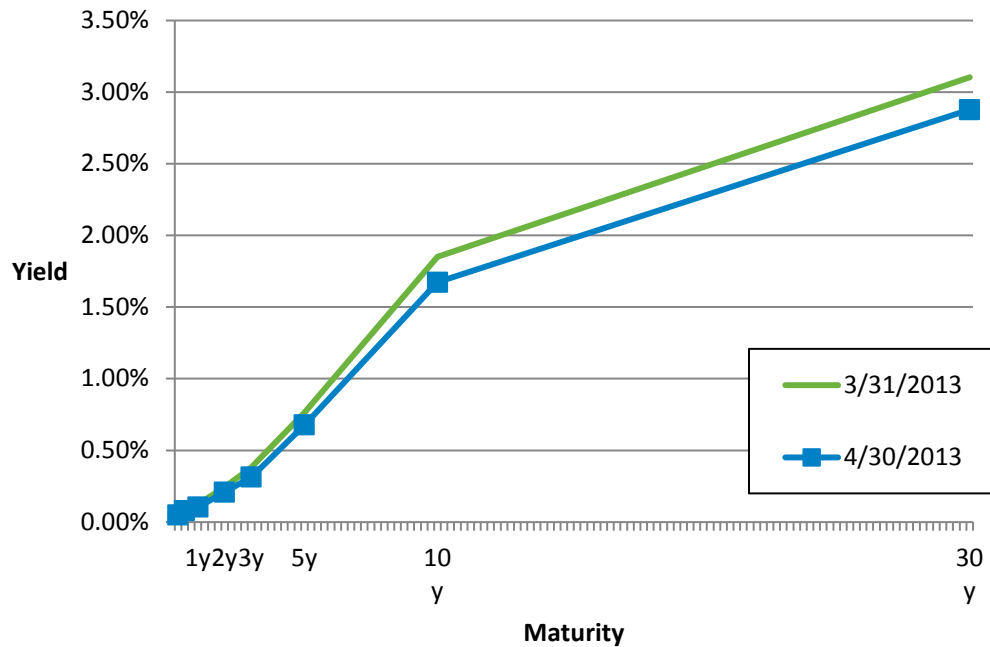


Source: Bloomberg and the Bureau of Economic Analysis



Yield Curve Shifted Downward in April

U.S. Treasury Yield Curve
March 31, 2013 versus April 30, 2013



	3/31/2013	4/30/2013	Change
3 month	0.07%	0.05%	-0.03%
6 month	0.10%	0.08%	-0.03%
1 year	0.12%	0.10%	-0.02%
2 year	0.24%	0.21%	-0.04%
3 year	0.38%	0.31%	-0.07%
5 year	0.77%	0.68%	-0.09%
10 year	1.85%	1.67%	-0.18%
30 year	3.10%	2.88%	-0.23%

Source: Bloomberg



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The views expressed within this material constitute the perspective and judgment of PFMAM at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon current opinion as of the date of issue, and are also subject to change. Opinions and data presented are not necessarily indicative of future events or expected performance. PFMAM cannot and does not claim to be able to accurately predict the future investment performance of any individual security or of any asset class.

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FY 2013 Capital and Operating Budget Projections

Presentation to the Finance & Budget Committee

Mark T. Kim, *Chief Financial Officer*

May 23, 2013



Summary

(as of April 30, 2013)

	FY 2012 Actual	FY 2013 Budget	FY 2013 YTD Actual \$	FY 2013 YTD Actual %	FY 2013 Projections \$
Revenues	\$424.1	\$447.5	\$260.7	58.3%	\$453.9
Operating Expenditures	\$376.6	\$440.3	\$217.1	49.0%	\$399.9
Capital Disbursements	\$462.6	\$644.3	\$276.2	43.0%	\$549.1
Cash Position	\$182.7	\$125.5	\$149.7	119.2%	\$158.3



REVENUES: FY 2013 TREND

REVENUE VARIANCE BY CATEGORY

(\$ in millions)

