



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

*Special Meeting of the
Finance and Budget Committee*

Tuesday, August 25, 2020

1:00 p.m.

(via Microsoft teams)

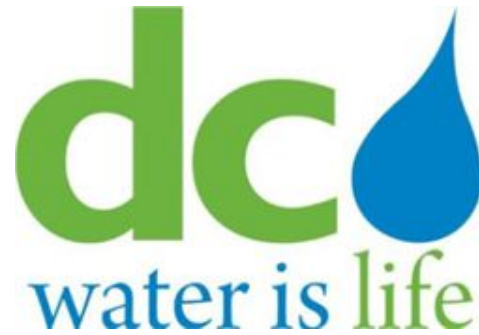
202-753-6714 Conference ID 669 862 913#

- 1. **Call to Order**..... Major Riddick, Chairperson
- 2. **Roll Call**..... Linda Manley
- 3. **July 2020 Financial Report (Attachment 1)**..... Lola Oyeyemi
- 4. **Capital Improvement Program Quarterly Report (Attachment 2)**..... Paul Guttridge
- 5. **FY 2020 Net Cash Position Update (Attachment 3)**..... Matthew T. Brown
- 6. **Action Items**..... Matthew T. Brown
 - A. **Recommendation of Approval for Transfer of FY 2020 Projected Net Cash Surplus (Attachment 4)**
 - B. **Recommendation of Approval for Transfer of Rolling Owner Controlled Insurance Program (ROCIP) Amount Billed Less the Audit Reserve (Attachment 5)**
- 7. **Agenda for September Committee Meeting (Attachment 6)**..... Major Riddick
- 8. **Executive Session***
- 9. **Adjournment**

FOLLOW-UP ITEMS – Follow-up items from the Finance and Budget Committee meeting held on June 25, 2020.

- 1. Consider providing detailed variance explanations for monthly financial performance in future reports, particularly so that revenues can be monitored. **(Mr. Franco) Status: Variance explanations are provided within the financial report.**

1 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)(2); legal, confidential or privileged matters under D.C. Official Code § 2-575(b)(4)(A); collective bargaining negotiations 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); train and develop members of a public body and staff under D.C. Official Codes § 2-575(b)(12); 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.



Fiscal Year 2020

Monthly Financial Report

Period Ending July 31, 2020

DEPARTMENT OF FINANCE

Matthew T. Brown, CFO & Executive Vice President, Finance and Procurement

Ivan Boykin, Director, Finance

Syed Khalil, Director, Rates & Revenue

Genes Malasy, Controller

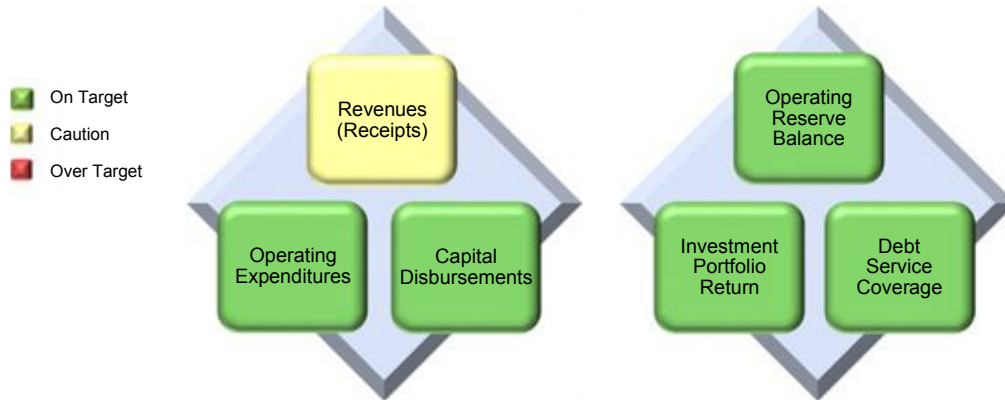
Lola Oyeyemi, Director, Budget

Monthly Financial Report

JULY 2020

EXECUTIVE SUMMARY

As of the end of July 2020, with approximately 83 percent of the fiscal year completed, we are on track with budgetary expectations and targeted performance metrics.



(\$ in millions)

	Budget	YTD Budget	Actual	Variance Favorable	(Unfavorable)	Actual % Budget	Y/E Projection
Revenues (Receipts)	\$699.0	\$588.1	\$589.7	\$1.6	0.3%	84.4%	\$692.2
Expenditures	\$606.5	\$471.6	\$442.1	\$29.5	6.2%	72.9%	\$578.0
Capital Disbursements	\$452.2	\$376.6	\$270.1	\$106.5	28.3%	59.7%	\$363.6

Highlights:

- Proposed FY 2022 budget development process continues
- FY 2020 Interim Financial Statement and Uniform Guidance audit processes underway
- FY 2020 year-end closeout preparations underway
- Fitch Rating Agency surveillance discussion with DC Water held on August 14, 2020

Matthew T. Brown, Executive Vice President & Chief Financial Officer

Monthly Financial Report

Fiscal Year-to-Date
As of July 31, 2020

Operating Revenues (\$000's)

FY 2019 Actual		CATEGORY	FY 2020							Projections	
Total Annual	YTD July		Year-to-Date Performance					Year-End Projections	% of Budget		
			Annual Budget	YTD Budget	YTD Actual	% of Budget	Variance \$ Fav(Unfav)	Variance % Fav(Unfav)			
\$394,202	\$321,434	Residential / Commercial / Multi-Family	\$399,063	\$332,553	\$328,366	82.3%	(\$4,186)	(1.3%)	\$392,031	98.2%	
68,163	68,163	Federal	71,887	71,887	71,954	100.1%	67	0.1%	71,887	100.0%	
17,356	11,909	Municipal (DC Govt.)	17,585	14,655	14,699	83.6%	44	0.3%	17,199	97.8%	
11,136	9,233	DC Housing Authority	10,525	8,770	9,019	85.7%	248	2.8%	10,679	101.5%	
11,613	9,769	Metering Fee	10,776	9,111	10,013	92.9%	902	9.9%	11,765	109.2%	
40,660	34,652	Water System Replacement Fee (WSRF)	39,717	34,060	35,643	89.7%	1,584	4.7%	41,099	103.5%	
82,116	61,573	Wholesale	82,539	61,904	59,616	72.2%	(2,288)	(3.7%)	79,239	96.0%	
21,076	17,321	PILOT/ROW	22,113	18,860	18,103	81.9%	(757)	(4.0%)	20,837	94.2%	
48,116	36,943	All Other	44,774	36,267	42,267	94.4%	6,000	16.5%	47,455	106.0%	
\$694,438	\$570,996	TOTAL	\$698,979	\$588,067	\$589,680	84.4%	\$1,613	0.3%	\$692,191	99.0%	



VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of July 2020, cash receipts totaled \$589.7 million, or 84.4 percent of the revised FY 2020 budget. The total receipts for July were \$67.4 million as compared to the budgeted \$63.8 million. Several categories of customers make payments on a quarterly basis, including the Federal Government (which made their fourth quarterly payment in July), and wholesale customers (who made their third quarter payment in May).

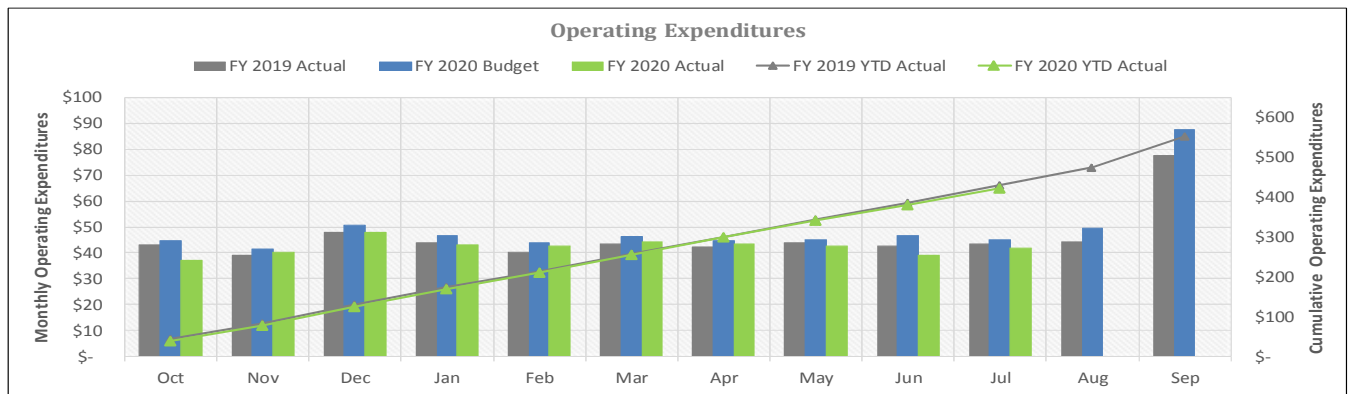
Areas of Overcollection	Areas of Undercollection
<p><u>Federal</u> - Actual receipts through July 2020 total \$72.0 million or 100.1 percent of the revised budget. The Federal government made their fourth quarter payment of \$17.2 million in July 2020.</p> <p><u>District Government</u> – Receipts are slightly higher at \$14.7 million or 83.6 percent of the revised budget. The July 2020 receipts are \$1.6 million or \$0.16 million higher than the budget.</p> <p><u>DC Housing</u> - Receipts are slightly higher at \$9.0 million or 85.7 percent of the revised budget. The July 2020 receipts are slightly lower at \$0.84 million or thirty four thousand dollars lower as compared to the budget.</p> <p><u>Other Revenue</u> - Receipts are slightly higher at \$42.3 million or 94.4 percent of the revised budget. The District Government has paid \$6.3 million Fire Protection Service fee for the third and fourth quarters in July 2020. The receipts are higher primarily due to (i) receiving FY 2020 fourth quarter Fire Protection Service fee of \$3.1 million in July instead of the schedule payment in August (ii) \$1.7 million payment received in October 2019 from the District Government for the fourth quarter 2019 short-payment of Fire Protection Service Fee that was due in August 2019 and (iii) higher Development Contractor Water and Sewer Service Fees.</p>	<p><u>Residential, Commercial and Multi-Family</u> – Receipts for this category are slightly lower at \$328.4 million or 82.3 percent of the budget. The lower receipts are mainly due to decline in consumption in Commercial category on account of the impact of COVID-19, which also offset the increased year-end billings of the unbilled accounts. The July 2020 receipts were lower by \$4.2 million as compared to the budget due to lower consumption.</p> <p><u>Wholesale</u> – The wholesale customer actual receipts through July 2020 total \$59.6 million or 72.2 percent of revised FY 2020 budget. The lower receipts are due to low flows as compared to the budget. FY 2020 fourth quarter payment is expected to be received in August 2020.</p>

Monthly Financial Report

Fiscal Year-to-Date
As of July 31, 2020

Operating Expenditures (\$000's)

