



**DISTRICT OF COLUMBIA  
WATER AND SEWER AUTHORITY  
BOARD OF DIRECTORS**

*Finance and Budget Committee*

*Thursday March 24, 2011*

*11:00 AM*

**MEETING MINUTES**

**Committee Members in Attendance**

Timothy Firestine, Committee Chair  
David J. Bardin  
Alethia N. Nancoo

**DC WATER STAFF**

Christopher Carew, Chief of Staff  
Randy Hayman, General Counsel  
Olu Adebo, Chief Financial Officer  
Yvette Downs, Finance & Budget Director  
Linda Manley, Secretary to the Board  
John Madrid, Controller

**Call to Order**

Mr. Timothy Firestine, Committee Chairman, called the meeting to order at 11:30 a.m.

**February 2011 Financial Report**

Ms. Yvette Downs, Finance and Budget Director, reported that at the end of February revenues and expenditures are on track with expectations. With 41.7 percent of the fiscal year completed, revenues were at 42.4 percent, operating expenditures at 37 percent and capital disbursements at 32.3 percent of the budget. The average daily cash balance exceeded the operating reserve target by \$13.6 million. Other revenues are lagging budget primarily due to the Rate Stabilization Fund (RSF). Federal payments are paid quarterly consistent with the congressional continuing resolution.

Mr. Bardin requested details regarding payments to the Metropolitan Washington Council of Governments (COG). Finally, Ms. Downs noted that new investment reports are being developed and will be provided in April along with a full presentation of the DC Water investment portfolio performance.

**Discussion on DC Water Funded Grants/Research Projects**

Discussion was deferred to the April 28<sup>th</sup> Finance and Budget Committee meeting.

**Summary of FY 2010 Comprehensive Annual Financial Report**

Detailed information was presented in the Audit Committee meeting, which preceded the Finance and Budget Committee meeting.

**Quick Payment Act and Vendor Payment Performance Briefing**

Mr. Olu Adebo, Chief Financial Officer, provided an overview of the Quick Payment Act and Vendor Payment Performance which provided DC Water's (the "Authority") vendor payments

history, issues in the process and possible solutions to increase DC Water's prompt payment percentages. Prior to establishing the prompt payment goal in FY 2001, over 20% of the Authority's invoices were paid late which exposed the Authority to fines and penalties for non-compliance in the DC Quick Payment Act of 1984 as well as non-compliance with DC Water's procurement regulations. The components for the late payments were mainly due to the financial system, procedures and staff accountability. DC Water's invoice payments were increased to 90% due to the Authority's implementation of an updated financial system, process improvements and also staff performance standards. Ms. Nancoo suggested that staff investigate using ACH (electronic payment systems) to improve the invoicing process and timeliness of payments. Mr. Adebo stated that a pilot program was underway with approximately 20-25 vendors. If adopted, this could increase DC Water's payment percentage to best practice standards of 97%.

### **Planning Calendar for Revised FY 2012 and Proposed FY 2013 Budgets**

Mr. Adebo presented the Planning Calendar for the revised FY 2012 and proposed FY 2013 Budgets. Mr. Bardin requested that the budget presentation be completed and presented at the May committee meeting and if possible have a Joint Committee meeting with the Retail Rates Committee. Mr. Adebo mentioned that this is the first year the Finance & Budget department has attempted to split the fiscal year budget process. The new process as planned will result in bringing forth substantial FY 2011 budget information and specific line items in May, but Mr. Adebo cautioned that he could not guarantee the presentation will be completed at that time.

### **Agenda for April 28<sup>th</sup> Committee Meeting**

A draft agenda was presented for discussion. Mr. Bardin recalled a resolution adopted in January which requested a review of how operating and capital costs are allocated between DC Retail Rate payers and suburban jurisdictions. Mr. Bardin requested a progress report regarding the findings thus far.

### **Adjournment**

Hearing no further business, Chairman Mr. Firestine adjourned the meeting at 12:40 p.m.

### **FOLLOW-UP ITEMS**

- (1) Review of alternative approach on the settlement process for the Fire Protection Fee if to be estimated quarterly with a true-up at the end of the year. (Mr. Bardin)
- (2) Staff was requested to revise the breakdown of retail receipts chart to include information on IAC, metering fee PILOT and ROW as well as volumetric sewer. (Mr. Bardin)
- (3) Provide details regarding payments to the Metropolitan Washington Council of Governments (COG) and if those payments are being properly allocated within the cash flow data between retail and wholesale customers. (Mr. Bardin)
- (4) Provide progress report on the operating and capital cost allocations between DC Retail Rate payers and the suburban areas. (Mr. Bardin)
- (5) Update on the follow up item for settlement/billing process for the small PI customers to the April 28<sup>th</sup> Finance and Budget committee. (Mr. Bardin)