

# DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

## Board of Directors



*Joint Meeting  
Governance,  
Human Resource and Labor Relations Committee*

*Wednesday, November 13, 2013*

*10:15 a.m.*

- 1. **Call to Order** ..... Ellen Boardman, Governance Chairperson  
Edward Long, Human Resource and Labor Relations Chairperson
- 2. **Proposed FY 2015 Budget Briefing**..... Mark Kim
- 3. **Other Business**
- 4. **Adjournment**



# PROPOSED FY 2015 BUDGET

PRESENTATION AT THE JOINT MEETING OF THE GOVERNANCE & HUMAN RESOURCES AND LABOR RELATIONS COMMITTEES, NOVEMBER 13, 2013

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

**STRATEGIC • TRANSPARENT • INNOVATIVE**





# Agenda

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## FY 2015 Budget Proposal

### Proposed FY 2015 operating budget totals \$516.0 million

- Operations & Maintenance - \$308.9 million
- Debt Service - \$160.3 million
- Cash Financed Capital Improvements - \$20.1 million
- PILOT & ROW - \$26.7 million

### Proposed Capital Improvement Plan

- Lifetime Budget totals \$9.4 billion<sup>1</sup>
- Disbursements Budget totals \$3.8 billion (FY 2014 – FY 2023)<sup>2</sup>
- FY 2015 Authority Request totals \$554.3 million<sup>3</sup>

### Proposed FY 2015 Rates, Charges & Fees

- Combined water and sewer rate increase of 7.5% or \$0.60 per Ccf
- Clean Rivers Impervious Area Charge (IAC) increase of 41.4% or \$4.90 per Equivalent Residential Unit (ERU)
- PILOT fee increase of 15.1% or \$0.08 per Ccf
- No increase in FY 2015 Customer Metering Fee, ROW fee, or Stormwater Fee

<sup>1</sup>Lifetime budget includes total budgeted costs for all activities planned from the inception of the project until its completion; this includes all activities whether they pre-date, or extend beyond the current 10-year CIP.

<sup>2</sup>Capital Improvement Program (CIP) Disbursements Budget projects disbursements for various projects by fiscal year.

<sup>3</sup>Appropriations Authority – As part of DC Water’s enabling legislation, Congressional appropriation authority is required before any capital design or construction contract can be entered into.