FY 2019 Actual		CATEGORY	FY 2020						Projections	
Total Annual	YTD July		Year-to-Date Performance				Variance %	Year-End Projections	% of Budget	
			Annual Budget	YTD Budget	YTD Actual	% of Budget	Variance \$	Fav(Unfav)		
\$157,979	\$129,292	Personnel	\$170,680	\$ 139,657	\$132,326	77.5%	\$ 7,332	5.2%	\$162,218	95.0%
76,206	58,474	Contractual Services	81,886	63,426	58,469	71.4%	4,957	7.8%	74,690	91.2%
32,430	26,266	Water Purchases	34,929	28,040	22,700	65.0%	5,340	19.0%	31,389	89.9%
34,979	29,054	Supplies & Chemicals	33,158	27,401	24,434	73.7%	2,967	10.8%	29,628	89.4%
25,778	21,292	Utilities	26,953	22,693	19,856	73.7%	2,837	12.5%	23,828	88.4%
731	329	Small Equipment	989	732	478	48.3%	254	34.7%	536	54.2%
\$328,104	\$264,707	SUBTOTAL O&M	\$348,595	\$281,949	\$258,263	74.1%	\$23,686	8.4%	\$322,288	92.5%
193,035	161,162	Debt Service	207,340	171,291	165,509	79.8%	5,782	3.4%	205,137	98.9%
21,702	18,085	PILOT/ROW	22,034	18,361	18,362	83.3%	(1)	(0.0%)	22,034	100.0%
26,999	0	Cash Financed Capital Improvements	28,556	0	0	0.0%	0	0.0%	28,556	100.0%
\$569,840	\$443,954	TOTAL OPERATING	\$606,523	\$471,601	\$442,134	72.9%	\$29,467	6.2%	\$578,015	95.3%
(17,588)	(14,714)	Capital Labor	(22,748)	(19,319)	(20,660)	90.8%	1,342	(6.9%)	(23,722)	104.3%
\$552,252	\$429,240	TOTAL NET OPERATING	\$583,775	\$452,283	\$421,474	72.2%	\$30,809	6.8%	\$554,293	94.9%



VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

Total operating expenditures for this period (including debt service and the Right-of-Way & PILOT fees) totaled \$442.1 million or 71.9 percent of the revised FY 2020 budget of \$606.5 million. These numbers include estimated incurred but unpaid invoices and are subject to revision in subsequent months.

Areas of Underspending

Personnel Services – Underspending is primarily due to vacancies resulting from the deliberate measure in effect for the hiring process and lower than anticipated benefits costs. Of the 1226 positions authorized, 1098 were filled at the end of July with a vacancy rate of 11 percent. Overtime is at \$5.8 million or 71.7 percent of the annual overtime budget due to modified shifts during the COVID-19 pandemic.

Contractual Services – Spending is in line with expectations at this time of the fiscal year and expected to remain low throughout the remainder of the fiscal year as expenses are curtailed to ensure that we are only allowing critical and COVID-related expenditures.

Water Purchases – Reflect DC Water’s share of Washington Aqueduct expenditures and decline in water consumption.

Supplies & Chemicals – Underspending is due to lower than anticipated unit price of major chemicals and decreased usage due to normalized weather pattern.

Utilities – Underspending is primarily due to lower than budgeted electricity unit prices and improved efficiency in water usage in the wastewater treatment process. A total of 15MW of the Authority’s electric load is locked at an average Western Hub price of \$29.81/MWh for the remainder of the fiscal year.

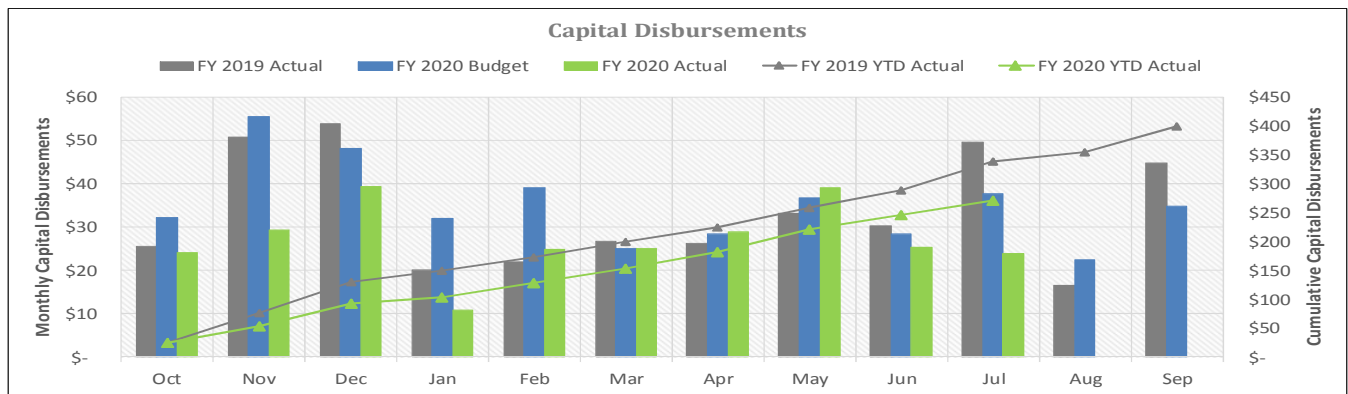
Debt Service – YTD underspending is consistent with the revised budget, net of the Board-approved \$8 million transfer to the Rate Stabilization Fund.

Monthly Financial Report

Fiscal Year-to-Date
As of July 31, 2020

Capital Disbursements (\$'000's)

FY 2019 Actual		CATEGORY	FY 2020							
Total Annual	YTD July		Year-to-Date Performance				Projections			
			Revised Budget	YTD Budget	YTD Actual	% of Budget	Variance \$	Variance % Fav(Unfav)	Year-End Projections	% of Budget
\$8,529	\$7,699	Non Process Facilities	\$42,066	\$28,651	\$8,272	19.7%	\$20,379	71.1%	\$8,646	20.6%
53,127	47,983	Wastewater Treatment	77,536	67,185	39,322	50.7%	27,863	41.5%	63,954	82.5%
221,752	179,150	Combined Sewer Overflow	171,436	145,317	138,024	80.5%	7,293	5.0%	168,039	98.0%
2,210	1,737	Stormwater	6,869	5,743	2,572	37.4%	3,171	55.2%	3,699	53.9%
36,224	33,023	Sanitary Sewer	44,934	37,546	17,799	39.6%	19,747	52.6%	29,634	66.0%
45,310	40,343	Water	62,163	52,077	34,814	56.0%	17,263	33.1%	50,969	82.0%
\$367,152	\$309,936	SUBTOTAL CAPITAL PROJECTS	\$405,004	\$336,519	\$240,803	59.5%	\$95,716	28.4%	\$324,941	80.2%
21,367	17,632	Capital Equipment	31,703	27,693	19,030	60.0%	8,663	31.3%	25,578	80.7%
10,847	10,443	Washington Aqueduct	15,515	12,375	10,297	66.4%	2,078	0.0%	13,072	84.3%
\$32,214	\$28,074	SUBTOTAL ADD'L CAPITAL PROGRAMS	\$47,218	\$40,068	\$29,327	62.1%	\$10,741	26.8%	\$38,650	81.9%
\$399,366	\$338,010	TOTAL	\$452,223	\$376,587	\$270,129	59.7%	\$106,458	28.3%	\$363,592	80.4%



VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of July 2020, capital disbursements are \$270.1 million or 59.7 percent of the revised FY 2020 budget.

Capital Projects	Additional Capital Programs
<p><u>Non Process Facilities</u> – Lower YTD disbursements due to delay in awarding the contract for the Main & O Redevelopment efforts.</p> <p><u>Wastewater Treatment</u> – Underspending attributable to delay in the screen installation for the Replacement/Upgrade Influent Screens project.</p> <p><u>Stormwater</u> – YTD underspending is due to delayed start date and lagging invoices for DSS Stormwater projects.</p> <p><u>Sanitary Sewer</u> – Lower than anticipated costs for the Sewer Upgrade (City Wide) project and other assessment/rehabilitation projects</p> <p><u>Water</u> – Lower YTD disbursements primarily due to delayed start of field implementation sensors for the Water Pumping and Storage Projects.</p>	<p><u>Capital Equipment</u> – Lower YTD disbursements are primarily due to the COVID-19 pandemic, and includes delays on Human Resources and Budgeting phases of the Enterprise Resource Planning (ERP) project, and the Automated Meter Infrastructure (AMI) program. Outside meter installations have since been reinstated for this program. In addition, delays in procurement of Fleet equipment, Facility HVAC and small construction projects contributed to the underspending in capital equipment.</p> <p><u>Washington Aqueduct</u> – A fourth quarter payment is anticipated to be received by year-end. YTD disbursement is consistent with expectation for this reporting period.</p>

Monthly Financial Report

Fiscal Year-to-Date
As of July 31, 2020

Cash Investments (\$ in millions)

Cash Balances

Rate Stabilization Fund Balance \$61.45
DC Insurance Reserve Balance 1.00

Operating Reserve Accounts	
Renewal & Replacement Balance	35.00
O & M Reserve per Indenture	54.31
Undesignated Reserve Balance	36.19
O & M Reserve per Board Policy	125.50
Excess Above O & M Reserve	39.50
Management O & M Reserve Target	165.00
Project Billing Refunds	15.00
Excess Revenue	40.38
Operating Reserve Accounts	220.38

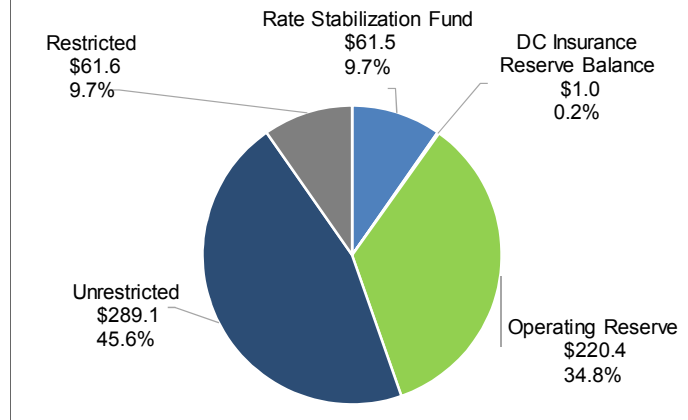
Operating Cash Balance Including RSF 282.83

Additional Reserve Accounts	
Unrestricted	
Fed Fund - FY2020 CSO/Clean Rivers	8.03
Bond Fund - Construction 2016B	0.86
Bond Fund - Construction 2019A	103.28
Bond Fund - Construction 2019B	75.47
Bond Fund - Construction 2019C	100.90
Damages Against Deposits	0.50
Unrestricted Total	289.05

