



## DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

### Board of Directors

*Finance and Budget Committee*

*Friday, November 22, 2013*

11:00 a.m.

1. **Call to Order** ..... Timothy L. Firestine, Chairperson
2. **October 2013 Financial Report (Attachment 1)** ..... Mark Kim
  - A. Operating Revenues & Expenditures
  - B. Capital Disbursements Summary
  - C. Cash Reserves & Investments
  - D. [Investment Report](#)
3. **FY 2015 Proposed Budget (Attachment 2)** ..... George Hawkins and Mark Kim
4. **FY 2015 Budget Action Items (Attachment 3A-3E)** ..... Timothy L. Firestine

[Recommendation for Approval of the FY 2015 Proposed Budget \(Attachment 3\)](#)

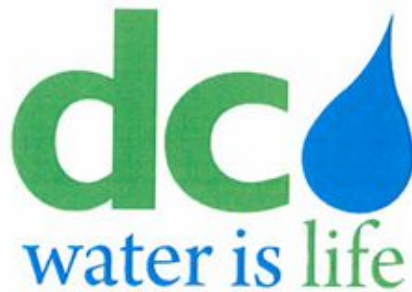
[Action Item 3A: Fiscal Year 2015 Proposed Operating Budget](#)  
[Action Item 3B: Fiscal Year 2014 – 2023 Ten Year Financial Plan](#)  
[Action Item 3C: Fiscal Year 2014 – 2023 Capital Improvement Program \(Lifetime & Cash\)](#)  
[Action Item 3D: Fiscal Year 2015 Capital Authority Request](#)  
[Action Item 3E: Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing](#)

5. **Other Business** ..... Timothy L. Firestine
6. **[Agenda for December Committee Meeting \(Attachment 4\)](#)** ..... Timothy L. Firestine
7. **2014 Committee Meeting Schedule** ..... Timothy L. Firestine
8. **Executive Session**
9. **Adjournment**

***FOLLOW-UP ITEMS –Follow-up Items from the meeting held October 24, 2013.***

1. Provide further breakdown for item #1 of the electric energy fact sheet notes, which provides the cost breakdown of the contract, including administrative and bidding fees. **(Mr. Firestine)**  
**Status: Completed**

## ATTACHMENT 1



## October 2013 FINANCIAL REPORT

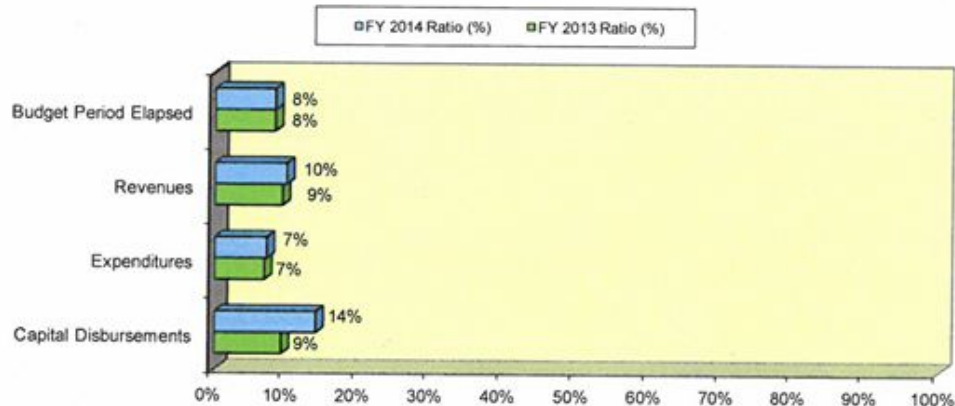
### FY 2014 FINANCIAL PERFORMANCE

The table below summarizes the first month of FY 2014. Detailed information is discussed later in this report. The FY 2013 closeout process continues, which includes finalizing a number of GAAP-related accruals.

#### Financial Performance As of October 31, 2013 (\$ in millions)

	Approved	Revised Budget	YTD Budget	YTD	Variance	% of Budget	% Revised Budget
				Actual	Favorable (Unfavorable)		
Revenues (Receipts)*	\$477.6	\$467.2	\$38.9	\$46.4	\$7.5	19.2%	10%
Expenditures*	\$479.5	\$441.7	\$36.8	\$31.9	\$4.9	13%	7%
Capital Disbursements	\$557.1	\$557.1	\$57.1	\$78.7	(\$21.6)	-38%	14%

\* Straight-lined (1/12 of revised budget)



**OPERATING REVENUES & RECEIPTS**

At this early stage of FY 2014, cash receipts are within budget. At the end of October 2013, cash receipts totaled \$46.4 million, or 9.9 percent of the revised FY 2014 budget. Several categories of customers make payments on a quarterly basis, including the federal and District governments (which made their first quarterly payments in October), and wholesale customers (scheduled to make their first quarter payment in November). The table below provides a summary of operating receipts at the end of October.

**REVENUE VARIANCE BY CATEGORY**  
**(\$ in millions)**

**As of October 31, 2013**

Revenue Category	Budget	Year-to-Date Budget	Actual	Variance Favorable / (Unfavorable)	Actual % of Budget
Residential, Commercial, and Multi-family	256.2	21.3	24.3	3.0	9.5%
Federal	55.1	4.6	12.7	8.1	23.0%
District Government	9.7	0.8	2.8	2.0	28.9%
DC Housing Authority	6.7	0.6	1.8	1.2	26.9%
Customer Metering Fee	10.8	0.9	1.1	0.2	10.2%
Wholesale	71.1	5.9	0.0	(5.9)	0.0%
Right-of-Way Fee/PILOT	25.2	2.1	2.9	0.8	11.4%
<b>Subtotal (before Other Revenues)</b>	<b>\$434.8</b>	<b>\$36.2</b>	<b>\$45.6</b>	<b>\$9.4</b>	<b>10.5%</b>
Other Revenue without RSF					
MA Indirect Cost Reimb. For Capital Projects	8.6	0.7	0.0	(0.7)	0.0%
DC Fire Protection Fee	6.9	0.6	0.0	(0.6)	0.0%
Stormwater (MS4)	1.0	0.1	0.0	(0.1)	0.0%
Interest	0.5	0.0	0.0	0.0	0.0%
Developer Fees (Water & Sewer)	6.0	0.5	0.5	0.0	9.1%
Others	2.9	0.2	0.3	0.1	9.8%
<b>Subtotal</b>	<b>\$25.9</b>	<b>\$2.2</b>	<b>\$0.8</b>	<b>(1.4)</b>	<b>3.2%</b>
Rate Stabilization Fund Transfer	\$6.5	\$0.5	\$0.0	(0.5)	0.0%
<b>Other Revenue Subtotal</b>	<b>\$32.4</b>	<b>\$2.7</b>	<b>\$0.8</b>	<b>(1.9)</b>	<b>2.6%</b>
<b>Grand Total</b>	<b>\$467.2</b>	<b>\$38.9</b>	<b>\$46.4</b>	<b>\$7.5</b>	<b>9.9%</b>

**BREAKDOWN OF RETAIL RECEIPTS BY CUSTOMER CATEGORY**  
 (\$ in 000's)  
 As of October 31, 2013

Customer Category	Water	Sewer	Clean Rivers IAC	Metering Fee	Total
Residential	2,668	3,248	1,181	419	7,516
Commercial	5,003	5,158	1,486	293	11,940
Multi-family	2,326	2,775	409	99	5,609
Federal	4,765	4,523	3,407	223	12,918
District Govt	889	1,087	828	112	2,917
DC Housing Authority	793	957	48	11	1,809
<b>Total:</b>	<b>16,444</b>	<b>17,749</b>	<b>7,359</b>	<b>1,157</b>	<b>42,710</b>

Note: The breakdown of Collections into Residential, Commercial, & Multi-family and Water and Sewer is approximate as it is based on percentages of historical data and does not take into account adjustments and timing differences

## OPERATING EXPENDITURES

At the end of October, total operating expenditures are in line with expectations at this early stage in fiscal year 2014. For this period, operating expenditures (including debt service and the right of way and PILOT fees) totaled \$31.9 million, or 7 percent of the FY 2014 Board-revised budget of \$441.7 million. These numbers include estimated incurred but unpaid invoices.

As previously stated, the FY 2013 closeout process continues, which includes finalizing a number of GAAP-related accruals. Over the next several months, we will update our actual FY 2013 expenditures accordingly.

### Comparative Statement of Expenditures As of October 31, 2013 (\$ in 000's)

	FY 2013			FY 2014			FY 2015
	Board Revised Budget	Projected 9/30/2013	Percent of Budget	Revised Budget	YTD as of 10/31/2013	Percent of Budget	Proposed Budget
Personnel Services	116,609	115,964	99%	119,765	9,883	8%	135,544
Contractual Services	82,350	65,389	79%	76,044	3,819	5%	76,944
Water Purchases	31,513	26,900	85%	27,991	2,308	8%	28,831
Chemicals and Supplies	31,360	27,391	87%	30,909	2,039	7%	36,187
Utilities	34,185	25,063	73%	30,715	1,910	6%	30,415
Small Equipment	993	1,180	119%	993	56	6%	1,028
<b>Subtotal O &amp; M Expenditures</b>	<b>297,009</b>	<b>261,888</b>	<b>88%</b>	<b>286,416</b>	<b>20,015</b>	<b>7%</b>	<b>308,950</b>
Debt Service	121,330	111,419	92%	130,120	9,781	8%	160,264
Cash Financed Capital Improvements	-	-	-	-	-	-	20,058
Payment in Lieu of Taxes	16,882	16,882	100%	20,081	1,673	8%	21,587
Right of Way	5,100	5,100	100%	5,100	425	8%	5,100
<b>Total O &amp; M Expenditures</b>	<b>440,321</b>	<b>395,289</b>	<b>90%</b>	<b>441,717</b>	<b>31,875</b>	<b>7%</b>	<b>515,959</b>
Personnel Services Charged to Capital Projects	(16,690)	(14,802)	89%	(12,960)	(1,080)	8%	(17,266)
<b>Total Net Operating Expenditures</b>	<b>423,631</b>	<b>380,487</b>	<b>90%</b>	<b>428,757</b>	<b>30,795</b>	<b>7%</b>	<b>498,693</b>

Note: Actuals include accruals



## CAPITAL SPENDING

For the month of October 2013, actual disbursements totaled \$78.7 million, or 14 percent of the FY 2014 Revised disbursements budget. Planned capital disbursements for October 2013 were \$57.1 million.

The spending variance between Planned Revised Disbursements Budget and Actual disbursements for the month of October totaled \$21.6 million, resulting from over-spending in most service areas except Stormwater. The spending variance is mainly attributable to an unusually large number of vendor invoices that were processed as part of the year-end closing and paid out in the month of October 2013.

During the month of October, disbursements were made for projects in the Wastewater Treatment Service Area for the New Digestion Facilities and associated program management costs; Anacostia LTCP projects under Combined Sewer Overflow Service Area; and various Small Diameter Watermain Rehabilitation contracts and the Fire Hydrant Replacement Program-Phase II in the Water Services Area.

**Capital Disbursements Variance Summary**  
(\$ in 000's)  
As of October 31, 2013

	FY 2014 Revised Disbursements Budget		Actual Disbursements		% of FY 2014 Revised Disbursements Budget	
Description	Annual	YTD	Oct. 2013	YTD	Variance Compared to Plan	Percent of Annual Budget
Wastewater Treatment	\$268,192	\$32,179	\$45,798	\$45,798	-42%	17%
Sanitary Sewer	29,818	1,815	4,515	4,515	-149%	15%
Combined Sewer Overflow	166,508	16,079	19,130	19,130	-19%	11%
Stormwater	2,843	284	142	142	50%	5%
Water	63,136	4,567	7,422	7,422	-63%	12%
Washington Aqueduct	10,000	833	0	0	100%	0%
Capital Equipment	16,627	1,386	1,708	1,708	-23%	10%
<b>Total Capital Projects</b>	<b>\$557,125</b>	<b>\$57,143</b>	<b>\$ 78,714</b>	<b>\$78,714</b>	<b>-38%</b>	<b>14%</b>

**CASH AND INVESTMENT BALANCES**

At the end of October, our operating reserve balance was \$141.5 million as compared to the FY 2014 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 October 31, 2013**  
(\$ in millions)

Rate Stabilization Fund Account (RSF)	\$28.9
DC PILOT Fund	22.4
Operating Reserve Accounts	<u>141.5</u>
<b>Operating Cash Balance Including RSF</b>	<b>192.8</b>
Debt Service Reserve - Series 98	23.5
Capitalized Interest - Series 10	1.2
Bond Fund - Series 12 (Cap. Int.)	1.9
Bond Construction Fund - Series 13	219.5
CSO LTCP Appropriations Account	<u>36.9</u>
<b>Total All Funds</b>	<b>\$475.8</b>

**Overall Portfolio Performance**

At the end of October, 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. Operating funds interest income for October (on a cash basis) was \$6,327, as compared to the budget of \$380,527 for the year. A detailed investment performance report is attached.

### **WHOLESALE CUSTOMER MEETING**

As part of the Authority's continuing effort to provide transparency and fully inform its customers, a Wholesale Customer meeting has been scheduled for November 15 to provide a briefing on the Proposed FY 2015 operating budget and ten-year capital improvement plan. As part of this meeting, a tour of the Solids Processing Facilities at the Blue Plains Plant will also be performed to give the participants an insight to the on-going construction activities at DC Water.



## RETAIL ACCOUNTS RECEIVABLE

The following tables show retail accounts receivable over 90 days including a breakdown by customer class as of October 31, 2013.

