



# 2008-09

## Revised FY 2008 And Approved FY 2009 Operating Budgets



District of Columbia  
Water and Sewer Authority

Adopted January 10, 2008

*Robin S. Martin, Chairman*  
*Jerry N. Johnson, General Manager*



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(As of January 16, 2008)

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## **ACKNOWLEDGEMENTS**

### **PRINCIPAL STAFF MEMBERS**

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## ACKNOWLEDGEMENTS

### Budget and Finance Staff

Gail Alexander-Reeves

Anil Bansal

Deborah Cole

Yvette Downs

Kimberly Engram

Annie Fulton

Walter Goodwill

Robert Hunt

Delwyn Kamara

Syed Khalil

Reginald Lipscomb

Sylvia Riley

Pade Zuokemefa

*The Finance and Budget Department would like to extend its appreciation to all the departmental staff members whose hard work and dedication helped make this document possible.*



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

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For the Fiscal Year Beginning

**October 1, 2007**

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*Jeffrey R. Emery*

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# Revised FY 2008 and Approved FY 2009 Operating Budget

## Section I



District of Columbia  
Water and Sewer Authority



### *Section I: General Manager's Message*

*WASA's water and sewer operations continue to focus on water quality, service reliability and customer service.*



**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**  
5000 OVERLOOK AVENUE, S.W., WASHINGTON, D.C. 20032

January 10, 2008

Robin B. Martin, Chairman  
and Members of the Board of Directors  
District of Columbia Water and Sewer Authority  
5000 Overlook Avenue, S.W.  
Washington, D.C. 20032

**Subject: Transmittal of Adopted FY 2009 Budgets**

Dear Chairman Martin and Members of the Board of Directors:

I am pleased to submit the revised FY 2008 and FY 2009 budgets as adopted by the Board at its regular meeting in January 2008. These budgets are intended to meet the mandate provided for in District of Columbia Law 11-111, which specifies that *"...WASA shall prepare and submit to the Mayor, for inclusion in the annual budget, annual estimates of the expenditures and appropriations necessary for the operation of the Authority for the year..."*

This transmittal letter serves as an addendum to the October 2007 General Manager's message. The originally published message is included in its entirety because it contains, in more detail, WASA's operating priorities for the next two fiscal years and beyond. There are no material changes between the original submission and the Board-adopted budget. However, this book does include revisions to certain charts and additional information, which might further enhance the reader's review and understanding of the document.

As in the past, this process reflects the entire organization's strong commitment to equity, trust and integrity in all we do. These budget documents are a result of the extensive budget reviews conducted through the various committees of the WASA Board. The reviews began in October 2007 and concluded with the operating and capital disbursements budget approvals in January 2008. Under the direction of the WASA Board, management and employees are committed to providing high quality, and cost effective services to our customers. This budget is evidence of our commitment as it contains the resources required to meet the goals laid out in the Board's Strategic Plan.

The focus of the Board's Strategic Plan is to provide our customers with world-class service, to develop and support our outstanding workforce, to protect the environment, and to maintain our strong financial position. Consistent with this Plan, the board-adopted budgets are as follows:

- 1) **Revised FY 2008 Operating Budget**
  - \$340.8 million, or \$0.4 million less than the Board-approved FY 2008 budget
- 2) **Adopted FY 2009 Operating Budget**
  - \$363.2 million, or \$22.5 million above the revised FY 2008 budget
- 3) **Capital Disbursements Budget**
  - \$3.1 billion, an increase from last year's approved CIP of \$2.2 billion

In addition to the operating budget document, I have also prepared an updated version of the separate capital improvement program (CIP) capital disbursements budget. The adopted budget books reflect our continuing focus on improving service to our customers by staying abreast of issues that may have profound short- and long-term impacts. Following are highlights of several key initiatives or projects that are either planned or underway.

### **Combined Sewer Overflow Long-Term Control Plan (CSO LTCP)**

WASA remains at the forefront of regional efforts to control water pollution. The Combined Sewer Overflow Long-Term Control Plan is a \$2 billion investment to reduce overflows into District waterways, and is a federally mandated program. WASA has made great progress in reducing the volume of overflows over the last two years with approximately \$140 million of projects for implementation of the federal CSO Nine Minimum Controls program. These projects include improvements to large pumping stations to increase their capacity, separating combined sewers in certain areas of the District, repairing tide gates, as well as low impact development (LID) at WASA facilities. We will complete these projects in FY 2008, and will reduce combined sewer overflows by 40 percent.

- **Rate Impact of CSO LTCP** - The potential impact of the CSO LTCP on rates is great. If WASA does not received additional federal assistance, the typical single-family residential customer's monthly sewer charge will increase from \$29.83 in 2008 to almost \$110.30 at the end of FY 2025. This is an increase of approximately 300 percent based on our current rate structure. Due to our efforts and those of a wide variety of WASA stakeholders and legislators, we have received roughly \$100 million in special CSO LTCP appropriations from the federal government (matched by WASA on a 50/50 basis). The FY 2008 appropriation is \$8 million and we anticipate the receipt of these funds during the second quarter of FY 2008. The CSO LTCP is a vital initiative for the District, so we will continue to solicit additional financing from the federal government for this project.

- **Impervious Area Service Charge** – WASA is moving ahead with implementing an impervious surface area service charge, which is an alternative rate structure to recover the cost of the CSO LTCP program. The basis for the service charge would be the amount of defined impervious area (does not allow for easy water penetration) on each property producing water runoff entering the District's collection system. An impervious area charge provides a more equitable allocation of costs when compared to the existing rates currently in place, which are based upon the volume of water consumption rather than the impervious surface area on each lot in the District. Over the course of the summer, WASA will engage in extensive public education, customer awareness campaigns and a public hearing concerning this matter. In June, the Board will hold a public hearing to seek public comment on the proposed new rate structure. If the Board approves the impervious surface area service charge it will be implemented beginning October 1.

### **Chesapeake Bay Initiative and New National Pollutant Discharge Elimination (NPDES) Permit**

We continue to work with the EPA on modifications to the Blue Plains NPDES permit to meet a total nitrogen effluent limit. WASA developed a Total Nitrogen/Wet Weather Plan, to incorporate the requirements of the EPA Chesapeake Bay Watershed Program and the CSO LTCP in a coordinated approach that will save \$420 million compared to the originally planned approach. This Plan includes many water quality benefits and the estimated cost is \$950 million in 2007 dollars.

### **Intermunicipal Agreement Negotiations**

The 1985 Blue Plains Intermunicipal Agreement (the IMA) is under discussion with regional and D.C. representatives to the IMA negotiating committees who are reviewing and updating a variety of the agreement's terms. The IMA outlines terms relating to facility location, sizing, capacity allocations, funding and long-term management of wastewater treatment and disposal processes. Signatories to the IMA share the cost of operations, maintenance and capital improvements to the Blue Plains Wastewater Treatment Plant and related facilities.

### **Water Quality and Service Reliability**

Our customers are very important to us, which is one of the reasons we focus on water quality and service reliability. An example of this commitment is our solid partnership with the Department of Fire and Emergency Medical Services (FEMS) to inspect public fire hydrants.

**Fire Hydrant Program** – Over the last several years, WASA has been working with DC Fire and Emergency Medical Services (FEMS) to improve the life safety infrastructure of the water distribution system such as the availability of public fire hydrants and performance of water mains to provide sufficient flows to meet fire suppression needs. In FY 2005, WASA committed a total of \$26.5 million for upgrade and replacement of outdated public fire hydrants in the District. The planning and coordination between agencies and ongoing capital investments culminated in the development and execution of a Memorandum of Understanding (MOU) between

WASA and FEMS in November 2007. Between FY 2005 and 2007 we have replaced a total of 1201 public fire hydrants, (920 under the \$26.5 million capital program and another 281 under normal operating activities). In addition, 2,488 public hydrants were repaired between FY 2005 and 2007 based upon coordination with FEMS inspections or notification from the public. In the first quarter of FY 2008, we replaced 342 public fire hydrants and repaired 742. Coordination with additional MOU activities is well underway, with synchronized FEMS inspection and WASA replacements/repair to start again in March 2008.

Because District-owned fire hydrants are a critical component of the public safety system, we continue to work with FEMS to review and update system maps and to ensure adequate system flow and availability for fire protection. In 2007, we added a WASA Hydrant Information System (WHIS) to the WASA website. WHIS, a Google Earth tool, enables users to view the latest status of public fire hydrants throughout the District. I would like to personally thank the Board of Directors, the Mayor, District Council, and FEMS leadership and staff, for their support and hands on work to ensure that public fire hydrant maintenance continues to be a high priority within the District of Columbia. WASA's resource commitment is evidence of dedication to the success of this program especially to ensure continuing customer confidence in the services we provide.

- **Water Pressure and Smaller Water Mains** – In 2007, we undertook a study of the adequacy of small water mains in the District of Columbia. The findings concluded that the small water mains are hydraulically sufficient for normal water demands as well as for fire protection in most cases. We continue to work with FEMS to ensure that they can easily identify the fire flows that are available to them and to make sure that plans are in place to access those water supplies in the event of an emergency.

**Lead Service Pipe Replacement Program** -- We have made tremendous progress in our lead service pipe replacement program (LSR). Through September 2007, we have replaced 14,208 of the estimated 35,000 known public lead service lines in the District of Columbia. A change in water chemistry in August 2004 has successfully reduced and controlled lead levels found in some homes since 2005. Test results of District residential tap water over the last three years have consistently been in compliance with EPA's Safe Drinking Water Act regulations.

The target for completion of this program is 2016 and the capital budget is \$438 million, of which \$93 million has already been spent through September 30, 2007. The resources required for the LSR program have an impact on the ratepayers, and resulted in the deferral of other rehabilitation projects to later years. In consideration of these activities, the Board of Directors is reviewing options to continue or modify WASA's aggressive LSR Program.

WASA has begun to host a series of community meetings to provide information on this program to inform the public and to invite discussion on the LSR program and the District's drinking water quality. These meetings will also inform the Board in deciding whether to continue or modify the aggressive current LSR program. A public hearing will be held this spring to provide the public an opportunity to provide feedback on the future of this program.

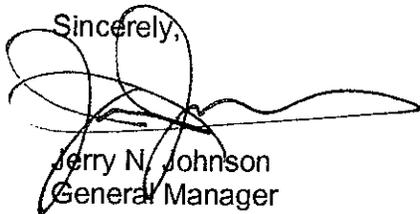
## Extraordinary Progress and Partnerships

Since it was established in 1996, WASA's progress has been extraordinary; this progress is due to broad-sweeping collaborations among various stakeholders and our partners in neighboring jurisdictions. At its inception, WASA faced a cash shortage and projected a multi-million dollar deficit. The newly established organization was also burdened with a barely functional fleet, poorly maintained infrastructure, an antiquated billing system, and a number of operating weaknesses. Since that time, WASA continues to make tremendous strides in its prudent financial management and cutting-edge technology, customer service improvements, extensive capital investment, environmental stewardship and peer-reviewed research. Over the years, we have developed strong partnerships with the District government, Congress, suburban jurisdictions, federal regulators and environmental advocates. We are continuing to strengthen our existing partnerships while reaching out to establish new relationships, as we look for ways to improve our services.

WASA continues to strive to manage operations and our capital program in a cost effective manner. Given the escalating costs of the capital program facing our rate payers, the Board has undertaken an independent review of our budget. This initiative, encouraged by DC Councilmember Jim Graham, Chairman of the Committee on Public Works and the Environment, will examine WASA's budget practices with the goals of enhancing business efficiency and lower rate increases for retail customers. This review is currently underway and will conclude this spring. Such initiatives, with the guidance and vision provided by the WASA Board of Directors, continue to bolster our quest for excellence, and help to maintain our status as one of the leading public utilities in the nation.

I would like to take this opportunity to thank our Board Chairman, Mr. Robin Martin, for his dedication to the budget process and the organization as a whole. Under his leadership, WASA continues to focus on improving service quality for our customers. In addition, I would like to extend special thanks to the Acting CFO, the Finance and Budget staff as well as the many other WASA staff who assisted in developing the budget documents. I am very proud of the extraordinary progress we have made since WASA's creation, and we will continue our constant efforts for even greater achievements in the coming years.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerry N. Johnson", with a long horizontal flourish extending to the right.

Jerry N. Johnson  
General Manager



# DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

5000 OVERLOOK AVENUE, S.W., WASHINGTON, D.C. 20032

Mr. Robin B. Martin  
Chairman  
and Members, Board of Directors  
District of Columbia Water and Sewer Authority  
5000 Overlook Avenue, S.W.  
Washington, D.C. 20032

October 25, 2007

Dear Chairman Martin and WASA Board Members:

I am pleased to present the District of Columbia Water and Sewer Authority's (WASA) revised FY 2008 and proposed FY 2009 budgets for your consideration. These budgets are intended to meet the mandate provided for in District of Columbia Law 11-111, which specifies that "...WASA shall prepare and submit to the Mayor, for inclusion in the annual budget, annual estimates of the expenditures and appropriations necessary for the operation of the Authority for the year..."

Our revised FY 2008 operating budget totals \$340.8 million, \$0.4 million less than the Board-approved FY 2008 budget. For FY 2009, the operating budget request totals \$363.2 million, an increase of \$22.5 million. Our ten-year capital improvement program (CIP) budget (disbursements) totals \$3.1 billion, a staggering \$880 million increase from last year's approved CIP of \$2.2 billion. The increase in our CIP is primarily driven by a new project designed to meet more stringent nitrogen removal requirements at our Blue Plains plant by EPA, which I will discuss in more detail later in this document.

WASA's budgets are developed using a ten-year planning horizon, and include input from: infrastructure needs determined by various facility master plans of major systems; Board determined priorities; and funding and rate impacts on our customers.

It was just a few years ago, in 1996, that WASA operated under a boil water alert, the Blue Plains plant routinely violated permit requirements, the organization had virtually no cash in the bank, over \$35 million in delinquent accounts receivables, no bond rating, no human resources function, no technology to boast about, no procurement function, just to mention a few. Customer service was non-existent and in fact, our customers had to write to us to request service. It has been ten short years since WASA's creation in 1996, following a period of financial stress and infrastructure disinvestment. In that time, we have moved from survival mode of just trying to stabilize the organization and the aged deteriorating system we inherited to a systematic and planned approach to

addressing the challenges we face. Our water is safe to drink. Our wastewater treatment plant operates under all permit requirements, and we are financially strong with over six months operating cash reserves and a AA- bond rating. Our delinquent accounts receivables are at an all time low of \$7.1 million, and we have a state of the art technology and customer service function. Even with such extraordinary progress, WASA continues to face and deal with significant challenges in the heavily regulated environment it works in, implementing planned upgrades and improvements to our systems, improving services to all our customers and meeting our commitment for a clean environment.

Since 1996, we have invested over \$1 billion in improvements to our various systems, including over \$600 million at our Blue Plains Wastewater treatment plant and over \$300 million on our water system. The proposed 10-year plan includes plans to spend another \$1.4 billion in improvements at the Blue Plains plant and over \$600 million on various water system improvements. Investments in our Water System are currently based on a FY 2000 water system facility plan and our FY 2004 Board's directive to eliminate all public lead service lines in the District. Various activities are underway that may lead to changes in this plan. An update to the FY 2000 water facility plan is expected later this summer. Our Board is currently reviewing its policy on lead service line replacements and has asked for public input. The Board has also asked for a 30 day review of small diameter mains in the District. Additionally, we have started our first comprehensive sewer system assessment and the results of this study will enable us to better target our infrastructure improvements in this area.

The budgets presented to you in this document contain the resources needed to fulfill the Board's current strategic plan and to focus on many of the challenges outlined. The Board's current strategic plan includes four strategic goals, Customer and Community Services, Organizational Effectiveness, Financial Stability and Environmental Quality. Over the next two years, WASA will continue to implement the Board's strategic plan. We will concentrate our efforts on long-term plans and projects that will improve service to our District and regional customers and fulfill our commitments to a clean environment, including:

- Continued implementation of the Combined Sewer Overflow Long-Term Control Plan (CSO LTCP)
- Addressing both water and sewer infrastructure improvements
- Continued use of technology to improve all of our processes and the delivery of services to our customers
- Continued support of the District's Anacostia River development efforts through the CSO LTCP, operational relocations and other facilities changes
- Implementation of the \$3.1 billion capital improvement program at the Blue Plains Wastewater Treatment Plant and various locations throughout the District and region
- Addressing issues related to Chesapeake Bay Program for Biological Nutrient Removal (BNR) and meeting a more stringent discharge requirement

I discuss each of these activities in more detail in this document.

## STRATEGIC GOAL AREA – CUSTOMER & COMMUNITY SERVICES

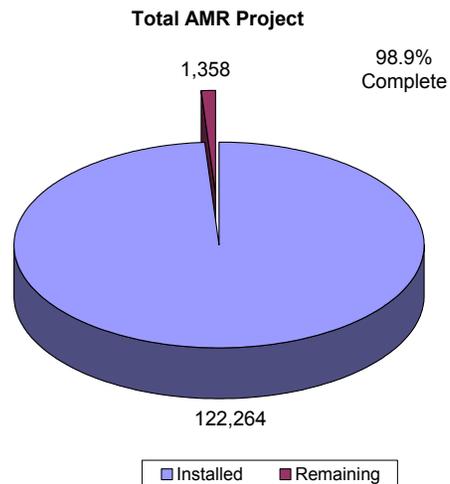
This strategic area focuses on service delivery to our retail and wholesale customers, as well as our obligations to other stakeholders in the District and the greater Washington, DC area.

### CUSTOMER SERVICE INITIATIVES

In FY 2007, we continued to make investments in our employees, process improvements and technology, all to ensure better service delivery to our customers. These improvements include the following:

**Developed a Customer Service Handbook** - We continued our customer outreach efforts by creating and distributing a Guide to Customer Services handbook. This Guide describes what we do and what services and technologies are available to WASA customers. This handbook will also be mailed to new customers when they establish service.

**Meter Reading and Customer Service through Automated Meter Reading Technology (AMR)** – The Automated Meter Reading Program is nearly complete with 98.9 percent of all meters installed. There are approximately 1,224 residential and small commercial meters and 133 large meters left to be installed. The Authority will continue to aggressively attempt to complete the remaining installations utilizing a combination of contractors and WASA staff. We plan to complete all remaining installations in FY 2008.



We currently offer to our customers our High Use Notification Application (HUNA, which is a powerful call center application tool that was developed in house. Once they sign up for the service, customers can access this data though the web at [www.dcwasa.com](http://www.dcwasa.com). HUNA analyzes daily consumption and provides monthly and yearly averages on an account level. HUNA presents data in graph form, thus enabling our customer care associates to quickly analyze consumption patterns. This feature is available on the web for customer use, and daily meter readings are available with a simple click of the mouse.

HUNA's alert feature notifies customers of metering anomalies as they happen. This affords the customer time to address the problem or at least be aware before we generate their bill. Most utilities perform a high/low check after the billing process. We are not aware of other utilities in North America that provides this service across all rate classifications. WASA leveraged investments in automated meter reading (AMR) technology; voice and data technology, and web enabled application development tools to deliver this premier service at minimal cost to the utility and its ratepayers.

**Command Center Improvements** – WASA's Command Center handles all water, sewer or meter-related emergencies. It also, coordinates our efforts with other District agencies relating to emergencies. In FY 2007, we continued extensive training of our Command Center personnel by incorporating field visits with both our Water and Sewer Services Departments. We also worked with the Safety and Security Department to offer NIMS (National Incident Management System) training and certification to management personnel. An additional supervisory position was created to provide 24-hour management coverage and we expect to have the position filled within the first quarter of FY 2008.

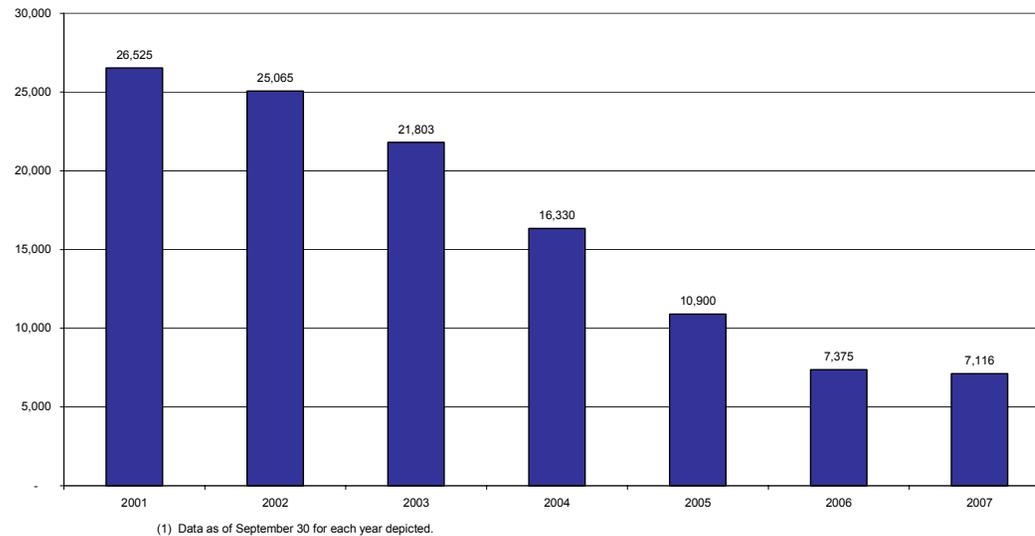
**Customer Assistance Program (CAP)** – We are committed to help improve the quality of life for District residents through our customer assistance programs. Through CAP, we provide eligible customers a discount of 4 Ccfs per month on their water and sewer bills. Since it began, participation in CAP has continued to increase. As of September 2007, a total of 3,474 customers are receiving a discount on their bills.

**Serving People By Lending A Helping Hand Program (S.P.L.A.S.H.)** – Additionally, assistance is provided to our customers through our S.P.L.A.S.H program. This program has grown tremendously, due to the convenience of the bill round-up feature which enables customers to make donations with their payments to assist other customers in paying their water and sewer bills. In FY 2007, we received S.P.L.A.S.H. contributions totaling \$78,062 and assisted 465 customers. The Greater Washington Urban League has now replaced the Salvation Army as the program administrator.

**Improved Arrears Management Program** – We continue our efforts to improve on collections from delinquent accounts. For example, we now make automated collections calls (Process Notification Program) to delinquent customers to encourage them to pay their bills. WASA also participates in the District's delinquent tax sale. In FY 2007, we explored the feasibility of allowing customers to make payment via checks over the phone and web. We plan to implement this feature during FY 2008 at no cost to the customer (most organizations charge for this feature). Also, our budget billing feature enables customers to normalize billing and monthly payments.

**Process Notification Program** - provides a friendly reminder phone call to customers when their payments are past due. This program has enabled us to better manage our customer receivables. Initially, we used the program for our residential customers only. In FY 2007, we expanded the program to include our commercial customers as well. In total, we placed 111,885 automated calls, resulting in collections of approximately \$5.1 million. This program directly contributed to the achievement of an all-time low delinquent accounts receivable of \$7.1 million at the end of FY 2007. When WASA was established in 1996, this delinquency was about \$34 million.

**RETAIL ACCOUNTS RECEIVABLE OVER 90 DAYS  
As of September 30, 2007  
(In \$000's)**



**Customer Survey** – In FY 2006, WASA commissioned a Gallup, Inc. survey of our residential and commercial customers to evaluate customer satisfaction, as well as attitudes and perceptions about WASA as an organization and the services it provides. Respondents to the survey rated WASA highly in several areas (e.g., overall customer satisfaction, easy and accurate billing, courteous and knowledgeable customer service representatives, the *What's On Tap* customer newsletter and the WASA website, ([www.dcwasa.com](http://www.dcwasa.com))). Focus continues into FY 2008 on action steps to address the concerns expressed over the perception of lead in the drinking water, the permitting process and water distribution system reliability. For example, we are reviewing and revising our permits process to make it more convenient for our customers. We value our customers' opinions and considered the survey results in developing this year's budget and work plans.

## INTERNAL & EXTERNAL COMMUNICATIONS

In aligning our activities with the Board of Directors' priorities, we have implemented a number of effective communication strategies through publications, community outreach, media relations, and issues management. We continue to enhance and expand our website, [www.dcwasa.com](http://www.dcwasa.com), with content updates and additional pages, features and customer service options. Our monthly customer newsletter, *What's on Tap*, is an effective, widely read communication vehicle with "news-you-can-use" about WASA water, sewer and customer services, major infrastructure projects, urban landscaping, enhancing water quality, District government services and a variety of other subjects. We also launched an E-newsletter with news briefs on WASA services, programs, and performance. Target audiences for the E-newsletter include businesses, local and elected officials, regulators, environmental groups, civic organizations, media, and industry publications.

Our annual performance report, annual water quality report and numerous brochures and presentations have also been great tools for increasing customer and stakeholder awareness and understanding of the operations and issues associated with the critically important services we provide. The first-ever *WASA Guide to Customer Services* was published this year and mailed to all 123,000-plus customers. Well over 80 presentations and guided tours of the Blue Plains and other plant facilities were held during the year for foreign delegations, industry professionals, media representatives, schools, environmental groups and others.

Extensive and specialized customer and stakeholder communications were developed and disseminated to the media and public to address a number of high-profile issues and projects during FY 2007. Subjects of press accounts and WASA-hosted meetings included proposed rate increases, drinking water quality, fire hydrant upgrades, lead service line replacement, major infrastructure construction projects, and water pollution control at Blue Plains. During the summer, the Blue Plains plant was used as a backdrop by a CNN News crew filming an example of an industrial site that voluntarily removed dangerous chemical storage shortly after 9-11.

To enhance confidence in public water systems, WASA showcased its new Mobile Water Quality Lab at the March 2007 Home and Garden Show. The van, sporting a colorful, creatively designed vehicle wrap, hosted tours and demonstrations of equipment and tests used in the field in response to water quality concerns.

The popularity of WASA's Sewer Science Program continues to grow. In this five-hour, mini-wastewater treatment lab exercise, high school students make and treat their own "wastewater" with the same testing techniques used by technicians at Blue Plains. We also held classes during the year were held at several high schools including Howard D. Woodson, Benjamin Banneker, Anacostia, Ballou Wilson, Bell Multicultural, School Without Walls and at the UDC Charter School Science program.

Internally, we continue to enhance the look and editorial content of *Focus*, the newsletter for and about employees. We strive to keep employees informed and engaged through other activities including meetings, surveys, recognition events and direct mail. During FY 2007, to further strengthen communications with our employees we installed large flat-screened monitors at many key

locations spanning throughout all of WASA's sites. Each day, we display important information regarding WASA events and announcements on these monitors.

## **GOVERNMENT RELATIONS**

WASA continues to strengthen its relationships at all levels of government and the Washington Metropolitan Community. In addition, to legislative priorities, we also work with national trade organizations through committee participation and conference calls on comprehensive legislation that could ultimately affect WASA, its operations and stakeholders.

The financing of environmental initiatives continue to be one of the Authority's highest priorities. For the past five years, we have worked very closely with the Mayor's Office, the Office of Management and Budget and the House and Senate Appropriations Committee to ensure that there is an understanding of how important it is to continue federal financing towards local efforts to reduce combined sewer overflows.

Efforts continue on the Washington Aqueduct projects financing. I will provide more information on this later in this document.

## **COMMUNITY & PUBLIC SERVICE EFFORTS**

As part of our strong emphasis on serving our customers, we strive to extend a helping hand to our community. Among the community service activities that WASA participates in are:

**Joint Utility Discount Day** – In October 2007, approximately 75 WASA employees participated in the annual Joint Utility Discount Day (JUDD) at the Washington Convention Center. More than 5,000 District residents attended the event to apply for discounts on their water, electricity, gas and telephone bills. WASA's program offers a monthly discount on water bills for the first four Ccfs of consumption, which amounts to a monthly savings of approximately \$8.12, to customers who qualify (based on federal income guidelines). Our staff helped customers attending JUDD complete applications for the discount and provided information and conducted demonstrations on water use and conservation in the home. Last year, WASA served as lead host for this event.

**Ward Eight Clean-up** – In May 2007, WASA staff participated in the Ward Eight Clean-Up kick-off event. In addition to this activity, WASA staff provided instruction and supervision for a fire hydrant painting project by area youth.

**Green DC Week** - WASA participates in GreenDC week, the District's version of the national Earth Day celebration in April. In 2007, WASA representatives participated in a daylong conservation activity held at Freedom Plaza in the District, focusing on environmental issues and conservation. In addition, WASA participated in Anacostia River cleanup efforts that weekend with its skimmer boats and dumpsters.

**Bread for the Soul** – WASA employees participated in the Fifth Annual Bread for the Soul campaign by donating more than 350 toys and books. WASA employees also assembled and delivered food baskets to 76 families, including 146 children living with HIV/AIDS in the District of Columbia.

**DC Public Schools** – WASA also provided lessons in *Sewer Science* to more than 400 District students in 2007. *Sewer Science* is an interactive mini-wastewater treatment plant model used to teach the processes involved in treating wastewater and how it is recycled back into area rivers. WASA plans to continue to provide the *Sewer Science* laboratory each month during the FY 2008 school year to interested schools throughout the District. The lab is free of charge and all materials, including workbooks, are included.

**One Fund** – In 2007, WASA raised more than \$40,000 for the DC One Fund, the District's only charitable fundraiser that supports a range of non-profit organizations in the Washington, DC area. This year's total was the largest amount contributed at WASA since the agency began participating in this program.

**Susan G. Komen Breast Cancer Walk** – In June 2007, approximately 70 WASA employees and family members partnered with the Susan G. Komen Foundation by participating in an annual 5K walk to support the fight against breast cancer. In the weeks leading up to the walk, WASA raised over \$3,000 in donations.

**AIDS Walk Washington** – In October 2007, WASA participated in the 2007 AIDS Walk Washington. The Whitman-Walker Clinic produces and benefits from this annual 5k walkathon. WASA employees contributed more than \$890, and six staff members and their families participated in the walk.

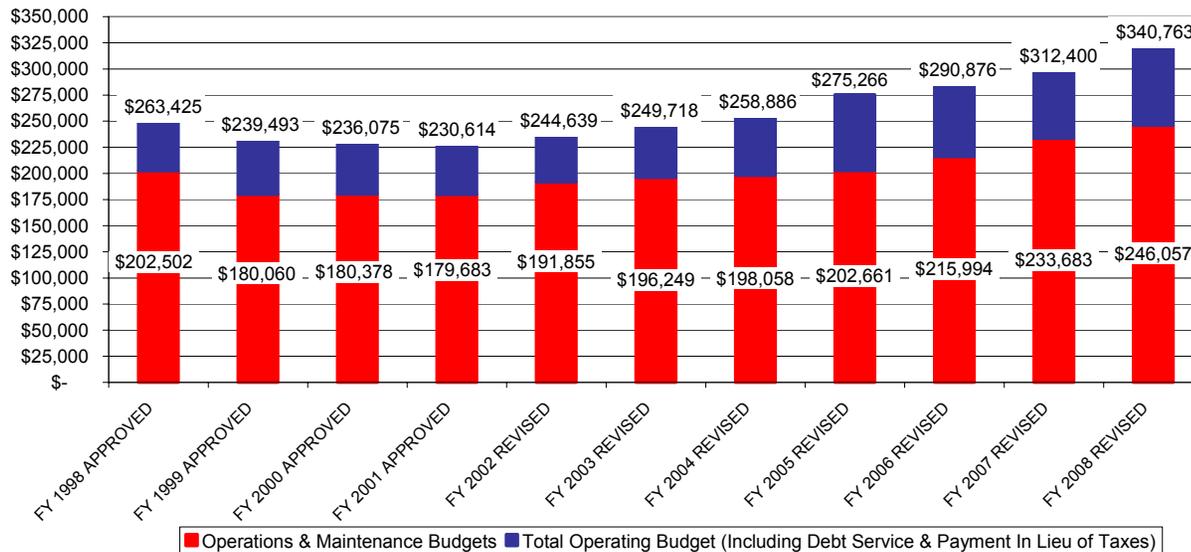
**Girls and Boys Town of Washington** – This year, WASA provided greenery and WASA's summer interns landscaped the grounds at Girls and Boys Town emergency foster care shelter to beautify the campus. In addition, during the Christmas holiday, WASA staff donated gifts to 13 children in the residential homes and emergency shelter as part of the "Secret Santa" program. A staff member portrayed Santa Claus for a second year and handed out presents to the fifty children in attendance at the annual Tree Lighting Ceremony.

## STRATEGIC GOAL AREA – FINANCIAL STABILITY

### Operating Budget

As shown in the chart below, the Authority’s budget was held below the FY 1998 approved budget level for eight years, primarily as a result of various internal improvement plans that reduced staffing and improved operational efficiency. Starting in FY 2005 budgets started to increase because of significant increases in electricity and chemical costs, tied to several socio-economic factors; such as deregulation in the electric industry, hurricane Katrina and political tension in the Middle East which affected oil prices.

**OPERATING BUDGET HISTORY**  
**FY 1998 – FY 2008**  
**(In 000's)**



As shown in table below, our revised FY 2008 operating budget totals \$340.8 million, \$0.4 million less than the Board-approved FY 2008 budget. The reduction in the revised FY 2008 budget is primarily due to debt service cost savings, which are offset by increased cost of contractual services, electricity and chemicals.

Our proposed FY 2009 operating budget request totals \$363.2 million, an increase of \$22.5 million. The increase in our proposed FY 2009 budget compared to the revised FY 2008 is primarily due to increased debt service cost, tied to planned issuance of new debt in FY 2009 to support our CIP. Additionally, we project increases in personnel costs, electricity and chemical costs.

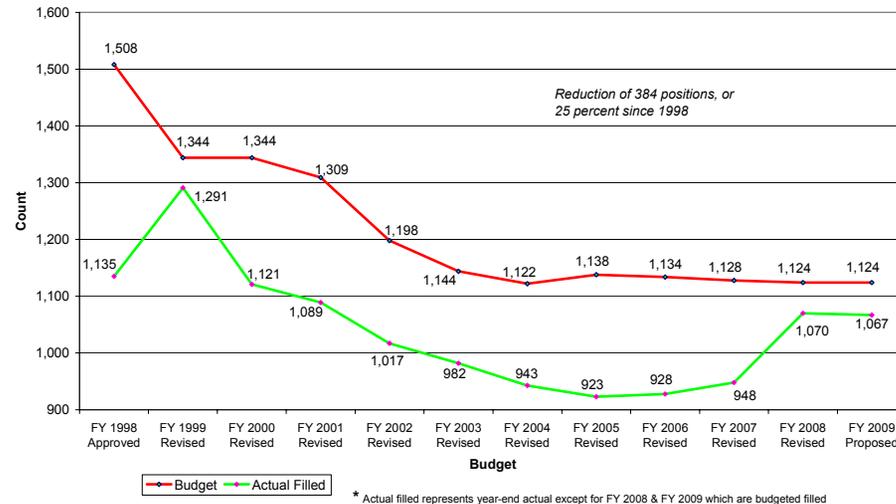
### FY 2008 & FY 2009 Operating Budgets (In 000's)

	FY 2008 Approved	FY 2008 Revised	Increase (Decrease)	Percentage Change	FY 2009 Proposed	Increase (Decrease)	Percentage Change
Operations & Maintenance Expenditures	240,679	<b>246,056</b>	5,377	2.2%	<b>252,683</b>	6,627	2.7%
Payment in Lieu of Taxes / Right of Way Fee	18,569	<b>18,198</b>	(371)	-2.0%	<b>19,311</b>	1,113	6.1%
Debt Service	81,938	<b>76,508</b>	(5,430)	-6.6%	<b>91,240</b>	14,732	19.3%
<b>Total Operating Budget</b>	<b>\$341,186</b>	<b>\$340,762</b>	<b>(\$424)</b>	<b>-0.1%</b>	<b>\$363,234</b>	<b>\$22,472</b>	<b>6.6%</b>

### Staffing

Since FY 1998, the Authority's approved position level has declined by approximately 25 percent from 1,508 to 1,124 positions in FY 2008. (See chart below).

### Full Time Positions FY 1998 – FY 2009



This planned reduction was a result of our various internal improvement plans (IIP), implemented at the Authority since FY 2000. These IIPs were designed to ensure a more competitive and efficient organization. We continue to focus on automation and technology to achieve these goals. We expect to complete an update of the IIP in FY 2008. The new IIP will incorporate new initiatives underway such as our wastewater treatment trainee program and our engineering management training program. In FY 2007 we initiated a Wastewater Treatment Operator Trainee Program to fill critical operator vacancies in the Department of Wastewater Treatment and an Engineering Management Training Program to ensure a pool of qualified engineering candidates to fill future vacancies.

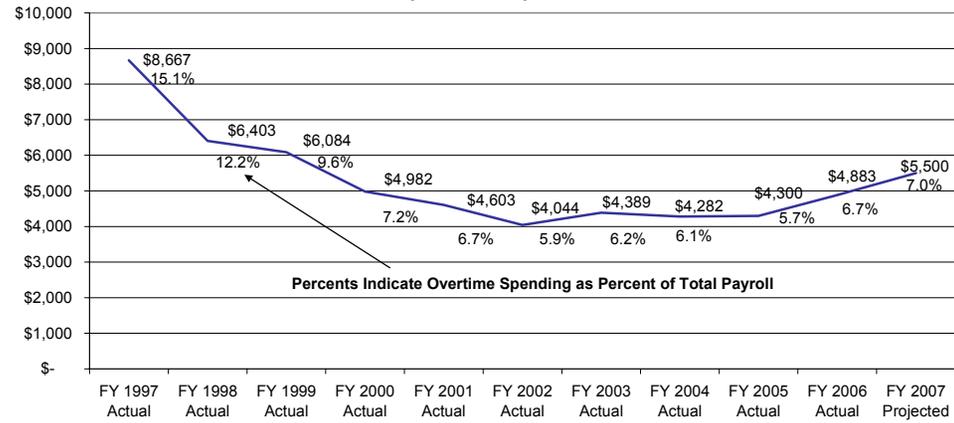
As part of our commitment to improve our Emergency Response Planning, last fiscal year, we hired an Emergency Response and Planning Coordinator. The Coordinator is developing processes, procedures and additional training courses required to ensure that we meet National Incident Management System (NIMS) certification guidelines.

In FY 2008, we have added two new positions, a media relations manager to enhance our communications, and provide more extensive and proactive media outreach; and, a manager of operations, to manage all activities associated with the fire hydrant replacement program. These two positions were offset by reductions within other parts of the organization for a zero net increase in the total number of full-time equivalent positions (FTE's) in FY 2008.

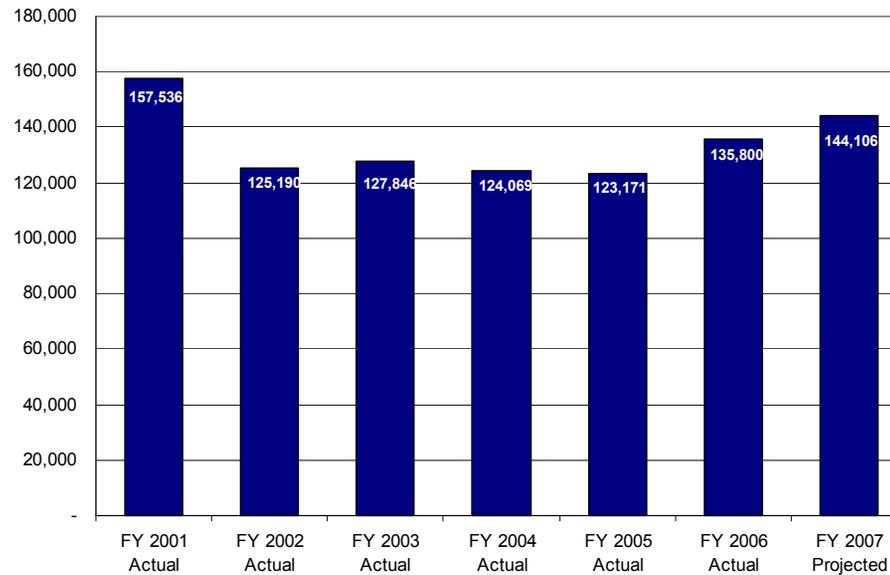
### ***Overtime***

WASA has significantly reduced its usage of overtime primarily through better management. In WASA's first full year of operation (FY 1997), overtime spending totaled \$8.7 million; in FY 2007, overtime spending is projected to total \$5.5 million, a reduction of 37 percent. Similarly, overtime as a percent of total payroll has been reduced from 15 percent in FY 1997 to a projected 7.0 percent in FY 2007. From fiscal years 2002 through 2006, the Authority kept overtime costs steady at an all time low. In FY 2007, due to higher than expected vacancy rates and faced with a difficult winter, a record number of water main breaks and increased activity related to fire hydrant inspections, maintenance and repairs, the Authority's overtime costs increased by 0.3 percent of total payroll compared to FY 2006.

### Overtime Spending FY 1997 – FY 2007 (In 000's)



### Overtime Hours FY 2001 – FY 2007

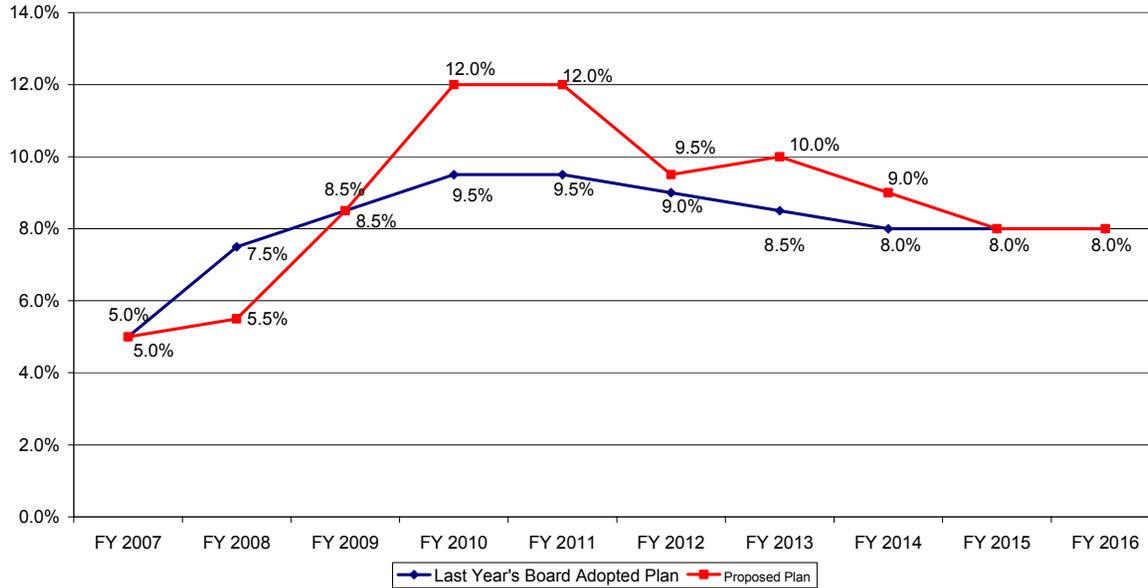


### ***Retail Rates and Fees***

We have carefully reviewed our ten-year financial plan and near-term rate increases required to provide sufficient revenues to cover our capital program and resulting debt service costs over the same period. As shown in the chart below, our budget proposal includes a 8.5 percent water and sewer rate increase in FY 2009, which is the same as last year's plan, with rate increases ranging from 5.0 percent to 12 percent over the ten-year plan. WASA's proposed rate increases are primarily required to fund increasing debt service costs. These debt service costs finance WASA's \$3.1 billion capital program which includes the continuation of the lead service replacement program, the new Blue Plains Total Nitrogen Program (BTN), Fire Hydrant Replacement Program, digesters, the Washington Aqueduct residuals project, sewer system improvements and several water system projects. The FY 2009 proposed rate increase will result in the addition of approximately \$4.24, or 8.3 percent to the average residential customer's water and sewer bill.

The proposed plan reflects a significant increase compared to last year's plan due almost entirely to the addition of a \$950 million project (\$815 million falls in the proposed CIP period) to meet a new U.S. Environmental Protection Agency nitrogen removal limit. Approximately 40 percent of this cost will be funded by our retail (District) customers while the remaining 60 percent would be funded by our Wholesale customers from Virginia and Maryland. While currently our retail customers will bear the full brunt of funding their share of this nitrogen removal upgrade project, both Maryland and Virginia have funding mechanisms already in place to provide their share of the costs. The Virginia share would be funded through direct appropriation from the state while the Maryland share would be funded through the Chesapeake and Atlantic Coastal Bays Restoration Fund. This fund was established in 2004 by the Maryland legislation and currently imposes a Bay Restoration Fee (Maryland Flush tax) on all Maryland sewer customers and septic system owners. Since 2006 we have worked with the Chesapeake Bay Commission and members of congress to try to secure federal funding for the District's share of this project. Although we will continue to work to get federal assistance for this project, for the purpose of this document, we have assumed no federal funding for District share of costs. I discuss this issue in more detail later in this document.

**PROPOSED RATE INCREASES**  
**Comparison of Last Year's Board-Adopted Plan vs. Proposed Plan**  
**FY 2007 – FY 2016**



In addition to the proposed retail rate increase, we are proposing an approximate 10.6 percent increase, or \$0.05 per Ccf, in the PILOT/ROW fees to ensure that we fully recover the costs of this District of Columbia fee.

***Alternate Rate Structure***

A portion of the proposed sewer rate is to recover the \$1.9 billion Combined Sewer Overflow Long-Term Control Plan (CSO LTCP). The WASA Board is proposing to recover these costs using an impervious area rate beginning in FY 2009. An impervious area rate offers the following advantages:

- Provides a better allocation of cost responsibility than a water/sewer consumption rate relating to managing surface runoff.

- Applying an impervious area rate structure for both programs in the same way on a citywide basis will improve understanding and sharpen incentives for low impact development.

In FY 2008, the Authority will develop an impervious surface database to support implementation of this rate structure.

Our rates remain very competitive with other regional and national providers of similar services. WASA's current monthly residential bill (including the District's stormwater rate and the PILOT / ROW fee) is \$4.28, or approximately 8 percent, less than the average of other utilities in WASA's benchmark group. Without the stormwater and the PILOT/ROW fee, WASA's average monthly residential bill is \$4.95, or 9.8 percent less.

### ***Revenues***

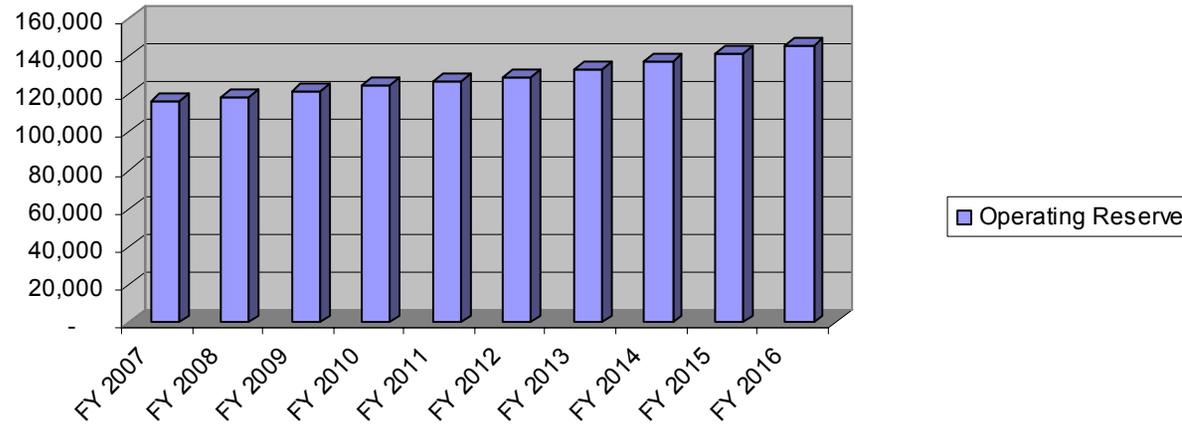
We continue to build on the progress we have made over the last few years in revenue forecasting and monitoring. Investments in the customer information and billing system and the AMR program continue to yield great improvements, ensuring more accurate meter reads and consumption data and enhanced reporting and tracking functionality to better identify and address potential customer and business issues. The reorganization of our customer service department has also improved our collections and billing performance, specifically through the establishment of a "large accounts" group and enhanced collections efforts, including our "dialing for dollars" program for delinquent accounts, improved lien processing, and successful coordination efforts with other District agencies.

Our revised FY 2008 revenue budget totals \$338.4 million and is projected to grow to \$353.4 million in FY 2009. These projections reflect the Board-approved 5.5 percent water and sewer rate increase and increase in the PILOT and ROW fees in FY 2008, and a proposed 8.5 percent rate increase in FY 2009.

### ***Cash Reserves***

We continue to meet the WASA Board policy of maintaining cash reserves equivalent to approximately six months' operating costs, or \$118.6 million in FY 2008. The ten-year plan reflects continued maintenance of this reserve level. As our operations and maintenance budgets grow, our required operating and maintenance reserve levels will grow as well, increasing at approximately 2.5 percent on average after FY 2008.

**Operating Reserve Balances  
By Fiscal Year  
(In \$000's)**



***Rate Stabilization Fund***

Consistent with Board policy, in years where our financial performance is better than projected, we set aside additional funds that we use in future years where capital spending and debt service peak, helping to avoid “spikes” in rate increases for our retail customers. At the end of FY 2007, the Rate Stabilization Fund balance totaled \$68.5 million, including a contribution of \$10 million in FY 2007.

The Rate Stabilization Fund is in addition to the Board-required six-month operating and maintenance reserve. Additional contributions will be determined each year based on actual financial performance, and only if all other Board policy and indenture requirements are met. We currently project that the fund would be fully utilized by FY 2016 under the proposed ten-year financial plan.

### **Bond Ratings**

WASA’s bond ratings remain at the “AA-” level, the second highest rating category available to state and local issuers. This rating helps to reduce the interest rates we pay on our debt borrowings, resulting in lower customer bills.

<b>Rating Agency</b>	<b>Senior Rating</b>
Moody’s Investors Service	Aa3 Stable Outlook
Standard & Poor’s	AA- Stable Outlook
Fitch Ratings	AA - Stable Outlook

### **Capital Financing Plans and Debt Issuance**

Implementation of our capital-financing plan continues as planned and meets the dual objectives of providing maximum flexibility while resulting in as low a cost of capital as possible. Specifically, this plan includes three primary components:

- *Pay-As-You-Go financing* – is utilized to pay down higher cost debt or reduce future debt issuances.
- *Interim Financing Program* – in early FY 2002, we developed a \$100 million commercial paper program for this purpose which has been extremely successful.
- *Permanent Financing* – we successfully issued \$218 million of tax-exempt subordinate lien fixed rate revenue bonds and \$59 million of subordinate lien taxable revenue bonds in June 2007. The taxable bonds will be used to pay for capital improvement to the Washington Aqueduct, and were issued as auction rate securities; the simple average interest rate was 5.33 percent. Based on current capital spending projections, we believe that our commercial paper financing will be utilized beginning the last quarter of 2008. We envision issuing our next permanent financing in spring/summer 2009; we anticipate

issuing senior lien, fixed rate revenue bonds. In order to yield the best possible interest rate savings, we evaluate our debt portfolio on a regular basis.

### ***Other Financial Accomplishments and Issues***

**Washington Aqueduct Residuals Project Financing** – The Assistant Secretary of the Army wrote to the Speaker of the US House of Representatives and the President of the US Senate in April 2006 to submit a legislative proposal regarding the financing of a capital project at the U.S. Army Corps of Engineers Washington Aqueduct. Specifically, the EPA has mandated that the Aqueduct eliminate the discharge of sediment and coagulants that are now discharged into the Potomac River as part of the drinking water treatment process. Our ratepayers finance 76 percent of the Aqueduct operating and capital costs, and current federal policy requires that the Aqueduct's customers deposit funds into the US Treasury to cover the full costs of making capital improvements before any obligation is incurred.

We continue to work on the proposal that would allow WASA to deposit the full cost of its share of the project into interest –bearing amounts in the U.S. Treasury, with the funds to be withdrawn by the Aqueduct as needed, while allowing the WASA to earn interest on the unused balance. Congresswoman Eleanor Holmes Norton, along with Congressmen Jim Moran and Tom Davis, and two Virginia senators have committed to assist with getting this proposal adopted by Congress.

**Insurance Review** – In FY 2007, we successfully renewed all of our insurance coverages at essentially the same coverage and terms and at a lower cost than last year. Our use of multiple, qualified brokers improved competition and rendered favorable results in the cost of our property and associated insurance coverages. We were able to obtain savings in our insurance premiums and received generally superior coverage; we also increased our terrorism limits at no additional cost. Total insurance costs for the 2007/2008 insurance year including the additional terrorism charge and all broker fees are 7 percent lower than prior-year actual costs.

**Rolling Owner-Controlled Insurance Program (ROCIP)** – In FY 2004 and FY 2005, we implemented another “industry-best practice” with our ROCIP program, under which WASA procures most insurance coverage for most construction contractors. The result is substantially higher insurance coverage levels for all contracts; the ability to qualify more small, LSDBE, MBE/WBE contractors and subcontractors who may have trouble obtaining insurance at levels required by WASA; and potential cost savings; and implementation of a uniformly strong safety program for all WASA contractors. At the end of FY 2007, 49 projects, and 92 contractors had been enrolled in the ROCIP program (including most of the lead service line replacement contracts), and preliminary savings estimates exceed \$900,000. As of FY 2007, the dollar value for all ROCIP contracts totaled \$416.4 million, of which contracts totaling \$99.3 million were awarded to MBE/WBE contractors. Over the five year program, WASA anticipates enrolling a total of 120 projects, with estimated savings in the \$4 to \$5 million range.

**Grants** – WASA continues its strong management of our grants program. In FY 2007, we received our sixth straight unqualified A-133 (grants) independent audit opinion. We also received \$12.5 million in EPA grant funding for certain eligible projects under the Clean Water and Safe Drinking Water Acts and \$7.0 million in additional Congressional appropriation for the CSO LTCP. In general, the District of Columbia projects carried out by WASA are supported by approximately one percent of the available annual federal funding through revolving fund programs associated with the Clean Water and Safe Drinking Water Acts. Approximately, \$173 million in a Revolving Fund grant program, or 6.0 percent of the capital revenue source is included in the proposed ten-year plan. In addition, WASA has received \$98.1 million in Congressional appropriations for the CSO LTCP.

It is worth noting that annual funding for the Clean Water State Revolving fund (CWSRF) is expected to continue to decline over the next several years and has been included in our proposed ten-year plan.

**Federal Customer Issues and Status** – Collectively, federal government agencies are a significant part of the Authority's customer base, comprising 9.6 percent of the annual revenues in FY 2007. At the Authority's inception, many federal agencies were in arrears, and were relatively unresponsive to our efforts to collect on these accounts. Legislation enacted in 2001, however, required that the US Treasury pay these bills directly on behalf of federal customers, and that it take appropriate steps to ensure that bills and payments are regularly reconciled. The condition of these accounts and the relationship with federal customers has, as a result, markedly improved.

**External Audit** – FY 2006 marked our tenth consecutive unqualified audit opinion on our audited financial statements, and the tenth consecutive year that the Comprehensive Annual Financial Report received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA). We plan to submit our application for consideration for a similar award for FY 2007. We also received the Distinguished Budget Presentation Award for our FY 2007 Budget Book.

## **STRATEGIC GOAL AREA – ENVIRONMENTAL QUALITY**

The FY 2008 and FY 2009 operating budgets and ten-year capital program reflect our continued commitment to meeting this goal. The budgets provide for significant water and sewer system improvements. We have also outlined initiatives that will improve water quality, reduce combined sewer overflows, and improve our wastewater treatment processes. Following is a discussion of these initiatives.

### **REGULATORY COMPLIANCE & PUBLIC HEALTH**

While we work in a highly regulated environment, we are committed to complying with regulatory mandates. Compliance in the water system is made especially challenging due to the dynamic nature of our water system, the Aqueduct's treatment regimen, and the necessity of ensuring that we simultaneously comply with many drinking water standards that can create unknown or unanticipated technical challenges.

## **WATER SYSTEM INITIATIVES**

Consistent with the past few years, we have continued to focus on lead service replacements throughout the District. We will continue to focus on water quality and make improvements to ensure that our systems are both operational and reliable. As evidence of that commitment, our CIP includes over \$600 million (cash disbursements basis) for water distribution system improvements about half of which is dedicated to replacing lead service lines in the District. Following are some of the major investments we are making in the water system.

### ***Fire Hydrants***

We have committed a lifetime budget of \$26.5 million to fund replacement/upgrade of fire hydrants in the District which are one of our most critical water distribution system assets. To date (Oct 2005 through Oct 2007), we have replaced over 893 hydrants, with 500 replacements planned for FY 2008 and we plan to replace approximately 3,600 fire hydrants under the five year program.

### ***Water System Facilities Planning***

WASA began work on its first Water System Facilities Plan in 1998 and completed it in September 2000. This facilities plan evaluated the existing system and provided an assessment of improvements needed. The 2000 Facilities Plan identified fourteen projects and a small diameter water main rehabilitation program to be included in the CIP at a ten-year cost of approximately \$300 million. At this time 9 of the 14 projects included in the Facilities Plan have been completed or under construction. Also, in 2004, the lead service replacement program was included in the capital improvement program.

WASA began updating the 2000 Facility Plan in 2007 and will finish in summer FY 2008; we will use this information as a part of next year's budget preparation cycle. This will provide the opportunity to review and update priorities for the overall system upgrade as well as timing for various projects.

### ***Water-Main Management Program***

WASA's water system contains approximately 1,300 miles of pipe, of which, approximately 1,060 miles are 12-inch diameter and smaller. Small diameter water mains account for over 80 percent of the pipes in the system. Currently the Authority has a program to replace pipe when the condition warrants replacement, or to clean and line unlined cast iron pipe provided the pipe is in serviceable condition. Also included is the replacement of appurtenances, such as valves, fire hydrants and house service lines.

In light of recent issues, related to fire suppression, at the beginning of FY 2008, the Board directed management to study the small main issue. We will complete this study in November 2007. The study may serve to identify small mains that need replacement. Our main replacement program will serve to gradually replace pipe that has exceeded the useful service life, improve available fire flows, and remove corrosion by-products from the inside of the pipe thereby improving water quality.

### ***Improvements East of the Anacostia River***

We are investing over \$85 million in water system improvements east of the Anacostia River to improve water pressures, replace old cast iron water mains with new ductile iron pipe, replace an old water pumping station originally constructed in 1913, construct a new elevated water storage facility and replace lead water services with new copper pipe. The end result will be improved water reliability and quality. Some of this work has already been completed including:

- Rehabilitation of the two existing Anacostia elevated water tanks;
- Replacement of a 12-inch main along Livingston Road, SE;
- Improvements to the two Ft. Stanton underground reservoirs; and
- Replacement of a twenty-inch water main along Martin Luther King Boulevard, SE.

Following the recommendations presented in WASA's Water System Facilities Plan, several of the projects that we are implementing will resolve low pressure issues that historically have been a problem in the southern portion of the Anacostia First High Service area including areas in the vicinity of Specialty Hospital of Washington – Hadley, Greater Southeast Hospital, Saint Elizabeth's Hospital, and Congress Heights. This will result in a new service area with higher normal operating pressures in the southern portion of the Anacostia First High Service area.

Two major elements to improve the water pressure and reliability are the replacement of Anacostia Pumping Station and construction of an elevated water storage facility. The existing 1913 vintage Anacostia Pumping Station is currently being replaced with a new fully automated pumping station at the same site with construction scheduled to be completed in FY 2009. The new elevated water storage facility at St. Elizabeth's Hospital Campus will improve water line pressure and reliability in the southern portion of the service area. We are continuing to work with District authorities to obtain zoning approvals by early FY 2008 with design commencing in mid FY 2008, and construction scheduled to be completed in early FY 2011.

In addition, the following water main projects are underway:

- A major transmission main project with nearly 15,000 feet of 20, 24 and 30-inch main replacements/installations is under construction and is schedule to be completed in FY 2009. These major mains provide additional transmission capacity and redundancy. In addition, we will replace mains that cannot withstand the increased pressure created by other system improvements.
- A project including over 30,000 feet of small diameter main replacements is under construction and is schedule to be completed in FY 2009. These new mains replace local distribution mains that cannot withstand the increased pressure created by the new pressure zone.

- Small diameter main replacements in the Anacostia Gateway corridor that will be performed under the same contract as the CSO sewer separation in that area. While we are making these improvements in Anacostia, we will also complete lead service line replacements so that neighborhood disruption will be minimized.

As part of this project, we are making special outreach efforts to our customers to keep them informed of project progress and the impact the project has on their daily water service.

### ***Holistic Approach***

The holistic approach results in the replacement of critical components of the water and sewer system while replacing lead services in the same area. Utilizing this holistic approach to water infrastructure work (replacement of water mains, lead services, valves, hydrants, etc.), significant advantages are:

- Better coordination of public outreach
- Savings in procurement, management and construction costs
- Better control over operation of water distribution system
- Improved coordination of construction activities.

Future fiscal year small diameter water main replacement projects will follow this holistic approach.

### ***Lead Program***

Starting in FY 2005, Lead Service Replacement (LSR) contracts included the replacement of broken or defective hydrants, valves and sewer laterals. This approach results in the replacement of critical components of the water and sewer system. In FY 2008, we coordinated the replacement of approximately 25,000 LF of small diameter water mains with the LSR work in one construction contract.