Restricted	
Debt Service Reserve - Series 1998	20.43
District Funds	26.96
DC Water - CAP2	5.76
DOEE - CAP3/Non-Profit	3.50
Lead Pipe Replacement (LPRAP)	1.80
Lead Service Line Replacement (ERW)	1.00
COVID-19 CRIAC Fund	2.18
Restricted Total	61.63

Total All Funds \$633.50

Breakdown of Cash Balances



Overall Portfolio Performance

- The operating reserve balance was \$220.4 million as compared to the operating reserve level of \$165.0 million for FY 2020
- Average cash balance for the month of July was \$227.0 million; year end target is \$180 million
- Total investment portfolio was in compliance with the Authority's Investment Policy
- Operating funds interest income for July (on a cash basis) was \$359,689; YTD \$3,802,725
- A detailed investment performance report is attached

Monthly Financial Report

Fiscal Year-to-Date As of July 31, 2020

Cash Flow Summary (\$000's)

	Annual Budget Cash Basis	YTD Cash Budget	YTD Actual Cash Oct. 1, 2019 - Jul 31, 2020	Variance Favorable (Unfavorable)	
OPERATING BUDGET					
Cash Provided					
Retail	\$549,553	\$471,036	\$469,694	(1,342)	0%
Wholesale	82,539	61,904	59,616	(2,288)	0%
Other	66,317	55,127	60,327	5,200	9%
Total Cash Provided	698,409	588,067	589,637	1,570	0%
Operating Cash Used					
Personnel Services	147,932	120,339	111,699	8,640	7%
Contractual Services	81,886	63,426	65,946	(2,520)	-4%
Chemicals & Supplies	33,158	27,401	28,466	(1,065)	-4%
Utilities	26,953	22,693	18,456	4,237	19%
Water Purchases	34,929	28,040	24,024	4,016	14%
Small Equipment	989	732	687	45	6%
Total Operating Cash Used	325,847	262,631	249,279	13,352	5%
Defeasance D.S./Cash Financed Capital Construction	28,556	23,796	0	23,796	100%
Other Cash Used					
Debt Service	207,340	171,291	165,509	5,782	3%
Payment in Lieu of Taxes/Right of Way	22,034	18,361	16,525	1,836	10%
Total Other Cash Used	229,374	189,652	182,035	7,617	4%
Total Cash Used	583,776	476,079	431,313	44,766	9%
Net Cash Provided (Used) by Operating Act.	114,633	95,527	158,324	62,797	
CAPITAL BUDGET					
Cash Provided					
Debt Proceeds	237,592	197,994	90,002	(107,992)	-55%
Cash Financed Capital Improvements	0				0%
System Availability Fee	5,775	4,813		(4,813)	-100%
EPA Grants	32,700	27,250	13,011	(14,238)	-52%
CSO Grants					0%
Interest Income	3,831	3,193	2,371	(821)	-26%
Wholesale Capital Contributions	71,640	59,700	38,074	(21,626)	-36%
Total Cash Provided	351,538	292,948	143,458	(149,490)	-51%
Cash Used					
DC Water Capital Program	436,708	364,212	259,631	104,581	29%
Washington Aqueduct Projects	15,515	12,375	10,297	2,078	0%
Total Cash Used	452,223	376,587	269,928	106,659	28%
Net Cash/PAYGO Provided (Used) by Cap. Act.	(\$100,685)	(\$83,904)	(\$126,469)	(\$42,565)	
Beginning Balance, October 1 (Net of Rate Stab. Fund) Projected					
Plus (Less) Operating Surplus	114,633	95,527	158,324		
Wholesale Customer Refunds from Prior Years	(5,599)	(4,666)	167		
DC Fleet Reimbursement					
Interest Earned From Bond Reserve	570	475	43		
Transfer to Rate Stabilization Fund	(13,000)	(10,833)			
Transfer to CAP Fund					
Transfer from CAP Fund			231		
Transfer from SAF					
Prior Year Federal Billing Reconciliation	1,317	1,098	1,317		
Project Billing Refunds	(4,000)	(3,333)			
Cash Used for Capital	(100,685)	(83,904)	(126,469)		
Balance Attributable to O&M Reserve	\$180,000		\$220,377		
OTHER CASH RESERVES					
Rate Stabilization Fund	\$61,450				
DC Insurance Reserve	1,000				
Unrestricted Reserves	289,048				
Restricted Reserves	61,628				

APPENDIX

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Fiscal Year-to-Date
As of July 31, 2020

Operating Revenues Detail

(\$ in millions)

Revenue Category	FY 2020 Budget	YTD Budget	Actual	Variance Favorable / (Unfavorable)	Actual % of Budget	Year-End Projections	Variance Proj vs Budg	% of Budget
Residential, Commercial, and Multi-family	\$399.1	\$332.6	\$328.4	(\$4.2)	-1.3%	\$392.0	(\$7.0)	98.2%
Federal	71.9	71.9	72.0	0.1	0.1%	71.9	0.0	100.0%
District Government	17.6	14.7	14.7	0.0	0.3%	17.2	(0.4)	97.8%
DC Housing Authority	10.5	8.8	9.0	0.2	2.8%	10.7	0.2	101.5%
Customer Metering Fee	10.8	9.1	10.0	0.9	9.9%	11.8	1.0	109.2%
Water System Replacement Fee (WSRF)	39.7	34.1	35.6	1.6	4.7%	41.1	1.4	103.5%
Wholesale	82.5	61.9	59.6	(2.3)	-3.7%	79.2	(3.3)	96.0%
Right-of-Way Fee/PILOT	22.1	18.9	18.1	(0.8)	-4.0%	20.8	(1.3)	94.2%
Subtotal (before Other Revenues)	\$654.2	\$551.8	\$547.4	(\$4.4)	-0.8%	\$644.7	(\$9.5)	98.6%
Other Revenue without RSF								
IMA Indirect Cost Reimb. For Capital Projects	4.6	3.8	2.9	(0.9)	-23.7%	3.9	(0.7)	84.8%
DC Fire Protection Fee	12.5	9.4	14.3	4.9	52.1%	14.3	1.8	114.4%
Stormwater (MS4)	1.0	0.8	0.8	0.0	0.0%	1.1	0.1	110.0%
Interest	4.0	3.3	3.8	0.5	15.2%	3.9	(0.1)	97.5%
Developer Fees (Water & Sewer)	6.0	5.0	9.2	4.2	84.0%	9.7	3.7	161.7%
Transfer From Rates Stabilization	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
System Availability Fee (SAF)	5.8	4.8	3.2	(1.6)	-33.3%	3.1	(2.7)	53.4%
Others	10.9	9.1	8.0	(1.1)	-12.1%	11.5	0.6	105.5%
Subtotal	\$44.8	\$36.3	\$42.3	\$6.0	16.5%	\$47.5	\$2.7	106.0%
Rate Stabilization Fund Transfer	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	\$0.0	0.0%
Other Revenue Subtotal	\$44.8	\$36.3	\$42.3	\$6.0	16.5%	\$47.5	\$2.7	106.0%
Grand Total	\$699.0	\$588.1	\$589.7	\$1.6	0.3%	\$692.2	(\$6.8)	99.0%

BREAKDOWN OF RETAIL RECEIPTS BY CUSTOMER CATEGORY
(\$ in 000's)

Customer Category	Water	Sewer	Clean Rivers IAC	Metering Fee	WSRF	Total
Residential	\$29,851	\$47,085	\$24,769	\$4,388	\$7,894	\$113,986
Commercial	49,320	55,710	29,908	2,974	13,753	151,665
Multi-family	31,885	49,041	10,797	1,384	6,163	99,271
Federal	22,467	25,540	23,947	786	5,772	78,512
District Govt	3,161	4,276	7,262	366	1,684	16,750
DC Housing Authority	3,207	4,751	1,060	115	376	9,510
Total:	\$139,891	\$186,403	\$97,743	\$10,013	\$35,643	\$469,694

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

Clean Rivers IAC - Actual vs Budget
(\$ in 000's)

Customer Category	FY2020 Budget	Year-To-Date Budget	Actual Received	Variance Favorable / <Unfavorable>	Variance % of YTD Budget	Actual % of Budget
Residential	\$26,357	\$21,964	\$24,769	\$2,805	13%	94%
Commercial	28,804	24,003	29,908	5,905	25%	104%
Multi-family	11,193	9,328	10,797	1,470	16%	96%
Federal	23,947	23,947	23,947	0	0%	100%
District Govt	7,533	6,278	7,262	985	16%	96%
DC Housing Authority	1,289	1,074	1,060	(14)	-1%	82%
Total:	\$99,123	\$86,594	\$97,743	\$11,150	13%	99%

Monthly Financial Report

Fiscal Year-to-Date
As of July 31, 2020

Retail Accounts Receivable (Delinquent Accounts)

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

Greater Than 90 Days by Month

	\$ in millions	# of accounts
September 30, 2012	\$5.5	13,063
September 30, 2013	\$4.9	11,920
September 30, 2014	\$5.3	12,442
September 30, 2015	\$6.5	11,981
September 30, 2016	\$7.7	12,406
September 30, 2017	\$8.4	11,526
September 30, 2018	\$13.4	16,273
September 30, 2019	\$10.6	8,744
October 31, 2019	\$11.0	8,985
November 30, 2019	\$11.5	9,153
December 31, 2019	\$12.3	10,214
January 31, 2020	\$12.1	9,612
February 29, 2020	\$12.0	9,561
March 31, 2020	\$12.8	9,933
April 30, 2020	\$14.2	11,908
May 31, 2020	\$15.1	12,481
June 30, 2020	\$16.1	12,399
July 31, 2020	\$18.3	13,061

Notes: The increase in the accounts receivable over 90 days is due to the temporary suspension of collections procedures because of the new billing system VertexOne, which was implemented in December 2017. The increase in accounts receivable from March to July 2020 is primarily due to increased delinquencies and deferred payments due to the impact of COVID-19.

Greater Than 90 Days by Customer

	Number of Accounts			Month of Jul (All Categories)				Total Delinquent				
	W & S	Impervious Only	Total No. of	Active		Inactive		Jun		Jul		%
				No. of	Amount	No. of	Amount	No. of	Amount	No. of	Amount	
a/c	a/c	a/c	a/c	(\$)	a/c	(\$)	a/c	(\$)	a/c	(\$)		
Commercial	9,079	2,325	11,404	1,362	\$6,056,886	25	\$101,883	1,328	\$4,977,189	1,387	\$6,158,769	34%
Multi-family	8,443	356	8,799	1,075	\$6,167,357	10	\$74,501	1,060	\$5,741,624	1,085	\$6,241,857	34%
Single-Family Residential	106,717	2,330	109,047	10,507	\$5,815,485	82	\$72,470	10,011	\$5,386,988	10,589	\$5,887,954	32%
Total	124,239	5,011	129,250	12,944	\$18,039,726	117	\$248,853	12,399	\$16,105,801	13,061	\$18,288,580	100%

Notes: Included in the above \$18.3 million (or 13,061 accounts) of the DC Water over 90 days delinquent accounts, \$4,545,963.13 (or 1,589 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.