	\$ in millions	# of accounts
September 30, 2012	\$5.5	13,063
September 30, 2013	\$4.9	11,920
October 31, 2013	\$4.9	12,547

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

### Delinquent Accounts Receivable Greater Than 90 Days by Customer

	Number of Accounts			Month of October (All Categories)				Total Delinquent				
	W & S a/c	Impervious Only a/c	Total No. of a/c	Active		Inactive		No. of a/c Sept.	Amount (\$)	No. of a/c Oct.	Amount (\$)	%
				No. of a/c	Amount (\$)	No. of a/c	Amount (\$)					
Commercial	11,976	3,349	15,325	1,210	1,027,179.82	147	130,467.15	1,542	1,224,952.94	1,357	1,157,646.97	23%
Multi-family	7,365	425	7,790	737	1,060,657.90	149	362,385.18	860	1,410,043.52	886	1,423,043.08	29%
Single-Family Residential	104,486	3,069	107,555	8,306	1,761,174.90	1,998	602,868.85	9,518	2,256,980.53	10,304	2,364,043.75	48%
Total	123,827	6,843	130,670	10,253	3,849,012.62	2,294	1,095,721.18	11,920	4,891,976.99	12,547	4,944,733.80	100%

Notes: Including in the above \$3.85m (or 10,253 accounts) of the DC Water Over 90 days delinquent accounts, \$947,085.44 (or 1,993 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 2014 CASH FLOW SUMMARY**  
through 10/31/13  
(\$ in 000's)

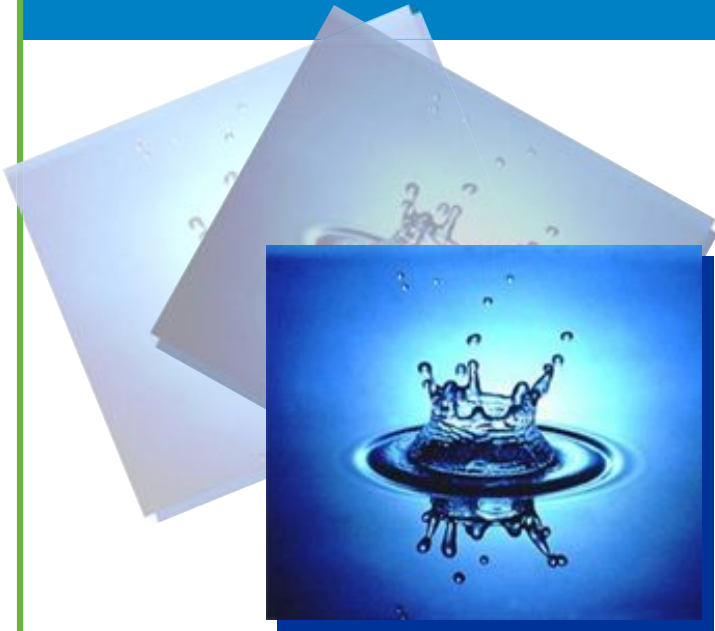
	Annual Budget Cash Basis	YTD 8% Cash Budget	YTD Actual Cash Oct. 1, 2013 - Oct. 31, 2013	Variance Favorable (Unfavorable)	
<b>OPERATING BUDGET</b>					
<b>Cash Provided</b>					
Retail	338,470	28,206	42,710	14,504	51%
Wholesale	71,126	5,927		(5,927)	-100%
Other	50,972	4,248	3,708	(540)	-13%
Transfer from Rate Stabilization Fund	6,500	542		(542)	-100%
<b>Total Cash Provided</b>	<b>467,067</b>	<b>38,922</b>	<b>46,417</b>	<b>7,495</b>	<b>19%</b>
<b>Operating Cash Used</b>					
Personnel Services	106,805	8,900	5,500	3,400	38%
Contractual Services	76,043	6,337	9,627	(3,290)	-52%
Chemicals & Supplies	30,909	2,576	3,972	(1,397)	-54%
Utilities	30,714	2,560	3,212	(653)	-25%
Water Purchases	27,991	2,333	2,575	(243)	-10%
Small Equipment	993	83	313	(231)	-279%
<b>Total Operating Cash Used</b>	<b>273,455</b>	<b>22,788</b>	<b>25,201</b>	<b>(2,413)</b>	<b>-11%</b>
<b>Other Cash Used</b>					
Debt Service	130,120	10,843	9,761	1,082	10%
Payment In Lieu of Taxes/Right of Way	25,181	2,098		2,098	100%
<b>Total Other Cash Used</b>	<b>155,301</b>	<b>12,942</b>	<b>9,761</b>	<b>3,181</b>	<b>25%</b>
<b>Total Cash Used</b>	<b>428,756</b>	<b>35,730</b>	<b>34,962</b>	<b>768</b>	<b>2%</b>
<b>Net Cash Provided (Used) by Operating Act.</b>	<b>38,311</b>	<b>3,193</b>	<b>11,456</b>	<b>8,263</b>	
<b>CAPITAL BUDGET</b>					
<b>Cash Provided</b>					
Debt Proceeds	316,861	26,405	62,945	36,540	138%
EPA Grants	19,541	1,628		(1,628)	-100%
CSO Grants	21,141	1,762	5,771	4,009	228%
Interest Income	159	13	13	(0)	-1%
Wholesale Capital Contributions	175,673	14,639		(14,639)	-100%
<b>Total Cash Provided</b>	<b>533,376</b>	<b>44,448</b>	<b>68,729</b>	<b>24,281</b>	<b>55%</b>
<b>Cash Used</b>					
WASA Capital Program	547,125	45,594	78,714	(33,120)	-73%
Washington Aqueduct Projects	10,000	833		833	100%
<b>Total Cash Used</b>	<b>557,125</b>	<b>46,427</b>	<b>78,714</b>	<b>(32,287)</b>	<b>-70%</b>
<b>Net Cash/PAYGO Provided (Used) by Cap. Act.</b>	<b>(23,749)</b>	<b>(1,979)</b>	<b>(9,985)</b>	<b>(8,006)</b>	
<b>Beginning Balance, October 1 (Net of Rate Stab. Fund) Projected</b>	<b>141,518</b>		<b>141,518</b>		
Plus (Less) Operating Surplus	38,311	3,193	11,456		
Wholesale Customer Refunds from Prior Years	(9,700)	(808)			
Interest Earned From Bond Reserve	120	10			
Transfer to Rate Stabilization Fund					
Prior Year Federal Billing Reconciliation	(6,000)	(500)	(1,500)		
Customer Rebate					
Cash Used for Capital	(23,749)	(1,979)	(9,985)		
<b>Balance Attributable to O&amp;M Reserve</b>	<b>140,500</b>		<b>141,489</b>		
<b>OTHER CASH RESERVES</b>					
	<b>Current Balance</b>				
Rate Stabilization Fund	28,950				
CSO Long-Term Control Plan Appropriation	36,877				
DC PILOT Reserve Fund	22,380				

Finance and Budget Committee - 2. October 2013 Financial Report (Attachment 1) - Mark Kim

Capital Projects  
FY 2014 Disbursements Analysis  
As of October 31, 2013  
(Dollars in thousands)

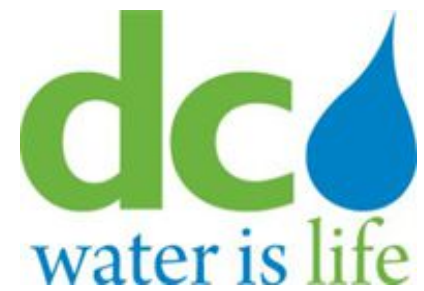
	Disbursements Budget		Actual Disbursements		% of Disbursements Budget	Commitments
Service Areas	Annual	YTD	Oct. 2013	<sup>1</sup> YTD	Annual	
<b>Wastewater Treatment</b>						
Liquid Processing Projects	\$18,072	\$2,153	4,833	\$4,833	27%	190,275
Plantwide Projects	\$18,782	\$1,574	6,188	6,188	33%	48,289
Solids Processing Projects	\$138,221	\$16,442	20,470	20,470	15%	13,516
Enhanced Nitrogen Removal Facilities (formerly Total Nitrogen Program)	<u>\$93,116</u>	<u>\$12,009</u>	<u>14,307</u>	<u>14,307</u>	<u>15%</u>	<u>0</u>
<b>Total Wastewater Treatment</b>	<b>268,192</b>	<b>32,179</b>	<b>45,798</b>	<b>45,798</b>	<b>17%</b>	<b>252,080</b>
<b>Sanitary Sewer</b>						
Sanitary Collection Sewers	1,478	\$83	143	143	10%	0
Sanitary On-Going Projects	9,653	\$511	2,818	2,818	29%	32,774
Sanitary Pumping Facilities	957	\$88	0	0	0%	0
Sanitary Sewer Program Management	4,813	\$353	513	513	11%	56,000
Sanitary Interceptor/Trunk Force Sewers	<u>12,916</u>	<u>\$780</u>	<u>1,041</u>	<u>1,041</u>	<u>8%</u>	<u>30,506</u>
<b>Total Sanitary Sewer</b>	<b>29,818</b>	<b>1,815</b>	<b>4,515</b>	<b>4,515</b>	<b>15%</b>	<b>119,280</b>
<b>Combined Sewer Overflow</b>						
CSO Program Management	2,280	\$331	264	264	12%	368
Combined Sewer Projects	11,903	\$1,751	1,563	1,563	13%	21,771
D.C. Clean Rivers Project (aka Long-Term Control Plan)	<u>152,325</u>	<u>\$13,997</u>	<u>17,303</u>	<u>17,303</u>	<u>11%</u>	<u>0</u>
<b>Total Combined Sewer Overflow</b>	<b>166,509</b>	<b>\$16,079</b>	<b>19,130</b>	<b>19,130</b>	<b>11%</b>	<b>22,139</b>
<b>Stormwater</b>						
Stormwater Local Drainage	122	\$2	1	1	1%	237
Stormwater On-Going Program	446	\$39	96	96	22%	1,923
Stormwater Pumping Facilities	-	\$0	-	0	-	-
DDOT Stormwater Program	1	\$0	-	0	0%	-
Stormwater Research and Program Management	436	\$17	17	17	4%	740
Stormwater Trunk/Force Sewers	<u>1,839</u>	<u>\$227</u>	<u>28</u>	<u>28</u>	<u>2%</u>	<u>16,832</u>
<b>Total Stormwater</b>	<b>2,843</b>	<b>284</b>	<b>142</b>	<b>142</b>	<b>5%</b>	<b>19,733</b>
<b>Water</b>						
Water Distribution Systems	31,493	\$2,260	2,691	2,691	9%	0
Water On-Going Projects	8,770	\$433	421	421	5%	0
Water Pumping Facilities	3,710	\$291	924	924	25%	1,296
DDOT Water Projects	4,869	\$467	0	0	0%	6,875
Water Storage Facilities	2,173	\$183	202	202	9%	490,901
Water Projects Program Management	3,565	\$301	1,432	1,432	40%	0
Water Lead Program	2,823	\$153	1,180	1,180	42%	0
AMR Installation / Replacement	<u>5,734</u>	<u>\$478</u>	<u>572</u>	<u>572</u>	<u>10%</u>	<u>182,108</u>
<b>Total Water</b>	<b>63,136</b>	<b>4,567</b>	<b>7,422</b>	<b>7,422</b>	<b>12%</b>	<b>681,180</b>
<b>Washington Aqueduct</b>	<b>10,000</b>	<b>833</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>
<b>Capital Equipment</b>	<b>16,627</b>	<b>1,386</b>	<b>1,708</b>	<b>1,708</b>	<b>10%</b>	<b>0</b>
<b>Total Capital Projects</b>	<b>\$557,125</b>	<b>\$57,143</b>	<b>\$78,714</b>	<b>\$78,714</b>	<b>14%</b>	<b>\$1,094,412</b>

<sup>1</sup> Includes actual OCIP related disbursements of \$797,423.49



# DC Water

*Investment Performance Report – October 2013*



DC Water  
Finance Division  
Economic Update

## ECONOMIC COMMENTARY

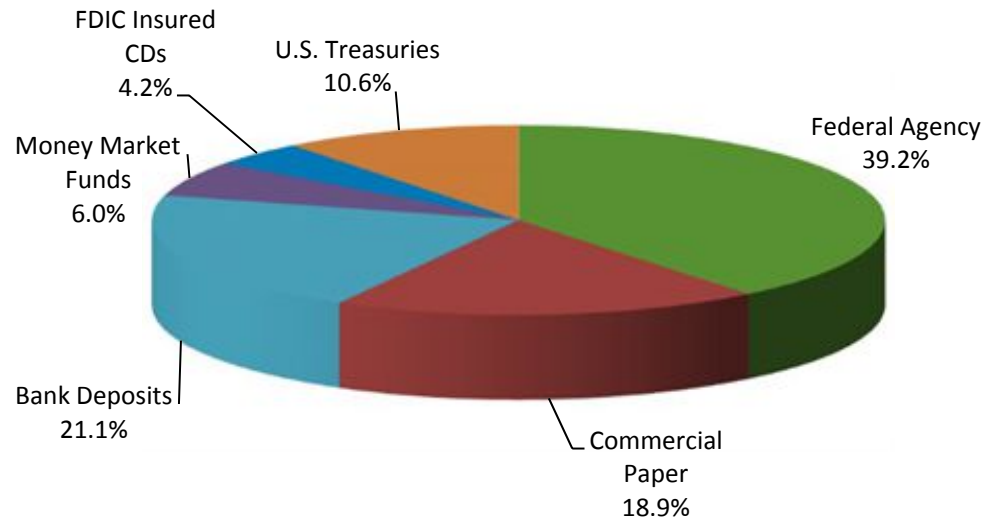
- The shutdown of the Federal Government and the uncertainty of raising the debt ceiling created roiled the short-term Treasury market. Congress agreed to a temporary fix on October 16th with the passage of the Continuing Appropriations Act, 2014
- During the month, 1-month Treasury bills spiked as high as 0.45% due to fears that Congress would fail to raise the debt ceiling and delay repayment of principal and interest. The passage of the Continuing Appropriations Act caused yields to quickly decline to the levels at the end of September—0.03%.
- President Obama nominated Janet Yellen, current vice chair of the Federal Reserve (Fed), to succeed Ben Bernanke when his term expires in January 2014. Ms. Yellen is expected to continue the current Federal Open Market Committee (FOMC) policy.
- The FOMC met on October 29-30 and decided to keep its \$85 billion of monthly bond purchases in place. The FOMC stated that although the labor markets seemed to be improving, a slowdown in the housing market recovery and the trend for lower inflation were potentially problems.

## PORTFOLIO RECAP

- The portfolio is diversified among Bank Deposits, Commercial Paper, Federal Agencies, Treasury Notes, FDIC Insured CDs, and SEC registered money market funds.
- The overall yield-to-cost of the portfolio is 0.32%.
- No trades were executed in October.
- The portfolio is in compliance with the Authority's Investment Policy.



**DC Water  
Finance Division  
Investments - By Security Type  
As of October 31, 2013**



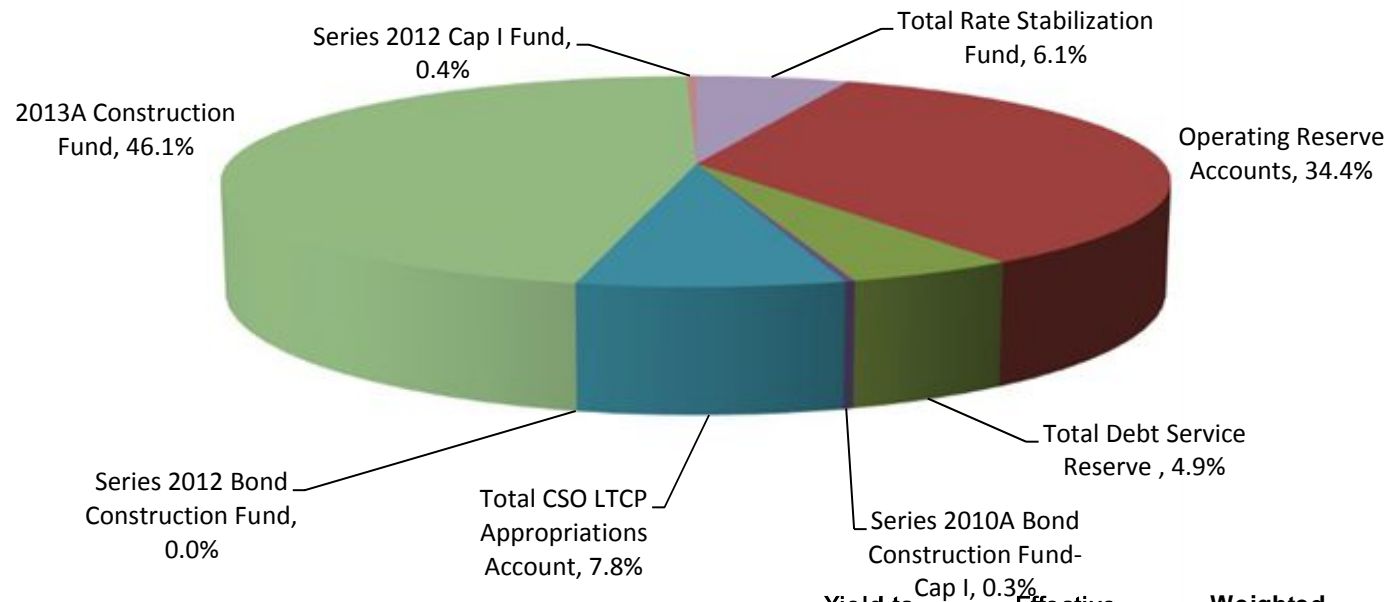
Security Type	Book Value + Accrued Interest	Asset Allocation	Permitted By Policy
Bank Deposits	\$ 100,328,882	21.1%	100.0%
Money Market Funds	28,549,936	6.0%	100.0%
Bankers Acceptances	-	0.0%	40.0%
Commercial Paper	89,959,431	18.9%	35.0%
U.S. Treasuries	50,321,461	10.6%	100.0%
Federal Agency	186,573,256	39.2%	80.0%
FDIC Insured CDs	20,132,232	4.2%	30.0%
Municipal Obligations	-	0.0%	20.0%
<b>Total</b>	<b>\$ 475,865,197</b>	<b>100.0%</b>	



