

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

DC Retail Water and Sewer Rates Committee

Tuesday November 17, 2015

9:30am

1.	Call to OrderAlan	Roth, Chairman
2.	FY 2017 & FY 2018 Proposed Rates, Charges & Fees (Attachment A)	Mark Kim
3.	 Action Items (Attachment B) Proposal of FY 2017 & FY 2018 Retail Rates, Charges and Fees (Action Item Proposal of Ten Year Financial Plan FY 2016 – FY 2025 (Action Item 2) 	Mark Kim
4.	FY 2015 Net Income - Budget vs. Actual (Attachment C)	Mark Kim
5.	Blue Horizon 2020 Strategic Plan (Attachment D)	Sarah Neiderer
6.	 DC Retail Water and Sewer Rates Committee Workplan FY 2015 Completed DC Retail Rates Committee Workplan (Attachment E) FY 2016 Proposed DC Retail Rates Committee Workplan (Attachment F) 	Mark Kim
7.	Other Business	Mark Kim
8.	Executive Session	

9. Agenda for December 18, 2015 Committee Meeting (Attachment G)Alan Roth, Chairman

10. Adjournment

* The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); contract negotiations under D.C. Official Code § 2-575(b)(1); legal, confidential or privileged matters under D.C. Official Code § 2-575(b)(5); facility security under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2-575(b)(10); proprietary matters under D.C. Official Code § 2-575(b)(11); decision in an adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14), and other matters provided in the Act.

FOLLOW-UP-ITEMS – DC Retail Water and Sewer Rates Committee Meeting (September 2, 2015)

There were no follow-up items from the September 2, 2015 committee meeting

DC Retail Water and Sewer Rates Committee - 1. Call to Order - Alan Roth, Chairman

Attachment A



Proposed FY 2017 and FY 2018 Rates, Charges and Fees

Presentation to Retail Rates Committee, November 17, 2015

District of Columbia Water and Sewer Authority



Agenda

Multi-year Rate Proposal

• FY 2017 & FY 2018 Rates, Charges and Fees

🖌 FY 2016 – FY 2025 Financial Plan

- 10-year CIP disbursement budget
- Projected residential water and sewer rates
- Projected average residential customer bills

Multi-Year Rate Proposal

Management is proposing rates for FY 2017 and FY 2018

Multi-year rates provide the following benefits:

- Revenue certainty
- Budget discipline
- Expenditures better aligned with revenues
- Favorable credit rating agency treatment

Potential risks / considerations:

- Reduced financial flexibility
- Limited ability to modify approved rate increases, if necessary
- Conservatism in financial projections

Utilities with Single and Multi-Year Rates

<u>City / Utility</u>	<u>State</u>	Years Adopted
Central Arkansas Water	AR	3 years
Central Arizona Water Conservation District	AZ	2 years
City of Riverside Public Utilities	CA	3-5 years
City of Santa Rosa Utilities Department	CA	2 years
East Bay Municipal Utility District	CA	2 years
Los Angeles Department of Water and Power	CA	5 years
San Francisco Public Utilities Commission	CA	5 years
Ventura Water	CA	4 years
Cobb County-Marietta Water Authority	GA	5 years
Honolulu Board of Water Supply	ні	5 years
Fort Wayne City Utilities	IN	3 years
Sewerage & Water Board of New Orleans	LA	5 years
City of Baltimore	MD	3 years
Cleveland Division of Water	ОН	5 years
Montgomery County Environmental Services	ОН	3 years
Northeast Ohio Regional Sewer District	ОН	5 years
Philadelphia Water Department	PA	4 years
Charleston Water System	SC	3 years
Greenville Water	SC	5 years
Knoxville Utilities Board	TN	3 years
Nashville Metro Water Services	TN	3 years
City of Norfolk Dept. of Utilities	VA	10 years
Prince William County Service Authority	VA	3 years
City of Bellevue Utilities	WA	2 years
Seattle Public Utilities	WA	3 years
Tacoma Water	WA	2 years
Detroit Water & Sewerage Department	MI	1 year
Charlotte-Mecklenburg Utilities	NC	1 year
NYC Department of Environmental Protection	NY	1 Year
Las Vegas Water District	NV	1 year
San Diego County Water Authority	CA	1 year
Boston Water & Sewer Department	MA	1 year
Miami-Dade Water & Sewer Department	FL	1 year
City of Phoenix	AZ	1 year
Dallas Water Utility	ТХ	1 year
Richmond Department of Public Utilities	VA	1 year

Source: Association of Metropolitan Water Agencies (AMWA) Survey in 2014

Proposed FY 2017 & FY 2018 Rates, Charges & Fees

	Units	Approved FY 2016	Proposed FY 2017	Proposed FY 2018	FY 2017			(Decr.) 2018
					\$	%	\$	%
DC Water Retail Rates – Water:								
Residential – Lifeline (0- 4 Ccf)	Ccf	\$3.08	\$3.23	\$3.39	\$0.15	5.0%	\$0.16	5.0%
Residential – (> 4 Ccf)	Ccf	\$3.87	\$4.06	\$4.26	\$0.19	5.0%	\$0.20	5.0%
Multi-family	Ccf	\$3.45	\$3.62	\$3.80	\$0.17	5.0%	\$0.18	5.0%
Non-Residential	Ccf	\$3.99	\$4.19	\$4.40	\$0.20	5.0%	\$0.21	5.0%
DC Water Retail Rates – Sewer	Ccf	\$5.44	\$5.71	\$6.00	\$0.27	5.0%	\$0.29	5.0%
DC Water Clean Rivers IAC	ERU	\$20.30	\$22.24	\$25.18	\$1.94	9.6%	\$2.94	13.2%
DC Water Customer Metering Fee	5/8"	\$3.86	\$3.86	\$3.86	-	-	-	-
DC Water System Replacement Fee	5/8"	\$6.30	\$6.30	\$6.30	-	-	-	-
District of Columbia PILOT Fee	Ccf	\$0.47	\$0.48	\$0.49	\$0.01	2.0%	\$0.01	2.0%
District of Columbia Right of Way Fee	Ccf	\$0.17	\$0.17	\$0.18	-	-	\$0.01	1.0%
District of Columbia Stormwater Fee	ERU	\$2.67	\$2.67	\$2.67	-	-	-	-

(1) DC Water Infrastructure Fee of \$6.30 effective October 1, 2015

(2) Proposed Class-Based rates (w/lifeline)

Average Residential Customer Monthly Bill

	Units	Current FY 2016		oposed Y 2017		roposed Y 2018
-	Units	FT 2010		1 2017	-	1 2010
DC Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 59.12	\$	62.04	\$	65.16
DC Water Clean Rivers IAC	ERU	20.30		22.24		25.18
DC Water Customer Metering Fee	5/8"	3.86		3.86		3.86
DC Water Water System Replacement Fee (3)	5/8"	6.30		6.30		6.30
Subtotal DC Water Rates & Charges		\$ 89.58	\$	94.44	\$	100.50
Increase / Decrease		\$ 11.30	\$	4.86	\$	6.06
District of Columbia PILOT ⁽¹⁾	Ccf	\$ 3.14	\$	3.21	\$	3.28
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf	1.14		1.14		1.20
District of Columbia Stormwater Fee ⁽²⁾	ERU	2.67		2.67		2.67
Subtotal District of Columbia Charges		\$ 6.95	\$	7.02	\$	7.15
Total Amount Appearing on DC Water Bill		\$ 96.53	\$	101.46	\$	107.65
Increase / Decrease Over Prior Year		\$ 11.36	\$	4.93	\$	6.19
Percent Increase in Total Bill		13.3%		5.1%		6.1%

(1) Assumes average monthly consumption of 6.69 Ccf, or (5,004 gallons)

(2) District Department of the Environment stormwater fee of \$2.67 effective November 1, 2010