Monthly Financial Report

Fiscal Year-to-Date
As of July 31, 2020

Overtime by Department

Department	FY 2020			
	Budget	Actual	YTD Actual % of Budget	% of Regular Pay
Office of the Board Secretary	\$9,000	\$2,394	26.6%	1.0%
General Manager	3,000	1,337	44.6%	0.1%
Legal Affairs	3,000	761	25.4%	0.1%
Office of Marketing and Communications*	1,000	2,246	224.6%	0.2%
Internal Audit	-	-	0.0%	0.0%
Information Technology	10,000	5,129	51.3%	0.2%
Procurement	30,000	17,146	57.2%	0.5%
Customer Service **	302,000	310,271	102.7%	4.0%
Finance	40,000	22,145	55.4%	0.4%
Assistant General Manager - Administrative Services	1,000	-	0.0%	0.0%
Office of Emergency Management	-	-	0.0%	0.0%
Human Capital Management	5,000	3,330	66.6%	0.1%
Occupational Safety and Health	1,000	0	0.0%	0.0%
Facilities Management	275,000	171,857	62.5%	5.4%
Department of Security	-	68	0.0%	0.0%
Wastewater Engineering	25,000	14,260	57.0%	1.2%
CIP Infrastructure Management	-	-	0.0%	0.0%
Distribution and Conveyance System	750,000	531,321	70.8%	8.3%
Engineering and Technical Services	938,000	962,618	102.6%	5.7%
Water Services	1,815,000	910,087	50.1%	8.3%
Clean Rivers	-	-	0.0%	0.0%
Sewer Services	1,318,000	706,092	53.6%	13.9%
Wastewater Treatment - Operations	1,845,000	1,400,158	75.9%	14.6%
Wastewater Treatment - Process Engineering ***	50,000	77,768	155.5%	2.6%
Maintenance Services ****	610,000	643,216	105.4%	9.2%
Permit Operations	50,000	13,097	26.2%	0.7%
Fleet Management*****	3,000	4,202	140.1%	0.6%
Total DC WATER	\$8,084,000	\$5,799,502	71.7%	6.0%

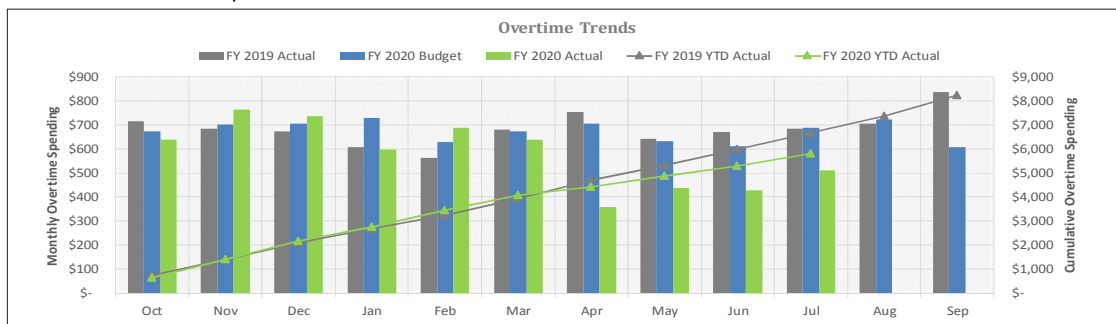
* Marketing & Communication - Includes overtime costs in support of Blue Drop events at HQO incurred early in the fiscal year

** Customer Service – Overtime for the backlog of billing-related work by Billing, Call Center and Collections staff

*** Wastewater Treatment - Process Engineering – Due to the scale back of non-critical maintenance work, the on-duty crews are working 50 hours a week to support critical corrective and preventive maintenance

**** Maintenance Services – The department scaled back only noncritical maintenance; the on-duty crews are working 50-hour weeks to support critical corrective and preventive maintenance

***** Fleet Management - More administrative hours are required with the change in contract services; limited resources due to vacant positions



Monthly Financial Report

Fiscal Year-to-Date
As of July 31, 2020

Capital Disbursements Detail by Program (\$000's)

Service Areas			Actual	Variance			Projections	
	REVISED BUDGET	YTD BUDGET	YTD	ACTUAL % BUDGET	VARIANCE \$ Fav/(Unfav)	VARIANCE % Fav/(Unfav)	Year-End Projection	% of Budget
NON PROCESS FACILITIES								
Facility Land Use	\$42,066	\$28,651	\$8,272	19.7%	\$20,379	71.1%	\$8,646	20.6%
Subtotal	42,066	\$28,651	8,272	19.7%	20,379	71.1%	8,646	20.6%
WASTEWATER TREATMENT								
Liquids Processing	24,516	\$21,507	12,883	52.5%	8,624	40.1%	18,788	76.6%
Plantwide	17,387	\$14,447	9,237	53.1%	5,210	36.1%	15,763	90.7%
Solids Processing	19,847	\$15,614	8,084	40.7%	7,530	48.2%	16,055	80.9%
Enhanced Nitrogen Removal Facilities	15,786	\$15,617	9,117	57.8%	6,500	41.6%	13,349	84.6%
Subtotal	77,536	\$67,185	39,321	50.7%	27,864	41.5%	63,954	82.5%
COMBINED SEWER OVERFLOW								
D.C. Clean Rivers	162,197	\$137,264	135,024	83.2%	2,240	1.6%	162,258	100.0%
Program Management	1,287	\$1,115	307	23.9%	808	72.5%	805	62.5%
Combined Sewer	7,952	\$6,938	2,695	33.9%	4,243	61.2%	4,976	62.6%
Subtotal	171,436	\$145,317	138,026	80.5%	7,291	5.0%	168,039	98.0%
STORMWATER								
Local Drainage	12	\$12	-	0.0%	12	100.0%	12	100.0%
On-Going	1,011	\$802	812	80.3%	(10)	-1.2%	801	79.2%
Pumping Facilities	5,310	\$4,469	1,758	33.1%	2,711	60.7%	2,749	51.8%
DDOT	-	\$0	-	0.0%	-	0.0%	-	0.0%
Research and Program Management	410	\$352	-	0.0%	352	100.0%	122	29.8%
Trunk/Force Sewers	126	\$108	-	0.0%	108	100.0%	15	11.9%
Subtotal	6,869	\$5,743	2,570	37.4%	3,173	55.2%	3,699	53.9%
SANITARY SEWER								
Collection Sewers	4,613	\$4,237	599	13.0%	3,638	85.9%	934	20.2%
On-Going	12,100	\$10,025	6,367	52.6%	3,658	36.5%	7,214	59.6%
Pumping Facilities	2,570	\$2,119	408	15.9%	1,711	80.7%	1,117	43.5%
Program Management	4,150	\$3,310	981	23.6%	2,329	70.4%	2,449	59.0%
Interceptor/Trunk Force Sewers	21,501	\$17,855	9,448	43.9%	8,407	47.1%	17,919	83.3%
Subtotal	44,934	\$37,546	17,803	39.6%	19,743	52.6%	29,634	66.0%
WATER								
Distribution Systems	33,871	\$27,636	13,327	39.3%	14,309	51.8%	22,028	65.0%
Lead Program	4,711	\$4,177	3,222	68.4%	955	22.9%	4,574	97.1%
On-Going	10,532	\$9,254	12,173	115.6%	(2,919)	-31.5%	12,833	121.8%
Pumping Facilities	1,525	\$1,324	173	11.3%	1,151	86.9%	795	52.1%
DDOT	1,721	\$1,716	358	20.8%	1,358	79.1%	1,291	75.0%
Storage Facilities	6,216	\$5,088	3,165	50.9%	1,923	37.8%	5,882	94.6%
Program Management	3,587	\$2,882	2,393	66.7%	489	17.0%	3,566	99.4%
Subtotal	62,163	\$52,077	34,811	56.0%	17,266	33.2%	50,969	82.0%
Capital Projects	405,004	\$336,519	240,803	59.5%	95,716	28.4%	\$324,941	80.2%
CAPITAL EQUIPMENT								
WASHINGTON AQUEDUCT	31,703	27,693	19,030	60.0%	8,663	31.3%	25,578	80.7%
Additional Capital Programs	15,515	12,375	10,296	66.4%	2,079	0.0%	13,072	84.3%
Subtotal	47,218	40,069	29,326	62.1%	10,743	26.8%	38,650	81.9%
Total	\$452,223	\$376,588	\$270,128	59.7%	\$106,460	28.3%	\$363,592	80.4%

District of Columbia Water and Sewer Authority

Capital Improvement Program Report



**FY-2020 3rd Quarter
April 1st through June 30th, 2020**

**Board of Directors
Environmental Quality and Operations Committee
Finance and Budget Committee**

**David L. Gadis CEO and General Manager
Leonard R. Benson, Senior Vice President CIP Project Delivery
August 2020**

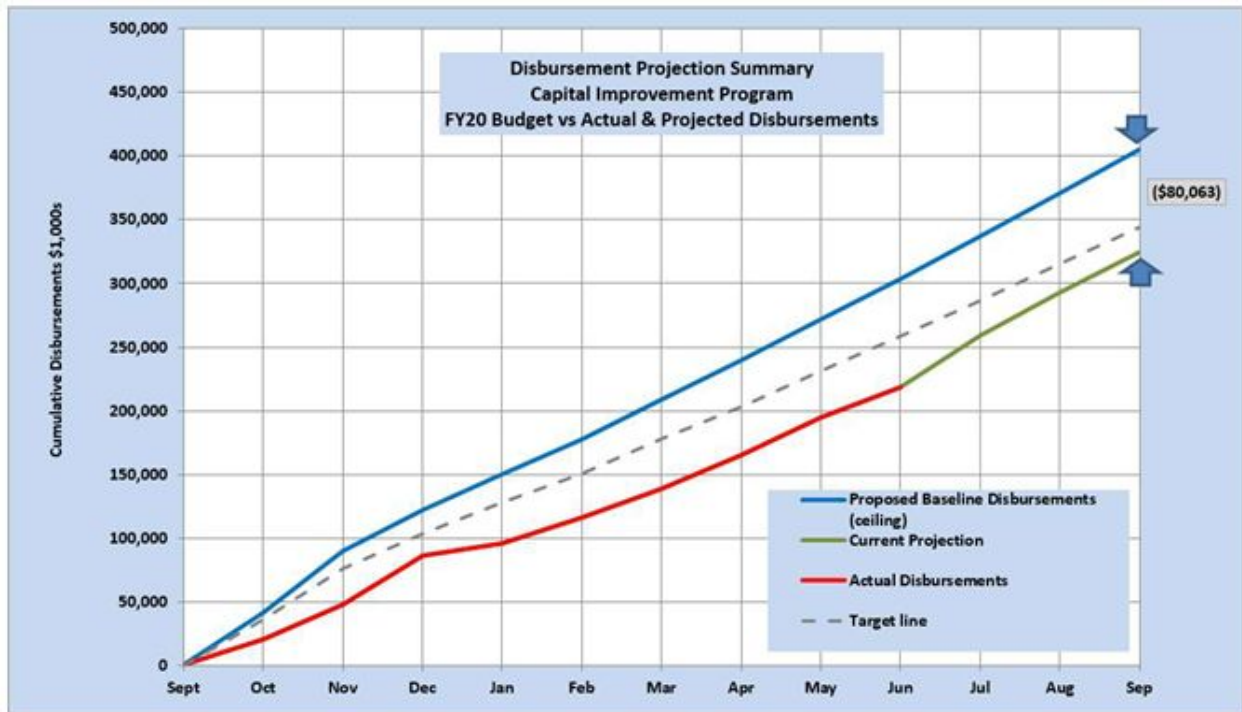


Capital Improvement Program Report 3rd Quarter FY2020

CIP Disbursement Performance

Current projected program disbursements through the end of the fiscal year compared with the FY20 baseline are shown in the chart below:

Disbursement Summary



Current projected fiscal year 2020 CIP disbursements are \$324,941,000 through the end of September 2020, which is on track to be under the baseline disbursement ceiling of \$405,004,000.