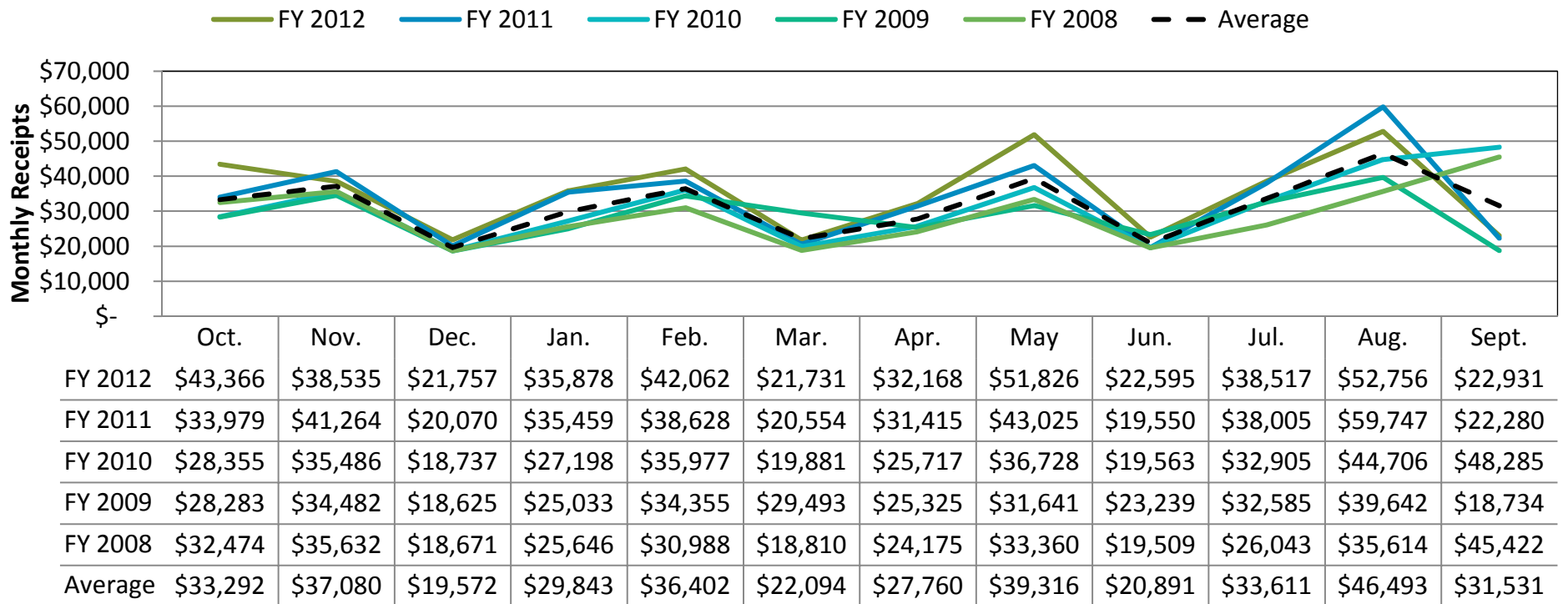
As of April 30, 2013

Revenue Category	FY 2013 Revised Budget	Year-to-Date Budget	Actual Received	Variance Favorable (Unfavorable)	Actual % of Budget	Year End Projections	Variance Proj v. Bud	Percent of Budget
Residential, Commercial, and Multi-family	236.2	137.8	146.1	8.3	61.9%	247.6	11.4	104.8%
Federal	52.8	30.8	39.0	8.2	73.8%	52.8	0.0	100.0%
District Government	12.0	7.0	4.7	(2.3)	38.9%	6.4	(5.6)	53.1%
DC Housing Authority	6.3	3.6	3.1	(0.5)	49.6%	6.1	(0.2)	97.3%
Customer Metering Fee	10.8	6.3	6.7	0.4	62.1%	11.0	0.2	102.2%
Wholesale	75.2	43.9	37.3	(6.6)	49.5%	74.8	(0.4)	99.4%
Right-of-Way Fee/PILOT	22.2	13.0	13.5	0.6	60.9%	21.8	(0.4)	98.3%
Subtotal (before Other Revenues)	\$415.5	\$242.3	\$250.4	\$8.1	60.3%	\$420.5	\$5.0	101.2%
Other Revenue without RSF								
IMA Indirect Cost Reimb. For Capital Projects	6.0	3.5	0.0	(3.5)	0.0%	8.9	2.9	148.8%
DC Fire Protection Fee	6.9	4.0	3.3	(0.7)	47.8%	6.9	0.0	99.9%
Stormwater (MS4)	1.0	0.6	0.4	(0.2)	39.6%	0.8	(0.2)	83.6%
Interest	0.7	0.4	0.5	0.1	80.9%	0.8	0.1	115.8%
Developer Fees (Water & Sewer)	8.0	4.7	4.6	(0.1)	57.7%	7.4	(0.6)	92.8%
Others	2.9	1.7	1.5	(0.2)	50.0%	2.1	(0.8)	71.4%
Subtotal	\$25.5	\$14.9	\$10.3	(4.6)	40.4%	\$26.9	\$1.4	105.7%
Rate Stabilization Fund Transfer	\$6.5	\$3.8	\$0.0	(3.8)	0.0%	\$6.5	\$0.0	100.0%
Other Revenue Subtotal	\$32.0	\$18.6	\$10.3	(8.4)	32.2%	\$33.4	\$1.4	104.5%
Grand Total	\$447.5	\$261.0	\$260.7	-\$0.3	58.3%	\$453.9	\$6.4	101.4%



REVENUES: HISTORICAL TREND

Revenues Received by Month (\$000s)



*Historically, 55% of total annual revenues received between October and April
Current revenues in line with historic trends*