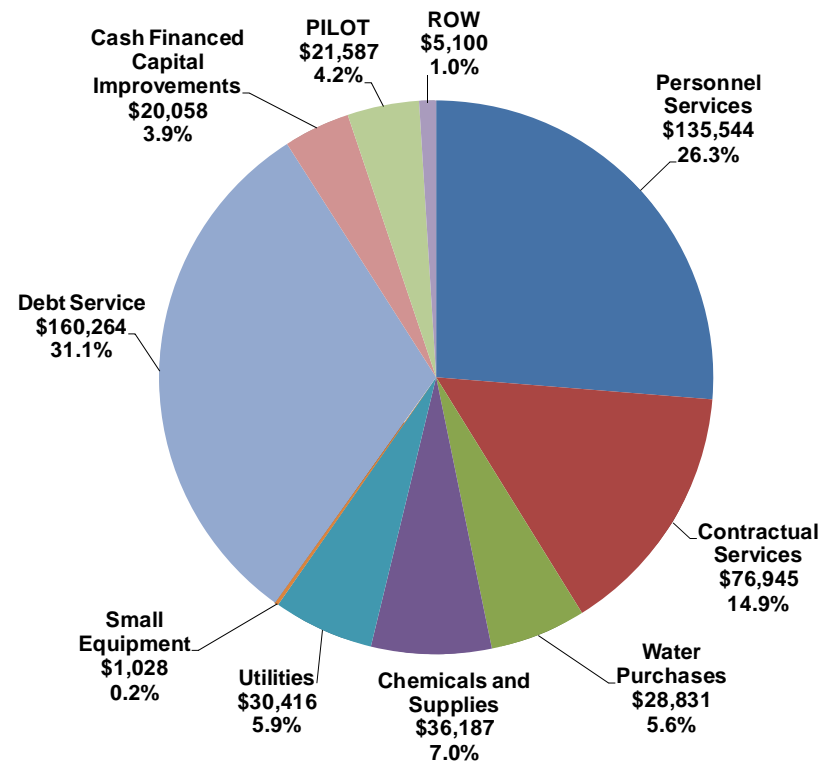
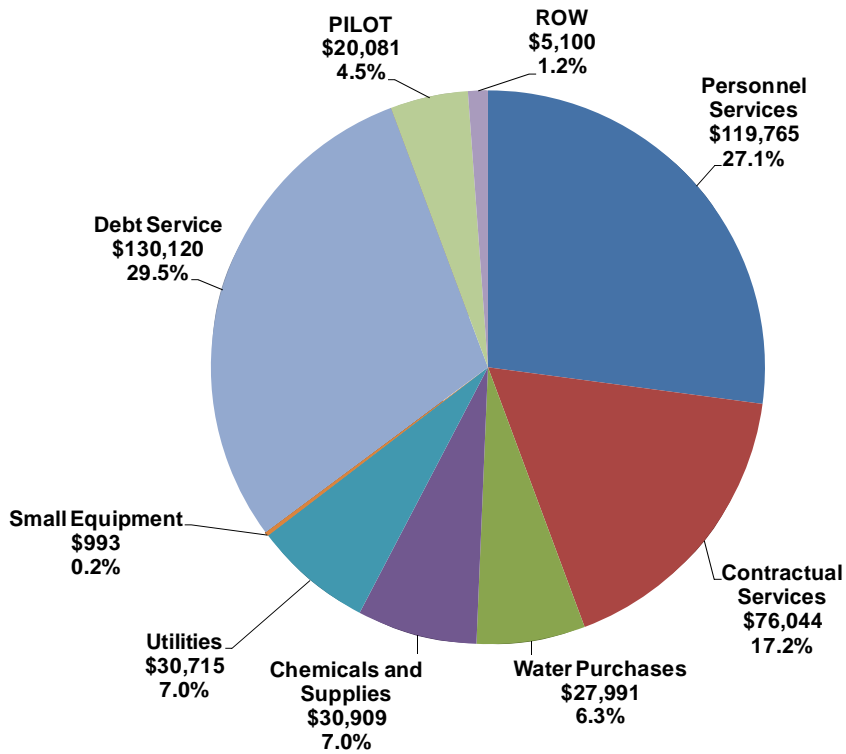


# Operating Budgets

**Revised FY 2014**  
**\$441,717**

(\$000's)

**Proposed FY 2015**  
**\$515,959**





# Comparative Operating Budget

(\$000's)

	FY 2014 Revised	FY 2015 Proposed	Increase/ (Decrease)	
			\$	%
<b>Personnel Services</b>	<b>\$ 119,765</b>	<b>\$ 135,544</b>	<b>\$ 15,779</b>	<b>13.2%</b>
Regular Pay	88,162	100,449	12,288	13.9%
Overtime	5,359	5,795	436	8.1%
Benefits	25,723	28,778	3,056	11.9%
Non Personnel Services	166,651	173,406	6,755	4.1%
<b>Subtotal O &amp; M Expenditures</b>	<b>286,416</b>	<b>308,950</b>	<b>22,533</b>	<b>7.9%</b>
Debt Service	130,120	160,264	30,144	23.2%
Cash Financed Capital Improvements	-	20,058	20,058	100.0%
Payment in Lieu of Taxes	20,081	21,587	1,505	7.5%
Right of Way	5,100	5,100	-	0.0%
<b>Total O &amp; M Expenditures</b>	<b>441,717</b>	<b>515,959</b>	<b>74,242</b>	<b>16.8%</b>
<b>Less: Personnel Services Charged to Capital Projects</b>	<b>(12,960)</b>	<b>(17,266)</b>	<b>(4,306)</b>	<b>33.2%</b>
<b>Total Net Operating Expenditures</b>	<b>\$ 428,757</b>	<b>\$ 498,693</b>	<b>\$ 69,936</b>	<b>16.3%</b>

<b>Authorized headcount</b>	<b>1260</b>	<b>1260</b>	<b>-</b>	<b>0.0%</b>
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## Personnel Services