(3) DC Water "Water System Replacement Fee" of \$6.30 effective October 1, 2015

Low Income CAP Customer Monthly Bill

	Units		urrent Y 2016		roposed Y 2017		roposed Y 2018
DC Water Retail Rates ⁽¹⁾	Ccf	\$	59.12	\$	62.04	\$	65.16
DC Water Clean Rivers IAC	ERU		20.30		22.24		25.18
DC Water Customer Metering Fee	5/8"		3.86		3.86		3.86
DC Water Water System Replacement Fee	5/8"		6.30		6.30		6.30
Subtotal DC Water Rates & Charges Increase / Decrease		\$ \$	89.58 11.30	\$ \$	94.44 4.86	\$ \$	100.50 6.06
District of Columbia PILOT ⁽¹⁾ District of Columbia Right-of-Way Fee ⁽¹⁾ District of Columbia Stormwater Fee ⁽⁴⁾	Ccf Ccf ERU	\$	3.14 1.14 2.67	\$	3.21 1.14 2.67	\$	3.28 1.20 2.67
Subtotal District of Columbia Charges		\$	6.95	\$	7.02	\$	7.15
Total Amount Increase / Decrease Over Prior Year		<mark>\$</mark> \$	96.53 11.36	<mark>\$</mark> \$	101.46 4.93	\$ \$	107.65 6.19
Percent Increase in Total Bill			13.3%		5.1%		6.1%
Less: CAP Discount (4 Ccf per month) ^{(1), (2)} Water System Replacement Fee (WSRF) ⁽³⁾		\$ \$	(36.64) (6.30)	-	(38.36) (6.30)	-	(40.24) (6.30)
Total Amount Appearing on DC Water Bill Increase / Decrease Over Prior Year		<mark>\$</mark> \$	53.59 5.42	\$ \$	56.80 3.21	\$ \$	<mark>61.11</mark> 4.31
CAP Customer Discount as a Percent of Total Bill			-44.5%		-44.0%	<u> </u>	-43.2%

(1) Assumes average monthly consumption of 6.69 Ccf, or (5,004 gallons)

(2) Extension of CAP program in FY 2011 to first 4 Ccf of PILOT and ROW

(3) Assumes 100 percent discount for Water System Replacement Fee (WSRF) to CAP customers

(4) District Department of the Environment stormwater fee of \$2.67 effective November 1, 2010

Financial Plan Objectives

- DC Water's 10-year financial plan serves as the fiscal roadmap to achieve the Board's strategic plan
- It is one of management's key tools to monitor progress in meeting financial goals and targets
- It also ensures meeting or exceeding all debt-related legal and policy requirements, as well as maintaining sufficient liquidity to meet all current financial obligations

DC Water's financial plan objectives focus on:

- minimizing rate increases while meeting all financial obligations;
- satisfying all indenture requirements and Board policies; and
- maintaining the DC Water's current credit ratings of AA+/Aa2/AA

Ten Year Capital Improvement Plan (CIP)

- Proposed FY 2016 FY 2025 CIP disbursement budget of \$3.66 billion
- Peak capital spending projected in FY 2016, with annual declines through FY 2024

Service Area (\$000's)	FY 2016 Revised	FY 2017 Approved	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Total
Non Process Facilities	\$ 9,309	\$ 28,613	\$ 13,048	\$ 6,979	\$ 1,588	\$ 1,684	\$ 7,002	\$ 2,475	\$ 668	\$ 2	\$ 71,368
Wastewater Treatment	168,637	117,814	112,562	79,528	70,980	62,014	53,700	46,753	35,028	50,142	797,159
Combined Sewer Overflow	223,105	151,125	48, 59	145,945	169,272	146,994	95,429	89,666	84,037	76,648	1,330,380
Stormwater	1,263	1,430	2,902	2,011	745	2,022	6,318	١,256	١,797	١,650	21,396
Sanitary Sewer	34,786	61,144	54,102	53,215	62,566	51,543	42,443	45,439	50,498	52,201	507,937
Water	61,878	62,537	44,909	60,975	56,201	59,170	61,158	68,675	80,703	79,790	635,992
Capital Projects	498,977	422,663	375,682	348,654	361,353	323,426	266,052	254,263	252,731	260,434	3,364,235
Capital Equipment	39,226	38,737	27,126	26,289	10,401	10,035	9,413	9,119	8,896	8,915	188,155
Washington Aqueduct	10,838	10,838	10,838	10,888	11,018	, 99	11,184	١١,054	10,816	9,537	108,210
Additional Capital Programs	50,063	49,575	37,964	37,177	21,419	21,234	20,597	20,173	19,712	18,452	296,365
Total CIP	\$ 549,040	\$472,238	\$413,646	\$385,831	\$382,772	\$344,660	\$286,649	\$274,436	\$272,442	\$278,886	\$3,660,600

* Includes \$1,208 million for DC Clean Rivers

Federal Consumption Trends

Water consumption billed to federal accounts has shown a significant reduction compared to prior years, and the Authority has adjusted its future forecasts for federal revenue primarily due to four factors:

- Executive Order (EO) 13514 signed by the President created a requirement for federal agencies to reduce potable water and landscaping use water by 2% annually through conservation measures until 2020; Authority conversations and investigations with federal property managers show that significant progress is being made toward this goal through plumbing fixtures replacement.
- In the District, the Telework Enhancement Act (the "Telework Act") has resulted in a significant shift to employees working from home, reducing water used at the workplace, and, pursuant to the Telework Act, GSA has strategically reduced the number of buildings it owns and operates in the District in favor of placing employees in shared rental spaces. In the latter case, the water reduction observed in federal buildings is partially made up in the commercial customer billing of DC Water.
- There have been significant adjustments made to federal bills as a result of property sales and transfers between the federal and District governments.
- The Authority accelerated a testing and calibration program on large capacity meters installed at federal properties and observed that some of the meters had degraded and were measuring less water than was actually being consumed. Where possible, the Authority is retroactively billing for the difference in consumption.

Source: October 5, 2009 President Obama signed Executive Order (EO) 13514 Federal Leadership in Environmental, Energy, and Economic Performance

Projected Water & Sewer Rates

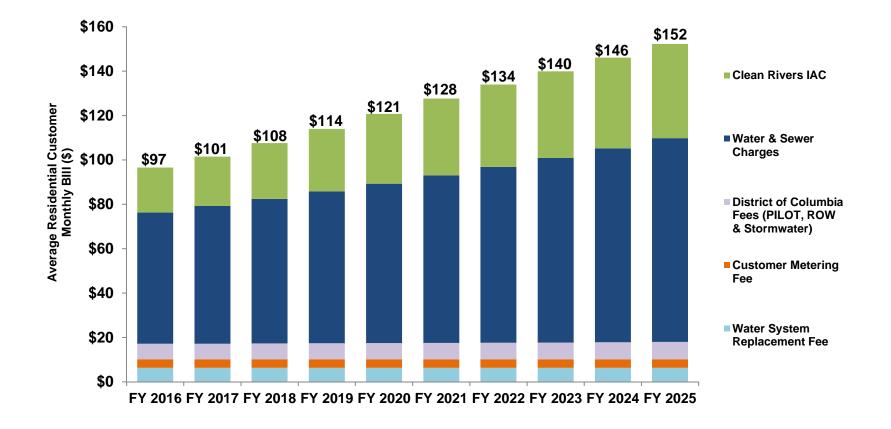
- Projected annual rate increases of 5.0% from FY 2017 to FY 2025
- Projected water and sewer rate increase from \$8.84 to \$13.72/Ccf



* Rates shown above reflect weighted water and sewer rates for the Residential customer category

Projected Average Residential Customer Bills

Projected average monthly residential customer bill ranges from \$97 in FY2016 to \$152 in FY2025



Recommendations

Adopt proposed FY 2017 & FY 2018 rates, charges and fees

- 5% increase in FY 2017
- 5% increase in FY 2018

Adopt FY 2016 – FY 2025 Financial Plan

- 10-year CIP disbursement budget
- Projected water and sewer rate increases

APPENDIX: Ten-Year Financial Plan

District of Columbia Water & Sewer Authority

FY 2016 – 2025 Financial Plan

(In 000's)