OPERATING EXPENDITURES

FY 2013						
	Board Revised Budget	YTD as of 04/30/2013	Percent of Budget	Year-End Projections	Projection Percent of Budget	Year-End Variance
Personnel Services	116,609	65,699	56%	115,511	99%	1,098
Contractual Services	82,350	33,684	41%	67,793	82%	14,557
Water Purchases	31,513	14,716	47%	27,176	86%	4,337
Chemicals and Supplies	31,360	14,543	46%	28,073	90%	3,287
Utilities	34,185	13,905	41%	26,898	79%	7,287
Small Equipment	993	627	63%	1,054	106%	(61)
Subtotal O & M Expenditures	297,009	143,175	48%	266,504	90%	30,506
Debt Service	121,330	61,057	50%	111,419	92%	9,911
Payment in Lieu of Taxes	16,882	9,848	58%	16,882	100%	-
Right of Way	5,100	2,975	58%	5,100	100%	-
Total O & M Expenditures	440,321	217,055	49%	399,905	91%	40,417
Personnel Services Charged to Capital Projects	(16,690)	(6,324)	38%	(10,706)	64%	(5,984)
Total Net Operating Expenditures	423,631	210,731	50%	389,199	92%	34,433

Note: Actuals include accruals



OPERATING EXPENDITURES: MAJOR VARIANCES

Personnel Services – \$1.1M

↓ **Regular Pay** – Projecting higher vacancy (11%) than budgeted (2%)

↑ **Over me** – Emergency response to Hurricane Sandy, water main breaks caused by the fluctuation in temperature and support to the District for snow removal and Presidential Inauguration driving higher expenditures.

↓ **Benefits** – health costs and retirement benefits lower than anticipated

Water Purchases – \$4.3M

↓ **Washington Aqueduct's** lower water demand driving cost savings

Chemicals & Supplies – \$3.3 M

↓ **Chemicals** – lower flows driving decreased spending on ferric chloride, various polymer, caustic soda, and sodium hypochlorite

↓ **Supplies** – savings mainly from spare parts and other custodial services

Utilities - \$7.3M

↓ **Electricity** purchasing strategy, lower market unit prices and decreased consumption driving lower expenditure

↓ **Rental expenditure savings** from move to 80M Street from 810 First Street; Howard University

Contractual Services – \$14.6 M

↓ **Professional services** Projecting savings in Green LID program, Blue Team Projects; lower contract award prices for bio-solids hauling, coupled with lower solids production from reduced flow and improved processes, savings from Claims, Support services for LAN/WAN, Solution center support, field services support and Legal

Debt Service - \$9.9M

↓ **Interest rates** – Successful renegotiation on Letters of Credit resulting in lower rates on SIFMA Notes and commercial paper.



CAPITAL PROGRAM: DISBURSEMENTS

Description	FY 2013 Disbursements				Projections as % of Annual Budget
	Annual Budget	Actual (through 04/30/13)	Annual *Projected Budget	Variance	
Wastewater Treatment	\$358,543	\$159,353	\$313,823	\$44,720	88%
Sanitary Sewer	29,084	12,634	24,615	4,469	85%
Combined Sewer Overflow	163,509	65,844	138,074	25,435	84%
Stormwater	3,252	2,128	2,845	407	87%
Water	60,858	26,373	45,979	14,879	76%
Washington Aqueduct	10,598	1,418	7,418	3,180	70%
Capital Equipment	18,422	8,420	16,332	2,090	89%
Total Capital Projects	\$644,265	\$276,171	\$549,087	\$95,178	85%

Actuals - Oct.'2012 through Apr.'2013, and Projections for May '2013 thru Sep.'2013

Wastewater Treatment

↓ Delays in implementation of shafts and tunneling work for **Blue Plains Tunnel**. Delay does not affect critical path.

CSO

↓ Schedule delays associated with **concrete quality issues** driving lower disbursements

Water

↓ **Lower water main breaks**; savings from **in-house valve operations** on Water On-going, Water Distribution and DDOT Water.

Washington Aqueduct

↓ **Projects delayed** due to contracting issues; Projects not anticipated to start in FY 2013.



CASH POSITION

\$32.8 M excess cash above the operating reserve requirement is projected at year-end

	ANNUAL BUDGET CASH BASIS	YTD APR 30TH ACTUAL CASH	YEAR END PROJECTION	PROJECTED	
				VARIANCE	PERCENT OF BUDGET
OPERATING BUDGET					
Total Cash Provided	447,359	260,695	453,932	(6,573)	101%
Total Operating Cash Used	280,320	143,216	255,799	24,521	91%
Total Other Cash Used	138,161	69,815	128,933	9,228	93%
Total Cash Used	418,481	213,031	384,732	33,749	92%
Net Cash Provided (Used) by Operating Account	28,878	47,664	69,200	(40,322)	240%
CAPITAL BUDGET					
Total Cash Provided	619,723	244,995	524,544	95,179	85%
Total Cash Used	644,266	276,171	549,087	95,179	85%
Net Cash/PAGO Provided (Used) by Capital Account	(24,543)	(31,176)	(24,543)	-	100%
Beginning Balance, October 1 (Net of Rate Stabilization Fund)	140,251	140,251	140,251	-	100%
Plus (Less) Operating Surplus	28,878	47,664	69,200	(40,322)	240%
Wholesale Customer Refunds from Prior Year	(5,800)		(9,656)	3,856	166%
Interest Earned from Bond Reserves	120	40	41	79	34%
Transfer to Rate Stabilization Fund	(4,100)		(4,100)	-	100%
Prior Year Federal Billing Reconciliation	(5,105)	(3,829)	(5,105)	-	100%
PILOT Reserve Fund			(4,500)	4,500	
Customer Rebate	(4,200)	(3,298)	(3,298)	(902)	79%
Cash Used for Capital	(24,543)	(31,176)	(24,543)		100%
Balance Attributable to O&M Reserve	125,500	149,652	158,288	(32,788)	126%