- **Personnel Services** – Increase of \$15.8 million is driven primarily by:
  - Regular Pay (\$12.3M)
    - FY 2012 and FY 2013 retroactive wage increases
    - FY 2014 and FY 2015 wage increase assumption of 3%
    - FY 2014 and FY 2015 performance bonus assumption of 2%
  - Overtime (\$0.4M)
    - Increase in planned capital projects
    - Wage rate adjustments to OT to be reflected in Revised FY 2015 budget process
  - Increase in health and retirement benefits (\$3.1M)
- **Headcount** – Remains at the FY 2014 authorized level
  - FY 2013 year-end actual vacancy rate of 13% (1080 filled vs. 1243 authorized)
  - FY 2014 revised vacancy assumption of 4% (1212 filled vs. 1260 authorized)
  - FY 2015 proposed vacancy assumption of 3% (1222 filled vs. 1260 authorized)



## Health & Retirement Benefit Trends

### FY 2015 Cost Drivers

- Regular salaries increase from wage adjustments and lower vacancies

	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Projection	FY 2014 Revised	FY 2015 Proposed
Life Insurance	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%
<b>Health</b>	<b>11.4%</b>	<b>11.8%</b>	<b>12.3%</b>	<b>12.9%</b>	<b>13.2%</b>	<b>13.2%</b>
Dental	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Optical	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%
<b>Retirement</b>	<b>7.6%</b>	<b>8.7%</b>	<b>8.7%</b>	<b>8.4%</b>	<b>8.9%</b>	<b>8.9%</b>
Employment Taxes	6.0%	6.0%	6.0%	6.1%	6.3%	6.3%
<b>Total Benefits</b> (as a % of regular salary)	<b>25.9%</b>	<b>27.2%</b>	<b>27.7%</b>	<b>28.1%</b>	<b>29.2%</b>	<b>29.2%</b>





## Next Steps

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### Board Member Questions & Follow Up

- Submit budget-related questions to Board Secretary
- Board Secretary will distribute questions to appropriate staff

### Committees Review of Proposed Budget

- Governance and HR/ Labor Relations Joint Committee – November 13, 2013
- DC Retail Water & Sewer Rates Committee – November 19, 2013
- Environmental Quality & Sewerage Services Committee – November 21, 2013
- Water Quality & Water Services Committee – November 21, 2013
- Finance & Budget Committee – November 22, 2013