## Investment Performance Report – October 2013



**DC Water  
Finance Division  
Investment Analysis – By Fund  
As of October 31, 2013**



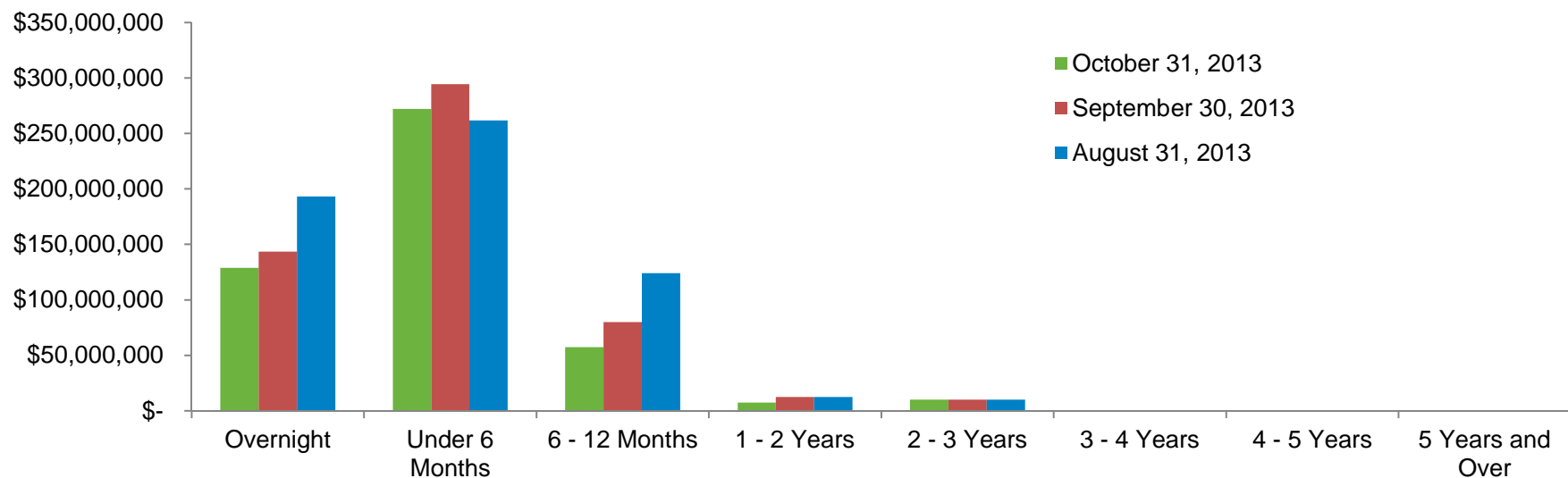
Fund Name	Book Value + Accrued Interest	Yield-to- Maturity at Cost	Effective Duration (years)	Weighted Average Maturity (days)
Total Rate Stabilization Fund	\$ 28,953,803	0.41%	0.16	58.0
Operating Reserve Accounts	\$ 163,726,143	0.60%	0.10	57.2
Total Debt Service Reserve	\$ 23,483,540	0.44%	1.31	483.4
Series 2010A Bond Construction Fund- Cap I	\$ 1,402,287	1.19%	0.37	134.0
Total CSO LTCP Appropriations Account	\$ 36,883,416	0.36%	0.09	32.5
Series 2012 Bond Construction Fund	\$ 634	0.01%	0.00	1.0
2013A Construction Fund	\$ 219,523,130	0.11%	0.35	128.4
Series 2012 Cap I Fund	\$ 1,892,245	0.01%	0.00	1.0
<b>Total</b>	<b>\$ 475,865,197</b>	<b>0.33%</b>	<b>0.28</b>	<b>109.2</b>

Investment Performance Report – October 2013



DC Water  
Finance Division  
Investment Analysis – By Maturity

Maturity Distribution	October 31, 2013	September 30, 2013	August 31, 2013
Overnight \$	128,878,817.94 \$	143,503,418.15 \$	193,206,085.07
Under 6 Months	271,977,549.00	294,483,499.09	261,789,372.33
6 - 12 Months	57,353,048.81	79,835,918.16	124,083,767.51
1 - 2 Years	7,508,574.50	12,537,032.05	12,531,877.55
2 - 3 Years	10,147,206.69	10,143,557.26	10,189,903.92
3 - 4 Years	-	-	-
4 - 5 Years	-	-	-
5 Years and Over	-	-	-
<b>Totals \$</b>	<b>475,865,196.94 \$</b>	<b>540,503,424.71 \$</b>	<b>601,801,006.38</b>



## Investment Performance Report – October 2013



**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		90,243,323.00	19.0%	100.0%	Yes
Premier Bank		5,033,727.03	1.1%	100.0%	Yes
Capital One Bank		5,051,831.82	1.1%	100.0%	Yes
Sub-Total Bank Deposits		100,328,881.85	21.1%	100.0%	Yes
Money Market Mutual Funds					
American Beacon MMF	AAAm	1,483,664.72	0.3%	50.0%	Yes
Williams Capital Money Market Fund	AAAm	2,500,535.93	0.5%	50.0%	Yes
Merrill Lynch MMF	AAAm	1,185,481.76	0.2%	50.0%	Yes
Wells Fargo Advantage Treasury Plus	AAAm	2.44	0.0%	50.0%	Yes
Wells Fargo Government MMF	AAAm	23,380,251.24	4.9%	50.0%	Yes
Sub-Total Money Market Mutual Funds		28,549,936.09	6.0%	100.0%	Yes
Certificates of Deposit					
CDARs - Placed by Industrial Bank	NR / NR	15,098,834.26	3.2%	30.0%	Yes
CDARs - Placed by City First Bank	NR / NR	5,033,397.79	1.1%	30.0%	Yes
Sub-Total Certificates of Deposit		20,132,232.05	4.2%	30.0%	Yes
Commercial Paper					
Coca-Cola Company Comm Paper	A-1+ / P-1	9,997,122.20	2.1%	5.0%	Yes
Deutsche Bank Finl Llc Comm Paper	A-1 / P-1	9,996,577.80	2.1%	5.0%	Yes
General Elec Cap Corp Comm Paper	A-1+ / P-1	9,997,233.30	2.1%	5.0%	Yes
Hsbc Usa Inc Comm Paper	A-1 / P-1	9,994,108.30	2.1%	5.0%	Yes
Ing (Us) Funding Llc Comm Paper	A-1 / P-1	9,990,933.30	2.1%	5.0%	Yes
Korea Development Bk Ny Comm Paper	A-1 / P-1	9,994,305.60	2.1%	5.0%	Yes
Sumitomo Mitsui Trust Ny Comm Paper	A-1 / P-1	9,994,683.30	2.1%	5.0%	Yes
Union Bank Na Comm Paper	A-1 / P-1	9,999,480.60	2.1%	5.0%	Yes
Wells Fargo & Company Comm Paper	A-1 / P-1	9,994,986.10	2.1%	5.0%	Yes
Sub-Total Commercial Paper		89,959,430.50	18.9%	35.0%	Yes
Federal Agencies					
Fannie Mae	AA+ / Aaa	41,396,010.32	8.7%	40.0%	Yes
Federal Home Loan Bank	AA+ / Aaa	125,184,912.03	26.3%	40.0%	Yes
Freddie Mac	AA+ / Aaa	19,992,333.40	4.2%	40.0%	Yes
Sub-Total Federal Agencies		186,573,255.75	39.2%	100.0%	Yes
U.S. Treasuries					
Treasury Note	AA+ / Aaa	50,321,460.70	10.6%	100.0%	Yes
Sub-Total Treasuries		50,321,460.70	10.6%	100.0%	Yes
Total		\$ 475,865,196.94	100.0%		

## Investment Performance Report – October 2013



**DC Water  
Finance Division  
Book Value Performance  
As of October 31, 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%	0.41%	0.12%	0.50%	0.23%	0.45%	0.37%
Operating Reserve Accounts	0.03%	0.37%	0.10%	0.38%	0.21%	0.42%	0.35%
Total Debt Service Reserve	0.04%	0.43%	0.11%	0.44%	0.21%	0.42%	0.36%
Total CSO LTCP Appropriations Account	0.01%	0.13%	0.04%	0.15%	0.07%	0.14%	0.13%
2010A Capitalized Interest Fund	0.10%	1.23%	0.27%	1.09%	0.53%	1.05%	0.98%
2013A Construction Fund	0.01%	0.09%	n/a	n/a	n/a	n/a	n/a
Series 2012 Cap I Fund	0.00%	0.01%	n/a	n/a	n/a	n/a	n/a
<b>Short-Term</b>	<b>0.03%</b>	<b>0.33%</b>	<b>0.07%</b>	<b>0.29%</b>	<b>0.19%</b>	<b>0.38%</b>	<b>0.35%</b>
Merrill Lynch 3-Month Treasury Index (Book Value) <sup>1</sup>	0.00%	0.01%	0.01%	0.02%	0.02%	0.04%	0.06%
<b>Core (1+ Years)</b>	<b>0.04%</b>	<b>0.42%</b>	<b>0.11%</b>	<b>0.45%</b>	<b>0.23%</b>	<b>0.46%</b>	<b>0.54%</b>
Merrill Lynch 1-3 Year Treasury Index (Book Value) <sup>2</sup>	0.03%	0.33%	0.09%	0.35%	0.16%	0.33%	0.30%

- (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.

## Investment Performance Report – October 2013



**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
<b><u>Total Rate Stabilization Fund</u></b>									
TD BANK BANK DEPOSIT	\$ 8,962,264		11/1/2013		0.90%	\$ 8,962,264	\$ 8,962,264	\$ 8,962,264	
KOREA DEVELOPMENT BK NY COMM PAPER	10,000,000	-	1/22/2014	9/25/2013	0.25%	9,991,736	9,995,500	9,994,306	
GENERAL ELEC CAP CORP COMM PAPER	10,000,000	-	1/23/2014	9/25/2013	0.12%	9,996,000	9,997,850	9,997,233	
									\$ 28,953,802.79
<b><u>Operating Reserve Accounts</u></b>									
TD BANK BANK DEPOSIT	\$ 70,918,169		11/1/2013		0.90%	70,918,168.66	\$ 70,918,169	\$ 70,918,169	
CAPITAL ONE BANK	5,051,832		11/1/2013		0.50%	5,051,831.82	5,051,832	5,051,832	
WILLIAMS CAPITAL MONEY MARKET FUND	2,500,536		11/1/2013		0.00%	2,500,535.93	2,500,536	2,500,536	
UNION BANK NA COMM PAPER	10,000,000	-	11/12/2013	8/16/2013	0.17%	9,995,844.44	9,999,820	9,999,481	
FHLB DISC NOTE	15,000,000	-	11/15/2013	8/16/2013	0.07%	14,997,345.83	14,999,658	14,999,592	
FHLB TAP BONDS	10,000,000	3.125	12/13/2013	5/19/2011	0.99%	10,675,133.97	10,155,062	10,144,577	
INDUSTRIAL BANK CDARS	2,512,497	0.620	1/23/2014	1/24/2013	0.62%	2,512,497.09	2,524,656	2,524,656	
SUMITOMO MITSUI TRUST NY COMM PAPER	10,000,000	-	1/27/2014	9/25/2013	0.22%	9,992,422.22	9,995,140	9,994,683	
INDUSTRIAL BANK CDARS	2,500,000	0.900	1/27/2014	1/26/2012	0.90%	2,500,000.00	2,539,760	2,539,760	
HSBC USA INC COMM PAPER	10,000,000	-	2/10/2014	8/26/2013	0.21%	9,990,200.00	9,994,730	9,994,108	
ING (US) FUNDING LLC COMM PAPER	10,000,000	-	2/11/2014	8/26/2013	0.32%	9,984,977.78	9,993,790	9,990,933	
CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,500,000	0.600	3/23/2014	3/23/2012	0.60%	2,500,000.00	2,524,116	2,524,116	
INDUSTRIAL BANK CDARS	5,000,000	0.650	10/16/2014	10/18/2012	0.65%	5,000,000.00	5,033,747	5,033,747	
INDUSTRIAL BANK CDARS	5,000,000	0.350	10/16/2014	10/17/2013	0.35%	5,000,000.00	5,000,671	5,000,671	
CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,500,000	0.600	3/19/2015	3/21/2013	0.60%	2,500,000.00	2,509,282	2,509,282	
									\$ 163,726,142.93
<b><u>Total Debt Service Reserve</u></b>									
MERRILL LYNCH MMF	1,185,482		11/1/2013		0.06%	1,185,482	1,185,482	1,185,482	
WELLS FARGO GOVERNMENT MMF	2,078,566		11/1/2013		0.01%	2,078,566	2,078,566	2,078,566	
FHLB TAP BONDS	5,000,000	3.125	12/13/2013	5/25/2011	0.87%	5,283,721.59	5,077,531	5,072,993	
FEDERAL HOME LOAN BANK GLOBAL NOTES	5,000,000	0.250	2/20/2015	1/30/2013	0.30%	4,995,000	5,003,685	4,999,293	
FHLB NOTES	10,000,000	1.000	3/11/2016	5/22/2013	0.43%	10,158,100	10,147,449	10,147,207	
									\$ 23,483,540.21

## Investment Performance Report – October 2013



**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
<b>Series 2010A Bond Construction Fund- Cap I</b>									
WELLS FARGO ADVANTAGE TREASURY PLUS FNMA NOTES (EX-CALLABLE)	2 1,400,000	1.250	11/1/2013 3/14/2014	3/16/2011	0.01% 1.19%	2 1,402,617	2 1,408,177	2 1,402,285	\$ 1,402,287.16
<b>Total CSO LTCP Appropriations Account</b>									
TD BANK BANK DEPOSIT	\$ 10,362,890		11/1/2013		0.90%	\$ 10,362,890	\$ 10,362,890	\$ 10,362,890	
PREMIER BANK DEPOSIT	5,033,727		11/1/2013		0.24%	5,033,727	5,033,727	5,033,727	
AMERICAN BEACON MMF	1,483,665		11/1/2013		0.01%	1,483,665	1,483,665	1,483,665	
DEUTSCHE BANK FINL LLC COMM PAPER	10,000,000	-	12/27/2013	8/26/2013	0.22%	9,992,483	9,997,210	9,996,578	
US TREASURY NOTES	10,000,000	0.125	12/31/2013	8/26/2013	0.06%	10,002,344	10,004,992	10,006,556	\$ 36,883,415.71
<b>Series 2012 Bond Construction Fund</b>									
WELLS FARGO GOVERNMENT MMF	\$ 634		11/1/2013		0.01%	\$ 634	\$ 634	\$ 634	\$ 634.01
<b>2013A Bond Construction Fund</b>									
WELLS FARGO GOVERNMENT MMF	\$ 19,408,807		11/1/2013		0.01%	\$ 19,408,807	\$ 19,408,807	\$ 19,408,807	
FNMA DISC NOTE	20,000,000	-	12/23/2013	8/8/2013	0.07%	19,994,672	19,997,939	19,997,978	
US TREASURY NOTES	20,000,000	1.500	12/31/2013	8/8/2013	0.07%	20,112,888	20,147,187	20,147,799	
COCA-COLA COMPANY COMM PAPER	10,000,000	-	1/14/2014	8/8/2013	0.14%	9,993,817	9,998,130	9,997,122	
FNMA DISC NOTE	20,000,000	-	1/29/2014	8/8/2013	0.09%	19,991,687	19,995,541	19,995,748	
WELLS FARGO & COMPANY COMM PAPER	10,000,000	-	2/4/2014	8/8/2013	0.19%	9,990,500	9,994,450	9,994,986	
FHLMC DISC NOTE	20,000,000	-	3/19/2014	8/8/2013	0.10%	19,987,611	19,991,437	19,992,333	
US TREASURY NOTES	20,000,000	1.750	3/31/2014	8/8/2013	0.09%	20,213,307	20,165,149	20,167,106	
FHLB NOTES	32,500,000	0.150	4/23/2014	8/8/2013	0.14%	32,502,275	32,505,503	32,502,620	
FHLB GLOBAL BONDS	45,000,000	5.250	6/18/2014	8/8/2013	0.15%	46,974,150	47,319,923	47,318,631	\$ 219,523,129.59
<b>Series 2012 Cap I Fund</b>									
WELLS FARGO GOVERNMENT MMF	\$ 1,892,245		11/1/2013		0.01%	\$ 1,892,245	\$ 1,892,245	\$ 1,892,245	\$ 1,892,244.54
						<b>\$ 476,110,148.54</b>	<b>\$ 475,896,903.81</b>	<b>\$ 475,865,196.94</b>	<b>\$ 475,865,196.94</b>