NEXT STEPS

June

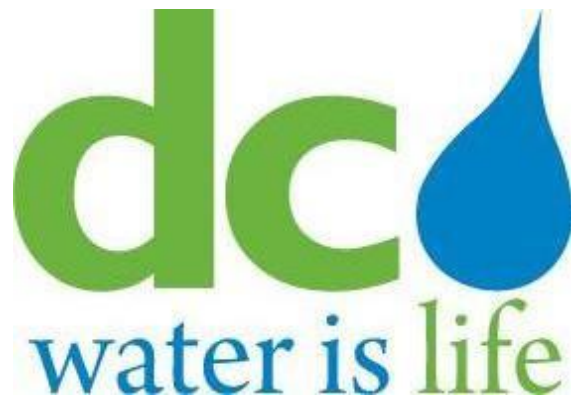
- ✓ FY 2013 Recommendations
 - PAYGO
 - Rate Stabilization Fund
- ✓ Revised FY 2014 Budget Proposal

July

- ✓ Revised FY 2014 Recommendations
 - Operating budget
 - Retail rates
 - PAYGO
 - Rate Stabilization Fund

District of Columbia Water and Sewer Authority

Capital Improvement Program Report



**FY-2013 2nd Quarter
January 1st through March 31st, 2013**

**Board of Directors
Finance and Budget Committee**

**George S. Hawkins, General Manager
Mark Kim, Chief Financial Officer**

May 2013

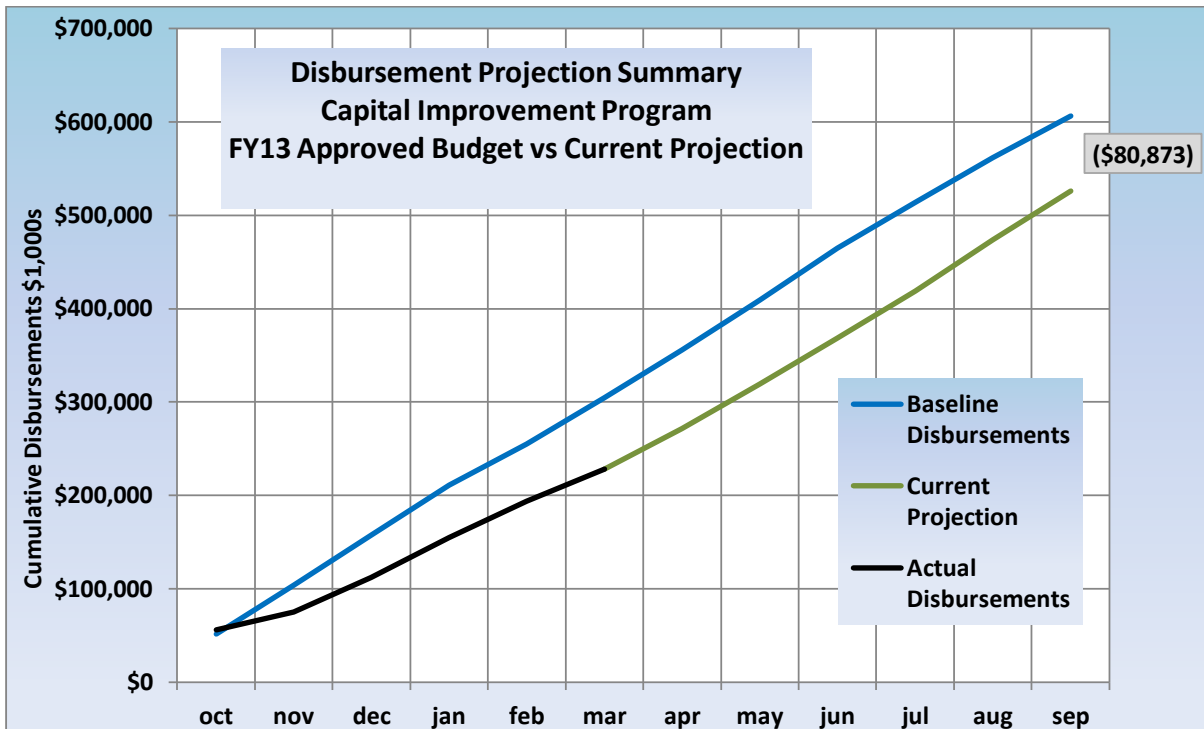


Capital Improvement Program Report 2nd Quarter FY2013

Program Performance

Current projected program disbursements through the end of the fiscal year compared with the approved FY13 projection is shown in the chart below:

Disbursement Projections Summary



Current projected CIP disbursements are \$525,844,000, which represents 87% of the baseline disbursement projections of \$606,716,000. Current disbursement projections within the service areas are as follows: Wastewater Service Area – \$313,172,000 (87%), CSO Service Area – \$145,810,000 (89%), Stormwater Service Area – \$2,670,000 (82%), Sanitary Sewer Service Area – \$24,456,000 (84%) and Water Service Area – \$39,736,000 (76%).