OPERATING	F	Y 2016		FY 2017	FY 2018	FY 2019	FY 2020		FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Retail* Wholesale* Other RSF	7	9,504 9,458 1,553		480,278 79,946 32,580	506,124 82,344 30,217	532,993 84,814 32,107	561,367 87,359 33,398		590,311 89,979 37,087	616,271 92,679 39,695	640,056 95,459 40,220	663,883 98,323 40,571	687,688 101,273 41,405
Operating Receipts (1)	\$ 58	- 80,514	\$	592,803	\$ 618,685	\$ 649,914	\$ - 682,123	\$	717,378 \$	748,644 \$	775,735 \$	802,777 \$	830,366
Operating Expenses	(32	24,202)		(320,531)	(329,834)	(342,414)	(352,367)		(362,616)	(373,168)	(384,034)	(395,223)	(406,743)
Debt Service	(15	i7,640)		(169,346)	(188,374)	\$ (204,397)	\$ (222,365)	\$	(240,841) \$	(250,777) \$	(258,414) \$	(265,823) \$	(273,229)
Cash Financed Capital Improvement (CFCI)	<u>\$ (2</u>	2 <u>3,475</u>)	<u>\$</u>	(24,014)	\$ (25,306)	\$ (26,650)	\$ (28,068)	<u>\$</u>	(29,516) \$	(30,814) \$	(32,003) \$	(33,194) <u>\$</u>	(34,384)
Net Revenues After Debt Service	\$7	5,197	\$	78,912	\$ 75,170	\$ 76,454	\$ 79,323	\$	84,405 \$	93,886 \$	101,284 \$	108,536 \$	116,010
Operating Reserve-Beg Balance	16	60,055		140,000	140,000	140,000	140,000		140,000	140,000	140,000	140,000	140,000
Other Misc (Disbursements)/Receipts Wholesale/Federal True Up Customer Rebate	(1	7,179) -		(24,201)	(4,752) -	-	-		-	-	-	-	-
Transfers To RSF	(1	9,000)		-	(9,000)	(5,000)	(5,000)		(4,000)	(7,000)	(9,000)	(19,000)	(12,000)
Transfers To DC PILOT Fund Pay-Go Financing	(5	- i9,073)		- (<u>54,711</u>)	- (<u>61,419</u>)	(<u>71,454</u>)	- (74,323)		- (80,405)	- (86,886)	- (92,284)	<u>(89,536)</u>	<u>(102,194)</u>
Operating Reserve - Ending Balance	\$ 14	0,000	\$	140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$	140,000 \$	140,000 \$	140,000 \$	140,000 \$	141,816
Rate Stabilization Fund Balance RSF (2)	\$ (5	51,450)	\$	(51,450)	\$ (60,450)	\$ (65,450)	\$ (70,450)	\$	(74,450) \$	(81,450) \$	(90,450) \$	(109,450) \$	(121,450)
Senior Debt Service Coverage		462%		430%	406%	442%	460%		452%	473%	470%	551%	582%
Combined Debt Service Coverage		153%		159%	157%	159%	156%		155%	156%	157%	155%	159%
Actual/Projected Water/Sewer Rate Increases		6.5%		5.0%	5.0%	5.0%	5.0%		5.0%	5.0%	5.0%	5.0%	5.0%
*Operating Receipts \$ Increase/Decrease													
Retail		5,394		10,774	25,846	26,869	28,374		28,944	25,960	23,785	23,827	23,806
Wholesale	((1,772)		488	2,398	2,470	2,544		2,621	2,699	2,780	2,864	2,950
*Operating Receipts % Increase/Decrease													
Retail		16.2%		2.3%	5.4%	5.3%	5.3%		5.2%	4.4%	3.9%	3.7%	3.6%
Wholesale		-2.2%		0.6%	3.0%	3.0%	3.0%		3.0%	3.0%	3.0%	3.0%	3.0%

(1) Includes interest earnings on senior lien revenue bonds' debt service reserve fund

(2) FY 2016 planned transfer of \$19.0 million to Rate Stabilization Fund will bring the total fund balance to \$51.45 million

ACTION ITEM 1

Action Item FY 2017 & FY 2018 Rates, Charges & Fees (Effective October 1, 2016 and October 1, 2017)

1. Management recommends the following Retail Rates, Charges, Fees and for FY 2017 & FY 2018:

Water Service Rates

• An increase in the rate for metered water services:

							FY 2017 vs. FY 2016		FY 2018 v	s. FY 2017	
	FY 2	2016	FY 2017		FY 2018		Incr. / (Decr.)		Incr.	/ (Decr.)	
	Ccf	1,000 Gal.	Ccf 1,000 Gal.		Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	
Residential customers - $(0 - 4)$	\$3.08	\$4.12	\$3.23	\$4.32	\$3.39	\$4.53	\$0.15	\$0.20	\$0.16	\$0.21	
Residential customers – (> 4)	\$3.87	\$5.17	\$4.06	\$5.43	\$4.26	\$5.70	\$0.19	\$0.26	\$0.20	\$0.27	
Multi-Family customers	\$3.45	\$4.61	\$3.62	\$4.84	\$3.80	\$5.08	\$0.17	\$0.23	\$0.18	\$0.24	
Non-Residential customers	\$3.99	\$5.33	\$4.19	\$5.60	\$4.40	\$5.88	\$0.20	\$0.27	\$0.21	\$0.28	

Sewer Service Rates

• An increase in the rate for metered sewer services:

							FY 2017 v	s. FY 2016	FY 2018 vs. FY 201	
	FY 2	2016	FY 2017		FY 2018		Incr. / (Decr.) Incr.		Incr.	(Decr.)
	Ccf	1,000 Gal.	Ccf 1,000 Gal.		Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential customers	\$5.44	\$7.27	\$5.71	\$7.63	\$6.00	\$8.02	\$0.27	\$0.36	\$0.29	\$0.39
Multi-Family customers	\$5.44	\$7.27	\$5.71	\$7.63	\$6.00	\$8.02	\$0.27	\$0.36	\$0.29	\$0.39
Non-Residential customers	\$5.44	\$7.27	\$5.71	\$7.63	\$6.00	\$8.02	\$0.27	\$0.36	\$0.29	\$0.39

- An increase in the annual Clean Rivers Impervious Area Charge (CRIAC) from \$243.60 to \$266.88 per Equivalent Residential Unit (ERU) in FY 2017.
- An increase in the annual Clean Rivers Impervious Area Charge (CRIAC) from \$266.88 to \$302.16 per Equivalent Residential Unit (ERU) in FY 2018.

The charge per ERU will be billed monthly at:

				FY 2017 vs. FY 2016	FY 2018 vs. FY 2017
	FY 2016	FY 2017	FY 2018	Incr. / (Decr.)	Incr. / (Decr.)
	ERU	ERU	ERU	ERU	ERU
Residential customers	\$20.30	\$22.24	\$25.18	\$1.94	\$2.94
Multi-Family customers	\$20.30	\$22.24	\$25.18	\$1.94	\$2.94
Non-Residential customers	\$20.30	\$22.24	\$25.18	\$1.94	\$2.94

District of Columbia Pass Through Charge Right-of-Way Occupancy / PILOT Fee

- There is no increase in the **Right-of-Way Occupancy Fee** in FY 2017:
- An increase in the **Right-of-Way Occupancy Fee** for FY 2018:

							FY 2017 v	s. FY 2016	FY 2018 v	s. FY 2017
	FY	2016	FY 2017		FY 2018		Incr.	/ (Decr.)	Incr.	/ (Decr.)
	Ccf	1,000 Gal.	Ccf 1,000 Gal.		Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential customers	\$0.17	\$0.23	\$0.17	\$0.23	\$0.18	\$0.24	\$0.00	\$0.00	\$0.01	\$0.01
Multi-Family customers	\$0.17	\$0.23	\$0.17	\$0.23	\$0.18	\$0.24	\$0.00	\$0.00	\$0.01	\$0.01
Non-Residential customers	\$0.17	\$0.23	\$0.17	\$0.23	\$0.18	\$0.24	\$0.00	\$0.00	\$0.01	\$0.01