Current disbursement projections within the service areas are as follows:

Non-Process Facilities

Baseline Disbursements	\$42,066,000
Projected Disbursements	\$8,646,000 (\$33.4M below baseline projection)

This underspending is mainly due to the delay in receiving funds and subsequent awarding of the Fleet Facility and Sewer Headquarters construction contracts. Spending is not expected to fully recover this fiscal year.



Capital Improvement Program Report 3rd Quarter FY2020

Wastewater Treatment Service Area

Baseline Disbursements	\$77,536,000
Projected Disbursements	\$63,954,000 (\$13.6M below baseline projection)

Significant project variances are listed below:

- *Liquid Processing Program Area – (\$5.7M below baseline) –*
 - The forecast disbursements for Project IZ – Replace/Upgrade Influent Screens are \$3.0M less than the baseline, mainly attributable to delay in procuring the next Miscellaneous Facilities Upgrades construction contract.
- *Biosolids Program Area – (\$3.8M below baseline) –*
 - The forecast disbursements for project BX - Gravity Thickener Upgrades Ph II are \$4.4M less than the baseline, mainly attributable to initial delay in the contract billing.
- *Nitrogen Removal Program area – (\$2.5M below baseline) –*
 - The forecast disbursements for project E8 – Enhanced Clarification Facilities are \$1.7M less than the baseline, due to protracted negotiations to close out the contract.

For clarity, the Combined Sewer Overflow (CSO) Service Area comments are addressed separately by the CSO and DC Clean Rivers Program Areas

CSO Service Area

Baseline Disbursements	\$7,952,000
Projected Disbursements	\$4,976,000 (\$3.0M above baseline projection)

There are no significant project variances for this service area currently projected over the fiscal year.

DC Clean Rivers Program Area

Baseline Disbursements	\$162,197,000
Actual Disbursements	\$162,257,000 (\$0.0M above baseline projection)

The DCCR team currently anticipates the spending to meet the baseline forecast by year end.

There are no significant project variances for this service area currently projected over the fiscal year.

Stormwater Service Area

Baseline Disbursements	\$6,869,000
Projected Disbursements	\$3,699,000 (\$3.2M below baseline projection)



Capital Improvement Program Report 3rd Quarter FY2020

Significant project variances for this service area below.

- *Stormwater Pumping Facilities Area – (\$2.5M below baseline) –*
 - The forecast disbursements for Project NG – Stormwater Pump Stations Rehabilitation are \$2.5M less than the baseline due to delays in procuring the next Miscellaneous Facilities Upgrades construction contract.

Sanitary Sewer Service Area

Baseline Disbursements	\$44,934,000
Projected Disbursements	\$29,634,000 (\$15.3M below baseline projection)

Significant project variances are listed below:

- *Sanitary Collection Sewers Area – (\$3.7M below baseline) –*
 - The forecast disbursements for Project QX – Local Sewer Assessment 1 are \$1.7M less than the baseline due to changing DDOT requirements which caused higher than expected proposals for this work. As a result, this work has not been awarded and is being reevaluated.
- *Sanitary On-going Area – (\$4.9M below baseline) –*
 - This area is below the forecast but within the expected limits of the forecasting accuracy as the size and type of emergency repairs to the sewer system are difficult to predict year on year.

Water Service Area

Baseline Disbursements	\$62,163,000
Projected Disbursements	\$50,968,000 (\$11.2M below baseline projection)

Significant project variances are listed below:

- *Water Distribution System Area – (\$11.8M below baseline) –*
 - The forecast disbursements for Project F1 – Small Diameter Water Main Rehab 13 are \$3.7M less than the baseline due to the administrative and permitting delays starting construction.
 - The forecast disbursements for Project FT – Water Main Rehabs Phase II are \$1.8M less than the baseline due to the delays due to the potential lack of funding available due to the recent COVID pandemic.
 - The forecast disbursements for Project O3 – Small Diameter Water Main Rehab 11 are \$1.9M less than the baseline due to the delays in closing out this contract.



Capital Improvement Program Report
3rd Quarter FY2020

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

All priority 1 projects are on schedule and within budget.

Significant Contract Actions Anticipated – 6 Month Look-Ahead

Project	Name	Contract Type	Joint Use?	Cost Range	Committee	BOD
F200	Small Diameter Water Main Repl. 14a	Construction	No	\$5M - \$10M	EQ & Ops Sep	Oct
Multiple	Emergency Sewer Main IR&R Contract for FY21-FY23	Construction	No	\$15M - \$20M	EQ & Ops Sep	Oct
AU00	Sewer Planning and Engineering Services Consultant	Professional Services	Yes	\$15M - \$25M	EQ & Ops Nov	Dec
Multiple	Misc. Facilities Upgrades (MFU) 7	Construction	Yes	\$20M - \$30M	EQ & Ops Sep	Oct
CZ00	CSO 025/026 Separation	Construction	No	\$4M - \$8M	EQ & Ops Dec	Jan
IY03	Reclaimed Final Effluent Pump Station	Construction	Yes	\$5M-\$15M	EQ & Ops Jan	Feb



Capital Improvement Program Report 3rd Quarter FY2020

Schedule - Key Performance Indicators Capital Improvement Program

Summary:

For the 3rd quarter, all the Key Performance Indicators (KPIs) completed this period were achieved within 90 days of their target date.

#	Performance
15	KPIs completed within threshold
14	KPIs will be completed outside threshold
15	Total KPIs completed to date
30	Total KPIs due this year

Reasons for any KPIs not meeting the 90-day threshold:

- LZ09 – Delay obtaining categorical exclusion from EPA
- F101, F102 – Missed KPI due to delays while evaluating the impact of COVID-19 on the availability of funding.
- IL10 – Additional permitted storm water management work needed resulting from damage caused by torrential rains
- RC07 – Negotiation challenges resulted in consultant withdrawing their proposal.
- BV01 – There are on-going challenges with the rehab of pumps.
- F201, F202, F203 – Missed KPI due to delays while evaluating the impact of COVID-19 on the availability of funding
- I801 – Missed KPI while contractor completes corrective issues and change order work.
- IC01 – Missed KPI due to delays while evaluating the impact of COVID-19 on the availability of funding
- LD00 – Missed KPI due to delays while evaluating the impact of COVID-19 on the availability of funding
- NG05 – Delays in procuring the new construction MFU contractor
- SC01 – The design was rescheduled to be done under the new ALU Program Manager/Design contract.

The table below provides a detailed breakdown of each KPI due date grouped by quarter:

Quarter	Job Code	Job Name	Activity Name	Due Date (Baseline)	Estimated Complete Date	Actual Complete Date	Variance (positive is early)	Met within 90 days
Q1	FA03	Soldiers Home Reservoir Upgrade	Construction Start Milestone	10-Oct-19		09-Oct-19	1	✓
Q1	NG02	Stormwater Pumping Stations Rehabilitation Phase 2	Design Start Milestone	30-Dec-19		26-Dec-19	4	✓
Q1	UC06	Upgrades to Filtration Influent Pumps 1-10	Construction Start Milestone	10-Oct-19		10-Oct-19	0	✓
Q2	F101	Small Diameter Water Main Repl 13A	Construction Start Milestone	12-Mar-20		13-Mar-20	-1	✓
Q2	F102	Small Diameter Water Main Repl 13B	Construction Start Milestone	16-Feb-20		27-Feb-20	-11	✓



Capital Improvement Program Report 3rd Quarter FY2020

Quarter	Job Code	Job Name	Activity Name	Due Date (Baseline)	Estimated Complete Date	Actual Complete Date	Variance (positive is early)	Met within 90 days
Q2	FQ02	Main PS Upgrades - NFPA, Odor Control, LAPS	Design Start Milestone	29-Jan-20		19-Jan-20	10	✓
Q2	HX01	SDWM Renewal 16A	Design Start Milestone	02-Jan-20		27-Nov-19	36	✓
Q2	JF03	Construction of Flood Seawall Segment C	Construction Start Milestone	13-Jan-20		29-Jan-20	-16	✓
Q2	LZ04	PI Phase 2 Pipe Rehab at Potomac Crossing	Design Start Milestone	03-Mar-20		25-Feb-20	7	✓
Q2	LZ06	PI Phase 4 Pipe Rehab at Fairfax & Loudoun Co.	Design Start Milestone	01-Jan-20		12-Dec-19	20	✓
Q2	LZ09	PI Phase 6 Pipe Rehab at Clara Barton Pkwy and I-495	Design Start Milestone	29-Feb-20	01-Sep-20		-185	□
Q2	LZ07	PI Phase 5 Pipe Rehab between MH31 and MH30	Design-Build NTP	23-Feb-20		12-May-20	-79	✓
Q3	C904	66" Low Service Steel Main at 8th Street NE & SE	Construction Substantial Completion	30-Apr-20		13-Jan-20	108	✓
Q3	F103	Small Diameter Water Main Repl 13C	Construction Start Milestone	15-Apr-20	09-Sep-20		-147	□
Q3	F104	Small Diameter Water Main Repl 13D	Construction Start Milestone	15-May-20	15-Sep-20		-123	□
Q3	HX02	Small Diameter Water Main Repl 16B	Design Start Milestone	01-Apr-20		31-Jan-20	61	✓
Q3	IL10	Creekbed Sewer Rehabilitation Rock Creek Oregon Avenue	Construction Substantial Completion	30-Apr-20	30-Oct-20		-183	□
Q3	J001	B Street/New Jersey Ave. Trunk Sewer Rehab and Cleaning Phase 1	Construction Substantial Completion	30-Sep-20	30-Sep-20		0	□
Q3	RC07	Major Sewer Rehab 1-5 Northeast Boundary	Design Start Milestone	22-May-20	01-Sep-20		-102	□
Q4	BV01	RWWPS No. 2 Upgrades	Construction Substantial Completion Milestone	02-Jul-20	30-Nov-20		-151	□
Q4	DR02	Low Area Trunk Sewer - Rehabilitation	Construction Substantial Completion	10-Jul-20		10-Jul-20	0	✓
Q4	F201	Small Diameter Water Main Repl 14A	Construction Start Milestone	05-Aug-20	03-Dec-20		-120	□
Q4	F202	Small Diameter Water Main Repl 14B	Construction Start Milestone	15-Aug-20	01-Nov-22		-808	□