The Wastewater Treatment Service Area disbursements have been lower than forecast for all Programs in this Service Area, but most notably in the Enhanced Nitrogen Removal Facilities (ENRF), and Solids Processing Programs. The Solids Processing Program disbursement shortfall is due to revised disbursement plans for the Digester Project (Project XA, \$19.8M), which remains on schedule; however, the shortfall is currently not anticipated to recover this fiscal year. The majority of the disbursement shortfall in the ENRF program relates to the Wet Weather Peak Mitigation (Blue Plains Tunnel, Project EG, \$13.9M) for the reasons stated below.



Capital Improvement Program Report 2nd Quarter FY2013

As reported previously disbursements in the Clean Rivers Program has been lower than forecasted mainly due to schedule delays associated with concrete quality issues on the Blue Plains Tunnel, and Poplar Point shaft diaphragm walls. Although the quality issues have been rectified, these delays hindered progress on the shafts and follow-up tunneling work. A recovery plan is in place to mitigate the delays by adding 1 work day per week during the tunneling operations. Additionally, the disbursements are impacted by transfer of critical CSO 019 Overflow Structure and Diversion Chamber work to a subsequent contract (Anacostia River Tunnel). Although remediation plans are in place to mitigate impact to the critical path and to meet the consent decree of the project, it is currently anticipated that Clean Rivers Program disbursements will be \$15.0 million less than planned at fiscal year end.

The Department of Sewer Services ongoing projects disbursement shortfall (\$4.6M) is primarily a result of increased in-house sewer lateral rehabilitation and constitutes the majority of the Sanitary Sewer Service Area disbursement shortfall.

The Water Service Area disbursement shortfall is primarily driven by the Water On-going (\$2.9M), Water Distribution (\$1.9M), and DDOT Water (\$4.6M) programs. Lower than anticipated water main breaks and increased in house valve operation are responsible for the Water On-going program disbursement shortfall. This area is not expected to recover this fiscal year. Revised disbursement plans for projects within the Water Distribution program are contributing to the disbursement shortfall. Disbursement shortfall in the DDOT program is due to slow invoicing by DDOT.

Priority 1 Projects (Court Ordered, Stipulated Agreements, etc)

On July 11, 2008, DC Water issued notification advising of two issues that had the potential to delay achieving certification of Firm Pumping Capacity at Potomac Pumping Station. One issue, related to a failure of one new electric motor, was resolved, and all new pumping equipment was placed in service prior to the September 1, 2008, Consent Decree compliance date. The second issue, related to performance of the new pumping units under certain conditions, is being resolved. A new impeller design has been developed that appears to provide the required capacity. Installation of new impellers is anticipated to be completed by October 2013. Monthly updates are provided to the Environmental Quality and Sewerage Services Committee and to the parties to the Consent Decree.

All other priority 1 projects are on schedule and within budget.



Capital Improvement Program Report 2nd Quarter FY2013

Large Contract Actions Anticipated – 6 Month Look-Ahead

Project E8, CY, FR – Tunnel Dewater Pump Station and Enhanced Clarification Facility
Design-Build Contract (\$214,931,000), EQ&SS May, BOD June

Project E8, CY, FR – Tunnel Dewater Pump Station and Enhanced Clarification Facility
Construction Management Contract (\$20,770,063), EQ&SS May, BOD June

Project G1 – Lining & Repair of Local Sewers
Construction Contract (\$10M - \$15M), EQ&SS Sep, BOD Oct

Project CY – Division P, First Street NW Branch Tunnel
Design/Build Contract (\$120M - \$140M), EQ&SS Sep, BOD Oct