An increase in the Payment-in-Lieu of Taxes Fee for FY 2017 and FY 2018:

							FY 2017 vs. FY 2016		FY 2018 v	s. FY 2017	
	FY 2	2016	FY 2017		FY 2	2018	Incr.	(Decr.)	Incr.	/ (Decr.)	
	Ccf	1,000 Gal.	Ccf 1,000 Gal.		Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	
Residential customers	\$0.47	\$0.63	\$0.48	\$0.64	\$0.49	\$0.65	\$0.01	\$0.01	\$0.01	\$0.01	
Multi-Family customers	\$0.47	\$0.63	\$0.48	\$0.64	\$0.49	\$0.65	\$0.01	\$0.01	\$0.01	\$0.01	
Non-Residential customers	\$0.47	\$0.63	\$0.48	\$0.64	\$0.49	\$0.65	\$0.01	\$0.01	\$0.01	\$0.01	

ACTION ITEM 2

DC Retail Water and Sewer Rates Committee Proposed FY 2017 and FY 2018 Action Item

Action Item 2: FY 2016 – FY 2025 Financial Plan

1. Attached is a summary of the 10-year Financial Plan, which is based on the following key assumptions for FY 2017 and FY 2018:

FY 2017

- Operating receipts totaling \$592.8 million, an increase of \$12.3 million over FY 2016 funded through;
 - Retail Revenue increase of \$10.4 million
 - Wholesale Revenue increase of \$0.5 million
 - Other Revenue increase of \$1.4 million
- Operating disbursements of \$513.9 million in FY 2017; and
- A ten-year capital improvement plan (FY 2016 FY 2025) of \$3.66 billion on a cash disbursement basis.

FY 2018

- Operating receipts totaling \$618.7 million, an increase of \$25.9 million over FY 2017 funded through;
 - Retail Revenue increase of \$25.5 million
 - Wholesale Revenue increase of \$2.4 million
 - Other Revenue decrease of (\$2.0) million
- Operating disbursements of \$543.5 million in FY 2018; and
- A ten-year capital improvement plan (FY 2016 FY 2025) of \$3.66 billion on a cash disbursement basis.

The FY 2016 – FY 2025 Financial Plan is projected to meet the Board's policy requirement of senior debt coverage of 140 percent and an operating reserve of 120 days of budgeted operations and maintenance costs with the objective of maintaining at least \$125.5 million in operating reserves.

District of Columbia Water & Sewer Authority FY 2016 – 2025 Financial Plan (In 000's)