### Board Action on Proposed FY 2015 Budget – December 5, 2013

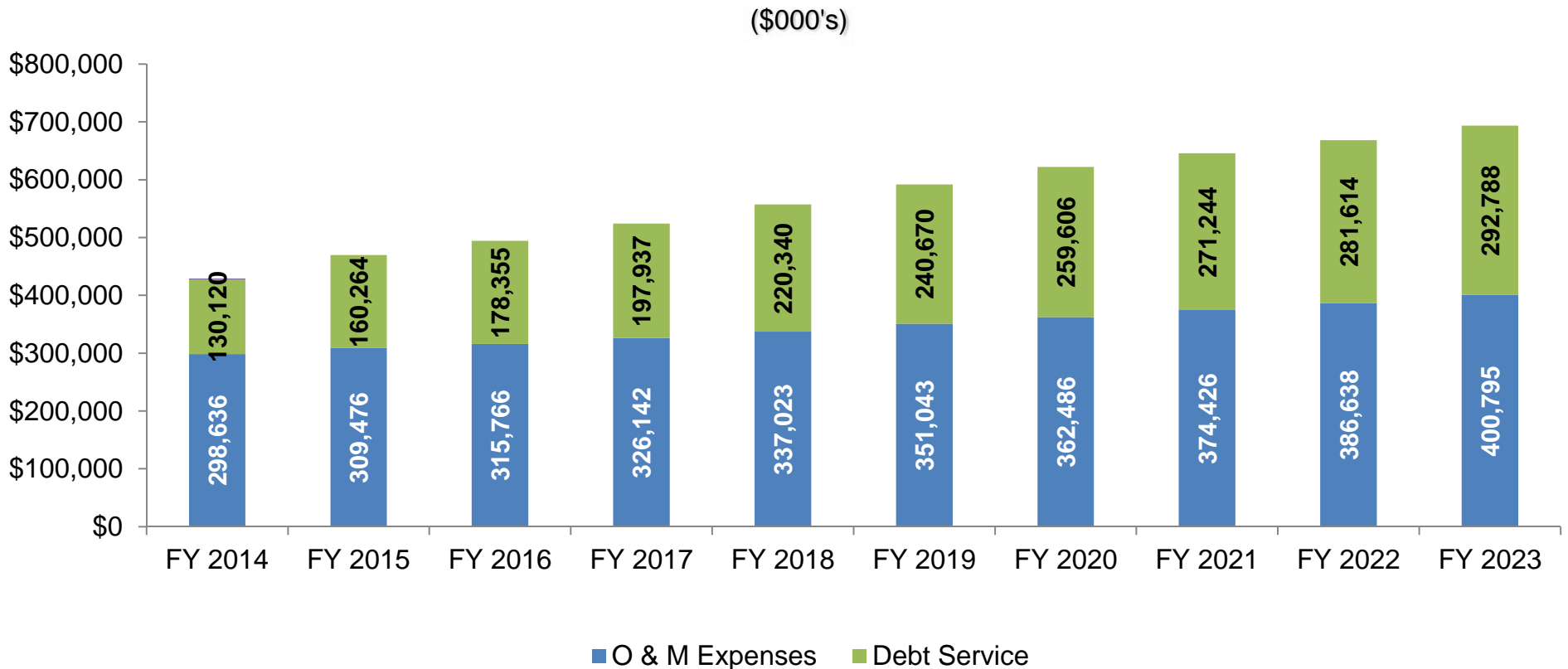


# APPENDIX



## Projected O&M and Debt Service

- 💧 O&M – 3.1 percent average annual increase
- 💧 Debt service – 9.6 percent average annual increase





# CIP Disbursements Plan by Service Area

(\$000's)