In FY 2007, the LSR Program surpassed its annual goal of replacing 3,350 lead service lines and has currently replaced over 3,500 lead services in public space. This success is attributable to improving coordination with the District's Department of Transportation's (DDOT) paving plan and efficiently selecting blocks with a high number of lead service lines outside DDOT's plan. We are currently on track to meet the target of 3,000 lead replacements in FY 2008.

The July 2007 review of the lead inventory indicated that the total number of lead service lines identified in the District may be between 33,000 and 35,000. To-date (from FY 2003 through FY 2007) the program has replaced 14,000 of these lead services, leaving approximately 21,000 lead services to be completed by FY 2016. We will conduct a detailed review of the updated inventory in early FY 2008.

In order to reduce impacts and costs to ratepayers, LSR construction work continues to be included in sewer laterals, small valves and water main repair work. This year, the LSR Program has substantially increased the number of fire hydrant replacements within the limits of current and upcoming LSR blocks and continues to coordinate closely with the Hydrant Replacement Program team.

Recent studies have emphasized the importance of private side lead replacement. To-date approximately 4,900 customers have signed up to replace their portion of the service line. The LSR Program continues its efforts to improve private side participation and actively encourages property owners to replace the private portion of the service lines. In FY 2007, we implemented postcard reminders in an effort to encourage homeowners to replace the lead services on their property. In early FY 2008 the LSR Program will implement automatic phone call reminders (using interactive voice recognition) for homeowners to return their private property lead service replacement agreements. We will continue our partnerships with Wachovia Bank and the District's Department of Housing and Community Development. These partnerships enable eligible property owners to finance costs for replacement of lead services on their property.

As evidence of our ongoing commitment to our customers, in FY 2008 we will continue to work closely with the Washington Aqueduct to monitor any planned changes to the water supply. In addition, we will continue our ongoing relationship with the District's Department of Health (DOH) and with expert public health advisors from the George Washington University School of Public Health. WASA continues to research technology changes and review regulatory changes for any potential impacts to the LSR Program.

In light of lead levels now below federal limits with the addition of orthophosphate, our Board is seriously considering eliminating or making major changes to the \$438 million Lead Service Replacement Program. In July of 2007, management developed options for completing the LSR Program and presented them to the WASA Board. We continue to review future options for completing the LSR Program. In FY 2008 we will focus on developing plans to invite formal public comment on the LSR program. We will also continue to consult with the DOH, regulatory agencies, academic and other interested parties including stakeholders.

#### ***“Sold vs. Pumped” Ratio & Water Audit Results***

Between FY 2003 and FY 2007, our sold vs. pumped water ratio continued to increase as we improved our response to broken mains and service lines while continuing to improve our metering to customers. AMR technology has helped improve the accuracy of metered consumption to our customers, which corresponds to our higher billed consumption and lower purchased water. During the latter part of FY 2007, we implemented a water audit program. This program is to help establish a new methodology for tracking and reporting water losses consistent with the American Water Works Association (AWWA) standards. It will also enable us to better measure and compare WASA to other like entities.

The following table depicts our progress in this area.

**Sold/Pumped Ratio  
FY 2003 – FY 2007**

<b>Period</b>	<b>Sold / Pumped Ratio</b>
<b>2003</b>	<b>68.63%</b>
<b>2004</b>	<b>67.70%</b>
<b>2005</b>	<b>69.20%</b>
<b>2006</b>	<b>76.35%</b>
<b>2007</b>	<b>75.76%</b>

### ***Watts Branch Park Renovations***

WASA has successfully partnered with the US Fish and Wildlife Service and the District of Columbia Department of the Environment in a combined stream restoration and sewer rehabilitation project that will serve as the nexus for community revitalization. When the stream restoration project was first conceived, WASA was consulted to perform a routine identification of the sewers and water mains that would be impacted by the stream work. To respond, WASA performed an assessment of the condition of the infrastructure in the area of the stream restoration.

Exposed sewer pipes within the stream and deteriorated storm water outfalls were identified. Based on our review, we believe that the stream restoration design and broadening the stream channel as planned would stress the sewers further and leaving many of the sewer crossings unprotected. In addition, as recent incidents demonstrated, the sewers in Watts Branch are vulnerable to failure and repairing future failures would result in disruption of the Watts Branch and the surrounding, very recently dedicated Marvin Gaye Park. In light of these factors, WASA's goal is to rehabilitate the sewers and water mains within Watts Branch and Marvin Gaye Park for a 50+ year useful life such that future disturbances would not be needed for sewer repairs.

The resulting project includes:

- relocating or replacing 22 stormwater outfalls along the banks of stream
- rehabilitating 7 stream crossings currently exposed
- lining of 875 linear feet of 24-inch sanitary sewer based on heavy infiltration found during CCTV inspection; and
- installing approximately 2,000 feet of new sanitary sewer to eliminate six stream crossings with insufficient cover

Total cost of the project is estimated at \$5.6 million, of which the Deputy Mayor's Office for Planning and Economic Development has agreed to fund half, or approximately \$2.8 million. Construction will begin in FY 2008 with construction to be completed in FY 2009.

**Wise Water Use** - "Wise Water Use" continues to be an area of renewed focus for us in FY 2007 with our goal to provide a customer-oriented program, focusing on daily activities customers can undertake to conserve water. Over the last year, we continued to provide water audits for both large and small customers, and have participated in various community events where we have given presentations on conservation and distributed conservation materials. Our largest outreach effort was the Joint Utility Discount Day at the Washington Convention Center. WASA staff presented daylong demonstrations of household conservation practices, and distributed conservation materials and water saving devices to approximately 7,000 District of Columbia residents who attended this event. In addition, we began sponsorship and participation in a regional water conservation campaign, *Water – Use It Wisely*.

## **SEWER SYSTEM INITIATIVES**

### ***Combined Sewer Overflow Long-Term Control Plan (CSO LTCP)***

The CSO LTCP is being implemented on a schedule included in a Consent Decree between the United States, the District government and WASA. The decree was entered by the Court on March 23, 2005, and calls for WASA to complete the CSO LTCP over a twenty-year period. CSO LTCP projects at the top of the list are those that will serve to reduce overflows to the Anacostia River.

The benefits of our twenty-year plan are significant -- when fully implemented, combined sewer overflows will be reduced by a projected 96 percent (98 percent on the Anacostia River), resulting in improved water quality and a significant reduction in debris on our national capital's waterways. In addition, our clean-up efforts on the Anacostia River are a cornerstone of the District's plan to redevelop both sides of the river, including the new baseball stadium, retail development, housing and other projects.

The \$1.9 billion plan includes a variety of improvements throughout the District:

- Three large storage tunnels which will allow the storage of flows from storm events until they can be conveyed to Blue Plains for treatment
- Pumping station improvements
- Rehabilitation of the inflatable dams
- Targeted separation of combined sewers in several sections of the District that include areas in Anacostia
- Consolidation and elimination of 14 of 59 outfalls, including 4 outfalls on the Anacostia River
- Funds for low impact development (LID) at WASA facilities and to encourage LID across the District

We made great progress on our plan over the last two years. We are well underway with approximately \$140 million of projects that were included in the settlement of a lawsuit against WASA regarding implementation of the federal CSO Nine Minimum Controls program. These projects, which were budgeted and planned by WASA prior to the lawsuit, are projected to reduce combined sewer overflows by 40 percent. Of these projects, rehabilitation in 2004 of twelve inflatable dams and other system improvements as well as the just completed Eastside Pump Station are expected to result in an approximately 30 percent reduction in overflows. We have experienced an over 40 percent reduction in overflows discharged into the Anacostia and Potomac Rivers.

Additionally, we are in design or construction on the rehabilitation of our larger pumping stations to increase their capacity, with work scheduled to be complete in FY 2008. We are also underway with engineering design and construction work to separate additional combined sewer areas in Anacostia and Rock Creek Park, and we have submitted a plan to EPA to construct LID at WASA facilities.

At this time, we are completing a draft of a Facility Plan for the Anacostia River CSO LTCP projects. The draft plan is scheduled to be submitted in December 2007. The alignment of the tunnels system has been established but there are several areas where some alternative locations are being considered. Geotechnical investigations are nearly complete and show that the tunnels system should be in soft ground throughout its extent; although further investigations will be made during the design phase to confirm this. Hydraulic studies of drop structures and surge conditions during tunnel filling are being completed and physical modeling of the drop structure design is underway. The Facility Plan is being coordinated with other projects such as the South Capitol and 11<sup>th</sup> Street bridges and future development of Poplar Point pumping station. Our Facility Plan includes a strategy for public outreach to the appropriate parties on right-of-way and permitting requirements, waterfront development efforts, and neighborhood issues. The final Facility Plan is due for submission to EPA in September 2008.

The potential impact of the CSO LTCP on rates is great. If no additional federal assistance is provided, the typical residential customer's monthly wastewater bill will increase from \$28 to almost \$110 at the end of the twenty year plan, an increase of around 300 percent based on our current rate structure. Due to the efforts of a wide variety of WASA stakeholders, we have received over \$98 million in special CSO LTCP appropriations, and we will continue to urge the federal government to provide additional financing for this vital project in the District.

After evaluating several rate structures, WASA plans to implement an impervious rate structure effective FY 2009 for CSO LTCP cost recovery, and customer information system changes.

### **Stormwater System and Management**

We have been engaged in extensive discussions with the District over the last two years regarding how responsibilities for a variety of stormwater-related functions are divided among District agencies.

This year's capital improvement program includes \$15 million (disbursements basis) for improvements to the separate stormwater collection system. Our CIP does not include stormwater pumping station rehabilitation costs, assuming that these facilities are taken over by the District or ultimately funded from the Stormwater Enterprise Fund.

WASA is no longer responsible as the Administrator of the District's municipal separate storm sewer system (MS4) NPDES permit fund; this responsibility has been transferred to the D.C. Department of the Environment (DOE). However, WASA continues to collect the MS4 fees and transfer to the District quarterly. WASA's Department of Sewer Services continues to participate in the MS4 task Force, because of our responsibility for catch basin cleaning, an important component of storm water pollution control efforts.

## **BLUE PLAINS INITIATIVES**

At Blue Plains, we provide wastewater treatment services to over 1.7 million people in our service area, including residents of the District of Columbia and significant portions of Montgomery and Prince George's Counties in Maryland, and Fairfax and Loudoun Counties in Virginia. Wastewater treatment includes liquid process facilities that provide treatment for both sanitary wastewater flows and peak storm flows originating in the sanitary and combined sewer systems, respectively, along with solids processing facilities that treat the residual solids removed by the liquid process facilities. Blue Plains is rated for an average flow of 370 million gallons per day (MGD), and is required by its National Pollutant Discharge Elimination System (NPDES) permit to treat a peak flow rate of 740 MGD through the complete treatment process for up to four hours, and continuous peak complete treatment flows of 511 MGD thereafter. The plant treats these flows to a level that meets one of the most stringent NPDES discharge permits in the United States. Additionally, up to 336 MGD storm water flow must receive partial treatment, resulting in a total plant capacity of 1,076 MGD.

Since the FY 2000, WASA has been removing nitrogen in its Biological Nutrient Removal (BNR) process and has consistently met the NPDES permit goal of 7.5 mg/l of total nitrogen. In June 2007, the United States Environmental Protection Agency (EPA) issued a modification to the permit reducing the total nitrogen effluent limit to 4.7 million pounds per year (equivalent to 4.2 mg/l at 370 mgd average annual flow). The capital projects required for Blue Plains to achieve the new permit limit are proposed for addition to the current Capital Improvement Program (CIP). Construction for the new projects, required for nitrogen removal and wet weather flow treatment, is scheduled to be completed in FY 2014 and FY 2018, respectively.

Blue Plains has been lauded on several occasions for its efficient wastewater treatment plant operations by the National Association of Clean Water Agencies (NACWA). Our work in this area is noted because of WASA's excellent record of compliance with federal regulations—a result of optimized operations and maintenance practices. In addition, WASA has been, and will continue to collaborate with a number of national and international research foundations, other wastewater treatment plant operators and universities on wastewater and biosolids management research projects designed to answer operational questions and improve existing or develop new processes. These collaborative projects allow WASA to expand its research capabilities and also foster peer review research. This research also contributes to the development of the next generation of wastewater treatment engineers and environmental scientists. An extensive discussion of our continuing research and partnerships will be provided later in this document.

WASA continues its industry-leading role on wastewater and biosolids management research projects. The revised FY 2008 and proposed FY 2009 operating and capital budgets include funding for the following significant research efforts:

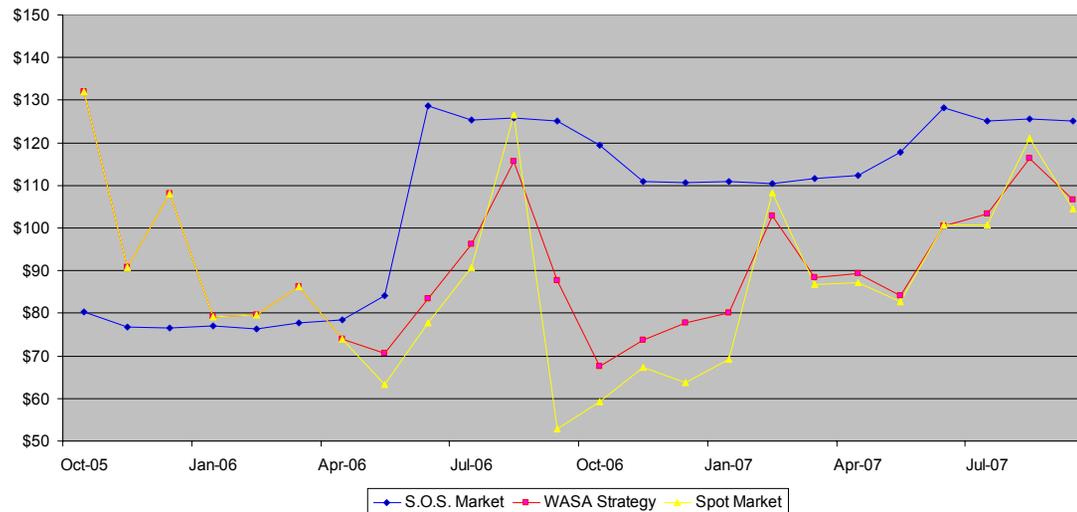
- Through our sponsorship of the Water Environment Research Foundation, WASA is participating in several projects, including nutrient removal, solids processing technologies, biosolids management, plant automation and plant security. WASA's General Manager serves on WERF's Board of Directors, and WASA staff serves on project advisory committees addressing health and safety and management issues.
- WASA, in cooperation with Howard University and utilities in Maryland and Virginia, is leading research to understand the bioavailability of organic nitrogen from wastewater effluents.
- Along with our research partners at the Virginia Polytechnic Institute and State University and George Washington University, WASA is conducting laboratory-scale testing of thermophilic digestion and enzymic hydrolysis to understand methods to achieve Class A biosolids. This information will also be part of the evaluation of reducing the required size of an anaerobic digestion facility.
- WASA in cooperation with the New York City Department of Environmental Protection and the Alexandria Sanitation Authority is evaluating a new technology to efficiently treat and remove high strength ammonia from recycle streams without external carbon. Three pilot units are being used for testing in association with the University of Innsbruck, Virginia Tech, Columbia University and City College of New York.
- In cooperation with utilities in Maryland and Virginia, WASA is evaluating alternate carbon sources for denitrification. These carbon sources include methanol, ethanol, acetic acid, sugar, glycerol and proprietary chemicals. The testing is being coordinated through faculty and students from George Washington University, the University of Cincinnati and Virginia Military Institute.
- WASA is initiating pilots at Blue Plains to evaluate ballasted flocculation, a new technology for treatment of excess storm flows.
- WASA is initiating pilot tests to evaluate the appropriateness of using moving bed bioreactor technology to meet the new permit limit for total nitrogen discharge from Blue Plains.
- WASA, in cooperation with the City of Toronto, is evaluating anaerobic digestion processes to enhance digester gas formation and reduce biosolids inventory.

- WASA is evaluating optimization of chemical phosphorus addition.
- WASA, in cooperation with the City of Salzburg, Austria, is evaluating bioaugmentation of seed nitrification and denitrification organisms to more effectively use process capacity in a two-stage plant.

### Energy Management

Electricity represents a significant portion of WASA’s operating costs, budgeted at \$29.5 million, or 12 percent of our \$246 million revised FY 2008 operations and maintenance budget. Electricity prices continues to rise over the past couple of years, due to several factors that include deregulation in the District, rising oil prices, inclement weather, record global demand for power and oil, and regional transmission and grid changes.

FY 2006 - FY 2007 Electricity Pricing  
(Unit Prices)



In FY 2005, we entered into our first electricity contract for generation services in the deregulated environment. That summer, WASA entered into a successor five-year contract for generation that allows WASA the flexibility to lock in blocks of power at a fixed price when futures pricing meets budget targets. The contract also grants WASA access to the wholesale market for electricity, and provides more transparency in reviewing bids from wholesalers.

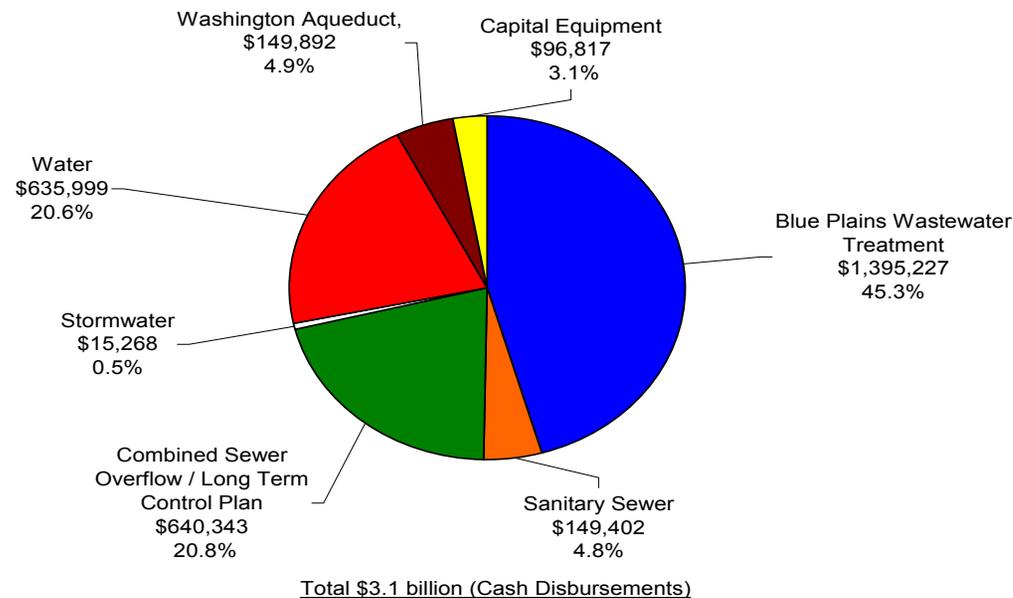
As part of our effort to mitigate the Authority's exposure from higher energy prices that occur during peak demand periods, starting in April 2006 we periodically locked portions of our electricity load, especially for the summer and winter periods. As shown in the unit pricing chart above, this strategy of periodic locking has allowed us to procure electricity at below PEPCO (SOS) rates, while reducing our exposure to swings in the spot market. We monitor the electricity market on a continuing basis and explore alternatives that could yield additional cost savings.

**CAPITAL IMPROVEMENT PROGRAM**

WASA's ten-year capital improvement program (CIP) totals \$3.1 billion (cash disbursements basis), approximately \$880 million more from last year's plan. The increase is primarily attributable to the newly proposed Blue Plains Total Nitrogen Program (BTN). BTN includes capital projects that are required for nitrogen removal and wet weather flow treatment, thus enabling the Blue Plains Advance Wastewater Treatment Plant (BP AWWTP) to comply with the United States Environmental Protection Agency's (EPA) modification to the NPDES permit, reducing the total nitrogen effluent limit to 4.7 million pounds per year (equivalent to 4.2 mg/l at 370 mgd average annual flow).

We provide more detail on our Capital Improvement Program in Section V of this book.

**FY 2007 – 2016 CAPITAL IMPROVEMENT PROGRAM (In \$000's)**



## **EMERGING ISSUES**

Currently, there are a number of important emerging issues that we are closely monitoring to ensure reliable service to our customers and avoid surprises. We continue look beyond our current ten-year plan for projects or operational changes that may be necessary to address regulatory as well as other emerging issues.

### **Chesapeake Bay Initiative & New NPDES Permit**

The 1987 Chesapeake Bay Agreement called for a 40 percent voluntary nitrogen reduction by its signatories by 2000. The District of Columbia was the first signatory in the region to meet this voluntary commitment due to significant improvements by WASA at Blue Plains. The EPA Chesapeake Bay Program continued to set new nutrient limits for all jurisdictions and began to make these limits mandatory instead of voluntary by including these requirements in NPDES permits. A modification to Blue Plains' NPDES Permit, which became effective on June 4, 2007, included a requirement to operate the wastewater treatment plant to meet a total nitrogen effluent limit of not more than 4,689,000 pounds per year. At an average annual flow of 370 mgd, this is equivalent to 4.2 mg/l. In the fact sheet developed by EPA related to the permit modification, they conceded that "the Blue Plains facility is not currently designed to achieve the limit on a consistent basis. In order to do so, it is anticipated that new and/or retrofitted treatment technologies must be installed at the Blue Plains facility." Therefore, EPA intends to establish a schedule for compliance with the nitrogen limit in a separate enforceable document. WASA is currently in negotiations with EPA to modify the current CSO consent decree; one of the modifications would be to include the schedule for compliance with the nitrogen limit.

WASA developed a Total Nitrogen/Wet Weather Plan to incorporate the requirements of the Chesapeake Bay Program and the Long Term Control Plan in a coordinated approach. This plan was reviewed by EPA and presented to the public and received favorably by all due to the water quality benefits of the proposed plan. The estimated cost is \$950 million in 2007 dollars.

### **TMDLs and Impact on CSO LTCP**

In December 2004, WASA reached agreement with the environmental plaintiffs, the U.S. Environmental Protection Agency, and the U.S. Department of Justice on the CSO Long-Term Control Plan (LTCP), a major milestone in WASA and the District's history. This agreement has been formalized in a judicial consent decree entered by the U.S. District Court in March 2005. The agreement calls for WASA to complete the LTCP over a twenty-year period. The judicial consent decree includes provisions to modify the selected CSO controls and schedules included in the decree. Modifications may be requested because of changes in the technical, regulatory, financial and institutional bases used to develop the LTCP. Currently, WASA is in the process of evaluating a modification request for the Blue Plains Excess Flow Treatment Facilities that are part of the selected CSO controls included in the decree. This modification will be required to accommodate a new total nitrogen effluent limit of 4.2 mg/l that EPA has included in the Blue Plains NPDES Permit, which has been appealed by WASA and others.

We are continuing our Anacostia River CSO projects facility planning efforts. This planning will include advancing the conceptual designs developed in the LTCP to the preliminary design stage. The outcome of the facility planning may identify the need for additional modifications to the selected CSO controls and schedules included in the decree. An initial draft of the Facility Plan is scheduled to be submitted in December 2007 and the Final facility Plan is due for submission to EPA in September 2008.

The Court decision from an environmental group's lawsuit involving the interpretation of Total Maximum Daily Pollutant Load (TMDL) measurement may have a potential impact on the LTCP implementation schedule, as we ensure that the Plan we undertake can achieve the goals and requirements of the Anacostia water quality objectives which are the basis of the LTCP. WASA will be in a better position to determine the impact on the LTCP once the EPA completes the issuance of new TMDLs scheduled for no later than the summer of 2008.

### **Capital Improvement Program Inflationary Increases**

Recently, several factors have arisen that impact the costs of our capital improvement program. These factors include extreme inflation in prices for certain commodities used predominantly in WASA capital projects such as steel, copper, aluminum, and cement. Additionally, there is a less-competitive contractor environment in which contractors are more fully employed and bid on fewer, more select projects. An additional contributing factor is high inflation in energy prices and petroleum based products such as plastics, roofing products, and asphalt.

Another factor affecting project costs is the more active role by the surety industry in risk assessment on projects for which they will issue performance bonds resulting in placing more stringent conditions on project owners. This tends to decrease the bidder pool for projects, and increase the bid prices. We will continue to monitor these inflationary pressures, and the bidding environment and assess their impact on our capital improvement program budget and planning. There is also the possibility that following consultation with the Board, we may seek a legislative relief to the surety issues.

### **Anacostia Waterfront Development & Nationals Ballpark**

Construction for the new Nationals Ballpark (or Nationals Park) is underway. The "baseball district" encompasses two major sewer pumping stations and Fleet Management services, which are critical portions of our infrastructure.

In the past few months we have worked with the Office of the Deputy Mayor for Planning and Economic Development evaluating the potential relocation of these facilities to other sites in the District and have included \$42.5 million in this year's budget to cover the estimated costs of relocation and development of a new site. We expect full reimbursement for all related costs by the District, and expect no impact on WASA ratepayers.

The Authority has taken appropriate steps to protect these critical assets that are essential to the provision of public services. These steps include identifying alternative sites of operations, as well as securing and ensuring WASA access to physical assets that cannot be relocated. We have established a framework for discussions, and negotiations are well underway with relevant parties, including the Office of the Deputy Mayor for Planning and Economic Development and the Office of the Attorney General, and we routinely communicate with other stakeholders, including the Sports and Entertainment Commission, the Executive Office of the Mayor and the District Council.

### **Biosolids Management Program**

The Board, in October 2006, accepted Management's recommendation to reject the Egg Shaped Digester Facility bid due to the high bid price and placed the project on hold. Furthermore, the Board accepted management's recommendation that continuous monitoring be undertaken in four areas: 1) construction bidding environment; 2) Regulatory initiatives that could impact the viability of land application; 3) maturing of evolving technologies; and 4) WASA's related financial position. With this and other information collected over the next three years, a revised strategy for long-term biosolids management will be developed. The status of this effort will be reported to the Board every six months during the time period.

WASA's award-winning Biosolids Management Program has been recognized by the U.S. Environmental Protection Agency which gave its highest national award for biosolids management for our outstanding operations, technological advances, and promotion of the beneficial uses of municipal wastewater biosolids.

### **Land Application of Biosolids**

Currently, biosolids generated at Blue Plains are land applied at farms, mine reclamation sites, forest land, and a tree farm. The majority of the sites are in Virginia, with a small percentage (~3 percent) in Maryland. In late FY 2007, the Commonwealth of Virginia adopted legislation imposing a fee for biosolids land applied in the State. The annual cost of this fee, is projected at \$800,000. Maryland biosolids user fees amount to approximately \$70,000 annually. In addition, we continue to monitor other pending regulatory changes in Virginia that could limit our ability to land apply this product. In line with the Board's strategic goal of developing a state-of-the-art biosolids management program, we are pursuing a number of other alternative recycling solutions including geographical diversification to Pennsylvania, expanded use of biosolids in silviculture, mine reclamation and site restoration. We are also supporting research efforts that could help spur the use of biosolids as a product.

### **IMA Negotiations**

In 1985, the District signed the Blue Plains Intermunicipal Agreement (the IMA) with the "Users" of the Blue Plains Wastewater Treatment Plant facilities. The User group consists of District of Columbia, Fairfax County in Virginia, and Montgomery and Prince George's Counties in Maryland. The IMA outlines terms relating to facility location, sizing, capacity allocations and funding, long-

term management of the wastewater treatment and disposal process; the Agreement also establishes a uniform payment basis for facilities and future improvements. IMA signatories share the cost of operations, maintenance and the capital program at the Blue Plains facility; the three surrounding counties comprise approximately 60 percent of the Blue Plains capacity.

Some of the terms in the 1985 IMA expire in 2010. For example, the IMA states that capacity allocations at 370 mgd (peak capacity) remain in effect until 2010. In order to allow ample time to renegotiate any User issues, the Users began negotiations during FY 2006 and will continue discussions until all parties reach a new agreement.

### **INTERNAL IMPROVEMENT PLANS**

We continue our organization-wide focus on improving service and reducing costs to our customers through the implementation of Internal Improvement Plans (IIP). Specific plans have been developed and are in the process of being implemented with details for most departments discussed in more detail below.

The impact of our efforts to date can be demonstrated by bottom-line results. Total staffing through FY 2007 has been reduced by 394 positions since the Congressionally-approved FY 1998 budget was adopted, a reduction of 25 percent. Even with these position reductions, WASA's service performance has improved across the organization.

It has been almost seven years since we evaluated our progress on the largest of these plans, the Blue Plains IIP. In FY 2006, we began a process to review the original IIP, for example evaluating progress on capital projects that were critical to achieving cost savings. Results of this review would be available in FY 2008.

## **STRATEGIC GOAL AREA – ORGANIZATIONAL EFFECTIVENESS**

### **EMPLOYEES & HUMAN RESOURCES**

We will continue to invest in our employees, our most valuable assets and vital to attaining our mission and the Board's strategic goals. The Human Resources Department focuses on best practice programs to support all of our employees. These programs provide organization-wide leadership in training, labor relations, and performance management. We also give our managers the training and tools to lead their departments and employees. We continue to implement new and innovative incentives in an effort to recruit and retain employees, in this very competitive job market.

**Labor Relations & Collective Bargaining Agreement** – Our current collective bargaining agreements for compensation, and working conditions for each of the five bargaining units expired on September 30, 2007. We are optimistic that we will successfully

reach an agreement that provides fair compensation and appropriate working conditions to our employees and which helps WASA meet the organizational challenges it faces over the next few years. Due to the elimination of the union coalition, there are separate working conditions negotiations with each of the five local unions.

**Personnel Policies & Procedures** – In FY 2007, the Human Resources Department reviewed and updated several policies. We will continue to review and update all of our personnel policies and procedures to reflect current law, industry changes and best practices. A complete review and update of all personnel regulations will be undertaken in FY 2008.

**Labor-Management Partnerships** – WASA continues to participate in the District wide Labor-Management Partnership. Currently, there are departmental labor-management partnerships in Maintenance Services, Sewer Services, Facilities and Security, and the Safety Office. The continuing focus is on improving productivity, developing on-the-job multi-skill training, and increasing the awareness of quality and the costs of operations in Maintenance Services. Multi-skill training benefits the employee who learns additional skills that could be useful for career advancement, and benefits our customers through the delivery of high quality services. Our Safety Director, managers and employees meet each month to address safety issues and share safety concerns. As a result of partnering between labor and management, we continue to improve communications, operations and the workplace environment.

**Performance Management** – Our web-based performance management system for union and non-union performance management programs continues to improve and enhance the value of the performance evaluations for managers and employees.

**Employee Benefits** – Over the last year, WASA has introduced several new employee benefit programs:

- *Retirement Plan Enhancement* – In FY 2007, we increased the employer matching contribution into the WASA Retirement Plan from 3 percent to 5 percent of base salary, for non-represented employees hired after October 1987. The additional match was implemented to recognize the need for additional savings for future retiree medical costs.
- *Retirement health savings* – In FY 2007, we implemented a retirement health savings plan for non-represented employees hired after October 1987. The plan will offer the opportunity for employees to save for healthcare expenses on a tax-free basis.

As part of WASA's concerted effort to provide competitive benefits with other employers in the region, WASA will continue to evaluate new proposals and recommend enhancements to existing benefit programs.

**Training** – We continue to invest in our employees by funding training and development classes and programs that provide skills training in the areas of safety, technology, government regulations, and professional and career development. In FY 2007, we budgeted \$1.7 million dollars for skills training. We increased our training to approximately \$2.0 million for fiscal years FY 2008 and

FY 2009. Our goal is to continue to ensure a skilled, safe and competent workforce that is fully capable of supporting our customers' service delivery needs.

In support of various internal improvement program efforts, we continued certification training in the Departments of Maintenance Services, Engineering and Technical Services. In FY 2008, we will focus on the following training initiatives:

- Redesign and implement a driving safety program for all employees who operate Authority vehicles as part of their routine work assignments.
- Continue basic skills training classes and our adult literacy and career development programs.
- Continue to provide refresher training on Authority policies to ensure a safe work environment and provide quality services to our customers.
- Continue with the development and implementation of the maintenance certification program that has become an industry standard in the field of maintenance services.
- Implement a succession planning and executive development program for executive and key senior staff consistent with the Governance Study recommendations.
- Design a certification program for our water distribution and collections systems departments.
- Expand our effective two—way communication training to continue to address employee concerns identified in the employee climate survey.

Other salient accomplishments include:

**Employee Climate Survey** – In FY 2007, we began to address issues raised in the employee climate survey. As follow up, we held multiple employee meetings by department to discuss the survey findings. At the meetings, management and employees discussed ideas to improve the organization. I also met with first-line supervisors to discuss ways of improving work unit productivity. Plasma screen electronic message boards were also installed at numerous worksite locations; this technology allows us to provide more timely communications to our employees regarding organization changes and other information. We customized a training program to improve two-way communication for all employees, and, to establish a common framework for shared understanding. In FY 2008, we will continue to expand this two-way communication training.

**Internship and Youth Programs** – WASA remains firmly committed to supporting and encouraging the educational goals of college students. Our internship program exposes students to careers in wastewater collection and treatment, and water distribution. Participants in the internship program work closely with diverse groups of professionals and perform critical tasks that are required to operate a large utility. Exposure to careers and opportunities at WASA help the interns make conscious decisions about their academic and career choices. In FY 2007, 48 students from 21 colleges and universities participated in WASA's internship program, including international students from Thailand, Ghana, Kenya, Serbia and China. Students pursued degree programs ranging from two-year undergraduate to doctoral degrees. Our internship program has also proven to be a successful recruitment tool for WASA.

In addition to our internship program, in FY 2007 we hired 15 summer workers from the Covenant House of Washington to work in our Facilities Department. The Covenant House is a community youth advocacy organization which provides a variety of special services to assist young adults.

WASA also participated in the DC Chamber of Commerce and Employment Services Summer Youth programs. We hired two college students and provided work experiences in the Departments of Engineering and Technical Services and Customer Service.

**Wastewater Treatment Operator Trainee Program** – During FY 2007, we initiated a Wastewater Treatment Operator Trainee program. This is a two-year program comprised of classroom training, which prepares participants for certification testing. The program provides on-the-job training, including practical experience in the wastewater treatment field. Once certified, the pool of trainees is eligible to fill vacancies in the Department of Wastewater Treatment.

**Engineering Management Training Program** - To ensure a pool of qualified candidates are available for future vacancies in the Department Engineering Technical Services, the Authority designed and implemented an Engineering Management Training Program, which began in FY 2007. The program accommodates six recent college graduates with majors in mechanical, environmental, electrical, civil, and process engineering disciplines who will rotate in the operations departments to gain hands-on experience. Program participants will receive classroom training on management skills and are also eligible to participate in the Authority's benefits program. At the end of the two-year program, successful candidates are eligible to be placed in permanent positions.

**Emergency Response Planning** - Last fiscal year, we enhanced our Emergency Response Program by offering training on emergency response planning. The training focused on processes and procedures for the National Incident Management System (NIMS) certification. NIMS' training is required for management personnel and employees involved in emergency response duties. We recently hired an Emergency Response and Planning Coordinator. This coordinator will identify and develop additional training courses that will enable WASA to meet NIMS certification guidelines.

**Succession Planning/Executive Development Programs** - To ensure continuity in leadership for executive and key senior staff positions, the Authority began the development of a succession planning and executive development program. In FY 2007, we selected a consultant to design a succession planning program based on best practices in talent management in other organizations and similar utilities. In the future, the succession planning program will be expanded to include other positions as required.

## **INTERNAL AUDIT**

WASA's Internal Audit Office continues to focus on implementation of its Annual Audit Plan, approved by the Board's Audit Committee. In FY 2007, we commenced piloting a control self-assessment (CSA) program. This program is expected to yield great business returns to WASA in addition to being used as an alternative to traditional audit testing.

For FY 2008, Internal Audit department will continue to work with the Board and management as it adopts standards for corporate governance and accountability.

## **TECHNOLOGY INITIATIVES**

We focus all of our technology initiatives on improving the quality of service to our customers and organizational effectiveness. Our website, [www.dcwasa.com](http://www.dcwasa.com), for example, has been a major success. The recently redesigned site provides a user interface that allows our customers to more easily and quickly find information. In addition, the site includes [dcwasa.com](http://dcwasa.com) For Kids, which provides information to school-aged children regarding water usage and conservation. The Work Zones section of the website provides customers with updated information on work in their neighborhood. Our enhanced interactive voice response system (IVR) enables our customers to access many services outside of routine business hours. The IVR is also capable of speech recognition and supports our multi-lingual customers.

Our focus over the past few years has been on implementing the Board-approved Information Technology Strategic Plan. The plan, approved in FY 2002, lays out a vision for the delivery of information technology services at WASA, and a methodology for prioritization of all technology projects (which includes an assessment of cost savings and productivity growth). Technology projects include those that focus on improvements in Information security, infrastructure and the use of Information Technology throughout the organization to improve the delivery of services to our customers and operational efficiency.

In FY 2007, we focused our efforts on continuing to improve our operations by better integrating people and processes through technology. A few key examples of this effort that are already underway or will begin in the near future include:

- *Total Enterprise Asset Management System (TEAMS-Maximo)* – Last year, we implemented TEAMS interfaces with two of our key systems, the financial system and our geographical information system (GIS). Ultimately, TEAMS will integrate WASA's systems and facilities for better customer services and information. TEAMS will greatly improve our recordkeeping and documentation for our facilities and improve our maintenance management activities, including preventive and corrective maintenance. This system standardized inventory data to make parts and materials orders fast and efficient. In FY 2008, we will focus on streamlining our permitting processes. With TEAMS, we will be able to receive, track and better manage customer applications for permits and permit-related activities. In conjunction with this effort, we will also redesign the permit

section of our website to make the information easier to access and more informative. In FY 2008, TEAMS will incorporate our vehicle fleet database and continue the integration with GIS.

- *Geographical Information System (GIS)* – WASA’s GIS is a valuable tool that enables employees to look-up information, via the intranet, on our infrastructure; e.g., the exact location of the infrastructure, corresponding street and premise data. Using GIS, employees have the added benefit of locating buildings, roads, sidewalks, parks, which have been loaded to assist personnel in locating assets. We have integrated GIS and our work order inventory system, TEAMS, so that users can look-up an asset in TEAMS and then view the geographical location of that asset with the click of a button. We developed a tool, based on Google Earth, to allow the Fire and Emergency Management Services (FEMS) to see the status of public fire hydrants around the city. This tool makes extensive use of the information stored in TEAMS and GIS to display, in a very dynamic way, selected data elements from our online systems that were deemed relevant for FEMS. FEMS can easily see on a map format, which hydrants are out of service, the location of those out of service hydrants and in service hydrants in the proximate area. The information for each hydrant shows it’s number, description, address, current operational status, compliance to the NFPA standard for the 4 ½ “ pumper nozzle with NST threads, last service date and flow rating. A simplified version of this tool will also be made available to the general public through WASA’s website soon. We will finish converting our paper water maps into digital format during FY 2008. As the data becomes available by pressure zone, we will publish it on a secure website to allow the Fire Department to use it in emergency situations to find the most appropriate response plan based on water availability and the network configuration. This application will allow them to get, among other things, available pipe locations and diameters, pressure zone information and the current valve status. In conjunction with this effort, we have equipped our investigation crews with handheld GPS devices that enable us to improve the accuracy of our inventory as we go out to perform maintenance or inspection work. Also in FY 2008, we will use GIS technology to support the development of the Impervious Area Database and for a mobile solution to facilitate the inspection of hydrants and other assets.
- *Enterprise Records and Document Management System (ERDMS)* - In FY 2005, we initiated ERDMS to assist with lifecycle management of documents. In FY 2007, implementation began with the following projects:
  - *Accounts Payables Document Management System* - ERDMS assists Accounts Payable in managing their invoice documents, while facilitating access to invoices by various users.
  - *Human Resources Personnel Files Management* – In FY 2008, we will implement an ERDMS system to securely store and manage digitized personnel files for our Human Resources Department.
  - *Engineering Document Management and Control (EDMC)* – This project, once completed, will provide a repository and search portal, with business processes that manage and control the life-cycle of records.

- *Interactive Voice Response (IVR) system* – In FY 2005 the Authority implemented a new and enhanced IVR system. This system enables our customers to quickly access account information, pay their bills, request payment terms and learn more information about the Authority’s services.
- *Supervisory Control and Data Acquisition (SCADA)* – In fiscal year 2007, the Authority began its SCADA replacement project. We have already incorporated the nine WASA water distribution facilities and Washington Aqueduct Division (via McMillan reservoir) into the new system. We completed training for all water service operators, and they are now using SCADA to manage all of its distribution and pumping operations. Beginning in FY 2008, we will replace the SCADA for nine Sewer Pumping Stations and other sewer-related facilities. After which, we will train all sewer service operators to manage the entire sanitary sewer, storm water sewer, and combined sewer operations.
- *Field Service Management System (Mobile Computing)* – Last year, through our pilot program, we used mobile computing devices to collect data for the fire hydrant replacement program. In FY 2008, we will begin using handheld devices to support the annual inspection of hydrants program, also in preparation for more advanced use of GIS technology. The technology will expand to use by water service operators and our inspectors. In preparation for the deployment of field access to the Asset Management information in FY 2009. We will upgrade our asset management system in coordination with these efforts.

## **SAFETY**

We continue our commitment to the safety of all WASA employees, contractors and neighbors. This budget provides approximately \$2 million to support this commitment.

In July 2001, WASA developed its first Comprehensive Safety Plan (CSP). Since that time, the Board and management have continued to monitor the implementation of our Comprehensive Safety Plan (CSP). The CSP includes a substantial agenda that includes training, inspections, investigations, and other related tools. The result of consistent implementation of this plan throughout the organization has resulted in many positive benefits for WASA, including:

- Employees are embracing our new safety culture
- Workers compensation costs continue to decline
- Safety performance as it relates to injuries and accidents continues to improve and is within the range of national trends.
- Development of a comprehensive safety database, that aids in identifying improvements needed and assists in establishing new safety initiatives.
- Emergency Response Planning and related activities has become an important part of our Safety Program and compliance with NIMS guidelines is a major objective for WASA. We will continue our efforts to incorporate NIMS into all aspects of our preparation for emergency response and planning for WASA.

**Homeland Security** – Emergency response planning, and participation in various drills, is a priority for WASA. We regularly work with the District of Columbia’s Homeland Security Emergency Management Agency (HSEMA) on planning, drills and responding to actual emergencies. The District Emergency Response Plan identifies WASA as an Emergency Support Function (ESF) agency. This past year, we participated in national, District and regional drills.

**Contractor Safety** – Our ROCIP augments our standard provisions and further improves contractor safety. We require all contractors who bid on capital projects to participate in the ROCIP. Each ROCIP contractor receives guidelines for developing and maintaining a safety program through their contract with WASA. As part of our safety monitoring process, an independent safety consultant inspects all ROCIP contractor jobsites on a regular basis. The consultant then reports all findings to our Safety & Security and Engineering Departments who then follow up with the contractor to correct any issues.

### **Combining of Safety and Security Functions**

In October 2007, we transferred our security functions to the Department of Occupational Safety and Health. The Department of Safety and Security will ensure that there is greater coordination and integration of our safety and security efforts. Now we will focus our efforts on establishing goals, identifying ways to measure our performance, and implementing training to enhance our security program. The first step in this process will be the development of a more Comprehensive WASA wide Security Plan and Strategy.

### **Fleet Management**

Our fleet program has met with much success due to significant capital investments in our fleet and a structured preventive maintenance program. Last year we began our first year with a new maintenance contractor and agreement. As a result, fleet availability is currently running at 95 percent. We hired a quality control position which has improved our quality control inspection process and prevents repeat repairs. Also in FY 2007, we initiated a new parts contract, which has further reduced vehicle downtime and costs.

Other improvements include:

- *Vehicle Appearance Program* - We recently initiated a program to focus on continuing improvements to the appearance of our fleet. We replace illegible or faded decals before releasing the vehicles to the operators and vehicles that are not ready for replacement are refurbished.
- *Vehicle Identification Tags* - We are also installing Radio Frequency Identification tags in WASA vehicles which will further assist us in managing our fleet inventories.
- *Automated Fuel Tracking* - We continue work to complete the installation of automatic fuel tracking computers and fueling rings on all of our vehicles. So far, we have completed 50 percent of the vehicles eligible to use this system. This technology provides more accurate vehicle fuel records by eliminating driver error and minimizing fuel theft.

WASA is committed to protecting the environment. As such, many of our vehicles use alternative fuels such as E85, natural gas, and electricity. With the introduction of Ultra Low Sulfur Diesel (ULSD), our diesel powered vehicle emissions will also be drastically reduced. The new Environmental protection Agency (EPA) mandate requires the reduction of Sulfur in diesel from 500 PPM to 15 PPM. This significantly reduces the amount of pollutants emitted from WASA vehicles.

***Facilities Management***

Over the next two years, our efforts will focus on continued renovations of the Central Operations Facility (COF), Central Maintenance Facility (CMF) and other Blue Plains buildings. This includes an active review of all building construction plans to ensure that they comply with all appropriate standards.

At the COF, we will complete the renovations on the second and fifth floor, begin design and construction plans for the new entrance to the building, and complete the overhaul of the HVAC system. At the CMF, renovations will begin on the second floor and update the fire suppression system. In addition to these improvements, we will retrofit our buildings throughout the Authority to make them accessible to the disabled.

**ACKNOWLEDGEMENTS**

WASA continues to thrive because of our Board of Directors and dedicated staff. Under the leadership of our new Chairman Martin, WASA continues our dedication to improving service quality for our customers. This level of commitment permeates through the Board's strategic policies, managers and employees at WASA. There has been measurable and continual progress since WASA's establishment and we look forward to even greater achievements in the coming years. I would like to extend a special thanks to the Finance and Budget staff who worked many hours to produce this document and to all of the WASA departments whose efforts in developing these budgets were critical.

I welcome the opportunity to work with the Board in the coming weeks as we review this budget, a concrete demonstration of our commitment to our customers and our commitment to the environment.

Sincerely,



Jerry N. Johnson  
General Manager

# Revised FY 2008 and Approved FY 2009 Operating Budget

## Section II



District of Columbia  
Water and Sewer Authority

### *Section II: Summary Information*

*Water Quality Technicians collect and analyze an average of 300 drinking water samples each month.*

## KEY FACTS



### Service Area and Operations:

**Date Established:** October 1, 1996

**Service Area:** Approximately 725 square miles

Retail water and wastewater service provided to the District of Columbia

Wholesale wastewater treatment service provided to Montgomery County and Prince George's County in Maryland (through Washington Suburban Sanitary Commission), and Fairfax and Loudoun Counties in Virginia

**Blue Plains:** The largest advanced wastewater treatment facility in the world

**Population Served:** 570, 000 in the District of Columbia (2003)  
Over 1.6 million in Maryland and Virginia

### Operation and Facilities:

**No. of Positions:** 1,124 (FY 2008 Revised)

1,124 (FY 2009 Approved)

**Water Pumped:** 115.7 million gallons per day average  
(FY 2007)

**Treated Water Storage:** 61.7 million gallons / 5 reservoirs and 3 tanks

**Miles of Water Lines:** 1,300 miles

**Wastewater Treated:** 306 million gallons per day average  
(FY 2007)

**Wastewater Capacity:** 370 million gallons per day (permitted)

**Miles of Sewer Lines:** 1,800 miles

### Financial Information:

**Bond Ratings:** Aa3/AA-/AA-

**FY 2008 Revenue:** \$338.4 million (cash receipts)

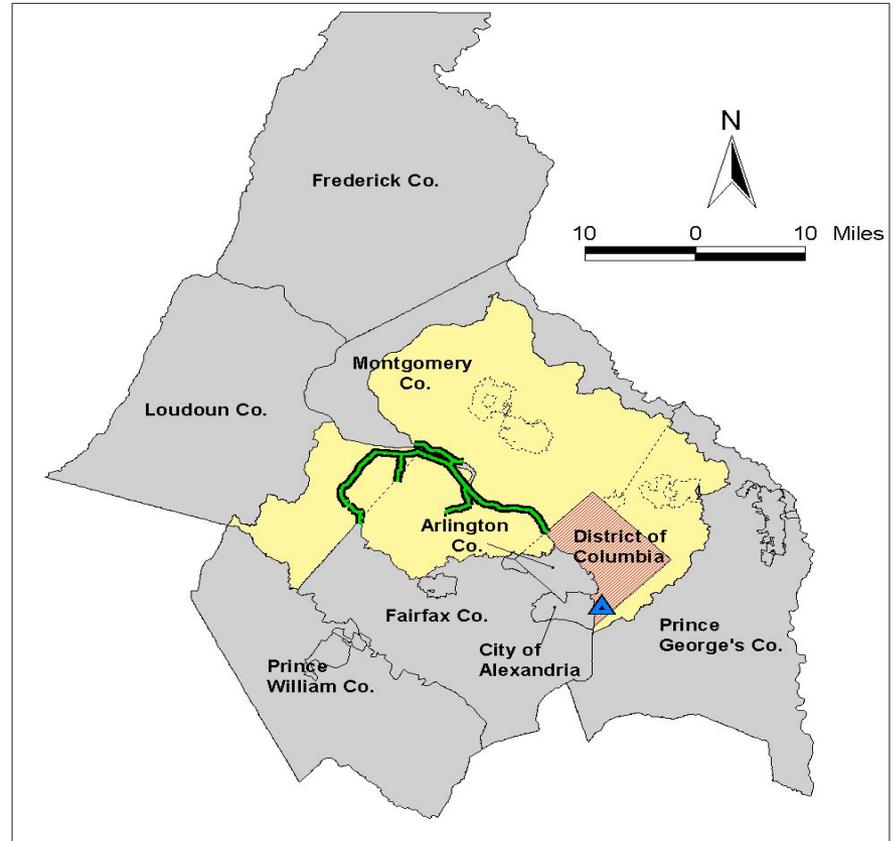
**FY 2008 Operating Budget:** \$340.8 million

**FY 2008 Capital Budget:** \$323.7 million



## Service Area

### District of Columbia-Water and Sewer Authority (DCWASA)



#### Legend Facilities managed by & Service Areas served by DCWASA

-  Blue Plains Wastewater Treatment Plant
-  Potomac Interceptor
-  Jurisdictional Boundaries
-  DC Water Distribution & Sewage Collection Systems
-  Blue Plains Service Area (suburban portion)
-  Blue Plains Service Area (DC portion)

Prepared for DCWASA by Department of Environmental Programs  
Metropolitan Washington Council of Governments  
Created on: February, 2001

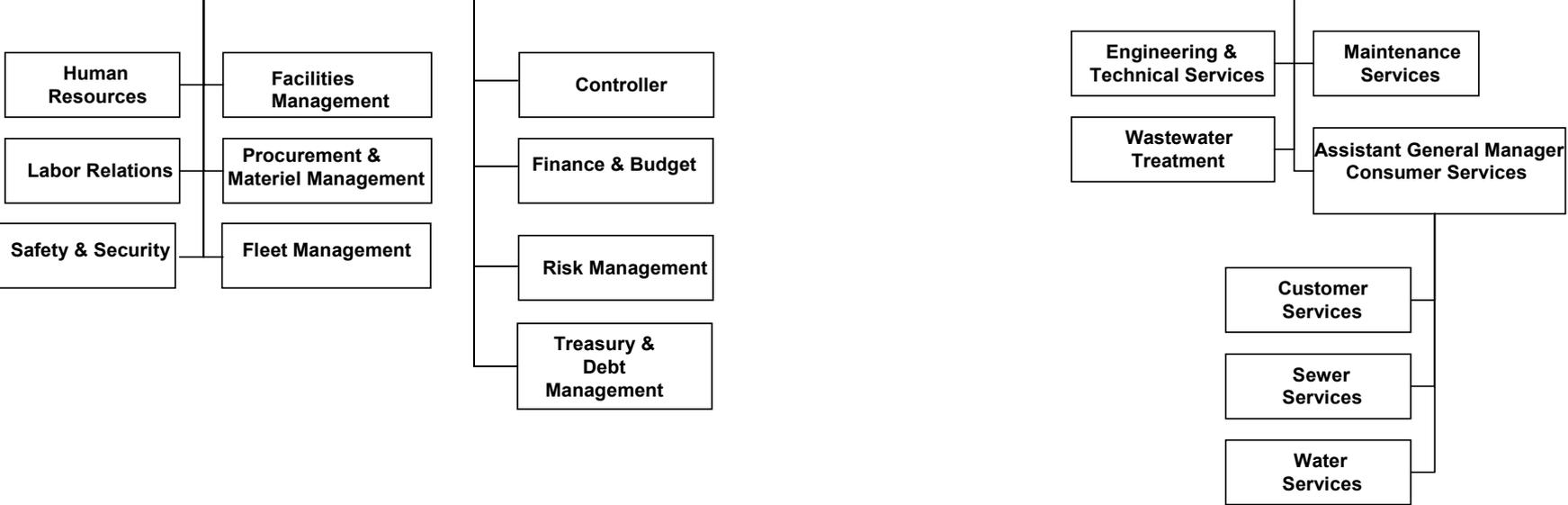
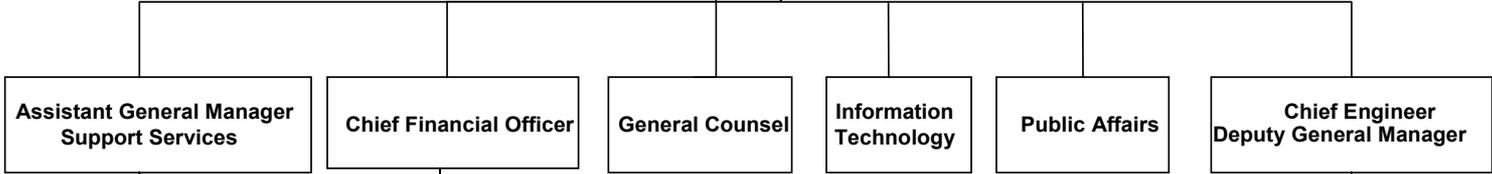
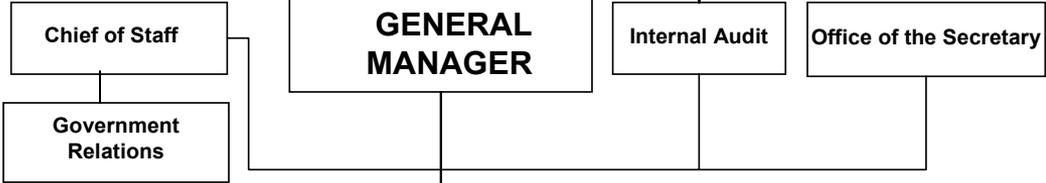
**Note:** WASA's service area covers the District of Columbia and portions of Montgomery and Prince George's Counties in Maryland, and Fairfax and Loudoun Counties in Virginia.



POSITIONS				
FY 2007			FY 2008	FY 2009
Authorized	Average Positions Filled	Year-End Positions Filled		
1,128	936	948	1,124	1,124

**FY 2009  
Operating Budget  
\$363,234,000**

**BOARD OF DIRECTORS**



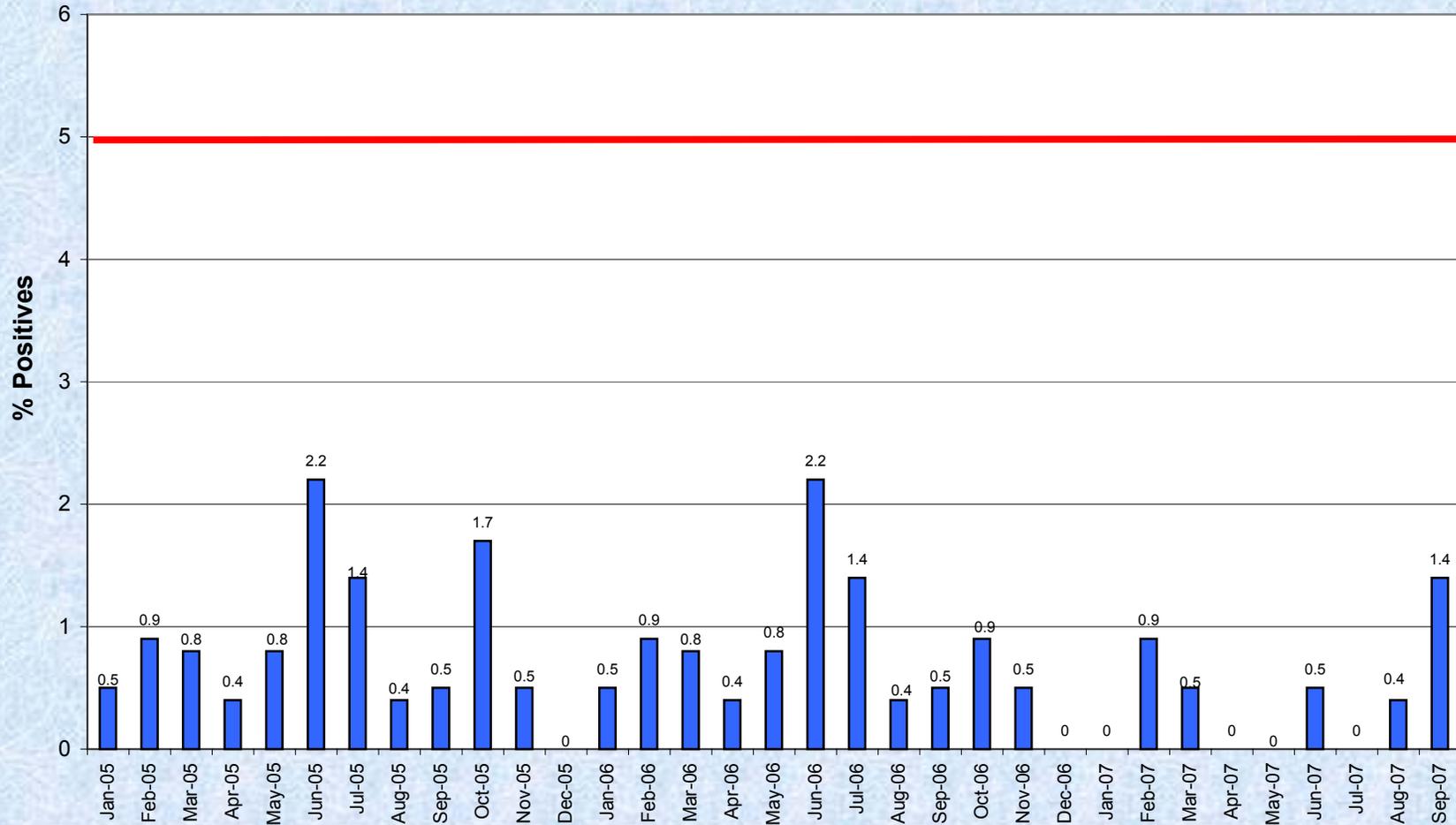
## PRIMARY WASA PERFORMANCE MEASURES & TARGETS

Description	Performance Target	FY 2007 Actual Performance	FY 2008 Target
<b>Customer Service</b> <ul style="list-style-type: none"> <li>• Meter Reading Accuracy Rate</li> <li>• Calls Answered on Non-Peak Days</li> </ul>	<ul style="list-style-type: none"> <li>• 99.9% for AMR meters</li> <li>• 97% serviced in 2 minutes</li> <li>• 85% serviced in 40 seconds</li> </ul>	<ul style="list-style-type: none"> <li>• 99.9% for AMR meters</li> <li>• 95% serviced in 2 minutes</li> <li>• 85% serviced in 40 seconds</li> </ul>	<ul style="list-style-type: none"> <li>• 99.9% for AMR meters</li> <li>• 97% services in 2 minutes</li> <li>• 85% serviced in 40 seconds</li> </ul>
<b>Water System</b> <ul style="list-style-type: none"> <li>• Drinking Water Quality</li> <li>• Response Time for Water Main Breaks</li> <li>• Percent of Known Fire Hydrants in Service</li> </ul>	<ul style="list-style-type: none"> <li>• Meet or surpass EPA requirements</li> <li>• Respond to 95% in less than 45 minutes</li> <li>• Repaired 84% of mains within ten days</li> <li>• 99%</li> </ul>	<ul style="list-style-type: none"> <li>• Below action level on Lead and Copper Rule in January through June period; on track to be below action level for July to December period</li> <li>• Responded to 3,228 emergency service orders, of which 2,580 (80%) were responded to within 45 minutes</li> <li>• Repaired 495 leaking mains, of which 431 (87%) were repaired within 10 days</li> <li>• 99%</li> </ul>	<ul style="list-style-type: none"> <li>• Continue compliance with all EPA drinking water requirements</li> <li>• Respond to 95% within 45 minutes</li> <li>• Repair 90% in ten days</li> <li>• 99%</li> </ul>
<b>Wastewater System</b> <ul style="list-style-type: none"> <li>• EPA Wastewater Quality Standards</li> <li>• Catch Basin Cleaning</li> </ul>	<ul style="list-style-type: none"> <li>• 100% compliance with EPA wastewater quality standards</li> <li>• 25,000 per year</li> </ul>	<ul style="list-style-type: none"> <li>• 100 % compliance with EPA wastewater quality standards</li> <li>• 27,716 per year</li> </ul>	<ul style="list-style-type: none"> <li>• 100% compliance with EPA wastewater quality standards</li> <li>• 28,000 per year</li> </ul>
<b>Financial</b> <ul style="list-style-type: none"> <li>• Senior Debt Service Coverage</li> <li>• Operating Cash Reserves</li> <li>• Net Operating Results (Cash Basis)</li> <li>• Investment Performance</li> </ul>	<ul style="list-style-type: none"> <li>• 140% Board policy</li> <li>• 6 months Operations &amp; Maintenance (O&amp;M) expenses – Board policy – \$111.3 million – FY 2007 target</li> <li>• Surpass budget – \$14.5 million – 2007 target</li> <li>• Exceed three months Treasury Bill rate by at least 15 basis points</li> </ul>	<ul style="list-style-type: none"> <li>• 343% - FY 2007 actual</li> <li>• \$120.5 million – FY 2007 actual</li> <li>• \$26.0 million (cash basis). Surpassed budget</li> <li>• Exceeded by 35 basis points</li> </ul>	<ul style="list-style-type: none"> <li>• 140% Board Policy</li> <li>• \$118.6 million – Board Policy</li> <li>• \$10.7 million target (surpass budget)</li> <li>• Exceed three months Treasury Bill rate by at least 15 basis points</li> </ul>

# DC DRINKING WATER TOTAL COLIFORM RESULTS

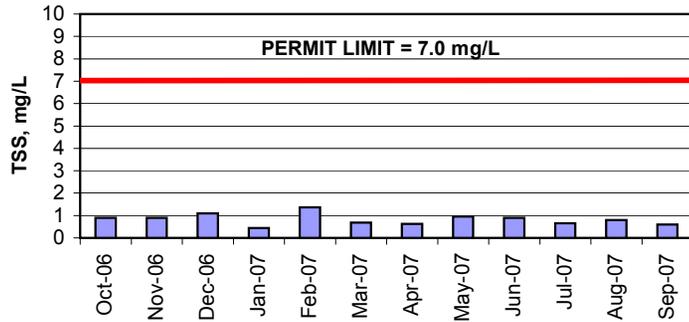
January 2005 - September 2007

Environmental Protection Agency - Maximum Contaminant Levels = 5% positives per month



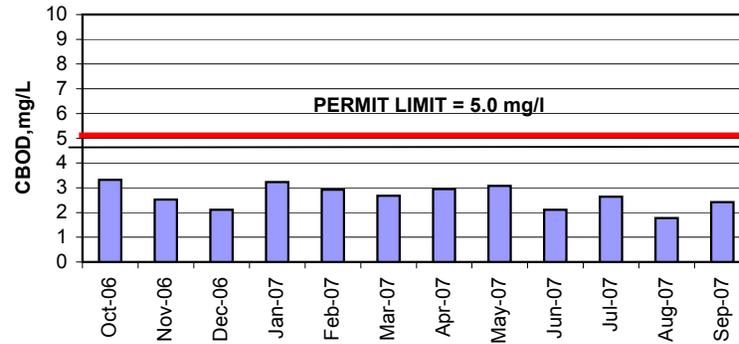
**BLUE PLAINS WASTEWATER TREATMENT PLANT  
PLANT EFFLUENT QUALITY  
OCTOBER 2006 - SEPTEMBER 2007**

**MONTHLY AVERAGE  
EFFLUENT SUSPENDED SOLIDS  
TSS, mg/L**



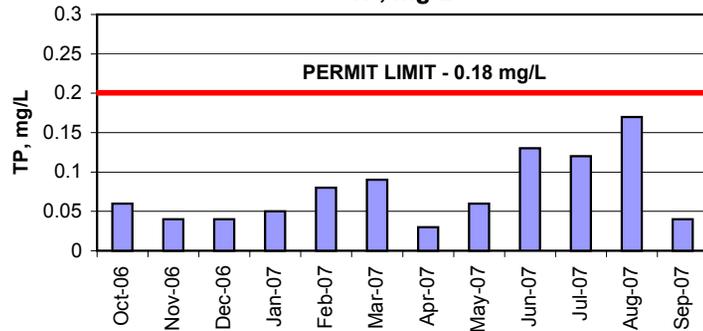
Effluent Total Suspended Solids (TSS) is a measure of the amount of solid materials that remains suspended after treatment.