## Investment Performance Report – October 2013



**DC Water  
Finance Division  
Security Transactions  
Last 6 Months**

ACCOUNT	CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
<b>Purchases</b>								
DC WASA OPERATING RESERVE ACCOUNTS	36959HWJ2	GENERAL ELEC CAP CORP COMM PAPER	10,000,000	-	09/18/2013	05/21/2013	0.162	\$ 9,994,666.67
DC WASA OPERATING RESERVE ACCOUNTS	60688FWP0	MIZUHO FUNDING LLC COMM PAPER	10,000,000	-	09/23/2013	06/25/2013	0.213	\$ 9,994,750.00
DC WASA OPERATING RESERVE ACCOUNTS	05722LXF1	BAKER HUGHES INC COMM PAPER	10,000,000	-	10/15/2013	08/16/2013	0.112	\$ 9,998,166.67
DC WASA OPERATING RESERVE ACCOUNTS	90526MYC5	UNION BANK NA COMM PAPER	10,000,000	-	11/12/2013	08/16/2013	0.172	\$ 9,995,844.44
DC WASA OPERATING RESERVE ACCOUNTS	313385PG5	FHLB DISC NOTE	15,000,000	-	11/15/2013	08/16/2013	0.071	\$ 14,997,345.83
DC WASA OPERATING RESERVE ACCOUNTS	40427SBA6	HSBC USA INC COMM PAPER	10,000,000	-	02/10/2014	08/26/2013	0.213	\$ 9,990,200.00
DC WASA OPERATING RESERVE ACCOUNTS	4497W1BB1	ING (US) FUNDING LLC COMM PAPER	10,000,000	-	02/11/2014	08/26/2013	0.325	\$ 9,984,977.78
DC WASA OPERATING RESERVE ACCOUNTS	86563HAT7	SUMITOMO MITSUI TRUST NY COMM PAPER	10,000,000	-	01/27/2014	09/25/2013	0.223	\$ 9,992,422.22
<b>DC WASA OPERATING RESERVE ACCOUNTS</b>	<b>RE0938213</b>	<b>INDUSTRIAL BANK CDARS</b>	<b>5,000,000</b>	<b>0.350</b>	<b>10/16/2014</b>	<b>10/17/2013</b>	<b>0.350</b>	<b>\$ 5,000,000.00</b>
DC WASA TOTAL CSO LTCP APPROPRIATIONS	91411SVK3	UNIVERSITY OF CALIFORNIA COMM PAPER	10,000,000	-	08/19/2013	05/21/2013	0.152	\$ 9,996,250.00
DC WASA TOTAL CSO LTCP APPROPRIATIONS	912828RW2	US TREASURY NOTES	10,000,000	0.125	12/31/2013	08/26/2013	0.057	\$ 10,004,279.89
DC WASA TOTAL CSO LTCP APPROPRIATIONS	25153JZT0	DEUTSCHE BANK FINL LLC COMM PAPER	10,000,000	-	12/27/2013	08/26/2013	0.223	\$ 9,992,483.33
DC WASA TOTAL DEBT SERVICE RESERVE	313375RN9	FHLB NOTES	10,000,000	1.000	03/11/2016	05/22/2013	0.432	\$ 10,177,822.22
DC WASA RATE STABILIZATION FD	86563GWR9	SUMITOMO TRUST NY COMM PAPER	10,000,000	-	09/25/2013	06/25/2013	0.213	\$ 9,994,633.33
DC WASA RATE STABILIZATION FD	36959JAP8	GENERAL ELEC CAP CORP COMM PAPER	10,000,000	-	01/23/2014	09/25/2013	0.122	\$ 9,996,000.00
DC WASA RATE STABILIZATION FD	5006E1AN4	KOREA DEVELOPMENT BK NY COMM PAPER	10,000,000	-	01/22/2014	09/25/2013	0.254	\$ 9,991,736.11
DC WASA 2012 CONSTRUCTION FUND	313397JM4	FHLMC DISC NOTE	22,210,000	-	07/23/2013	05/31/2013	0.020	\$ 22,209,346.04
DC WASA 2013 CONSTRUCTION FUND	313382SH7	FHLB NOTES	32,500,000	0.150	04/23/2014	08/08/2013	0.140	\$ 32,516,493.75
DC WASA 2013 CONSTRUCTION FUND	3133X7FK5	FHLB GLOBAL BONDS	45,000,000	5.250	06/18/2014	08/08/2013	0.150	\$ 47,302,275.00
DC WASA 2013 CONSTRUCTION FUND	912828JW1	US TREASURY NOTES	20,000,000	1.500	12/31/2013	08/08/2013	0.067	\$ 20,144,681.88
DC WASA 2013 CONSTRUCTION FUND	912828KJ8	US TREASURY NOTES	20,000,000	1.750	03/31/2014	08/08/2013	0.095	\$ 20,337,624.14
DC WASA 2013 CONSTRUCTION FUND	912828PB0	US TREASURY NOTES	10,000,000	0.500	10/15/2013	08/08/2013	0.048	\$ 10,024,106.08
DC WASA 2013 CONSTRUCTION FUND	06416JXV0	BANK OF NOVA SCOTIA NY COMM PAPER	10,000,000	-	10/29/2013	08/08/2013	0.081	\$ 9,998,177.78
DC WASA 2013 CONSTRUCTION FUND	19121BAE9	COCA-COLA COMPANY COMM PAPER	10,000,000	-	01/14/2014	08/08/2013	0.142	\$ 9,993,816.67
DC WASA 2013 CONSTRUCTION FUND	9497F1B41	WELLS FARGO & COMPANY COMM PAPER	10,000,000	-	02/04/2014	08/08/2013	0.193	\$ 9,990,500.00
DC WASA 2013 CONSTRUCTION FUND	313385NQ5	FHLB DISC NOTE	20,000,000	-	10/30/2013	08/08/2013	0.052	\$ 19,997,648.33
DC WASA 2013 CONSTRUCTION FUND	313397UL3	FHLMC DISC NOTE	20,000,000	-	03/19/2014	08/08/2013	0.101	\$ 19,987,611.11
DC WASA 2013 CONSTRUCTION FUND	313589QW6	FNMA DISC NOTE	20,000,000	-	12/23/2013	08/08/2013	0.071	\$ 19,994,672.22
DC WASA 2013 CONSTRUCTION FUND	313589SK0	FNMA DISC NOTE	20,000,000	-	01/29/2014	08/08/2013	0.087	\$ 19,991,686.67

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

## Investment Performance Report – October 2013



**DC Water  
Finance Division  
Upcoming Transaction Cash Flows  
Next 30 Days**

DATE	TRANSACTION	CUSIP	DESCRIPTION	COUPON	MATURITY DATE	PAR VALUE/SHARES	PRINCIPAL	INTEREST	TOTAL
<u>Operating Reserve Accounts</u>									
11/12/13	MATURITY	90526MYC5	UNION BANK NA COMM PAPER		11/12/13	10,000,000	9,995,844.44	4,155.56	10,000,000
11/15/13	MATURITY	313385PG5	FHLB DISC NOTE		11/15/13	15,000,000	14,997,345.83	2,654.17	15,000,000

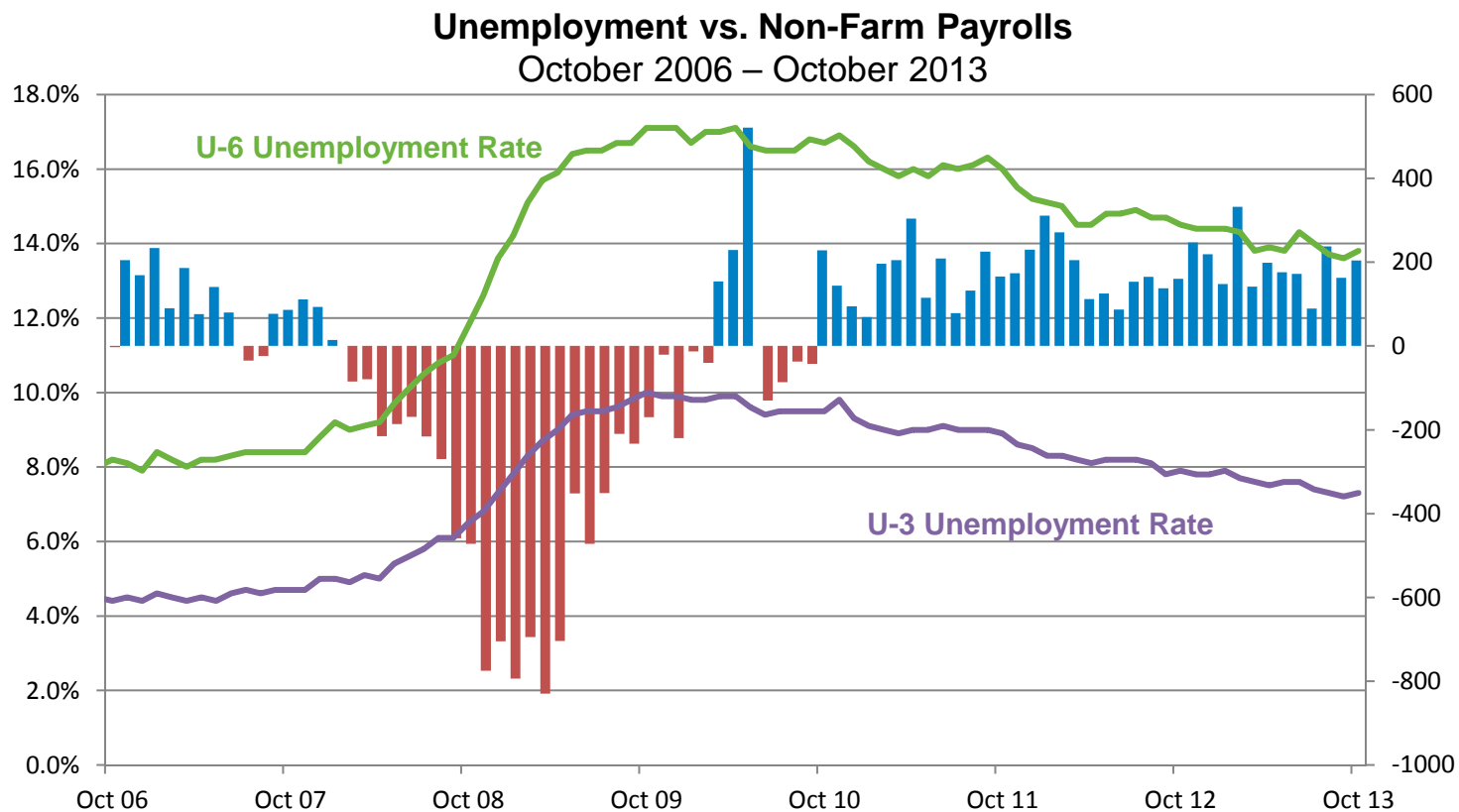


# Appendix: Economic Update



## Job Growth Remains Consistent

- The government shutdown had little impact on October's employment report
- The U.S. economy added 204,000 jobs in October, but the unemployment rate increased 0.1% to 7.3%.



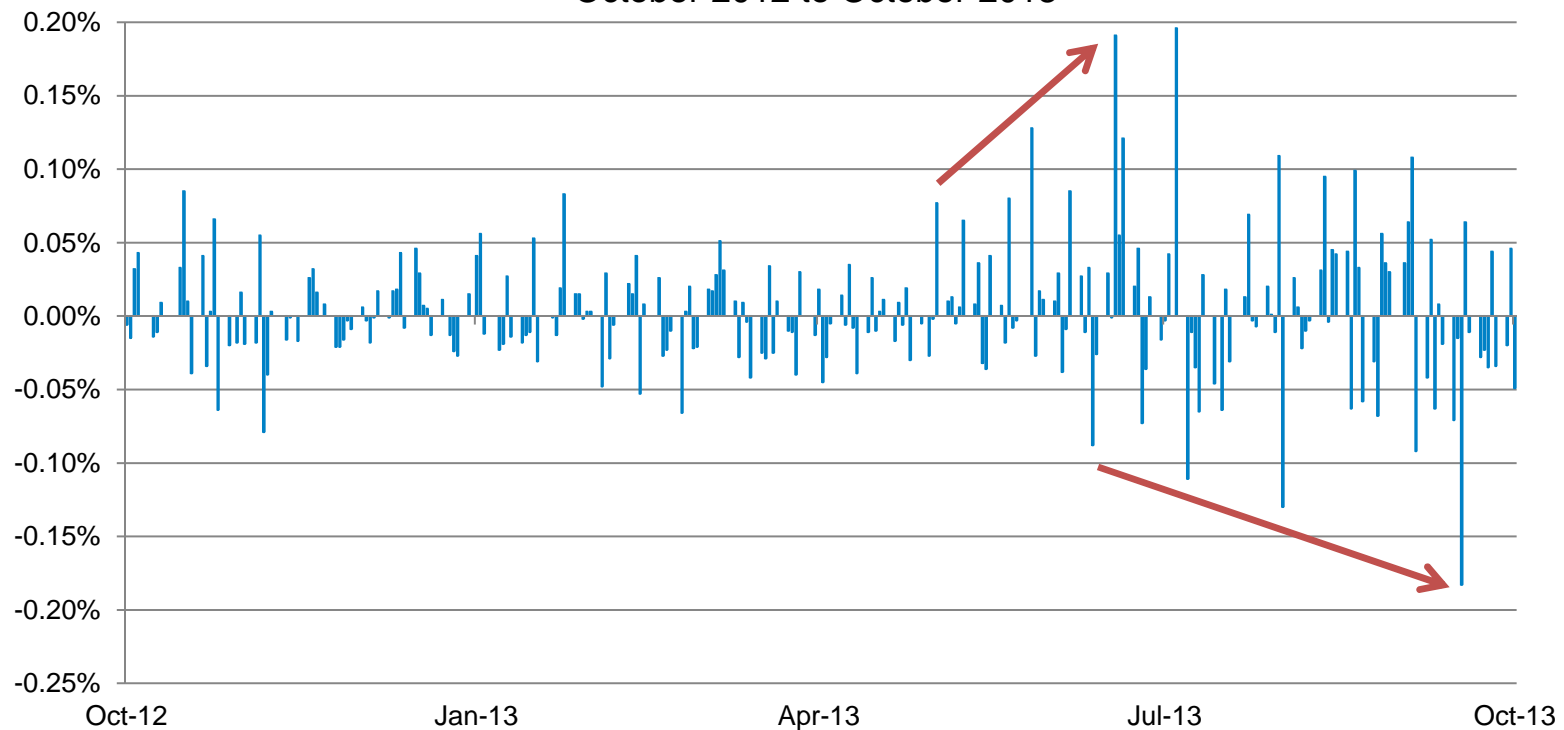
Source: Bloomberg



## Volatility Surges

- After the strong jobs report in May, uncertainty related to the timing of Fed tapering increased market volatility.
- The government shutdown and uncertainty over the debt ceiling caused wild rate swings during the first half of October.