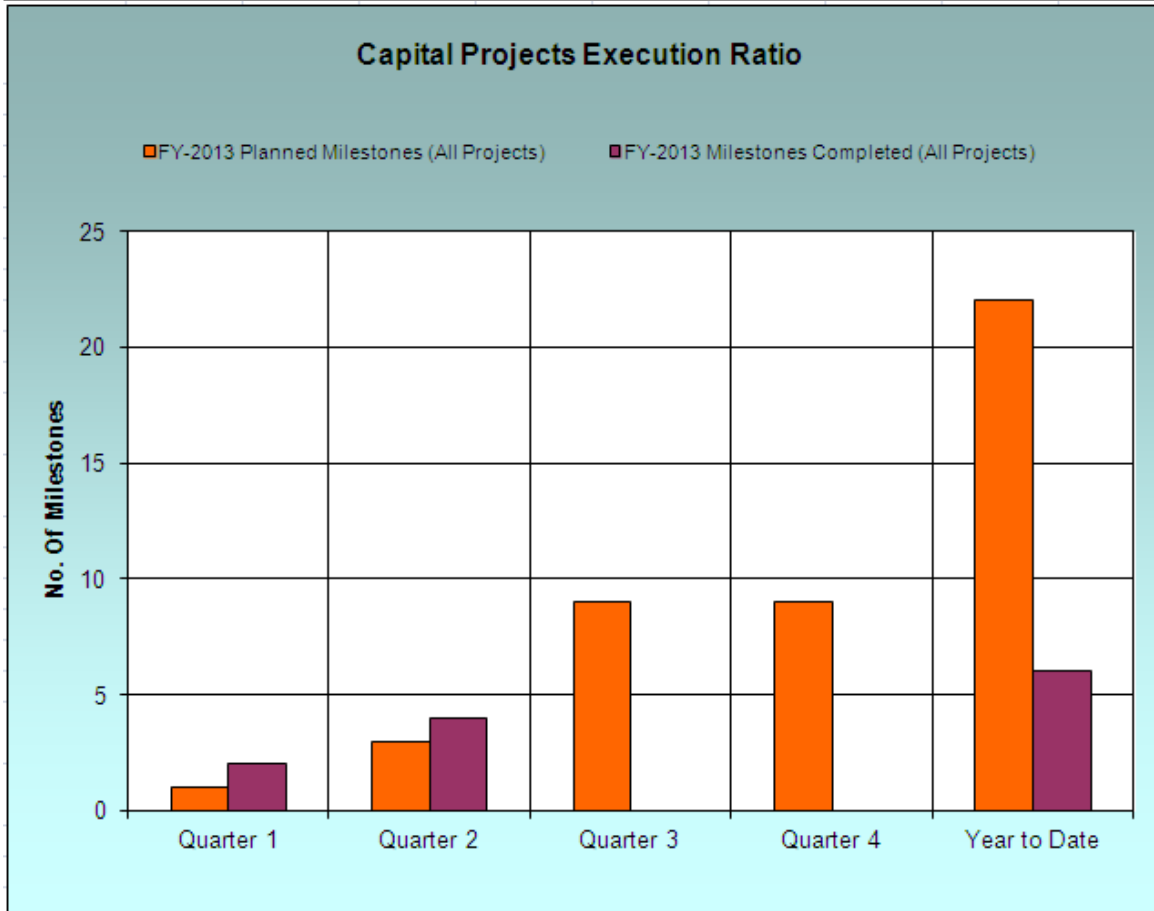
Project N7 – Potomac Interceptor Rehab. for Fairfax
Construction Contract (\$10M - \$15M), EQ&SS Nov, BOD Dec

Project O1 – Small Diameter Watermain Replacement 9a
Construction Contract (\$5M - \$10M), WQ&WS Nov, BOD Dec

Capital Improvement Program Report 2nd Quarter FY2013

Key Performance Indicators, Capital Program

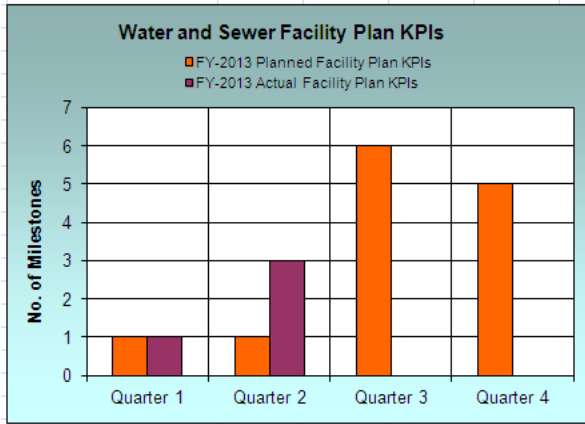
Key performance indicators related to the Capital Improvement Program are shown below.



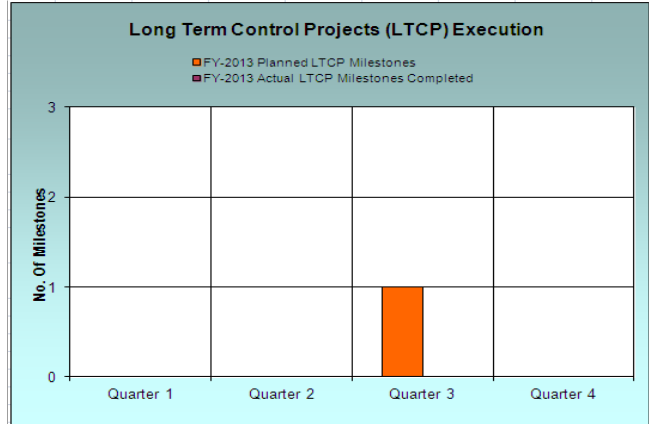
Note: Capital Projects Execution Ratio measures the completion of critical project milestones for large capital projects during the fiscal year. Critical project milestones include: Design Starts, Construction Starts and Construction Substantial Completions.

For the 2nd Quarter, one of the three KPI Milestones was not met. The Construction Substantial Completion Milestone for Biosolids Final Dewatering Contract 1C (Job XA12) was not met due to failure of the chemical metering pumps within the odor control system. The chemical metering pumps and associated controls have been replaced. Operational demonstration will begin May 9, 2013. This delay had no impact on the overall Biosolids Program.