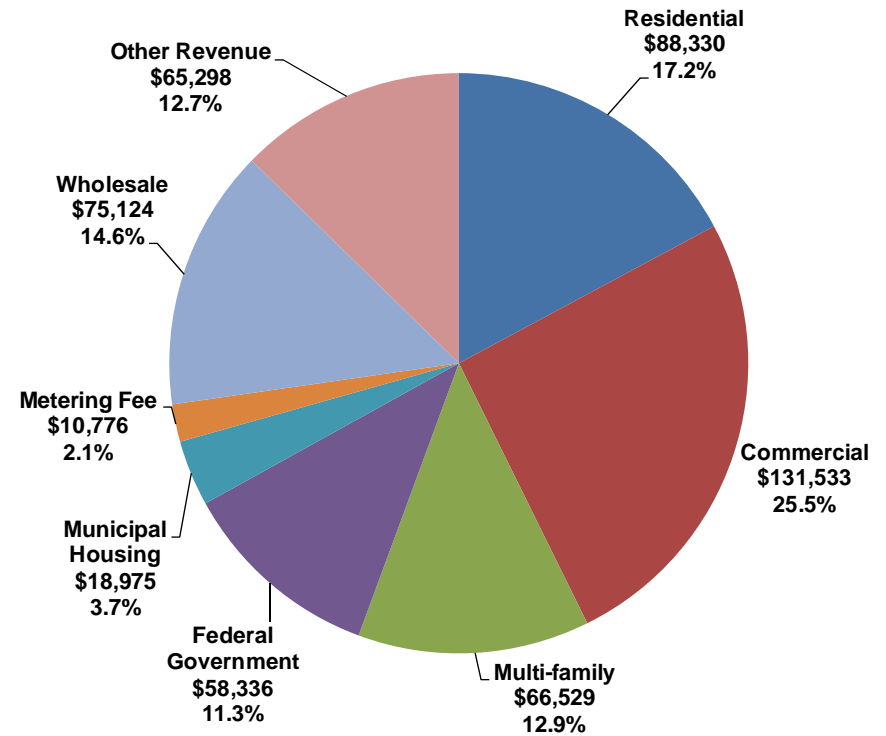
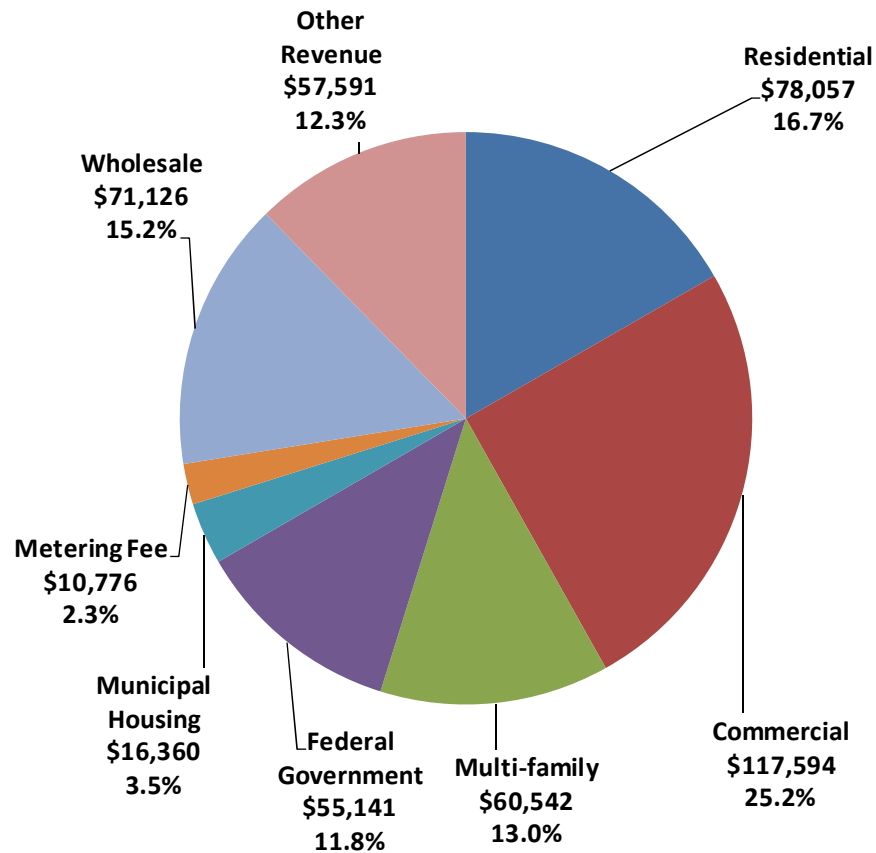
Service Areas	FY 2014 Revised	FY 2015 Proposed	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total
Wastewater Treatment	\$ 268,192	\$ 174,364	\$ 146,112	\$ 118,387	\$ 91,690	\$ 31,552	\$ 19,563	\$ 16,320	\$ 27,904	\$ 29,789	\$ 923,872
Sanitary Sewer	29,818	49,276	69,556	56,066	51,318	66,973	46,420	43,915	34,428	42,770	490,539
CSO / Clean Rivers	166,508	283,908	202,536	149,676	148,964	139,697	101,061	98,111	88,908	115,644	1,495,013
Stormwater	2,843	2,035	3,813	9,531	10,577	1,529	1,039	1,408	1,486	1,132	35,393
Water	57,402	84,106	71,267	57,218	73,713	65,445	59,400	50,274	51,634	55,927	626,387
<b>Capital Projects</b>	<b>524,764</b>	<b>593,688</b>	<b>493,285</b>	<b>390,879</b>	<b>376,261</b>	<b>305,196</b>	<b>227,483</b>	<b>210,028</b>	<b>204,360</b>	<b>245,261</b>	<b>3,571,204</b>
Washington Aqueduct (WAD)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	100,000
Automated Meter Reading (AMR)	5,734	7,900	5,537	4,442	2,185	2,686	2,615	3,130	2,454	2,619	39,302
Capital Equipment (Cap Equip)	16,627	17,191	14,099	14,749	14,499	12,112	12,924	12,740	12,772	11,723	139,436
<b>Total Proposed CIP</b>	<b>\$ 557,125</b>	<b>\$ 628,779</b>	<b>\$ 522,921</b>	<b>\$ 420,070</b>	<b>\$ 402,945</b>	<b>\$ 329,994</b>	<b>\$ 253,022</b>	<b>\$ 235,898</b>	<b>\$ 229,586</b>	<b>\$ 269,603</b>	<b>\$ 3,849,942</b>
Prior Board Approved CIP	\$ 557,125	\$ 516,408	\$ 435,861	\$ 339,931	\$ 245,355	\$ 199,930	\$ 224,813	\$ 222,876	\$ -	\$ -	
Increase / (Decrease)	\$ (0)	\$ 112,371	\$ 87,060	\$ 80,139	\$ 157,590	\$ 130,064	\$ 28,209	\$ 13,022	\$ 229,586	\$ 269,603	



# Operating Revenues

(\$000's)