Capital Improvement Program Report 3rd Quarter FY2020

Quarter	Job Code	Job Name	Activity Name	Due Date (Baseline)	Estimated Complete Date	Actual Complete Date	Variance (positive is early)	Met within 90 days
Q4	F203	Small Diameter Water Main Repl 14C	Construction Start Milestone	03-Sep-20	21-Jan-23		-870	<input type="checkbox"/>
Q4	HX03	Small Diameter Water Main Repl 16C	Design Start Milestone	01-Jul-20		20-Feb-20	132	<input checked="" type="checkbox"/>
Q4	I801	Large Valve Replacements 11R	Construction Substantial Completion	29-Sep-20	30-Jun-21		-274	<input type="checkbox"/>
Q4	IC01	Electrical & Power Monitoring Systems	Design Start Milestone	28-Sep-20	28-Sep-22		-730	<input type="checkbox"/>
Q4	LD00	Pre-Dewatering Additional Centrifuges	Design Start Milestone	21-Sep-20	4-Jan-21		-105	<input type="checkbox"/>
Q4	NG05	Stormwater Pump Station Rehab - 1st and D	Construction Start Milestone	01-Sep-20	09-Aug-21		-342	<input type="checkbox"/>
Q4	SC01	Main & O Seawall Restoration (Phase 2 HQO)	Design Start Milestone	29-Aug-20	21-Mar-21		-204	<input type="checkbox"/>

Table Key: Positive variance = Finishing earlier than baseline plan **Bold** = Actual Date achieved



FY 2020 Projected Net Cash Position Update

Presentation to the Retail Rates and Finance & Budget
Committees

Matthew T. Brown, CFO & EVP, Finance & Procurement

August 25, 2020



PURPOSE

- 💧 Provide revised year-end revenue and expenditure projections
- 💧 Provide update on the jurisdictional ROCIP reimbursement
- 💧 Discuss the options for the use of projected year-end cash position and seek the Committee's recommendation to the Board on its use



COVID IMPACT ON DC WATER

- 💧 Reduced consumption is impacting revenue
- 💧 Operations modified to protect staff, work from home for positions that can
- 💧 Focus on customer
 - Reconnected customers previously disconnected for non-payment, 222 customers through August 9
 - Late fees waived
 - Partnered with the District for emergency assistance for those impacted by COVID
 - Paused placing liens during Public Health Emergency
 - Working with customers by arranging payment plans



CONSUMPTION

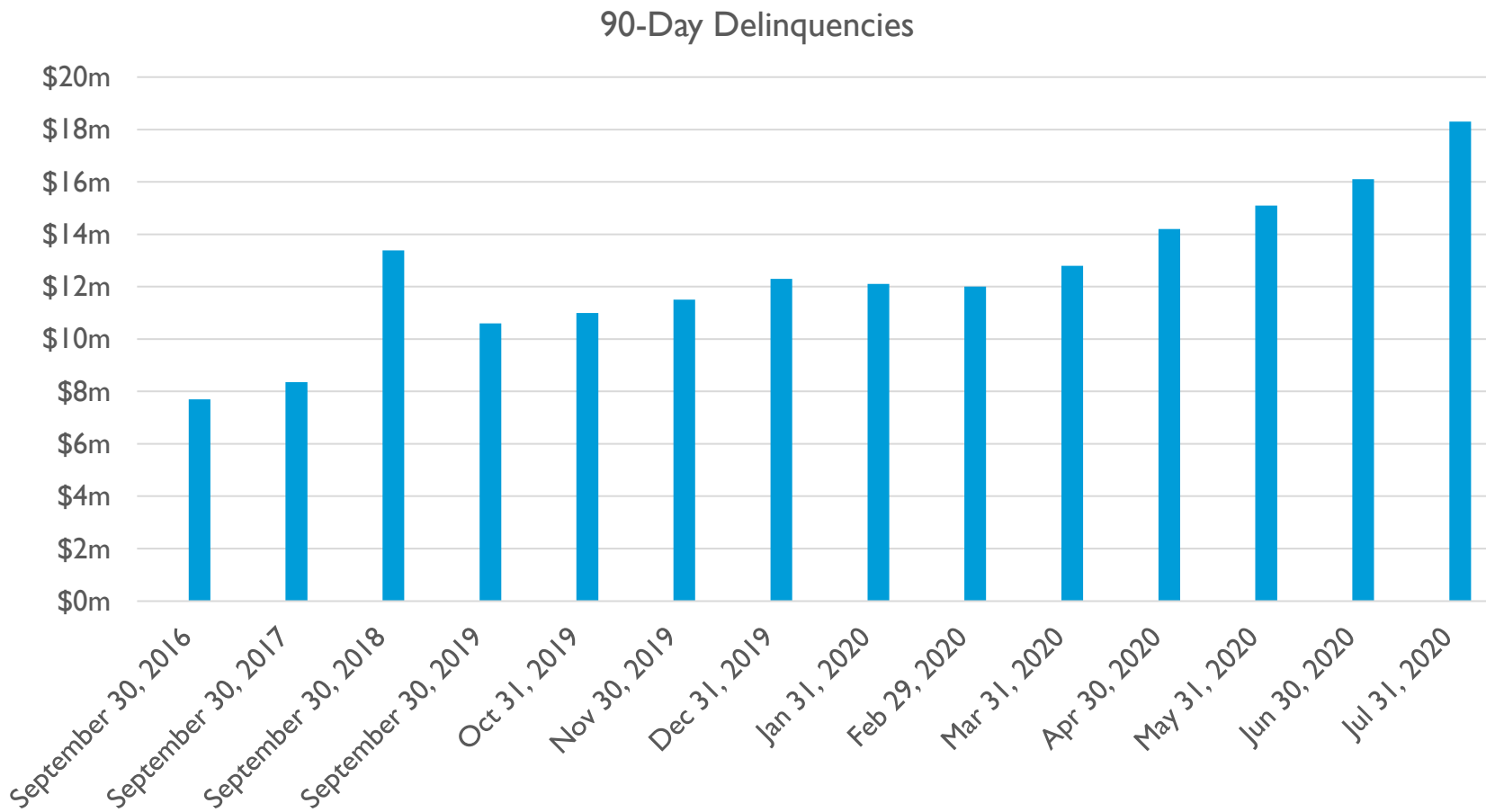
Overall consumption has declined as a result of COVID impact

- Multi-family and Residential consumption increased, and Commercial, Federal and Municipal consumption declined
- With filling of vacant customer staff, billed consumption increased 6.6% in March and 14.4% in April due to catch up of backlogged billing exceptions
- With warmer weather and re-opening of businesses, water consumption increased
 - Year over year, consumption was down 16% in May, 6% in June and 2% in July
 - Commercial consumption was down 44% in May versus a year ago, but only down 25% in June and 20% in July versus a year ago



CUSTOMER 90-DAY DELINQUENCIES

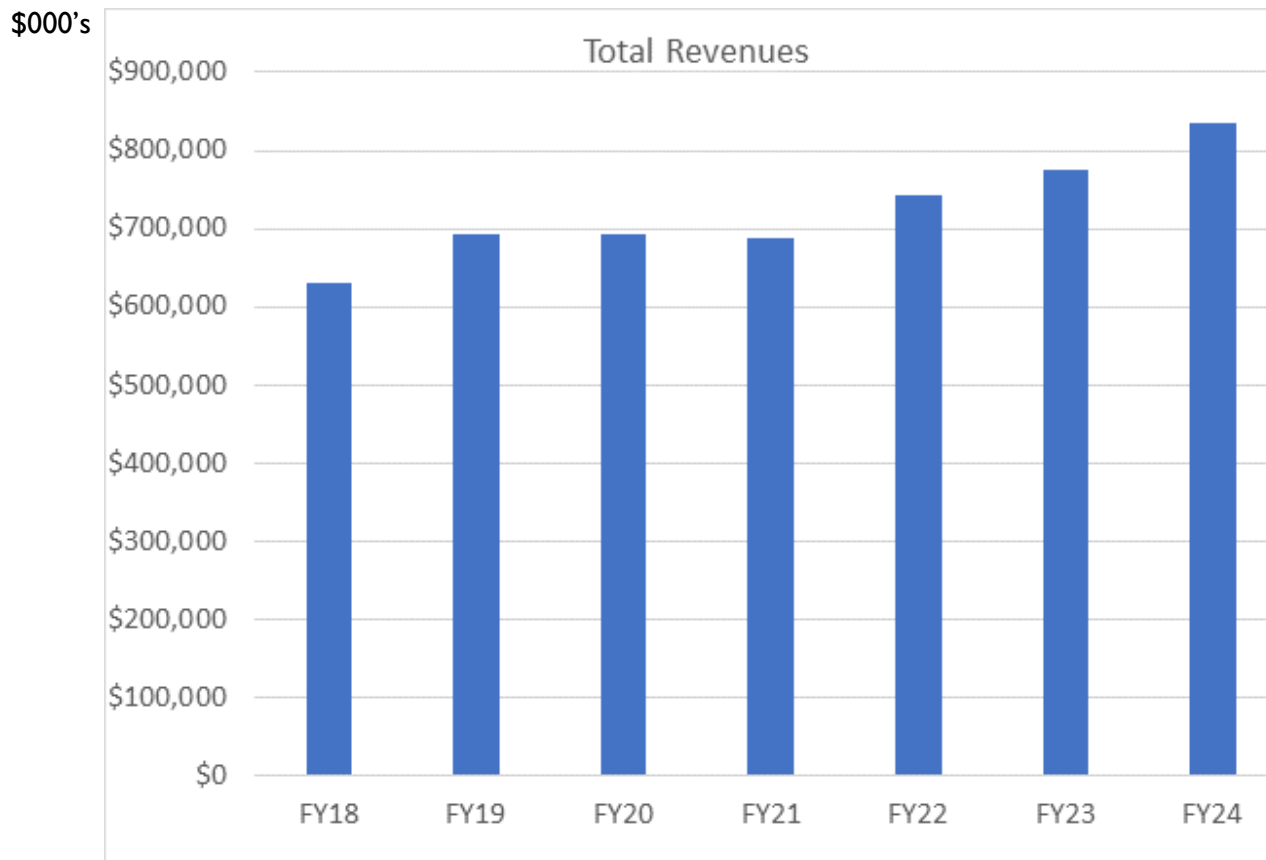
Customer 90-day delinquencies have increased 40% since March