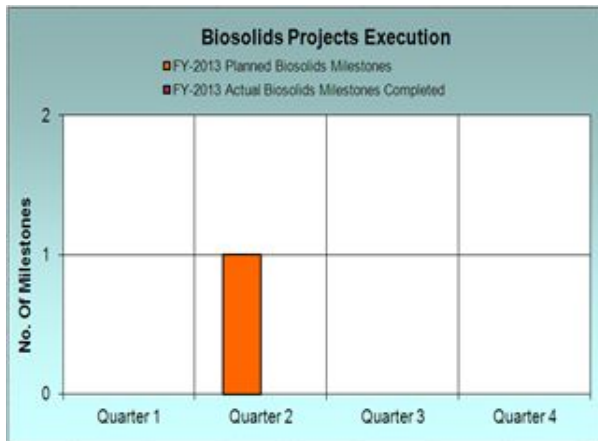
Capital Improvement Program Report 2nd Quarter FY2013



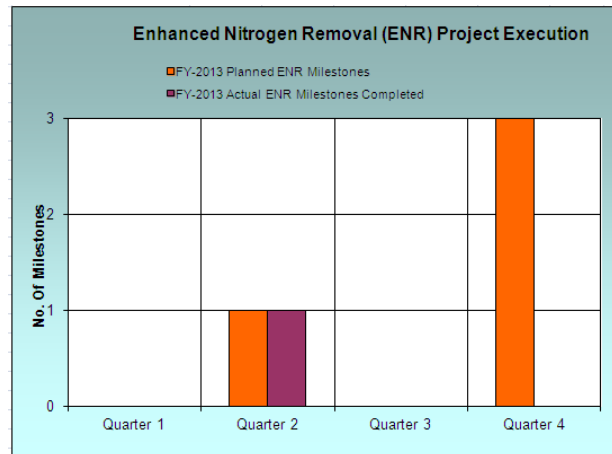
Note: Water and Sewer Facility Plan KPIs measure the completion of critical project milestones for projects developed through either the Water or the Sewer Facility Plan.



Note: LTCP Project Execution measures the completion of critical project milestones for the LTCP projects during the fiscal year. Critical project milestones include all those required to meet Consent Decree dates.



Note: Biosolids Project Execution measures the completion of critical project milestones for the Biosolids projects during the fiscal year. For Variance, see note above.



Note: Enhanced Nitrogen Removal Execution measures the completion of critical project milestones for the Enhanced Nitrogen Removal (ENR) projects during the fiscal year.

Capital Improvement Program Report 2nd Quarter FY2013

For FY13, the following KPI Milestones will be monitored:

Qtr.	Project	Job Name	KPI Name	KPI Achieved?
1st	S503	Large Dia. Water Main Internal Repairs 3	Design Start Milestone	Y
2nd	BI01	Enhanced Nitrogen Removal (ENR) North	Construction Start Milestone	Y
2nd	S305	Large Valve Replacement - Contract #7	Construction Substantial Completion	Y
2nd	XA12	Biosolids Final Dewatering	Construction Substantial Completion Milestone Contract 1C	N
3rd	CV01	Laboratory Upgrades	Construction Substantial Completion Milestone	
3rd	CY12	Div H - Anacostia River Tunnel	Consent Decree Award of Construction Contract	
3rd	G800	Small Local Sewer Rehab 2	Design Start Milestone	
3rd	GU01	Crosstown Water Main Rehab	Construction Substantial Completion	
3rd	O001	Small Dia. Watermain Rehab 8-1	Construction Start Milestone	Y(2 nd Q)
3rd	O201	Small Dia. Watermain Rehab 10	Design Start Milestone	Y(2 nd Q)
3rd	BZ03	Large Valve Replacements 10	Construction Start Milestone	
3rd	I802	Large Valve Replacements 12	Design Start Milestone	
3rd	FA06	Storage Facilities Upgrades - Contract 3	Design Start Milestone	
4th	BR04	Nitrification RAS Piping Rehabilitation	Construction Start Milestone - Structural Repairs	
4th	E801	Enhanced Clarification Facilities	Design/Build Start Milestone	
4th	G601	Sanitary SUB Rehab and Repair Phase 2	Design Start Milestone	
4th	G700	Rehab/Repair Combined Sewers Under Buildings	Construction Substantial Completion	Y (1 st Q)
4th	J101	Oxon Run Sewer Rehabilitation	Design Start Milestone	
4th	N702	Potomac Sewer - Odor Remedy (DC & MD Sites)	Construction Substantial Completion	
4th	DN16	Sewer Inspection & Cleaning Contract #10	Inspection Start Milestone (NTP)	
4th	E902	Site Work/Dewatering Project - Contract 1	Design Start Milestone	

Note: The 4th quarter Design Start Milestone for FV01 – Rehab of Lower East Side Interceptor was removed. Work required to rehabilitate the most critical sections of this sewer was incorporated into the Clean Rivers M St. Diversion Sewer Project.



Update:

July 1 Property & Casualty Insurance Renewals

May 23, 2013

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.
- The value of each of these insurance contracts falls below the threshold required for board approval. However, it has been the customary practice to provide an informational update to the committee at this time each year.
- The insurance market is worsening for insurance buyers. Insurers are pushing for premium increases due to two primary drivers. First, Hurricane Sandy resulted in an estimated \$25 billion of losses for the industry. Windstorm risk for the Mid-Atlantic and Northeast properties is now more recognized. Second, the present low bond yield environment has reduced insurers' investment returns so they are increasing focus on underwriting results.