FY 2016		FY 2017		FY 2018		FY 2019		FY 2020		FY 2021	FY	2022		FY 2023	FY 20	24	FY 2025
469,504 79,458 31,553		480,278 79,946 32,580		506,124 82,344 30,217		532,993 84,814 32,107		561,367 87,359 33,398		590,311 89,979 37,087	92	,679		640,056 95,459 40,220	98,32 40,57	3	687,688 101,273 41,405
\$ 580,514	\$	592,803	\$	618,685	\$	649,914	\$	682,123	\$	717,378 \$	748	,644	\$	775,735 \$		7\$	830,366
(324,202)		(320,531)		(329,834)		(342,414)		(352,367)		(362,616)	(373	,168)		(384,034)	(395,22	3)	(406,743)
(157,640)		(169,346)		(188,374)	\$	(204,397)	\$	(222,365)	\$	(240,841) \$	(250	,777)	\$	(258,414) \$	(265,82	3)\$	(273,229)
\$ (23,475)	\$	(24,014)	\$	(25,306)	\$	(26,650)	\$	(28,068)	\$	(29,516) \$	(30	,814)	\$	(32,003) \$	(33,19	<u>4) \$</u>	(34,384)
\$ 75,197	\$	78,912	\$	75,170	\$	76,454	\$	79,323	\$	84,405 \$	93	,886	\$	101,284 \$	108,53	6\$	116,010
160,055		140,000		140,000		140,000		140,000		140,000	140	,000,		140,000	140,00	0	140,000
(17,179) -		(24,201)		(4,752) -		-		-		-		:		-	-		-
(19,000)		-		(9,000)		(5,000)		(5,000)		(4,000)	(7	,000)		(9,000)	(19,00	0)	(12,000)
- (<u>59,073</u>)		- (<u>54,711</u>)		- (<u>61,419</u>)		- (<u>71,454</u>)		- (<u>74,323</u>)		- (80,405)	<u>(86</u>	- (886)		- <u>(92,284)</u>	<u>(89,53</u>	<u>6)</u>	<u>(102,194)</u>
\$ 140,000	\$	140,000	\$	140,000	\$	140,000	\$	140,000	\$	140,000 \$	140	,000	\$	140,000 \$	140,00	0\$	141,816
\$ (51,450)	\$	(51,450)	\$	(60,450)	\$	(65,450)	\$	(70,450)	\$	(74,450) \$	(81	,450)	\$	(90,450) \$	(109,45	0)\$	(121,450)
462%		430%		406%		442%		460%		452%	4	73%		470%	551	%	582%
153%		159%		157%		159%		156%		155%	1	56%		157%	155	%	159%
6.5%		5.0%		5.0%		5.0%		5.0%		5.0%		5.0%		5.0%	5.0	%	5.0%
		,		,				,		,				,			23,806 2,950
(1,112)		400		2,390		2,470		2,344		2,021	2	.,099		2,100	2,80	4	2,950
		• • • •														.,	
16.2% -2.2%		2.3% 0.6%															3.6% 3.0%
\$ \$	469,504 79,458 31,553 \$ 580,514 (324,202) (157,640) \$ (23,475) \$ 75,197 160,055 (17,179) (19,000) (59,073) \$ 140,000 \$ (51,450) 462% 153% 6.5% 65,394 (1,772) 16.2%	469,504 79,458 31,553 \$ 580,514 \$ (324,202) (157,640) \$ (23,475) \$ (17,179) (19,000) (59,073) \$ 140,000 \$ \$ (51,450) \$ 462% 153% 6.5% 65,394 (1,772) 16.2%	469,504 480,278 79,458 379,946 31,553 32,580 \$ 580,514 \$ 592,803 (324,202) (320,531) (157,640) (169,346) \$ (23,475) \$ (24,014) \$ 75,197 \$ 78,912 160,055 140,000 (17,179) (24,201) (19,000) - (19,000) - (19,000) - (19,000) - (19,000) - (19,000) - (19,000) 5 462% 430% 153% 159% 6.5% 5.0% 65,394 10,774 488 16.2% 2.3%	469,504 480,278 79,458 79,946 31,553 32,580 \$ 580,514 \$ 592,803 (324,202) (320,531) (157,640) (169,346) \$ 75,197 \$ 78,912 \$ 75,197 \$ 78,912 160,055 140,000 (17,179) (24,201) (19,000) - (19,000) - (19,000) - (19,000) - (19,000) - (19,000) - (19,000) - (137,179) (24,201) (140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 50% \$ 65,394 10,774 (1,772) 488 16.2% 2.3%	469,504 480,278 506,124 79,458 79,946 82,344 31,553 32,580 30,217 \$ 580,514 \$ 592,803 \$ 618,685 (324,202) (320,531) (329,834) (157,640) (169,346) (188,374) \$ (23,475) \$ (24,014) \$ (25,306) \$ 75,197 \$ 78,912 \$ 75,170 160,055 140,000 140,000 (17,179) (24,201) (4,752) (19,000) - - (19,000) - (9,000) (59,073) (54,711) (61,419) \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 06,450) 462% 430% 406% 153% 159% 157% 6.5% 5.0% 5.0% 65,394 10,774 25,846 (1,772) 488 2,398 16.2% 2.3% 5.4%	469,504 480,278 506,124 79,458 79,946 82,344 31,553 32,580 30,217 \$ 580,514 \$ 592,803 \$ 618,685 \$ (324,202) (320,531) (329,834) \$ (157,640) (169,346) (188,374) \$ \$ (23,475) \$ (24,014) \$ (25,306) \$ \$ 75,197 \$ 78,912 \$ 75,170 \$ 160,055 140,000 140,000 \$ (17,179) (24,201) (4,752) - (19,000) - (9,000) - (19,000) - (9,000) - (19,000) - (9,000) - (19,000) - - - (19,000) - (9,000) - - - - - (19,000) - (9,000) - - - - - (19,000) \$ 140,000 \$ \$ 140,000 \$ 140,000 \$ \$ 462% <td< td=""><td>469,504 480,278 506,124 532,934 79,458 79,946 82,344 84,814 31,553 32,580 30,217 32,107 \$ 580,514 \$ 592,803 \$ 618,685 \$ 649,914 (324,202) (320,531) (329,834) (342,414) (157,640) (169,346) (188,374) \$ (26,650) \$ 75,197 \$ 78,912 \$ 75,170 \$ 76,454 160,055 140,000 140,000 140,000 (17,179) (24,201) (4,752) - (19,000) - 9,000) (5,000) (59,073) (51,450) \$ (51,450) \$ (40,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ (65,450) \$ (65,450) 462% 430% 406% 442% 153% 159% 157% 159% 65,394 10,774 25,846 26,869 (1,772) 488 2,398 2,470 16.2% 2.3% 5.4% 5.3%</td><td>469,504 480,278 506,124 532,993 79,458 79,946 82,344 84,814 31,553 32,580 30,217 32,107 \$ 580,514 \$ 592,803 \$ 618,685 \$ 649,914 \$ (324,202) (320,531) (329,834) (342,414) \$ (157,640) (169,346) (188,374) \$ (204,397) \$ \$ 75,197 \$ (24,014) \$ (25,306) \$ (26,650) \$ \$ 75,197 \$ 78,912 \$ 75,170 \$ 76,454 \$ 160,055 140,000 140,000 140,000 \$ (17,179) (24,201) (4,752) - - (19,000) - (9,000) (5,000) - (19,000) - (9,000) \$ (40,000 \$ \$ \$ 140,000 \$ 140,000 \$ 140,000 \$ \$ \$ \$ 140,000 \$ 140,000 \$ 140,000 \$ \$ \$ \$ 140,000 \$ 140,000 \$ 140,000 \$ \$ \$ \$ 140,000 \$ 140,000 \$ 5,0%<!--</td--><td>469,504 480,278 506,124 532,993 561,367 79,458 79,946 82,344 84,814 87,359 31,553 32,580 30,217 32,107 33,398 \$ 580,514 \$ 592,803 \$ 618,685 \$ 649,914 \$ 682,123 (324,202) (320,531) (329,834) (342,414) (352,367) (157,640) (169,346) (188,374) \$ (26,650) \$ (28,068) \$ 75,197 \$ 78,912 \$ 75,170 \$ 76,454 \$ 79,323 160,055 140,000 140,000 140,000 140,000 (17,179) (24,201) (4,752) - - (19,000) - (9,000) (5,000) 5,000) (59,073) (51,450) \$ (40,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 06,450) \$ (65,450) \$ (70,450) \$ 140,000 \$ 140,000 \$ 140,000 \$ 06,450) \$ 06,50% 5,0% 5,0% 5,0% 5,0% 5,0</td><td>469,504 480,278 506,124 532,993 561,367 79,458 79,946 82,344 84,814 87,359 31,553 32,580 30,217 32,107 33,398 \$ 580,514 \$ 592,803 \$ 618,685 \$ 649,914 \$ 682,123 \$ (324,202) (320,531) (329,834) (342,414) (352,367) \$ (157,640) (169,346) (188,374) \$ (26,650) \$ (223,058) \$ \$ \$ 75,197 \$ 78,912 \$ 75,170 \$ 76,454 \$ 79,323 \$ 160,055 140,000 140,000 140,000 140,000 \$ (17,179) (24,201) (4,752) - - - (19,000) - (9,000) (5,000) \$ 5,000 - \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ \$ 462% 430% 406% 442% 460% \$ 5,0% 5,0% 5,0% 5,0% \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000</td><td>489,504 480,278 506,124 532,993 561,367 590,317 31,553 32,580 30,217 32,107 33,398 37,087 \$ 580,514 \$ 592,803 \$ 618,685 \$ 649,914 \$ 682,123 \$ 717,378 \$ (324,202) (320,531) (329,834) (342,414) (352,367) (362,616) (157,640) (169,346) (188,374) \$ (204,397) \$ (222,365) \$ (240,841) \$ \$ (23,475) \$ (24,014) \$ (25,306) \$ (26,650) \$ (28,068) \$ (29,516) \$ \$ 75,197 \$ 78,912 \$ 75,170 \$ 76,454 \$ 79,323 \$ 84,405 \$ 160,055 140,000 140,000 140,000 140,000 140,000 140,000 \$ (17,179) (24,201) (4,752) - - - - - (19,000) - (9,000) (5,000) (5,000) \$ (4,000) \$ 40,000 \$ \$ 140,000 \$ 140,000 \$ (60,450) \$ (65,450) \$ (70,450) \$ (74,450) \$ \$ 140,000</td><td>469,504 480,278 506,124 532,993 561,367 590,311 616 79,458 79,946 82,344 84,814 87,359 89,979 92 31,553 32,580 30,217 32,107 33,398 37,087 39 \$ 580,514 \$ 592,803 \$ 618,685 \$ 649,914 \$ 682,123 \$ 717,378 \$ 748 (324,202) (320,531) (329,834) (342,414) (352,367) (362,616) (373 (157,640) (169,346) (188,374) \$ (204,397) \$ (222,365) \$ (240,841) \$ (250 \$ 75,197 \$ 78,912 \$ 75,170 \$ 76,454 \$ 79,323 \$ 84,405 \$ 93 160,055 140,000 140,000 140,000 140,000 140,000 140,000 (17,179) (24,201) (4,752) - - - - (19,000) - (9,000) (5,000) (5,000) (4,000) \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ (51,450) \$ (60,450) \$ (65,450) \$ (70,450) \$ (74,450)</td><td>469,504 480,278 506,124 532,993 561,367 590,311 616,271 79,458 79,946 82,344 84,814 87,359 89,979 92,679 31,553 32,580 30,217 32,107 33,388 37,087 39,695 \$ 580,514 \$ 592,803 \$ 618,685 \$ 649,914 \$ 682,123 \$ 717,378 \$ 748,644 (324,202) (320,531) (329,834) (342,414) (352,367) (362,616) (373,168) (157,640) (169,346) (188,374) \$ (26,650) \$ (28,068) \$ (29,516) \$ (30,814) \$ 75,197 \$ 78,912 \$ 75,170 \$ 76,454 \$ 79,323 \$ 84,405 \$ 93,886 160,055 140,000 140,000 140,000 140,000 140,000 140,000 140,000 (17,179) (24,201) (4,752) -</td><td>469.504 480.278 506.124 532.993 561.367 590.311 616.271 79.458 79.946 82.344 84.814 87.359 89.979 92.679 31.553 32.580 30.217 32.107 33.398 37.087 39.695 \$ 580.514 \$ 592.803 \$ 618,685 \$ 649.914 \$ 682.123 \$ 717.378 \$ 748,644 \$ (324,202) (320,531) (329,834) (342,414) (352,367) (362,616) (373,168) (157.640) (169,346) (188,374) \$ (204.397) \$ (222,365) \$ (240.841) \$ (250,777) \$ \$ (137,179) \$ (24,014) \$ (25,306) \$ (26,650) \$ (28,068) \$ (29,516) \$ (30,814) \$ \$ 75,197 \$ 78,912 \$ 75,170 \$ 76,454 \$ 79,323 \$ 84,405 \$ 93,886 \$ 160,055 140,000 140,000 140,000 140,000 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ (6</td><td>469,04 480,278 506,124 532,993 561,367 590,311 616,271 640,029 31,553 32,580 30,217 32,107 33,398 37,087 39,695 40,220 \$ 580,514 \$ 592,803 \$ 618,685 \$ 649,914 \$ 682,123 \$ 717,378 \$ 748,644 \$ 775,735 \$ (324,202) (320,531) (329,834) (342,414) (352,367) (362,616) (373,168) (384,034) (157,640) (169,346) (188,374) \$ (204,397) \$ (222,365) \$ (240,841) \$ (250,777) \$ (258,414) \$ \$ 75,197 \$ 78,912 \$ 75,170 \$ 76,454 \$ 79,323 \$ 84,405 \$ 93,886 \$ 101,284 \$ 160,055 140,000 140,000 140,000 140,000 140,000 140,000 140,000 140,000 140,000 \$ 93,086 \$ 101,284 \$ \$ 140,000 \$ 140,000 140,000 \$ (70,450) \$ (44,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ (90,00) \$ (5,000) \$ (5,000) \$ (74,450) \$ (90,450) \$ (90,450)</td><td>469,041 480,278 506,124 532,993 561,367 590,311 616,271 640,056 98,459 98,229 31,553 32,560 30,217 32,107 33,398 37,087 39,685 40,220 40,37 \$ 580,514 \$ 592,803 \$ 618,685 \$ 649,914 \$ 682,123 \$ 717,378 \$ 748,644 \$ 775,735 \$ 802,77 (324,202) (320,531) (329,834) (342,414) (352,367) (362,616) (373,168) (384,034) (395,22 (157,640) (169,346) (1188,374) \$ (204,397) \$ (222,365) \$ (240,841) \$ (225,003) \$ (33,19) \$ 75,197 \$ 78,912 \$ 75,170 \$ 76,454 \$ 79,323 \$ 84,405 \$ 93,886 \$ 101,284 \$ 108,53 160,055 140,000 140,000 140,000 140,000 140,000 140,000 140,000 140,000 140,000 140,000 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$</td><td>469,504 480,278 506,124 532,993 561,367 590,311 616,271 640,056 653,883 31,553 32,580 30,217 32,107 33,398 37,087 39,865 40,220 40,571 \$ 580,514 \$ 592,803 \$ 618,865 \$ 649,914 \$ 682,123 \$ 717,378 \$ 748,644 \$ 775,735 \$ 802,777 \$ (324,202) (320,531) (329,834) (342,414) (352,367) (362,616) (373,168) (384,034) (395,223) (157,640) (169,346) (188,374) \$ (226,659) \$ (222,365) \$ (240,841) \$ (32,033) \$ (33,194) \$ \$ 75,197 \$ 78,912 \$ 75,170 \$ 76,454 \$ 79,323 \$ 84,405 \$ 93,886 101,284 \$ 106,055 160,055 140,000 140,000 140,000 140,000 140,000 140,000 140,000 140,000 \$ (19,000) \$ (19,000) \$ (19,000) \$ (19,000) \$ (19,000) \$ (19,000) \$ (19,000) \$ (19,000) \$ (19,000) \$ (140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000 \$ 140,000</td></td></td<>	469,504 480,278 506,124 532,934 79,458 79,946 82,344 84,814 31,553 32,580 30,217 32,107 \$ 580,514 \$ 592,803 \$ 618,685 \$ 649,914 (324,202) (320,531) (329,834) (342,414) (157,640) (169,346) (188,374) \$ (26,650) \$ 75,197 \$ 78,912 \$ 75,170 \$ 76,454 160,055 140,000 140,000 140,000 (17,179) (24,201) (4,752) - 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(1) Includes interest earnings on senior lien revenue bonds' debt service reserve fund (2) FY 2016 planned transfer of \$19.0 million to Rate Stabilization Fund will bring the total fund balance to \$51.45 million