**5-Year Treasury Daily Yield Change**  
October 2012 to October 2013



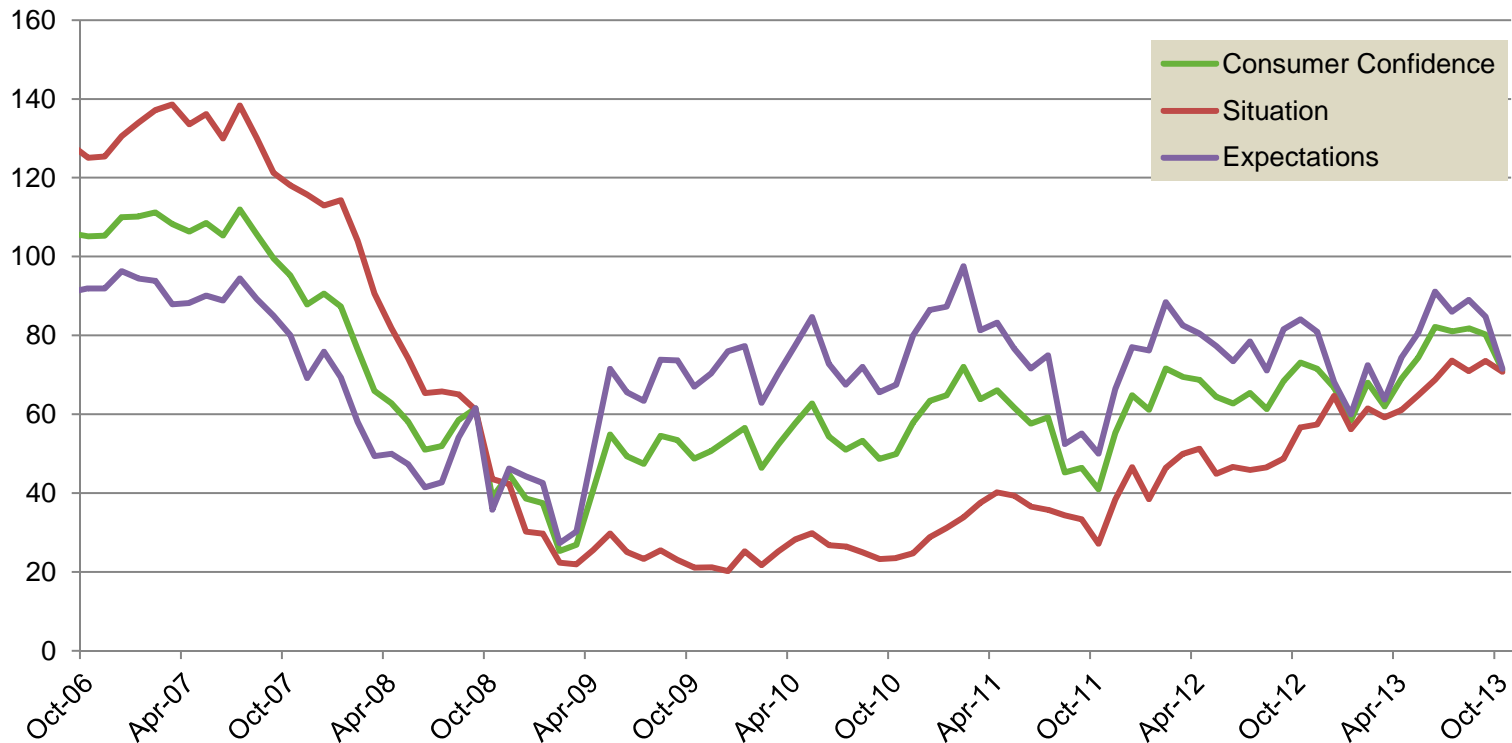
Source: Bloomberg



## Consumer Confidence

- Consumer confidence fell to a six-month low of 71.2 in October, reflecting a less optimistic outlook about employment and wages.
- The average consumer is expected to spend 2% less than last year this holiday season.

**Confidence Board Consumer Confidence**  
October 2006 – October 2013



Source: Bloomberg, National Retail Federation

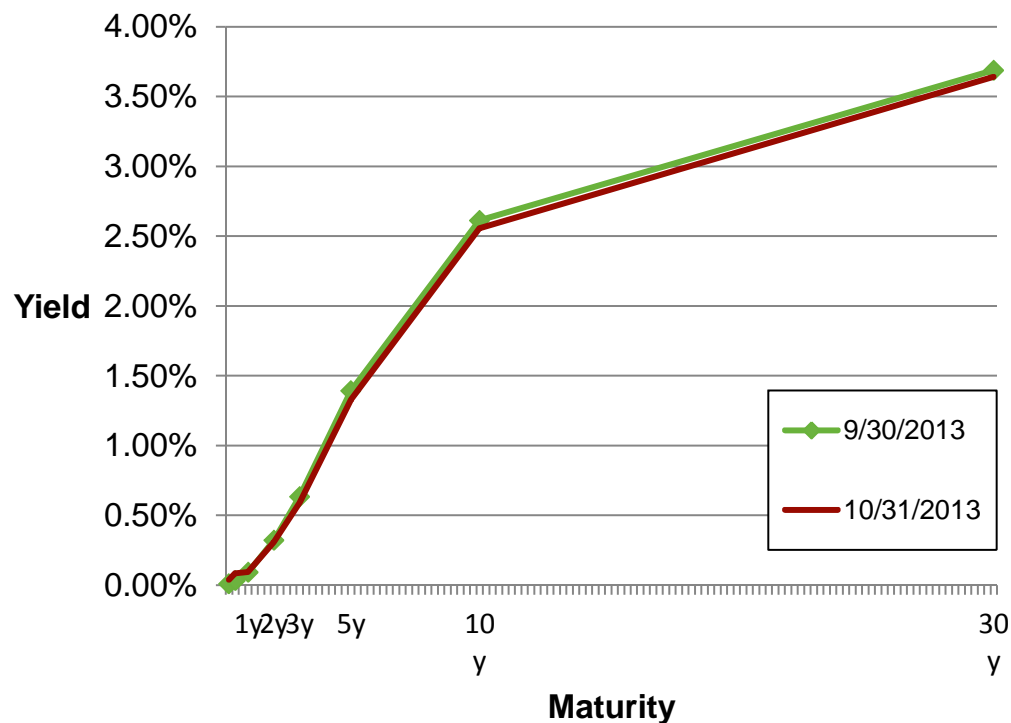




## Yield Curve Flattened in October

### U.S. Treasury Yield Curve

September 30, 2013 versus October 31, 2013



	9/30/2013	10/31/2013	Change
3 month	0.01%	0.04%	0.03%
6 month	0.03%	0.08%	0.05%
1 year	0.09%	0.09%	0.01%
2 year	0.32%	0.31%	-0.01%
3 year	0.63%	0.59%	-0.05%
5 year	1.39%	1.33%	-0.06%
10 year	2.61%	2.56%	-0.06%
30 year	3.69%	3.64%	-0.05%

Source: Bloomberg



## Disclosure

*This material is based on information obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC (PFMAM) cannot guarantee its accuracy, completeness or suitability.*

*PFMAM makes judgmental evaluations before recommending specific investment opportunities. In making these evaluations, PFMAM uses its best efforts to review sources of information that it has found to be valuable, accurate and reliable, but it may not survey all sources of publicly available information.*

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# PROPOSED FY 2015 BUDGET

PRESENTATION TO THE FINANCE & BUDGET COMMITTEE, NOVEMBER 22, 2013

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

STRATEGIC • TRANSPARENT • INNOVATIVE





# Agenda

- I. Proposed FY 2015 Operating Budget..... 3
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  - Revenues..... 13
- II. Proposed Capital Improvement Plan: FY 2014 - FY 2023..... 15
- III. Budget Considerations..... 20
- IV. Next Steps..... 22



# PROPOSED FY 2015 OPERATING BUDGET





## FY 2015 Budget Strategy

### ***ASSURE FINANCIAL SUSTAINABILITY AND INTEGRITY***

Goal 5, Blue Horizon 2020

- ✓ **Performance-based Budgeting**
- ✓ **Risk-based Financial Management**
- ✓ **Transparency, Accountability and Control**



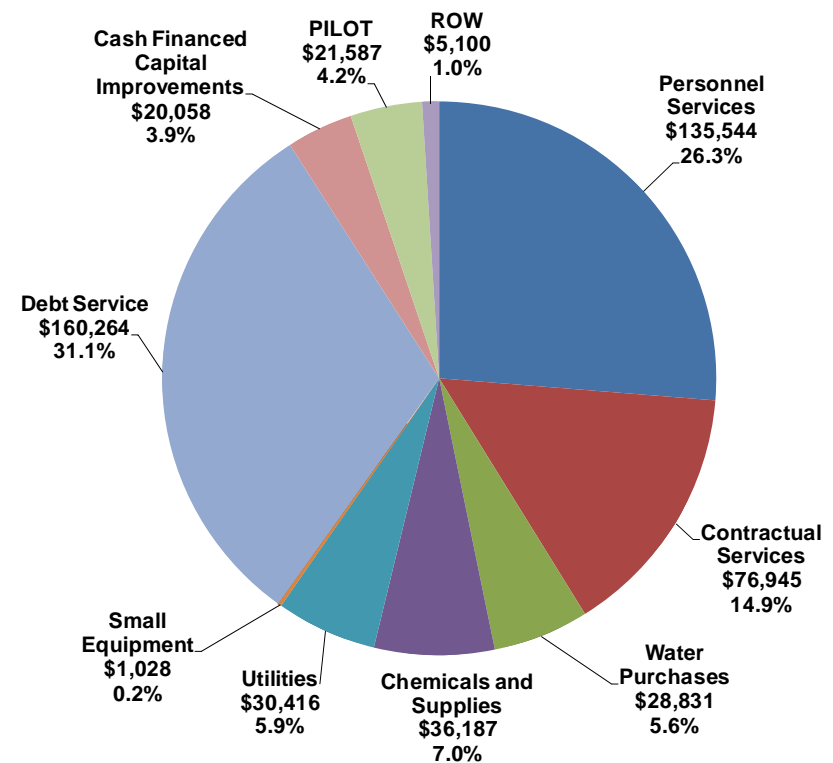
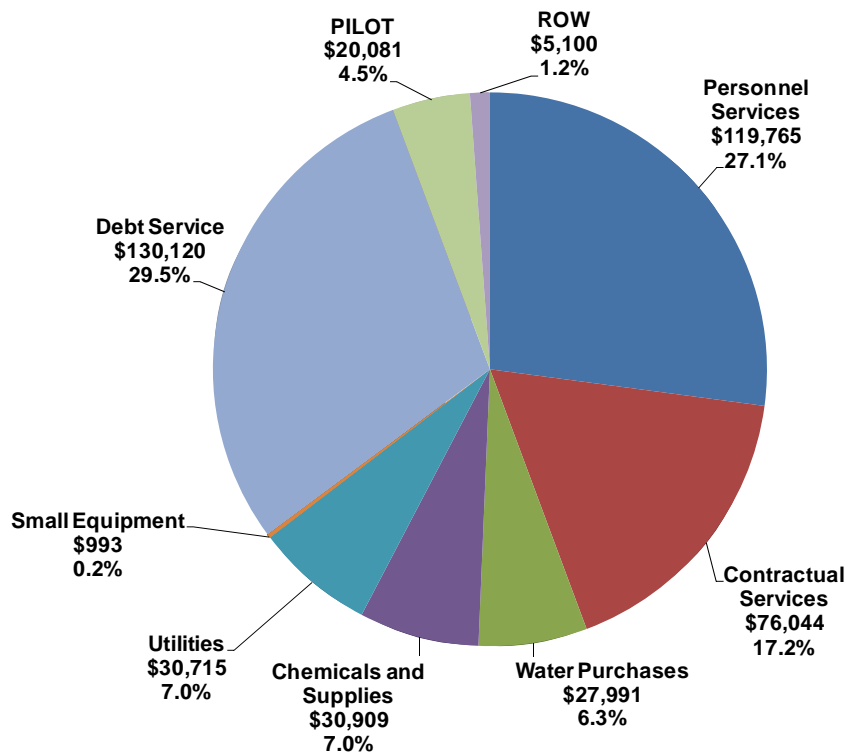


# Operating Expenditures

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

(\$000's)

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





## Comparative Operating Expenditures

(\$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%
<b>Non Personnel Services</b>	<b>166,651</b>	<b>173,406</b>	<b>6,755</b>	<b>4.1%</b>
Contractual Services	76,044	76,944	900	1.2%
Water Purchases	27,991	28,831	840	3.0%
Chemicals and Supplies	30,909	36,187	5,279	17.1%
Utilities	30,715	30,415	(299)	-1.0%
Small Equipment	993	1,028	35	3.5%
<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	0	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	0.0%
<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>



## 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 2015 performance bonus assumption of 2%
- Overtime (\$0.4M)
  - Increase in planned capital projects
  - Impact of regular wage increases on OT will be revised in FY 2015
- 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)



## Non Personnel Services

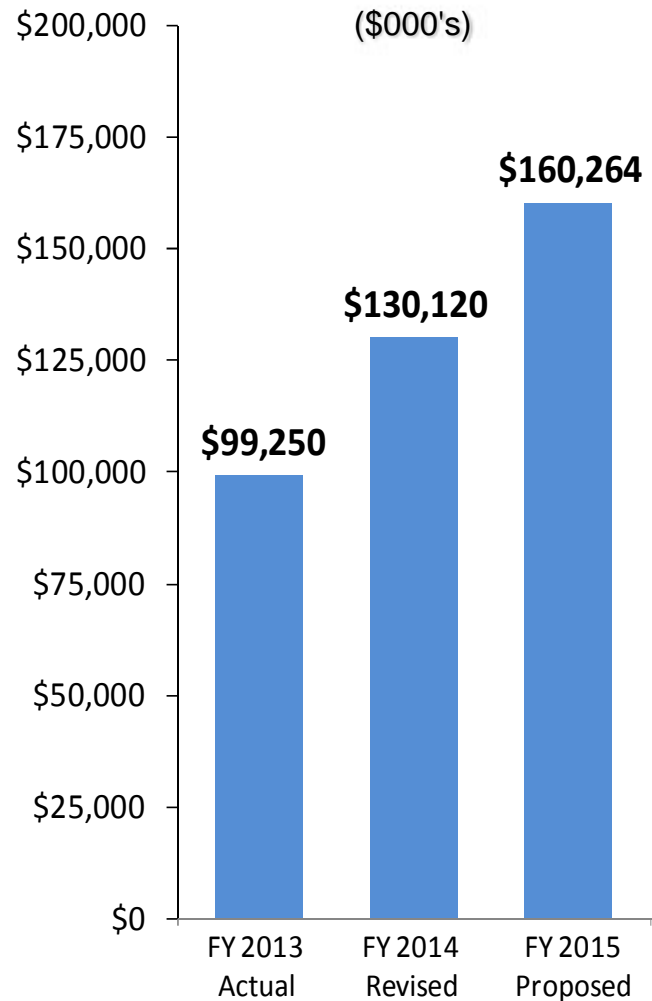
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### **Non-Personnel Services - Increase of \$6.8 million mainly attributable to:**

- Chemicals and Supplies
  - Chemicals increased by \$4.7M to support total nitrogen and ammonia removal process (Enhanced Nitrogen Removal Facility) and thickening process through Final Dewatering Facility (FDF)
  - Supplies includes \$1.4M increase for spare parts to support the Main Process Train (MPT) and FDF facilities and increased laboratory supplies
- Major Contracts
  - \$4.5M increase in contract to operate and maintain Digester Project offset by \$4.0M decrease in hauling contract