**MONTHLY AVERAGE  
EFFLUENT CBOD, mg/L**



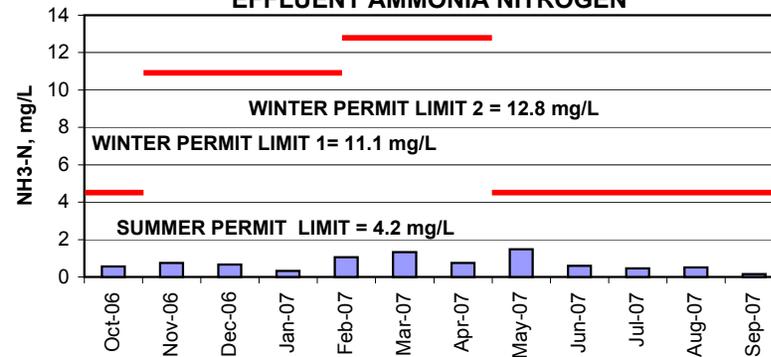
Carbonaceous Biochemical Oxygen Demand (CBOD) is a measure of the amount of dissolved oxygen required for the decomposition of organic materials.

**ANNUAL AVERAGE  
EFFLUENT TOTAL PHOSPHORUS  
TP, mg/L**



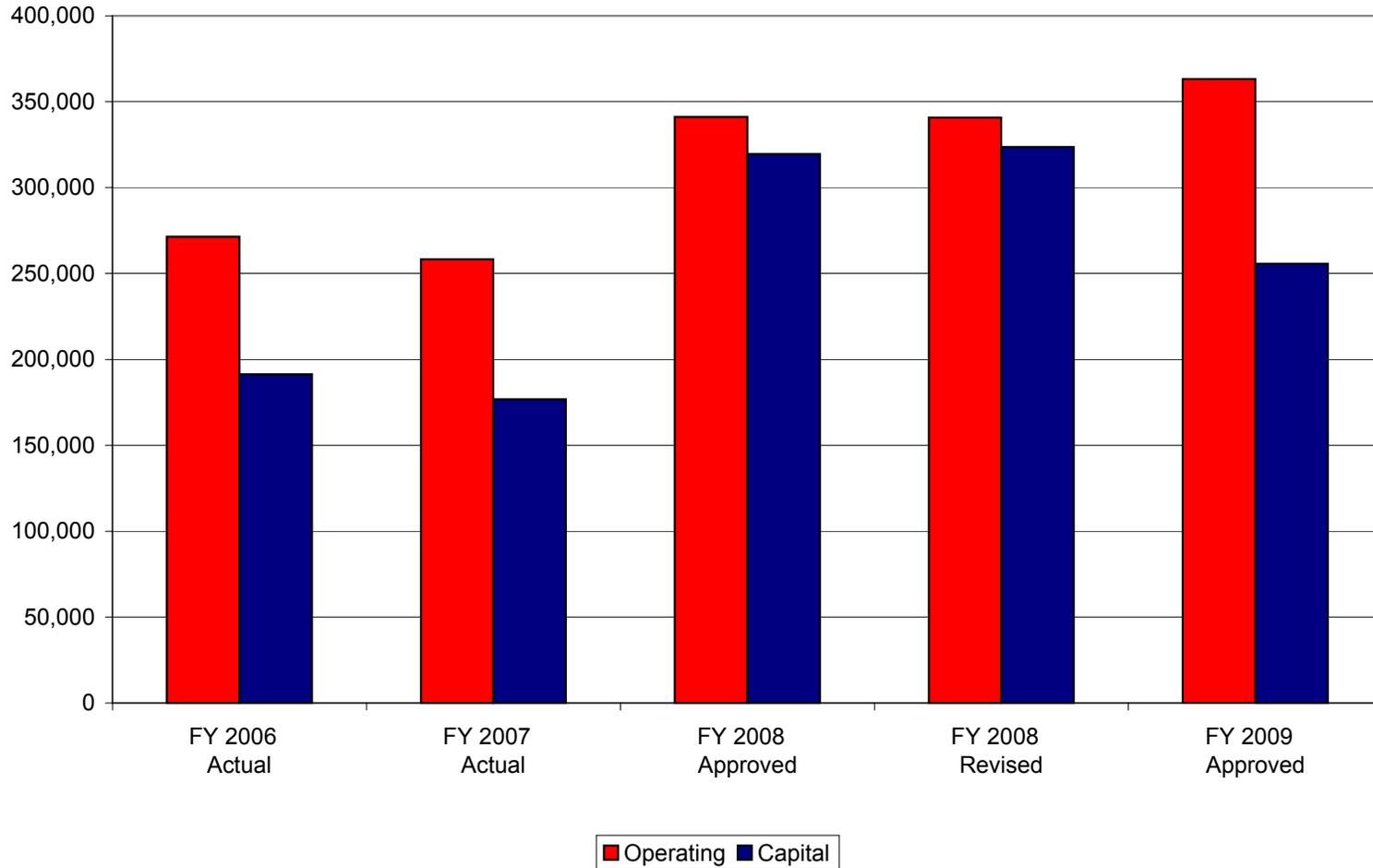
The total Phosphorus (TP) is a measure of the particulate and dissolved phosphorus in the effluent.

**MONTHLY AVERAGE  
EFFLUENT AMMONIA NITROGEN**

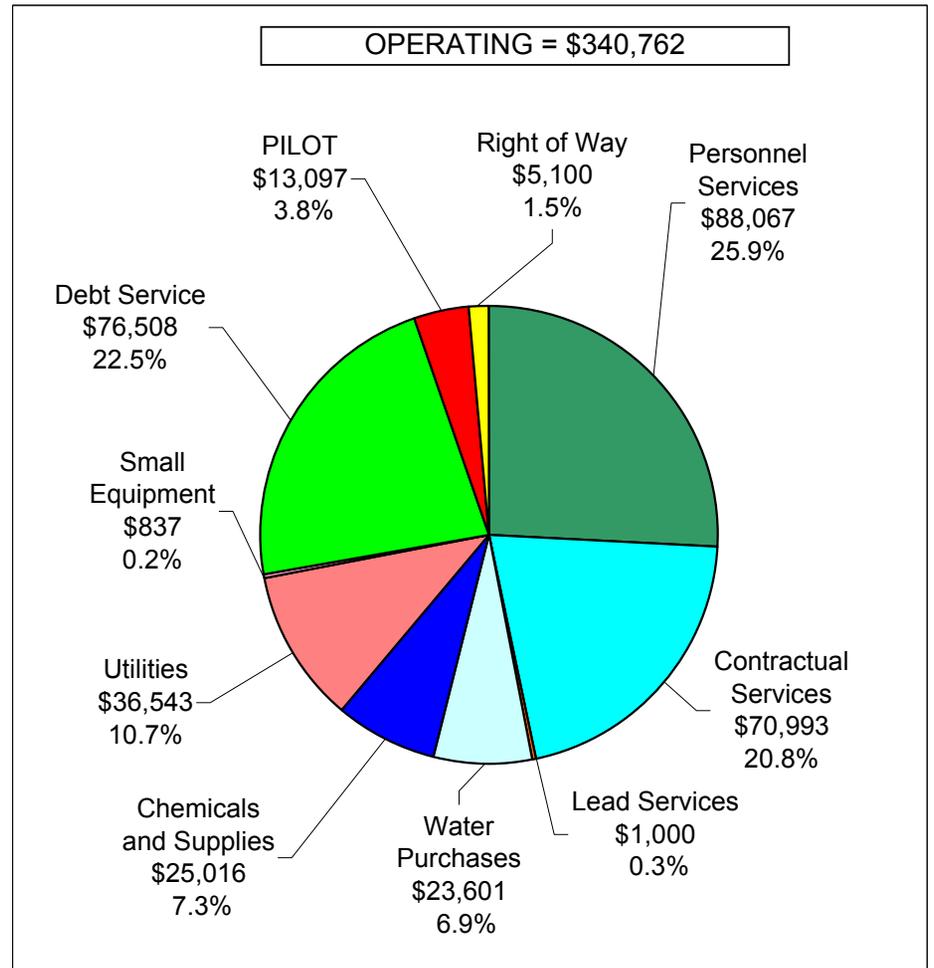
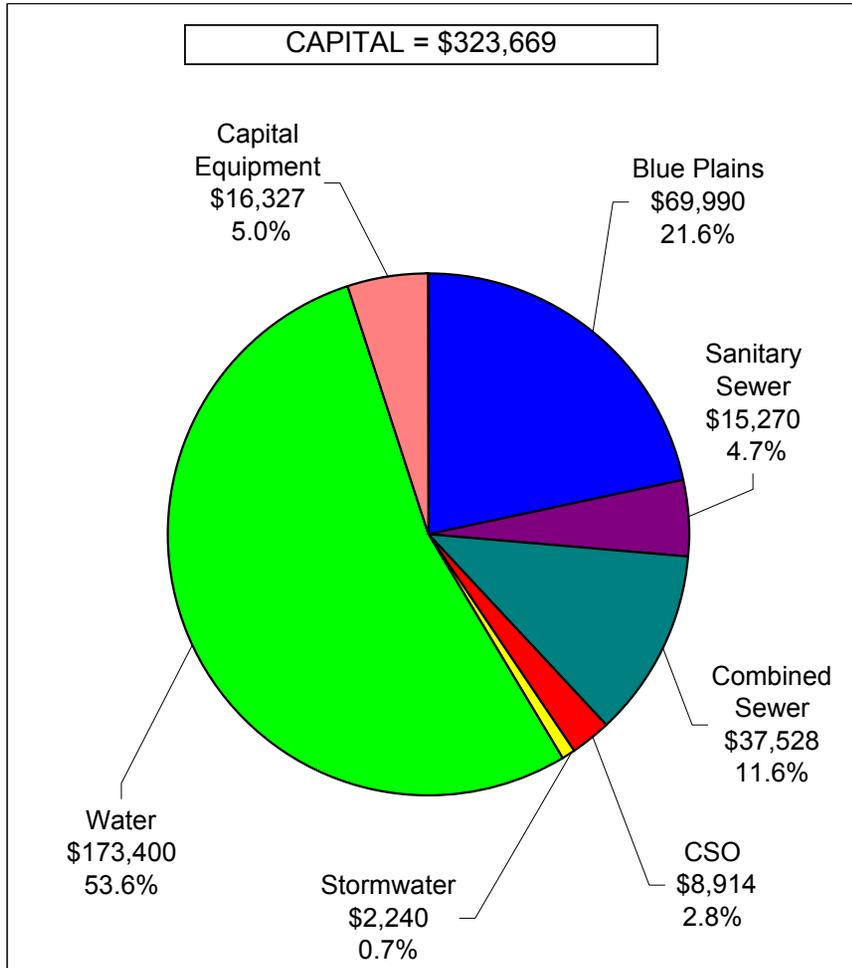


The Ammonia Nitrogen (NH3-N) is a measure of the nitrogen found in ammonia.

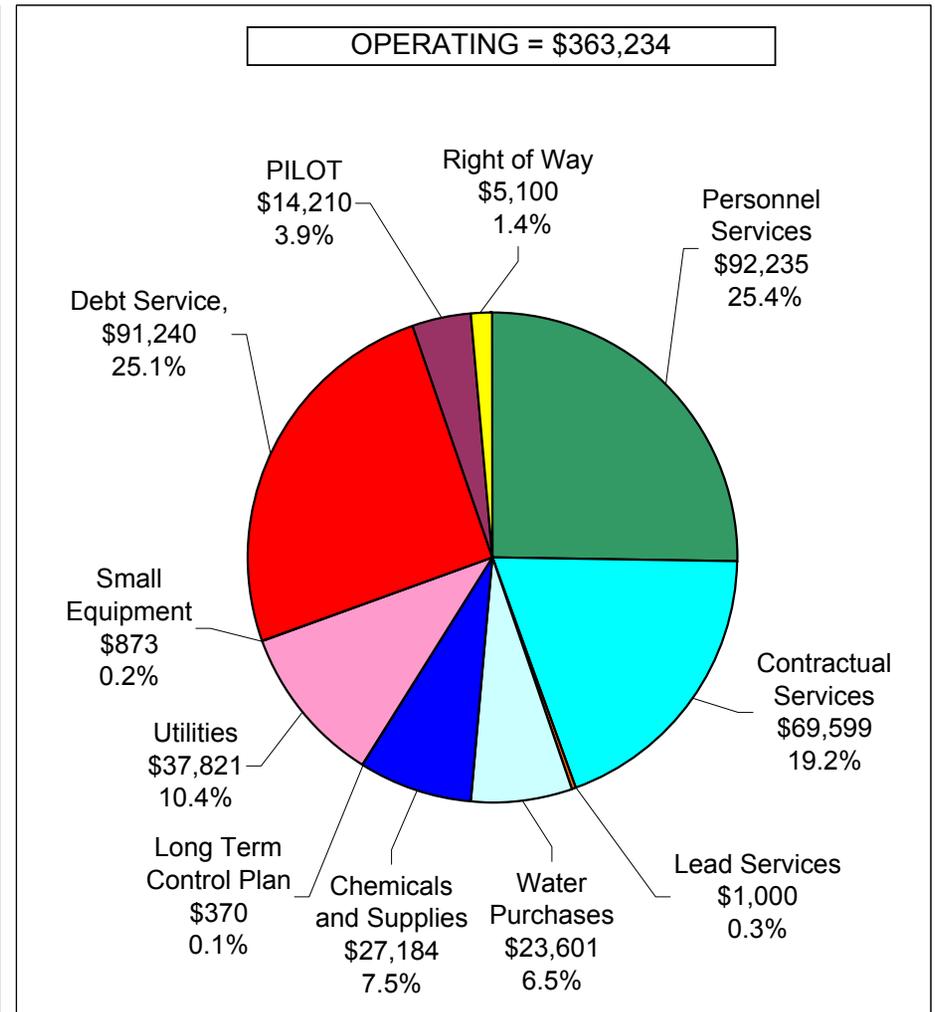
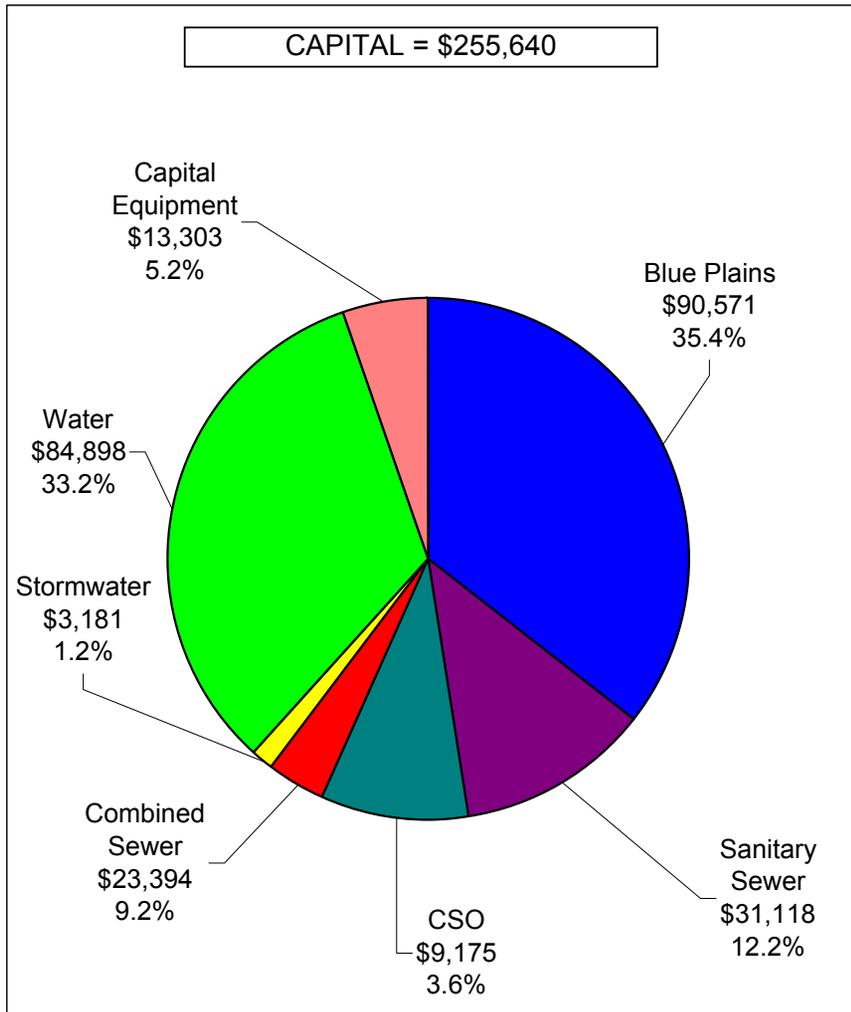
# Operating and Capital Expenditures FY 2006 - FY 2009 (\$000's)



## FY 2008 Revised Budget (\$000's)



# FY 2009 Approved Budget (\$000's)



**Comparative Expenditures**  
(\$000's)

	<b><u>FY 2006 ACTUAL</u></b>	<b><u>FY 2007 ACTUAL</u></b>	<b><u>FY 2008 APPROVED</u></b>	<b><u>FY 2008 REVISED</u></b>	<b><u>FY 2009 APPROVED</u></b>
<b><u>CAPITAL (Cash Disbursements Basis)</u></b>					
Blue Plains	64,777	51,695	63,872	69,990	90,571
Sanitary Sewer	10,260	14,741	21,935	15,270	31,118
Combined Sewer	31,065	35,631	28,571	37,528	23,394
Combined Sewer Overflow Long Term Control Plan	3,180	7,084	16,561	8,914	9,175
Stormwater	1,987	1,653	4,540	2,240	3,181
Water	68,976	53,732	169,909	173,400	84,898
Capital Equipment	11,038	12,264	14,163	16,327	13,303
<b>Total Capital</b>	<b><u>191,283</u></b>	<b><u>176,800</u></b>	<b><u>319,551</u></b>	<b><u>323,669</u></b>	<b><u>255,640</u></b>
<b><u>OPERATING</u></b>					
Personnel Services	73,573	78,497	88,304	88,067	92,235
Contractual Services	53,393	55,075	65,796	70,993	69,599
Water Purchases	22,745	24,042	23,601	23,601	23,601
Chemicals and Supplies	22,027	23,256	24,499	25,015	27,183
Utilities	31,150	32,238	36,322	36,543	37,821
Small Equipment	368	471	1,157	837	873
Lead Services	1,521	1,492	1,000	1,000	1,000
Long Term Control Plan	-	-	-	-	370
<b>Total O&amp;M</b>	<b><u>204,777</u></b>	<b><u>215,071</u></b>	<b><u>240,679</u></b>	<b><u>246,056</u></b>	<b><u>252,683</u></b>
Debt Service	49,681	30,813	81,938	76,508	91,240
Payment in Lieu of Taxes	11,823	7,314	13,469	13,097	14,210
Right of Way Fees	5,100	5,100	5,100	5,100	5,100
Subtotal Operating	<u>271,382</u>	<u>258,298</u>	<u>341,186</u>	<u>340,762</u>	<u>363,234</u>
Personnel Services charged to Capital Projects	(6,631)	(7,541)	(8,400)	(8,400)	(8,400)
<b>Total Operating</b>	<b><u>264,751</u></b>	<b><u>250,757</u></b>	<b><u>332,786</u></b>	<b><u>332,362</u></b>	<b><u>354,834</u></b>

## CASH FLOW SUMMARY

(\$000's)

	FY 2007 Actual	FY 2008 Approved Budget	FY 2008 Revised Budget	FY 2009 Approved Budget
<b>OPERATING BUDGET</b>				
<b>Operating Receipts:</b>				
Residential, Commercial & Multi-Family	\$ 159,147	\$ 162,165	\$ 162,650	\$ 174,704
Federal	29,192	29,246	31,634	33,478
Municipal	6,869	7,167	7,298	7,839
D.C. Housing Authority	6,090	6,607	6,369	6,841
Groundwater	-	5	5	5
Metering Fee	5,633	5,300	5,300	5,300
Right of Way Fee	16,739	17,514	18,197	19,310
<i>Subtotal Retail</i>	\$ 223,670	\$ 228,004	\$ 231,453	\$ 247,477
<i>Wholesale</i>	55,744	55,778	60,972	63,210
<i>Other Operating Receipts (1)</i>	23,316	20,027	44,816	41,555
<b>Total Operating Receipts</b>	\$ 302,730	\$ 303,809	\$ 337,241	\$ 352,242
<b>Operating Disbursements</b>				
Personnel Services	72,576	75,516	79,667	83,835
Contractual Services	59,159	67,281	71,992	70,969
Chemicals & Supplies	25,444	23,315	25,017	27,183
Utilities & Rent	29,127	34,988	36,543	37,821
Water Purchases	21,540	23,601	23,601	23,601
Small Equipment	560	981	836	873
<i>Subtotal Operations &amp; Maintenance</i>	\$ 208,406	\$ 225,682	\$ 237,656	\$ 244,282
Payment in Lieu of Taxes	12,414	12,414	13,097	14,210
Right of Way Fee	5,100	5,100	5,100	5,100
Debt Service	50,841	58,732	70,680	83,898
<b>Total Operating Disbursements</b>	\$ 276,761	\$ 301,928	\$ 326,533	\$ 347,490
<b>Operating Surplus</b>	\$ 25,969	\$ 1,881	\$ 10,708	\$ 4,752
<b>CAPITAL BUDGET (See Section 6 for more details)</b>				
Sources of Capital Funds	\$ 153,291	\$ 214,273	\$ 253,996	\$ 271,774
Uses of Capital Funds	176,800	225,929	255,640	273,385
<b>Pay-As-You-Go Financing</b>	\$ (23,509)	\$ (11,656)	\$ (1,644)	\$ (1,611)
<b>CASH RESERVES:</b>				
<b>Beginning O&amp;M Reserve Balance (Net of Rate Stabilization Fund)</b>	\$ 128,424	\$ -	\$ 116,743	\$ 118,578
Operating Surplus	25,969	1,881	10,708	4,752
Wholesale Customer Refunds/Payments for Prior Years	(780)	(3,483)	(3,000)	-
Transfer to Rate Stabilization Fund	(10,000)	-	-	-
Prior Year Right of Way Payment	-	-	-	-
Prior Year Federal Billing Reconciliation	(4,371)	(4,424)	(5,385)	(992)
Interest Earned from Bond Reserve	1,009	1,200	1,156	1,156
Pay-As-You-Go Capital Financing	(23,509)	(11,656)	(1,644)	(1,611)
<b>Ending O&amp;M Reserve Balance (Net of Rate Stabilization Fund)</b>	\$ 116,743	\$ (16,482)	\$ 118,578	\$ 121,883
<b>Rate Stabilization Fund</b>	\$ 68,500	\$ 68,500	\$ 43,600	\$ 21,000

(1) FY2008, Other Operating Receipts includes \$24.9 million transfer from Rate Stabilization Fund

(2) FY2009, Other Operating Receipts includes \$22.6 million transfer from Rate Stabilization Fund

## **ACCOUNTING AND BUDGET PROCESSES**

### **Basis of Accounting**

The Authority is a single enterprise fund and maintains accounting records using the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP). Under this basis of accounting, revenues are recorded when earned, and expenses are recorded when goods and services are received. The Authority's expenditure budget is prepared on a comparable basis to GAAP, with the exception of debt service (including principal and interest) that is budgeted in full when due. Depreciation and interest expense are recorded as expenses for financial statement purposes. (Depreciation is not budgeted.)

### **Annual Budget Process**

The general framework for the operating and capital budget development, along with specific dates for the presentation of several phases of the budget, is illustrated in the following budget calendar. The budgetary process is an integrated approach that links the operating and capital budgets with the ten-year financial plan. Preparation of the Authority's budget begins in spring with development of the ten-year financial plan. Based on the financial framework laid out in the ten-year plan, departments develop individual operating budgets, and management reviews these submissions over the summer. These budgets cover a two-year period, including a revised budget for the immediate ensuing fiscal year (e.g., beginning October 1, 2007) and a proposed budget for the next fiscal year (e.g., beginning October 1, 2008). Concurrent with the operating budget process, the Authority's ten-year capital program is developed and reviewed by management. In October, management presents the operating budgets, ten-year plan, and capital improvement program to the Board's Operations and Finance & Budget Committees for their review. The Committees complete their review from October through December. The operating budgets, capital improvement program, and ten-year plan are then forwarded to the full Board for its consideration in January.

After adoption by the Board of Directors, the Authority is required to submit its annual operating and capital budgets to the Mayor and Council of the District of Columbia for its review and comment; however, neither has power to change the annual budgets of the Authority. The District then includes the Authority's budgets as an enterprise fund in the fiscal year budget it sends to the U.S. Congress for approval. Any increases to the Authority's approved budget must receive approval from the U.S. Congress.

### **Budgetary Control**

After the U.S. Congress approves the budget, the operating and capital budgets are loaded into the Authority's financial management system, which prevents overspending without appropriate approvals. The Department of Finance and Budget prepares daily and monthly management reports for each operating unit, management staff, the Board of Directors and its various committees. The reports are consistently reviewed each month to ensure the Authority complies with its authorized budget levels.

## **WASA HISTORY & GOVERNANCE**

The District of Columbia Water and Sewer Authority (WASA) was created in April 1996 and began operating October 1, 1996 under and pursuant to an act of The Council of the District of Columbia and an act of the United States Congress. Previously, the Water and Sewer Utility Administration, a division of the District's Department of Public Works, performed WASA's operations. Since 1996, the Authority has met its mission of providing clean drinking water to residents of the District of Columbia and wastewater conveyance and treatment services to both residents of the District and wholesale customers in Maryland and Virginia.

A Board of Directors consisting of eleven principal and eleven alternate members who represent the District of Columbia, Montgomery and Prince George's Counties in Maryland and Fairfax County in Virginia govern the Authority. The Mayor of the District of Columbia appoints, and the Council confirms, all District Board members, including the Chairperson. In addition, the Mayor appoints the five principal and five alternate members who represent the surrounding jurisdictions based on submissions from those jurisdictions. All members serve four-year terms. The Authority may only take action on policy matters after it receives a favorable vote of no less than six members of the Board of Directors. All Board members participate in decisions directly affecting the general management of joint-use facilities (such as projects at the Blue Plains Advanced Wastewater Treatment Plant), and only the District of Columbia members participate in those matters that affect only District ratepayers. Rates setting authority resides solely with the Board of Directors, and is a non-joint use matter.

**FY 2009  
Budget Calendar**

Month	Event
May 10	<b>General Manager's Budget Kickoff Meeting</b>
May 18	Distribute budget preparation materials  <b>Business Planning</b> • 10-year plan update based on new capital numbers
June	<b>FY 2007 – FY 2016 Final Capital Budget Submission due to Budget Office - Update from DETS</b>  <b>Revised FY 2008 &amp; Proposed FY 2009 Operating Budget Submission due to Budget Office</b>
June 25 – July 25	<b>Departmental meetings with Budget &amp; Finance Staff</b>
June – September	<b>General Manager's Budget Reviews</b> • Departmental and CIP meetings with General Manager
September 18 – 28	• Final meetings and General Manager's budget decisions
October 5	<b>FY 2009 Budget Decision Process Completed</b>
October 10	<b>Budget due to printer</b>
October 25	Finance and Budget Committee
November	<b>Submit Revised FY 2008 &amp; Proposed FY 2009 Budget to:</b> • Environmental Quality and Operations Committee • Finance and Budget Committee
December	Retail Rates
January	• <b>Board Adoption</b> • <b>Submission to District</b>
June	<b>District Submission to Congress</b>



Revised FY 2008  
and Approved  
FY 2009  
Operating  
Budget

Section III



District of Columbia  
Water and Sewer Authority

**Section III:  
FY 2007-2016 Financial Plan**

*Monitoring key treatment processes and related equipment takes place in the central control room at Blue Plains.*



## WASA KEY FINANCIAL POLICIES

- **DEBT SERVICE COVERAGE** -- WASA will set rates and develop operating and capital budgets that ensure **senior debt service coverage of 140 percent**
  - This coverage level exceeds WASA’s bond indenture requirement of 120 percent senior debt service coverage
  
- **CASH RESERVES** -- WASA will maintain **cash reserves approximately equivalent to six months’ operating and maintenance expenses**, approximately \$118.6 million in FY 2008.
  
- **PAY-GO FINANCING OF CAPITAL** -- WASA will finance a portion of its capital program on a **pay-go basis from cash reserves that exceed the operating & maintenance reserve level**.
  
- **RATE-SETTING PRINCIPLES**
  - WASA’s rates and fees will be based on the **actual cost to deliver each service**.
  - Rate increases will be implemented in a **gradual and predictable** manner, avoiding large one-time rate increases.
  
- **RATE STABILIZATION FUND** -- Once WASA achieves its required level of cash reserves, a **rate stabilization fund** will be established **to avoid “rate shock.”** At the end of FY 2007, WASA’s rate stabilization fund totaled \$68.5 million.

# FY 2007 - 2016 FINANCIAL PLAN

## **Overview**

WASA's strong financial performance and its success in achieving and maintaining strong "Aa / AA" category bond ratings has been in large part due to the annual development of and adherence to a ten-year strategic financial plan. This plan serves as one of management's key tools to monitor progress in meeting financial goals and to proactively address future financial and operational issues. During FY 2007, WASA met or exceeded the goals set by Board policy and the FY 2006 - 2015 ten-year plan. This budget includes WASA's eleventh comprehensive ten-year financial plan, covering FY 2007 – 2016.

The necessity of a ten-year financial plan is clear:

1. WASA operates under a regulatory and capital project-driven environment that requires a longer term ten-year planning horizon. In order to provide our customers with the best service possible and with gradual and predictable rate increases, WASA must plan for all projects on a long-term and integrated basis, including both capital and operating requirements. A five year, capital-only financial plan would insufficiently prepare WASA to address the major regulatory and capital project issues that will impact service, operations, and rates over the next five to ten years.
2. In accordance with Board policy, WASA will set rates so that each customer will be charged for the actual cost to provide each service, and rate increases will be gradual and predictable. Since proposed future rate increases are due primarily to WASA's capital program and the Combined Sewer Overflow Long-Term Control Plan, the development of a ten-year financial plan allows WASA to meet these key goals of full cost recovery and predictability.
3. The Board has directed WASA management to undertake internal improvements that will significantly lower operating costs over a ten-year period. A ten-year plan is required to bridge current operations and related capital and operating budgets with these longer term cost reduction goals.

Board policies, priorities and guidance in several key financial areas drive the development of the FY 2007 - 2016 financial plan. Given WASA's substantial borrowing needs over the next ten years, adherence to these Board policies is crucial in order to cost-effectively access the capital markets and retain our credibility with customers and regulators. Key Board policies are summarized below.

### *Financing and Reserve Policies*

In FY 2004, the Board completed a review of its existing financing policies, reaffirming the core policies. Two modifications were made to the reserves policy, both in accordance with WASA's master trust indenture: 1) Changing the timing of when WASA is required to meet its overall operations and maintenance reserve requirement from September 1 to an average daily balance basis, resulting in a more conservative calculation that also more realistically reflects WASA's annual reserve levels; and 2) revising the indenture-required renewal and replacement reserve requirement from two percent of original plant in service to \$35 million, with a requirement to revisit this reserve level every five years in conjunction with the indenture-required system assessment prepared by WASA's independent rate consultants. These changes were reviewed and endorsed by WASA's bond counsel, financial advisors, and rate consultants.

WASA's financing policies are as follows:

1. WASA will maintain financial practices and policies that result in high quality investment grade bond ratings so as to ensure the lowest practical cost of debt necessary to finance WASA's long-term capital program.
2. WASA will maintain strong levels of operating cash reserves, equivalent to approximately six months of budgeted operations and maintenance costs, calculated on an average daily balance basis. The annual reserve amount will be formally approved by the Board as part of its annual approval of the operating and capital budgets and ten-year plan. The operating reserve will, at a minimum, include any reserve requirements contained in WASA's master trust indenture as follows, excluding any debt service reserve funds and the rate stabilization fund:
  - *Operating Reserve* – equivalent to sixty days' operating costs
  - *Renewal & Replacement Reserve* - \$35 million. This reserve requirement will be evaluated every five years by WASA's independent rate consultant in conjunction with the indenture-required system assessment. The next assessment will be performed in 2008.
  - *District of Columbia General Obligation Debt Reserve* – equivalent to ten percent of WASA's share of subsequent year's District general obligation bond debt service
3. WASA will maintain senior debt service coverage of 140 percent, in excess of WASA's indenture requirement of 120 percent. Senior debt service coverage will be calculated in accordance with WASA's indenture.
4. In general, WASA will utilize operating cash in excess of the Board's reserve requirement and any other significant one-time cash infusions for capital financing or for repayment of higher cost debt.
5. WASA will whenever possible use the least costly type of financing for capital projects, based on a careful evaluation of WASA's capital and operating requirements and financial position for each year.
6. WASA will attempt to match the period of debt repayment, in total, with the lives of the assets financed by any such debt.

### *Rate Setting and Budgetary Policies*

WASA's rate-setting policies are based on the following principles:

1. Rates and fees will be based on the actual cost to deliver each service.
2. Current rates must be sufficient to cover current costs and to meet all bond covenants.
3. Rates will be based on an annually updated ten-year financial plan (both operating and capital).
4. Rate increases will be implemented in a gradual and predictable manner, avoiding large one-time rate increases.
5. Contributions to and usage of a rate stabilization fund as needed to avoid "rate shock." Each year, after reviewing pay-go financing and any other non-recurring financing uses of excess operating cash, the annual rate stabilization fund deposit, if any, is determined. This fund was established in FY 2000 and its balance at the end of FY 2007 was \$68.5 million.

### *Cash Management and Investment Policies*

In September 2007, the board adopted a new "Statement of Investment Policy". This policy is designed to ensure the prudent management of Authority funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices. The investment portfolio shall be managed to accomplish the following hierarchy of objectives:

1. Safety
2. Liquidity
3. Return on investment
4. Diversity

### ***Major Accomplishments***

The FY 2006 - 2015 financial plan and Board policy set out several financial and organizational goals to be accomplished in FY 2007. During FY 2007, WASA met or exceeded the financial goals set out by the Board and the FY 2006 - 2015 financial plan. Senior debt service coverage, reserve levels, and budget performance all met or surpassed Board policies, as discussed in more detail below.

- ★ Implementation of the CSO Long-Term Control Plan (CSO LTCP) began in earnest in 2006 with the Retail Rates Committee endorsement of a new rate structure (impervious rate structure) to fund the LTCP as well as the selection of a program manager and the start of facilities planning and geotechnical work. The twenty-year plan, whose terms are outlined in a consent decree executed in March 2005, is projected to cost \$1.9 billion. See "Combined Sewer Overflow Long-Term Control Plan" for additional details on the projected rate impact of the plan.

- ★ In FY 2007, WASA started the implementation of an impervious rate structure for CSO and Stormwater cost recovery to be effective in FY 2009. An impervious area rate offers the following advantages:
  - Provides a better allocation of cost responsibility than a water/sewer consumption rate relating to managing surface runoff.
  - Applying an impervious area rate structure for both programs in the same way on a citywide basis will improve understanding and sharpen incentives for low impact development.
- ★ WASA Board policy requires senior debt service coverage of at least 140 percent, greater than the indenture requirement of 120 percent. **WASA's senior debt service coverage in FY 2007 was at 343 percent**, reflecting implementation of the Board's policy of gradual and predictable rate increases and lower than projected capital spending. Senior debt service coverage will decline to the Board's 140 percent policy level as capital spending and related debt issuance increase. Subordinate debt service coverage (subordinate debt service includes WASA's subordinated lien revenue bonds, WASA's share of the District of Columbia general obligation debt, Little Seneca Reservoir debt, and Jennings Randolph Reservoir debt) in FY 2007 was at 211 percent. WASA is required to have 100 percent coverage of subordinate debt service. Combined debt service coverage was at 160 percent (in FY 2007).
- ★ **WASA contributed an additional \$10.0 million to the rate stabilization fund in FY 2007**, raising the balance in this fund to \$68.5 million.
- ★ WASA Board policy calls for cash reserves (excluding the rate stabilization fund) equivalent to 180 days' operating and maintenance expenses, or approximately \$111.3 million in FY 2007, based on the Board-revised budget. **WASA consistently met this goal during FY 2007, with an average daily balance during the year of \$120.5 million, \$9.2 million greater than the Board's policy.** This year's plan provides for an increase in this reserve to \$118.6 million in FY 2008, in line with the revised FY 2008 operations and maintenance budget.
- ★ **WASA continued its strong operating budget performance in FY 2007.** Operating cash receipts surpassed budget by \$6.4 million, or 2.2 percent; operating expenditures are projected at \$22.1 million, or 7.1 percent, less than the Board-revised budget. Although in FY 2006 WASA experienced higher than anticipated (budgeted) costs for electricity and chemicals used for operations driven by rising fuel costs and other market factors, WASA also had significant savings in debt service costs related to lower than anticipated financing cost on the variable rate debt and also a delay of planned debt issuance in FY 2007.
- ★ Overtime spending was reduced from a high of \$8.7 million in FY 1997 to a projected \$5.6 million in FY 2007, or 7.7 percent of payroll. This reduction continues a trend of significant reductions in overtime costs, from a rate of 23 percent of payroll in the months before WASA was formed.

- ★ WASA implemented a water and sewer rate increase of 5 percent in FY 2007. In addition, the Board approved a retail rate increase of 5.5 percent effective October 1, 2007 as well as an increase in the Right of Way / PILOT fee to recover the full costs of this fee charged to WASA by the District of Columbia government.
- ★ For the fifth consecutive year, WASA received the Government Finance Officers' Award for Distinguished Budget Presentation for its FY 2007 budget submission. WASA also received its ninth unqualified audit opinion for the fiscal year ended September 30, 2006 and anticipates receiving GFOA's Certificate of Achievement for Excellence in Financial Reporting.
- ★ Implementation of the lead service line replacement program continues, with over 14,000 public lines replaced to date out of an estimated 33,000 – 35,000 total. The ten-year plan includes capital costs for this program, estimated at \$438 million.
- ★ In FY 2008, we successfully renewed all of our insurance policies at essentially the same coverage and terms at a net cost reduction of 7 percent from the previous year. There were improvements in coverage amid increases in property values, payroll and revenue.
- ★ WASA completed its third year of the rolling owner-controlled insurance program (ROCIP), under which WASA procures most insurance coverage for the majority of our construction contractors. The result is substantially higher insurance coverage levels for all contracts and significant cost savings. At the end of FY 2007, 49 construction contracts, and 92 contractors had been enrolled in the ROCIP program (including most of the lead service line replacement contracts), and preliminary savings estimates exceed \$900,000. Over the five year program, WASA anticipates enrolling a total of 120 projects, with estimated savings in the \$4 to \$5 million range. A major reason for the cost savings is the implementation of a uniformly strong safety program for all contractors.
- ★ WASA continued to build on the significant improvements made in the Department of Customer Service over the last few years, which have resulted in greatly improved service to WASA customers. Major accomplishments over the last year include:
  - Improved collections efforts, which have resulted in a reduction of delinquent retail accounts receivable over 90 days from \$26.5 million in September 2001 to \$7.1 million in September 2007.
  - Implementation of the meter replacement/automated meter reading (AMR) program. The meter installation/Automated Meter Reading Program is 98.9% complete, representing approximately 122,000 customer locations under the original contract. The Authority will continue to aggressively attempt to complete the remaining installations utilizing a combination of contractors and WASA staff. Over 89% of FY 2007 billings were billed via AMR meters.

- In FY 2007, we expanded our Process Notification Program to include commercial customers. Process Notification is an automated outbound collections calls service that notifies delinquent customers when bills are past due. This program directly contributed to the achievement of an all-time low greater than 90 days accounts receivables delinquency of \$7.1 million.
- ★ IMA renegotiation - 1985, the District signed the Blue Plains Intermunicipal Agreement (the IMA) with the “Users” of the Blue Plains Wastewater Treatment Plant facilities. The User group consists of WASA, District of Columbia, Fairfax County in Virginia, and Montgomery and Prince George’s Counties in Maryland. The IMA outlines terms relating to facility location, sizing, capacity allocations and funding, long-term management of the wastewater treatment and disposal process; the Agreement also establishes a uniform payment basis for facilities and future improvements. IMA signatories share the cost of operations, maintenance and the capital program at the Blue Plains facility; the three surrounding counties comprise approximately 60 percent of the Blue Plains capacity. Some of the terms in the 1985 IMA expires in 2010; for example, the Agreement states that capacity allocations at 370 mgd (peak capacity) remain in effect until 2010. In order to allow ample time to renegotiate any User issues, the Users began negotiations during FY 2006 and will continue discussions until all parties reach a new agreement.
- ★ Potomac Interceptors Users Rate Update (PI) – In FY 2007, as stipulated in the Intermunicipal Agreement (the IMA), a PI rate study was conducted. The new rates for the PI users are effective from October 1, 2007 and go through September 30, 2010. The previous rate study was completed in FY 2004. The FY 2007 rate study analyzes WASA’s cost and determines the cost allocation of WASA’s current capital and O&M costs for PI users. It is necessary to update rates to ensure that they reflect the Authority’s current capital and O&M costs.
- ★ Water Audit Program - During the latter part of FY 2007, we implemented a water audit program. This program is to help establish a new methodology for tracking and reporting water losses consistent with the American Water Works Association (AWWA) standards. It will also enable us to better measure and compare DCWASA to other like entities.

### ***Future Goals***

The proposed FY 2007 - 2016 financial plan includes the resources necessary to accomplish critical financial and operational goals over the coming years, as summarized below.

- ★ Continue adherence to the Board's financial, investment, rate-setting and long-term planning policies.
- ★ Continue implementation of the Board-approved lead service line replacement program.
- ★ Update water system facility master plan.

- ★ Continue implementation of the ten-year \$3.1 billion capital improvement program.
- ★ Continue implementation of the twenty-year, \$1.9 billion CSO Long-Term Control Plan, including rate structure changes.
- ★ Continue implementation of internal improvement plan across WASA
- ★ Continue implementation of major improvements in customer service, including:
  - Complete AMR/meter replacement program.
  - Expand bill payment options by offering e-check via telephone and the web. This will allow customers to make one-time payments via check.
  - Offer blind or vision-impaired customers the option of receiving bills in either Braille or large print.
  - Provide customers with the opportunity to communicate with customer care associates via on-line chat.
- ★ Successfully implement key information technology initiatives, including:
  - Implementation of the *process computer control system* (PCCS) which will automate a substantial number of plant processes and is critical to achieving Blue Plains internal improvement goals. Initial planning and design for this system began in FY 2002.
  - Implementation of a new *asset management system*. By integrating WASA's existing customer information, maintenance management, PCCS/SCADA and other systems, it will help us better track specific asset performance and perform more preventive maintenance, particularly in the water and sewer systems.
  - Successive phases and upgrades of the *financial, payroll and human resources information, and customer information and billing systems*
  - Evaluation and development of *data redundancy* and related systems to ensure that WASA's mission-critical systems can operate on an uninterrupted basis in the event of an emergency
- ★ Negotiate new collective bargaining agreement to cover period beginning in FY 2008.

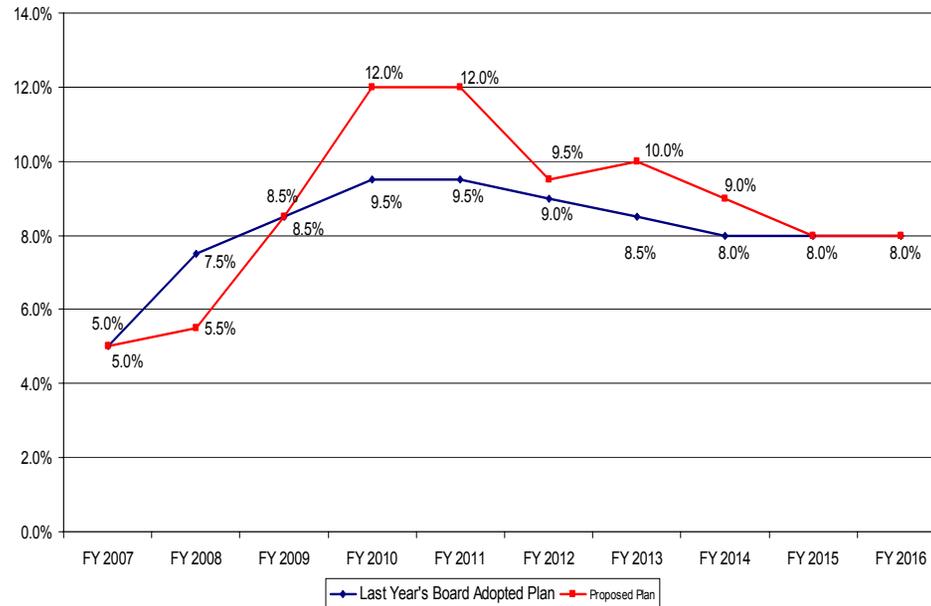
## **Rates**

The proposed rate increases included in the FY 2007 – 2016 financial plan are driven by the following initiatives:

- *Increasing debt service expenditures, driven by WASA's \$3.1 billion capital improvement program (cash disbursements basis), which is approximately 15% higher as compared to last year's plan.*
- *Internal improvement programs* – These plans, currently being implemented at Blue Plains and the Departments of Water and Sewer Services, are projected to result in operating savings, in part due to capital improvements and in part due to management and operational changes. The largest of these plans is at Blue Plains and was originally adopted in 2000. In FY 2006, WASA undertook a study to update the Blue Plains IIP, taking into account progress under the CIP and management changes to date, and the results of this analysis will be factored into next year's ten-year plan.
- The initial phases of WASA's twenty-year *CSO Long-Term Control Plan*, totaling \$502 million (which is included in WASA CIP).
- *Continued compliance with Board policies on debt service coverage and reserve levels* -- Projected senior debt service coverage ranges from 156 percent (FY 2016) to 395 percent (FY 2008), above the policy requirement of 140 percent. In addition, cash reserves are maintained at six months' operations and maintenance expenses, growing from \$120.5 million in FY 2007 to \$146.2 million in FY 2016.

Due to these ongoing and new initiatives, from FY 2007 – FY 2016, WASA's water and sewer rates are projected to increase by 5.0 percent to 12 percent annually, with cumulative rate increases totaling 87.5 percent, as shown in the chart below. Projected retail rate increases are higher by 0.5 to 2.5 percent annually over last year's plan due to increases in District ratepayer-funded projects in the CIP and a higher base level of operations and maintenance expenditures, particularly in chemicals and electricity due to the recent trend of rising oil prices. As a result of the capital improvement program, debt service is projected to increase on average by 13.9 percent per year, while operations and maintenance expenditures are only projected to increase by 3.9 percent.

### Projected Retail Rate Increases FY 2007 – FY 2016



#### *Proposed FY 2009 Rate & Fee Increase & Structure Changes*

The proposed retail water and sewer rate increase for FY 2009 is 8.5 percent, which allows for gradual and predictable rate increases in future years. In addition, the proposed increase in the Right-of-Way / PILOT fee is 10.6 percent, to recover the full amount charged to WASA by the District.

In FY 2006, WASA completed a cost of service study (the last study was completed in FY 2002.) The study was conducted by WASA's independent rate consultants, and concluded that WASA's current rate structure sufficiently recovered WASA's costs, tracked the Board-approved ten-year plan, and met the Board's rate-setting policies. Near-term recommended changes included potentially increasing the metering fee to recover all customer service related costs and to evaluate the private fire protection fee. (WASA's current retail rate structure is a commodity or usage-based structure, with the exception of the metering fee which is a flat monthly fee set to recover costs associated with metering.)

In addition to the cost of service study, WASA has been evaluating different cost recovery options for the CSO LTCP, which are described in more detail below.

#### *Rate Comparisons to Other Utilities*

WASA's current and proposed rates and fees remain very competitive with other water and wastewater providers in the mid-Atlantic and the eastern United States. As shown in the charts in Section IV, WASA's proposed monthly residential bill (including the District's stormwater rate and the PILOT / ROW fee) is slightly less than the average of other utilities in WASA's benchmark group. Without the stormwater and the PILOT / ROW fees, WASA's proposed average monthly residential bill is \$4.95 or 9.8 percent less. The proposed future rate increases over the ten-year planning period are also consistent with those being contemplated by regional and national providers.

#### *Customer Assistance Programs*

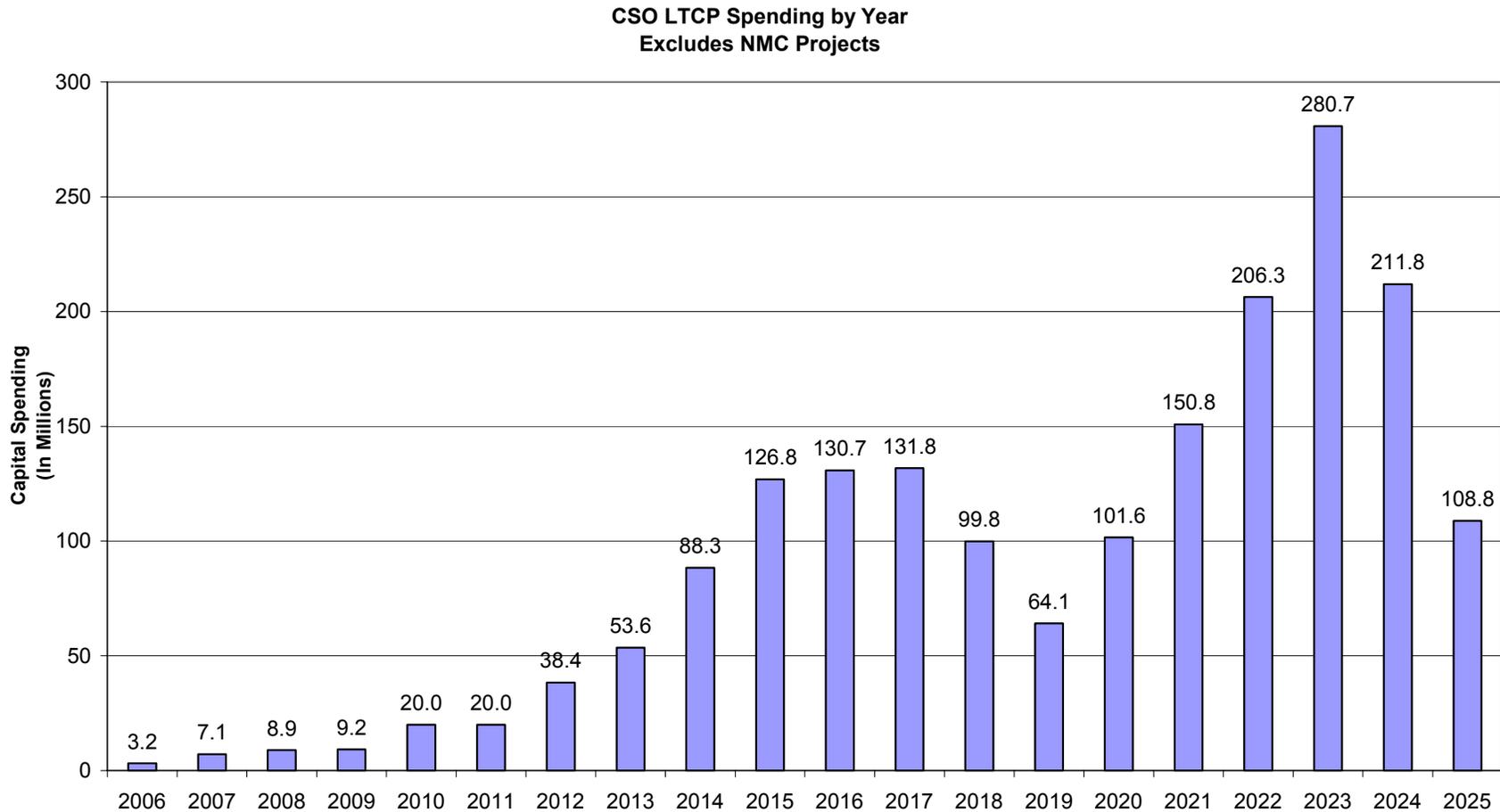
In June 2000, the Board adopted a customer assistance program that assists low-income customers in paying their water bills. The program is comprised of two components: a component funded by voluntary contributions from ratepayers (the S.P.L.A.S.H. program); and a component funded by WASA and based on a bill credit for 400 cubic feet of water consumption per month (the Customer Assistance Program, or "CAP"). In 2004, the Board approved expanding the CAP program to single family tenants that meet certain federal income guidelines; previously, the program was limited to homeowners. The ten-year plan assumes a total impact of \$500,000 annually for the expanded program, or 0.2 percent of projected FY 2007 receipts.

#### *Rate Stabilization Fund*

This year's plan reflects continued funding of the rate stabilization fund, including a contribution of \$10.0 million in FY 2007. The total balance in the fund is currently \$68.5 million. The fund is projected to be fully utilized in FY 2008 through FY 2016 to help level out proposed rate increases in those years. Additional contributions to the rate stabilization fund are determined each year based on actual financial performance and the latest ten-year plan. No deposits to the rate stabilization fund will be made unless the Board's six month operating and maintenance reserve policy and all other bond indenture requirements are met.

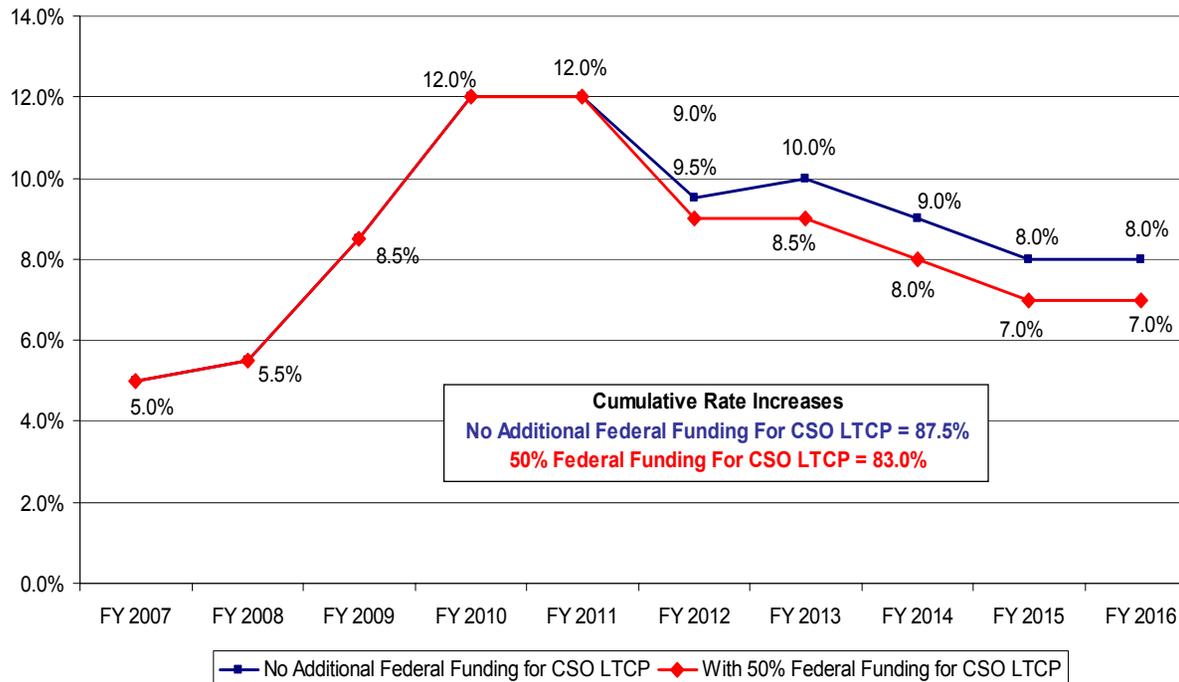
### **Combined Sewer Overflow Long-Term Control Plan**

In December 2004, the Board reached agreement with the federal government on the proposed CSO LTCP and entered into a related consent decree. Capital costs for this twenty-year plan total approximately \$1.9 billion with inflation, and this year's plan includes \$502 million of projected CSO LTCP disbursements. Spending in the early years of the plan is significantly less than the latter years, allowing for a gradual rate increase implementation schedule. Projected spending by fiscal year is shown in the chart below.



Since projected spending under the CSO LTCP is somewhat back-loaded, the near-term impact on rates is mitigated. Additionally, if significant federal assistance is provided, rate increases would be lower, as shown in the chart below; the ten-year plan assumes no external funding beyond the special Congressional appropriations WASA has already received, totaling \$98 million. Assuming no additional federal assistance, and based on current rate structure assumptions, at the end of the twenty-year implementation period, the typical residential customer's monthly wastewater bill is projected to be \$110, an increase of approx. 300 percent over the current monthly wastewater bill of \$28.

### Impact of Federal Assistance for CSO LTCP On Projected Rate Increases through FY 2016



In September, WASA contracted with a consulting firm to assist in developing an impervious area database that would be used for developing an impervious rate structure. A communications strategy is being developed to include all stakeholders. Also, data gathering and policy review has begun on the IAB (Impervious Area Billing). WASA has begun the more detailed data collection process, in particular through DC OCTO (Office of the Chief Technology Officer), with the goal of implementation in FY 2009. Compared to a water consumption-based structure, an impervious area structure will cause a shift in the cost allocation between customer classes due to differences in their water use and their land use as shown in the table below.