District of Columbia Water & Sewer Authority FY 2016 - FY 2025 Average Residential Customer Monthly Bill

	Units	urrent 2016	roposed TY 2017	Proposed FY 2018	F	Y 2019	F	Y 2020	F	Y 2021	F	Y 2022	F	Y 2023	F	Y 2024	F١	r 2025
DC Water and Sewer Retail Rates (1)	Ccf	\$ 59.12	\$ 62.04	\$ 65.16	\$	68.41	\$	71.86	\$	75.45	\$	79.26	\$	83.28	\$	87.43	\$	91.80
DC Water Clean Rivers IAC	ERU	20.30	22.24	25.18		28.19		31.43		34.67		37.16		39.06		40.84		42.49
DC Water Customer Metering Fee	5/8"	3.86	3.86	3.86		3.86		3.86		3.86		3.86		3.86		3.86		3.86
DC Water Water System Replacement Fee (3)	5/8"	6.30	6.30	6.30		6.30		6.30		6.30		6.30		6.30		6.30		6.30
Subtotal DC Water Rates & Charges		\$ 89.58	\$ 94.44	\$ 100.50	\$	106.76	\$	113.45	\$	120.28	\$	126.58	\$	132.50	\$	138.43	\$	144.45
Increase / Decrease		\$ 11.30	\$ 4.86	\$ 6.06	\$	6.26	\$	6.69	\$	6.83	\$	6.30	\$	5.92	\$	5.93	\$	6.02
District of Columbia PILOT (1)	Ccf	\$ 3.14	\$ 3.21	\$ 3.28	\$	3.35	\$	3.41	\$	3.48	\$	3.55	\$	3.61	\$	3.68	\$	3.75
District of Columbia Right-of-Way Fee (1)	Ccf	1.14	1.14	1.20		1.20		1.20		1.20		1.20		1.20		1.27		1.27
District of Columbia Stormwater Fee ⁽²⁾	ERU	2.67	2.67	2.67		2.67		2.67		2.67		2.67		2.67		2.67		2.67
Subtotal District of Columbia Charges		\$ 6.95	\$ 7.02	\$ 7.15	\$	7.22	\$	7.28	\$	7.35	\$	7.42	\$	7.48	\$	7.62	\$	7.69
Total Amount Appearing on DC Water Bill		\$ 96.53	\$ 101.46	\$ 107.65	\$	113.98	\$	120.73	\$	127.63	\$	134.00	\$	139.98	\$	146.05	\$	152.14
Increase / Decrease Over Prior Year		\$ 11.36	\$ 4.93	\$ 6.19	\$	6.33	\$	6.75	\$	6.90	\$	6.37	\$	5.98	\$	6.07	\$	6.09
Percent Increase in Total Bill		13.3%	5.1%	6.1%		5.9%		5.9%	0	5.7%		5.0%		4.5%	,	4.3%		4.2%

(1) Assumes average monthly consumption of 6.69 Ccf, or (5,004 gallons)

(2) District Department of the Environment stormwater fee of \$2.67 effective November 1, 2010

(3) DC Water "Water System Replacement Fee" of \$6.30 effective October 1, 2015

District of Columbia Water & Sewer Authority Retail Rates, Charges and Fees

	Units	Current FY 2016	Proposed FY 2017	Proposed FY 2018
DC Water Retail Rates Water (Residential Lifeline 0 - 4 Ccf)	Ccf	\$ 3.08 \$	3.23 \$	3.39
DC Water Retail Rates Water (Residential > 4 Ccf)	Ccf	\$ 3.87 \$	4.06 \$	4.26
DC Water Retail Rates Water (Multi-Family)	Ccf	\$ 3.45 \$	3.62 \$	3.80
DC Water Retail Rates Water (Non-Residential)	Ccf	\$ 3.99 \$	4.19 \$	4.40
DC Water Retail Rates Sewer	Ccf	\$ 5.44 \$	5.71 \$	6.00
DC Water Clean Rivers IAC	ERU	\$ 20.30 \$	22.24 \$	25.18
DC Water Customer Metering Fee	5/8"	\$ 3.86 \$	3.86 \$	3.86
DC Water Water System Replacement Fee	5/8"	\$ 6.30 \$	6.30 \$	6.30
District of Columbia PILOT Fee	Ccf	\$ 0.47 \$	0.48 \$	0.49
District of Columbia Right of Way Fee	Ccf	\$ 0.17 \$	0.17 \$	0.18
District of Columbia Stormwater Fee	ERU	\$ 2.67 \$	2.67 \$	2.67