## Debt Service



Proposed FY 2015 debt service increase of \$30.1M

- Series 2014 - bond issuance of \$300.0M
  - \$19.2M (full year of debt service)
- Series 2015 - bond issuance of \$250.8M
  - \$9.4M (partial year debt service)
- Other existing debt for capital equipment and commercial paper - \$1.5M

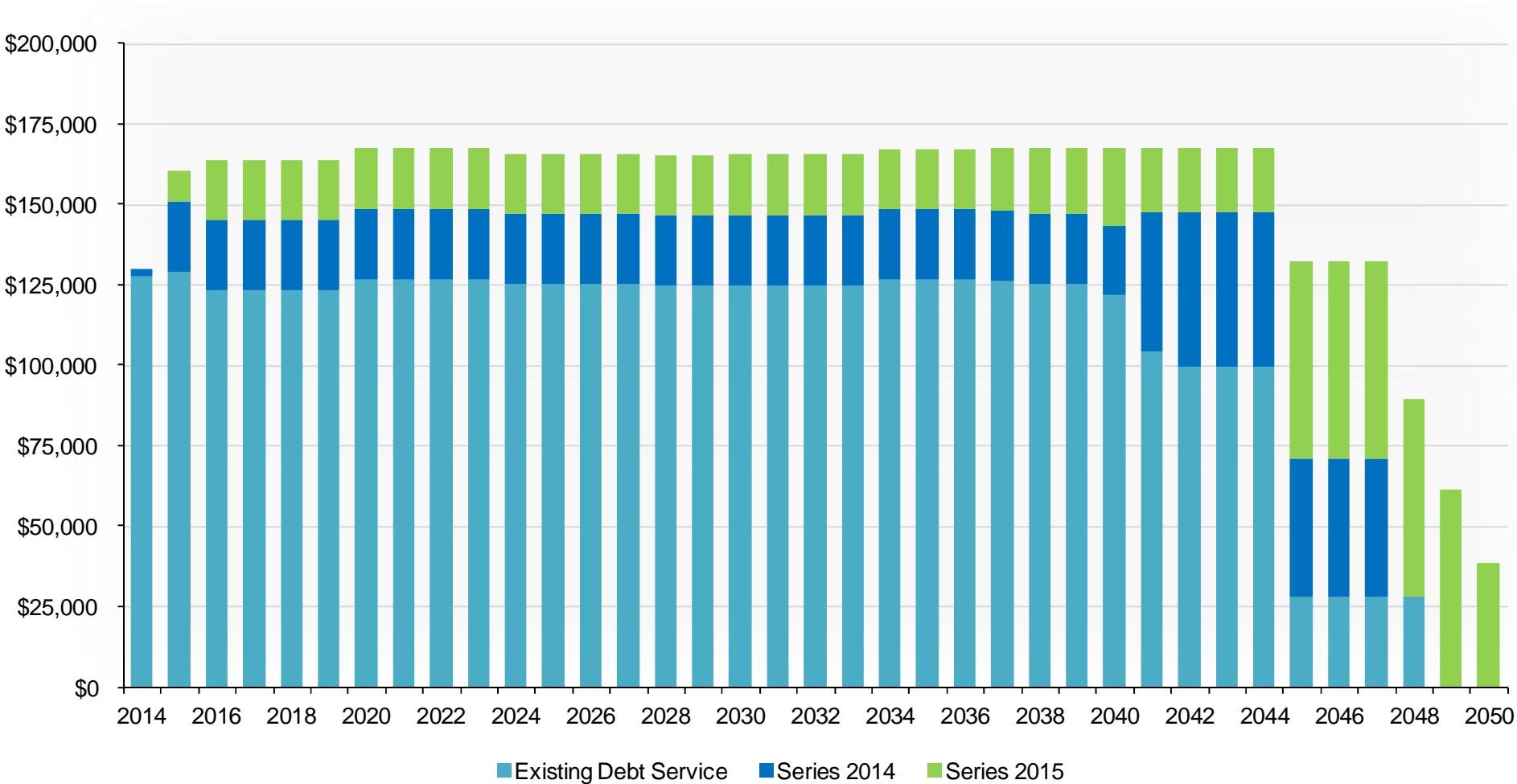
Higher interest rate assumption

- Fixed - 5.75% (vs. 5.50% in FY 2014)
- Variable – 2.50% (vs. 1.25% in FY 2014)



# Aggregate Annual Debt Service

(\$000's)





## Cash Financed Capital Improvements

---

- Established for the first time in the Authority's history
- Reviewed and recommended by independent financial feasibility consultant, financial advisor and bond counsel
- Proactively establishes and commits to PAYGO financing and or debt defeasance
- Increases transparency, accountability and control of departmental operating budgets
- Improves operational flexibility to transfer budgets as financial needs arise within the Authority



## Statement of Cash Flows

	FY 2013 Revised Plan	FY 2014 Proposed Plan	FY 2015 Proposed Plan
Retail	\$ 324,004	\$ 338,470	\$ 374,479
Wholesale	74,737	71,126	75,124
Other	48,731	51,091	50,798
Rate Stabilization Fund	6,500	6,500	14,500
<b>Operating Revenues</b>	<b>453,972</b>	<b>467,187</b>	<b>514,901</b>
<b>Operating Expenses</b>	<b>(273,313)</b>	<b>(298,636)</b>	<b>(309,476)</b>
<b>Debt Service</b>	<b>(111,419)</b>	<b>(130,120)</b>	<b>(160,264)</b>
<b>Defeasance of Debt Service / Cash Financed Capital Improvements</b>	<b>-</b>	<b>-</b>	<b>(20,058)</b>
<b>Net Revenues</b>	<b>\$ 69,240</b>	<b>\$ 38,431</b>	<b>\$ 25,103</b>



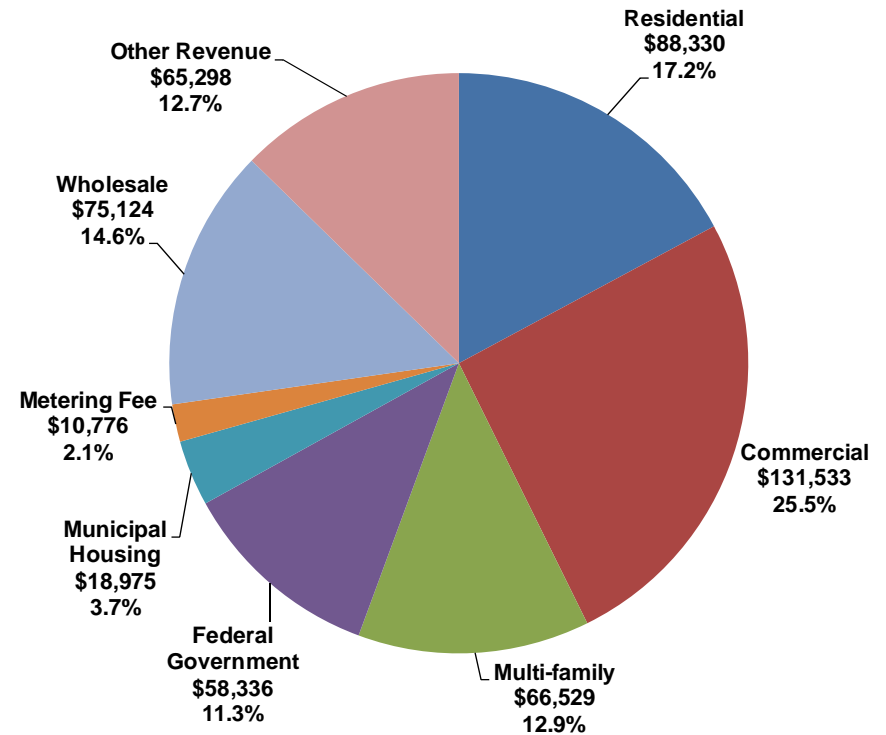
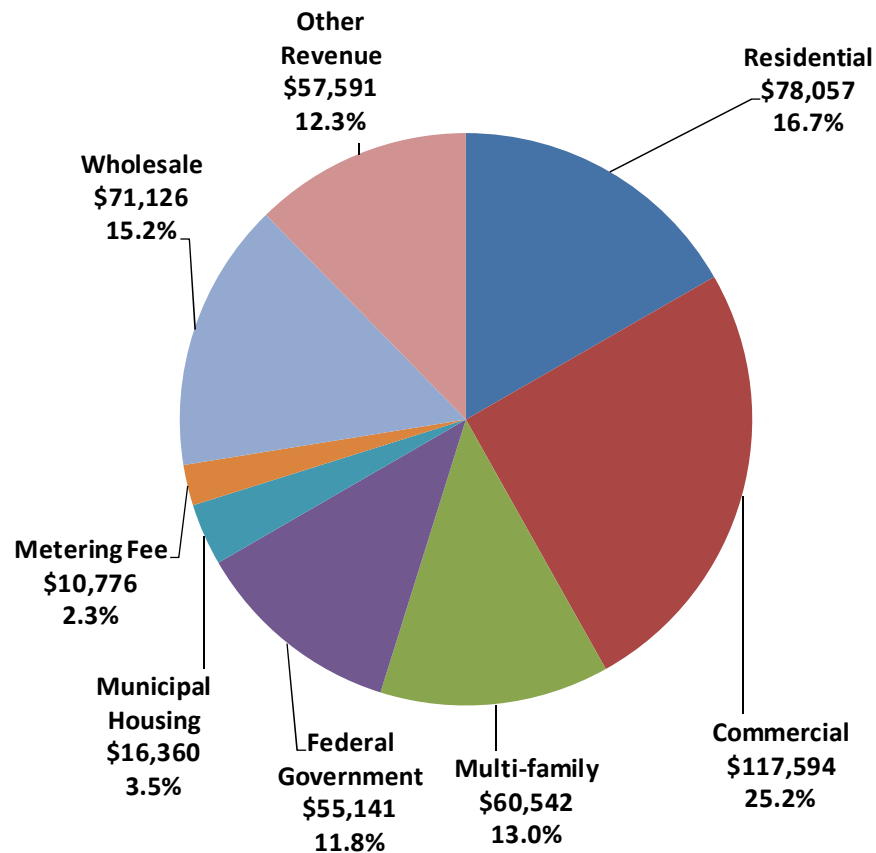


# Operating Revenues

(\$000's)

**FY 2014 Revised**  
**\$467,187**

**FY 2015 Proposed**  
**\$514,901**





## Comparative Operating Revenues Summary

(\$000's)

	FY 2014 Revised	FY 2015 Proposed	Increase / (Decrease)	
			\$	%
<b>Retail Revenue</b>	<b>\$338,470</b>	<b>\$374,479</b>	<b>\$36,009</b>	<b>10.6%</b>
Wholesale Revenue				
Potomac Interceptor (PI)	2,302	2,302	0	0.0%
Loudoun County Sanitation Authority (LCSA)	5,002	5,065	63	1.3%
Washington Suburban Sanitary Commission (WSSC)	50,873	54,349	3,476	6.8%
Fairfax County	12,949	13,409	460	3.6%
<b>Total Wholesale Revenue</b>	<b>71,126</b>	<b>75,124</b>	<b>3,998</b>	<b>5.6%</b>
Other Revenue	51,091	50,798	(293)	-0.6%
Rate Stabilization Fund	6,500	14,500	8,000	123.1%
<b>Total Revenue</b>	<b>\$467,187</b>	<b>\$514,901</b>	<b>\$47,714</b>	<b>10.2%</b>



# **PROPOSED CAPITAL IMPROVEMENT PROGRAM: FY 2014 – FY 2023**



## CIP Disbursements Plan by Service Area

(\$000's)

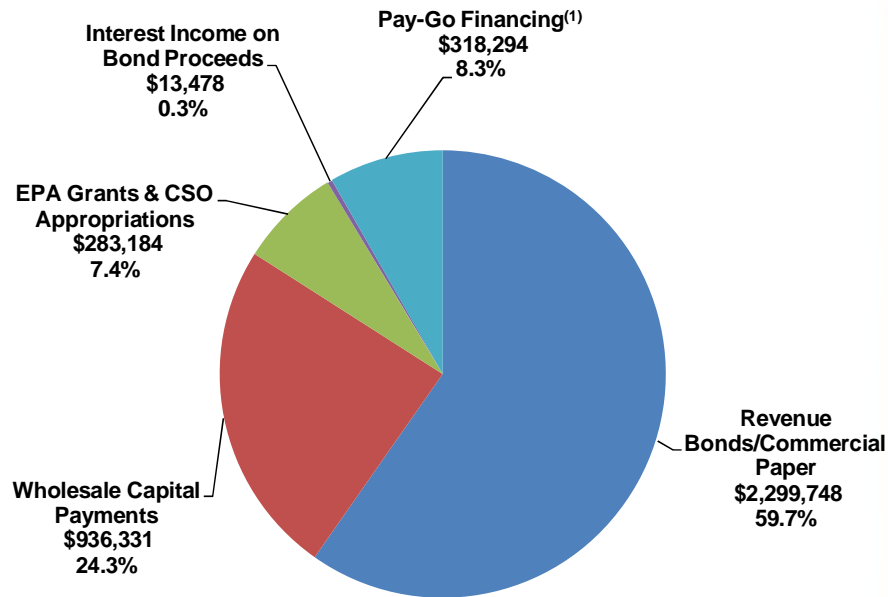
Service Areas	FY 2014 Revised	FY 2015 Proposed	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total
Wastewater Treatment	\$ 268,192	\$ 174,364	\$ 146,112	\$ 118,387	\$ 91,690	\$ 31,552	\$ 19,563	\$ 16,320	\$ 27,904	\$ 29,789	\$ 923,872
Sanitary Sewer	29,818	49,276	69,556	56,066	51,318	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	



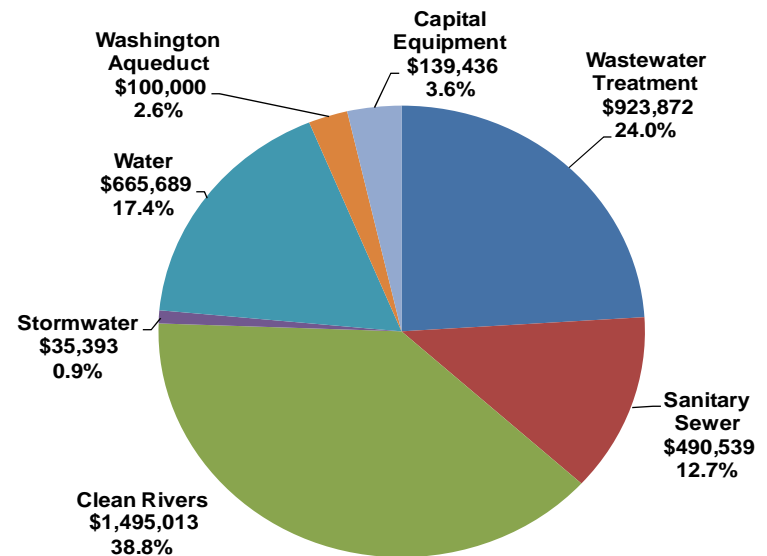
# Sources & Uses of Funding

## Sources of Funds

(\$000's)



## Uses of Funds



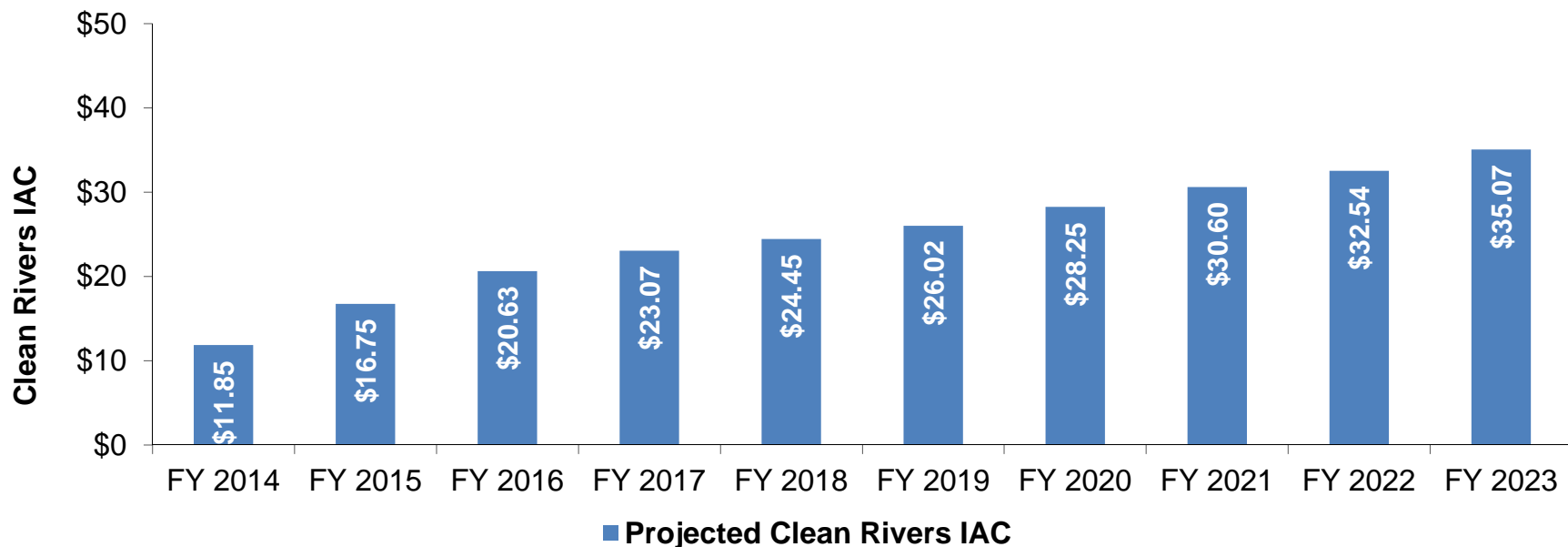
(1) Pay-go financing is any funds available after funding the greater of 120 day or \$125.5 million operating and maintenance reserve, approximately \$140.5 million in FY 2014. These transfers reduce the amount of new debt issuance.