**Current vs. Impervious Rate Structure  
Impact by Customer Class <sup>1</sup>**

<b>Rate Structure</b>	<b>Single Family Residential</b>	<b>Multi- Family Residential</b>	<b>Commercial</b>	<b>DC Govt</b>	<b>Fed Govt</b>
Current	21%	27%	33%	4%	15%
Impervious Rate	24%	13%	22%	6%	35%

1. Based on preliminary data.

**Revenues**

The revised FY 2008 receipts projection totals \$338.4 million, an increase of \$34.7 million, or 11.4 percent over actual FY 2007 receipts:

- *Residential, commercial and multi-family receipts* are projected to increase by approximately \$3.5 million, or 2.2 percent, due to the Board-approved 5.5 percent rate increase and small increases in consumption due to the projected completion of the AMR project. These increases are offset by one-time collections in FY 2007 that will not be repeated in FY 2008.
- *Federal revenues* are projected to increase by \$2.4 million.
- *Wholesale receipts* are projected to increase by \$5.2 million reflecting higher budgeted costs at Blue Plains due to electricity and chemicals price increases.
- *Projected utilization of \$24.9 million in rate stabilization fund balances.*
- *Other revenues* are projected to increase by \$2.1 million, mainly due to WSSC amount of indirect cost reimbursement for capital projects that was not received in FY 2007.

The proposed FY 2009 receipts projection totals \$353.4 million, approximately \$15.0 million, or 4.4 percent, higher than revised FY 2008 projections. This increase is due primarily to:

- *Proposed water and sewer rate increase of 8.5 percent*
- *Proposed utilization of \$22.6 million in rate stabilization fund balances*
- *Proposed increase in the Right of Way / PILOT fee for full recovery of this cost*
- *Projected consumption decline, conservatively estimated at one percent annually*

Additional details on revenue projections for each class of customers are described below.

*Residential, Commercial & Multi-Family* - FY 2008 projections reflect an increase of \$3.5 million or 2.2 percent from FY 2007, due primarily to the following reasons.

- In FY 2007, WASA's collections on its retail receivables was very strong, with accounts receivable over 90 days declining from \$10.9 million on October 1, 2006 to \$7.1 million as of September 30, 2007. While WASA will continue its aggressive collection efforts, we have conservatively assumed no additional increase in cash receipts due to improved collections performance in 2008.
- Board-approved retail rate increase of 5.5 percent effective October 1, 2007.
- Continued implementation of the customer assistance program, which reduces projected revenues by approximately \$0.5 million.

Proposed FY 2009 receipt projections reflect an increase of \$12.1 million, or 7.4 percent, due to the following reasons:

- Proposed rate increase of 8.5 percent.
- One percent decrease in consumption due to projected conservation.
- Continued implementation of the customer assistance program, which reduces projected revenues by approximately \$0.5 million.

*Rate Stabilization Fund Utilization* – The ten-year plan and near-term revenue projections assume utilization of \$24.9 million in FY 2008 and \$22.6 million in FY 2009 of rate stabilization fund balances. Prior years' plans also assumed the use of these funds which is necessary as WASA reaches its peak years of spending in the CIP. Utilization of RSF monies allows WASA to implement future rate increases on a gradual and predictable basis while still meeting Board and indenture policies on cash reserves and debt service coverage.

*Federal* - Revised FY 2008 federal revenues are projected to total \$31.6 million or \$2.4 million more than FY 2007. Under existing federal billing legislation, federal billings are prepared on an estimated basis eighteen months in advance of the start of the fiscal year (e.g., the FY 2008 billing was prepared in April 2006), and are based on then-current consumption estimates and projected rate

increases as included in the then-current ten year plan. These estimates are then reconciled with actual consumption and rate increases, and an adjustment is made in the subsequent year's billing (e.g., the reconciliation of FY 2008 estimated vs. actual consumption and rate increases will be included in the FY 2011 billing, prepared in April 2009.) Federal revenues in the ten year plan are presented on a revenue basis, net of any adjustments for prior year reconciliations which are accounted for as reserve items. Consistent with this methodology, revised FY 2008 federal revenues reflect the final billing sent to the federal government in April 2006, net of the adjustment for the prior year (FY 2005) reconciliation.

*Municipal & D.C. Housing Authority* – FY 2008 receipts from the District of Columbia government and the District of Columbia Housing Authority are projected at \$13.7 million, an increase of \$0.7 million. In FY 2009, receipts from these organizations are projected to total \$14.7 million, an increase of \$1.0 million, or 7.4 percent, due to the proposed retail rate increase of 8.5 percent and continued conservation.

*Metering Fee* – Metering fee collections totaled \$5.6 million in FY 2007, and are expected to remain stable in FY 2008 & FY 2009. It recovers the costs associated with installing, operating, and maintaining meters, and is charged to all retail customers (including federal and municipal customers.) The fee varies based on meter size, with monthly fees ranging from \$2.01 for a 5/8 inch meter (typical size of a residential customer meter) to \$41 to \$182 for larger meters (typically used for large commercial customers.)

*Right of Way and Payment In Lieu of Taxes Pass-Through Fees* – Similar to other Washington area utilities, WASA has implemented fees that pass through the costs of the District's Right of Way fee and payment in lieu of taxes as separate line items on its bill. In FY 2008, these fees increase by \$1.5 million to \$18.2 million due to the Board's approval of an increase to recover the full cost of the payments WASA makes to the District. In FY 2009, the Board will be considering a proposed 10.6 percent increase in these fees, in line with the increase in the PILOT portion of WASA's payment to the District.

*Wholesale* - WASA's wholesale customers are responsible for a proportionate share of operating and maintenance expenses (associated only with shared facilities primarily at Blue Plains) based on their respective share of wastewater volume discharged. In addition, each user is responsible for a proportionate share of related indirect costs. FY 2008 wholesale revenues are projected at \$61.0 million. Wholesale revenues are projected to increase by approximately one to three percent annually after FY 2009, consistent with WASA's operating and maintenance expense increase assumption over the ten year period.

*Stormwater* – WASA's FY 2008 and FY 2009 receipts include \$0.5 million from the District's stormwater rate that will be used to fund WASA's share of the District's stormwater permit compliance activities. The stormwater rate was implemented in July 2001, and appears as a separate line item on WASA's retail customers' bills. In FY 2004, the District received a new stormwater permit that will significantly increase compliance costs for all participating agencies. There is a planned reduction in FY 2008 and onwards as the District new Department of the Environment takes on more stormwater responsibilities as an administrator. The FY 2007 - 2016 financial plan assumes that all incremental costs borne by WASA for stormwater permit compliance activities will be covered by the stormwater rate approved by City Council, and that no WASA funds will be advanced to pay for these activities.

Other major assumptions underlying the revenue projections contained in the FY 2007 - 2016 financial plan include:

- From FY 2009 – FY 2016, a one percent reduction in water sales is assumed for all customer categories, based on historical trends in consumption levels.
- One to three percent annual increase in revenues from wholesale customers between FY 2009 and 2016, consistent with operating and maintenance expense increase assumptions and the goals of the Blue Plains internal improvement plan.
- Based on the current interest rate environment, interest projections conservatively assume a 3.75 percent earnings rate in FY 2008 and FY 2009 on operating funds. Beyond FY 2009, interest rates are assumed at 5.0 percent.
- The majority of other non-operating revenues, totaling \$14.0 million in FY 2008, are projected to remain relatively stable over the ten year plan, and include such items as:
  - Reimbursement from Arlington County and Falls Church for debt service issued for pre-1997 Washington Aqueduct capital improvements - \$0.6 million
  - WASA's share of the District's stormwater fee - \$0.5 million
  - Fire protection fee that was adopted by the Board in January 2000 and is charged to the District of Columbia government - \$1.9 million
  - Recovery of indirect costs from WASA's IMA partners – \$5.1 million - this reflects recovery of indirect costs on capital projects (e.g., costs for Finance and Budget, General Counsel, and Human Resources functions). FY 2008 revenues are higher by \$2.1 million pertaining to WSSC amount which was not received in FY 2007
  - Other miscellaneous fees and charges, including service line replacements, developer-related fees, etc. - \$5.9 million

### ***Operating Expenditures***

Debt service continues to be the fastest growing expenditure in the ten-year financial plan as a result of WASA's \$3.1 billion capital improvement program, growing at an average annual rate of 13.9 percent, from 18.8 percent of total operating expenditures in FY 2007 to 33 percent in FY 2016. All other operating expenses are projected to grow at an average annual rate of 3.9 percent, due to implementation of internal improvement plans that are projected to result in operating savings.

The following chart provides detail for the FY 2008 and FY 2009 operating budgets.

**COMPARISON OF FY 2008 & FY 2009 OPERATING BUDGETS**  
(In \$000's)

	FY 2008 APPROVED	FY 2008 REVISED	Percent Change	FY 2009 PROPOSED	Percent Change
Personnel Services	88,304	88,067	-0.3%	92,235	4.7%
Contractual Services	65,796	70,993	7.9%	69,599	-2.0%
Water Purchases	23,601	23,601	0.0%	23,601	0.0%
Chemicals & Supplies	24,499	25,016	2.1%	27,183	8.7%
Utilities	36,322	36,543	0.6%	37,821	3.5%
Small Equipment	1,157	837	-27.7%	873	4.3%
Lead Abatement	1,000	1,000	100.0%	1,000	0.0%
Long Term Control Plan		-		370	
<b>Subtotal Operations &amp; Maintenance</b>	<b>240,679</b>	<b>246,057</b>	<b>2.2%</b>	<b>252,683</b>	<b>2.7%</b>
Debt Service	81,938	76,508	-6.6%	91,240	19.3%
PILOT	13,469	13,097	-2.8%	14,210	8.5%
Right of Way Fee	5,100	5,100	5,100	5,100	0.0%
<b>Subtotal Debt Service &amp; PILOT / ROW</b>	<b>100,507</b>	<b>94,706</b>	<b>-5.8%</b>	<b>110,550</b>	<b>16.7%</b>
<b>TOTAL OPERATING</b>	<b>341,186</b>	<b>340,763</b>	<b>-0.1%</b>	<b>363,234</b>	<b>6.6%</b>
<b>Less Personnel Services Charged to Capital Projects</b>	<b>(8,400)</b>	<b>(8,400)</b>	<b>0.0%</b>	<b>(8,400)</b>	<b>0.0%</b>
<b>TOTAL NET OPERATING</b>	<b>332,786</b>	<b>332,363</b>	<b>-0.1%</b>	<b>354,834</b>	<b>6.8%</b>

The revised FY 2008 budget totals \$340.8 million, slightly lower than the Board-approved FY 2008 budget. While operations and maintenance expenditures increases by 2.2 percent, debt service costs were reduced by 6.6 percent, due to a continuing favorable interest rate environment and slightly lower than projected capital spending. A description of the assumptions and major issues in each major expenditure category follows.

- **Personnel service expenditures** are \$0.2 million, or 0.3 percent less than the approved FY 2008 budget. This decrease is primarily due to more realistic vacancy rates as the number of filled positions has continued to decline in recent years. This budget includes adjustments for a three percent cost of living increase and one to two percent merit increase for union employees included in the last collective bargaining agreement.

- **Contractual service expenditures** increase by \$5.2 million, or 7.8 percent, over the approved FY 2008 budget due primarily to funding for the Low Impact Development Program (LID) and New Revenue-Producing Products and Services initiatives approved by the Board in FY 2007. Funding was also added to improve water main infrastructure repair/replacement needs and to meet rising litigation costs.
- **Water purchase expenditures** this budget remained unchanged at \$23.6 million.
- **Chemicals and supplies expenditures** increase by \$0.5 million, or 2.6 percent, from the approved FY 2008 budget due to higher unit prices for the majority of chemicals used at Blue Plains, in large part due to rising oil and energy prices.
- **Utilities expenditures** increase slightly by \$0.2 million, or 0.6 percent, primarily due to rising telecommunications costs. Electricity continues to be the largest portion of the utilities budget, representing 12% of the FY 2008 revised O&M budget. In an effort to increase the construction of new generating capacity in congested areas, the Federal Energy Regulatory Commission ("FERC") approved a capacity rate increase from \$9.98 per MW-day to \$180.58 per MW-day, effective June 1, 2007. The impact of this rate increase is estimated at \$2.4 million for FY 2008. The revised FY 2008 budget reflects these market factors with electric generation and transmission prices estimated at an annual average price of \$86 per megawatt hour. WASA continues to monitor the wholesale daily electricity market to lock in blocks of power at a fixed price when futures pricing meets budget targets. Prices were extremely volatile in FY 2006 and FY 2007, due to rising oil prices, heavy global demand for power and oil, and the aftereffects of Hurricanes Katrina and Rita in FY 2005.
- **Lead abatement expenditures** – budget remained unchanged. The revised FY 2008 budget includes \$1.0 million for various administrative and legal costs associated with ongoing lead program activities.

The approved FY 2009 budget totals \$363.2 million, a 6.6 percent increase over the revised FY 2008 budget, primarily due to increased debt service for the capital program. The FY 2009 operations and maintenance budget (net of debt service, PILOT/ROW fee) increases by 2.7 percent, with the increase due primarily to projected compensation increases and projected inflationary increases in contractual services, utilities, and chemicals and supplies. Specific information regarding each department is included in Section VII.

Beginning in FY 2010, the ten year financial plan reflects the following major assumptions:

- One to three percent increase over approved FY 2009 levels in most expense categories, reflecting implementation of the Blue Plains and other departmental internal improvement programs.
  - Beginning in FY 2013, operating expenses are projected to increase by three percent, reflecting completion of the internal improvement programs.

- Three percent increase in water purchase costs, based on projected Washington Aqueduct budget trends.
- Payment in lieu of taxes (PILOT) to the District of Columbia increases at the same rate as WASA retail rate increases, in accordance with the memorandum of understanding with the District.
- The net right of way payment to the District of Columbia stays level at \$5.1 million through FY 2013 consistent with the memorandum of understanding with the District.

### ***Capital Financing Program, Cash Position, & Long-Term Debt***

The FY 2007 - 2016 financial plan funds total capital disbursements of \$3.1 billion. The financing of WASA's capital program comes from four primary sources, as more fully described below. The amount of EPA grant funding is defined by annual federal appropriations, while jurisdictional capital contributions are based on a fixed percentage of Blue Plains and other shared facilities. The remainder of the program is funded with WASA debt and pay-go financing from operations. The amount of pay-go financing is equal to the amount available after fully funding the six months' operating reserve and meeting Board policies on the level and timing of rate increases and debt service coverage.

During FY 1999, WASA developed a comprehensive financing plan with the dual goals of 1) securing the lowest cost of capital possible, and 2) maximizing administrative and operating flexibility. The plan includes the following components:

- *Utilize available pay-as-you-go financing to pay down higher cost, taxable U.S. Treasury notes for the Washington Aqueduct*  
Rather than permanently funding WASA's share of Aqueduct improvements with higher cost, taxable U.S. Treasury notes, WASA uses available pay-go funds, prepaying all outstanding Treasury notes, totaling \$59 million at the end of FY 2004.
- *Establish an interim financing program to finance construction* – In early FY 2002, WASA developed a \$100 million commercial paper program for this purpose which has been extremely successful. We expect that remaining Series 2007A proceeds will not be fully spent until the fourth quarter of FY 2008, when we will begin utilizing our commercial paper program again.
- *Issue permanent financing every twelve to 24 months to take out interim financing proceeds.*

Additional details on each financing source are described below.

	<b>FY2007 - 2016 PLAN</b>	<b>Percent</b>
	<b>TOTAL</b>	<b>of Total</b>
EPA Grants / CSO Appropriations	\$ 258,081,159	8.4%
Wholesale Capital Payments	851,878,854	27.8%
Revenue Bonds / Commercial Paper	1,877,017,802	61.3%
Pay-Go Financing	49,014,334	1.6%
Interest Income on Bond Proceeds	24,169,735	0.8%
<b>TOTAL SOURCES</b>	<b>\$ 3,060,161,884</b>	<b>100.0%</b>

This line item also includes an anticipated \$32.5 million reimbursement from the District related to planned costs to be incurred by WASA for facilities relocation tied to the stadium construction, as fully described in Section I.

1. **EPA Grants** - WASA currently receives 55 - 80 percent EPA grant funding for certain eligible projects under the Clean Water and Safe Drinking Water Acts. In general, the District of Columbia projects carried out by WASA are supported by approximately one percent of the available annual funding through revolving fund programs associated with the Clean Water and Safe Drinking Water Acts. In addition, WASA has received \$91 million in Congressional appropriations for the CSO LTCP.
2. **Wholesale Capital Payments** - Nearly 60 percent of the capacity of WASA's wastewater treatment facilities are contractually committed to provide wholesale service to suburban jurisdictions under various contracts. Montgomery and Prince George's Counties (through the Washington Suburban Sanitary Commission (WSSC)), Fairfax County, and the Loudoun County Sanitation Authority pay a proportionate share of capital-related costs equal to their share of contracted capacity at Blue Plains.
3. **Revenue Bonds/ Commercial Paper** – Debt issuance represents 61 percent of funding for the ten year capital program. A common ratio used by the rating agencies to measure leverage and debt burden is the ratio of debt to net fixed assets (plant). In FY 1999, WASA's debt to plant ratio was 36 percent, and, based on the current capital improvement program, is projected to increase to 60 percent through FY 2016. In addition, debt service as a percentage of total operating expenditures remains at or below 35 percent or less through the ten-year planning period, even with substantial new debt issuance projected during this period.
4. **Pay-Go (Internal) Financing** - The amount transferred from operations to the capital program each year is equal to the amount remaining in cash reserves after the six month operating and maintenance reserve and rate stabilization fund goals have been satisfied. Approximately two percent of total funding for the FY 2007 - 2016 plan is projected to come from pay-go financing, which strikes an appropriate balance between maintaining moderate debt levels and financing provided by current ratepayers. Pay-go funds will be used in a manner consistent with our financial policies: 1) to fund items with shorter useful lives where bond financing is less appropriate, such as capital equipment; and 2) to achieve the lowest cost of capital possible, including using pay-go funds to reduce higher cost debt.

### *FY 2008 & 2009 Debt Issuance Plans & Debt Service Assumptions*

WASA successfully issued \$218.5 million of tax exempt subordinate lien revenue bonds and \$59 million of taxable in June 2007. The tax exempt bonds were fixed rate, the taxable bonds were issued as auction rate securities which carry short-term variable rates. In FY 2007, the simple average interest rates on taxable bonds were 5.33 percent. As noted above, based on current capital spending projections, WASA projects that Series 2007A proceeds will last through the fourth quarter of FY 2008, after which the commercial paper program will be utilized. We expect that the next permanent financing, which we anticipate issuing as senior lien, fixed rate revenue bonds, will be issued in late spring / early summer 2009. We expect that the size of this bond issue will be in the \$300 million range, covering all of FY 2009 new money needs as well as the first 9 months of FY 2010 needs.

Our interest rate assumption on new bond issues in FY 2009 and beyond is 6.5 percent, in line with historical interest rate trends although substantially higher than current market conditions. On variable rate debt (i.e., the Series 2007A auction rate securities and commercial paper), the ten year plan assumes interest rates of four percent through the life of the plan, plus ongoing fiscal charges for broker-dealers, ratings, etc. This assumption is based on average short-term rates since 1981. For appropriations purposes, we have assumed higher interest rates on variable rate debt than in the ten-year plan in order to provide us with sufficient flexibility to address short-term peaks in interest rates, if required, without going through the Congressional approval process, which can be lengthy.

### ***Cash Position & Reserves***

Cash balances totaled \$253 million at the end of FY 2007. As described below, this includes \$68.5 million for rate stabilization and \$67.8 million for the special Congressional appropriation WASA received in FY 2003 through FY 2007 for the CSO LTCP, net of reimbursements to date. Over the next ten years, cash balances are projected to remain close to the Board-required reserve levels, with the operating and maintenance reserve totaling \$118.6 million in FY 2008 and growing to approximately \$146.1 million in FY 2016, based on projected growth in operations and maintenance expenses.

In FY 2004, the Board completed a review of its existing financing policies, reaffirming the core policies. Two modifications were made to the reserves policy: 1) Changing the timing of when WASA is required to meet its overall operations and maintenance reserve requirement from September 1 to an average daily balance basis, resulting in a more conservative calculation; and 2) revising the indenture-required renewal and replacement reserve requirement from two percent of original plant in service to \$35 million, with a requirement to revisit this reserve level every five years in conjunction with the indenture-required system assessment prepared by WASA's independent rate consultants.

WASA's base six month operating reserve includes the following components:

**PROJECTED FY 2008 YEAR-END CASH RESERVES (1)**  
(In 000's)

<b>BOARD-ADOPTED OPERATING RESERVE (180 Days O&amp;M)</b>	
60 Day Operating Reserve (Indenture-Required)	\$ 34,854
Renewal & Replacement Reserve (Indenture-Required)	35,000
District of Columbia General Obligation Reserve	404
Undesignated Reserve	<u>48,320</u>
<b>TOTAL OPERATING RESERVE</b>	<b>\$ 118,578</b>
Reserve for Rate Stabilization Fund	68,500
DC Insurance Reserve	<u>1,000</u>
<b>TOTAL OTHER RESERVES</b>	<b>\$ 69,500</b>
<b>TOTAL CASH RESERVES</b>	<b><u>\$ 188,078</u></b>

(1) Excludes special CSO LTCP funding & debt service reserve funds

*Indenture-Required Operating Reserve* - This reserve is required by WASA's bond indenture and is equivalent to two months' operations and maintenance expenses from the prior year, or approximately \$33.0 million in FY 2008 based on the revised FY 2007 budget (audited financial results will not be completed until December 2007.)

*Renewal & Replacement Reserve* - This reserve is funded at \$35.0 million based on the revisions approved by the Board to the financing policies in 2004. As noted above, the level of this reserve will be reviewed every five years by WASA's independent rate consultants in conjunction with the indenture-required assessment of the physical condition of the system.

*District of Columbia General Obligation Bond Reserve* - This reserve is required under WASA's memorandum of understanding with the District of Columbia regarding payment of District general obligation bonds that WASA is responsible for. This reserve is equal to ten percent of the subsequent fiscal year's debt service, or \$0.5 million in September 2008.

*Undesignated Reserve* - After allocating portions of the 180 day operating and maintenance reserve to the reserves listed above, the amount that remains (approximately \$42.6 million projected for FY 2008) is WASA's undesignated reserve, and is available for other contingencies.

WASA has other reserves that are available to it in very specific circumstances:

*Rate Stabilization Fund* - Consistent with the Board's financial policies and as envisioned in the bond indenture, this fund is to be established to mitigate large annual rate increases. At the end of FY 2007, the balance in this fund totaled \$68.5 million. Future deposits to the rate stabilization fund will be determined annually based on financial performance in that fiscal year and updated ten-year capital and operating forecasts.

*Debt Service Reserve Funds* - The supplemental bond indenture associated with each bond issue require WASA to maintain a debt service reserve fund for its Series 1998 senior lien bonds and its Series 2003 and 2004 subordinated lien revenue bonds. The Series 1998 and Series 2004 reserves were funded with bond proceeds; the Series 2003 reserve was funded through the purchase of a surety bond. This reserve which is in addition to the 180 day operating and maintenance reserve, is held by WASA's trustee and can only be used in the event that net revenues are insufficient to meet the next debt service payment. WASA earns interest on this reserve that is included in other operating revenue and is used to offset annual debt service payments. (The amount of interest earnings that WASA can retain on the debt service reserve fund is limited by federal arbitrage restrictions.)

### ***Long-Term Operational & Financial Issues***

Over the next ten years, WASA faces a number of significant operational and related financial issues that will impact future financial plans:

***Combined Sewer Overflow Long-Term Control Plan*** – As described earlier in this document, the approval of this twenty-year, \$1.9 billion plan marks a significant milestone for WASA and the District. While the retail rate impact in the early years of the plan is

mitigated by a somewhat back-loaded schedule, if no additional federal assistance is secured, the long-term impact on retail rates will be substantial.

**Chesapeake Bay Initiative and new NPDES permit** – The 1987 Chesapeake Bay Agreement called for a 40 percent voluntary nitrogen reduction by its signatories by year 2000. The District of Columbia was the first signatory in the region to meet this voluntary commitment due to significant improvements by DCWASA at Blue Plains. The EPA Chesapeake Bay Program continued to set new nutrient limits for all jurisdictions and began to make these limits mandatory instead of voluntary by including these requirements in NPDES permits. A modification to Blue Plains' NPDES Permit, which became effective on June 4, 2007, included a requirement to operate the wastewater treatment plant to meet a total nitrogen effluent limit of not more than 4,689,000 pounds per year. At an average annual flow of 370 mgd, this is equivalent to 4.2 mg/l. In the fact sheet developed by EPA related to the permit modification, EPA concedes that "the Blue Plains facility is not currently designed to achieve the limit on a consistent basis. In order to do so, it is anticipated that new and/or retrofitted treatment technologies must be installed at the Blue Plains facility. Therefore, EPA intends to establish a schedule for compliance with the nitrogen limit in a separate enforceable document". DCWASA is currently in negotiations with EPA to modify the current CSO consent decree; one of the modifications would be to include the schedule for compliance with the nitrogen limit.

DCWASA developed a BTN program to incorporate the requirements of the Chesapeake Bay Program and the Long Term Control Plan in a coordinated approach. This plan was reviewed by EPA and presented to the public and received favorably by all due to the water quality benefits of the proposed plan. The estimated cost, of this program is \$950 million in 2007 dollars.

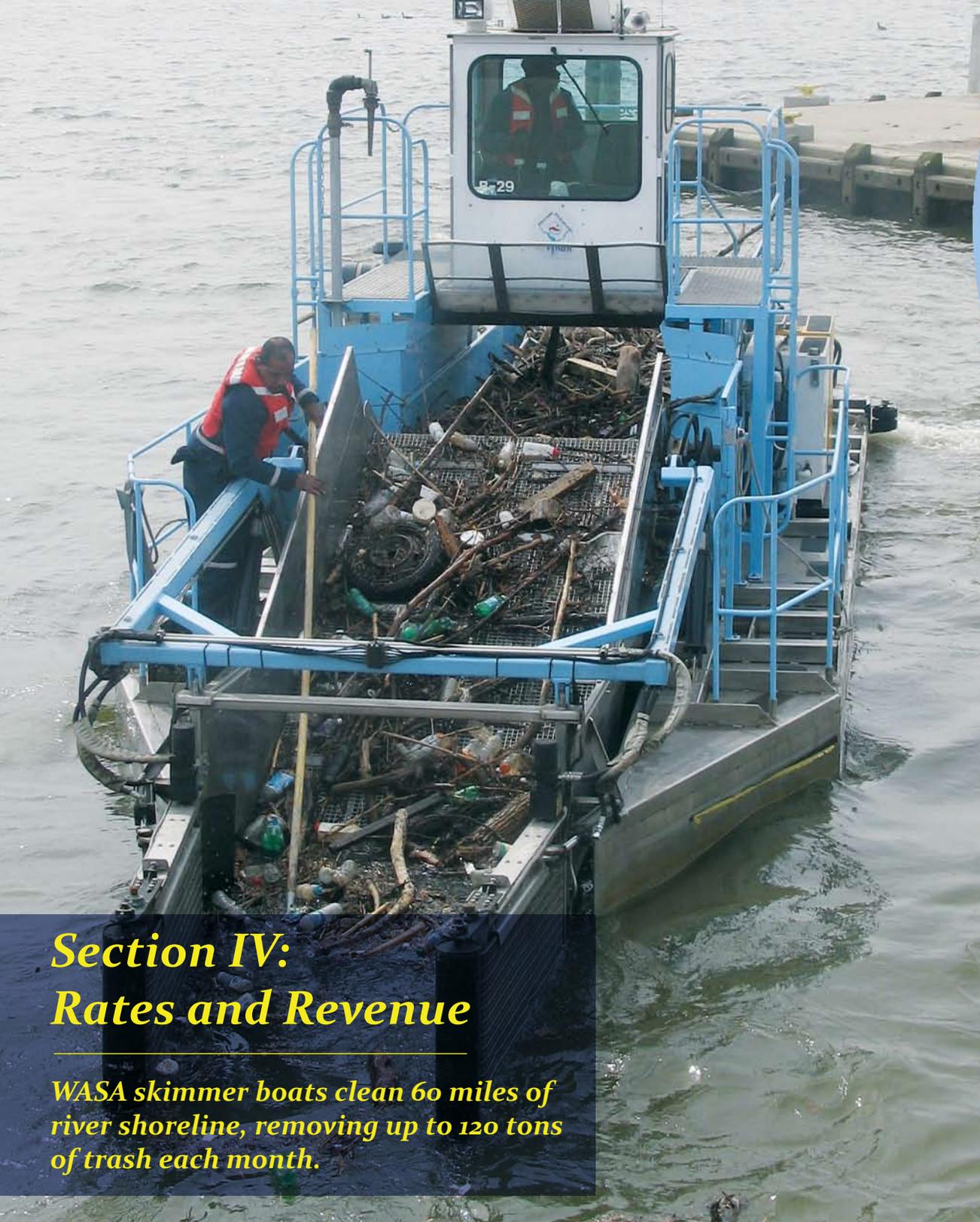
**Other Issues** – WASA faces a number of other regulatory issues that could result in significant new capital and operating costs, such as additional nutrient removal requirements as part of the Chesapeake Bay Program. These issues, which are described in more detail in Section 1 of this document, will be closely monitored by WASA over the next year and included in future years' plans, as appropriate.

## **Results**

WASA's adherence to the Board's financial and rate-setting policies by implementing prior ten year plans has been one of the key reasons for WASA's financial success. The consistent support for and implementation of the plan has been commended and acknowledged by the capital markets and broader financial community, as evidenced by WASA's bond ratings of Aa3 / AA- / AA-.

Continued adherence to Board policies and the proposed ten year plan will provide the financial resources to meet our ongoing commitment to 1) provide world-class service to our customers and 2) meet our regulatory and environmental obligations. An essential component of meeting these goals is fully funding the capital program, which the ten year plan accomplishes. Continuing

implementation of the plan and its underlying policies will result in maintenance of WASA's already strong bond ratings, producing continuing reductions in WASA's cost of capital which will be passed on to WASA's customers.



# Revised FY 2008 and Approved FY 2009 Operating Budget

## Section IV

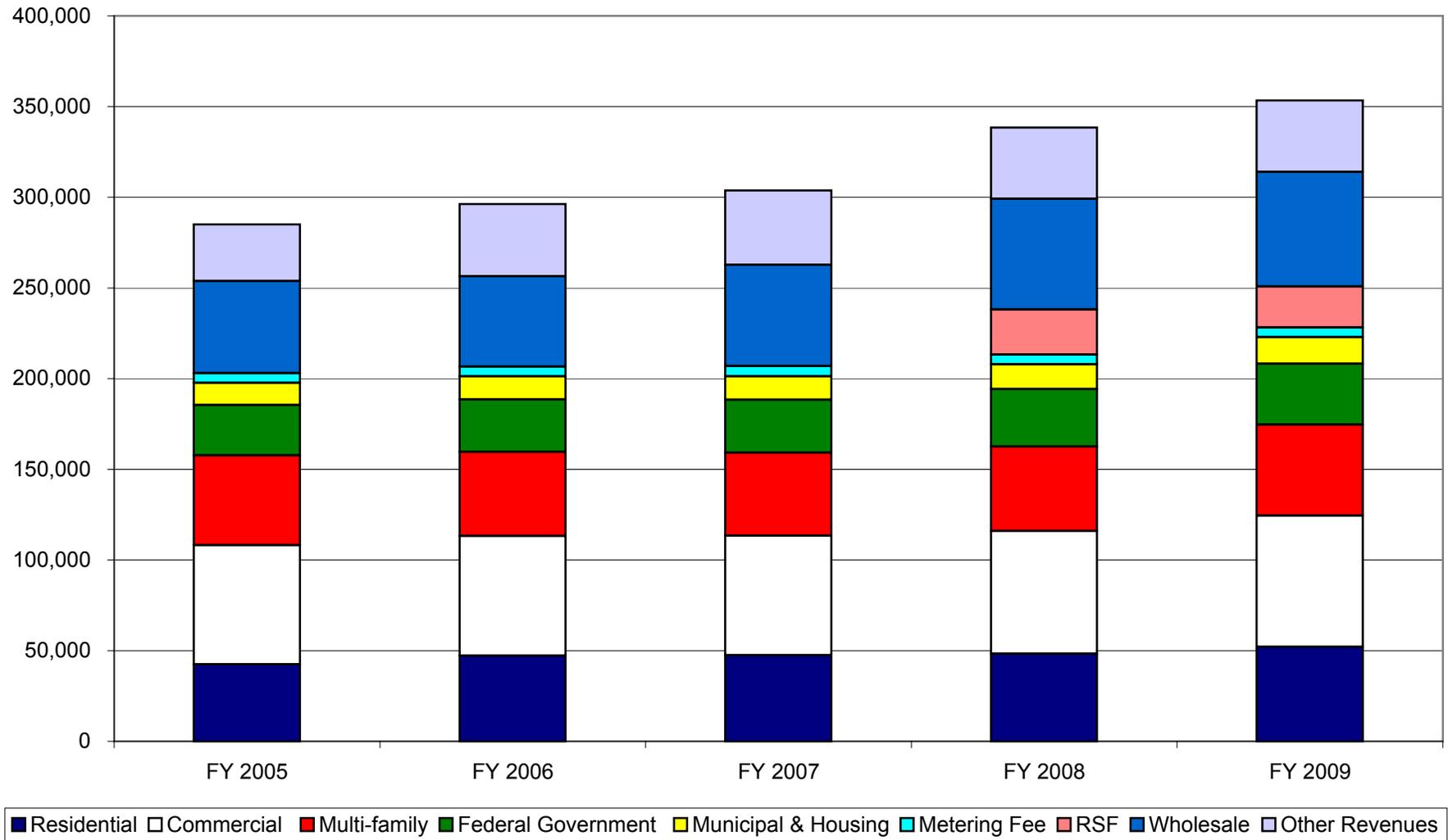


District of Columbia  
Water and Sewer Authority

### *Section IV: Rates and Revenue*

*WASA skimmer boats clean 60 miles of river shoreline, removing up to 120 tons of trash each month.*

## Historical & Projected Cash Receipts (\$000's)



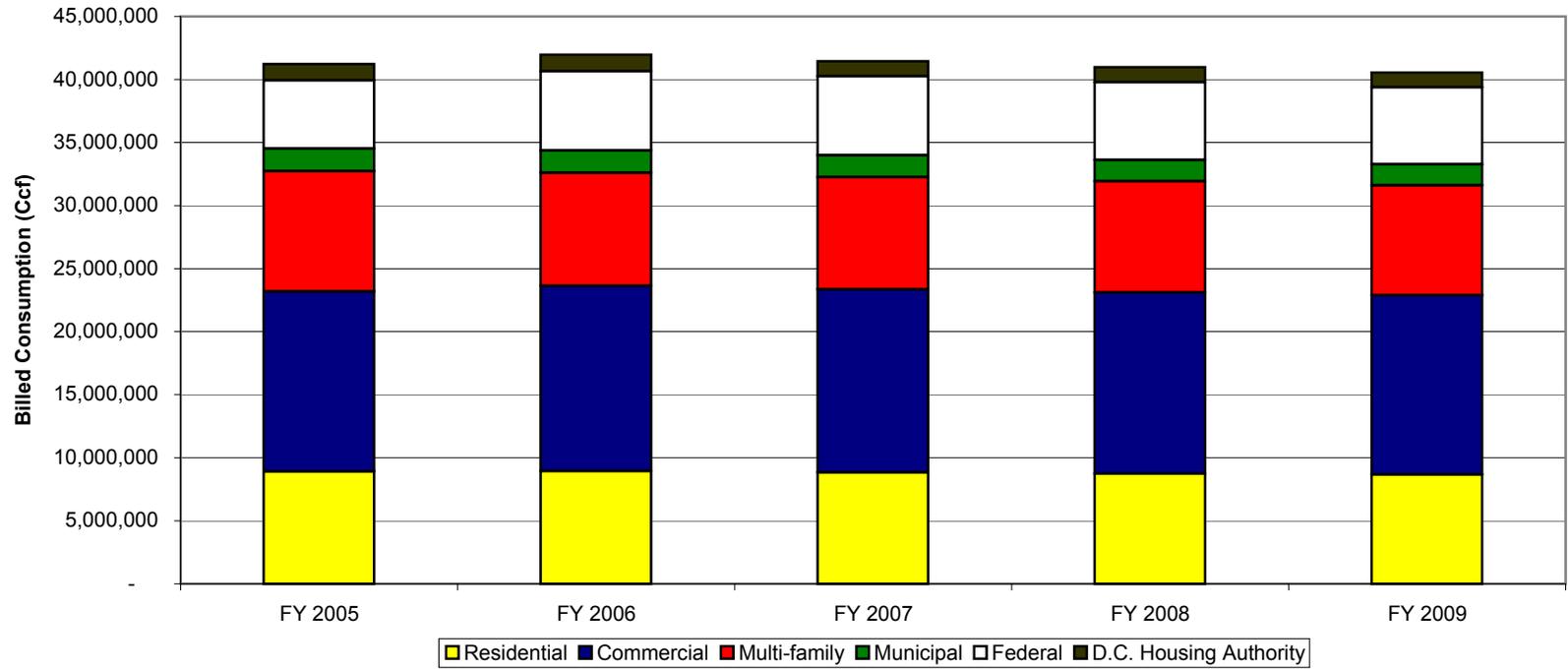
## Historical & Projected Operating Cash Receipts

(\$ 000's)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
	Actual	Actual	Actual	Revised	Approved
Residential	42,424	47,255	47,550	48,404	52,065
Commercial	65,822	65,938	65,851	67,570	72,354
Multi-family	49,494	46,341	45,747	46,682	50,290
<b>Sub-Total Residential, Commercial and Multi-family</b>	<b>157,740</b>	<b>159,535</b>	<b>159,147</b>	<b>162,655</b>	<b>174,709</b>
Federal Government (1)	27,782	28,966	29,193	31,634	33,478
District Government	6,367	6,653	6,869	7,298	7,839
D.C. Housing Authority	5,869	6,172	6,090	6,369	6,841
Transfer from Rate Stabilization Fund			-	24,900	22,600
Metering Fee	5,220	5,316	5,633	5,300	5,300
<b>Total Retail</b>	<b>202,979</b>	<b>206,642</b>	<b>206,932</b>	<b>238,156</b>	<b>250,767</b>
IMA Wastewater Charges	46,695	44,686	50,851	55,589	57,639
Potomac Interceptor Wastewater Charges	4,182	5,009	4,893	5,382	5,571
<b>Total Wholesale</b>	<b>50,878</b>	<b>49,695</b>	<b>55,745</b>	<b>60,972</b>	<b>63,210</b>
District Stormwater Revenue (2)	1,338	957	1,028	500	515
Misc. Rev. (e.g. water tap installation, fire hydrant usage, etc.)	8,983	13,338	10,315	12,951	11,851
Washington Aqueduct Debt Service Revenue for Falls Church & Arlington	1,795	1,563	787	550	477
Interest Income (including interest on Bond Debt Service Reserve Fund)	4,615	8,053	12,195	7,072	7,269
PILOT Fee	9,387	10,891	11,639	13,097	14,210
Right of Way	5,100	5,100	5,100	5,100	5,100
<b>Total Other</b>	<b>31,218</b>	<b>39,902</b>	<b>41,064</b>	<b>39,270</b>	<b>39,422</b>
<b>Total Operating Cash Receipts</b>	<b>285,075</b>	<b>296,238</b>	<b>303,740</b>	<b>338,398</b>	<b>353,399</b>

- (1) Historical actuals are presented on revenue basis. Projected amounts shown are billed revenues. Actual Federal receipts are a combination of current year projected revenues and prior year adjustments, which are presented as reserve items. See Section III for further explanation.
- (2) Reflects District stormwater fee revenue that will fund WASA's share of District stormwater permit compliance activities, and will not be funded through WASA's retail rates or other WASA revenue sources. See Section III for further explanation.

### Historical and Projected Billed Consumption (Ccf)



### Historical and Projected Billed Consumption (Ccf)<sup>3</sup>

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Projected	FY 2009 Projected
Residential	8,918,802	8,935,593	8,842,249	8,754,000	8,666,000
Commercial (1)	14,258,259	14,686,760	14,504,310	14,359,000	14,215,000
Multi-family	9,546,442	8,990,353	8,900,824	8,812,000	8,724,000
Municipal (2)	1,797,421	1,749,714	1,754,828	1,683,000	1,666,000
Federal	5,403,769	6,290,737	6,241,415	6,179,000	6,117,000
D.C. Housing Authority	<u>1,286,444</u>	<u>1,311,268</u>	<u>1,198,440</u>	<u>1,186,000</u>	<u>1,174,000</u>
<b>Total Retail</b>	<b>41,211,137</b>	<b>41,964,425</b>	<b>41,442,066</b>	<b>40,973,000</b>	<b>40,562,000</b>

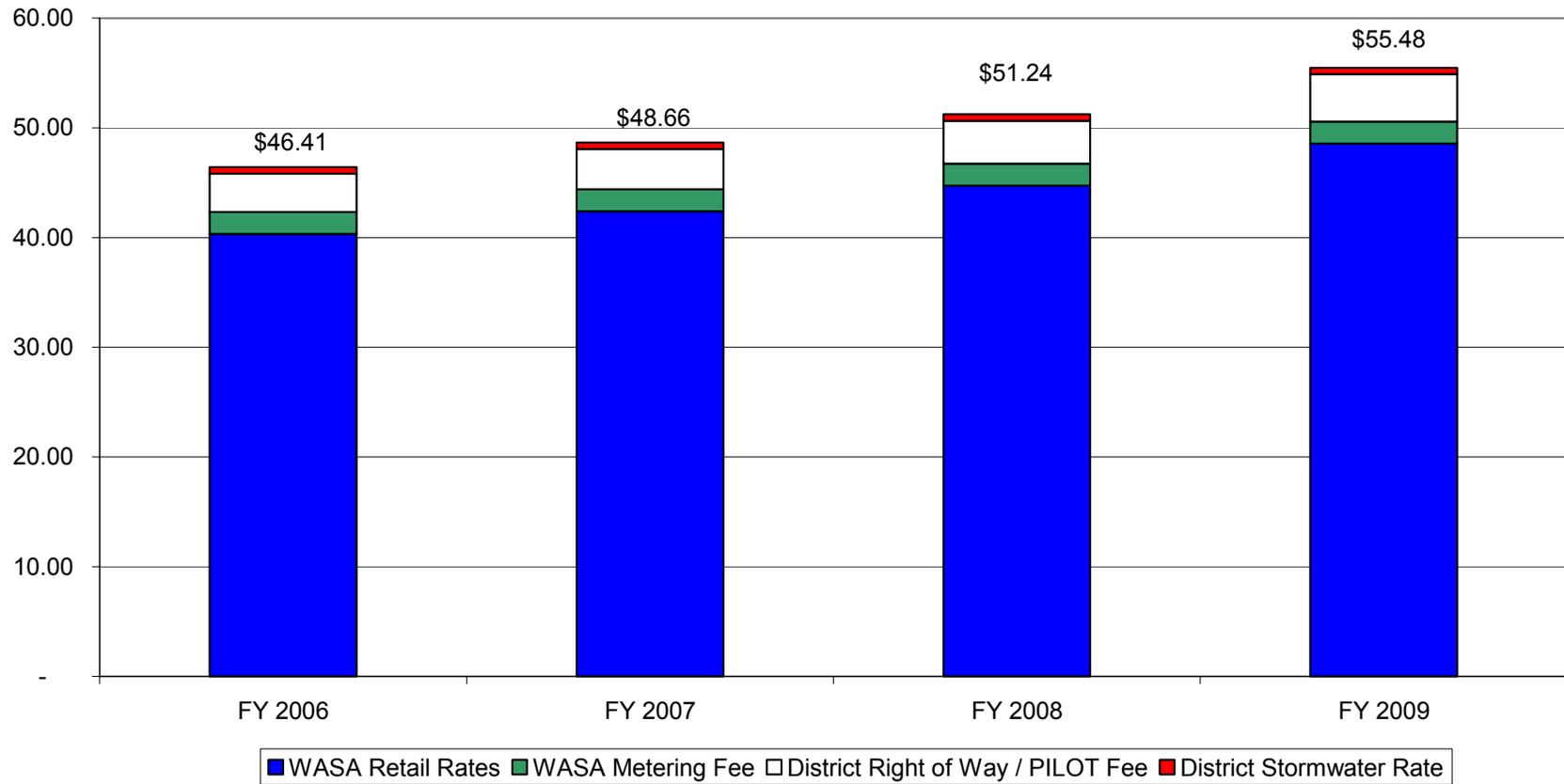
(1) Reflects consumption at Commercial facilities and selected facilities at Howard University and Soldiers' Home.

(2) Reflects consumption at District of Columbia Government facilities and WASA facilities

(3) Ccf - hundred cubic feet or 748 gallons

# RECENT & PROPOSED RATE & FEE CHANGES

## AVERAGE RESIDENTIAL MONTHLY BILL FY 2006 – FY 2009



## **RECENT & PROPOSED RATE & FEE CHANGES, cont.**

	FY 2006	FY 2007	FY 2008	FY 2009
WASA Retail Rates (1)	40.32	42.40	44.73.	48.56
WASA Metering Fee	2.01	2.01	2.01	2.01
<b>Subtotal WASA Rates &amp; Charges</b>	<b>\$ 42.33</b>	<b>\$ 44.41</b>	<b>\$ 46.74</b>	<b>\$ 50.57</b>
Increase / Decrease	\$ 2.08	\$ 2.08	\$ 2.33	\$ 3.83
District of Columbia PILOT Fee (1)	\$ 2.42	\$ 2.59	\$ 2.84	\$ 3.17
District of Columbia Right of Way Fee (1)	\$ 1.08	\$ 1.08	\$ 1.08	\$ 1.08
District of Columbia Stormwater Fee	0.58	0.58	0.58	0.58
<b>Subtotal District of Columbia Charges</b>	<b>\$ 4.08</b>	<b>\$ 4.25</b>	<b>\$ 4.50</b>	<b>\$ 4.91</b>
Total Amount Appearing on WASA Bill	\$ 46.41	\$ 48.66	\$ 51.24	\$ 55.48
Increase / Decrease Over Prior Year	\$ 2.58	\$ 2.25	\$ 2.58	\$ 4.24
<b>Percent Increase in Total Bill</b>	<b>5.9%</b>	<b>4.8%</b>	<b>5.3%</b>	<b>8.3%</b>

(1) Assumes average monthly consumption of 8.33 Ccf, or 6,231 gallons.

## ***RECENT & PROPOSED RATE & FEE CHANGES, cont.***

### **FY 2008 RATE & FEE CHANGES**

Effective Oct., 2007, the Board increased rates and fees as follows:

- *Water & sewer consumption rate increase of 5.5 percent.*
- *Right of way and PILOT fee* – This fee increased to recover the full cost of the combined right of way and PILOT fee charged to WASA by the District of Columbia.

These changes increased the typical residential customer's monthly bill by \$2.58, or 5.3 percent.

### **APPROVED FY 2009 RATE & FEE CHANGES**

The FY 2009 budget and ten-year plan include the following proposed changes:

- *Water & sewer consumption rate increase of 8.5 percent*
- *Right of Way and PILOT fee increase of 10.6 percent* to recover the full cost of this District fee

The public comment process will occur over the next eight months. If approved, these changes will increase the typical residential customer's monthly bill by \$4.24, or 8.3 percent.

### **COST OF SERVICE STUDY & CSO COST RECOVERY**

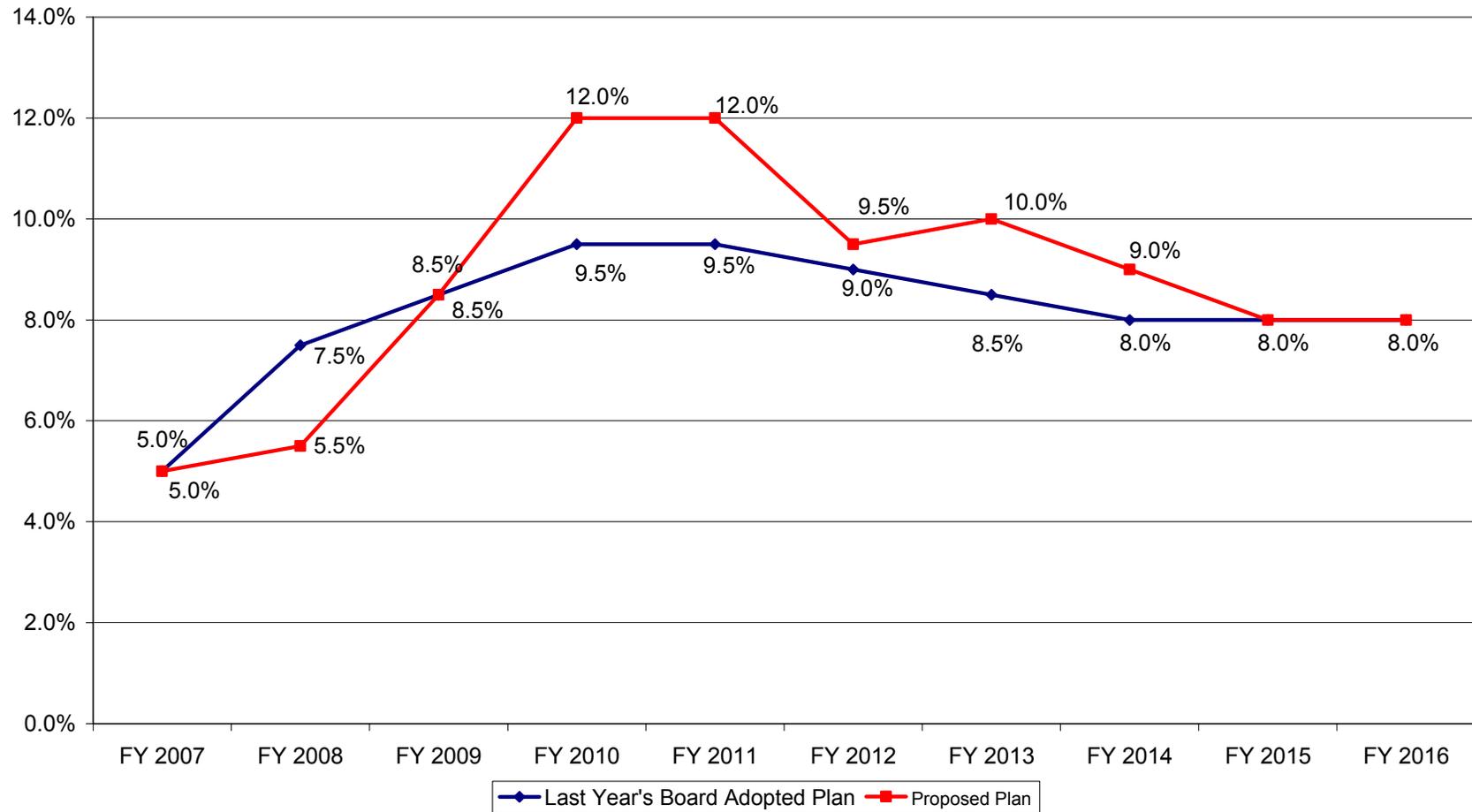
In FY 2006, WASA commissioned its independent rate consultants to conduct a cost of service study. Study conclusions were:

- Confirmation of the revenue sufficiency of existing and proposed rates
- Recommendation to keep the existing rate structure
- Recommendation to recover all customer services costs through an increased metering fee

In FY 2007 the Retail Rates Committee endorsed the concept of an impervious rate structure for CSO cost recovery with scheduled implementation in FY 2009.

# FY 2007 – FY 2016 FINANCIAL PLAN PROJECTED RETAIL RATE & FEE CHANGES

## FY 2007 – FY 2016 PROJECTED RATE INCREASES



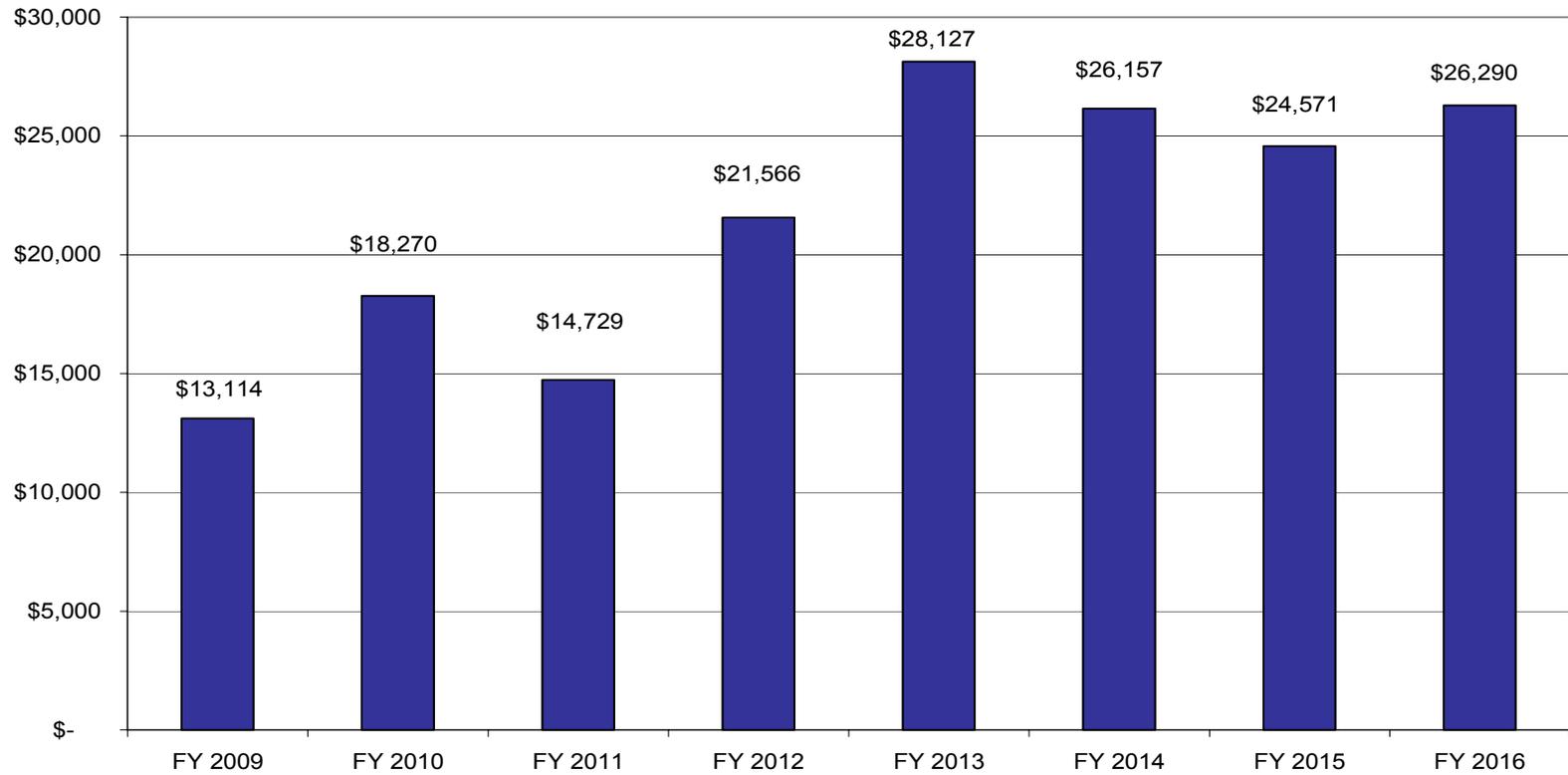
## ***FY 2007 – FY 2016 FINANCIAL PLAN PROJECTED RETAIL RATE & FEE CHANGES***

### **FY 2007 – FY 2016 PROJECTED RATE INCREASES, cont.**

- The ten year projected rate increases under this year's plan total 87.5 percent; driven primarily by capital spending for WASA's \$3.1 billion capital improvement program which includes: initial phases of the CSO Long Term Control Plan, newly proposed Blue Plains Total Nitrogen Program (BTN), lead service replacement program, fire hydrant upgrade program, digesters and continued compliance with Board policies on debt service coverage and reserve levels.
  - If all projected rate increases are implemented as planned, the average residential customer's bill will increase from \$51.24 in FY 2008 to \$100.21 in FY 2016
- The CIP includes the first ten years of the Board approved, twenty-year CSO Long-Term Control Plan (see the following pages and Sections I and III for more details). If additional outside funding is secured, rate increases could be lower in the later years of the ten-year plan.

**FY 2007 – FY 2016 FINANCIAL PLAN  
PROJECTED RETAIL RATE & FEE CHANGES, cont.**

**Incremental Increase In Revenues <sup>(1)</sup>  
FY 2009 – FY 2016  
(In \$000's)**



(1) Includes transfers in from the Rate Stabilization Fund.

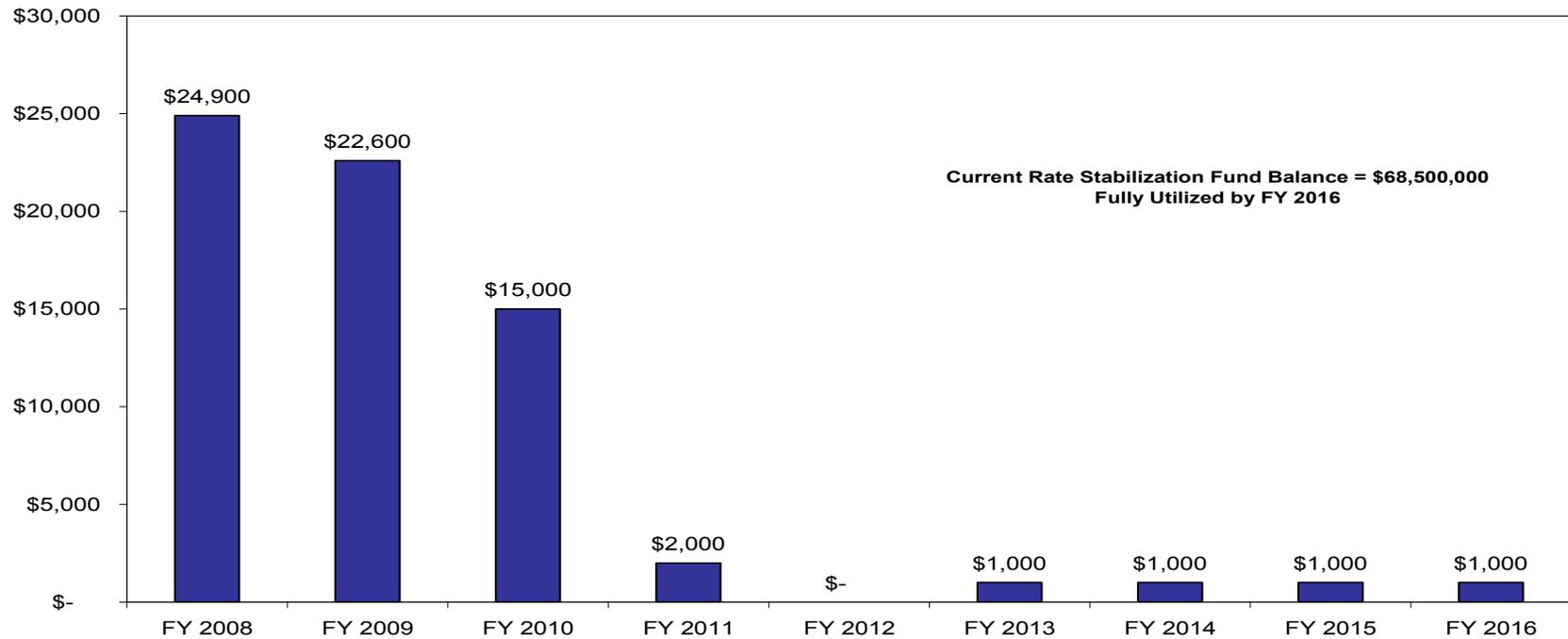
## ***FY 2007 – FY 2016 FINANCIAL PLAN***

### ***PROJECTED RETAIL RATE & FEE CHANGES, cont.***

- As shown in the chart above, incremental increases in revenues are projected to range from \$13 million to \$28 million in FY 2009 – FY 2016, due to:
  - Proposed rate increases ranging from 8 percent to 12 percent.