TOTAL PROJECTED REVENUES

- 💧 Uncertainty remains
- 💧 Despite rate increase, total revenues are flat from FY19 to FY20, as a result of decreased consumption and increased delinquencies





DC WATER COVID RESPONSE

- 💧 DC Water responded to COVID by delaying non-critical purchases and activities and pausing some hiring
 - Deferred proactive inspections, repairs and maintenance on equipment
 - Reduced hours for professional services e.g. field controllers, calibration & instrumentation, low voltage, automotive maintenance, internal audit etc.
 - Reduced various services based on lower than anticipated costs for litigation, claims, biosolids hauling, software maintenance and claims, with risks being monitored
 - Reduced purchase of office supplies, custodial supplies, promotional items and specialized equipment
 - Suspended DC Water sponsored events, travels, training and conferences due to COVID-19 pandemic
 - Curtailed overtime



CHANGE FROM PREVIOUS FORECAST OPERATING

- As a result of proactive action and favorable prices on chemical and energy, previously reported was estimated \$23.8 million of underspending
- Additional \$4.7 million underspending now projected:
 - \$1.3 million in Personnel Services from overtime savings and pause in hiring
 - \$3.4 million additional savings projected in Non-Personnel Services:
 - Chemicals & Supplies (\$1.0 million decrease) – favorable prices of major chemicals, and ongoing management initiative to only procure essential supplies
 - Utilities (\$2.1 million decrease) – favorable electricity market price, plus energy hedges, better performance from CHP plant production, and improved water usage on the Plant for treatment processes
 - Contracts and Small Equipment (\$0.3 million decrease) – management decision to delay and curtail spending to essential services, including travel restrictions



CHANGE FROM PREVIOUS FORECAST CIP

- Previously reported \$58.1 million in reduced spending in response to the pandemic by identifying projects that can be deferred and reprioritizing contracts
- Additional \$30.5 million projected in underspending (from Quarter 2 to Quarter 3):
 - Non Process Facilities (\$5.7 million decrease) – delay in starting Floatable Debris Dock replacement and later than anticipated HQO retention payment
 - Combined Sewer Overflow (\$4.8 million decrease) – change in estimated payments for Rock Creek and Potomac Green Infrastructure (GI) projects – Phase I
 - Wastewater Treatment (\$9.5 million decrease) – later than anticipated start on Influent Screen project and closeout payment for Tunnel Dewatering Pump Station
 - Water, Sewer & Stormwater (\$10.5 million decrease) – slower than anticipated rehabilitation/replacement of infrastructure



REVENUE FORECAST

- 💧 DC Water previously forecasted a revenue shortfall of \$35 million; this has improved as a result of:
 - Filling of four vacant Customer Service billing agent positions and decreased call volume allows catch up on backlogged billing exceptions; despite reductions in consumption, year-over year billed consumption increased 6.6% in March and 14.4% in April
 - As warmer weather arrived and some businesses reopened, water use increased. Year-over-year consumption was down 16% in May but was only down 6% in June; Commercial consumption down 44% in May versus a year ago, but only down 25% in June versus a year ago
 - Customer Service Department working with customers on bill assistance, including emergency assistance and payment plans



CHALLENGES REMAIN

- 💧 Forecast has improved, though revenue likely flat from last year
- 💧 Impact of COVID impact on consumption in FY2021 unknown
 - DC Water will need to maintain flexibility in order to respond to revenue challenges
 - All capital infrastructure projects are needed, though smaller portion of the capital program is mandated
 - Projects that can be deferred have been identified
 - Need to continue prioritizing our customers



UPDATE ON ROCIP BILLING

- 💧 ROCIP (Rolling Owner Controlled Insurance Program) is paid for and provided by DC Water and covers prime contractors and their subcontractors for construction work; coverage includes workers' compensation and general liability
- 💧 To date, ROCIP costs are billed to IMA Partners after the program has ended and audited by the ROCIP Insurance Carriers
 - Total ROCIP costs incurred through September 30, 2019 for programs I, II, and III was \$58 million and \$11.3 million was allocated and billed to the IMA Partners in July 2020
 - Of this amount \$1 million is reserved for audit reconciliation, leaving \$10.3 million available for allocation
- 💧 ROCIP claims will continue to be submitted and processed for several years even after the program ends resulting in additional billings
- 💧 Going forward, DC Water plans to include estimated amounts of ROCIP charges on capital bills and true-up the actual amounts after the program ends and is audited



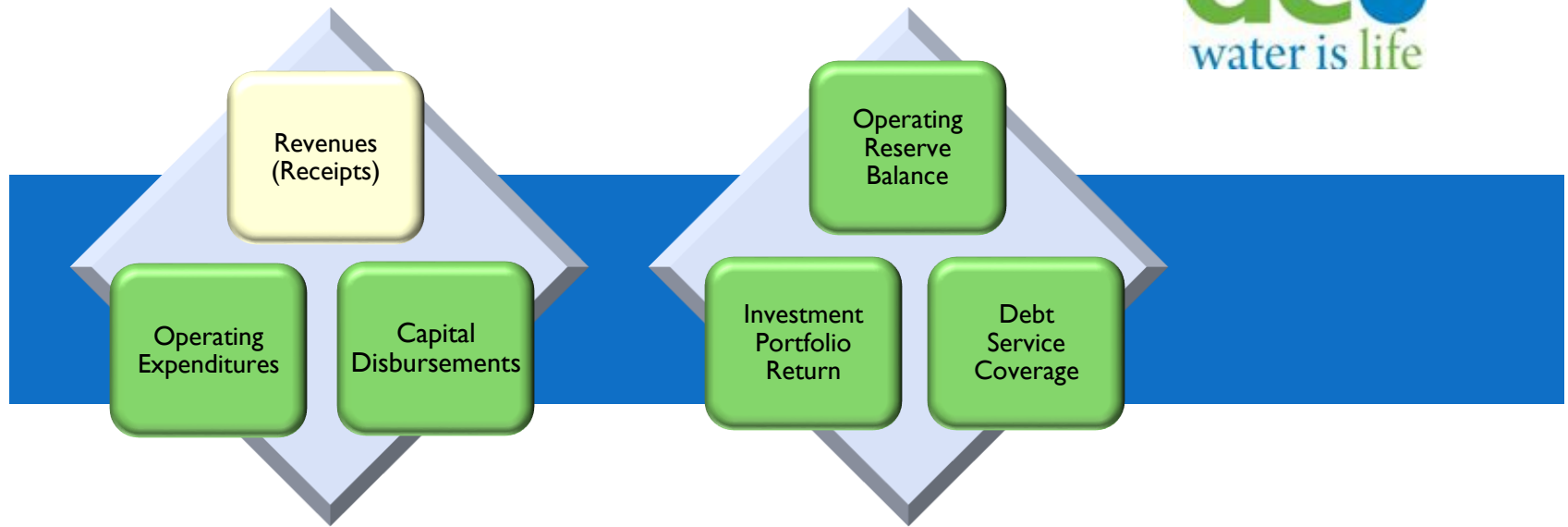
BOARD POLICIES ON YEAR-END FORECAST

💧 DC Water Board policies provide direction on year-end forecast

- Resolution #11-22 directs the use of operating cash in excess of any reserve requirements to be used for capital financing (paygo) or repayment of higher cost of debt; Board has also previously directed the hold-over of cash to be allocated in the future
- Resolution #11-10 states a policy of using surplus to mitigate future customer impacts and annual rate increases, including transferring some or all of such excess funds to the Rate Stabilization Fund (RSF)
- Resolution #10-76 says that transfers into the RSF will be determined annually based on financial performance and at other times at the direction of the Board
 - Resolution further directs the General Manager to report the year-end forecast and recommendations for its use to the Finance and Budget Committee no later than its regularly scheduled meeting in July, for recommendation and Board action at its September meeting
 - DC Water is reporting a revised year-end forecast now, earlier projections indicated that there would be a budget shortfall as a result of the impact of COVID

FY 2020 REVISED YEAR-END PROJECTIONS

Summary (as of July 31, 2020)



(\$ in Millions)	Annual Budget (Rev.)	YTD July Actual	YTD % of Budget	Year-End Projection	Year-End % of Budget	Mid-Year Projection	Mid-Year % of Budget
Operating Revenues/Receipts	\$699.0	\$589.7	84%	\$692.2	99%	\$663.7	95.0%
Operating Expenditures	\$606.5	\$442.1	73%	\$578.0	95%	\$582.7	96%
Capital Disbursements	\$452.2	\$270.1	60%	\$363.6	80%	\$394.1	87%
ROCIP				\$10.3			



OPERATING REVENUES

\$000's

Category	Revised Budget	YTD Actual	Year-End Projections	Projected Variance (\$)	Projected % of Budget	Mid-Year Projections	Projected Variance (\$)	Projected % of Budget
Residential, Commercial, and Multi-family	\$399,063	\$328,366	\$392,031	(\$7,032)	-1.8%	\$363,594	(\$35,469)	-8.9%
Federal	71,887	71,954	71,887	0	0.0%	71,887	-	0.0%
District Government	17,585	14,699	17,199	(386)	-2.2%	16,115	(1,470)	-8.4%
DC Housing Authority	10,525	9,019	10,679	154	1.5%	10,667	142	1.3%
Customer Metering Fee	10,776	10,013	11,765	989	9.2%	11,708	932	8.6%
Water System Replacement Fee (WSRF)	39,717	35,643	41,099	1,382	3.5%	40,751	1,034	2.6%
Wholesale	82,539	59,616	79,239	(3,300)	-4.0%	82,539	-	0.0%
Right-of-Way Fee/PILOT	22,113	18,103	20,837	(1,276)	-5.8%	21,167	(946)	-4.3%
Subtotal (before Other Revenues)	\$654,205	\$547,413	\$644,737	(\$9,468)	-1.4%	\$618,428	(\$35,777)	-5.5%
Other Revenue without RSF:								
IMA Indirect Cost Reimb. For Capital Projects	4,589	2,929	3,879	(710)	-15.5%	4,073	(516)	-11.2%
DC Fire Protection Fee	12,527	14,259	14,259	1,732	13.8%	14,259	1,732	13.8%
Stormwater (MS4)	1,000	829	1,099	99	9.9%	1,099	99	9.9%
Interest	3,966	3,846	3,902	(64)	-1.6%	3,305	(661)	-16.7%
Development Contractors Fee (Water & Sewer)	6,000	9,216	9,748	3,748	62.5%	7,853	1,853	30.9%
System Availability Fee (SAF)	5,775	3,213	3,072	(2,703)	-46.8%	3,021	(2,754)	-47.7%
Others	10,917	7,976	11,497	580	5.3%	11,693	776	7.1%
Subtotal	\$44,774	42,267	\$47,455	\$2,681	6.0%	\$45,303	\$529	1.2%
Rate Stabilization Fund Transfer	-	-	-	-	-	-	-	-
Grand Total	\$698,979	\$589,680	\$692,191	(\$6,788)	-1.0%	\$663,731	(\$35,248)	-5.0%