(2) Debt financing refers to the borrowing of funds through long-term revenue bonds, commercial paper and other short-term notes.



## Projected Clean Rivers IAC Charges

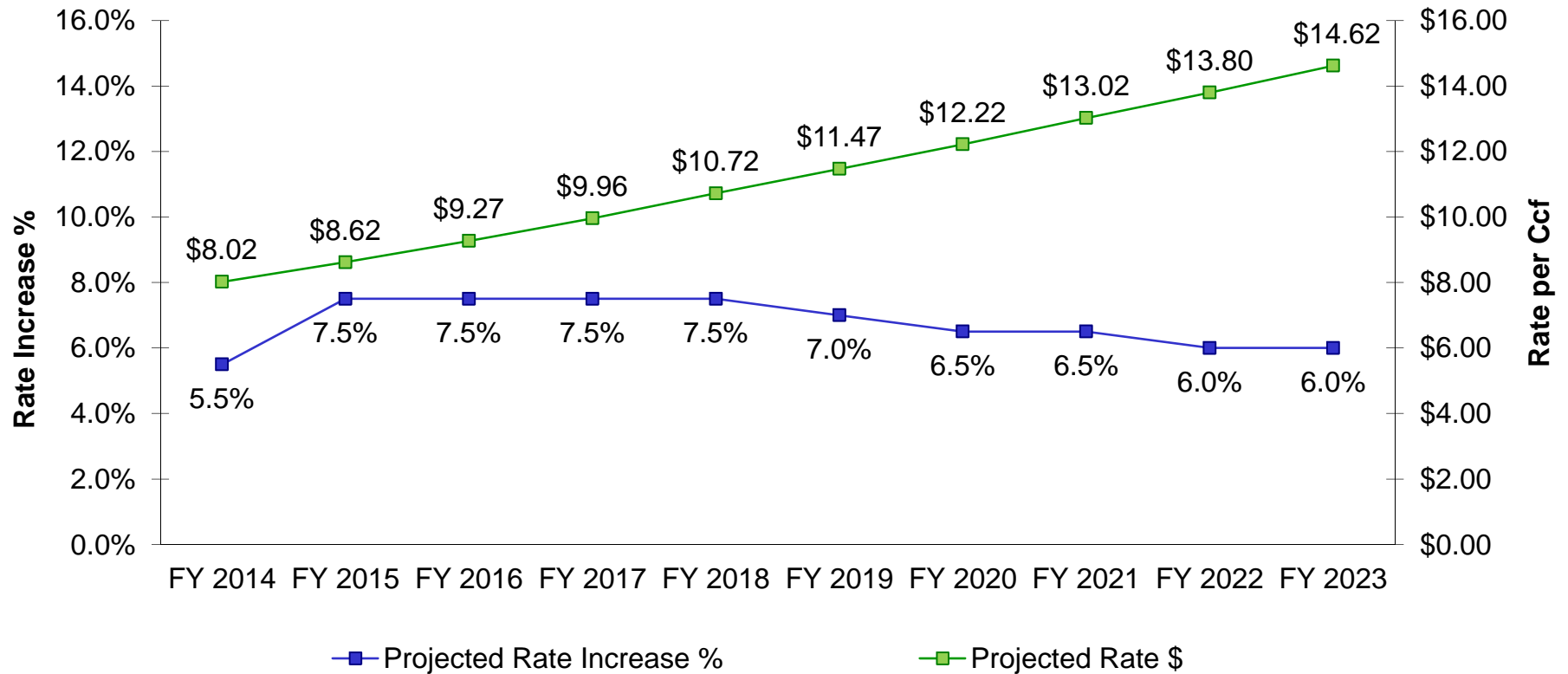
- The Clean Rivers Impervious Area Charge (CRIAC) was developed and implemented in FY 2009 in order to recover costs of the Combined Sewer Overflow Long Term Control Plan, a mandate of EPA Region III pursuant to the 2005 Consent Decree
- Projected CRIAC ranges from \$11.85 to \$35.07 per ERU per month





## 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%





# **FY 2015 BUDGET CONSIDERATIONS**





## FY 2015 Budget Considerations

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### Operational Risks

- Non Personnel costs
  - New facilities
  - Electricity, chemicals, and supplies
- Personnel costs
  - Overtime costs
  - Vacancy rate

### Capital Improvement Program Risks

- New permit requirements
- Project management

### Financing Risks

- Interest rates
- Market access



## NEXT STEPS



## 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
  - ✓ 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



*Blue Plains Tunnel – Dewatering Station Shaft and Screening Shaft, under construction.*

# Questions?

**ATTACHMENT 3**

**FINANCE & BUDGET COMMITTEE**

***ACTION ITEMS***

**FY 2015 BUDGET**

**FINANCE AND BUDGET COMMITTEE  
FISCAL YEAR 2015 PROPOSED OPERATING BUDGET ACTION ITEM**

**ACTION ITEM 3A: Proposed FY 2015 Operating Budget**

The Proposed FY 2015 Operating Budget to be considered by the Board of Directors totals \$515,959,000.

**FY 2015**

<b>Operations &amp; Maintenance Expenditures</b>	<b>\$308,950,000</b>
Debt Service	160,264,000
Cash Financed Capital Improvements (CFCI)	20,058,000
Payment In Lieu of Taxes (PILOT)	21,587,000
Right of Way Fee (ROW)	5,100,000
<b>Subtotal (Debt Service/CFCI/PILOT/ROW)</b>	<b>\$207,009,000</b>
 <b>Proposed FY 2015 Operating Budget</b>	 <b><u><u>\$515,959,000</u></u></b>

**FINANCE AND BUDGET COMMITTEE  
FISCAL YEAR 2014 – 2023 TEN-YEAR FINANCIAL PLAN ACTION ITEM**

**ACTION ITEM 3B: FY 2014 – FY 2023 Ten-Year Financial Plan**

Attached is a summary of the Ten-year Financial Plan, which is based on the following key assumptions for FY 2015:

- Operating receipts totaling \$514.9 million, an increase of \$47.7 million over FY 2014 funded through:
  - Retail Revenue – increase of \$36.0 million
  - Wholesale Revenue – increase of \$4.0 million
  - Other Revenue – increase of \$7.7 million
- Operating disbursements of \$489.8 million in FY 2015; and
- A Ten-year Capital Improvement Plan (FY 2014 – FY 2023) of \$3.8 billion on a cash disbursement basis.

The FY 2014 – FY 2023 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 2014 – FY 2023 Financial Plan  
(In 000's)*

<b>OPERATING</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<i>Retail*</i>	363,651	401,166	439,158	471,751	500,873	530,446	562,489	596,271	627,274	662,123
<i>Wholesale*</i>	71,126	75,124	75,485	77,756	80,156	82,555	85,063	87,693	90,406	93,200
<i>Other</i>	25,910	24,111	26,220	27,312	30,327	33,570	34,935	35,217	35,645	36,341
<i>RSF</i>	6,500	14,500	-	-	2,000	7,500	6,900	-	-	-
<b>Operating Receipts (1)</b>	<b>\$ 467,187</b>	<b>\$ 514,901</b>	<b>\$ 540,862</b>	<b>\$ 576,819</b>	<b>\$ 613,356</b>	<b>\$ 654,071</b>	<b>\$ 689,386</b>	<b>\$ 719,181</b>	<b>\$ 753,325</b>	<b>\$ 791,664</b>
<b>Operating Expenses</b>	<b>(298,636)</b>	<b>(309,476)</b>	<b>(315,766)</b>	<b>(326,142)</b>	<b>(337,023)</b>	<b>(351,043)</b>	<b>(362,486)</b>	<b>(374,426)</b>	<b>(386,638)</b>	<b>(400,795)</b>
<b>Debt Service</b>	<b>\$ (130,120)</b>	<b>\$ (160,264)</b>	<b>\$ (178,355)</b>	<b>\$ (197,937)</b>	<b>\$ (220,340)</b>	<b>\$ (240,670)</b>	<b>\$ (259,606)</b>	<b>\$ (271,244)</b>	<b>\$ (281,614)</b>	<b>\$ (292,788)</b>
<b>Defeasance D.S./Cash Financed Capital Cons</b>	<b>\$ -</b>	<b>\$ (20,058)</b>	<b>\$ (21,958)</b>	<b>\$ (23,588)</b>	<b>\$ (25,044)</b>	<b>\$ (26,522)</b>	<b>\$ (28,124)</b>	<b>\$ (29,814)</b>	<b>\$ (31,364)</b>	<b>\$ (33,106)</b>
<b>Net Revenues After Debt Service</b>	<b>\$ 38,431</b>	<b>\$ 25,103</b>	<b>\$ 24,783</b>	<b>\$ 29,153</b>	<b>\$ 30,949</b>	<b>\$ 35,835</b>	<b>\$ 39,170</b>	<b>\$ 43,697</b>	<b>\$ 53,709</b>	<b>\$ 64,975</b>
<b>Operating Reserve-Beg Balance</b>	<b>141,518</b>	<b>140,500</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>
<b>Other Misc (Disbursements)/Receipts</b>										
Wholesale/Federal True Up	(15,700)	(8,053)	-	-	-	-	-	-	-	-
Customer Rebate	-	-	-	-	-	-	-	-	-	-
Transfers To RSF	-	-	(4,500)	(4,000)	-	-	-	(3,000)	(12,000)	(19,000)
Transfers To DC PILOT Fund	-	-	-	-	-	-	-	-	-	-
Pay-Go Financing	(23,749)	(17,551)	(20,284)	(25,153)	(30,949)	(35,835)	(39,171)	(40,697)	(41,709)	(45,975)
<b>Operating Reserve - Ending Balance</b>	<b>\$ 140,500</b>	<b>\$ 140,000</b>	<b>\$ 140,000</b>	<b>\$ 140,000</b>	<b>\$ 140,000</b>	<b>\$ 140,000</b>	<b>\$ 140,000</b>	<b>\$ 140,000</b>	<b>\$ 140,000</b>	<b>\$ 140,000</b>
<b>Rate Stabilization Fund Balance RSF (2)</b>	<b>\$ (22,450)</b>	<b>\$ (7,950)</b>	<b>\$ (12,450)</b>	<b>\$ (16,450)</b>	<b>\$ (14,450)</b>	<b>\$ (6,950)</b>	<b>\$ (50)</b>	<b>\$ (3,050)</b>	<b>\$ (15,050)</b>	<b>\$ (34,050)</b>
<b>Senior Debt Service Coverage</b>	<b>398%</b>	<b>305%</b>	<b>267%</b>	<b>241%</b>	<b>224%</b>	<b>213%</b>	<b>209%</b>	<b>204%</b>	<b>201%</b>	<b>199%</b>
<b>Combined Debt Service Coverage</b>	<b>137%</b>	<b>140%</b>	<b>140%</b>	<b>140%</b>	<b>140%</b>	<b>140%</b>	<b>140%</b>	<b>140%</b>	<b>140%</b>	<b>141%</b>
<b>Actual/Projected Water/Sewer Rate Increases</b>	<b>5.5%</b>	<b>7.5%</b>	<b>7.5%</b>	<b>7.5%</b>	<b>7.5%</b>	<b>7.0%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>6.0%</b>	<b>6.0%</b>
<b>*Operating Receipts \$ Increase/Decrease</b>										
Retail	12,774	37,516	37,991	32,593	29,122	29,573	32,043	33,782	31,003	34,849
Wholesale	(3,884)	3,999	361	2,271	2,400	2,399	2,508	2,630	2,713	2,794
<b>*Operating Receipts % Increase/Decrease</b>										
Retail	3.6%	10.3% <sup>(3)</sup>	9.5%	7.4%	6.2%	5.9%	6.0%	6.0%	5.2%	5.6%
Wholesale	-5.2%	5.6%	0.5%	3.0%	3.1%	3.0%	3.0%	3.1%	3.1%	3.1%

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

(2) FY 2014 Rate Stabilization Fund utilization brought the total fund balance to \$22.45 million

(3) Savings anticipated from implementation of new biosolids management beginning in FY 2015



***District of Columbia Water & Sewer Authority***  
**FY 2014 - FY 2023 Projected Average Residential Customer Monthly Bill**

			Proposed										
	Units	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023		
DC Water and Sewer Retail Rates (1)	Ccf	\$ 53.65	\$ 57.67	\$ 62.02	\$ 66.63	\$ 71.72	\$ 76.73	\$ 81.75	\$ 87.10	\$ 92.32	\$ 97.81		
DC Water Clean Rivers IAC	ERU	11.85	16.75	20.63	23.07	24.45	26.02	28.25	30.60	32.54	35.07		
DC Water Customer Metering Fee		3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86		
<b>Subtotal DC Water Rates &amp; Charges</b>		<b>\$ 69.36</b>	<b>\$ 78.28</b>	<b>\$ 86.51</b>	<b>\$ 93.56</b>	<b>\$ 100.03</b>	<b>\$ 106.61</b>	<b>\$ 113.86</b>	<b>\$ 121.56</b>	<b>\$ 128.72</b>	<b>\$ 136.74</b>		
Increase / Decrease		\$ 5.09	\$ 8.92	\$ 8.23	\$ 7.05	\$ 6.47	\$ 6.58	\$ 7.25	\$ 7.70	\$ 7.16	\$ 8.02		
District of Columbia PILOT (1)	Ccf	\$ 3.55	\$ 4.08	\$ 4.42	\$ 4.75	\$ 5.08	\$ 5.42	\$ 5.75	\$ 6.15	\$ 6.56	\$ 6.96		
District of Columbia Right of Way Fee (1)	Ccf	1.14	1.14	1.20	1.27	1.34	1.40	1.47	1.54	1.61	1.67		
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		
<b>Subtotal District of Columbia Charges</b>		<b>\$ 7.36</b>	<b>\$ 7.89</b>	<b>\$ 8.29</b>	<b>\$ 8.69</b>	<b>\$ 9.09</b>	<b>\$ 9.49</b>	<b>\$ 9.89</b>	<b>\$ 10.36</b>	<b>\$ 10.84</b>	<b>\$ 11.30</b>		
<b>Total Amount Appearing on DC Water Bill</b>		<b>\$ 76.72</b>	<b>\$ 86.17</b>	<b>\$ 94.80</b>	<b>\$ 102.25</b>	<b>\$ 109.12</b>	<b>\$ 116.10</b>	<b>\$ 123.75</b>	<b>\$ 131.92</b>	<b>\$ 139.56</b>	<b>\$ 148.04</b>		
Increase / Decrease Over Prior Year		\$ 5.36	\$ 9.45	\$ 8.63	\$ 7.45	\$ 6.87	\$ 6.98	\$ 7.65	\$ 8.17	\$ 7.64	\$ 8.48		
<b>Percent Increase in Total Bill</b>		<b>7.5%</b>	<b>12.3%</b>	<b>10.0%</b>	<b>7.9%</b>	<b>6.7%</b>	<b>6.4%</b>	<b>6.6%</b>	<b>6.6%</b>	<b>5.8%</b>	<b>6.1%</b>		