**FY 2007 – FY 2016 FINANCIAL PLAN  
PROJECTED RETAIL RATE & FEE CHANGES, cont.**

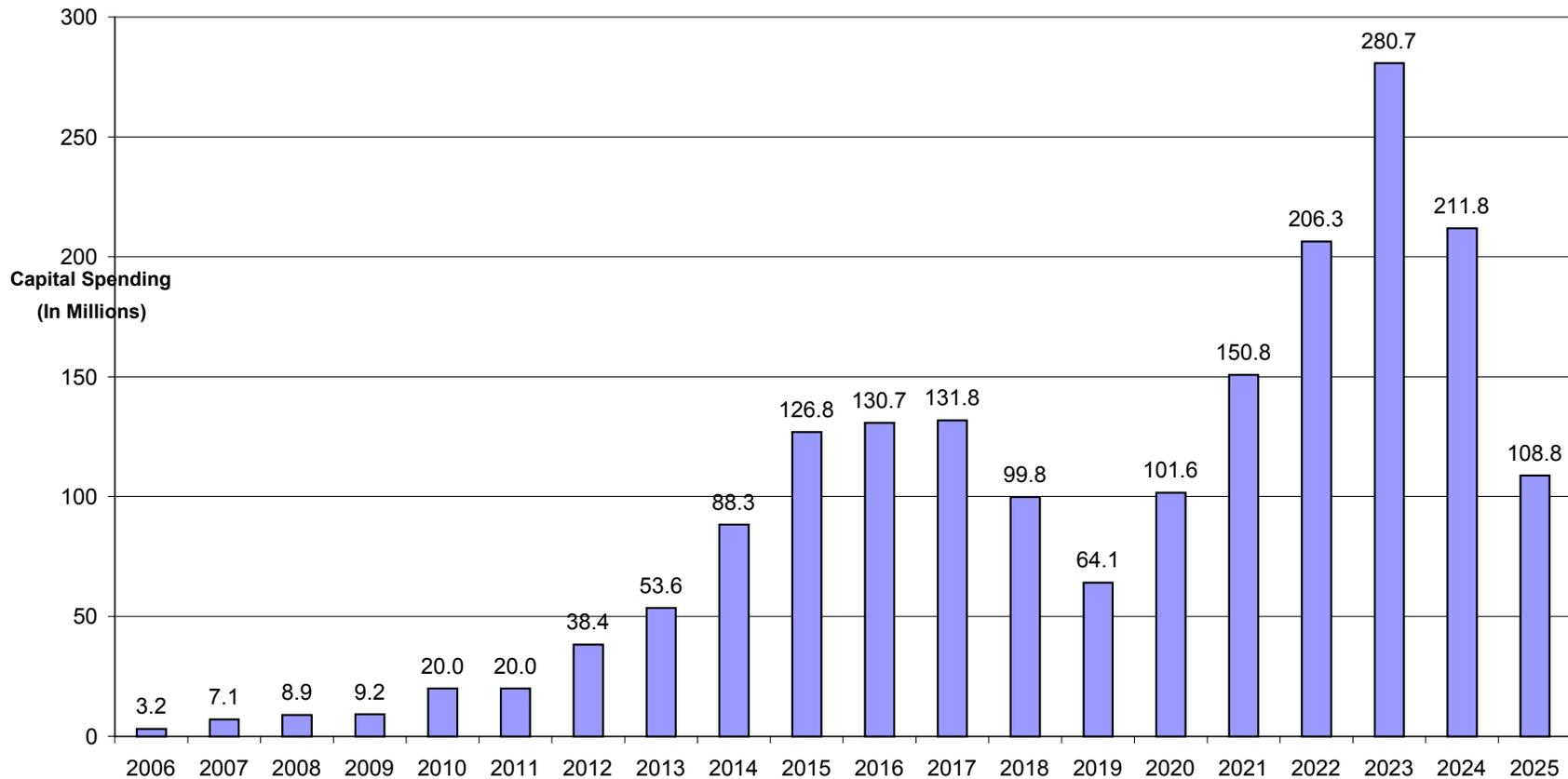
**RATE STABILIZATION USAGE  
FY 2008 – FY 2016  
(In \$000's)**



- At the end of FY 2007, WASA's rate stabilization fund balance was \$68.5 million. It will be fully utilized by FY 2016, as shown in the chart above.

## POTENTIAL IMPACT OF CSO LONG-TERM CONTROL PLAN ON RATES

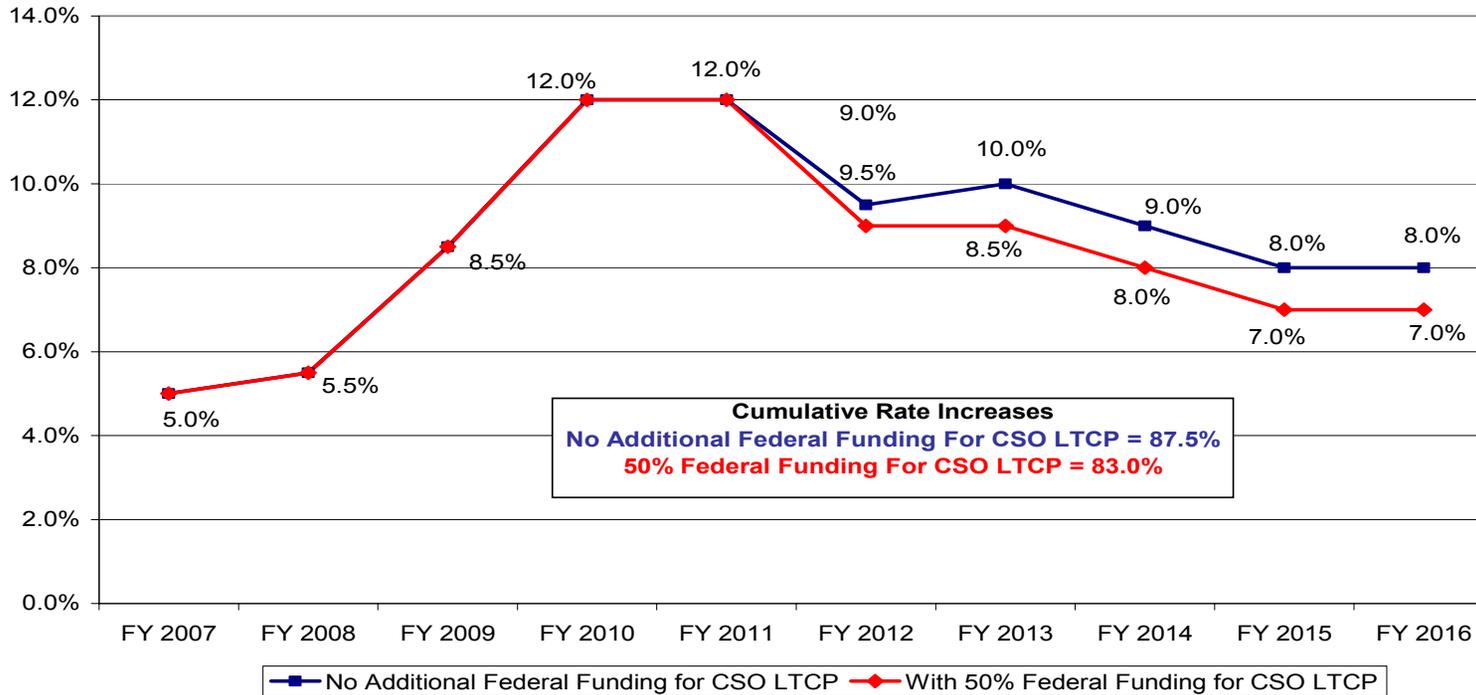
**CSO LTCP Capital Spending  
By Fiscal Year (Excludes NMC Projects)**



In December 2004, the Board reached agreement with the federal government on the CSO Long-Term Control Plan (LTCP) and entered into a related consent decree. Capital costs for this twenty-year plan total approximately \$2.2 billion with inflation. Spending in the early years of the plan is significantly less than the latter years, allowing for a gradual rate increase implementation schedule. Projected spending by fiscal year is shown in the chart above.

## POTENTIAL IMPACT OF CSO LONG-TERM CONTROL PLAN ON LONG-TERM RATES, cont

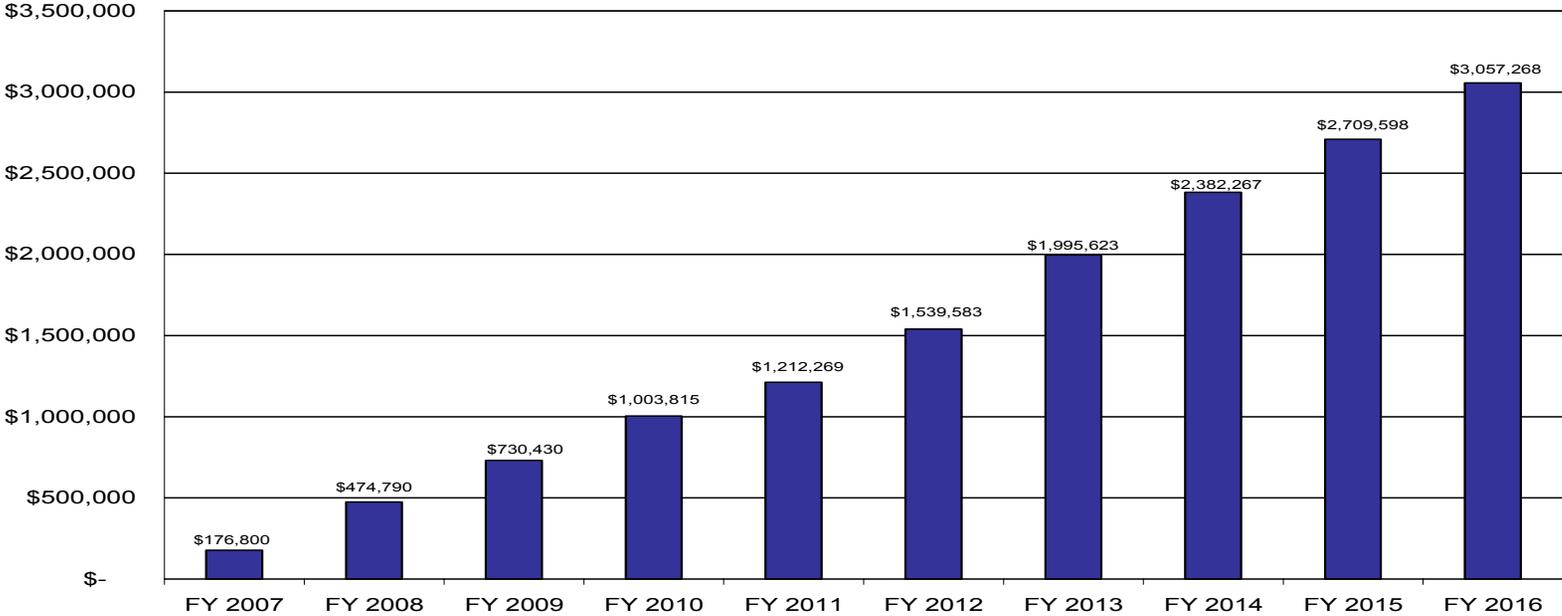
**RETAIL RATES PROJECTION  
WITH AND WITHOUT ADDITIONAL FUNDING FOR THE CSO LTP**



- Because projected spending under the CSO LTCP is somewhat back loaded, the near-term impact on rates is mitigated.
- Additionally, if significant federal assistance were provided, rate increases would be lower, as shown in the chart above.

# WHY RATE INCREASES ARE NEEDED

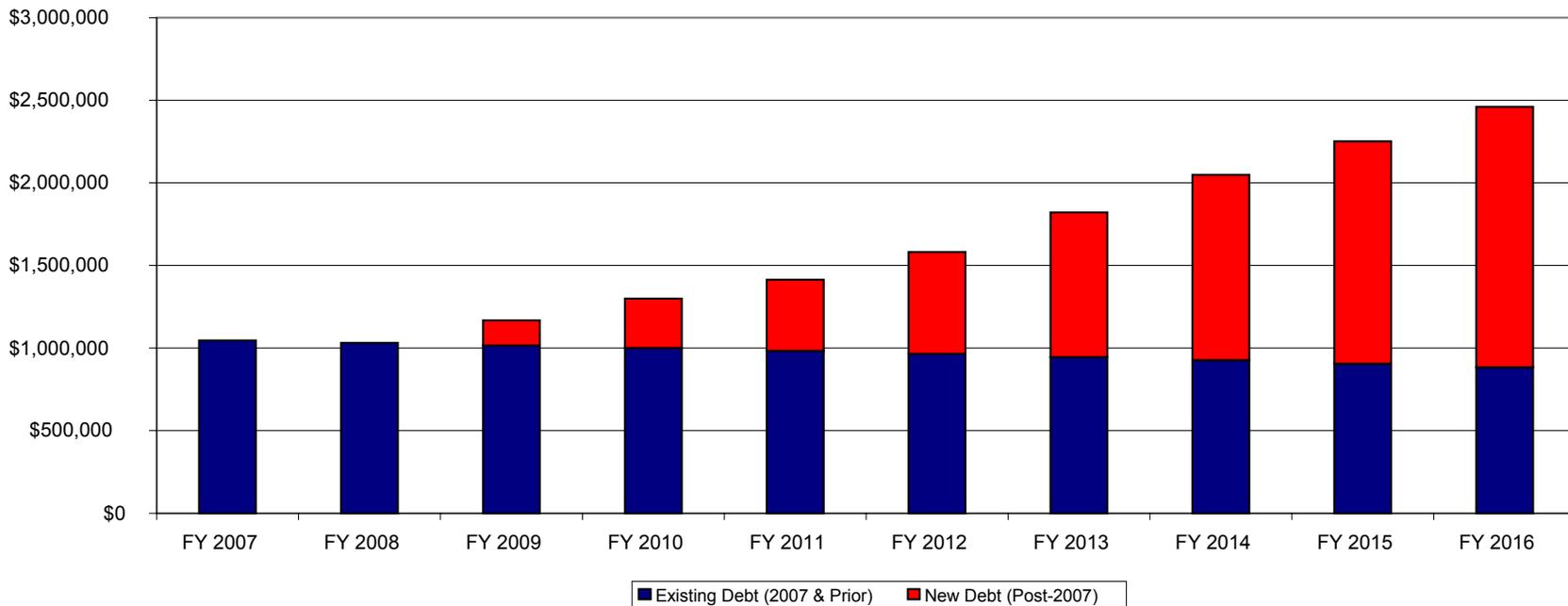
## CUMULATIVE CAPITAL SPENDING FY 2007 – FY 2016 (In \$000's)



- WASA’s ten-year capital improvement program totals \$3.1 billion, with annual spending ranging from \$177 million to \$456 million.
- Once completed, the ten-year capital improvement programs will double the book value of WASA’s infrastructure.
- The ten-year plan includes the first ten years of the Board-approved twenty-year CSO LTCP, totaling \$502 million. The balance of the CSO LTCP, totaling \$1.4 billion including inflation, falls in the years beyond the current ten-year planning period.

**WHY RATE INCREASES ARE NEEDED, cont.**

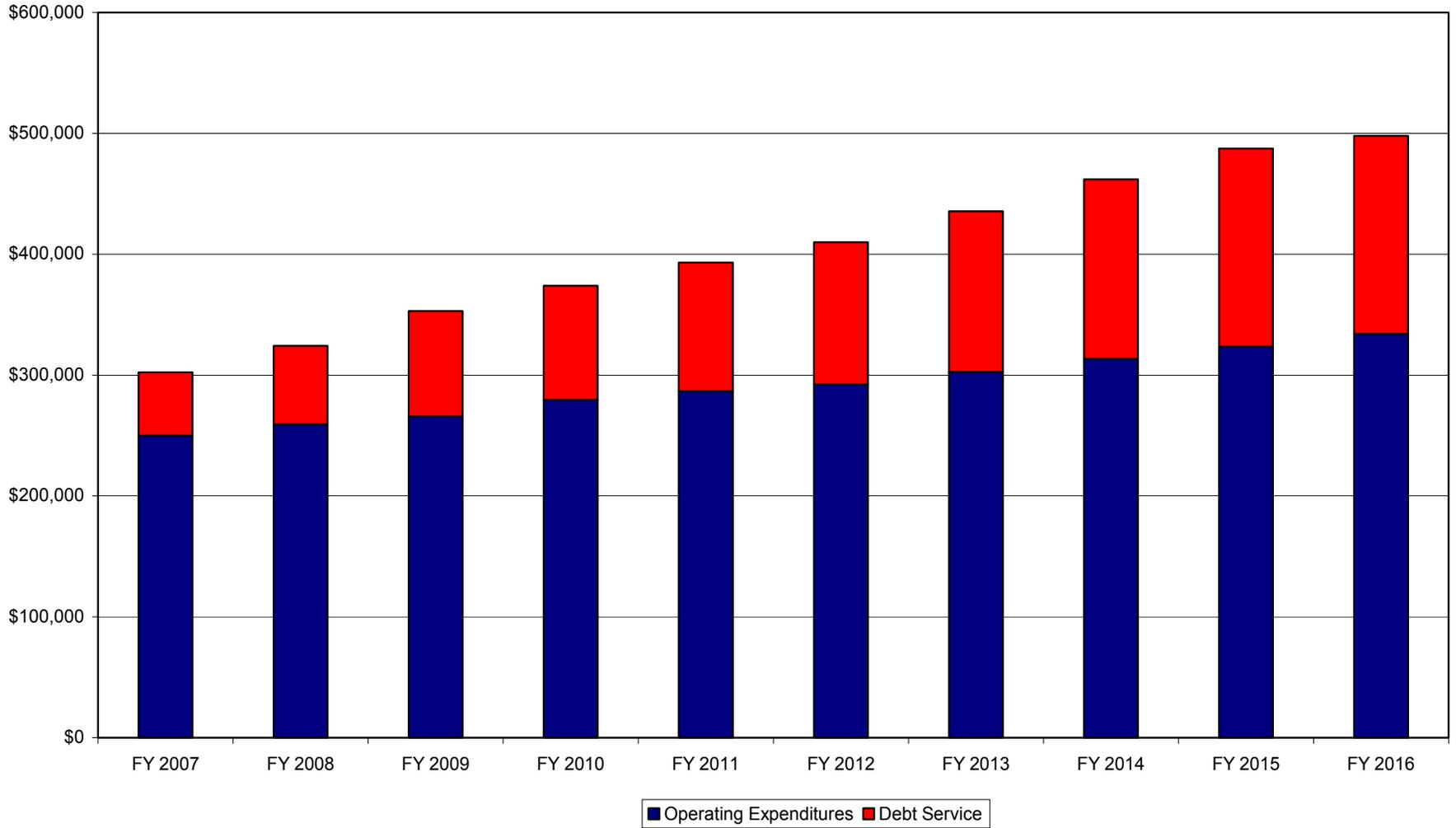
**NEW & EXISTING DEBT OUTSTANDING  
FY 2007 – FY 2016  
(In \$000's)**



- The largest source of funding for WASA’s capital program is debt.
- Over the next ten years, WASA will issue approximately \$1.6 billion in new debt (which includes the funding of reserves and costs of issuance), increasing total debt outstanding from \$1.05 billion at the end of FY 2007 to almost \$2.5 billion at the end of FY 2016.

**WHY RATE INCREASES ARE NEEDED, cont.**

**OPERATING & DEBT SERVICE EXPENDITURES  
FY 2007 – FY 2016  
(In \$000's)**



**WHY RATE INCREASES ARE NEEDED, cont.**

**OPERATING & DEBT SERVICE EXPENDITURES  
FY 2007 – FY 2016**

Over the ten-year period, total expenditures increase on average by 6.2 percent annually.

***WASA'S proposed rate increases are primarily required to fund increasing debt service costs.***

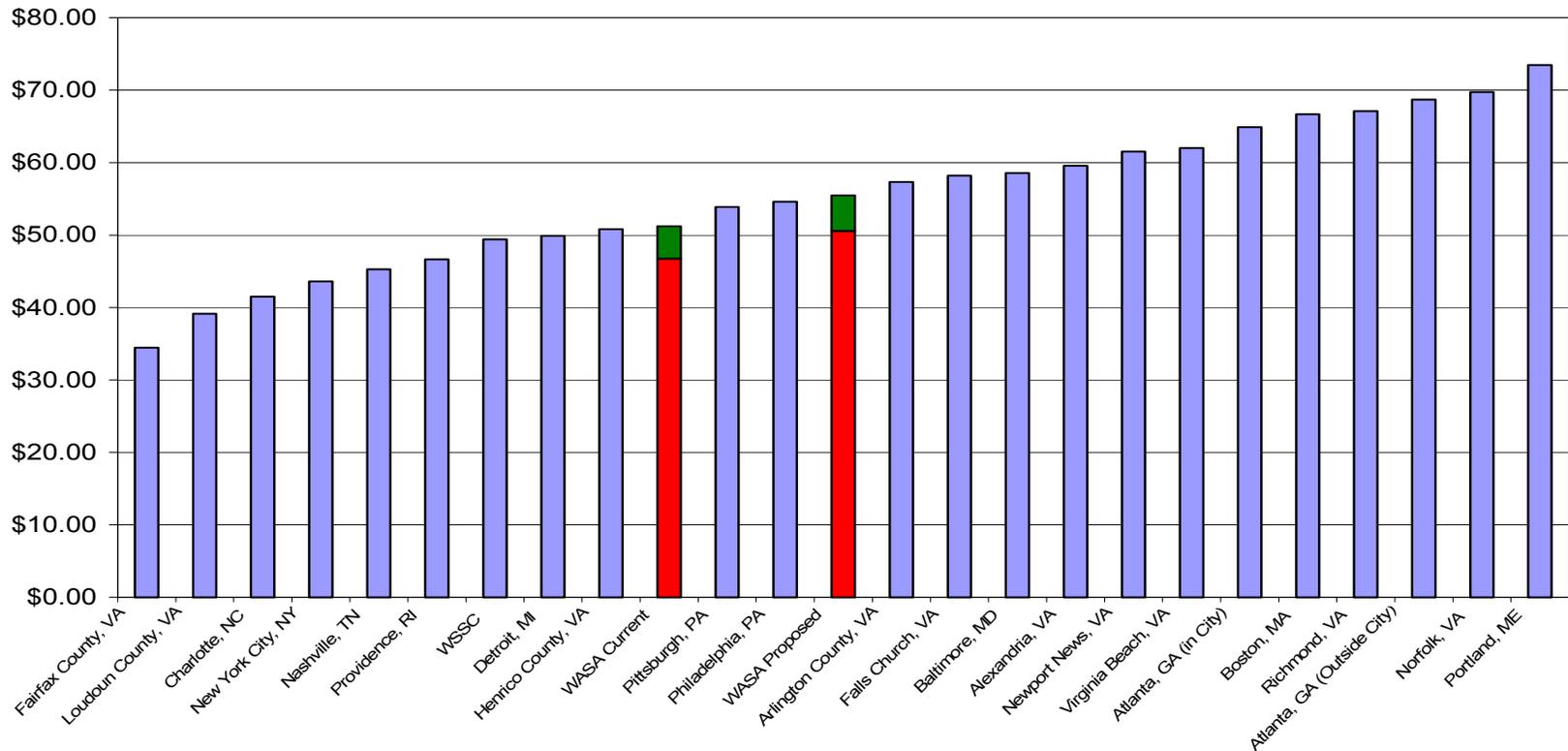
- Operations and maintenance expenditures (excluding the payment in lieu of taxes and right of way fee) increase on average by only 3.9 percent annually.
- Debt service expenditures grow at an annual average rate of 13.9 percent.

This year's ten-year financial plan reflects WASA's revenue enhancement and cost-saving initiatives that are already underway:

- Increased revenues as the AMR program is almost completed
- Internal Improvement Program savings

## WASA'S RETAIL RATES ARE COMPARABLE TO OTHER UTILITIES

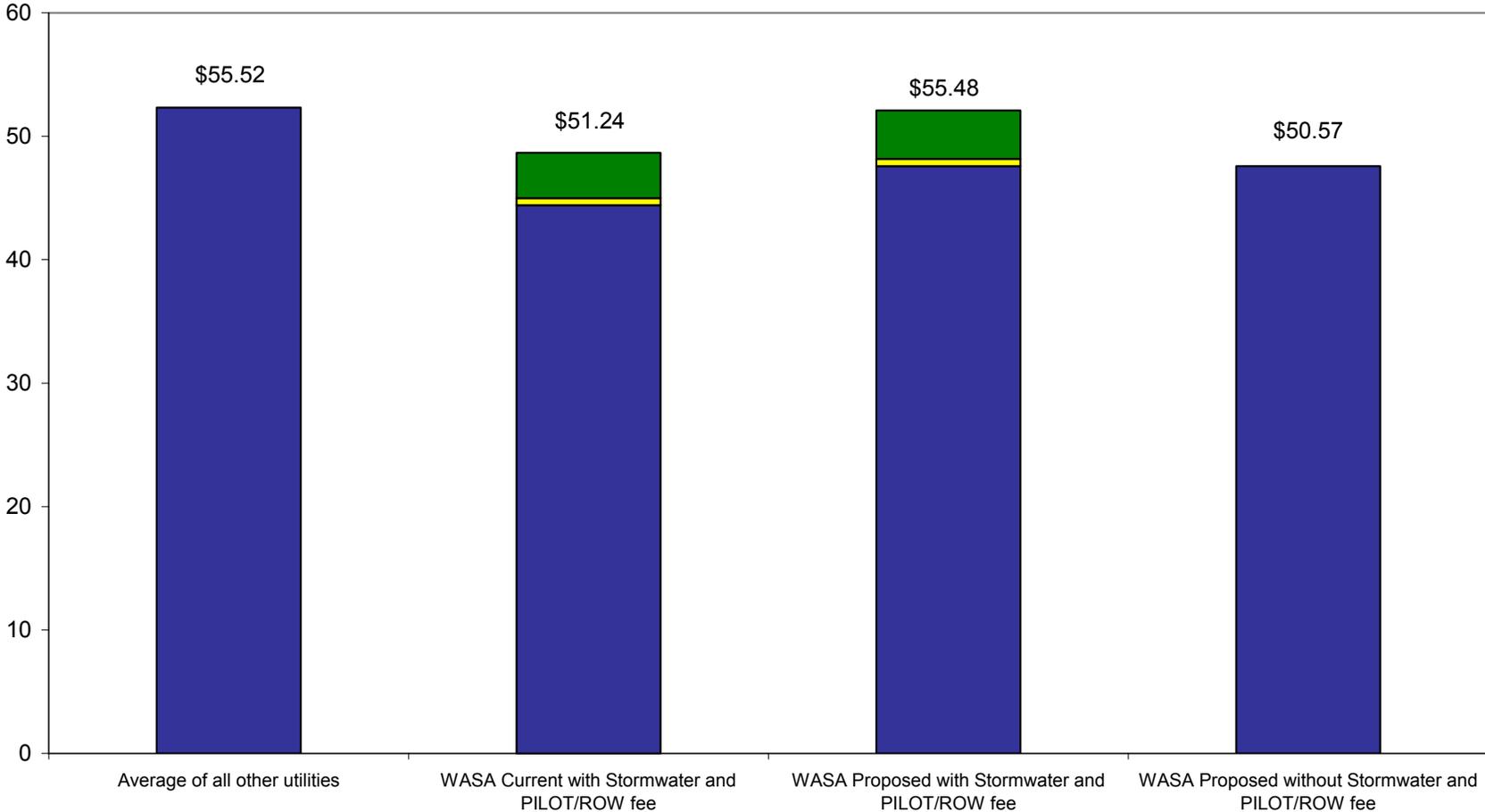
**Average Monthly Residential Bill Comparison  
(Based on Fall 2007 rates)**



- (1) Assumes average residential consumption of 8.33 Ccf, or 6,231 gallons, per month. Ccf = hundred cubic feet, or 748 gallons.
- (2) Reflects WASA's proposed rate and fee changes in FY 2009 while other utilities' rates are as of summer / fall 2007. However, during this period, it is anticipated that many utilities will take rate actions. The green area indicates the pass-through of the District's right of way / PILOT fee, totaling \$4.33 per month (projected FY 2009) and the residential stormwater rate of \$0.58 per month.

**WASA'S RETAIL RATES ARE COMPARABLE TO OTHER UTILITIES, cont.**

**WASA's Current & Proposed Monthly Residential Bill  
vs.  
Average Monthly Bill of Other Utilities**





Revised FY 2008  
and Approved  
FY 2009  
Operating  
Budget

Section V



District of Columbia  
Water and Sewer Authority

***Section V:  
FY 2007-2016 Capital program***

*WASA enters the final year of a five-year program  
to address the condition of critical sewer lines.*

## **FY 2007 – 2016 CAPITAL IMPROVEMENT PROGRAM OVERVIEW**

WASA's ten-year capital improvement program (CIP) totals \$3.1 billion (cash disbursements basis), approximately \$880 million more than last year's plan. As discussed in Section I and in more detail throughout this document the increase is, primarily, attributable to the newly proposed Blue Plains Total Nitrogen Program (BTN). BTN includes capital projects that are required for nitrogen removal and wet weather flow treatment, thus enabling the Blue Plains Advance Wastewater Treatment Plant (BP AWWTP) to comply with the United States Environmental Protection Agency's (EPA) modification to the National Pollutant Discharge Elimination System (NPDES) permit, reducing the total nitrogen effluent limit to 4.7 million pounds per year (equivalent to 4.2 mg/l at 370 mgd average annual flow).

The following sections summarize major projects and changes in each service area, with additional details for each project included in the separate CIP document. Please note that all dollar amounts are presented on a project lifetime basis, except where noted otherwise.

### **WASTEWATER TREATMENT**

The lifetime budget for the Wastewater Treatment Service Area is \$2.3 billion dollars, reflecting a \$941 million net increase over last year's budget. The cost of implementing the Total Nitrogen Program accounts for almost all the budget increase. As described in more detail below, capital projects in the Wastewater Treatment Service Area are required to rehabilitate, upgrade or provide new facilities at Blue Plains to ensure that it can reliably meet its NPDES permit requirements and produce a consistent, high-quality dewatered solids product for land application. In addition to meeting permit requirements, WASA strives to reduce biosolids odors, both, onsite and in the final product leaving Blue Plains.

Several of the planned upgrade projects at Blue Plains are now complete (or substantially complete), and have been placed in service. Five liquid treatment processes (preliminary, primary, secondary, nitrification-denitrification, and filtration) comprise the liquid treatment processing Program at Blue Plains; the first phases of upgrades to four (of the five) liquid treatment processes are now in service. In tandem with the placing of these facilities in service, the process control system has also been implemented to enable monitoring and control of the upgraded equipment and systems, thus allowing WASA to achieve greater process control and treatment efficiency and also yielding operating cost control. The current emphasis of the construction program for the liquid treatment processes is the upgrade of the nitrification-denitrification process, adding the permanent blower system for air-water wash of the effluent filters, and an upgrade to Raw Wastewater Pump Station 1. In addition, planning, piloting and conceptual design for the BTN is scheduled to begin in FY 2008.

In FY 2007 the following long-term upgrade construction projects were placed in service:

- Filtration and Disinfection Facility – replacement of filter underdrains, media, and washwater troughs to prepare filters for conversion to air-water wash system. All 40 filters and all the media have been replaced and are in service.

Long-term upgrade projects now under construction include:

- Nitrification-Denitrification Facilities Upgrade - to upgrade the process and/or replace equipments that are at the end of their useful lives.
- Raw Wastewater Pump Station 1 - Upgrade to the Raw Wastewater Pump Station to replace equipments that are at the end of their useful lives, and improve reliability
- Process Control Computer System – will provide automated monitoring and control for the nitrification-denitrification process that will improve treatment, control and optimize chemical and power costs, and increase reliability of the facilities.

## **COMBINED SEWER**

The lifetime budget for the Combined Sewer Service Area is \$2.2 billion, which includes the twenty-year CSO LTCP. The benefits of this plan are significant. When fully implemented, combined sewer overflows will be reduced by a projected 96 percent (98 percent on the Anacostia River), resulting in improved water quality.

The Excess Flow Treatment Capacity effort (Project BL – the Blue Plains tunnel) has been removed from the Combined Sewer Service area and consolidated into the BTN Program within the Wastewater service area. This change reflects the enhanced vision of the Blue Plains Tunnel as serving the dual purpose of containing outfalls and participating in compliance with the new Total Nitrogen Wet Weather Plan (TN/WW).

We are nearing completion of approximately \$140 million of projects that were included in the settlement of a lawsuit against WASA regarding implementation of the federal CSO Nine Minimum Controls program. These projects, which were budgeted and planned by WASA prior to the lawsuit, are projected to reduce combined sewer overflows by 40 percent. Of these projects, the rehabilitation, in FY 2004, of twelve inflatable dams, other system improvements and the recent completion of the Eastside Pump Station is expected to result in up to a 30 percent reduction in overflows. In addition, we have experienced over 40 percent reduction in floatable debris discharged into the Anacostia and Potomac rivers. Additional projects (Outfall Sewer rehabilitation-Project D2) have been identified under the current sewer assessment program and funded for \$30 million in the CIP in order to meet the 1,076 mgd plant flow requirement.

We have undertaken the rehabilitation of our major pumping stations to increase their capacity and improve their condition: three of these stations are in the construction phase, while the fourth (Poplar Point Pumping Station) is in the design phase and is 70 percent

complete. Construction of the current phase of each of the Pumping Stations is scheduled to be completed by calendar year 2009. In addition, since the determination has been made that the Main and O Street pumping stations will remain at the present location despite the stadium construction currently underway, additional long-term rehabilitation projects have been scheduled to rehabilitate the pump stations. Additional improvements are scheduled for the Potomac Pumping Station as well. We are also in the process of separating additional combined sewer areas in Anacostia and Rock Creek. Additionally, we are completing studies to add Low Impact Development (LID) at several WASA facilities.

We are at the mid-point in the development of a Facility Plan for the Anacostia River CSO control projects. Alternative tunnel alignments have been developed and are being evaluated. Geotechnical investigations and soil borings are underway and the results will be used for the selection of an alignment and design of the tunnels. Hydraulic studies are also being made and coordination underway with other projects such as the South Capitol and 11th Street Bridges and future development at Poplar Point. Our Facility Plan includes a strategy for public outreach to the appropriate parties on right of way and permitting requirements, water front development efforts, and neighborhood issues. An initial draft of the Facility Plan has been completed and is currently being reviewed by WASA. The final Facility Plan is due for submission to EPA in September 2008. However, the Court decision from an environmental group's lawsuit involving the interpretation of Total Maximum Daily Pollutant Load (TMDL) measurement may have a potential impact on the LTCP implementation schedule, as we ensure that the Plan we undertake can achieve the goals and requirements of the Anacostia water quality objectives which are the basis of the LTCP. WASA will be in a better position to determine the impact on the LTCP once the EPA completes the issuance of new TMDLs scheduled no later than the summer of 2008.

## **STORMWATER**

The lifetime budget for the Stormwater Service Area is \$43.7 million, a slight decrease from last year. As in last year's budget, we have not included funding for stormwater pumping rehabilitation projects. This year's budget includes additional funding for on-going projects, starting in FY 2016. There have been on-going discussions between WASA and DC Department of Transportation (DDOT) regarding the responsibility for the storm water infrastructure, including the maintenance and cleaning of the catch basins. These structures are integral components of roads and highways in the District, whose sole purpose is to drain out the city to avoid street and basement flooding. As such these are seen by WASA as responsibilities of DDOT.

Stormwater in the District of Columbia remains a challenge for District policymakers and for the agencies with the responsibility for managing an array of program activities as well as maintaining and improving the infrastructure (catch basins, underground facilities, pump stations, etc.). The District recently created the Department of the Environment (DOE), and continues to negotiate with the Environmental Protection Agency to address some of these matters. We are also continuing to evaluate stormwater issues independently while we work with the Executive Office of the Mayor, the City Council and relevant government agencies to develop reasonable and workable solutions.

## **SANITARY SEWER**

Lifetime budgets in the Sanitary Sewer Service Area total \$273 million, an increase of \$24 million over last year's CIP. The increases represent the establishment of a new project to address the Low Area Trunk Sewer in response to an unanticipated structural collapse (Project DR) and the creation of a new program to address Sewer Laterals and Mains which require significant investment to return to good working order (Project EU).

The lifetime budget for the Potomac Interceptor increased by \$3.2 million, to \$44.4 million, in order to fund a complete inspection of the 50 mile pipeline over the next 10 years. In October 2000, WASA completed interim improvements to the Potomac Interceptor to address odor complaints and has been maintaining it pending permanent odor control improvements which will begin in FY 2008 and is scheduled to be completed in FY 2011. In addition to the odor control improvements, we have almost completed designing significant structural improvements to two large pipe segments of the Potomac Interceptor in Fairfax and Loudoun Counties, with construction scheduled to begin in FY 2008.

## **WATER**

The lifetime budget for the Water Service Area (including Meter Replacement / AMR installation) is \$1.1 billion, an increase of \$30.6 million from last year's CIP. Major water projects include lead service replacements, rehabilitation / construction of pumping stations such as Anacostia and Bryant Street; elimination of dead ends; water main replacement, rehabilitation and extension; fire hydrant replacement and valve replacement.

Projects in the Water Service Area are designed to maintain an adequate and reliable potable water supply to customers, and fire protection. Categories of projects include the rehabilitation and replacement of water mains, storage facilities, and pumping stations. This area also includes water service line and meter replacement.

The water distribution system includes appurtenances necessary for proper system operation, inspection, and repair. WASA's system includes approximately 1,300 miles of pipe and over 36,000 valves of various sizes. A variety of valve types allow flow control, prevent air entrapment, allow water main draining, permit flow in only one direction, and allow water transfer between service areas during emergencies. The system also includes approximately 9,000 hydrants.

### *Water System Facilities Planning*

WASA began work on its first Water System Facilities Plan in 1998 and completed it in September 2000. A facilities plan evaluates the existing system and provides an assessment of improvements needed. The 2000 Facilities Plan identified fourteen projects and a small diameter water main rehabilitation program to be included in the CIP at a ten-year cost of just under \$300 million. At this time 9 of the 14 projects included in the Facilities Plan have been completed or under construction. Also, in 2004, the lead service replacement program was included in the capital improvement program.

DCWASA began updating the 2000 Facility Plan in 2007 and will finish in summer FY 2008; we will use this information as a part of next year's budget preparation cycle.

In light of recent issues, related to fire suppression, at the beginning of FY 2008, the Board directed management to study the small main issue. We completed this study in November 2007. The study identified small mains that need replacement; only one is in a residential area. Our main replacement program will serve to gradually replace pipe that has exceeded the useful service life, improve available fire flows, and remove corrosion by-products from the inside of the pipe improving water quality.

### **WASHINGTON AQUEDUCT**

The Washington Aqueduct, managed by the U.S. Army Corps of Engineers, provides wholesale water treatment services to WASA and its partners in Northern Virginia, Arlington County and Falls Church. WASA purchases approximately 76 percent of the water produced by the Aqueduct's two treatment facilities, the Dalecarlia and McMillan treatment plants, and thus is responsible for 76 percent of the Aqueduct's operating and capital costs. Under federal legislation and a memorandum of understanding enacted in 1997, WASA and its Northern Virginia partners have a much greater role in oversight of the Aqueduct's operations and its capital improvement program.

The proposed lifetime budget for WASA's share of Washington Aqueduct projects totals \$170 million or \$5 million less than last year's 10-year plan of \$175 million. This change is due primarily to projects being completed and closed.

### **CAPITAL EQUIPMENT**

The Capital Equipment budget totals \$100.8 million for FY 2007 – FY 2016 plan, an increase of \$5 million compared to the last ten-year plan. Over fifty percent of spending in the capital equipment area continues to be on major information technology projects, including the document management system (budget of \$3.1 million) and the asset management system (budget of \$5.0 million). WASA continues its commitment to scheduled replacement of its vehicle fleet with a budget of \$12.9 million, representing almost thirteen percent of the ten-year plan. Finally, maintenance of large equipment at Blue Plains and in the major water and sewer pumping stations totals \$11.6 million, or twelve percent of the ten-year plan.

## **CIP DEVELOPMENT AND APPROVAL PROCESS**

WASA's capital budget review process begins each year in the spring, as part of both our capital and operating budget review process. This process includes a review of major accomplishments, priorities, status of major projects and emerging regulatory and related issues impacting the capital program. Projections of changes in project lifetime budgets are also included. The review process involves the WASA departments with responsibility for managing the capital projects as well as finance and budget staff and executive management. The CIP is integrated into WASA's ten-year financial plan; because of its size, it is the primary driver of WASA's projected rate increases over the next ten years.

This review process lasts over several months and culminates with the presentation of the updated CIP to WASA's Board of Directors' Environmental Quality & Operations and Finance & Budget Committees in October. The Committees complete their review from October through December. The operating budgets, capital improvement program, and ten-year financial plan are then forwarded to the full Board for its consideration in January.

After adoption by the Board of Directors, WASA is required to submit its annual operating and capital budgets to the Mayor and the District of Columbia Council for its review and comment; however, neither has power to change WASA's annual budgets. Final operating and capital budget numbers, along with the capital authority request will be forwarded to the District for inclusion in the District of Columbia's budget submission to Congress. WASA's request for capital authority is ultimately made to and approved by the U.S. Congress.

## **FACILITIES MASTER PLAN AND OTHER FACILITIES PLANNING TOOLS**

The Water and Sewer Facilities Master Plan provides a twenty-year framework for developing, analyzing and evaluating changes to the CIP and includes projects currently in the ten-year CIP as well as proposed projects projected to begin after completion of the current ten-year planning period. It describes current conditions and presents a vision of the needs for the water and sewer systems and the actions planned to meet those needs.

WASA has also developed more detailed facilities plans for specific areas including; a Biosolids Management Plan for dealing specifically with biosolids issues, and Water Systems and Liquid Processing Facilities Plans for use as project planning tools in those areas.

An update of the FY 2000 Water Facility Master Plan is underway, and will be completed in FY 2008.

## **DISBURSEMENTS AND PROJECT LIFETIME BUDGETS**

As in the past, we have presented the CIP on both a project lifetime basis and cash disbursement basis. During the CIP review process, we perform an extensive review of the total project, or “lifetime” budgets, which also reflect historical spending prior to the current ten-year period, projected spending beyond the current ten-year period and project contingencies. Project lifetime budgets are our primary area of focus in budget development and day-to-day monitoring. In addition to lifetime budgets, we also develop cash disbursements forecast. Actual cash disbursements are critical to forecasting the anticipated level of rate increases and the amount and timing of capital financings. While cash disbursements are a function of project lifetime budgets, they reflect a more realistic projection of actual “cash out the door” excluding contingencies and taking into account historical and projected completion rates.

As in prior years, the budget document includes a comparison of this year’s vs. last year’s lifetime project budgets by program area for the Board’s review. Changes have been made to some of the project lifetime budgets approved from last year due to a change in project scope, engineering cost estimates, site changes and other related issues. In addition, some projects are either closed or dropped from the CIP. Projects for which all activities have been completed during a given fiscal year are listed as ‘Closed’ during that fiscal year; these same projects are, then, listed as ‘Dropped’ in the immediately following fiscal year.

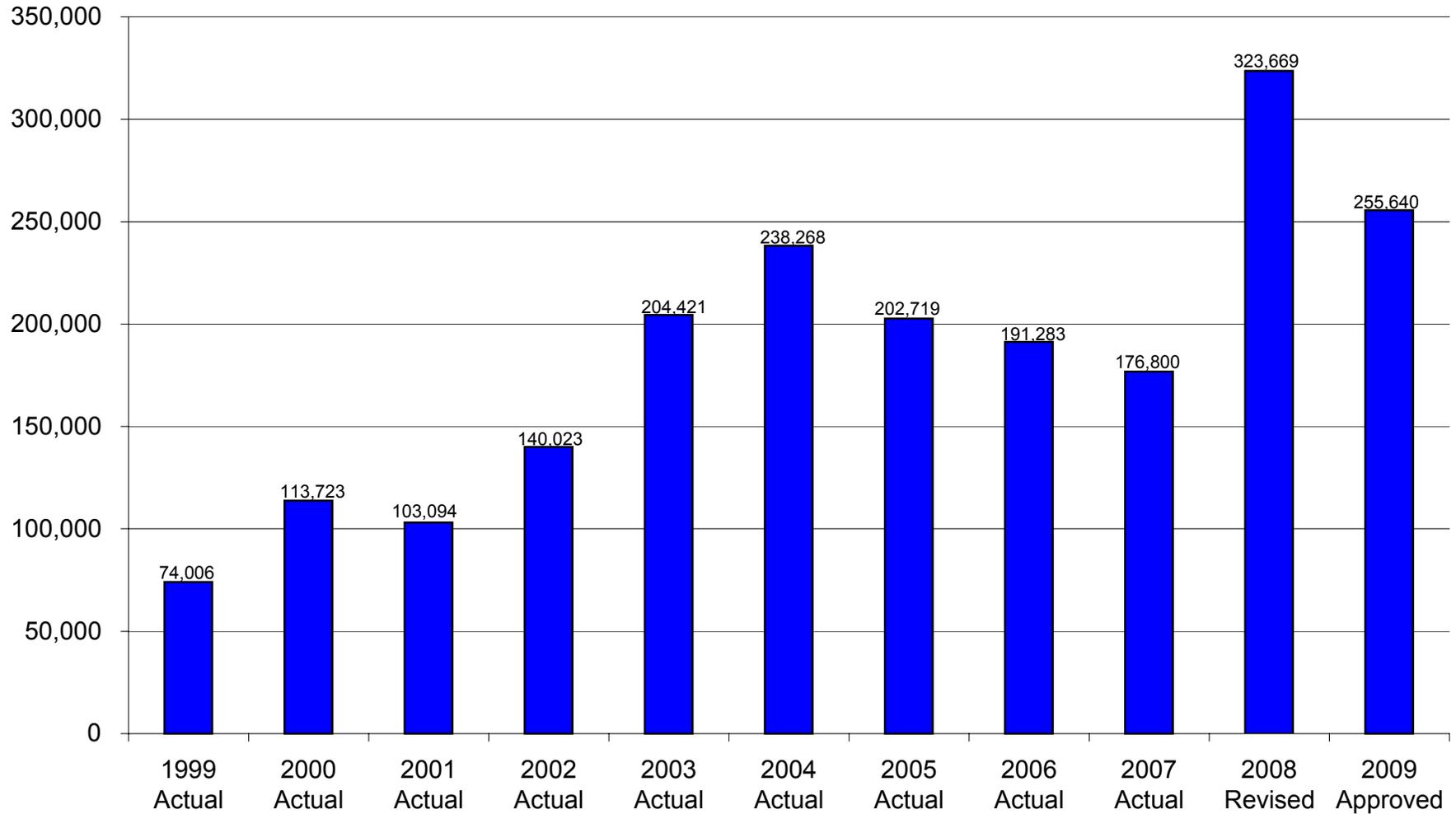
## **CAPITAL AUTHORITY**

As part of WASA’s enabling legislation, Congressional appropriation authority is required before any capital design or construction contract can be entered into. The FY 2009 request totals \$585.9 million, and reflects the following:

- Remaining authority from prior years’ appropriations;
- Projected commitments in FY 2008 and FY 2009;
- Planned FY 2010 and FY 2011 commitments, to ensure adequate authority exists, in the event that any projects are accelerated.

Due to the timing of the Congressional appropriations process, authority requests must be made well in advance of commitment execution. Including projected FY 2010 and FY 2011 commitments (a 24-month ‘look ahead’) allows us adequate flexibility to continue with contract commitments in the event that the U.S Congress delays budget approval and allows us to quickly accelerate or reprioritize projects into earlier years as approved by the Board. While this gives us flexibility to reprioritize projects, it should be noted that such changes and execution of any contract still require General Manager’s approval, with major projects and contracts requiring Board approval.

**Historical and Projected Capital Spending  
FY 1999 - FY 2009  
(\$ in 000's)**



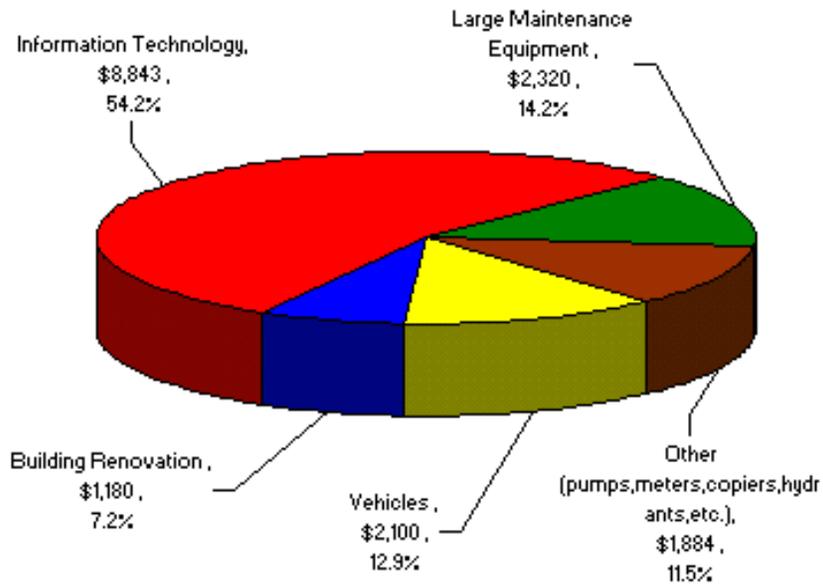
**FY 2007 - FY 2016 PROJECTED CAPITAL IMPROVEMENT PLAN - DISBURSEMENTS BASIS (\$ in 000's)**

	FY 2007 Actuals	FY 2008 Revised	FY 2009 Approved	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	Total FY '07 -'16
<b>Wastewater Treatment</b>											
Liquid Processing Projects	\$31,439	\$40,531	\$56,285	\$32,256	\$13,484	\$1,522	\$1,571	\$2,348	\$6,053	\$11,544	\$197,035
Plantwide Projects	11,443	17,007	14,135	10,452	3,746	9,935	7,929	2,645	926	1,133	79,350
Solids Processing Projects	8,813	7,302	10,304	26,276	25,256	34,610	55,726	64,767	43,096	27,295	303,444
BTN - Total Nitrogen Program	-	5,151	9,847	22,593	29,565	145,619	241,664	138,550	95,952	126,457	815,398
<b>Sub-total</b>	<b>51,695</b>	<b>69,990</b>	<b>90,571</b>	<b>91,577</b>	<b>72,050</b>	<b>191,686</b>	<b>306,891</b>	<b>208,310</b>	<b>146,028</b>	<b>166,428</b>	<b>1,395,227</b>
<b>Sanitary Sewer</b>											
Sanitary Collection Sewers	208	107	848	841	-	-	-	-	-	-	2,004
Sanitary On-Going Projects	5,006	4,623	6,630	6,624	5,993	3,433	3,716	3,998	4,138	4,264	48,425
Sanitary Pumping Facilities	958	1,523	1,532	358	3	-	-	-	0	-	4,373
Sanitary Sewer Projects Program Management	2,167	2,363	2,134	2,966	3,031	2,661	2,367	1,671	1,439	1,440	22,240
Sanitary Interceptor/Trunk Force Sewers	6,402	6,654	19,975	21,107	8,607	3,649	2,096	1,816	1,591	461	72,359
<b>Sub-total</b>	<b>14,741</b>	<b>15,270</b>	<b>31,118</b>	<b>31,897</b>	<b>17,634</b>	<b>9,744</b>	<b>8,179</b>	<b>7,485</b>	<b>7,167</b>	<b>6,166</b>	<b>149,402</b>
<b>Combined Sewer Overflow / Long Term Control Plan</b>											
CSO Program Management	1,389	464	21	2	-	-	-	-	-	-	1,876
Combined Sewer Projects	34,242	37,064	23,373	27,898	8,194	3,252	614	-	-	882	135,519
Long-Term Control Plan-											
Anacostia Tunnel <sup>(1)</sup>	7,084	8,914	9,175	19,981	19,973	38,373	53,561	88,329	124,805	123,675	493,871
Potomac Tunnel	-	-	-	-	-	-	-	-	2,024	6,749	8,773
Rock Creek Tunnel	-	-	-	-	-	-	-	-	-	305	305
<b>Sub-total</b>	<b>42,715</b>	<b>46,442</b>	<b>32,569</b>	<b>47,881</b>	<b>28,167</b>	<b>41,624</b>	<b>54,175</b>	<b>88,329</b>	<b>126,829</b>	<b>131,611</b>	<b>640,343</b>
<b>Stormwater</b>											
Stormwater Extensions/Local Drainage	128	79	449	-	-	-	-	-	-	-	656
Stormwater On-Going Program	-	312	186	243	278	281	285	297	308	361	2,550
Stormwater Pumping Facilities	42	0	-	-	-	-	-	-	-	-	42
DDOT Stormwater Program	-	34	8	85	89	90	92	95	98	87	678
Stormwater Projects Program Management	646	993	823	795	646	446	112	-	-	-	4,461
Stormwater Trunk/Force Sewers	837	821	1,715	685	-	1,061	889	867	5	-	6,879
<b>Sub-total</b>	<b>1,653</b>	<b>2,240</b>	<b>3,181</b>	<b>1,808</b>	<b>1,012</b>	<b>1,878</b>	<b>1,378</b>	<b>1,259</b>	<b>411</b>	<b>448</b>	<b>15,268</b>
<b>Water</b>											
Water Distribution Systems	11,074	14,931	29,971	28,019	23,266	18,227	14,595	15,065	13,881	18,918	187,946
Water On-Going Projects	5,696	8,998	6,416	4,643	3,003	1,365	3,229	3,552	3,635	3,846	44,382
Water Pumping Facilities	4,743	15,762	8,701	1,113	31	-	-	-	-	-	30,350
DDOT Water Projects	315	841	237	1,831	2,040	2,040	1,195	1,248	1,291	1,288	12,325
Water Storage Facilities	17	40	46	2,757	1,755	1,093	6,857	2,421	143	352	15,482
Water Projects Program Management	2,394	2,012	1,979	1,972	2,168	2,474	2,447	2,456	2,466	1,626	21,993
Water Lead Program	24,730	37,833	24,832	41,814	40,665	41,979	42,989	41,149	11,498	2,543	310,032
Meter Replacement /AMR Installation	2,465	2,911	1,685	897	897	1,047	897	897	897	895	13,488
<b>Sub-total</b>	<b>51,434</b>	<b>83,328</b>	<b>73,868</b>	<b>83,046</b>	<b>73,825</b>	<b>68,224</b>	<b>72,208</b>	<b>66,787</b>	<b>33,811</b>	<b>29,468</b>	<b>635,999</b>
<b>Washington Aqueduct</b>	<b>2,298</b>	<b>90,072</b>	<b>11,030</b>	<b>5,148</b>	<b>6,798</b>	<b>7,465</b>	<b>6,864</b>	<b>6,534</b>	<b>6,607</b>	<b>7,076</b>	<b>149,892</b>
<b>Capital Equipment</b>	<b>12,264</b>	<b>16,327</b>	<b>13,303</b>	<b>12,028</b>	<b>8,968</b>	<b>6,692</b>	<b>6,345</b>	<b>7,940</b>	<b>6,478</b>	<b>6,473</b>	<b>96,817</b>
<b>Total FY 2009 WASA Capital Improvement Program</b>	<b>\$176,800</b>	<b>\$323,669</b>	<b>\$255,640</b>	<b>\$273,384</b>	<b>\$208,454</b>	<b>\$327,313</b>	<b>\$456,041</b>	<b>\$386,644</b>	<b>\$327,332</b>	<b>\$347,671</b>	<b>\$3,082,948</b>

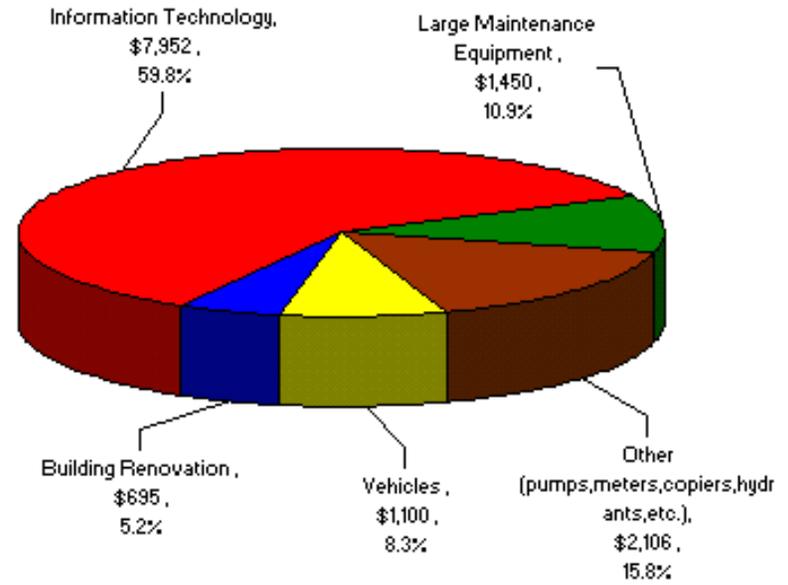
<sup>(1)</sup> Disbursements for the Anacostia Tunnel are subject to review by the Board-Committees (due to ongoing discussions with EPA), and, therefore, may potentially be reduced, or put on hold.