<b>FY 2014 Revised</b> <b>\$467,187</b>	<b>FY 2015 Proposed</b> <b>\$514,901</b>
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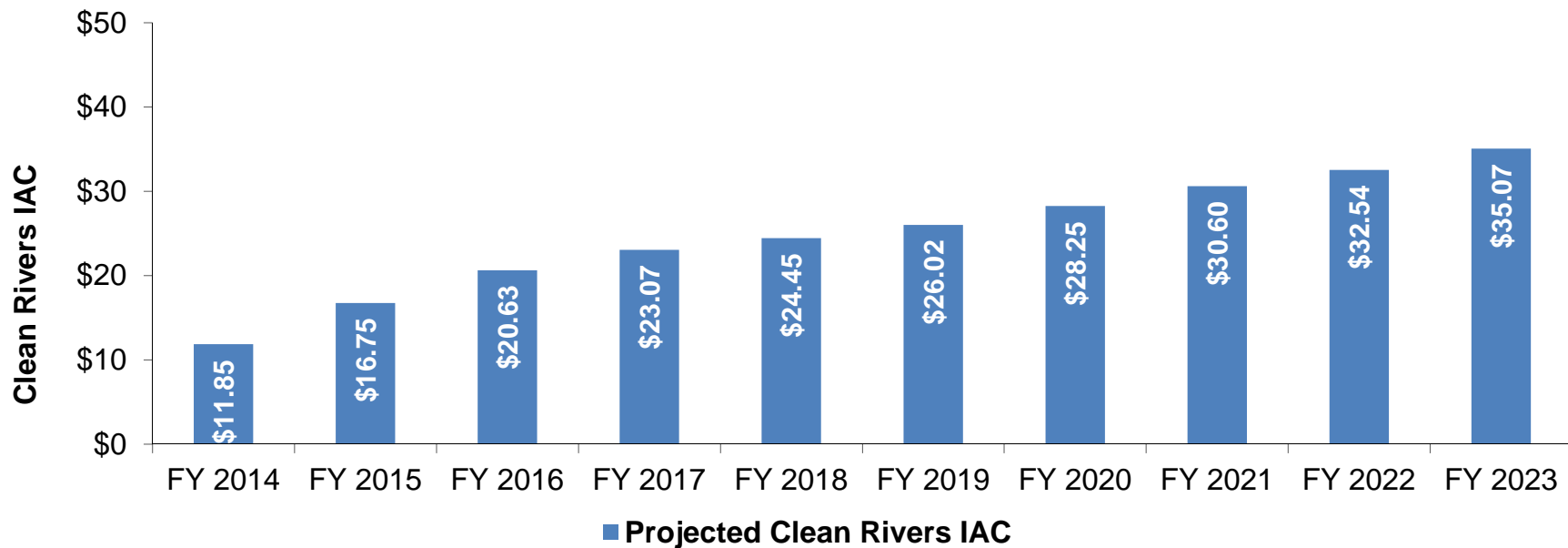
## Proposed FY 2015 Rates, Charges & Fees

	Units	Revised FY 2014	Proposed FY 2015	Increase / (Decrease)	
				\$	%
DC Water Retail Rates – Water	Ccf	\$3.61	\$3.88	\$0.27	7.5%
DC Water Retail Rates – Sewer	Ccf	\$4.41	\$4.74	\$0.33	7.5%
DC Water Clean Rivers IAC	ERU	\$11.85	\$16.75	\$4.90	41.4%
DC Water Customer Metering Fee	5/8"	\$3.86	\$3.86	\$0.00	0.0%
District of Columbia PILOT Fee	Ccf	\$0.53	\$0.61	\$0.08	15.1%
District of Columbia Right of Way Fee	Ccf	\$0.17	\$0.17	\$0.00	0.0%
District of Columbia Stormwater Fee	ERU	\$2.67	\$2.67	\$0.00	0.0%



## Projected Clean Rivers IAC Charges

- The Clean Rivers Impervious Area Charge (CRIAC) was developed and implemented in FY 2009 in order to recover costs of the Combined Sewer Overflow Long Term Control Plan, a mandate of EPA Region III pursuant to the 2005 Consent Decree
- Projected CRIAC ranges from \$11.85 to \$35.07 per ERU per month





# Projected Water & Sewer Rates

- Annual combined rates of \$8.02 per Ccf to \$14.62 per Ccf
- Annual rate increase ranging from 5.5% to 7.5%