DC Retail Water and Sewer Rates Committee - 3. Action Items (Attachment B)



FY2015 Net Income – Budget vs. Actual

	Board Approved FY2015 Financial Plan	FY2015 Actual*
Total Revenue	542,643,172	546,095,590
Total Expense	475,363,789	434,594,969
CFCI	20,058,317	20,058,317
Operating Income	47,221,066	91,442,304
Other Transfers/Credits	(23,152,805)	(7,535,721)
Net Income	24,068,261	83,906,583
Beginning Cash Balance over Target	17,642,005	17,642,005
Transfer to CIP	(41,710,266)	(41,710,266)
Surplus	-	59,838,322
Recommendation:		
Transfer to RSF		(17,500,000)
Balance to Paygo		(22,283,565)
Ending Cash Balance over Target		(20,054,757)

* Preliminary unaudited year-end projections, subject to change



Attachment D

BLUE HORIZON 2020 STRATEGIC PLAN

Implementation Progress Report and Proposed Revisions

Presentation to the DC Water Retail and Sewer Rates Committee

November 17, 2015







- Blue Horizon 2020 Overview
- Goal 5: Implementation Progress
- Goal 5: Proposed Revisions



DC Water's Strategic Direction

Vision

To be a world-class utility

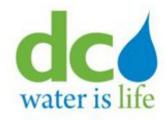
Values

Respect, Ethics, Vigilance and Accountability

Mission

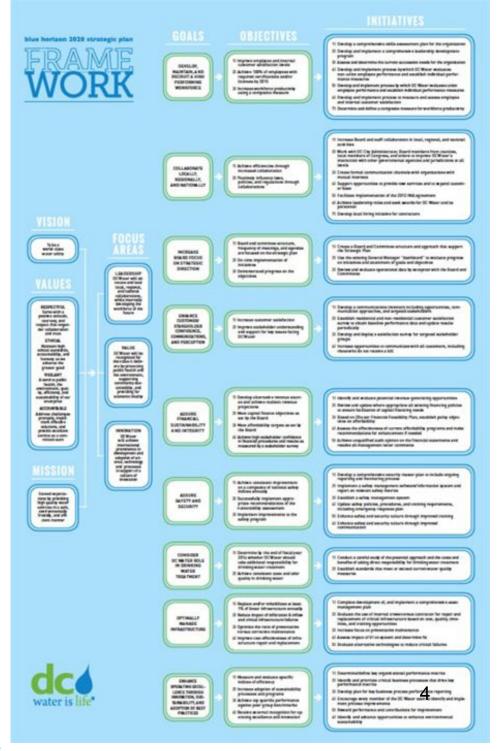
Exceed expectations by providing high quality water services in a safe, environmentally friendly, and efficient manner

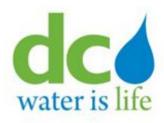




- 9 Goals
- 27 Objectives
- 44 Initiatives

• 146 Milestones





Blue Horizon 2020 Goals

	GOAL	COMMITTEE	GOAL CHAMPION
1	Develop, Maintain and Recruit a High Performing Workforce	Human Resources/Labor Relations	Rosalind Inge
2	Collaborate Locally, Regionally, and Nationally	Governance	John Lisle
3	Increase Board Focus on Strategic Direction	Strategic Planning	Randy Hayman
4	Enhance Customer/Stakeholder Confidence, Communications, and Perception	Water Quality and Water Services	Charlie Kiely
5	Assure Financial Sustainability and Integrity	Finance and Budget/DC Retail Water and Sewer Rates	Mark Kim
6	Assure Safety and Security	Human Resources/Labor Relations	Aklile Tesfaye
7	Consider DC Water Role in Drinking Water Treatment	Water Quality and Water Services	Charlie Kiely
8	Optimally Manage Infrastructure	Environmental Quality and Sewerage Services	Len Benson
9	Enhance Operating Excellence Through Innovation, Sustainability, and Adoption of Best Practices	Audit	Biju George



Implementation Progress

Goal 5

Assure Financial Sustainability and Integrity

5	Assure Financial Sustainability and Integrity	
5.1	Develop alternative revenue sources and achieve realistic revenue projections	
5.1.1	Identify and evaluate potential revenue-generating opportunities	85
5.2	Meet capital finance objectives as set by the Board	
5.2.1	Review and update where appropriate all existing financing policies to ensure facilitation of capital financing needs	100
5.3	Meet affordability targets as set by the Board	
5.3.1	Based on the 20-year Financial Feasibility Plan, establish policy objectives on affordability	100
5.3.2	Assess the effectiveness of current affordability programs and make recommendations for enhancement if needed	100
5.4	Achieve high stakeholder confidence in financial procedures and results as measured by a stakeholder survey	
5.4.1	Achieve unqualified audit opinion on the financial statements and resolve all management letter comments	100



Proposed Revisions

Goal 5 Assure Financial Sustainability and Integrity



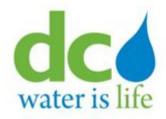
Goal 5

Adopted in 2013

- Goal
 - Assure Financial Sustainability and Integrity
- Objectives
 - Develop alternative revenue sources and achieve realistic revenue projections
 - Meet capital finance objectives as set by the Board
 - Meet affordability targets as set by the Board
 - Achieve high stakeholder confidence in financial procedures and results as measured by a stakeholder survey

Proposed Revisions

- Goal
 - Promote Financial Sustainability, Integrity and Responsible Resource Allocation
- Objectives
 - Achieve treasury, debt and risk management objectives
 - Achieve an affordable and fair rate structure
 - Ensure robust internal controls at DC Water
 - Ensure timely preparation, adoption and administration of DC Water's operating and capital budgets
 - Ensure integrity of DC Water's Financial Systems



Goal 5 Initiatives

5.1 Achieve treasury, debt and risk management objectives

- Maintain financial policies
- Ensure adequate liquidity
- Ensure access to capital markets
- Ensure adequate risk management
- Ensure bond indenture requirements are satisfied

5.2 Achieve an affordable and fair rate structure

- Establish rate structure that achieves policy goals and objectives
- Develop and maintain effective affordability programs and initiatives

5.3 Ensure robust internal controls at DC Water

- Achieve unqualified audit opinion on the financial statements and A-133 single audit
- Manage and oversee internal audit program
- Maintain accounting policies

5.4 Ensure timely preparation, adoption and administration of DC Water's operating and capital budgets

- Develop fiscally responsible and prudent annual operating and capital budgets.
- Maintain budget policies
- Design, develop and implement budget reporting tools and capabilities for DC Water management.

5.5 Ensure integrity of DC Water's Financial Systems

- Maintain and support integrity of Financial Systems (Infor Lawson and related software) and interfaces with other technology systems and applications at DC Water
- Design, develop, and implement strategic enhancements and upgrades to improve internal controls and functionality of Financial Systems
- Maintain financial system policies



Questions?