**CAPITAL EQUIPMENT DISBURSEMENTS BY MAJOR EXPENDITURE CATEGORIES**  
**FY 2008 Revised vs. FY 2009 Approved**  
 (\$ in 000's)

**FY 2008 Revised**



**FY 2009 Approved**



FY 2008 Revised = \$16,327 FY 2009 Approved = \$13,303
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**FY 2007 - FY 2016 Capital Equipment Disbursements**  
(\$ in 000's)

Department	FY 2007 Actuals	FY 2008 Revised	FY 2009 Approved	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY '07 - FY '16 Total
<b><u>Wastewater Treatment</u></b>											
Plant Model	\$49	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$49
Lab Equipment	12	30	23	35	35	35	35	35	35	35	310
Safety Equipment	-	10	5	-	-	-	-	-	-	-	15
General Equipment	-	37	31	-	-	-	-	-	-	-	69
Metering & Recording Devices	-	14	9	-	-	-	-	-	-	-	22
<b>Total</b>	<b>\$61</b>	<b>\$91</b>	<b>\$68</b>	<b>\$35</b>	<b>\$465</b>						
<b><u>Water Services</u></b>											
Water Service Replacement	\$171	\$340	\$340	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$2,671
System Valve Replacements	278	350	270	225	225	225	225	225	225	225	2,473
Lab Eqp & Flow Monitors [Online water quality meters+Rapid Toxicity Meter)	406	25	35	20	20	-	-	-	-	-	506
Fire Hydrant Replacements	-	400	300	300	300	300	300	300	300	300	2,800
Hydraulic Valve Operating Units	-	90	-	-	-	-	-	-	-	-	90
<b>Total</b>	<b>\$855</b>	<b>\$1,205</b>	<b>\$945</b>	<b>\$805</b>	<b>\$805</b>	<b>\$785</b>	<b>\$785</b>	<b>\$785</b>	<b>\$785</b>	<b>\$785</b>	<b>\$8,540</b>
<b><u>Sewer Services</u></b>											
Sewer Pipes/Fittings	\$177	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$447
Sewer Inspection Equipment	-	-	40	-	-	-	-	-	-	-	40
Regulator and Gate Rehabilitation	-	10	10	10	10	10	10	10	10	10	90
Sewer Cleaning and Repair Equipment	-	55	80	55	55	55	55	55	55	55	520
Portable Pumps	-	75	15	15	15	15	15	15	15	15	195
Flow Meters/Sensor Replacements	-	25	25	25	25	25	25	25	25	25	225
Manhole Covers/Frames	-	33	33	33	33	33	33	33	33	33	297
Catch Basin Tops/Frames/Covers	-	60	60	60	60	60	60	60	60	60	540
Portable 4 Type Gas Meter [ Safety Equipment]	-	10	-	-	-	10	-	-	-	10	30
Safety Equipment	-	50	-	-	-	-	-	-	-	-	50
Explosion Equipment	-	40	-	-	-	-	-	-	-	-	40
SCADA Upgrade at Remote Stations	318	200	-	-	-	-	-	-	-	-	518
Sewer System Vulnerability Study	200	-	-	-	-	-	-	-	-	-	200
<b>Total</b>	<b>\$695</b>	<b>\$588</b>	<b>\$293</b>	<b>\$228</b>	<b>\$228</b>	<b>\$238</b>	<b>\$228</b>	<b>\$228</b>	<b>\$228</b>	<b>\$238</b>	<b>\$3,192</b>
<b><u>Fleet Management</u></b>											
Vehicles	\$1,497	\$ 2,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$12,397
<b>Total</b>	<b>\$1,497</b>	<b>\$2,100</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$12,397</b>
<b><u>Safety and Security</u></b>											
Water System Security	\$0	\$0	\$0	\$50	\$0	\$0	\$0	\$0	\$0	\$0	\$50
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50</b>

**FY 2007 - FY 2016 Capital Equipment Disbursements**  
(\$ in 000's)

Department	FY 2007 Actuals	FY 2008 Revised	FY 2009 Approved	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY '07 - FY
											'16 Total
<b>Facilities and Security</b>											
Photocopier Purchase	\$0	\$0	\$800	\$0	\$0	\$0	\$0	\$1,500	\$0	\$0	\$2,300
WASA-wide fire suppress/detection	2	350	125	50	-	-	-	-	-	-	527
Plumbing at Various Locations	515	-	50	25	25	25	25	25	25	25	740
Furniture and Fixtures	-	200	150	150	150	150	150	150	150	150	1,400
Facilities Improvements	-	230	200	200	200	200	200	200	200	200	1,830
Rollup Doors	-	50	20	20	-	-	-	-	-	-	90
WASA-wide Fencing	-	-	25	25	-	-	-	-	-	-	50
HVAC at Various Locations	74	350	125	150	150	150	150	150	150	150	1,599
Elevator Repairs	-	-	-	-	-	-	-	-	-	-	0
<b>Total</b>	<b>\$590</b>	<b>\$1,180</b>	<b>\$1,495</b>	<b>\$620</b>	<b>\$525</b>	<b>\$525</b>	<b>\$525</b>	<b>\$2,025</b>	<b>\$525</b>	<b>\$525</b>	<b>\$8,535</b>
<b>Information Technology-</b>											
Desktop Replacements	\$542	\$550	\$672	\$610	\$550	\$559	\$672	\$562	\$565	\$550	\$5,832
Cable Renewal	70	200	175	175	150	150	150	150	150	150	1,520
Telephone System Renewal/Replacement	286	1,545	600	100	100	100	100	100	100	100	3,131
Software Applications/Licenses	278	225	150	225	130	130	130	130	130	130	1,658
Messaging Services	114	10	50	225	10	10	50	225	10	10	714
Windows 2003 Migration/ Upgrade	24	30	60	180	30	30	30	30	30	30	474
Radios	163	78	100	30	30	30	30	30	30	30	551
Redundant Data Center	359	500	410	60	60	500	200	60	60	500	2,709
Network System Renewal	623	765	750	700	765	600	600	600	765	600	6,768
Audio Visual System - IT	-	100	50	70	60	25	30	60	25	30	450
Interactive Voice Response	120	170	100	20	20	20	20	20	20	20	530
EMAP Phases I and II	26	85	100	-	-	-	-	-	-	-	211
Engineering MIS Modifications	41	-	-	-	-	-	-	-	-	-	41
HR on-line forms-Re-engineer	32	30	-	-	-	-	-	-	-	-	62
TV Camera Equipment	-	-	-	130	-	-	-	-	-	-	130
Succession Planning	-	20	80	30	-	-	-	-	-	-	130
E Contract/Procurement Mgt System	-	200	200	-	-	-	-	-	-	-	400
Network Systems Security	-	180	50	30	50	30	50	30	50	30	500
Intranet	3	150	75	75	75	75	75	75	75	75	753
Handheld Inventory	197	200	90	50	50	50	50	50	50	50	837
Enterprise Backup Solution	99	100	100	100	450	100	100	100	100	100	1,349
Video Conferencing	184	10	10	150	10	10	10	10	10	10	414
Field Services Mgmt System (Automated Dispatch system)	15	750	700	800	685	50	50	50	50	50	3,200
Web-Site Development	19	75	275	75	75	75	75	75	75	75	894
Financial Management System	-	200	100	150	-	-	-	-	-	-	450
Customer Information & Billing System	446	400	100	100	100	100	-	-	-	-	1,246
Payroll/HR System	49	45	30	30	30	30	30	30	30	30	334
Maintenance Management System	3	50	-	-	-	-	-	-	-	-	53
Document Management System	1,004	1,000	750	50	50	50	50	50	50	50	3,104
Asset Management System	1,804	1,000	1,200	475	100	100	85	85	85	85	5,019
SQL Upgrade	-	50	175	175	10	10	10	10	10	10	460
Enterprise File System Archiving	-	-	250	150	10	250	150	10	10	150	980
Network Storage System Renewal	-	125	300	525	125	125	125	425	525	125	2,400
ERP System	-	-	250	2,700	1,750	-	-	-	-	-	4,700
<b>Total</b>	<b>\$6,512</b>	<b>\$8,843</b>	<b>\$7,952</b>	<b>\$8,190</b>	<b>\$5,475</b>	<b>\$3,209</b>	<b>\$2,872</b>	<b>\$2,967</b>	<b>\$3,005</b>	<b>\$2,990</b>	<b>\$52,015</b>

**FY 2007 - FY 2016 Capital Equipment Disbursements**  
(\$ in 000's)

Department	FY 2007 Actuals	FY 2008 Revised	FY 2009 Approved	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY '07 - FY '16 Total
<b>Maintenance Services</b>											
Major Pump Repair/Replacement	\$936	\$700	\$400	\$300	\$200	\$200	\$200	\$200	\$200	\$200	\$3,536
Large Electric Motors	511	500	400	300	200	200	200	200	200	200	2,911
High Priority Rehab Program	492	700	300	100	100	100	100	100	100	100	2,192
Shop Equipment and Plant Lighting	3	120	50	-	-	-	-	-	-	-	173
Centrifuge Repair/Replace	111	300	300	300	300	300	300	300	300	300	2,811
<b>Total</b>	<b>\$2,054</b>	<b>\$2,320</b>	<b>\$1,450</b>	<b>\$1,000</b>	<b>\$800</b>	<b>\$800</b>	<b>\$800</b>	<b>\$800</b>	<b>\$800</b>	<b>\$800</b>	<b>\$11,624</b>
<b>Total Capital Equipment</b>	<b>\$12,264</b>	<b>\$16,327</b>	<b>\$13,303</b>	<b>\$12,028</b>	<b>\$8,968</b>	<b>\$6,692</b>	<b>\$6,345</b>	<b>\$7,940</b>	<b>\$6,478</b>	<b>\$6,473</b>	<b>\$96,817</b>

FY 2007 - FY 2016 Capital Improvement Plan

**Project Lifetime Budgets by Program Area (\$ 000's)**

	<u>FY 2008 Approved</u>	<u>FY 2008 Revised / FY 2009 Approved</u>	<u>Variance</u>
<b><u>Wastewater Treatment</u></b>			
Liquid Processing Projects	541,207	569,911	28,704
Plantwide Projects	295,594	264,458	(31,136)
Solids Processing Projects	562,747	555,763	(6,984)
Blue Plains Total Nitrogen Removal (BTN)	-	950,000	950,000
<b>Sub-total</b>	<b>1,399,548</b>	<b>2,340,132</b>	<b>940,584</b>
<b><u>Sanitary Sewer</u></b>			
Sanitary Collection Sewers	10,966	10,966	0
Sanitary On-Going Projects	65,827	86,146	20,319
Sanitary Pumping Facilities	22,882	22,999	117
Sanitary Sewer Projects Program Management	38,530	37,045	(1,485)
Sanitary Interceptor/Trunk Force Sewers	110,791	115,666	4,875
<b>Sub-total</b>	<b>248,996</b>	<b>272,822</b>	<b>23,826</b>
<b><u>Combined Sewer Overflow</u></b>			
CSO Program Management	17,754	17,579	(175)
Combined Sewer Projects	224,959	339,664	114,705
Long-Term Control Plan- Total			0
Blue Plains	36,846	296	(36,550)
Anacostia Tunnel	1,372,545	1,372,545	-
Potomac Tunnel	418,700	418,700	-
Rock Creek Tunnel	70,342	70,342	-
<b>Sub-total</b>	<b>2,141,146</b>	<b>2,219,126</b>	<b>77,980</b>
<b><u>Stormwater</u></b>			
Stormwater Extensions/Local Drainage	2,333	2,333	0
Stormwater On-Going Program	7,125	7,762	637
Stormwater Pumping Facilities	1,173	1,173	0
DDOT Stormwater Program	4,230	4,426	196
Stormwater Projects Program Management	9,630	9,630	-
Stormwater Trunk/Force Sewers	19,850	18,405	(1,445)
<b>Sub-total</b>	<b>44,341</b>	<b>43,729</b>	<b>(612)</b>

FY 2007 - FY 2016 Capital Improvement Plan

**Project Lifetime Budgets by Program Area (\$ 000's)**

	<u>FY 2008 Approved</u>	<u>FY 2008 Revised / FY 2009 Approved</u>	<u>Variance</u>
<b><u>Water</u></b>			
Water Distribution Systems	289,447	317,342	27,895
Water Lead Program	438,486	438,486	0
Water On-Going Projects	71,090	72,455	1,365
Water Pumping Facilities	100,263	96,199	(4,064)
DDOT Water Projects	33,691	35,530	1,839
Water Storage Facilities	32,112	32,359	247
Water Projects Program Management	28,179	25,944	(2,235)
Meter Replacement /AMR Installation	47,336	52,910	5,574
<b>Sub-total</b>	<b><u>1,040,604</u></b>	<b><u>1,071,225</u></b>	<b><u>30,621</u></b>
<b>Washington Aqueduct</b>	<b><u>175,475</u></b>	<b><u>170,391</u></b>	<b><u>(5,084)</u></b>
<b>Capital Equipment</b>	<b><u>95,845</u></b>	<b><u>100,840</u></b>	<b><u>4,995</u></b>
<b>Total WASA CIP Lifetime (see notes)</b>	<b><u><u>5,145,955</u></u></b>	<b><u><u>6,218,265</u></u></b>	<b><u><u>1,072,310</u></u></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 2007 will be dropped from the CIP next year

2 These budgets do not include inhouse labor costs, which historically have averaged \$7 to \$8 million annually and are applicable to, primarily, the time charged to capital projects by employees in the Departments of Engineering, Sewer Services, and Water Services.

**Fiscal Year 2009 Capital Authority Request  
(\$000's)**

<b><u>Service Areas</u></b>	<b><u>Fiscal Year 2009 Capital Authority Request</u></b>
Blue Plains Wastewater Treatment	486,141
Sanitary Sewer System <sup>1</sup>	0
Combined Sewer Overflow <sup>1</sup>	0
Stormwater <sup>1</sup>	0
Water System	88,769
Washington Aqueduct (WASA share)	2,249
Capital Equipment	<u>8,743</u>
<b>Total</b>	<b><u>585,902</u></b>

<sup>1</sup> The authority request is zero, as, existing (currently available) capital authority in these service area is in excess of projected commitments in FY 2008, FY 2009, FY 2010 and FY 2011.



Revised FY 2008  
and Approved  
FY 2009  
Operating  
Budget

Section VI

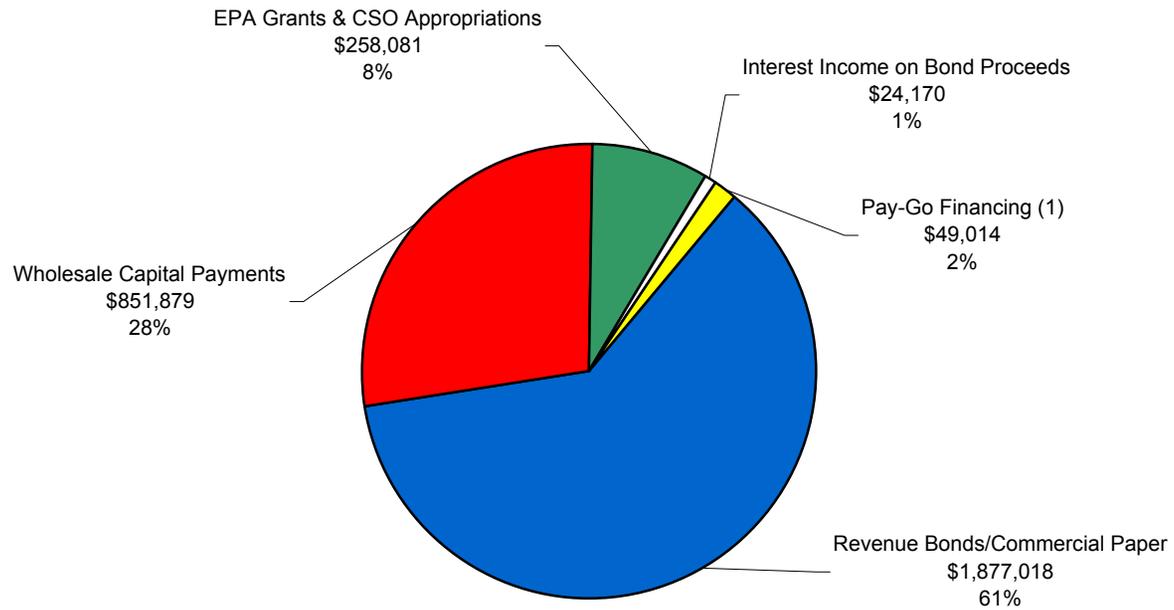


District of Columbia  
Water and Sewer Authority

**Section VI:  
Capital Financing Cash, and Debt**

*Since 1997, WASA has invested more than \$600 million in a critical overhaul of the Blue Plains plant.*

**FY 2007 - 2016 CAPITAL IMPROVEMENT PROGRAM**  
**Sources of Funds**  
**(In \$000's)**



(1) Pay-go financing is any funds available after funding the 180 day operating and maintenance reserve, approximately \$118.6 million in FY 2008. These transfers reduce the amount of new debt issuance.

**CAPITAL IMPROVEMENT PROGRAM**  
**FY 2007 - FY 2009**  
**SOURCES & USES**  
*(In \$000's)*

	FY 2007 Actual	FY 2008 Revised	FY 2009 Approved
<b>SOURCES</b>			
Commercial Paper / New Debt Proceeds (1)	92,349	205,153	152,186
Pay-Go Financing (2)	23,509	1,645	1,611
EPA Grants	7,883	29,018	21,547
CSO Appropriations (3)	17,694	15,000	13,500
Wholesale Customer Capital Payments	33,107	45,177	64,696
Interest Income	2,258	1,997	2,100
<b>TOTAL SOURCES</b>	<b>176,800</b>	<b>297,990</b>	<b>255,640</b>
<b>USES</b>			
Blue Plains Projects	51,695	64,391	90,571
Combined Sewer & LTCP Projects	42,715	42,727	32,569
Sanitary Sewer Projects	14,741	14,048	31,118
Stormwater Projects	1,653	2,061	3,181
Water Projects	48,969	74,198	72,183
Washington Aqueduct	2,298	82,866	11,030
Meter Replacement AMR	2,465	2,678	1,685
Capital Equipment	12,264	15,021	13,303
<b>TOTAL USES</b>	<b>176,800</b>	<b>297,990</b>	<b>255,640</b>

(1) Remaining Series 2007A bond proceeds will fund non-grant or IMA-funded capital spending requirements into the last quarter of FY 2008, based on current capital spending projections, WASA will then use its \$100 million commercial paper program. The next take-out financing projected to occur in spring / summer 2009.

(2) Pay-go financing is cash available after meeting the six month operating reserve requirement, which totals \$118.6 million in FY 2008.

(3) Reflects spend down of a portion of already-received FY 2003 - FY 2007 Congressional appropriations for the CSO LTCP.

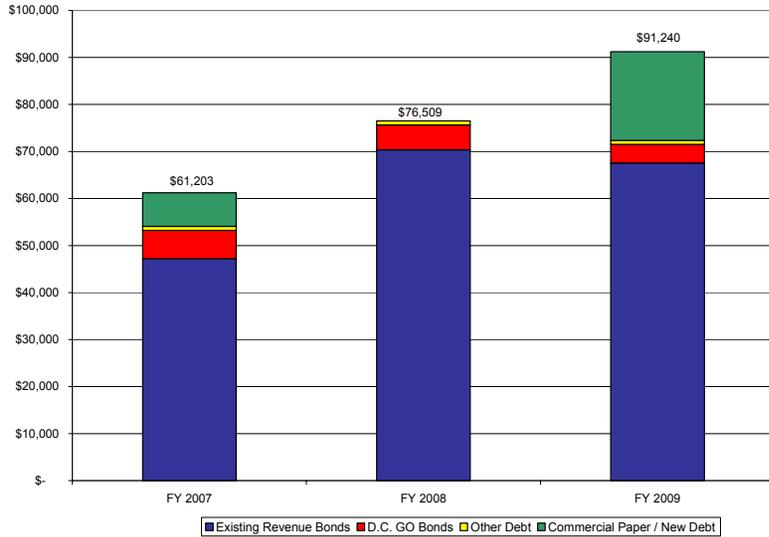
## CASH RESERVES SUMMARY

(In \$000's)

	FY 2007 Actual	FY 2008 Approved Budget	FY 2008 Revised Budget	FY 2009 Approved Budget
<b>Beginning O&amp;M Reserve Balance (Net of Rate Stabilization Fund)</b>	128,424	-	116,743	118,578
Operating Surplus	25,969	1,881	10,708	4,752
Wholesale Customer Refunds/Payments for Prior Years	(780)	(3,483)	(3,000)	-
Transfer to Rate Stabilization Fund	(10,000)	-	-	-
Prior Year Right of Way Payment	-	-	-	-
Prior Year Federal Billing Reconciliation	(4,371)	(4,424)	(5,385)	(992)
Prepayment of Aqueduct Treasury Loans	1,009	1,200	1,156	1,156
Pay-As-You-Go Capital Financing	(23,509)	(11,656)	(1,644)	(1,611)
<b>Ending O&amp;M Reserve Balance (Net of Rate Stabilization Fund)</b>	116,743	(16,482)	118,578	121,883
<b>Rate Stabilization Fund</b>	68,500	68,500	43,600	21,000

# MAJOR HIGHLIGHTS & ISSUES IN DEBT IN FY 2007 - 2009

## PROJECTED DEBT SERVICE FY 2007 – 2009 (In \$000's)



	FY 2008			FY 2009		
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
<b>Existing Revenue Bonds</b>						
Series 1998 - Senior	8,940	14,426	23,366	9,435	13,934	23,369
Series 2003 - Subordinate	-	8,890	8,890	-	8,890	8,890
Series 2004 - Subordinate	-	18,788	18,788	-	18,788	18,788
Series 2007A - Subordinate	-	14,978	14,978	-	11,351	11,351
Series 2007B - Subordinate	-	4,337	4,337	775	4,362	5,137
<b>Subtotal Existing Rev. Bonds</b>	<b>8,940</b>	<b>61,418</b>	<b>70,358</b>	<b>10,210</b>	<b>57,326</b>	<b>67,535</b>
<b>District of Columbia GO Bonds</b>	<b>4,725</b>	<b>568</b>	<b>5,293</b>	<b>3,690</b>	<b>299</b>	<b>3,989</b>
<b>Other Debt</b>						
Jennings Randolph	290	515	805	300	505	805
Little Seneca	35	16	51	37	14	51
<b>Subtotal Other Debt</b>	<b>326</b>	<b>531</b>	<b>857</b>	<b>337</b>	<b>519</b>	<b>856</b>
<b>Projected CP &amp; New Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,859</b>	<b>18,859</b>
<b>Total</b>	<b>13,991</b>	<b>62,517</b>	<b>76,508</b>	<b>14,237</b>	<b>77,003</b>	<b>91,240</b>

Due to WASA's \$3.1 billion CIP (cash disbursements basis), debt service is the fastest growing area of WASA's operating budget.

- *FY 2008 projected debt service is \$15.3 million higher than FY 2007 debt service due to full year debt service payments on Series 2007A and 2007B and principal repayment on the Series 1998 bonds, offset slightly by a scheduled \$0.7 million reduction in District general obligation debt service.*
  - *Assumes utilization of the \$100 million commercial paper program starting in first quarter FY 2009*
  - *Assumes take-out permanent financing occurs in the spring / summer*
- *FY 2009 projected debt service is \$14.7 million higher than FY 2008 primarily due to planned issuance of new debt.*

### CAPITAL FINANCING PLAN

WASA prepared a comprehensive capital financing plan in FY 1999 containing two key goals: 1) minimize WASA's cost of capital and 2) increase operational flexibility. This plan includes:

- ✓ *Interim financing program for construction financing*
- ✓ *Issuance of take-out financings (either fixed rate or variable rate debt) as needed for permanent financing.*
- ✓ *Use of pay-go financing to first prepay higher cost debt and then to reduce future bond issuance.*

Future interest rate assumptions for ten year plan purposes are:

- *Variable rate (tax exempt) – 4.0% plus fees*
- *Fixed rate – 6.5%*
- *Variable rate (taxable) – 5.0% plus fees*

For appropriations purposes, higher interest rates are assumed, as discussed in Section 3.

### BOND RATINGS

- *Moody's – Aa3*
- *Standard & Poor's – AA-*
- *Fitch – AA-*

## OUTSTANDING DEBT

### DEBT OUTSTANDING AS OF SEPTEMBER 30, 2007

<u>SENIOR DEBT</u>	<u>INTEREST RATES</u>	<u>FINAL MATURITY</u>	<u>AMOUNT OUTSTANDING</u>
Public Utility Revenue Bonds, Series 1998	5.50 - 6.00	2028	266,120
<u>SUBORDINATE DEBT</u>			
Public Utility Subordinated Lien Revenue Bonds, Series 2003	5.0 - 5.25	2033	176,220
Public Utility Subordinated Lien Revenue Bonds, Series 2004 (Auction Rate)	variable	2034	295,000
Public Utility Subordinated Lien Revenue Bonds, Series 2007A	4.75 - 5.50	2041	218,715
Public Utility Subordinated Lien Taxable Revenue Bonds, Series 2007B (Auction Rate)	variable	2028	59,000
Notes payable to the Federal government for Jennings Randolph Reservoir	3.25	2042	15,823
Notes payable to WSSC for Little Seneca Reservoir	5.98 - 6.60	2014	251
District of Columbia General Obligation Bonds - varying series - reflects prepayment	4.55 - 6.75	2012	9,905
<b>TOTAL SUBORDINATE DEBT</b>			<u>774,914</u>
<b>TOTAL DEBT OUTSTANDING</b>			<u><u>1,041,034</u></u>

**LEGAL DEBT LIMIT:** WASA is not subject to any legal debt limitations.

**PUBLIC UTILITY REVENUE BONDS (Senior Lien):** Senior lien debt issued under WASA's master trust indenture; WASA has issued one series to date in 1998 totaling \$266.120 million. This series was insured by FSA and is rated Aaa / AAA / AAA.

**PUBLIC UTILITY REVENUE BONDS (Subordinated Lien):** Subordinate lien debt issued under WASA's master trust indenture; WASA has issued three subordinate series to date: 1) Series 2003 issued as fixed rate debt, 2) Series 2004 issued as auction rate securities and 3) Series 2007A issued as fixed rate debt and Series 2007B issued as taxable auction rate securities. Each series is insured and rated Aaa / AAA / AAA.

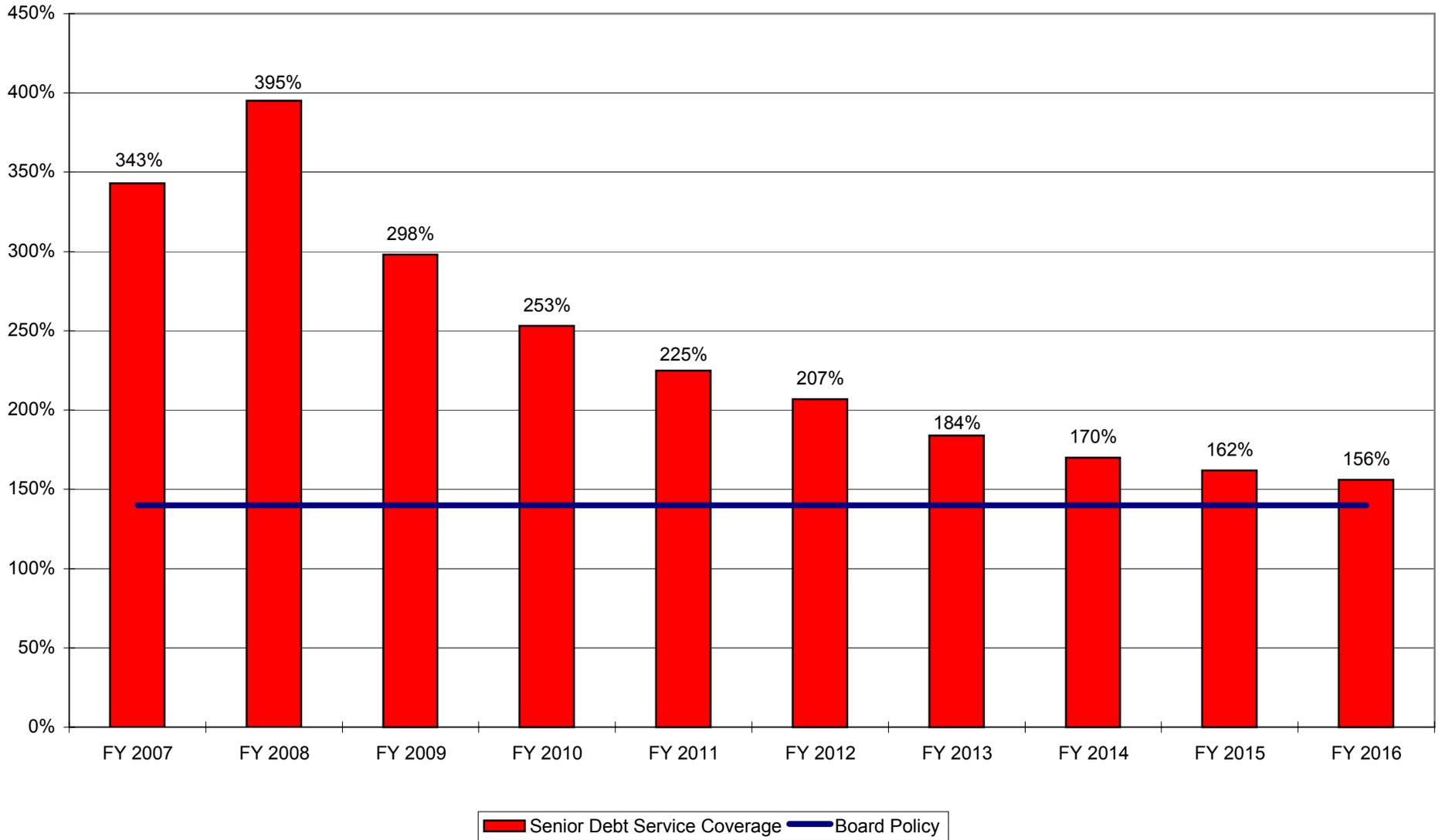
**DISTRICT GENERAL OBLIGATION BONDS:** Debt issued by the District of Columbia government for capital improvements of WASA's predecessor agency which WASA assumed at its creation. This debt is treated as subordinate under WASA's master trust indenture. Under a 1998 MOU with the District, WASA prepays the next fiscal year's debt service each September, e.g., in September 2007, WASA prepaid FY 2008 debt service.

**NOTES FOR JENNINGS RANDOLPH RESERVOIR:** Debt issued by the federal government for construction of this backup water supply facility; WASA's share of operating and capital cost is 30 percent.

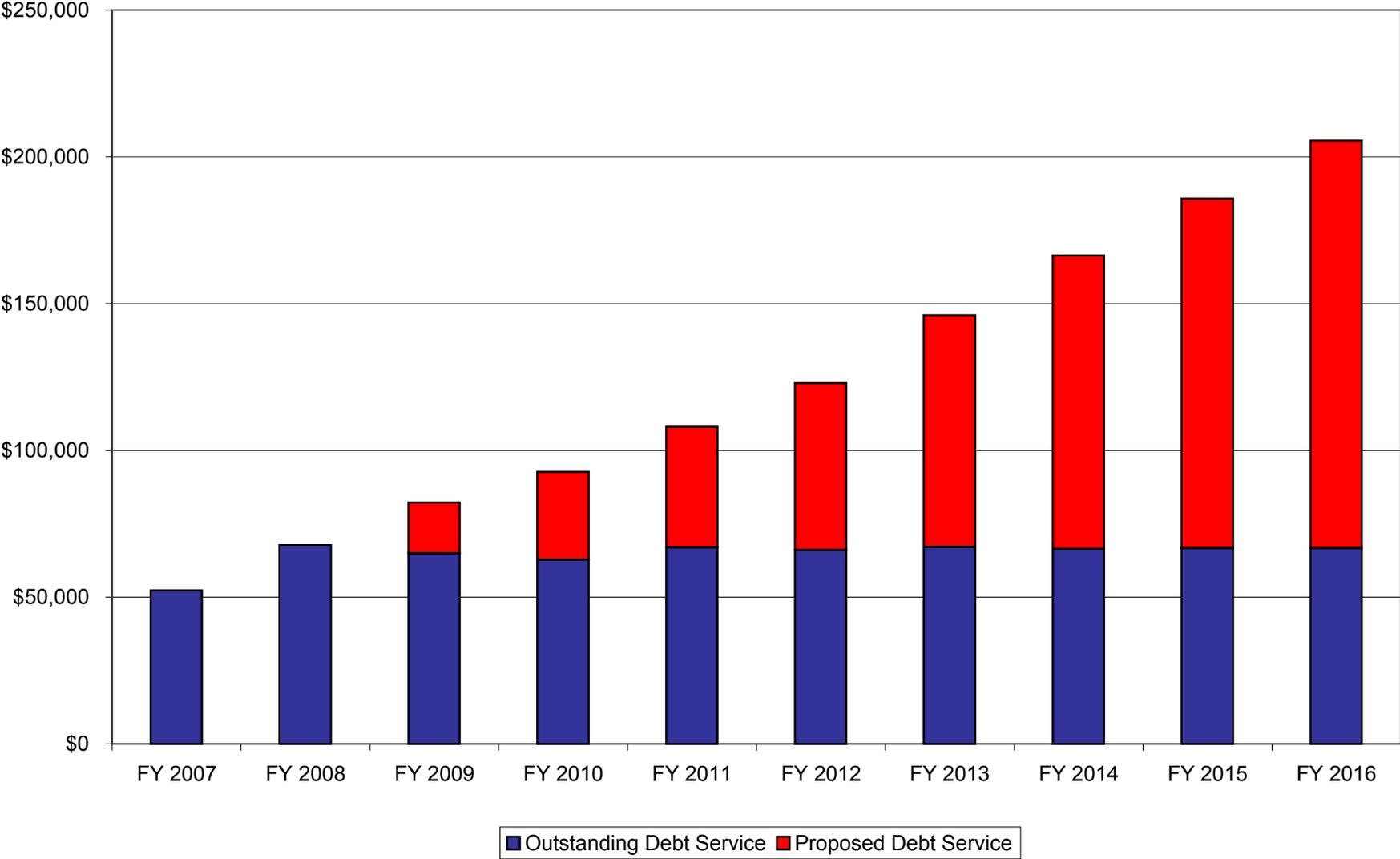
**NOTES FOR LITTLE SENECA RESERVOIR:** Debt issued by the Washington Suburban Sanitary Commission (WSSC) for construction of this backup water supply facility; WASA's share of operating and capital costs is 40 percent.

**COMMERCIAL PAPER:** As described in Section 3, WASA developed this program in early FY 2002 for interim financing of its capital program, and all outstanding borrowings were refunded by the issuance of subordinated lien revenue bonds. WASA's commercial paper program is issued in increments with maturities less than 270 days, and in normal market conditions carries significantly lower interest rates than long-term debt. In addition, notes under the program are issued on a subordinate basis. WASA's commercial paper program is backed by a direct pay letter of credit issued by Westdeutsche Landesbank Girozentrale (WestLB).

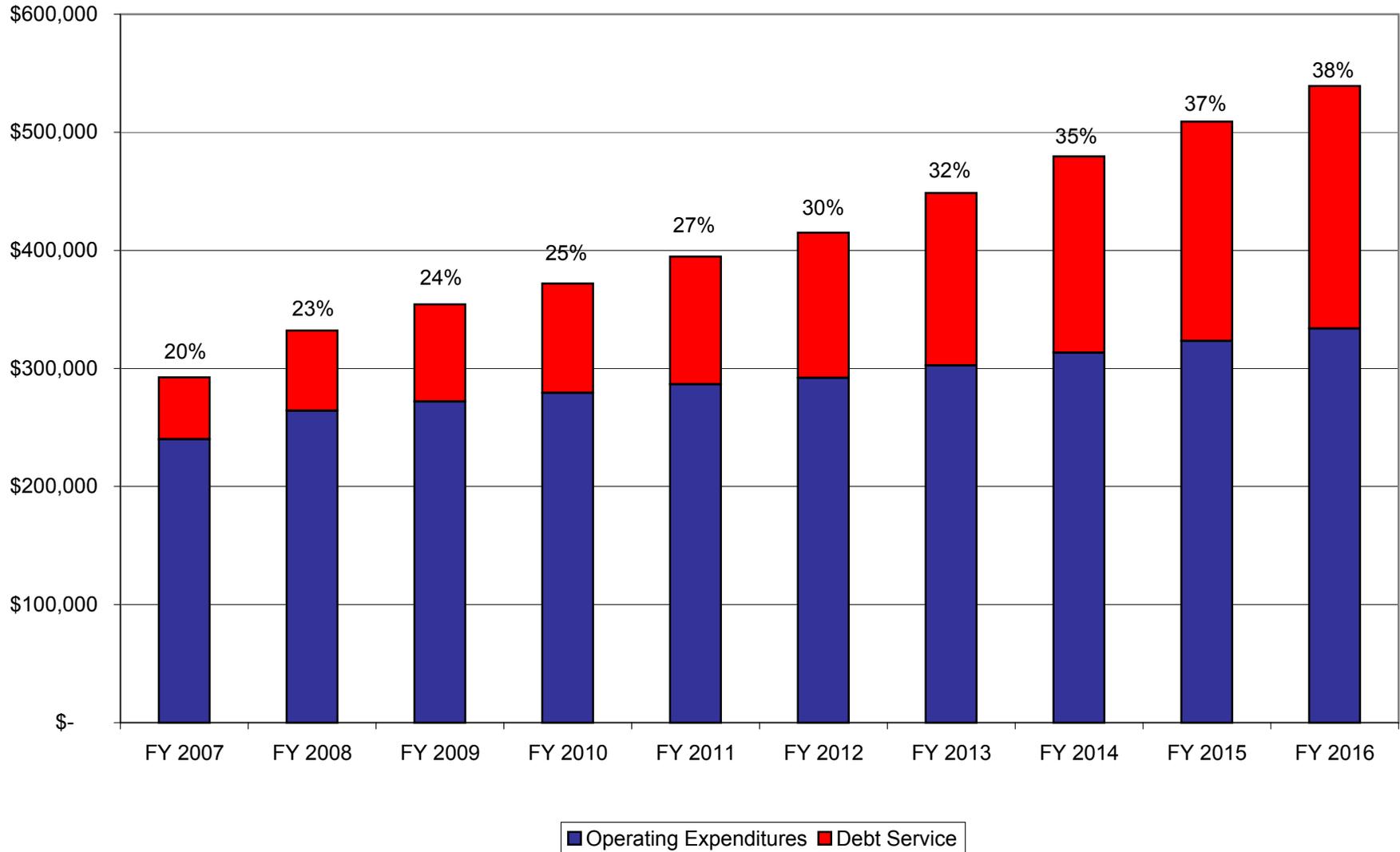
**SENIOR DEBT SERVICE COVERAGE  
FY 2007 - 2016**



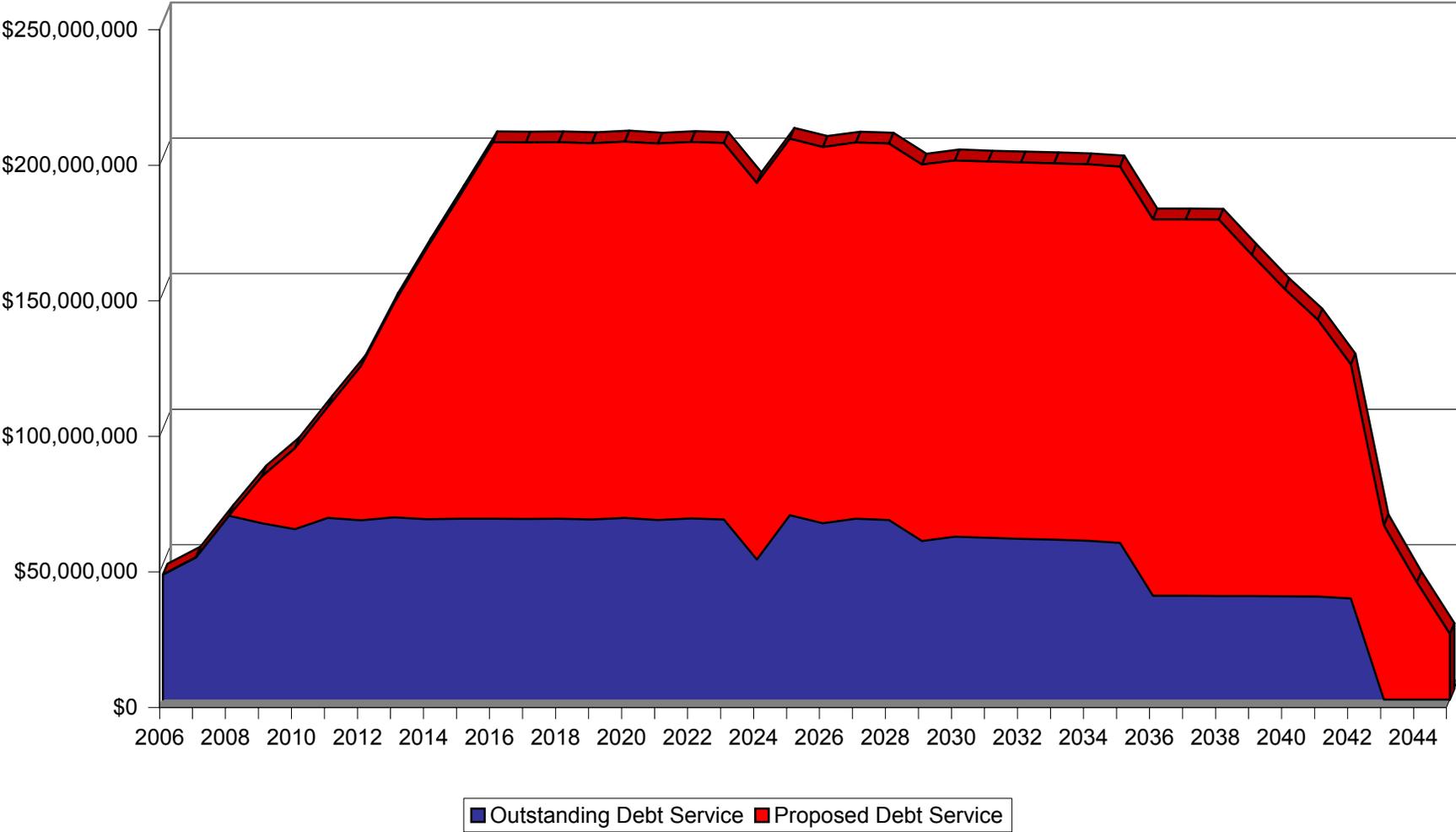
**OUTSTANDING & PROPOSED DEBT SERVICE**  
**FY 2007 - 2016**  
**(In \$000's)**



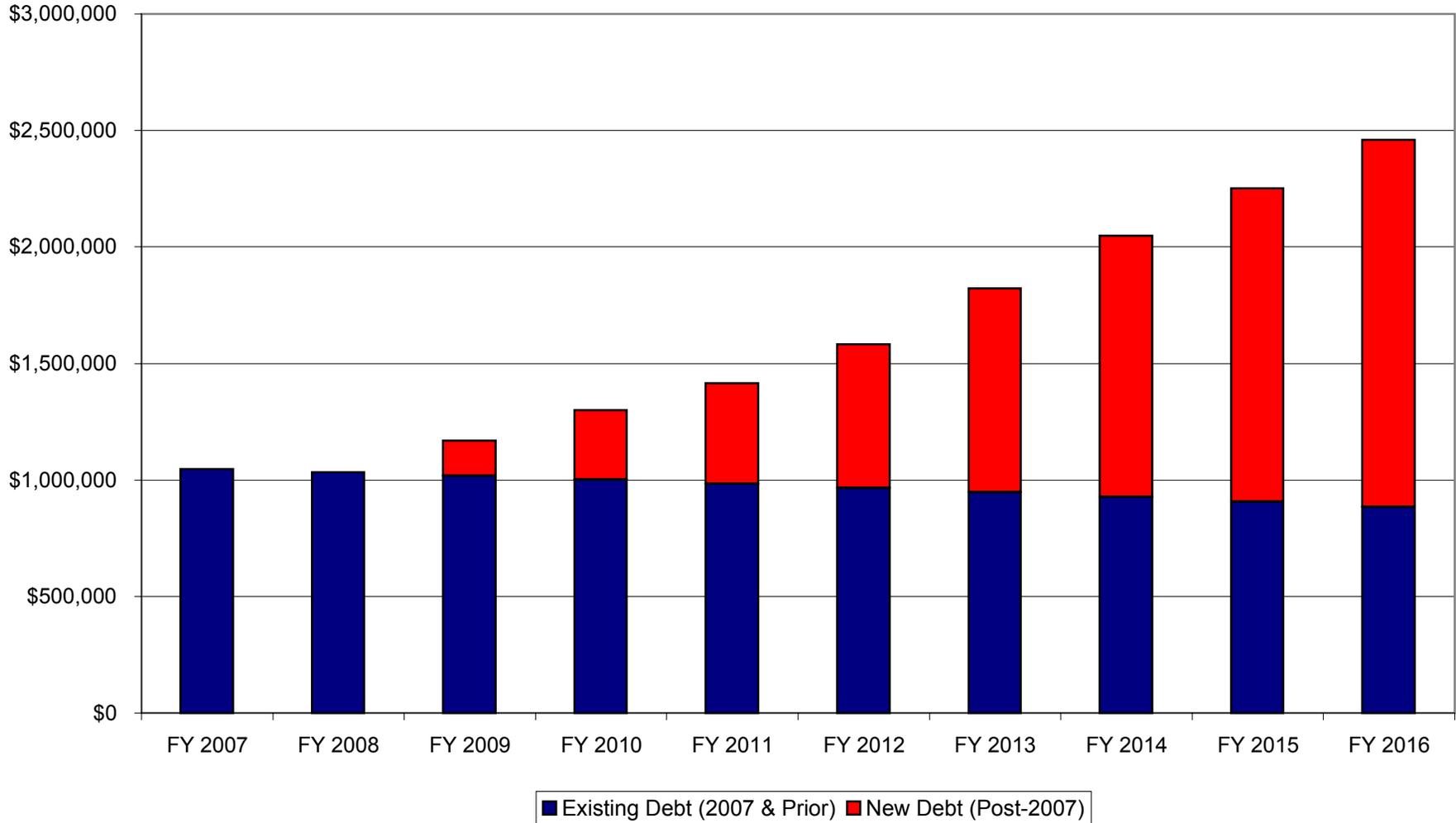
**DEBT SERVICE AS PERCENTAGE OF TOTAL OPERATING EXPENDITURES**  
**FY 2007 - 2016**  
**(In \$000's)**



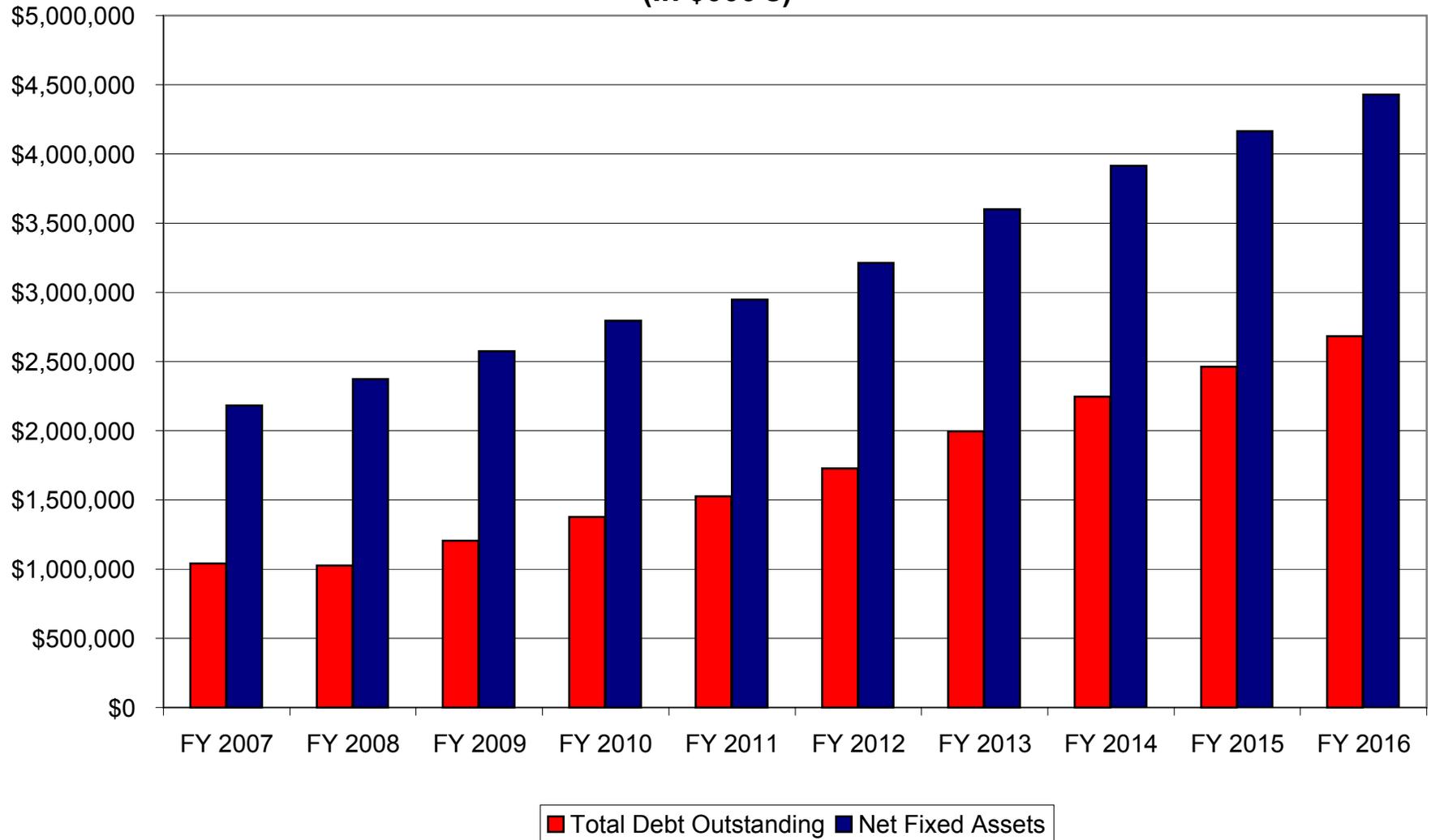
**OUTSTANDING & PROPOSED DEBT SERVICE**  
**FY 2007 - 2045**  
**Based on FY 2007 - 2016 Financial Plan**



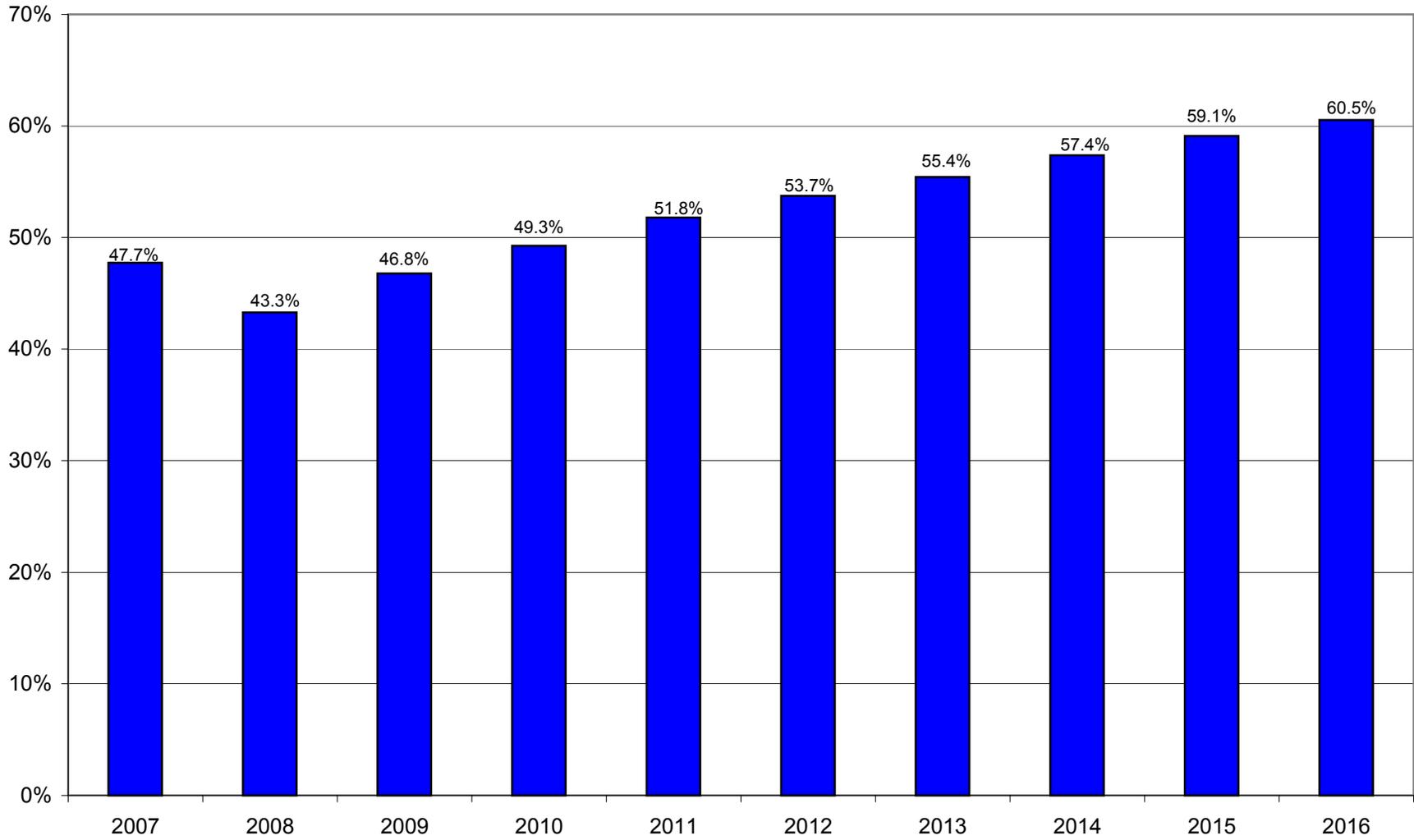
**TOTAL PRINCIPAL OUTSTANDING**  
**Existing and Projected Based on FY 2007 - 2016**  
**Capital Improvement Program**  
**(In \$000's)**



**PROJECTED TOTAL DEBT VS. PROJECTED TOTAL FIXED ASSETS**  
**FY 2007 - 2016**  
**(In \$000's)**



**DEBT TO NET FIXED ASSETS RATIO  
FY 2007 - 2016**





Revised FY 2008  
and Approved  
FY 2009  
Operating  
Budget

Section VII

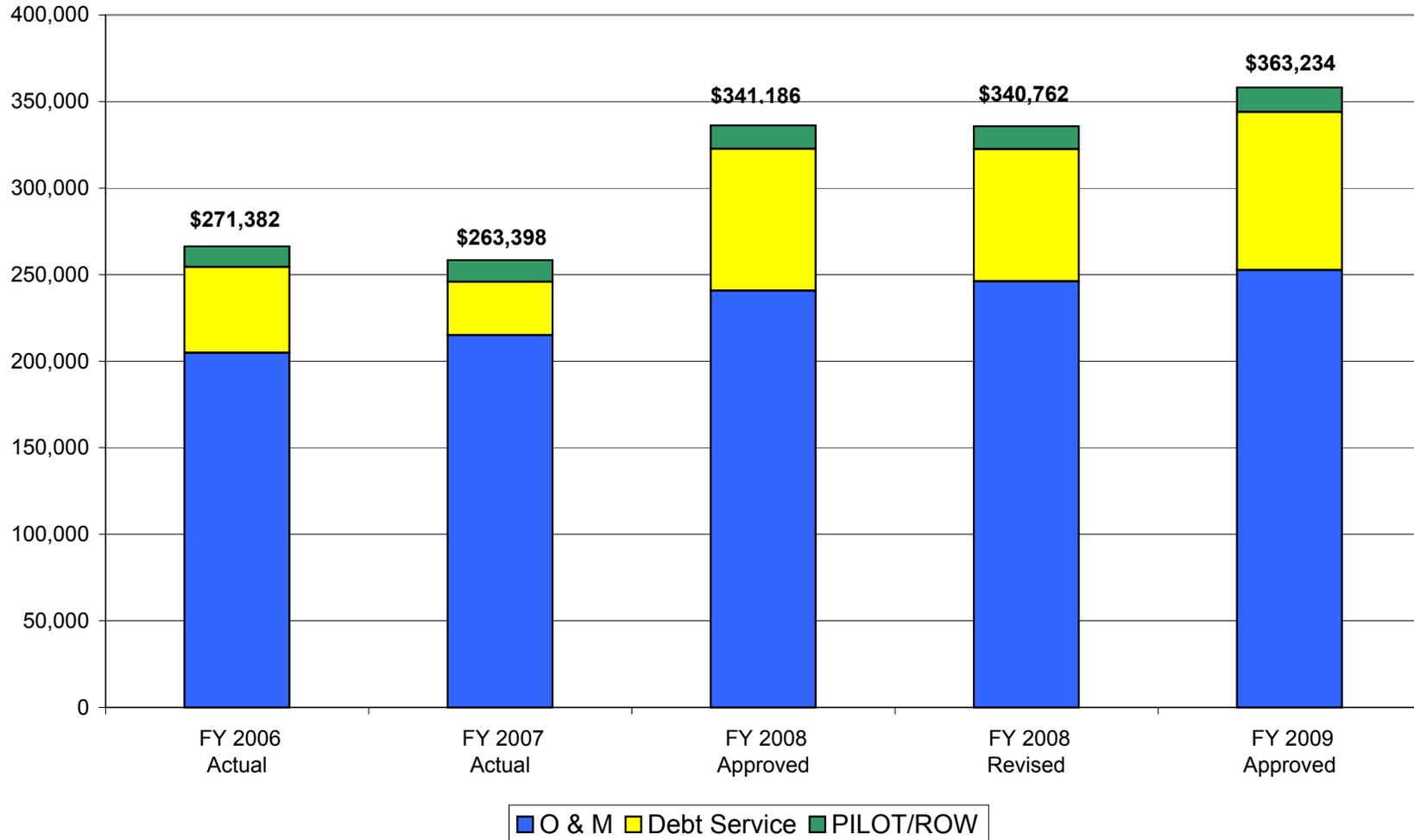


District of Columbia  
Water and Sewer Authority

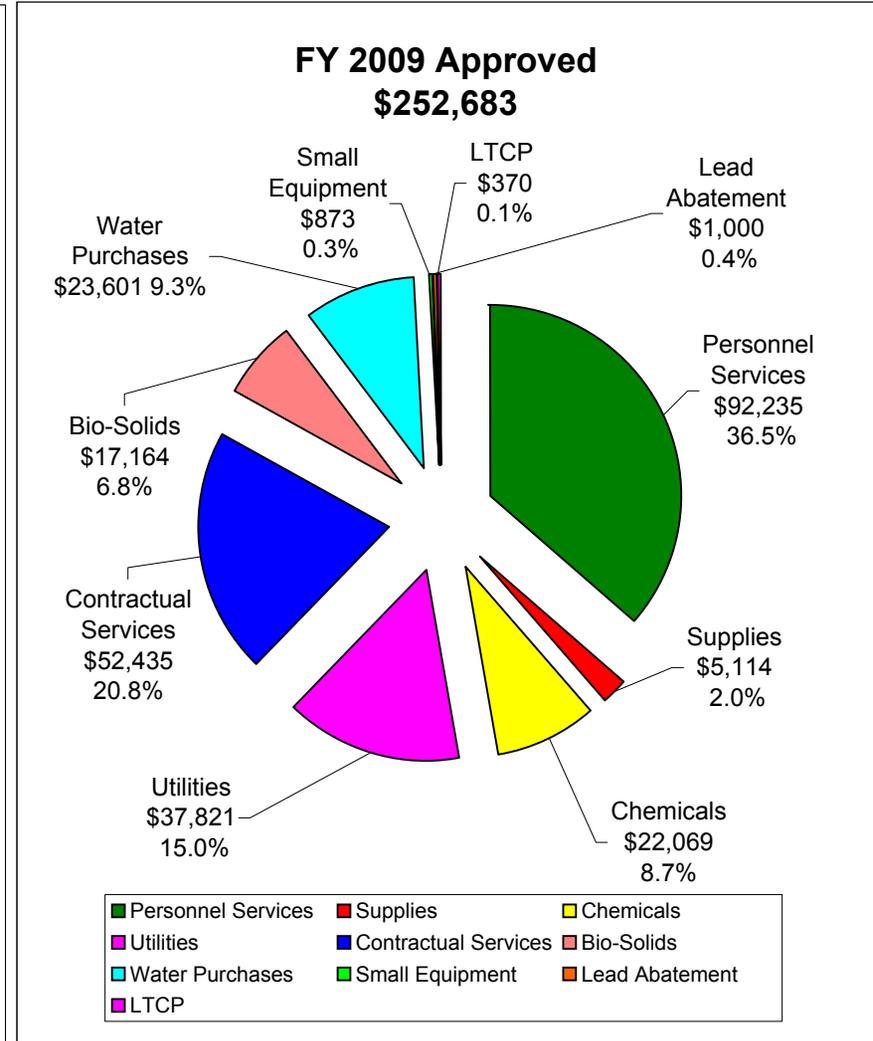
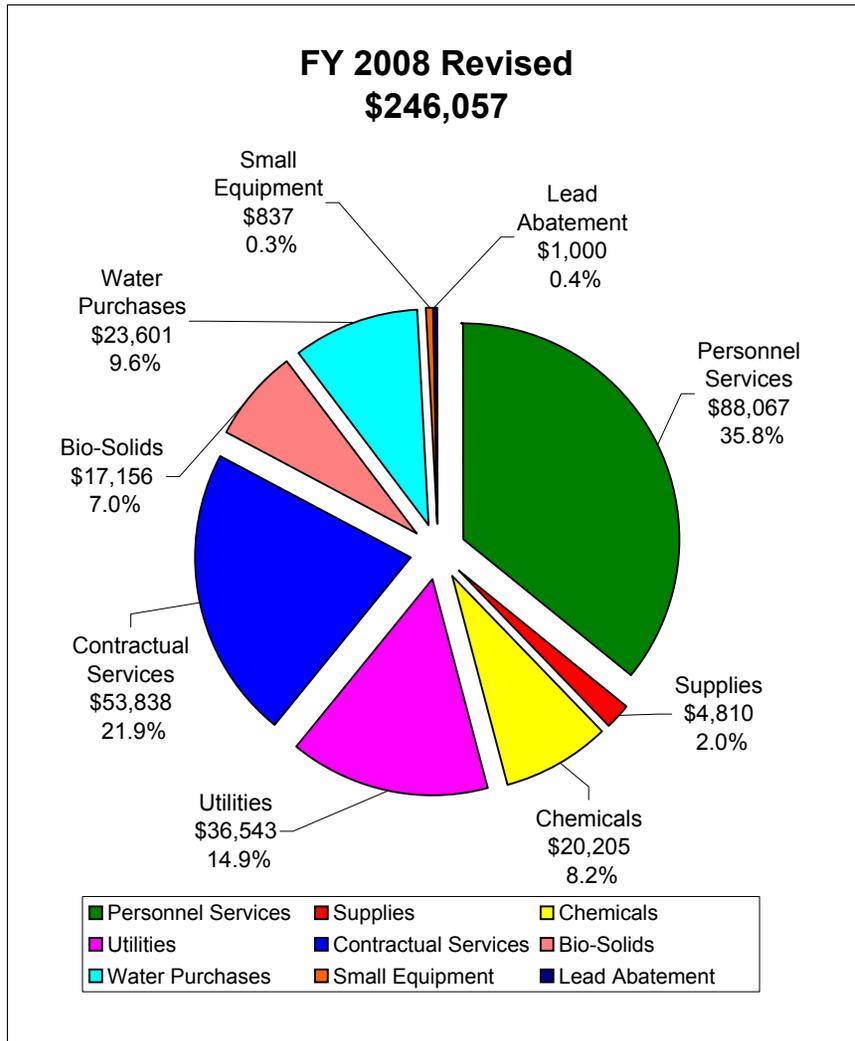
***Section VII:  
Departmental Summaries***

*Pumping station improvements are key to  
enhanced system capacity and reliability.*

# Comparative Operating Expenditure Budgets FY 2006 - FY 2009 (\$000's)



## Operations & Maintenance Expenditures By Category (\$000's)



**Comparative Operating Expenditure Budgets**  
(\$000's)

	<b><u>FY 2006 ACTUAL</u></b>	<b><u>FY 2007 ACTUAL</u></b>	<b><u>FY 2008 APPROVED</u></b>	<b><u>FY 2008 REVISED</u></b>	<b><u>FY 2009 APPROVED</u></b>
<b><u>OPERATING</u></b>					
Personnel Services	73,573	78,497	88,304	88,067	92,235
Contractual Services	53,393	55,075	65,796	70,993	69,599
Water Purchases	22,745	24,042	23,601	23,601	23,601
Chemicals and Supplies	22,027	23,256	24,499	25,015	27,183
Utilities	31,150	32,238	36,322	36,543	37,821
Small Equipment	368	471	1,157	837	873
Lead Abatement	1,521	1,492	1,000	1,000	1,000
Long Term Control Plan	-	-	-	-	370
<b>Subtotal O &amp; M Expenditures</b>	<b><u>204,777</u></b>	<b><u>215,071</u></b>	<b><u>240,679</u></b>	<b><u>246,056</u></b>	<b><u>252,683</u></b>
Debt Service	49,681	30,813	81,938	76,508	91,240
Payment in Lieu of Taxes	11,823	12,414	13,469	13,097	14,210
Right of Way Fees	5,100	5,100	5,100	5,100	5,100
<b>Total Operating Expenditures</b>	<b><u>271,382</u></b>	<b><u>263,398</u></b>	<b><u>341,186</u></b>	<b><u>340,762</u></b>	<b><u>363,234</u></b>
Personnel Services charged to Capital Projects	(6,631)	(7,541)	(8,400)	(8,400)	(8,400)
<b>Total Net Operating Expenditures</b>	<b><u>264,751</u></b>	<b><u>255,857</u></b>	<b><u>332,786</u></b>	<b><u>332,362</u></b>	<b><u>354,834</u></b>

**Comparative Operating Expenditures by Department**

(\$000's)

	<b>FY 2007 ACTUAL</b>	<b>FY 2008 APPROVED</b>	<b>FY 2008 REVISED</b>	<b>FY 2009 APPROVED</b>	
O					
p	Wastewater Treatment	72,443	77,277	78,812	81,792
e	Water Services	43,381	46,206	47,035	47,021
r	Sewer Services	14,009	16,364	16,239	16,905
a	Maintenance Services	19,080	21,717	22,024	22,718
t	Engineering & Technical Services	11,283	14,685	13,752	14,406
i	Customer Service	11,811	13,427	13,282	13,839
o	Lead Abatement	1,492	1,000	1,000	1,000
n	Long Term Control Plan	-	-	-	370
s	Subtotal Operations	173,499	190,674	192,144	198,051
A	Office of the Secretary	280	424	497	493
d	General Manager	1,160	1,957	3,017	1,897
m	General Counsel	5,279	3,704	4,991	5,183
i	Public Affairs	910	1,279	1,351	1,470
n	Internal Audit	353	492	573	611
i	Finance and Budget	4,977	6,479	6,426	6,815
s	Information Technology	4,333	6,916	6,865	7,743
t	Risk Management	5,329	6,442	6,441	6,519
r	Assistant General Manager	308	601	732	562
a	Facilities Management	9,127	10,177	5,891	6,059
t	Safety & Security	626	911	5,340	5,418
i	Procurement & Materiel Management	2,254	3,044	3,875	3,897
o	Fleet Management	3,345	3,504	3,720	3,821
n	Human Resources	3,292	4,074	4,192	4,145
	Subtotal Administration	41,572	50,005	53,912	54,632
	<b>Subtotal O &amp; M Expenditures</b>	215,071	240,679	246,056	252,683
	Debt Service	30,813	81,938	76,508	91,240
	Payment in Lieu of Taxes	12,414	13,469	13,097	14,210
	Right of Way	5,100	5,100	5,100	5,100
	<b>Total O &amp; M Expenditures</b>	263,398	341,186	340,762	363,234
	Personnel Services charged to Capital Projects	(7,541)	(8,400)	(8,400)	(8,400)
	<b>Total Net Operating Expenditures</b>	255,857	332,786	332,362	354,834

**Footnote:** Security division transferred from Facilities and Security to Occupational Safety & Health in FY 2008 Revised to form a new department - Safety & Security.