(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

***District of Columbia Water & Sewer Authority***  
**FY 2015 Projected Retail Rates, Charges and Fees**

	<b>Units</b>	<b>FY 2014</b>	<b>Proposed FY 2015</b>
DC Water Retail Rates Water	Ccf	\$ 3.61	\$ 3.88
DC Water Retail Rates Sewer	Ccf	\$ 4.41	\$ 4.74
DC Water Clean Rivers IAC	ERU	\$ 11.85	\$ 16.75
DC Water Customer Metering Fee		\$ 3.86	\$ 3.86
District of Columbia PILOT Fee	Ccf	\$ 0.53	\$ 0.61
District of Columbia Right of Way Fee	Ccf	\$ 0.17	\$ 0.17

**FINANCE AND BUDGET COMMITTEE  
FISCAL YEAR 2014 – 2023 CAPITAL IMPROVEMENT PROGRAM  
ACTION ITEM**

**ACTION ITEM 3C: FY 2014 – FY 2023 Capital Improvement Program  
(Lifetime & Cash Disbursements Basis)**

DC Water presents its ten-year capital improvement program on two different bases:

- a. **Project lifetime budgets** – Total project lifetime budgets reflect the total costs of each active project, as well as projects that are projected to begin over the ten-year planning period. These costs include historical and projected spending as well as project contingencies. As shown in Attachment A-1, the Board of Directors will be asked to approve total project lifetime budgets of \$9.359 billion.
- b. **Disbursements-based budget** - The disbursements-based capital improvement program plan is utilized to forecast the timing and amount of capital financings, which are the primary basis for projected retail rate increases. As shown in Attachment A-2, the Board of Directors will be asked to approve a cash disbursements-based CIP of \$3.850 billion.

## Attachment A-1

## FY 2014 - FY 2023 Capital Improvement Plan

## Project Lifetime Budgets by Service Area / Program (\$ 000's)

	FY 2014 Approved	FY 2014 Revised / FY 2015 Proposed	Variance
<b><u>Wastewater Treatment</u></b>			
Liquid Processing Projects	\$632,948	\$831,760	\$198,812
Plantwide Projects	360,994	446,508	85,514
Solids Processing Projects	772,912	793,044	20,132
Enhanced Nitrogen Removal Facilities	966,888	1,024,481	57,593
<b>Sub-total</b>	<b>2,733,742</b>	<b>3,095,793</b>	<b>362,051</b>
<b><u>Sanitary Sewer</u></b>			
Sanitary Collection Sewers	162,656	212,995	50,339
Sanitary On-Going Projects	173,757	200,741	26,984
Sanitary Pumping Facilities	30,458	44,193	13,735
Sanitary Sewer Projects Program Management	91,086	111,214	20,128
Sanitary Interceptor/Trunk Force Sewers	466,541	585,475	118,934
<b>Sub-total</b>	<b>924,498</b>	<b>1,154,618</b>	<b>230,120</b>
<b><u>Combined Sewer Overflow</u></b>			
CSO Program Management	55,239	68,464	13,225
Combined Sewer Projects: Nine Minimum Controls	213,388	208,968	(4,420)
Combined Sewer Projects: Others	339,926	340,657	731
D.C. Clean Rivers Project ( <i>aka Long-Term Control Plan</i> )			
Anacostia Tunnel	1,714,720	1,806,541	91,821
Potomac Tunnel	383,700	383,700	-
Rock Creek Tunnel	65,342	65,342	-
D.C. Clean Rivers Green Infrastructures	40,000	40,000	-
<b>Sub-total</b>	<b>2,812,315</b>	<b>2,913,672</b>	<b>101,357</b>
<b><u>Stormwater</u></b>			
Stormwater Extensions/Local Drainage	22,816	22,829	13
Stormwater On-Going Program	11,323	12,988	1,665
Stormwater Pumping Facilities	-	25,000	25,000
DDOT Stormwater Program	3,237	3,237	-
Stormwater Projects Program Management	10,630	12,051	1,421
Stormwater Trunk/Force Sewers	15,162	15,341	179
<b>Sub-total</b>	<b>\$63,168</b>	<b>\$91,446</b>	<b>\$28,278</b>
<b><u>Water</u></b>			
Water Distribution Systems	\$857,178	\$940,902	\$83,724
Water Lead Program	191,040	189,040	(2,000)
Water On-Going Projects	127,879	140,871	12,992
Water Pumping Facilities	155,908	167,217	11,309
DDOT Water Projects	38,184	38,775	591
Water Storage Facilities	75,762	76,358	596
Water Projects Program Management	78,756	74,781	(3,975)
Meter Replacement /AMR Installation	91,264	50,181	(41,083)
<b>Sub-total</b>	<b>1,615,971</b>	<b>1,678,125</b>	<b>62,154</b>
<b>Washington Aqueduct</b>	<b>203,138</b>	<b>286,358</b>	<b>83,220</b>
<b>Capital Equipment</b>	<b>96,022</b>	<b>139,436</b>	<b>43,414</b>
<b>Total DC Water CIP Lifetime (see notes)</b>	<b>\$8,448,854</b>	<b>\$9,359,448</b>	<b>\$910,594</b>

## Notes:

1 Lifetime budgets shown here represent total budgets for projects that are active during the current 10-year CIP. Lifetime budgets include historical spending prior to the beginning of the current 10-year plan, spending during the 10-year plan, and projected spending beyond the current 10-year plan. Projects completed in FY 2013 will be dropped from the CIP next year.

2 These budgets do not include inhouse labor costs, estimated to be in the \$14 to \$17 million range, annually, and are applicable to, primarily, the time charged to capital projects by employees in the Departments of Engineering and Technical Services, Sewer Services, and Water Services.

## Attachment A-2

**FY 2014 – FY 2023 PROJECTED CAPITAL IMPROVEMENT PLAN (CIP) – DISBURSEMENTS BASIS (\$ in 000's)**

	FY 2014 Revised	FY 2015 Proposed	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total FY '14 (Revsd) -'23
<b>Wastewater Treatment</b>											
Liquid Processing Projects	18,072	18,443	19,676	29,426	23,742	11,130	4,596	8,595	10,958	15,389	160,028
Plantwide Projects	18,782	17,311	13,826	12,520	20,339	14,012	6,216	5,360	15,434	13,302	137,103
Solids Processing Projects	138,221	46,240	14,668	10,024	2,555	1,512	6,170	1,486	972	-	221,848
Enhanced Nitrogen Removal Facilities	93,116	92,370	97,943	66,418	45,054	4,899	2,581	878	539	1,097	404,893
<b>Sub-total</b>	<b>268,192</b>	<b>174,364</b>	<b>146,112</b>	<b>118,387</b>	<b>91,690</b>	<b>31,552</b>	<b>19,563</b>	<b>16,320</b>	<b>27,904</b>	<b>29,789</b>	<b>923,872</b>
<b>Sanitary Sewer</b>											
Sanitary Collection Sewers	1,478	9,562	11,422	4,543	7,533	6,260	6,760	7,585	9,337	11,618	76,099
Sanitary On-Going Projects	9,653	11,273	7,237	9,051	7,903	8,832	6,937	9,051	8,275	14,868	93,081
Sanitary Pumping Facilities	957	635	1,030	549	1,205	2,324	-	-	-	-	6,700
Sanitary Sewer Projects Program Management	4,739	4,993	4,866	5,192	5,498	5,863	4,973	4,071	2,460	3,027	45,683
Sanitary Interceptor/Trunk Force Sewers	12,990	22,813	45,001	36,731	29,179	43,694	27,750	23,207	14,356	13,257	268,977
<b>Sub-total</b>	<b>29,818</b>	<b>49,276</b>	<b>69,556</b>	<b>56,066</b>	<b>51,318</b>	<b>66,973</b>	<b>46,420</b>	<b>43,915</b>	<b>34,428</b>	<b>42,770</b>	<b>490,539</b>
<b>Combined Sewer Overflow / Long Term Control Plan</b>											
CSO Program Management	2,280	2,017	1,472	1,887	2,035	2,612	2,203	1,727	1,845	2,399	20,476
Combined Sewer Projects:Nine Minimum Controls	11,903	10,298	40,465	35,827	18,488	21,182	16,547	25,720	29,977	16,499	226,905
D.C. Clean Rivers Project (Long-Term Control Plan)	152,325	271,593	160,600	111,962	128,441	115,903	82,311	70,665	57,087	96,746	1,247,632
<b>Sub-total</b>	<b>166,508</b>	<b>283,908</b>	<b>202,536</b>	<b>149,676</b>	<b>148,964</b>	<b>139,697</b>	<b>101,061</b>	<b>98,111</b>	<b>88,908</b>	<b>115,644</b>	<b>1,495,013</b>
<b>Stormwater</b>											
Stormwater Local Drainage	122	57	796	1,097	1,036	760	295	692	628	249	5,733
Stormwater On-Going Program	446	581	451	418	442	493	515	545	681	656	5,227
Stormwater Pumping Facilities	-	-	1,222	7,827	8,888	-	-	-	-	-	17,937
DDOT Stormwater Program	1	35	17	18	19	19	2	-	-	-	110
Stormwater Research and Program Management	436	190	138	171	192	258	227	171	177	227	2,186
Stormwater Trunk/Force Sewers	1,839	1,173	1,190	-	-	-	-	-	-	-	4,201
<b>Sub-total</b>	<b>2,843</b>	<b>2,035</b>	<b>3,813</b>	<b>9,531</b>	<b>10,577</b>	<b>1,529</b>	<b>1,039</b>	<b>1,408</b>	<b>1,486</b>	<b>1,132</b>	<b>35,393</b>
<b>Water</b>											
Water Distribution Systems	31,493	48,577	43,117	33,889	44,046	48,829	46,902	39,176	38,022	42,286	416,337
Water On-Going Projects	8,770	9,377	6,815	8,156	6,476	6,787	6,123	6,188	5,929	6,760	71,380
Water Pumping Facilities	3,710	5,386	5,760	4,263	6,798	850	286	152	80	0	27,286
DDOT Water Projects	4,869	2,123	1,109	-	-	-	-	-	-	-	8,100
Water Storage Facilities	2,173	11,387	8,707	5,153	10,607	3,799	840	773	2,076	1,223	46,739
Water Projects Program Management	3,565	5,245	4,375	4,379	4,346	3,645	3,618	3,508	5,528	5,658	43,867
Water Lead Program	2,823	2,010	1,384	1,377	1,440	1,534	1,632	476	-	-	12,678
Meter Replacement /AMR Installation +CIS	5,734	7,900	5,537	4,442	2,185	2,686	2,615	3,130	2,454	2,619	39,302
<b>Sub-total</b>	<b>63,136</b>	<b>92,006</b>	<b>76,804</b>	<b>61,660</b>	<b>75,898</b>	<b>68,131</b>	<b>62,015</b>	<b>53,404</b>	<b>54,088</b>	<b>58,546</b>	<b>665,689</b>
<b>Washington Aqueduct</b>	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	100,000
<b>Capital Equipment</b>	16,627	17,191	14,099	14,749	14,499	12,112	12,924	12,740	12,772	11,723	139,436
<b>Total FY 2015 DC Water 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>

**FINANCE AND BUDGET COMMITTEE  
FY 2015 PROPOSED BUDGET ACTION ITEM**

**ACTION ITEM 3D: FY 2015 Capital Authority Request**

Congressional capital authority is required before DC Water can enter into any capital contracts. The amount of capital authority requested each year is based on the projected capital contracts to be executed in the upcoming two fiscal years, projected changes or risk and the carry-forward of authority balance from prior years' appropriations. The U.S. Congress approves DC Water's capital authority in seven broad categories, which provides DC Water with additional flexibility in managing the capital improvement program, although capital budgets and spending are developed and monitored within DC Water at the project level. The FY 2015 capital authority request totals \$554.303 million, as shown in the table below.

<u>Service Areas</u>	<u>Amount (\$000's)*</u>
Blue Plains Wastewater Treatment	\$0
Sanitary Sewer System	48,100
Combined Sewer Overflow	327,059
Stormwater	28,226
Water System	111,627
Washington Aqueduct (DC Water share)	6,154
Capital Equipment	<u>33,137</u>
<b>Total</b>	<b><u>\$554,303</u></b>

\* The authority request includes a 24 month look-ahead, i.e., it also takes into account projected commitments for FY 2016 and FY 2017.

Following the Joint Committee meeting of the Environmental Quality and Sewer Services and Water Quality and Water Services on November 21 and the Finance and Budget Committee Meeting on November 22, if any Committee recommends a different level of CIP disbursements or lifetime budgets than shown in the attachments, staff will update this schedule and distribute to the Board prior to its December 5 meeting.

**FINANCE AND BUDGET COMMITTEE  
INTENT TO REIMBURSE CAPITAL EXPENDITURES WITH PROCEEDS  
OF A BORROWING ACTION ITEM**

**ACTION ITEM 3E: Capital Projects Reimbursement Resolution**

The Board will be asked to approve a reimbursement resolution, which would allow for reimbursement of eligible capital project expenditures from bond proceeds. The action under consideration is to utilize the proceeds of tax-exempt bonds, taxable bonds or notes (the "bonds") or other debt in an amount not currently expected to exceed \$743,777,000 to pay the costs of capital projects. These costs include amounts heretofore unreimbursed pursuant to Resolution 13-06 of the Board adopted on January 3, 2013, plus amounts projected to be reimbursed during Fiscal Year 2014 and through September 2015.

**EXHIBIT A – LIST OF PROJECTS**

Blue Plains Advanced Wastewater Treatment Plant Rehabilitation  
Blue Plains Enhanced Nitrogen Removal Facilities  
Blue Plains New Digestion Facilities  
Sanitary Sewer System Improvement Projects  
Combined Sewer System Improvement Projects  
Stormwater Sewer System Improvement Projects  
Water Pumping, Distribution and Storage Projects  
Metering and Capital Equipment  
Washington Aqueduct Projects  
Combined Sewer Overflow/Long Term Control Plan (aka Clean Rivers Project)





**ATTACHMENT 4**

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

Friday, December 20, 2013; 9:30 a.m.  
Blue Plains Wastewater Treatment Plant  
5000 Overlook Avenue, SW, DC  
**AGENDA**

<b>Call to Order</b>	Chairman
<b>November 2013 Financial Report</b>	Budget Director, Treasury & Debt Manager
<b>Action Items</b>	Chairman
<b>Agenda for January Committee Meeting</b>	Chairman
<b>Adjournment</b>	Chairman

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