Attachment E

FY 2015 Completed Committee Workplan								
Objective/Activities/Task	Date of Activity	Completed	Responsible Department					

1. Develop Realistic Retail Rate			
Revenue Projections and Alternative			
Retail Revenue Sources			
a. Propose and establish Retail			Rates and Revenue
Rates in FY 2016			
i. RRC preliminary	December 19, 2014	\checkmark	
recommendation on FY 2016			
rates			
ii. FY 2016 Budget workshop	January 8, 2015	\checkmark	
iii. RRC final recommendation on	January 27, 2015	Ń	
proposed FY 2016 rates		•	
iv. Board approval	February 5, 2015	\checkmark	
v. Publish Proposed Rates in	February 20, 2015	Ń	General Counsel
DCMR		•	
vi. Public Outreach	April 2015	\checkmark	External Affairs
vii. Public Hearing	May 13, 2015	Ń	Board Secretary
viii. Public comment period ends	June 15, 2015	Ń	
ix. RRC final recommendation to	June 23, 2015	Ń	
approve FY 2016 rates		•	
x. Board Approval on FY 2016	July 2, 2015	\checkmark	
rates		•	
xi. Publish Final Rates in DCMR	July 17, 2015	\checkmark	General Counsel
b. Amendment to the Water System		•	
Replacement Fee (WSRF)			
i. Committee proposal to amend	June 23, 2015	N	
the WSRF		v	
ii. Board approval on proposed	July 2, 2015	N	
amendment to WSRF		v	
iii. Publish proposed rulemaking in	July 17, 2015	2	General Counsel
DCMR		v	
iv. Public comment period ends	August 17, 2015	2	
v. RRC recommendation to	August 25, 2015	N	
approve proposed amendment	C ·	v	
toWSRF			
vi. RRC final recommendation to	September 2, 2015	2	
approve amended WSRF		v	
vii. Board approval on amended	September 3, 2015	2	
WSRF		v	
viii. Publish final amended WSRF in	September 11, 2015	~	General Counsel
DCMR	,,	v	

2. 2015 Cost of Service Study for Water & Sewer			
a. 2015 Cost of Service Study for Water			Rates and Revenue
& Sewer			
i. Present draft COS to Retail	December 19, 2014	\checkmark	
Rates Committee			
ii. Present final COS to Retail	June 23, 2015	\checkmark	
Rates Committee			
iii. Present final COS to BOD	July 2, 2015	\checkmark	

FY 2015 Completed Committee Workplan							
Objective/ <i>Activities</i> /Task	Date of Activity	Completed	Responsible Department				

2. 2015 Cost of Service Study for Water &			
Sewer, (Continued)			
b. Alternative Charges: Development			
Impact Fee (DIF)			
i. RRC recommendation on proposed Development Impact Fee (DIF)	February 24, 2015	\checkmark	
ii. BOD approval of Notice of Proposed Rulemaking (NOPR)	March 19, 2015	\checkmark	
iii. Public Outreach	Postponed for modification of DIF process	\checkmark	External Affairs
iv. RRC recommendation on amended DIF (now known as proposed System Availability Fee)	December 18, 2015		
v. BOD approval of amended SAF NOPR	January 7, 2016		
vi. Publish amended SAF NOPR in DC Register	January 22, 2016		General Counsel
vii. Public Outreach	January 22, 2016		External Affairs
viii. Public comment period	Jan. 22, 2015 – Feb. 22, 2016		
ix. RRC discuss comments and recommendation on SAF Notice of Final Rulemaking (NOFR)	February 23, 2016		
x. BOD approval of SAF NOFR	March 3, 2016		
xi. Publish SAF NOFR in DC Register	March 18, 2016		General Counsel
xii. Go-live	April 1, 2016		

3. 2015 Cost of Service Study for Fire Protection Fee			
a. Fire Protection Service Fee COS i. RRC recommendation on proposed Fire Protection Service Fee	February 24, 2015	\checkmark	Rates and Revenue
ii. BOD approval of Notice of Proposed Rulemaking (NOPR)	March 19, 2015	\checkmark	
iii. Publish NOPR in DC Registeriv. Public Outreachv. Public Comment Period Ends	April 3, 2015 April 2015 May 4, 2015	$\sqrt{1}$	General Counsel External Affairs
vi. Public Hearing vii. Public comment period ends viii. RRC approval of proposed Fire Protection Fee	May 13, 2015 June 15, 2015 June 23, 2015	$\sqrt[n]{\sqrt{1}}$	Board Secretary
ix. BOD approval of Notice of Final Rulemaking (NOFR)	July 2, 2015	\checkmark	
x. Publish NOFR in DC Register	July 17, 2015	\checkmark	General Counsel

4. Delinquent Accounts		
a. Soldiers Home Negotiations	Monthly, as needed	General Counsel

Attachment E

FY 2015 Completed Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department

5. Strategic Plan		
 a. Develop Alternative Revenue Sources and Achieve Realistic Revenue Projections (DC Water Strategic Plan Framework) i. Identify and evaluate potential revenue generating initiatives annually 	On-going updates to Committee	Rates and Revenue

6. DCGIS FY 2014 Flyover		
a. Update Committee on FY 2014 Flyovers	February 24, 2015	 Customer Service
b. Update Committee on FY 2014 Flyover	January 26, 2016	

Attachment F

FY 2016 Proposed Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department

			1
1. Develop Realistic Retail Rate			
Revenue Projections and Alternative			
Retail Revenue Sources			
a. Propose and establish Retail			Rates and Revenue
Rates in FY 2017 & FY 2018			
i. RRC FY 2017 & FY 2018	November 5, 2015	2	
Budget presentation to Board		v	
ii. RRC recommendation on	November 17, 2015	V	
proposed FY 2017 & FY 2018		v	
rates			
iii. Board approval on proposed FY	December 3, 2015		
2017 & FY 2018 rates	, ,		
iv. Publish Proposed Rates in	December 18,2015		General Counsel
DCMR			
v. Public Outreach	April 2016		External Affairs
vi. Public Hearing	May TBD, 2016		Board Secretary
vii. Public comment period ends	June TBD, 2016		Dourd Decretary
viii. RRC final recommendation to			
	June TBD, 2016		
approve FY 2017 & FY 2018			
rates			
ix. Board Approval on FY 2017 &	July TBD, 2016		
FY2018 rates			
x. Publish Final Rates in DCMR	July TBD, 2016		General Counsel
L	l	1	1

2. Alternative Charges (Carry over item from FY 2015)		
a. System Availability Fee (SAF) i. RRC recommendation on amended	December 18, 2015	Rates and Revenue
DIF (known now as proposed System Availability Fee)		
ii. BOD approval of amended SAF NOPR	January 7, 2016	
iii. Publish amended SAF NOPR in DC Register	January 22, 2016	General Counsel
iv. Public Outreach	January 22, 2016	External Affairs
v. Public comment period	Jan. 22, – Feb. 22, 2016	
vi. RRC discuss comments and recommendation on SAF Notice of	February 23, 2016	
Final Rulemaking (NOFR)		
vii. BOD approval of SAF NOFR	March 3, 2016	
viii. Publish SAF NOFR in DC Register	March 18, 2016	General Counsel
ix. Go-live	April 1, 2016	

FY 2016 Proposed Committee Workplan				
Objective/Activities/Task Date of Activity Completed Responsible Department				

3. Delinquent Accounts		
a. Soldiers Home Negotiations	Monthly, as needed	General Counsel

4. Water System Replacement Fee		
a. Evaluate data on the 1,500 residential customers with 1.5" meters including how many have fire suppression meters and reassess the WSRF in FY 2016.	Quarterly	Customer Service

5. Potomac Interceptor Cost of Service		
a. Potomac Inceptor Cost of Service (FY 2017 – FY 2019 rates are proposed)	April 2016	Rates & Revenue

6. Strategic Plan		
 a. Develop Alternative Revenue Sources and Achieve Realistic Revenue Projections (DC Water Strategic Plan Framework) i. Identify and evaluate potential revenue generating initiatives annually 	On-going updates to Committee	Rates and Revenue

7. DCGIS FY 2014 Flyover		
a. Update Committee on FY 2014 Flyover	January 26, 2016	Customer Service

Attachment F



Attachment G

D.C. WATER AND SEWER AUTHORITY BOARD OF DIRECTORS RETAIL WATER & SEWER RATES COMMITTEE MEETING

FRIDAY, December 18, 2015; 9:30 a.m. AGENDA

Call to Order

Committee Chairman

Chief Financial Officer

Chief Financial Officer

Chief Financial Officer

Committee Chairman

Monthly Updates

Committee Workplan

Other Business

Agenda for January 26, 2016 Committee Meeting

Adjournment

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