OPERATING EXPENDITURES

Total operating expenditures are projected at a net decrease of \$28.5 million or 5% of the FY2020 revised budget

(\$000's)	FY 2018 Actual	FY 2019 Actual	FY 2020 Revised Budget	FY 2020 YTD Actual*	FY 2020 Year-End Projections	FY 2020 Mid-End Projections	Projected Variance	FY 2021 Approved
<i>Authorized Headcount</i>	1260	1274	1223	1126	1226	1226	(3)	1,231
<i>Filled/Budgeted Headcount</i>	1165	1274	1223	1089	1115	1115	108	
<i>Vacant Headcount</i>	95						-	
Salary	\$ 123,803	\$ 123,906	\$ 131,377	\$ 102,936	\$ 126,791	\$ 127,802	\$ 4,586	\$ 136,440
Regular Pay	114,109	115,118	122,671	96,572	118,720	119,081	3,951	127,673
On-call time	706	617	622	565	669	669	(47)	613
Overtime	8,988	8,171	8,084	5,800	7,402	8,052	682	8,154
Benefits	33,832	34,073	39,303	29,390	35,427	35,714	3,876	41,424
Total Personnel Services	\$ 157,635	\$ 157,979	\$ 170,680	\$ 132,326	\$ 162,218	\$ 163,516	\$ 8,462	\$ 177,863
Chemicals	23,131	26,860	25,181	18,744	22,566	23,107	2,614	27,779
Supplies	7,351	8,119	7,977	5,690	7,062	7,451	915	8,302
Utilities	26,158	25,778	26,953	19,856	23,828	25,975	3,126	27,911
Contractual Services	74,914	76,206	81,886	58,469	74,690	74,913	7,196	88,532
Water Purchases	28,357	32,430	34,929	22,700	31,389	31,389	3,540	36,250
Small Equipment	700	731	989	478	536	653	453	1,030
Total Non-Personnel Services	\$ 160,610	\$ 170,125	\$ 177,914	\$ 125,937	\$ 160,070	\$ 163,487	\$ 17,844	\$ 189,804
Total O&M Expenses	\$ 318,245	\$ 328,104	\$ 348,594	\$ 258,263	\$ 322,288	\$ 327,003	\$ 26,306	\$ 367,667
Debt Service	178,399	193,035	207,340	165,509	205,137	205,137	2,203	222,268
PILOT / ROW	21,376	21,702	22,034	18,361	22,034	22,034	-	22,372
Payment in Lieu of Taxes	16,276	16,602	16,934	14,111	16,934	16,934	-	17,272
Right of Way	5,100	5,100	5,100	4,250	5,100	5,100	-	5,100
Cash Financed Capital Improvements	35,260	26,999	28,556	-	28,556	28,556	-	30,355
Total Debt Service/PILOT/ROW/CFCI	235,035	241,736	257,929	183,871	255,727	255,727	2,203	274,996
Total Operating Expenditures	\$ 553,279	\$ 569,839	\$ 606,523	\$ 442,134	\$ 578,015	\$ 582,730	\$ 28,508	\$ 642,663
<i>Less: PS charged to Capital Projects</i>	<i>(15,527)</i>	<i>(17,588)</i>	<i>(22,748)</i>	<i>(20,660)</i>	<i>(23,722)</i>	<i>(23,722)</i>	974	(24,382)
Total Net Operating Expenditures	\$ 537,752	\$ 552,251	\$ 591,775	\$ 421,474	\$ 554,293	\$ 559,008	\$ 37,482	\$ 618,281



CAPITAL DISBURSEMENTS

Total capital disbursements are projected at a net decrease of \$88.6 million or 20% of the FY2020 revised budget

Capital Disbursements (\$000's)								
Service Area	FY 2019 Actual	FY 2020 Budget	YTD Actual	Year-End Projections	Mid-Year Projections	Projected Variance (\$)	Projected % of Budget	FY 2021 Budget
Non Process Facilities	\$ 8,529	\$ 42,066	\$ 8,272	\$ 8,646	\$ 14,349	\$ 33,420	79%	\$ 31,849
Wastewater Treatment	53,127	77,536	39,321	63,954	73,424	13,582	18%	102,976
Combined Sewer Overflow	221,752	171,436	138,026	168,039	172,788	3,397	2%	157,058
Stormwater	2,210	6,869	2,570	3,699	4,126	3,170	46%	9,631
Sanitary Sewer	36,224	44,933	17,803	29,634	35,607	15,299	34%	63,926
Water	45,310	62,163	34,811	50,969	55,092	11,195	18%	88,677
SUBTOTAL CAPITAL PROJECTS	367,152	405,004	240,803	324,941	355,386	80,063	20%	454,118
Capital Equipment	21,367	31,703	19,030	25,578	25,613	6,125	19%	37,207
Washington Aqueduct	10,847	15,515	10,296	13,072	13,072	2,443	16%	16,266
SUBTOTAL: ADD'L CAPITAL PROGRAMS	32,215	47,218	29,326	38,650	38,685	8,568	18%	53,473
TOTAL CIP DISBURSEMENTS	\$ 399,366	\$ 452,223	\$ 270,129	\$ 363,592	\$ 394,071	\$ 88,631	20%	\$ 507,590



FY 2020 PROJECTED NET CASH POSITION UPDATE

\$000's					
Category	Board Approved Financial Plan	Year-End Projection*	Variance Positive / (Negative)	Mid-Year Projection*	Variance Positive / (Negative)
Total Revenue	\$698,979	\$692,191	(\$6,788)	\$663,731	(\$35,248)
Total Expense	553,018	525,737	27,281	530,452	22,566
Cash Financed Capital Improvements (CFCI)	28,556	28,556	-	28,556	-
Revenue Less Expense and CFCI	\$117,405	\$137,898	\$20,493	\$104,723	(\$12,682)
County Refunds / Mid-Year Projected Refund (Reversal)	(5,599)	(5,599)	-	(5,599)	-
Project Billing Refunds	(4,000)	(4,000)	-	(4,000)	-
Prior Year's Federal Billing Reconciliation	227	227	-	227	-
NET INCOME / PLANNED CAPITAL CONTRIBUTIONS	\$108,033	\$128,526	\$20,493	\$95,351	(\$12,682)
Beginning Cash Balance over Target	46,764	46,764	-	46,764	-
Transfer to Capital Improvement Program (CIP)	(101,797)	(101,797)	-	(88,516)	13,281
Transfer to Rate Stabilization Fund (RSF)	(13,000)	(13,599)	(\$599)	(13,599)	(599)
Total	40,000	\$59,894	\$19,894	\$40,000	-

* Preliminary unaudited year-end projections, subject to change



FISCAL ANALYSIS OF FY2020 PROJECTED NET CASH SURPLUS

- 💧 The net cash surplus and ROCIP reconciliation are one-time funds, and should be used for one-time purposes
- 💧 Customer Assistance
 - \$3 million to continue the Emergency Residential Relief Program in FY2021 to provide one-time assistance to customers impacted by COVID. Assistance up to \$2,000 per residential customer
 - \$7 million for a new program to provide one-time assistance to multi-family buildings where occupants have been negatively impacted by COVID and payment plans are established and adhered to; assistance amount to be determined and provided per affordable unit, and will be on a matching basis
 - \$5 million held for FY2022 targeted assistance for customers in need
- 💧 Infrastructure - \$10 million would add two additional small diameter water replacement projects, targeting locations with a high number of lead service lines



FISCAL ANALYSIS OF FY2020 PROJECTED NET CASH SURPLUS

- 💧 Given uncertainty related to COVID, deposit to the Rate Stabilization Fund or carryover of funds in the cash balance to provide operational flexibility to address any contingencies in FY2021

- 💧 Rates
 - A 1% reduction in retail water and sewer rates would equate to approximately a \$4 million annual reduction or a \$40 million revenue loss over the 10-year financial plan
 - Use of \$10 million would equate to a one-time reduction in the proposed rate by 0.25% (or from 6.6% to 6.35% for FY2021) to account for lost revenue over the next 10-year period while holding future rate increases at current projected levels
 - Use of \$20 million for PAYGO would equate to a one-time reduction in the proposed rate by 0.40% (or from 6.6% to 6.2% for FY2021)
 - A \$1 per ERU per month reduction would equate to approximately \$5 million per year or \$50 million over the ten-year financial plan



CONSIDERATIONS

💧 Uncertainty

- The full impact of COVID on DC, water consumption, revenues, and our customers remains unclear
- Many of DC Water's costs are fixed

💧 Outstanding debt

- DC Water has \$3.5 billion in debt outstanding, over \$1 billion alone is for the Clean Rivers program
- The use of debt ensures that DC Water can address critical infrastructure issues, and keep customer rates much lower than if cash was used
- DC Water must maintain a strong financial position in order to advance planned infrastructure improvements, including water and sewer rehabilitation initiative

💧 One-time funding

💧 Customer Focus

- Some customers have been negatively impacted by COVID
- DC Water has the opportunity to direct assistance to those who need it during the pandemic



MANAGEMENT RECOMMENDATION

💧 Net cash position of \$19.9 million

- The net cash position is the result of savings achieved by DC Water by pausing certain activities
- Management recommends transferring \$4.9 million to the Rate Stabilization Fund to provide operational flexibility to address any contingencies in FY2021
- Management recommends directing \$15 million of these resources to low-income customers, including those negatively impacted by COVID:
 - \$3 million to continue the Emergency Residential Relief Program in FY2021 to provide one-time assistance to customers impacted by COVID. Assistance up to \$2,000 per residential customer
 - \$7 million for a new program to provide one-time assistance to multi-family buildings where occupants have been negatively impacted by COVID and payment plans are established and adhered to; assistance amount to be determined and provided per affordable unit, and will be on a matching basis
 - \$5 million held for FY2022 targeted assistance for customers in need

💧 The ROCIP amount billed less the audit reserve is \$10.3 million

- Management recommends transferring this amount to the Rate Stabilization Fund to provide operational flexibility to address any contingencies in FY2021

ATTACHMENT 5

**FINANCE & BUDGET COMMITTEE
PROPOSED TRANSFER OF ROCIP
AMOUNT BILLED LESS THE AUDIT RESERVE**

ACTION ITEM B: Approval of Resolution Authorizing the Transfer of the ROCIP amount billed less the audit reserve to the Rate Stabilization Fund.

- The Board will be asked to approve a resolution to authorize the transfer of the Rolling Owner Controlled Insurance Program (ROCIP) amount billed less the audit reserve of \$10.3 million to the Rate Stabilization Fund.



ATTACHMENT 6

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

**Thursday, September 24, 2020; 11:00 a.m.
DC Water Headquarters
1385 Canal Street, SE, DC
AGENDA**

Call to Order	Chairperson
August 2020 Financial Report	Chief Financial Officer
Agenda for October Committee Meeting	Chairperson
Adjournment	Chairperson

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