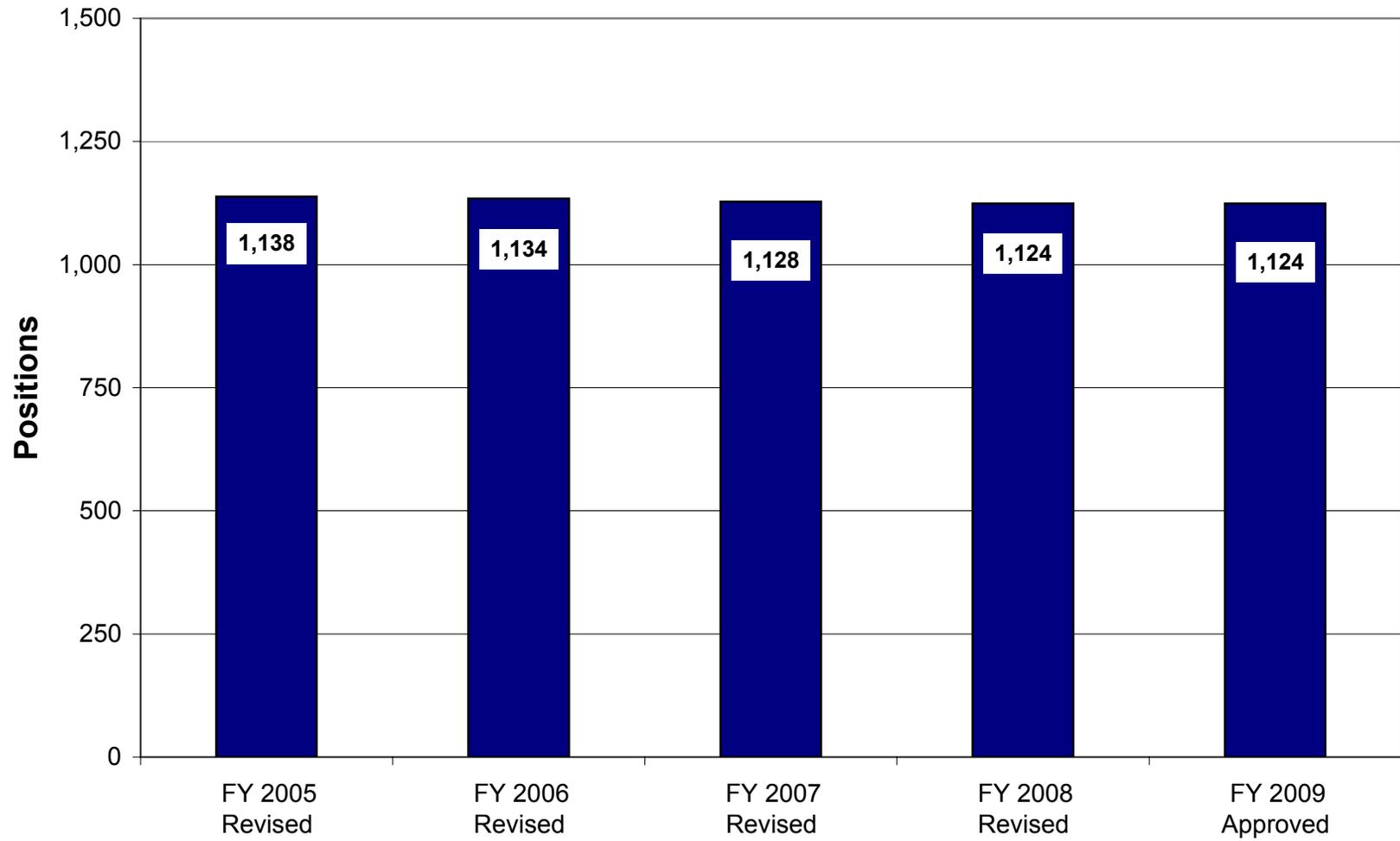
**Comparative Operating Expenditures by Department by Category  
FY 2008 Revised Budget  
(\$000's)**

	Auth Pos	Pay	Fringe	Overtime	Total PS	Supplies	Chemicals	Utilities	Contract	BioSolids	Water Purchases	Small Equipment	Total NPS	TOTAL Dept.	
<b>O</b>															
<b>p</b>	Wastewater Treatment	125	7,033	1,688	832	9,552	430	19,973	26,171	5,440	17,155	91	69,260	78,812	
<b>e</b>	Water Services	166	8,839	2,121	978	11,939	828	95	5,013	5,458	23,601	100	35,096	47,035	
<b>r</b>	Sewer Services	159	8,303	1,993	920	11,216	356	137	2,736	1,737		57	5,023	16,239	
<b>a</b>	Maintenance Services	177	10,185	2,444	1,120	13,749	2,040		91	5,944		200	8,275	22,024	
<b>t</b>	Engineering & Tech. Services	125	9,271	2,225	400	11,896	85		164	1,588		19	1,856	13,752	
<b>i</b>	Customer Service	122	6,138	1,473	260	7,871	168		1,226	3,938		78	5,411	13,282	
<b>o</b>	Lead Abatement					-			1,000				1,000	1,000	
<b>n</b>															
<b>s</b>	Subtotal Operations	874	49,769	11,945	4,510	66,224	3,908	20,205	35,401	25,105	17,155	23,601	545	125,920	192,144
<b>A</b>															
<b>d</b>	Office of the Secretary	2	159	38	2	199	18		4	275		1	298	497	
<b>m</b>	General Manager	9	1,120	269	25	1,414	15		20	1,568		-	1,603	3,017	
<b>i</b>	General Counsel	14	1,050	252	2	1,304	15		15	3,649		8	3,687	4,991	
<b>n</b>	Public Affairs	9	669	161	2	832	30		16	473		-	519	1,351	
<b>i</b>	Internal Audit	4	334	80	-	414	8		5	146		-	159	573	
<b>s</b>	Finance & Budget	43	3,414	819	40	4,273	17		59	2,073		5	2,153	6,426	
<b>t</b>	Information Technology	27	1,391	334	30	1,755	179		124	4,672		137	5,111	6,865	
<b>r</b>	Risk Management	3	227	54	1	283	8		5	6,146		-	6,159	6,441	
<b>a</b>	Asst. Gen. Mgr. - Support Services	3	265	64	1	330	5		5	391		1	402	732	
<b>t</b>	Facilities Management	58	3,039	711	150	3,900	440		92	1,421		37	1,990	5,891	
<b>i</b>	Safety & Security	13	965	232	1	1,197	72		24	4,009		38	4,143	5,340	
<b>o</b>	Procurement & Materiel Mgt	38	2,591	622	40	3,253	51		51	519		-	622	3,875	
<b>n</b>	Fleet Management	5	447	107	1	555	9		696	2,395		65	3,165	3,720	
	Human Resources	22	1,712	411	10	2,133	35		26	1,995		2	2,058	4,192	
	Subtotal Administration	250	17,384	4,154	305	21,843	902	-	1,142	29,732	-	-	292	32,069	53,912
	<b>Subtotal O &amp; M Expenditures</b>	<b>1,124</b>	<b>67,153</b>	<b>16,099</b>	<b>4,815</b>	<b>88,067</b>	<b>4,810</b>	<b>20,205</b>	<b>36,543</b>	<b>54,838</b>	<b>17,155</b>	<b>23,601</b>	<b>837</b>	<b>157,989</b>	<b>246,056</b>
	Debt Service														76,508
	Payment in Lieu of Taxes														13,097
	Right of Way														5,100
	<b>Total O &amp; M Expenditures</b>														<b>340,762</b>
	Personnel Services charged to Capital Projects														<b>(8,400)</b>
	<b>Total Net Operating Expenditures (Revised)</b>														<b>332,362</b>

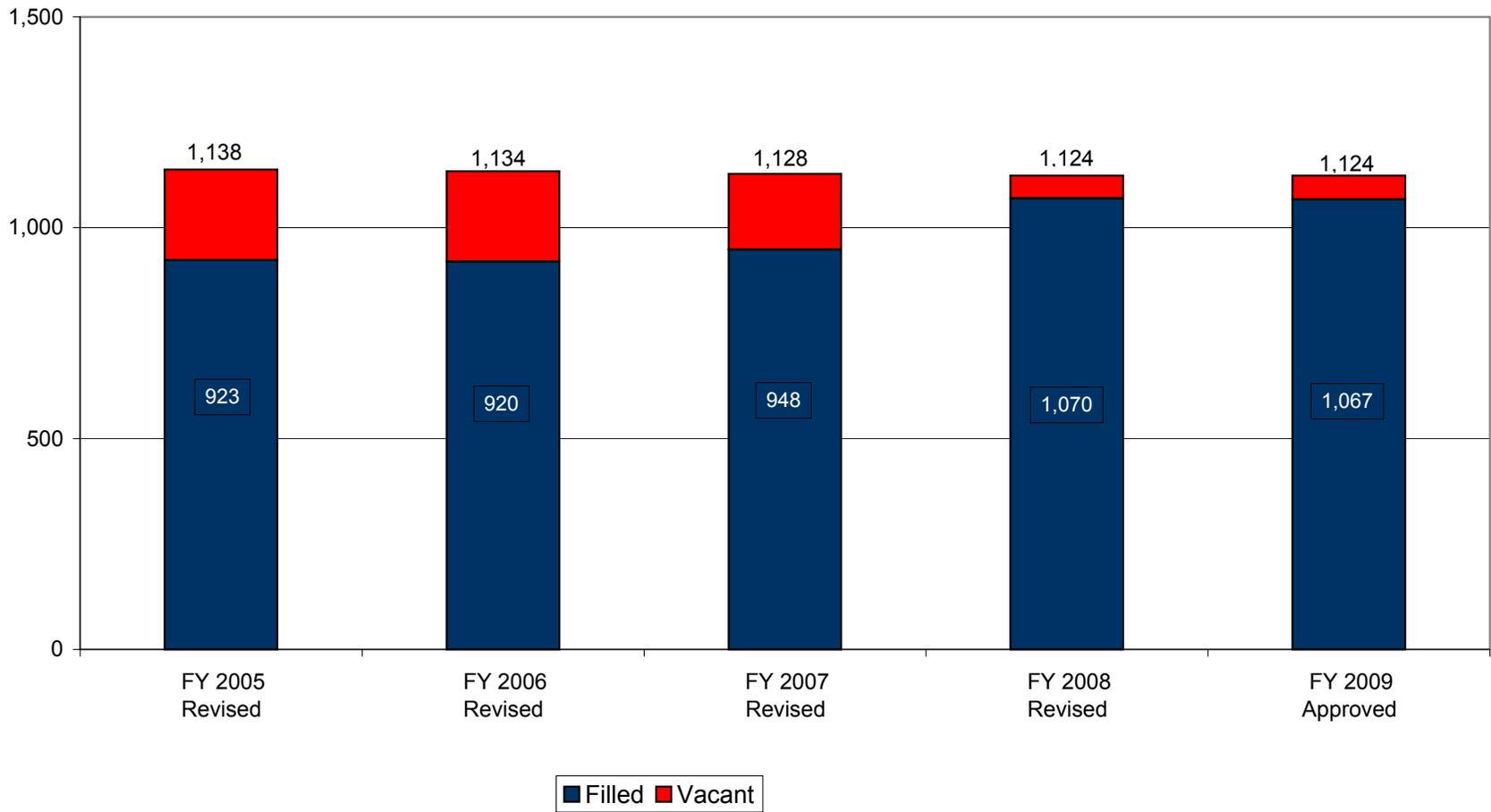
**Comparative Operating Expenditures by Department by Category  
FY 2009 Approved Budget  
(\$000's)**

	Auth Pos	Pay	Fringe	Overtime	Total PS	Supplies	Chemicals	Utilities	Contract	BioSolids	Water Purchases	Small Equipment	Total NPS	TOTAL Dept.
<b>O</b> Wastewater Treatment	121	7,085	1,700	832	9,617	491	21,775	27,222	5,456	17,164		68	72,175	81,792
<b>p</b> Water Services	166	9,281	2,228	978	12,487	950	154	5,133	4,569		23,601	126	34,534	47,021
<b>e</b> Sewer Services	159	8,718	2,092	920	11,731	363	140	2,766	1,818			87	5,174	16,905
<b>r</b> Maintenance Services	178	10,702	2,568	1,120	14,390	2,056		91	5,981			200	8,328	22,718
<b>a</b> Engineering & Tech. Services	125	9,734	2,336	400	12,471	105		164	1,648			19	1,936	14,406
<b>t</b> Customer Service	123	6,457	1,550	260	8,266	195		1,304	3,998			76	5,573	13,839
<b>i</b> Lead Abatement									1,000				1,000	1,000
<b>O</b> Long Term Control Plan					-				370				370	370
<b>n</b>														
<b>S</b> Subtotal Operations	872	51,977	12,475	4,510	68,962	4,160	22,069	36,679	24,840	17,164	23,601	576	129,089	198,051
<b>A</b> Office of the Secretary	2	167	40	2	209	18		4	262			1	284	493
<b>d</b> General Manager	9	1,220	293	25	1,538	15		20	323			-	359	1,897
<b>m</b> General Counsel	14	1,134	272	2	1,408	20		21	3,734			-	3,775	5,183
<b>i</b> Public Affairs	9	723	173	2	898	30		16	526			-	571	1,470
<b>n</b> Internal Audit	4	361	87		447	8		5	151			-	164	611
<b>i</b> Finance & Budget	43	3,627	871	40	4,538	20		59	2,191			7	2,277	6,815
<b>s</b> Information Technology	29	1,550	372	30	1,952	199		124	5,322			147	5,791	7,743
<b>t</b> Risk Management	3	238	57	1	297	8		5	6,209			-	6,222	6,519
<b>r</b> Asst. Gen. Mgr. - Support Services	3	298	72	1	371	5		5	180			1	191	562
<b>a</b> Facilities Management	58	3,112	747	150	4,009	454		92	1,467			37	2,050	6,059
<b>t</b> Safety & Security	13	1,021	245	1	1,268	73		19	4,021			37	4,150	5,418
<b>i</b> Procurement & Materiel Mgt	38	2,804	673	40	3,517	58		51	271			-	380	3,897
<b>O</b> Fleet Management	5	469	113	1	583	11		696	2,466			65	3,239	3,821
<b>n</b> Human Resources	22	1,798	432	10	2,240	35		26	1,843			2	1,906	4,145
Subtotal Administration	252	18,523	4,445	305	23,273	954	-	1,142	28,965	-	-	297	31,359	54,632
<b>Subtotal O &amp; M Expenditures</b>	<u>1,124</u>	<u>70,500</u>	<u>16,920</u>	<u>4,815</u>	<u>92,235</u>	<u>5,114</u>	<u>22,069</u>	<u>37,821</u>	<u>53,805</u>	<u>17,164</u>	<u>23,601</u>	<u>873</u>	<u>160,448</u>	<u>252,683</u>
Debt Service														91,240
Payment in Lieu of Taxes														14,210
Right of Way														5,100
<b>Total O &amp; M Expenditures</b>														363,234
Personnel Services charged to Capital Projects														(8,400)
<b>Total Net Operating Expenditures</b>														<u>354,834</u>

## Authorized Positions FY 2005 - FY 2009



### Filled vs. Vacant Positions FY 2005 - FY 2009

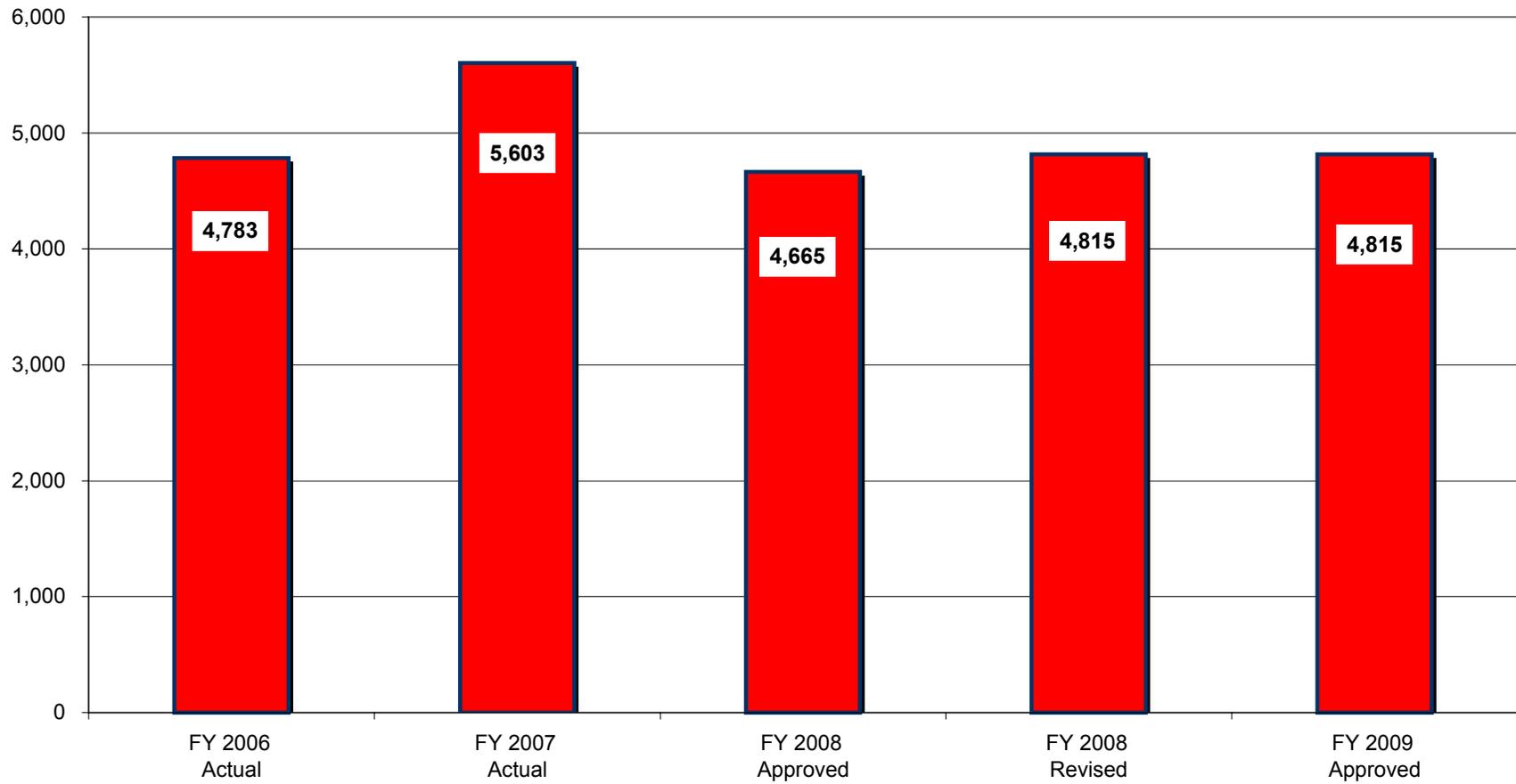


\* Filled count represents year-end actual except for FY 2008 AND FY 2009 which are budgeted filled numbers

### FY 2008 Revised & FY 2009 Approved Position Request

	Fiscal Year 2006			FY 2006	Fiscal Year 2007			FY 2007	Fiscal Year 2008		Fiscal Year 2009	
	Authorized	Average Filled	Average Vacant	Year-End Filled	Authorized	Average Filled	Average Vacant	Year-End Filled	Authorized	Revised	Approved	
O p e r a t i o n s	Wastewater Treatment	132	103	29	97	125	101	24	103	121	125	121
	Water Services	166	135	31	137	166	142	24	150	166	166	166
	Sewer Services	159	135	24	134	159	140	19	140	159	159	159
	Maintenance Services	178	154	24	152	178	151	27	153	178	177	178
	Engineering & Technical Services	125	103	22	100	125	99	26	98	125	125	125
	Customer Service	123	101	22	101	123	105	18	108	123	122	123
	<b>Subtotal</b>	<b>883</b>	<b>731</b>	<b>152</b>	<b>721</b>	<b>876</b>	<b>738</b>	<b>138</b>	<b>752</b>	<b>872</b>	<b>874</b>	<b>872</b>
A d m i n i s t r a c t i o n	General Manager	9	6	3	7	9	7	2	7	9	9	9
	Internal Audit	4	3	1	3	4	3	1	3	4	4	4
	Secretary to the Board of Directors	2	2	-	2	2	2	-	2	2	2	2
	Asst. Gen. Mgr. - Support Services	4	3	1	3	4	3	1	2	4	3	3
	Human Resources	22	20	2	20	22	21	1	21	22	22	22
	Facilities Management	64	55	9	58	64	59	5	58	64	58	58
	Procurement & Materiel Management	38	30	8	30	38	29	9	29	38	38	38
	Safety and Security	6	5	1	5	7	5	2	6	7	13	13
	Fleet Management	5	4	1	6	5	6	(1)	6	5	5	5
	Finance and Budget	43	32	11	33	43	34	9	35	43	43	43
	Risk Management	3	3	-	3	3	3	-	3	3	3	3
	General Counsel	14	10	4	9	14	7	7	6	14	14	14
	Information Technology	29	13	16	13	29	12	17	12	29	27	29
Public Affairs	8	6	2	7	8	6	2	6	8	9	9	
<b>Subtotal</b>	<b>251</b>	<b>192</b>	<b>59</b>	<b>199</b>	<b>252</b>	<b>197</b>	<b>55</b>	<b>196</b>	<b>252</b>	<b>250</b>	<b>252</b>	
<b>Total Positions</b>	<b>1,134</b>	<b>923</b>	<b>211</b>	<b>920</b>	<b>1,128</b>	<b>935</b>	<b>193</b>	<b>948</b>	<b>1,124</b>	<b>1,124</b>	<b>1,124</b>	

**Overtime Expenditures  
FY 2006 - FY 2009  
(\$000's)**



**OVERTIME BY DEPARTMENT  
(\$000's)**

<b>Department</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Actual</b>	<b>FY 2007 Revised</b>	<b>FY 2008 Approved</b>	<b>FY 2008 Revised</b>	<b>FY 2009 Approved</b>
Wastewater Treatment	874	976	790	790	832	832
Water Services	1,051	1,425	978	978	978	978
Sewer Services	962	1,172	942	942	920	920
Maintenance Services	1,058	1,113	950	950	1,120	1,120
Engineering & Technical Services	204	368	425	425	400	400
Customer Service	273	254	260	260	260	260
Secretary to the Board of Directors	1	3	2	2	2	2
General Manager	25	32	25	25	25	25
General Counsel	0	4	2	2	2	2
Public Affairs	1	1	2	2	2	2
Internal Audit	0	0	-	-	-	-
Finance & Budget	31	26	40	40	40	40
Information Technology	24	18	35	35	30	30
Risk Management	0	1	3	3	1	1
Assistant General Manager	2	1	1	1	1	1
Facilities Management	216	180	142	142	150	150
Safety & Security	0	-	1	1	1	1
Procurement & Materiel Management	54	27	50	50	40	40
Fleet Management	2	0	2	2	1	1
Human Resources	3	2	15	15	10	10
Lead Abatement	-	-	-	-	-	-
<b>Total</b>	<b>4,783</b>	<b>5,603</b>	<b>4,665</b>	<b>4,665</b>	<b>4,815</b>	<b>4,815</b>

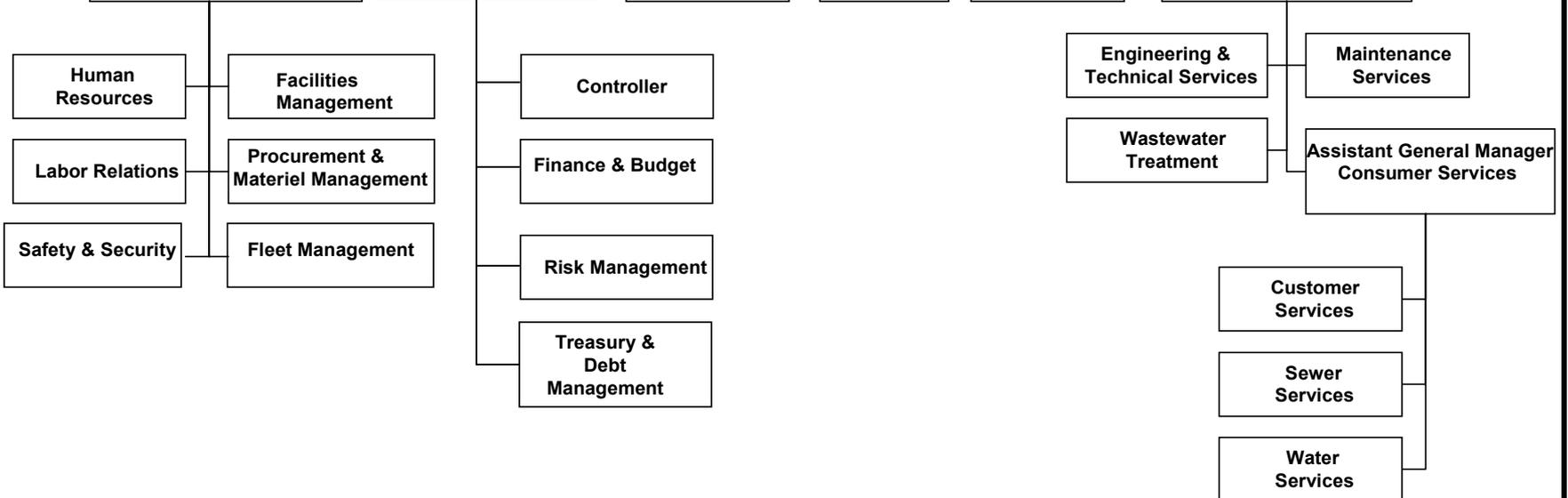
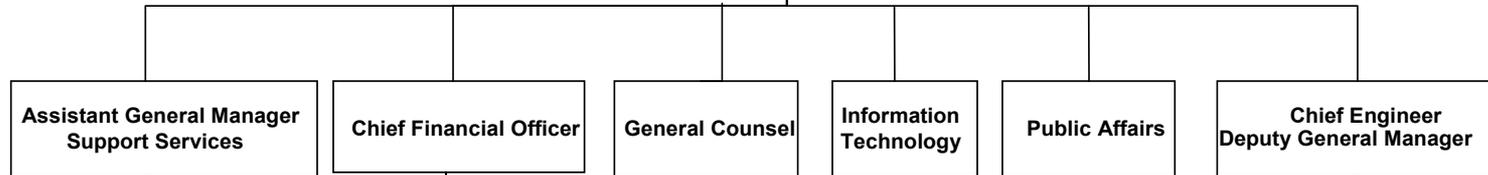
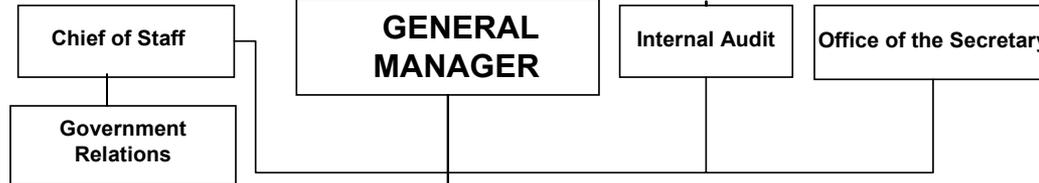
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POSITIONS				
FY 2007			FY 2008	FY 2009
Average Authorized	Positions Filled	Year-End Positions Filled		
1,128	936	948	1,124	1,124

**FY 2009  
Operating Budget  
\$363,234,000**

**BOARD OF DIRECTORS**



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**FY 2009 Budget  
\$1,897,000**

**BOARD  
OF  
DIRECTORS**



**GENERAL  
MANAGER  
9 - Positions**

			<b>POSITIONS</b>	
<b>CURRENT</b>			FY 2008	FY 2009
Authorized	Average Positions Filled	Year-End Positions Filled		
9	7	7	9	9

**FUNCTIONS**

- Overall operational and policy direction in support of the Board of Directors' Strategic Plan

## GENERAL MANAGER

**MISSION:** The General Manager's Office administers, plans, organizes, and directs the operations of the Authority.

**BUDGET OVERVIEW:** The revised FY 2008 operating budget increases by approximately \$1.1 million compared to the approved FY 2008 operating budget. This increase reflects funding for Low Impact Development (LID) grants and New Revenue Generation initiatives. The approved FY 2009 operating budget decreases by approximately \$1.0 million compared to the FY 2008 revised budget due mainly to a one time funding for LID and new revenue generation initiatives in the revised FY 2008 budget.

	FY 2007 Actual	FY 2008 Approved	FY 2008 Revised	FY 2009 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	9	9	9	9
Average number of positions filled	7			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	967	1,627	1,414	1,538
Overtime	32	25	25	25
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	13	15	15	15
Utilities	33	18	20	20
Contractual Services, etc.	147	293	1,568	323
Small Equipment		4	-	-
Total Non-Personnel Services	193	330	1,603	359
<b>Total Operations &amp; Maintenance</b>	1,160	1,957	3,017	1,897
Capital Equipment	-	-	-	-
<b>Targeted Performance Measures</b>				
Implement all policies and directives of the Board of Directors				

## GENERAL MANAGER

### **OVERVIEW**

#### FY 2008 Major Recommended Activities and Changes

- Oversee implementation of the Board's Strategic Plan and governance study recommendations as adopted by the Board of Directors
- Oversee implementation of key projects
  - Combined Sewer Overflow (CSO) Long-Term Control Plan (LTCP) and Nine Minimum Controls consent decree
  - Internal Improvement Program
  - Capital Improvement Program
- Continue to evaluate and refine Authority's organizational structure
- Maintain Authority affiliations with industry, management and government professional organizations

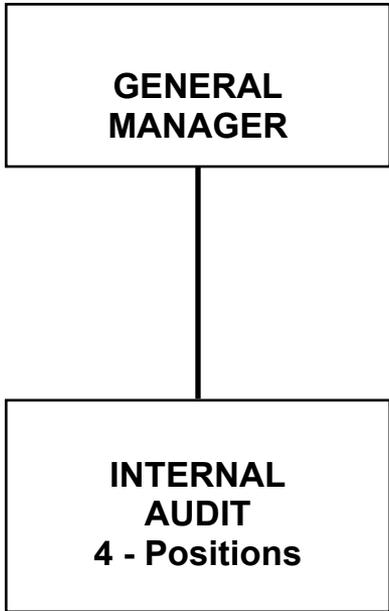
#### FY 2009 Major Recommended Activities and Changes

- No major changes anticipated

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**FY 2009 Budget  
\$611,000**



			POSITIONS	
CURRENT			FY 2008	FY 2009
Authorized	Average Positions Filled	Year-End Positions Filled		
4	3	3	4	4

**OVERSIGHT FUNCTIONS**

- Conduct cyclical audits
- Audits requested by the Board of Directors and/or the General Manager
- Review of corporate governance

**INSIGHT FUNCTIONS**

- Assess programs and policies
- Share best practices and benchmarking information
- Provide ongoing feedback for re-engineering management practices and policies

**FORESIGHT FUNCTIONS**

- Identify trends and challenges before they become crises
- Identify risks and opportunities
- Risk based auditing

## INTERNAL AUDIT

**MISSION:** To assist the Authority's management and Board of Directors in the effective discharge of their responsibilities by providing them with objective analyses, appraisals, recommendations, and pertinent comments on key Authority activities.

**BUDGET OVERVIEW:** The FY 2008 revised budget increased due to increased audit requests and projected compensation increases. The FY 2009 approved budget increases slightly due to projected compensation increases.

	FY 2007 Actual	FY 2008 Approved	FY 2008 Revised	FY 2009 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	4	4	4	4
Average number of positions filled	3			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	294	409	414	447
Overtime	0	-	-	-
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	3	8	8	8
Utilities	4	5	5	5
Contractual Services, etc.	52	70	146	151
Small Equipment	-	-	-	-
Total Non-Personnel Services	59	83	159	164
<b>Total Operations &amp; Maintenance</b>	353	492	573	611
Capital Equipment	-	-	-	-
<b>Targeted Performance Measures</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Budget</b>	<b>FY 2008 Projection</b>	<b>FY 2009 Projection</b>
Complete Annual Audit	12	12	12	12

## INTERNAL AUDIT

### OVERVIEW

#### FY 2008 Major Recommended Activities and Changes

- Conduct routine sponsored facilitated workshops
- Increased training of staff in evolving auditing principles and concepts
- Implement training program for the Audit Committee regarding Corporate Governance
- Continue to market DCWASA's Ethics Goals and Program
- Increase auditing of construction contracts and outside vendors

#### FY 2009 Major Recommended Activities and Changes

- Continue to improve on FY2008 Activities
- Market industry and best practice recommendations regarding Internal Audit's role in Enterprise Risk Management (ERM)
  - Giving assurance on risk management process
  - Giving assurance that risks are evaluated correctly
  - Evaluating risk management process
  - Evaluating the reporting of key risk
  - Reviewing the management of key risk

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**BOARD  
OF  
DIRECTORS**

			<b>POSITIONS</b>	
<b>CURRENT</b>			<b>FY 2008</b>	<b>FY 2009</b>
<b>Authorized</b>	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
2	2	2	2	2

**FY 2009 Budget  
\$493,000**

**OFFICE OF  
THE  
SECRETARY (BOARD)  
2 - Positions**

**GENERAL  
MANAGER**

**FUNCTIONS**

- Manage logistics for Board of Directors and Committee meetings
- Manage and oversee the day-to-day operations of the Board of Directors
- Coordinate logistics for Board’s strategic planning process
- Administer the subpoena process for the Authority
- Provide Notary Service for the Authority

**OFFICE OF THE SECRETARY**

**MISSION:** To support the Board of Directors in developing and reviewing the Authority's strategic goals, providing executive level assistance in planning, coordinating and executing assignments, and ensuring that the Board's business and activities are effectively managed.

**BUDGET OVERVIEW:** The revised FY 2008 budget increased from the FY 2008 approved budget level due to higher than anticipated cost in contractual services. The FY 2009 approved budget reflects a slight increase in compensation.

	FY 2007 Actual	FY 2008 Approved	FY 2008 Revised	FY 2009 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	2	2	2	2
Average number of positions filled	2			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	193	202	199	209
Overtime	3	2	2	2
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	15	18	18	18
Utilities	3	3	4	4
Contractual Services, etc.	70	200	275	262
Small Equipment	-	1	1	1
<b>Total Non-Personnel Services</b>	<b>88</b>	<b>222</b>	<b>297</b>	<b>284</b>
<b>Total Operations &amp; Maintenance</b>	<b>280</b>	<b>424</b>	<b>497</b>	<b>493</b>
Capital Equipment	-	-	-	-

<b>Targeted Performance Measures</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Budget</b>	<b>FY 2008 Projection</b>	<b>FY 2009 Projection</b>
Provide timely and accurate Board and Committee agendas, reports and minutes	100%	100%	100%	100%
Follow-up and complete Board actions	100%	100%	100%	100%

**OFFICE OF THE SECRETARY**

**OVERVIEW**

FY 2008 Major Recommended Activities and Changes

- Coordinate logistics for Board’s Strategic Planning Session
- Assist Board Committees in monitoring Committee Work Plan performance measures and Governance Study recommendation initiatives
- Continue to enhance data dissemination process for WASA employees and the general public by use of standard mailings and WASA’s website

FY 2009 Major Recommended Activities and Changes

- No major changes anticipated

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**CHIEF ENGINEER**  
Deputy General Manager

POSITIONS				
Authorized	CURRENT		FY 2008	FY 2009
	Average Positions Filled	Year-End Positions Filled		
125	99	98	125	125

**FY 2009 Budget**  
**\$14,406,000**

**ENGINEERING and TECHNICAL SERVICES**  
**3 - Positions**

**Program Management Branch**  
**9 - Positions**

**FUNCTIONS**

- Develop and maintain long-term facility planning process
- Generate bid documents for construction and rehabilitation projects
- Provide engineering data for production of the Capital Improvement Plan (CIP)
- Provide staff support for environmental policy issues affecting WASA
- Technical and policy coordination with other jurisdictions and federal agencies
- Manage outside professional engineering firms
- Provide coordination and other related services in support of the District of Columbia's storm water permit and in conjunction with the Departments of Health, Public Works, and Transportation

**Planning and Design Branch**  
**38 - Positions**

**FUNCTIONS**

- Perform system and facilitate planning for the water, sewer, and storm sewer system
- Review, create and maintain standards to ensure technical adequacy
- Accomplish water and sewer pipeline design and facility design
- Maintain engineering records of the water and sewer system and provide for customer access
- Review and issue permits for all new sewer and water connections and other construction affecting WASA facilities
- Provide technical engineering expertise to support operating departments
- Perform sewer and water system capacity and conditional assessments and manage resultant CIP projects

**Engineering Management Services Branch**  
**16 - Positions**

**FUNCTIONS**

- Develop and maintain contract specifications and solicitations
- Ensure DETS contract documents complies with WASA and EPA Procurement Regulations
- Recommend all contract awards
- Ensure WASA design consultant and construction contractors comply with LSDBE and MBE/WBE requirements
- Manage and track the CIP
- Manage and track EPA Grants
- Develop, prepare and coordinate DETS operating budget
- Manage DETS engineering systems hardware/software

**Water and Sewer Construction Branch**  
**41 - Positions**

**FUNCTIONS**

- Administer contracts for new construction, major repairs, and modifications to water and sewer systems
- Inspect construction of WASA facilities by contractors, other District agencies and private developers

**Wastewater Systems Planning & Design Branch**  
**1 - Position**

**FUNCTIONS**

- Perform planning and design activities for Blue Plains

**Blue Plains Project Branch**  
**10 - Positions**

**FUNCTIONS**

- Administer contracts for construction management, new construction, major repairs, modifications and start-up to the Blue Plains Advanced Wastewater Treatment Plant
- Perform design reviews and coordinate construction work with other departments at Blue Plains

**Lead Program Branch**  
**7- Positions**

**FUNCTIONS**

- Responsible for construction and program management of lead service line replacements

## ENGINEERING AND TECHNICAL SERVICES

**MISSION:** To perform engineering planning, design, and construction management necessary to execute the Authority's capital improvement program (CIP); to provide assistance and advice to operating departments and management on engineering aspects of the Authority's operation and facilities; to develop and maintain engineering documentation of the Authority's facilities and systems; and to assist the Authority with environmental policy.

**BUDGET OVERVIEW:** The revised FY 2008 budget decreases by approximately \$0.7 million from the approved FY 2008 budget due primarily to reductions in storm water NPDES Permit (MS4) costs. The FY 2009 approved budget increases by approximately \$0.7 million over the FY 2008 revised budget due to projected compensation increases.

	FY 2007 Actual	FY 2008 Approved	FY 2008 Revised	FY 2009 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	125	125	125	125
Average number of positions filled	99			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	10,397	12,073	11,896	12,471
Overtime	466	425	400	400
<b>Non-Personnel Services:</b>				
Chemical and Supplies	77	105	85	105
Utilities	104	135	164	164
Contractual Services, etc.	701	2,301	1,588	1,648
Small Equipment	3	72	19	19
<b>Total Non-Personnel Services</b>	<b>885</b>	<b>2,612</b>	<b>1,856</b>	<b>1,936</b>
<b>Total Operations &amp; Maintenance</b>	<b>11,283</b>	<b>14,685</b>	<b>13,752</b>	<b>14,406</b>
Capital Equipment		-	-	-
<b>Targeted Performance Measures</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Budget</b>	<b>FY 2008 Projection</b>	<b>FY 2009 Projection</b>
Capital disbursements between 90-100% of forecast	95.0%	95.0%	95.0%	95.0%
Fewer than 5% change orders to capital contracts	95.0%	95.0%	95.0%	95.0%
Use 100% of Clean Water Act grant funds	\$4.2M	\$4.2M	\$4.2M	\$4.2M
Use 100% of Safe Drinking Water Act grant funds	\$8.0M	\$8.0M	\$8.0M	\$8.0M

## ENGINEERING & TECHNICAL SERVICES

### OVERVIEW

#### FY 2008 Major Recommended Activities and Changes

- Lead, manage timely, and ensure in-budget implementation of the Capital Improvement Program (CIP)
- Continue implementation of the Combined Sewer Overflows Long Term Control Plan (CSO LTCP) and Nine Minimum Controls consent decree
- Continue to assist the District's storm water permit compliance program
- Implement actions on lead service replacement program in accordance with Board Policies.
- Continue support for the High Priority Rehabilitation Program (HPRP) for Blue Plains
- Complete the comprehensive sewer system assessment program
- Continue support for the new asset management system
- Continue support for Geographic Information System (GIS) and Asset Management implementation
- Seek resolution with the District's Department of Transportation (DDOT) on responsibility for storm water pumping stations
- Complete development and start implementation of the Internal Improvement Program (IIP)
- Start construction on the water systems improvement project on east of the Anacostia River

#### FY 2009 Major Recommended Activities and Changes

- Continue to lead, manage timely, and ensure in-budget implementation of the CIP
- Continue implementation of CSO LTCP
- Continue to support the District's storm water permit compliance program
- Begin implementation of projects resulting from the sewer system condition assessment program
- Maintain as-built and mapping system with in-house staff
- Advertise biological sludge thickening facility upgrade project

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**CHIEF  
ENGINEER**  
Deputy General Manager

**MAINTENANCE  
SERVICES**

**FY 2009 Budget  
\$22,718,000**

<b>POSITIONS</b>				
<b>Authorized</b>	<b>CURRENT</b>		<b>FY 2008</b>	<b>FY 2009</b>
	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
178	151	153	178	178

**Electrical  
Maintenance  
47 - Positions**

**Mechanical  
Maintenance  
59 - Positions**

**Maintenance  
Management  
23 - Positions**

**Instrumentation  
20 - Positions**

**Water & Sewer  
Pumping  
Maintenance  
29 - Positions**

**FUNCTIONS**

- Maintain electrical process control systems, equipment, and components for Blue Plains Advanced Wastewater Treatment Plant
- Operate and maintain electrical power distribution system from 69kv to 5kv, electrical control systems for process equipment and facilities.

**FUNCTIONS**

- Maintain mechanical process systems and equipment for the Blue Plains Advanced Wastewater Treatment Plant

**FUNCTIONS**

- Plan and coordinate all activities for corrective, preventive, and predictive maintenance
- Plan & operate support systems to manage maintenance by planning, estimating, inspecting, and scheduling maintenance activities
- Coordinate work through operations and engineering.
- Plan, schedule, and perform condition monitoring for process equipment.

**FUNCTIONS**

- Maintain electronic process control systems, flow measurement, metering and recording equipment for the Blue Plains Advanced Wastewater Treatment Plant

**FUNCTIONS**

- Maintain electrical and electronic process control systems, flow measurement, metering and recording equipment for water, storm water, and wastewater pumping facilities.
- Maintain mechanical process systems and equipment for water, storm water, and wastewater pumping facilities.

## MAINTENANCE SERVICES

**MISSION:** To economically maintain WASA's process equipment and facilities, ensuring that the operational and customer service objectives of the Authority are achieved.

**BUDGET OVERVIEW:** The FY 2008 revised budget increases by \$0.6 million over the FY 2008 approved budget due to increased cost for maintaining the Solids Processing Building at Blue Plains. The FY 2009 approved budget decreases by approximately \$0.4 million from the FY 2008 revised budget due to a reduction in funding provided in FY 2008 to maintain the Solids Processing Building.

	FY 2007 Actual	FY 2008 Approved	FY 2008 Revised	FY 2009 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	178	178	177	178
Average number of positions filled	151			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	12,560	13,754	13,749	14,390
Overtime	1,113	950	1,120	1,120
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	1,992	2,112	2,041	2,056
Utilities	82	79	91	91
Contractual Services, etc.	4,352	5,561	5,944	5,981
Small Equipment	94	211	200	200
<b>Total Non-Personnel Services</b>	6,520	7,962	8,275	8,328
<b>Total Operations &amp; Maintenance</b>	19,080	21,717	22,024	22,718
Capital Equipment	2,054	1,770	2,320	1,450
<b>Targeted Performance Measures</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Budget</b>	<b>FY 2008 Projection</b>	<b>FY 2009 Projection</b>
Critical Equipment Availability (97%)	97%	97%	97%	97%

## MAINTENANCE SERVICES

### OVERVIEW

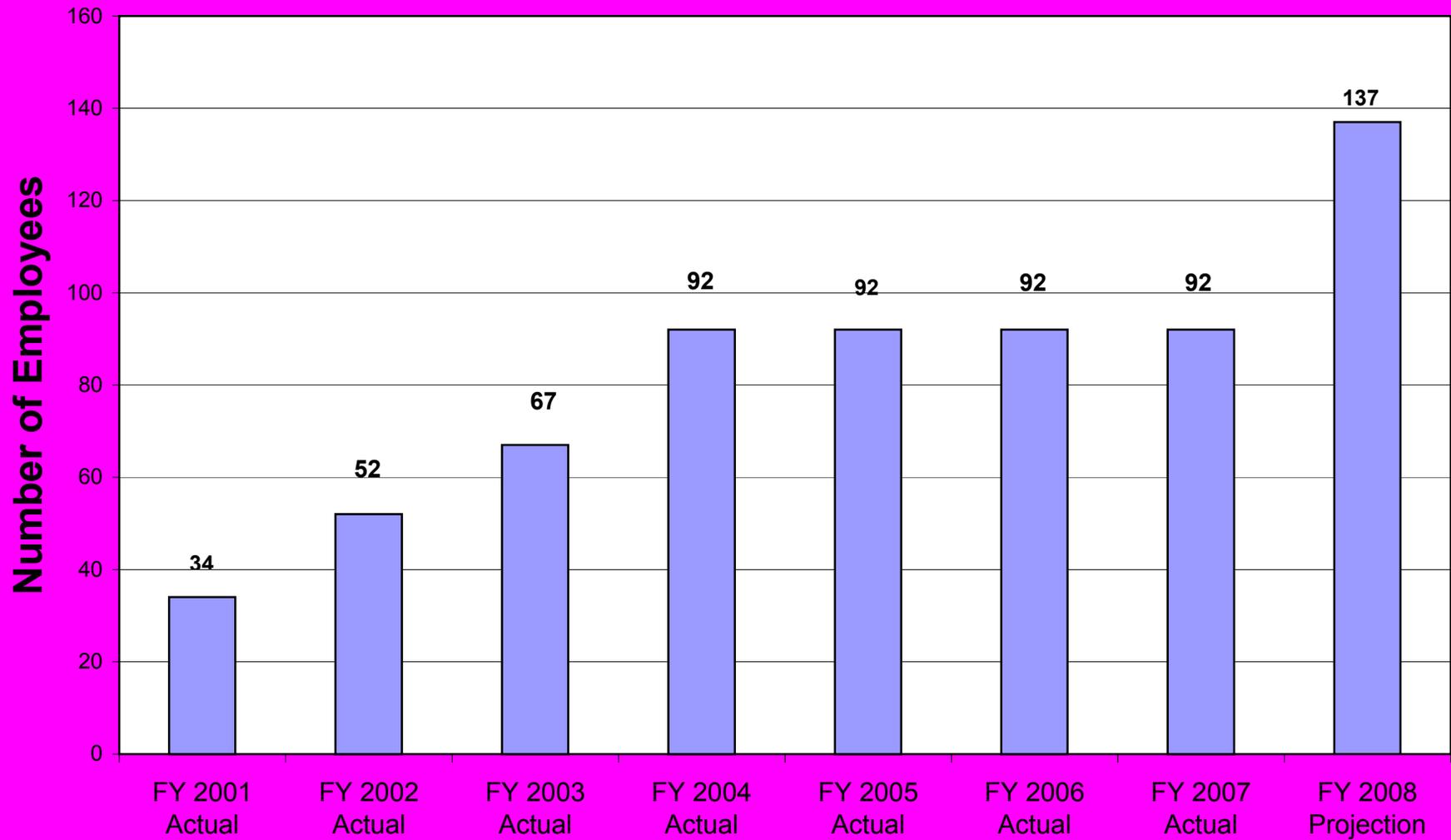
#### FY 2008 Major Recommended Activities and Changes

- Continue maintenance on the Solids Processing Building
- Continue maintenance training and certification program
- Continue implementation of diver services program
- Continue the WASA-wide High Priority Rehabilitation Program
- Support the Process Computer Control System (PCCS) and Supervisory Control And Data Acquisition (SCADA) projects
- Continue predictive maintenance program / condition monitoring program to improve equipment reliability
- Continue to establish critical spare parts inventory for process equipment
  - Filtration & Disinfection Upgrades – operational in FY 2007
  - Grit and Screen Facilities Upgrades – operational in FY 2007
  - Water & Sewer Pumping Stations Upgrades – operational in FY 2008

#### FY 2009 Major Recommended Activities and Changes

- Continue maintenance on the Solids Processing Building
- Continue maintenance training and certification program
- Continue diver services program
- Continue the High Priority Rehabilitation Program WASA wide
- Support the Process Computer Control System and SCADA project
- Continue predictive maintenance program / condition monitoring program to improve equipment reliability
- Continue to establish critical spare parts inventory for process equipment
  - Nitrification / Denitrification Upgrades – operational in FY 2010
  - Water & Sewer Pumping Stations Upgrades – operational in FY 2009
  - Filtration & Disinfection Upgrades Phase 2 – operational in FY 2009

# MAINTENANCE OPERATOR CERTIFICATION





**CHIEF  
ENGINEER**  
Deputy General Manager

<b>POSITIONS</b>				
Authorized	CURRENT		FY 2008	FY 2009
	Average Positions Filled	Year-End Positions Filled		
125	101	103	125	121

**FY 2009 Budget**  
**\$ 81,792,000**

**WASTEWATER  
TREATMENT**  
**2 - Positions**

**Administrative  
Support**  
**2 - Positions**

**Process Engineering  
Branch**  
**12 - Positions**

**Wastewater  
Treatment  
Branch**  
**91 - Positions**

**Biosolids  
Management  
Branch**  
**6 - Positions**

**Research,  
Laboratory &  
Pretreatment  
Branch**  
**12 - Positions**

**FUNCTIONS**

- Wastewater and Biosolids treatment process control support
- Plant automation support

**FUNCTIONS**

- Treat influent wastewater to remove pollutants and meet National Pollutant Discharge Elimination System Permit (NPDES) requirements
- Biosolids conditioning, thickening, dewatering, and stabilization

**FUNCTIONS**

- Biosolids storage, loading, hauling and utilization / disposal

**FUNCTIONS**

- Physical, chemical and biological analysis of wastewater and biosolids used for process control and permit reporting
- Industrial discharge monitoring
- Treatment process R&D

## WASTEWATER TREATMENT

**MISSION:** To treat wastewater delivered to Blue Plains from the collection system of the District of Columbia and surrounding jurisdictions in Maryland and Virginia, ensuring that effluent is in compliance with the Clean Water Act.

**BUDGET OVERVIEW:** The FY 2008 revised budget increases by \$1.5 million over the FY 2008 approved budget due to projected increases in chemicals and electricity costs. Four additional positions were added to the Wastewater Treatment Branch to support the wastewater Operator Trainee Program and to provide adequate staffing needs for wastewater operators. These positions would be reduced in FY 2009 in support of the Internal Improvement Program (IIP). Funding is also included to improve house keeping services for machinery and structures. The FY 2009 approved budget increases by \$3.0 million over the FY 2008 revised budget due in part to projected increase costs for compensation, chemicals and electricity.

	FY 2007 Actual	FY 2008 Approved	FY 2008 Revised	FY 2009 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	125	121	125	121
Average number of positions filled	101			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	9,249	9,571	9,552	9,617
Overtime	976	790	832	832
<b>Non-Personnel Services:</b>				
Chemicals & Supplies	19,262	20,005	20,404	22,265
Utilities	24,441	25,274	26,171	27,222
Contractual Services, etc.	2,322	5,181	5,439	5,456
Biosolids	17,135	17,155	17,155	17,164
Small Equipment	35	91	91	68
Total Non-Personnel Services	63,194	67,706	69,261	72,175
<b>Total Operations</b>	<b>72,443</b>	<b>77,277</b>	<b>78,813</b>	<b>81,792</b>
Capital Equipment	61	72	91	68

Targeted Performance Measures	FY 2007 Actual	FY 2008 Budget	FY 2008 Projection	FY 2009 Projection
Achieve NACWA Award Status	Gold	Gold	Gold	Gold
Compliance with disposal of biosolids regulations (100%)	100% Compliance	100% Compliance	100% Compliance	100% Compliance
Inspection and Sampling of Pretreatment Permittees (100%)	100 % Complete	100 % Complete	100 % Complete	100 % Complete
Obtain 90% acceptable results on discharge monitoring report quality assurance samples	90% Acceptable results	90% Acceptable results	90% Acceptable results	90% Acceptable results

Note: EPA 503 (i.e. Title 40 of the Code of Federal Regulations, Part 503) regulates the use or disposal of sewage sludge or biosolids  
 EPA DMR QA (i.e. Discharge Monitoring Report Quality Assurance) is conducted on wastewater samples used for permit compliance reports.  
 Achieving acceptable results for at least 90% of samples will minimize the potential for EPA to audit the laboratory.