Renewal Results

- We anticipated a 16% increase in total premiums partly due to the worsening insurance market and partly due to the Authority's increased operating exposures. Year-to-year property values, payroll and operating budget are up 3%, 4% and 8% respectively.
- Renewal negotiations are still underway, but it appears the total premium increase will be no more than 11%. Coverages remain comparable to expiring. We are pleased with our ability to contain insurance costs and maintain the same levels of coverage in this market—particularly for flood exposure, which has become increasingly challenging following Hurricane Sandy.



Appendix I

Prospective Program – July 1, 2013-14

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)*	\$913
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 \$364
Public Officials' Liability (POL)	\$20 Mil	\$250,000	RSUI and <u>Hiscox</u>	\$104
Excess Liability (excess of GL, AL POL, EPL)	\$100 Mil	\$1 Mil General Liability (GL) and Automobile Liability (AL)	Alliant National Municipal Liability (ANML) and Catastrophe Liability Ins. Program (CLIP)*	\$941
Crime & Fidelity	\$5 Mil	\$50,000	Travelers	\$20
Fiduciary Liability	\$3 Mil	Nil	Travelers	\$14
TOTAL			(Expiring \$2,143)	\$2,357

* 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) and Employers Liability (EL)	Provides excess statutory workers' compensation benefits over self-funded levels. EL covers liability from employee injuries that are not covered under workers compensation law. Very rare in DC.
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.



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY (DC WATER)

PROCUREMENT FOR LEGAL SERVICES



- **DC Water published its first Procurement Regulations in 1996. It has been amended twice since its original adoption.**
 - The regulations has provisions for competitive bidding process.
 - However, certain goods and services are exempt from competitive bidding process.



- **Section 5332 of the Regulations exempts certain goods and services from the process of bidding**
 - Exemptions are necessary because of the unique nature of the service, the difficulty of finding a suitable vendor for the required service, emergency procurement and those that do not lend itself to bidding.
 - Examples: rent or lease of real property, services rendered by another governmental agency or council of governments, small procurement, sole source, research, advertisement, travel, **legal services**, upgrades to existing equipment or software, films, memberships, manuscript, utilities, certain equipment, etc.



- **Section 5332.4(e) Exempts Legal Services**
 - Other jurisdictions (Fairfax Water, WSSC, Loudon, Fairfax, Prince George's County) also procure legal services on an exempt/sole source basis. Montgomery County may award a legal services contract without competition if the Chief Administrative Officer determines in writing that the award serves a public purpose in connection with litigation, condemnation or collective bargaining.



- In the last two years, when hiring law firms to handle complex litigation, the current General Counsel has used a selection process that allows outside firms to demonstrate their expertise and how they best serve the Authority based on:
 - Experience of the firm in the specific area
 - Depth of experience of the attorneys handling the matter
 - Diversity opportunities
 - Hourly rate

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

ACTION REQUESTED

GOODS AND SERVICES CONTRACT:

**Legal Services
(Non Joint - Use)**

Approval to execute a contract for legal services in the amount of \$4,373,688.64

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: Dorsey & Whitney, LLP 1801 K Street, NW Suite 750 Washington, DC 20006	SUBS: N/A	PARTICIPATION: N/A
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DESCRIPTION AND PURPOSE

Base Year Contract Value: \$535,592.90
 Contract Base Period: N/A
 Number of Option Years: N/A
 Anticipated Contract Start Date: 10-01-2010
 Anticipated Contract Completion Date: Unknown
This Action: \$4,373,688.64

Purpose of the Contract:

To contract for legal services for the District of Columbia Water and Sewer Authority's (DC Water) General Counsel department.

Contract Scope:

Provide DC Water with legal services to ensure DC Water is able to meet its litigation requirement .

Spending Previous Year:

Cumulative Contract Value: 10-01-2010 – 09-30-2011 \$ 535,592.90
 Cumulative Contract Spending: 10-01-2010 – 09-30-2012 \$ 1,709,281.54

PROCUREMENT INFORMATION

Contract Type:	N/A	Award Based On:	N/A
Commodity:	Legal Services	Contract Number:	N/A
Contractor Market:	N/A		

BUDGET INFORMATION


Funding:	Operating	Department:	General Counsel
Service Area:	DC Water wide	Department Head:	Randy Hayman

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	100%	\$ 4,373,688.64
Washington Suburban Sanitary Commission	%	\$ 0
Fairfax County	%	\$ 0
Loudoun County	%	\$ 0
Potomac Interceptor	%	\$ 0
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$4,373,688.64


 Katy Chang _____ 5/15/13
 Acting Director of Procurement Date


 Yvette Downs _____ 5/15/13
 Director of Finance & Budget Date


 Randy Hayman _____ 5/15/13
 General Counsel Date

 George S. Hawkins _____
 General Manager Date



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

Thursday, June 27, 2013; 11:00 a.m.
Blue Plains Wastewater Treatment Plant
5000 Overlook Avenue, SW, DC
AGENDA

Call to Order	Chairman
May 2013 Financial Report	Director of Finance & Budget
Action Items	Chairman
Agenda for July Committee Meeting	Chairman
Adjournment	Chairman

*Detailed agenda can be found on DC Water's website at www.dewater.com/about/board_agendas.cfm