# WASTEWATER TREATMENT

## OVERVIEW

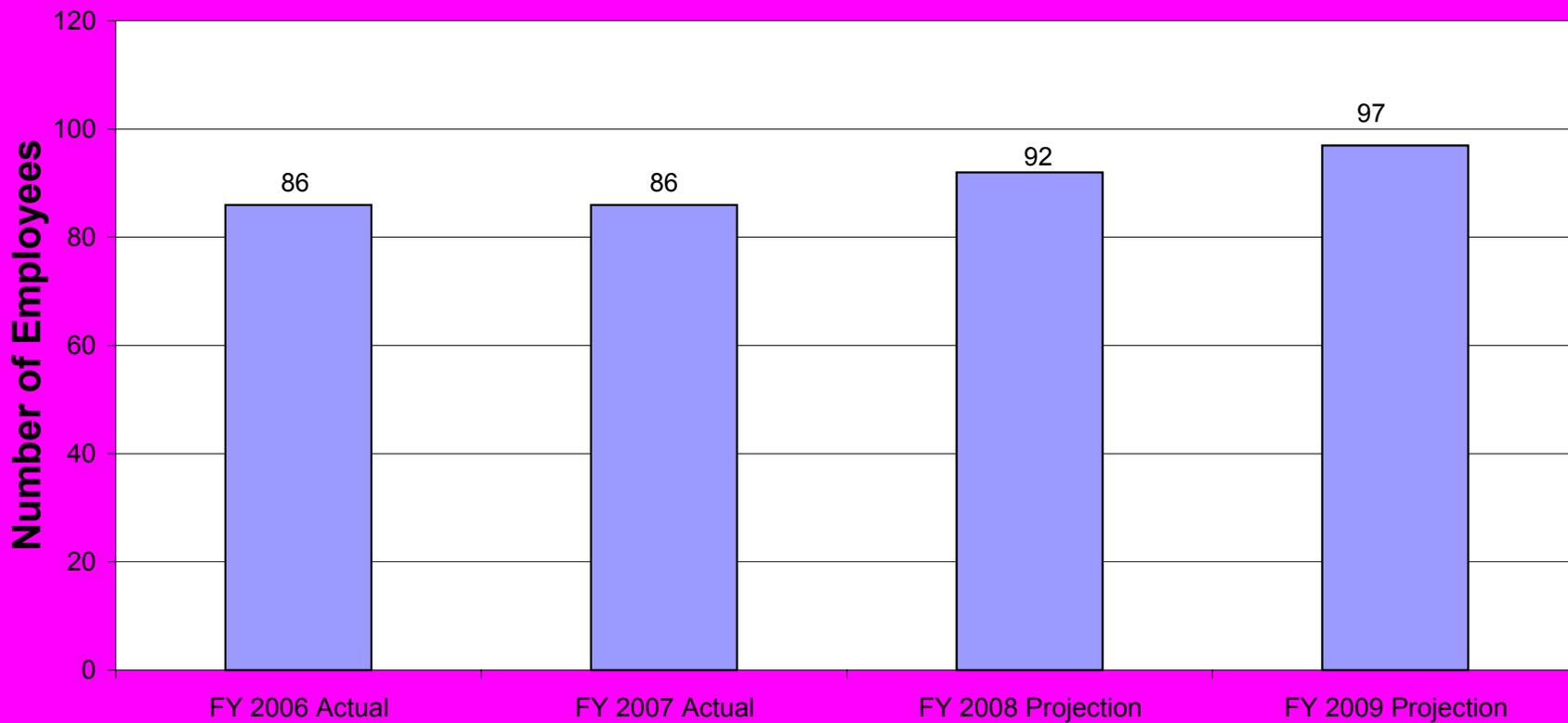
### FY 2008 Major Recommended Activities and Changes

- Maintain full compliance with the National Pollutant Discharge Elimination Systems (NPDES) permit
- Actively participate in chemicals procurement to ensure lowest cost and reliability of service
- Continue to minimize plant and biosolids odor
- Implement training programs
- Continue implementation of High Priority Rehabilitation Program (HPRP) to ensure critical process equipment remains in service
- Continue operation of treatment facilities during construction of the following Capital Improvement Program (CIP) projects:
  - Filtration & Disinfection Facilities Upgrade Phase II – operational in 2009
  - Process Control Computer System – partially operational since FY 2005
  - Grit and Screening Facilities Upgrade – operational in 2007
  - Nitrification/Denitrification Facilities Upgrade – operational in 2011
  - Raw Wastewater Pump Stations I & II – operational in 2009
- Continue to conduct wastewater treatment process research and development in various areas including:
  - Optimization of Chemical Phosphorus Removal
  - Digestion Process Hydrolysis
  - Alternative substrate for Denitrification
  - Side-stream treatment for Nitrogen Removal
  - Biosolids Product Quality Improvement
- Continue to work with Maryland and Virginia on regulatory requirements for biosolids and land applications
- Monitor and evaluate impact of Nitrogen Removal Program changes on Blue Plains
- Monitor and evaluate impact of CSO LTCP on Blue Plains

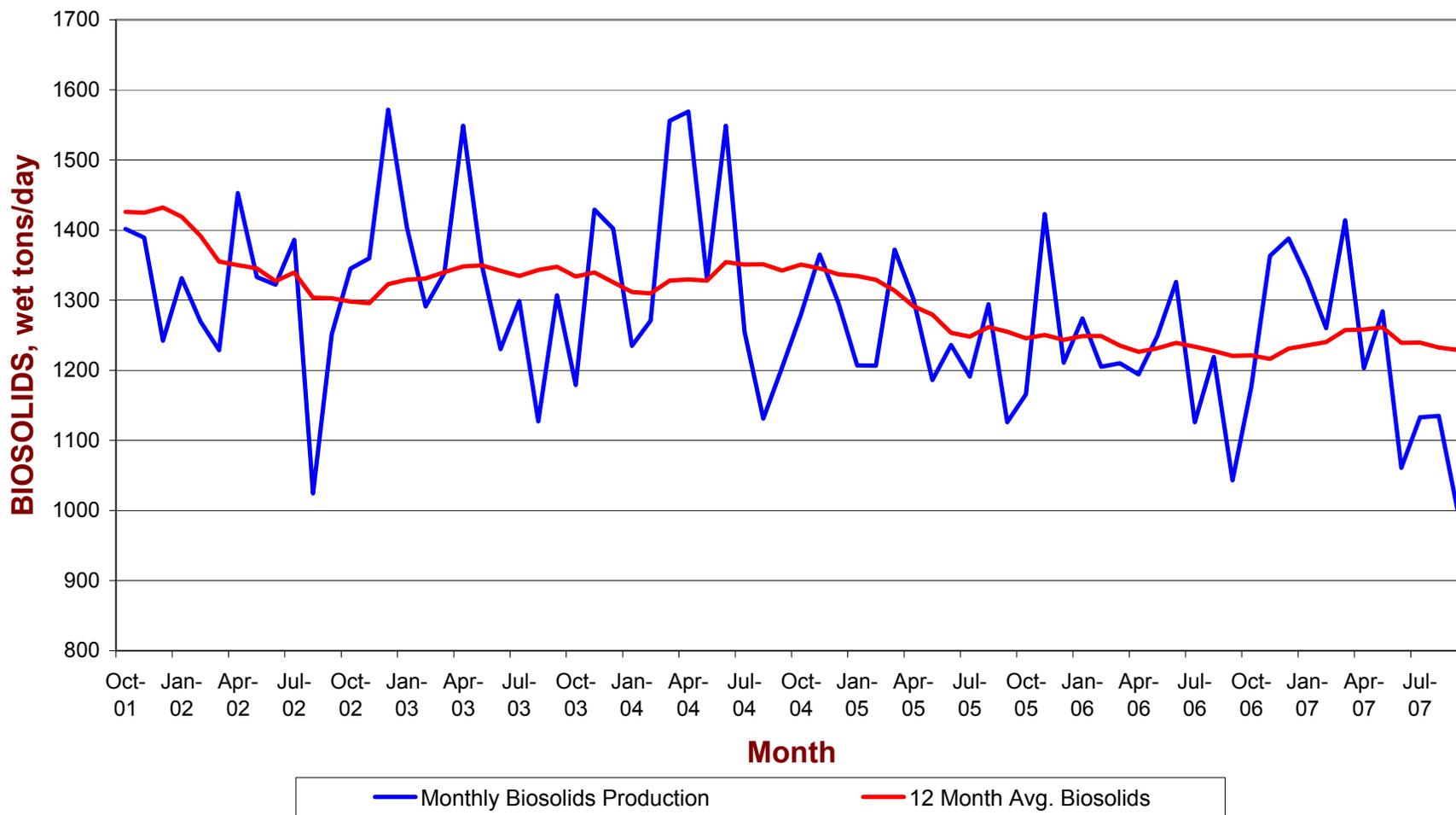
### FY 2009 Major Recommended Activities and Changes

- Continue to implement the IIP recommendation for plant efficiency and effectiveness
- Continue operation of treatment facilities during construction of the following CIP projects:
  - Filtration & Disinfection Facilities Upgrades - operational in 2009
  - Process Control Computer System - partially operational since FY 2005
  - Nitrification/Denitrification Facilities Upgrades - operational in 2011
  - Raw Wastewater Pump Stations I&II – operational in 2009
- Continue to conduct wastewater treatment process research and development
- Continue to work with Maryland and Virginia on regulatory requirements for biosolids and land applications

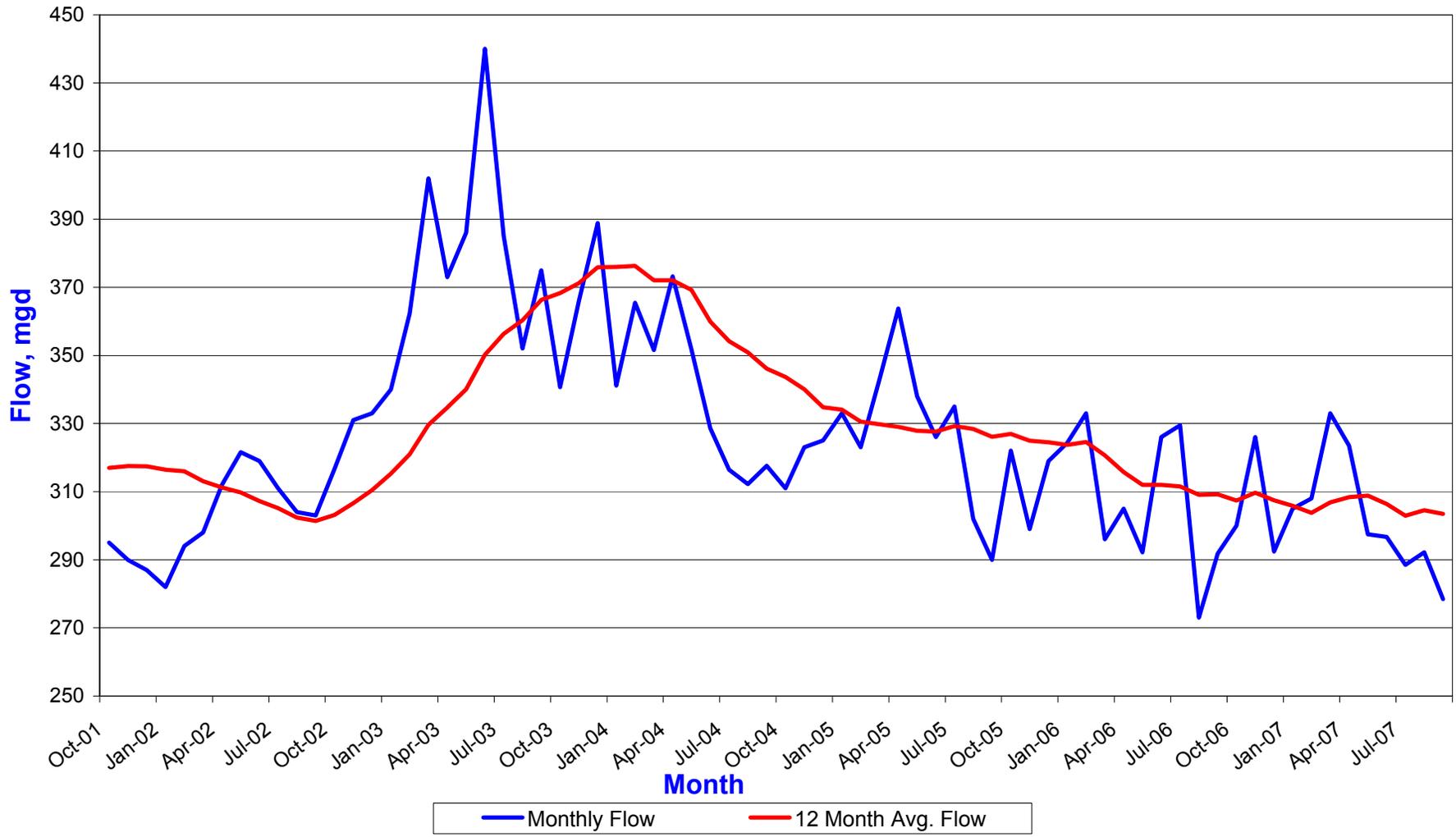
# WASTEWATER TREATMENT OPERATOR CERTIFICATION



# BLUE PLAINS WASTEWATER TREATMENT PLANT BIOSOLIDS PRODUCTION OCTOBER 2001 - SEPTEMBER 2007

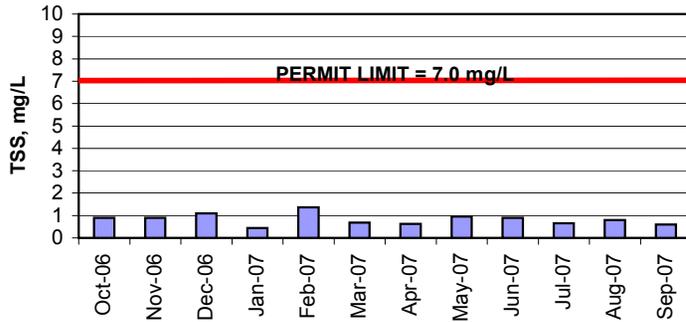


## BLUE PLAINS WASTEWATER TREATMENT PLANT EFFLUENT FLOW OCTOBER 2001 - SEPTEMBER 2007



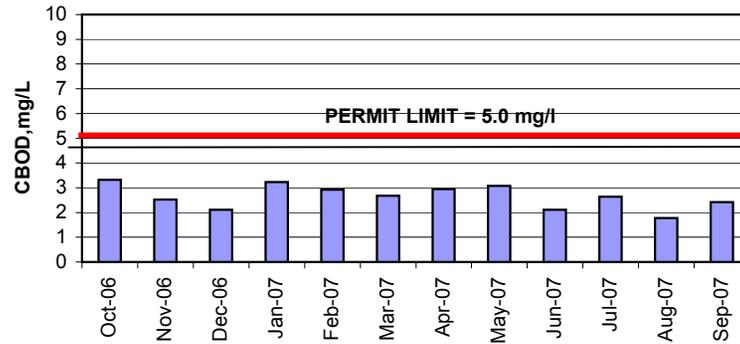
**BLUE PLAINS WASTEWATER TREATMENT PLANT  
PLANT EFFLUENT QUALITY  
OCTOBER 2006 - SEPTEMBER 2007**

**MONTHLY AVERAGE  
EFFLUENT SUSPENDED SOLIDS  
TSS, mg/L**



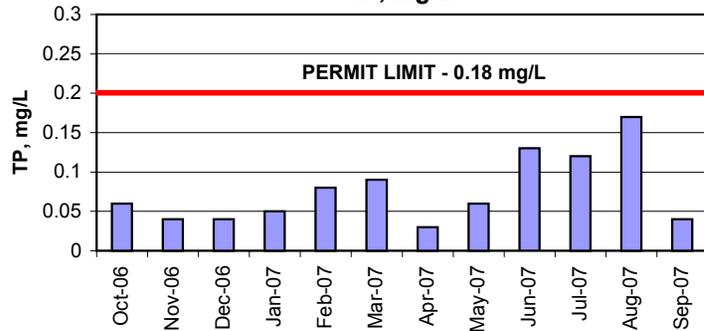
Effluent Total Suspended Solids (TSS) is a measure of the amount of solid materials that remains suspended after treatment.

**MONTHLY AVERAGE  
EFFLUENT CBOD, mg/L**



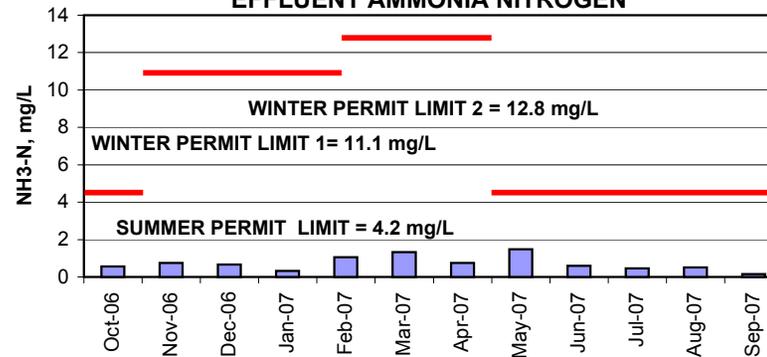
Carbonaceous Biochemical Oxygen Demand (CBOD) is a measure of the amount of dissolved oxygen required for the decomposition of organic materials.

**ANNUAL AVERAGE  
EFFLUENT TOTAL PHOSPHORUS  
TP, mg/L**



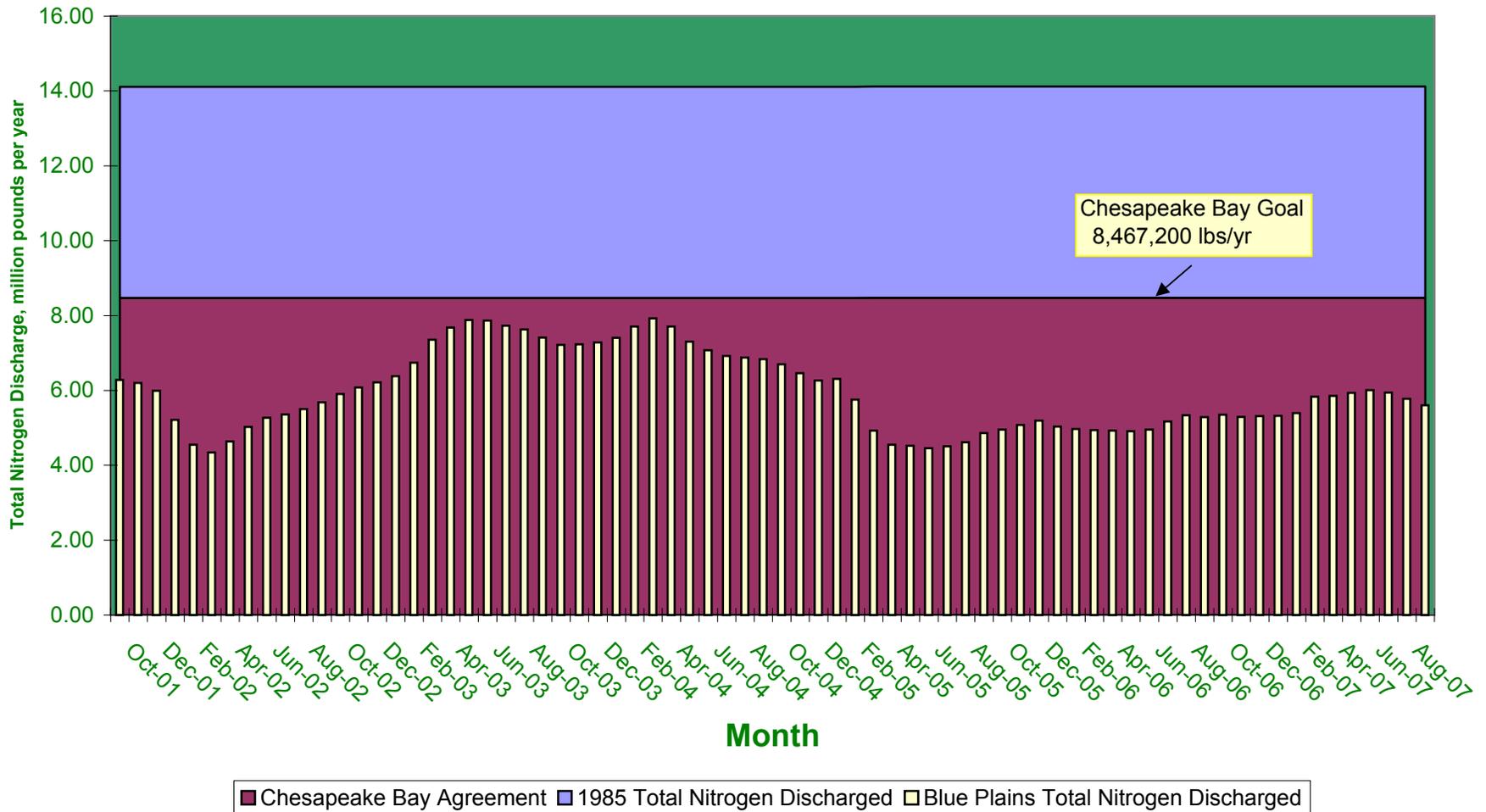
The total Phosphorus (TP) is a measure of the particulate and dissolved phosphorus in the effluent.

**MONTHLY AVERAGE  
EFFLUENT AMMONIA NITROGEN**



The Ammonia Nitrogen (NH3-N) is a measure of the nitrogen found in ammonia.

# BLUE PLAINS WASTEWATER TREATMENT PLANT ANNUAL TOTAL NITROGEN LOAD OCTOBER 2001 - SEPTEMBER 2007





**ASST. GEN. MGR.  
CONSUMER  
SERVICES**

			POSITIONS	
CURRENT			FY 2008	FY 2009
Authorized	Average Positions Filled	Year-End Positions Filled		
123	105	108	122	123

**FY 2009 Budget  
\$13,839,900**

**CUSTOMER  
SERVICE  
Office of the  
Director  
6 - Positions**

**Customer Care  
40 - Positions**

**Credit &  
Collections  
12 - Positions**

**Billing Services &  
Control  
22 - Positions**

**Meter & Field  
Services  
43 - Positions**

**FUNCTIONS**

- Respond to customer calls and correspondence
- Assist customers in Business Office
- Respond to all requests received via internet

**FUNCTIONS**

- Manage receivables and collections process on delinquent accounts, including multi-family service termination, property lien filing, dunning process, and receivership
- Manage Customer Assistance Program

**FUNCTIONS**

- Manage billing process and improvement of customer information and billing system
- Monitor and assist large accounts
- Provide planning and project management for future systems implementations

**FUNCTIONS**

- Maintain, install, test, repair and replace meters
- Manage meter replacement / automated meter reading project
- Perform interior inspections
- Perform terminations of service for non-payment of bills

## CUSTOMER SERVICE

**MISSION:** To provide superior, equitable, and responsive customer service to the diverse community that we serve.

**BUDGET OVERVIEW:** The revised FY 2008 budget is slightly less than the approved FY 2008 budget due to anticipated lower costs in personnel services. The approved FY 2009 budget increase of \$0.6 million is due to anticipated increases in compensation and utilities.

	FY 2007 Actual	FY 2008 Approved	FY 2008 Revised	FY 2009 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	123	123	122	123
Average number of positions filled	105			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	7,420	8,018	7,871	8,266
Overtime	254	260	260	260
<b>Non-personnel Services:</b>				
Chemicals and Supplies	131	174	168	195
Utilities	1,034	1,222	1,226	1,304
Contractual Services, etc.	3,180	3,867	3,938	3,998
Small Equipment	46	146	78	76
<b>Total Non-Personnel Services</b>	4,392	5,409	5,411	5,573
<b>Total Operations &amp; Maintenance</b>	11,811	13,427	13,282	13,839
<b>Capital Equipment</b>	566	800	570	200

Targeted Performance Measures	FY 2007 Actual	FY 2008 Budget	FY 2008 Projection	FY 2009 Projection
Calls answered within 40 seconds	88%	85%	85%	85%
Percentage of AMR Meters Read	92%	99%	99%	99%
Accuracy of Meter Reads	99%	99%	99%	99%
Reduce 90-day receivable balance (Retail & Wholesale)	0.3 million	1.5 million	1.5 million	1.4 million
Top 100 Accounts Billed as Scheduled	98%	98%	98%	98%

## CUSTOMER SERVICE

### OVERVIEW

#### FY 2008 Major Recommended Activities and Changes

- Complete large meter installation/AMR project and explore other options for locations that may not be AMR compatible
- Assess in-house and outsourcing models of CIS and bill print
- Explore opportunities for further expansion of Process Notification
- Begin data analysis for conversion to new system
- Develop REQUEST FOR PROPOSALS for a new CIS system
- Review existing self service applications for process improvements and updates
- Develop internet portal to allow online "live" chat with customers
- Review functionality of Maximo application for process improvements and updates
- Conduct focus groups regarding Customer Service
- Re-evaluate parking for 810 First Street employees

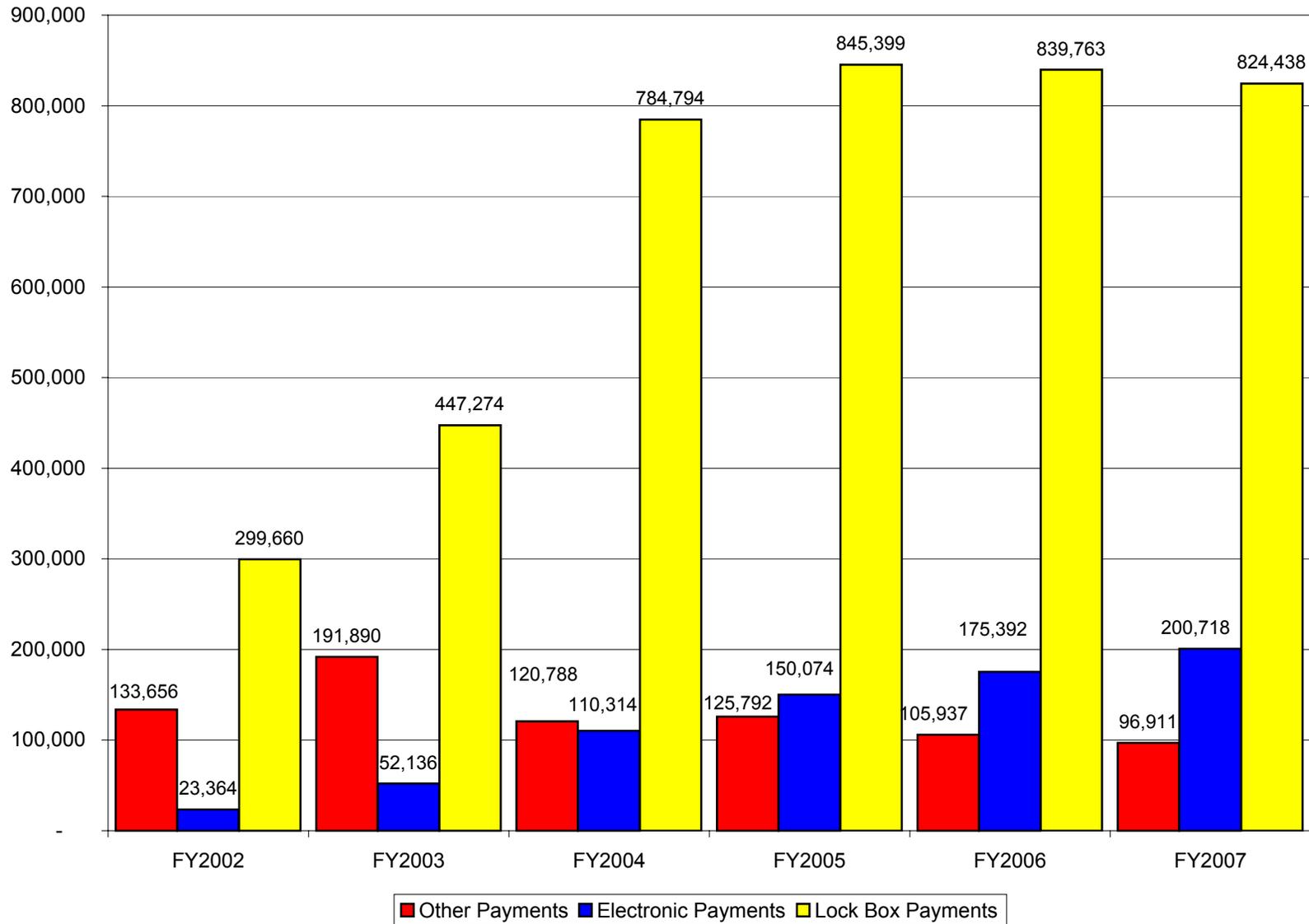
#### FY 2009 Major Recommended Activities and Changes

- Complete data analysis for conversion to new system
- Review existing possible synergies among water and sewer customers which allows us to continue to streamline operations and improve service delivery
- Implement work management plan including GIS for Field Ops, as well as CAD including service order closing
- Conduct survey regarding Customer Service
- Evaluate voice and data requirements for anticipated move of Customer Service Organization

#### Impact of Capital Projects on FY 2008 and FY 2009 Operating Expenditures

- Increase orders for additional meters and meter parts due to the Lead Line Replacement project.

**Customer Service  
Customer Payments - By Mode of Payments  
FY 2002 - FY 2007**



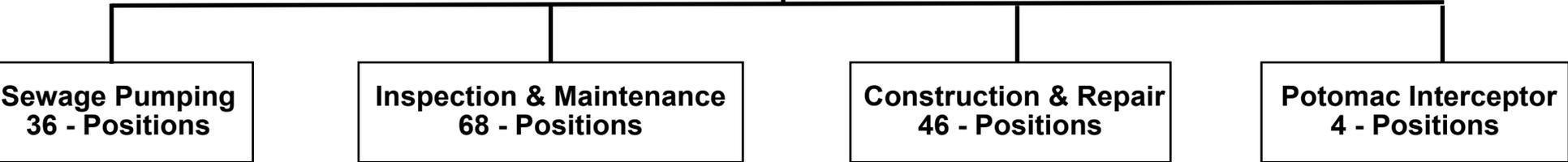


**ASSISTANT  
GENERAL  
MANAGER  
Consumer Services**

			POSITIONS	
CURRENT			FY 2008	FY 2009
Authorized	Average Positions Filled	Year-End Positions Filled		
159	140	140	159	159

**FY 2009 Budget  
\$16,905,000**

**SEWER SERVICES  
5 - Positions**



**Sewage Pumping  
36 - Positions**

**Inspection & Maintenance  
68 - Positions**

**Construction & Repair  
46 - Positions**

**Potomac Interceptor  
4 - Positions**

**FUNCTIONS**

- Operate Sanitary and Stormwater Pumping Stations
- Operate Combined Sewer System Controls
- Swirl Concentrator
- Fabridams

**FUNCTIONS**

- Investigate public sewers
- Investigate sewer laterals
- Clean sewers and inlet /outlet structures
- Operate and maintain sewer regulator structures
- Clean catch basins
- Remove floatable debris

**FUNCTIONS**

- Install and repair sewer mains
- Replace and repair sewer laterals
- Manage construction contracts
- Install and repair catch basins
- Manage CIP projects
- Manage and inspect in-house projects
- Coordinate work orders

**FUNCTIONS**

- Operate and maintain Potomac Interceptor Sewer
- Operate and maintain related odor control facilities and manholes
- Right-of-Way maintenance and surveillance

## SEWER SERVICES

**MISSION:** To provide for the operation and maintenance of the sewer system which collects and transports wastewater and stormwater flows to treatment and authorized discharge points.

**BUDGET OVERVIEW:** The FY 2008 revised budget is slightly less than the FY 2008 approved budget primarily due to decreases in electricity, offset by increases in compensation. The FY 2009 approved budget reflects projected compensation increases.

	FY 2007 Actual	FY 2008 Approved	FY 2008 Revised	FY 2009 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	159	159	159	159
Average number of positions filled	140			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	10,458	10,863	11,216	11,731
Overtime	1,075	942	920	920
<b>Non-Personnel Services:</b>				
Chemicals & Supplies	414	446	494	503
Utilities	2,153	3,256	2,736	2,766
Contractual Services, etc.	978	1,696	1,737	1,818
Small Equipment	5	103	57	87
<b>Total Non-Personnel Services</b>	3,551	5,501	5,023	5,174
<b>Total Operations &amp; Maintenance</b>	14,009	16,364	16,239	16,905
<b>Capital Equipment/Projects:</b>	695	268	588	293
Targeted Performance Measures	FY 2007 Actual	FY 2008 Budget	FY 2008 Projection	FY 2009 Projection
Catch basins cleaned annually	27,716	28,000	28,000	28,000
Laterals investigated / relieved annually	2,216	2,000	2,000	2,000
Floatable debris tonnaged removed from rivers	405	400	400	400
Sewer laterals repaired / replaced annually	279	350	350	350
Sewer main and lining footage repaired / replaced annually	1,066	1,000	1,000	1,000
Number of inspections completed on Potomac Interceptor meters	405	400	400	400

## SEWER SERVICES

### OVERVIEW

#### FY 2008 Major Recommended Activities and Changes

- Continued operations of Sanitary and Stormwater pumping stations
- Sewer lateral maintenance, replacement and repair program
- Implement Internal Improvement Program (IIP) and continue the evaluation of performance and productivity, upgrade of personnel skills, cross training and assessment of impact of new technology on labor force
- Continue effective operations during construction activities at Main, O Street and Potomac pumping stations
- Work with DETS to integrate rain gauges and flow meters into operations
- Operate and maintain Public Notification System for CSO events at Potomac River and Anacostia River
- Work with DETS/IT to improve data collection, storage and retrieval methods for Department of Sewer Services CSO program that now manually collects, stores and retrieves more than 100,000 individual data points each month
- Review Potomac Interceptor Interim Odor Control Plan
- Support MS4 permit as required

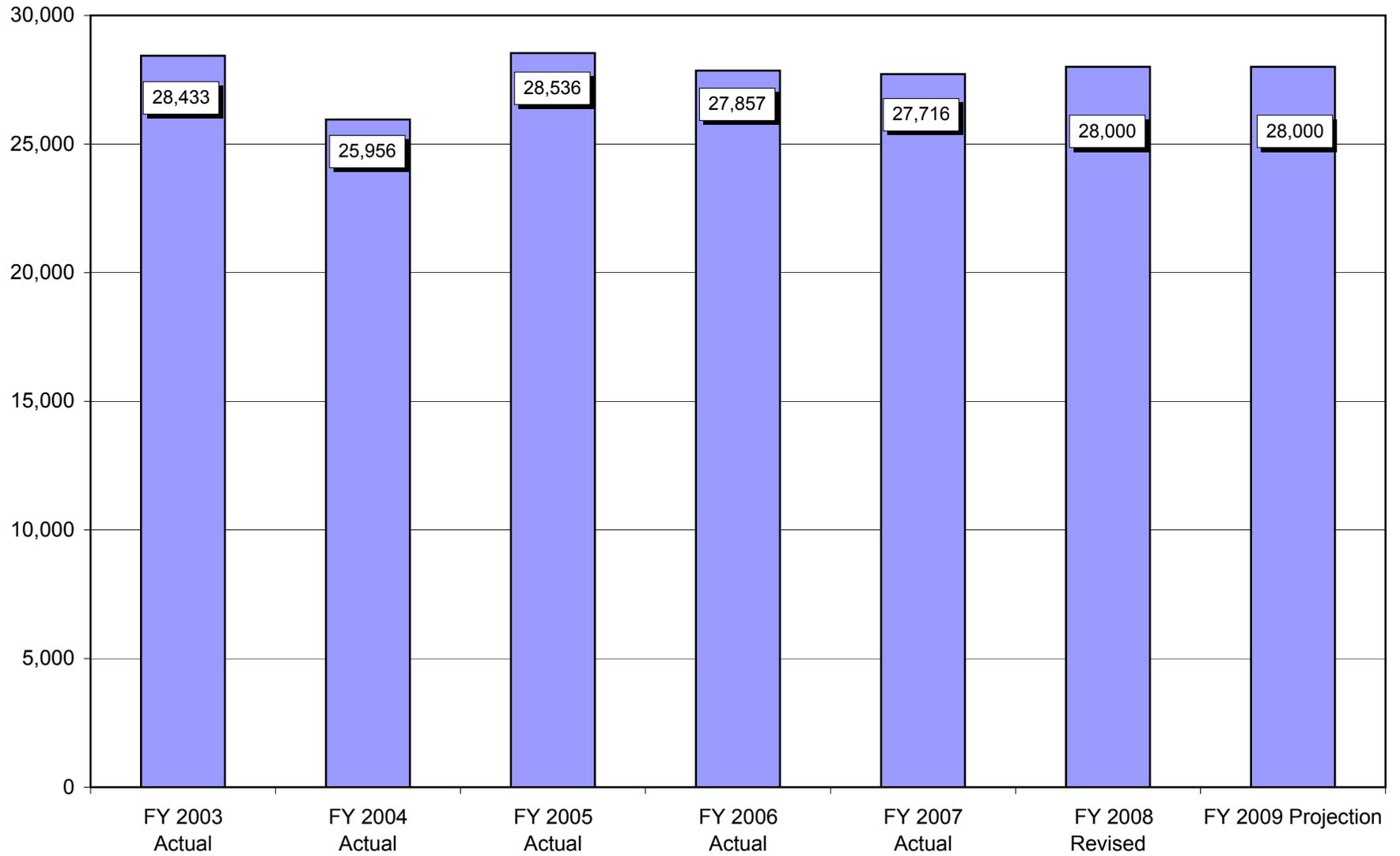
#### FY 2009 Major Recommended Activities and Changes

- Continued operations of Sanitary and Stormwater pumping stations
- Sewer lateral maintenance, replacement and repair program
- Continued operations and maintenance of the Public Notification System for CSO events at Potomac River and Anacostia River
- Maintain pumping station operations as new construction begins at Upper Anacostia as well as major renovations to Poplar Point and Rock Creek
- Implement Potomac Interceptor Interim Odor Control Plan
- Maintain rain gauges and flow meters operations

#### Impact of Capital Projects on FY 2008 and FY 2009 Operating Expenditures

- As pumping stations are rehabilitated, there is a potential for additional screenings that will increase costs associated with disposal of debris.
- The rehabilitated pumping stations will have odor scrubbers that utilize carbon canisters. The canisters useful life is less than one year, thus DSS will face increasing cost for chemicals.

## FY 2003 - FY 2009 Catch Basins Cleaned





**ASS. GEN. MGR.  
CONSUMER  
SERVICES**

<b>POSITIONS</b>				
<b>CURRENT</b>			<b>FY 2008</b>	<b>FY 2009</b>
<b>Authorized</b>	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
166	142	150	166	166

**FY 2009 Budget  
\$47,021,000**

**WATER  
SERVICES  
2 - Positions**

**Productivity Unit  
2 - Positions**



**FUNCTIONS**

- Operate and maintain pumping stations, water storage, and facilities
- Monitor and maintain appropriate pressure in the distribution system
- Operate control valves in the pumping stations and storage facilities
- Operate the Supervisory Control and Data Acquisition (SCADA) system
- Coordinate pumping operations with the Washington Aqueduct Treatment Plants
- Perform preventive maintenance on pumping operations assets
- Support departmental safety efforts

**FUNCTIONS**

- Water main repair & replacement
- Water service line repair and replacement
- Valve replacement
- Taps abandonment
- Provide emergency repair services in support of Capital Improvement Program (CIP)
- Hydrant replacement
- Hydrant operation & maintenance
- Support lead replacement program
- Perform scheduled & emergency shuts
- Assist Investigation as first responder during emergencies
- Manage inventory
- Support departmental safety efforts

**FUNCTIONS**

- Inspect, exercise and perform preventative maintenance on the 40,000 system valves
- Inspect, exercise and perform preventative maintenance on the 9,000 fire hydrants in the system
- Perform minor leak repairs
- Administer the Flushing Program
- Provide support for CIP projects
- Assist Distribution as first responder during emergency situations
- Inspect construction projects
- Support departmental safety efforts

**FUNCTIONS**

- Coordinate service order with the WASA 24 hour Command Center
- Manage the Valve Coordination Control (War Room) program
- Establish and administer a comprehensive asset management program for the water and sewer systems
- Evaluate CIP design and construction documents
- Manage multiple infrastructure repair and maintenance contracts
- Test valve shutdown plans for construction of CIP projects
- Maintain work management activities in Maximo
- Support departmental safety efforts

**FUNCTIONS**

- Environmental Protection Agency (EPA) compliance monitoring
- Corrosion control and monitoring
- Schedule unidirectional flushing
- Cross connection
- Chloramination treatment monitoring
- Lead and copper testing program
- Conduct studies of corrosion issues
- Overall water quality monitoring
- Publication of annual Consumer Confidence report
- Co-operative water quality ventures and outreach
- Public notification and regulatory monitoring
- Support departmental safety efforts
- Comprehensive, customer oriented water conservation program

## WATER SERVICES

**MISSION:** To operate and maintain a potable water transmission and distribution system, which delivers high quality water to WASA's customers. Water Services will ensure that water distribution meets or exceeds the applicable water quality regulations promulgated by the safe Water Drinking Act and is provided in a reliable manner.

**BUDGET OVERVIEW:** The revised FY 2008 operating budget is approximately \$0.8 million more compared to the approved FY 2008 operating budget. This increase is mainly due to increase funding for contractual services (water main activities and fire hydrant repairs). The change in the approved FY 2009 budget compared to the FY 2008 revised budget is relatively flat.

	FY 2007 Actual	FY 2008 Approved	FY 2008 Revised	FY 2009 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	166	166	166	166
Average number of positions filled	142			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	11,339	12,354	11,939	12,487
Overtime	1,425	978	978	978
<b>Non-personnel Services:</b>				
Chemicals and Supplies	620	767	923	1,104
Utilities	3,310	5,308	5,013	5,133
Contractual Services, etc.	4,026	4,021	5,458	4,569
Water Purchases	24,042	23,601	23,601	23,601
Small Equipment	44	155	100	126
<b>Total Non-Personnel Services</b>	<b>32,042</b>	<b>33,852</b>	<b>35,096</b>	<b>34,534</b>
<b>Total Operations &amp; Maintenance</b>	<b>43,381</b>	<b>46,206</b>	<b>47,035</b>	<b>47,021</b>
Capital Equipment	855	973	1,205	945

Targeted Performance Measures	FY 2007 Actual	FY 2008 Budget	FY 2008 Projection	FY 2009 Projection
Maintain full compliance with Safe Drinking Water Act standards for positive coliform results (less than 5%)	<5%	<5%	<5%	<5%
Flush at least 33% (429 miles) of the 1,300 miles of pipe in the distribution system annually.	50%	50%	50%	50%
Exercise 18,000 - 23,000 valves annually	24,000	24,000	25,000	25,000
Maintain a 99% fire hydrant operational rate	99%	99%	99%	99%
Respond to 95% of all emergency service orders in less than 45 minutes	95%	95%	95%	95%
Repair 90% of reported main leaks within 10 days	90%	90%	90%	90%

## WATER SERVICES

### OVERVIEW

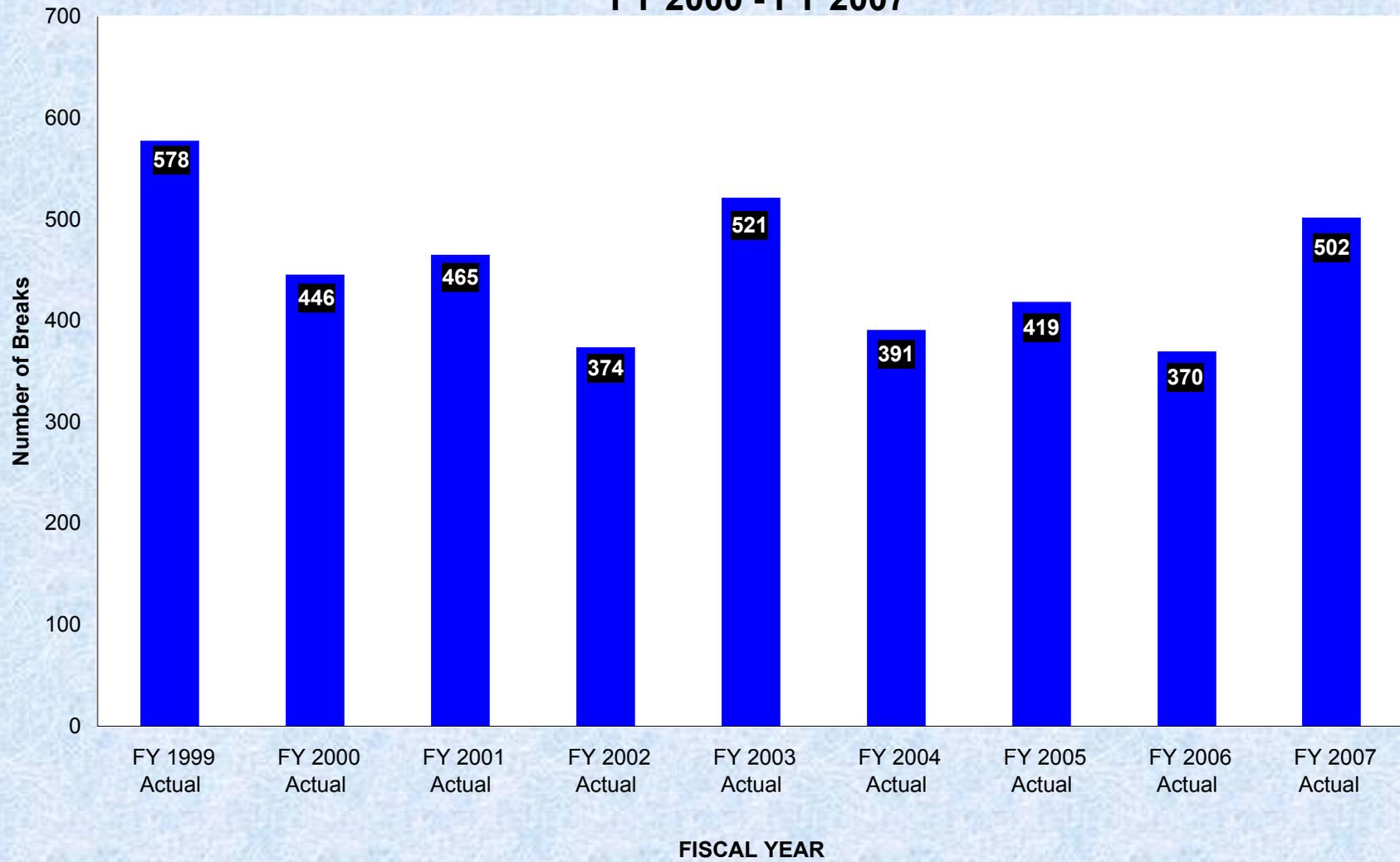
#### FY 2008 Major Recommended Activities and Changes

- Review overall strategy on water distribution infrastructure improvements – water main, fire hydrants repair and replacement program
- Pumping operations will initiate a certification program for operator and inspector positions
  - Cleaning and Disinfection of Water Storage Facilities
  - Update and revise SCADA system screen information
  - Develop standard operating procedures manual
- Upgrade the Valve Exercise Program
  - Exercise all critical valves annually
  - Exercise all non-critical valves every three years
  - Capture valve characteristics and on-time operational information
- Reclassify field job descriptions to merge similar functions and establish three job categories for all field operations
  - Create a pool of Utility Workers to undertake multiple tasks
  - Establish skills set and develop a training plan
  - Implement Certification and Licensing requirements
- Upgrade the Fire Hydrant Program
  - Preventive Maintenance – three year cycle
  - Emergency Repairs – within five days
  - Capital Improvement – 40% replacement over 5 years
- Water Quality operations will continue to focus on:
  - Regulatory compliance
  - Maintaining high water quality standards
  - On-line water security monitoring
  - Reservoir profile analysis
  - Water conservation initiative and outreach
- Establish a Leak Detection Program

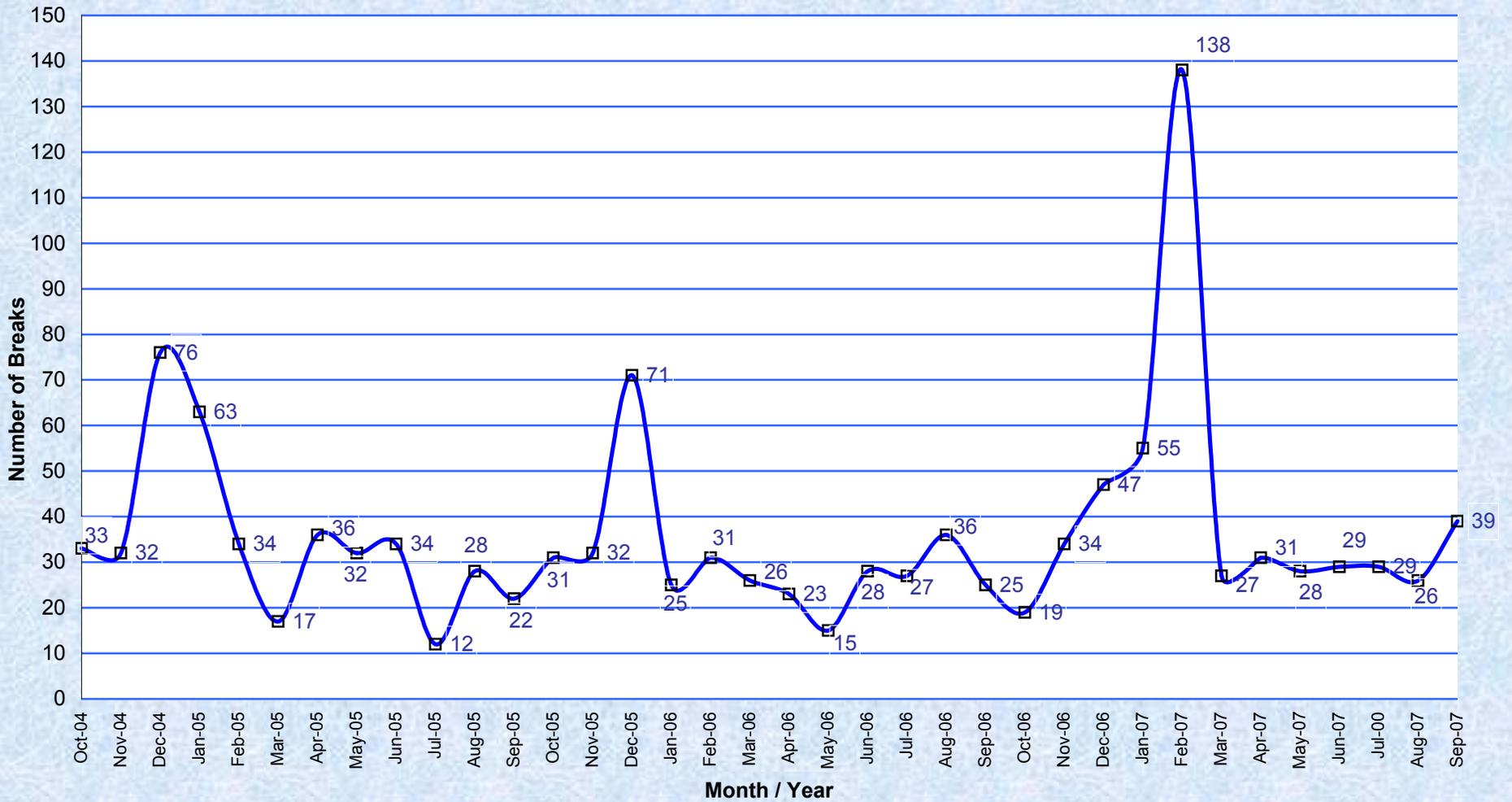
#### FY 2009 Major Recommended Activities and Changes

- Transfer of repaving (permanent restoration) from Department of Engineering and Technical Services (DETS). This move will require the transfer of two positions, along with the contract management and work scheduling responsibilities to Water Services
- Continue reorganization of department

## HISTORICAL WATER MAIN BREAKS FY 2000 - FY 2007

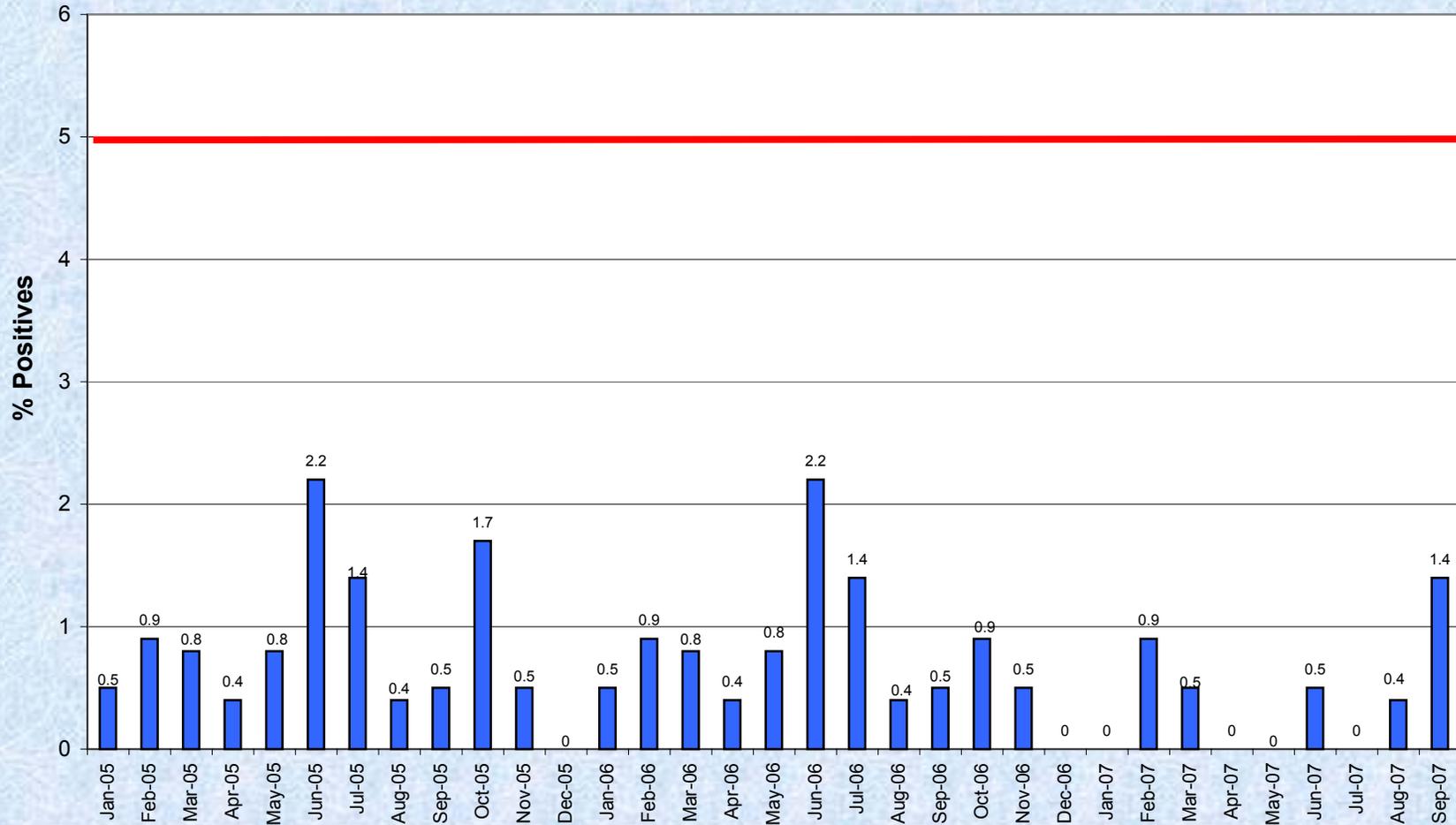


### HISTORICAL MONTHLY MAIN BREAKS October FY 2004 - September FY 2007



# DC DRINKING WATER TOTAL COLIFORM RESULTS 2005 - 2007

Environmental Protection Agency - Maximum Contaminant Levels = 5% positives per month



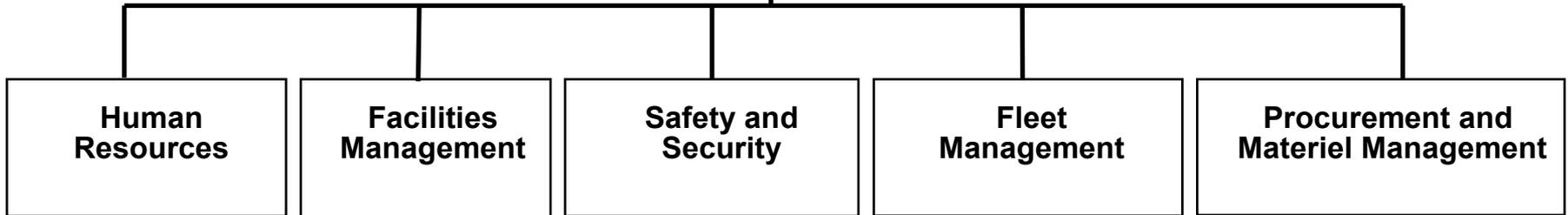


**GENERAL  
MANAGER**

**ASSISTANT  
GENERAL  
MANAGER  
Support Services  
3 - Positions**

CURRENT			POSITIONS	
Authorized	Average Positions Filled	Year-End Positions Filled	FY 2008	FY 2009
4	3	2	3	3

**FY 2009 Budget  
\$562,000**



**FUNCTIONS**

- Oversee and direct the Department of Human Resources, Facilities Management, Safety and Security, Fleet Management, and Procurement and Materiel Management
- Manage the Authority's annual workplan development process
- Direct Authority's productivity analysis and planning group

## ASSISTANT GENERAL MANAGER - SUPPORT SERVICES

**MISSION:** To oversee and direct the management of administrative and support services provided by the departments of Human Resources, Facilities and Security, Fleet, Occupational Health and Safety, and Procurement and Materiel Management.

**BUDGET OVERVIEW:** The revised FY 2008 operating budget is approximately \$0.1 million more than the approved FY 2008 operating budget. This change reflects funding for increased focus on work plan development and implementation. The decrease of approximately \$0.2 million in the approved FY 2009 operating budget compared to the revised FY 2008 operating budget is due to a one time initiative of approximately \$0.2 million in the revised FY 2008 budget.

	FY 2007 Actual	FY 2008 Approved	FY 2008 Revised	FY 2009 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	4	4	3	3
Average number of positions filled	2			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	285	409	330	371
Overtime	1	1	1	1
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	0	5	5	5
Utilities	4	3	5	5
Contractual Services, etc.	19	180	391	180
Small Equipment	-	4	1	1
Total Non-Personnel Services	23	191	402	191
<b>Total Operations &amp; Maintenance</b>	308	601	732	562
Capital Equipment	-	-		

Targeted Performance Measures	FY 2007 Actual	FY 2008 Budget	FY 2008 Projection	FY 2009 Projection
<b>Direct the annual development of the Authority's work plan:</b>				
Sessions with senior staff and supervisors	1	5	5	5
Sessions with General Manager	3	4	4	4
Sessions with Administrative Staff	1	1	1	1

## ASSISTANT GENERAL MANAGER – SUPPORT SERVICES

### OVERVIEW

#### FY 2008 Major Recommended Activities and Changes

- Continue to direct and coordinate work plan process in alignment with Board of Directors' Strategic Plan, the Authority's budget priorities, and department goals
- Monitor the effectiveness of the reorganizations in the Facilities Management, and the Safety and Security departments
- Develop and direct the strategic objectives of the Authority's support services divisions
- Develop management reports for Support Services departments

#### FY 2009 Major Recommended Activities and Changes

- No major changes anticipated

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**ASSISTANT  
GENERAL  
MANAGER  
Support Services**

			<b>POSITIONS</b>	
			<b>CURRENT</b>	
Authorized	Average Positions Filled	Year-End Positions Filled	FY 2008	FY 2009
22	21	21	22	22

**FY 2009 Budget  
\$ 4,145,000**

**HUMAN  
RESOURCES  
2 - Positions**



**FUNCTIONS**

- Recruitment & Hiring
- Employee Relations
- Employment Forecasting & Planning
- Unemployment Compensation
- Skills Assessment & Testing

**FUNCTIONS**

- Compensation Program
- Job Evaluation Program
- Pay Incentive Programs
- Performance Management
- Records Management
- HR Information Systems

**FUNCTIONS**

- Health & Welfare Benefits Administration
- Pension Benefits Administration
- Employee Assistance Program
- Drug & Alcohol Testing
- Wellness Program
- Fit for Duty
- Americans with Disabilities Act (ADA) Compliance
- Leave Administration

**FUNCTIONS**

- Labor Relations
- Employee Counseling
- Employee Grievances/Complaints
- Affirmative Action Program
- Equal Employment Opportunity Commission (EEOC)
- Disciplinary Actions
- Arbitration

**FUNCTIONS**

- Management Training
- Employee Training
- Internship Program
- Education Reimbursement
- Service Awards
- Employee Recognition Awards

## HUMAN RESOURCES

**MISSION:** To deliver high quality, innovative, valued and timely human resource services that are responsive to the needs of employees and the departments of the Authority and enable them to reach their individual and organizational goals.

**BUDGET OVERVIEW:** The budget remains relatively flat through FY 2009.

	FY 2007 Actual	FY 2008 Approved	FY 2008 Revised	FY 2009 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	22	22	22	22
Average number of positions filled	21			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	2,071	2,236	2,133	2,240
Overtime	2	15	10	10
<b>Non-personnel Services:</b>				
Chemicals and Supplies	33	35	35	35
Utilities	35	21	26	26
Contractual Services, etc.	1,153	1,767	1,995	1,843
Small Equipment	-	14	2	2
<b>Total Non-Personnel Services</b>	1,221	1,838	2,058	1,906
<b>Total Operations &amp; Maintenance</b>	3,292	4,074	4,192	4,145
Capital Equipment		30	95	110
<b>Targeted Performance Measures</b>				
	<b>FY 2007 Actual</b>	<b>FY 2008 Budget</b>	<b>FY 2008 Projection</b>	<b>FY 2009 Projection</b>
90 days from job posting to hire	90	90	90	90
10 days to initiate disciplinary action	10	10	10	10

## HUMAN RESOURCES

### OVERVIEW

#### FY 2008 Major Recommended Activities and Changes

- Implement basic skills and management development program for supervisors
- Develop Human Resource Systems Strategic Plan
- Develop and implement proposals for WASA Employee Assistance Program (EAP)
- Redesign various existing HR forms
- Continue revision to Personnel Policies & Procedures Manual
- Negotiate a new collective bargaining agreement with the unions
- Implement training for supervisory personnel on the new collective bargaining agreement
- Design and implement a Succession Planning and Executive Development Program for executive and senior staff
- Conduct Succession Planning/Knowledge Management training to ensure continuity of services during transitional periods
- Continue to provide support to organizational changes and realignments
- Redesign and implement Safe Driving Training Program
- Design certification training program for water distribution and collections systems departments
- Expand effective two-way communication training program

#### FY 2009 Major Recommended Activities and Changes

- No major changes anticipated

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## FY 2008 AND FY 2009 TRAINING PLAN

### TRAINING OVERVIEW

During FY 2007, the Authority continued to offer training programs and classes that provided the knowledge and skills that are essential for employees to complete their jobs in a competent manner while providing exceptional service to our customers. The Authority budgeted \$1.8 million for training which equates to approximately \$1,874 per employee. Employees attended training to improve work skills and information sessions on the Authority's policies. Employees also attended regulatory, safety, technical and basic skills classes. These training classes and programs supported the Authority's internal improvement and comprehensive safety programs, policy and procedure revisions or implementation, effective two-way communication initiatives, customer service improvements and new process and equipment implementation.

Training will continue in FY 2008 and FY 2009 and will be provided in the following categories.

**Contractual Training** – primarily technical classes that support the Authority's internal improvement program. This training also includes classes on occupational safety and the installation and operation of new equipment and processes.

**In-house Training** – classes and courses designed and implemented by the Authority's training personnel. In-house training focuses on providing non-technical mandatory courses, basic skills development, skill enhancement courses, and general computer training for standard software applications. These courses involve all or a large number of the Authority's employees.

**Outside Training** – classes and programs that support individual employee training and development needs and requirements, not implemented by the Authority's training personnel. This is the best means of providing highly specialized or special focus training to individuals or a small group of employees. Another component of outside training is WASA's tuition reimbursement program.

**On-Line Training** - web-based courses offered by colleges, universities, and professional organizations.

## **FY 2007 ACCOMPLISHMENTS**

In FY 2007, the Authority offered core training classes and programs to support its mission and the Strategic Plan. These programs and classes included environmental health and risk communication for senior staff and mid-level managers, managing discipline of union employees, performance-based interviewing, customer service skills for first-line supervisors and employees, self-managed career development, principles of recruiting, knowledge capture workshops for replacement planning, succession planning and executive development, and highly specialized classes for other employees. As part of the Authority's on-going efforts to effectuate the well-being of the general workforce, the Authority developed and implemented an action plan to address employee concerns that were identified in the outcomes of the employee focus groups.

Training for the Authority's leadership employees continued in FY 2007. Supervisors attended a one-day class on communication competency. Managers and supervisors were also introduced to organizational performance measures as part of the workplan activities. Leadership employees also attended training on emergency response planning as part of the District-wide Home-land Security effort for the protection of employees and customers in the event of a national emergency.

The Authority offered environmental health risk communication for key leadership staff and employees in specialized positions. Risk communication is a composite of strategies and approaches used to foster an interactive process of exchanging information and opinions about a specific risk. The two-day class provided managers and key employees with skills to make informed decisions and take responsible actions in the event of an environmental health crisis. Refresher classes on risk communication will be offered in 2008.

In FY 2007, the Authority implemented new training on performance-based interviewing, and effective two-way communication, refresher training on workplace violence, managing leave, and drug and alcohol prevention for managers and supervisors. Performance-based interviewing classes provided guidance on selecting new hires based on objective and measurable criteria, and how to plan and conduct effective interviews. The class also included guidance on recognizing and avoiding emotional hiring decisions.

To ensure that managers with responsibility for reviewing disciplinary actions understand their roles and responsibilities, the Authority provided training on the neutral party process. This orientation focused on the Authority's grievance processes and critical timelines.

In FY 2007, the Authority began the development of its succession planning and executive development programs for executive and key senior staff positions. Staff members completed one-on-one interviews and a self-assessment to identify and prioritize leadership competencies for the positions they currently hold. For replacement/succession planning, the Authority continued with its knowledge capture workshops to identify critical processes in the operating departments. The workshops reviewed operating procedures for processes and identified key competencies that are essential for individuals managing processes. The process and position analysis also identified tacit knowledge that is not part of the standard operating procedures but critical to the effectiveness of the processes. This information can be useful when revising job descriptions and conducting more in-depth process reviews. In FY 2008, the Authority will implement train-the-trainer sessions to continue critical process reviews in-house.

The Authority continued its voluntary self-managed career development program in FY 2007. Employees attended orientation sessions, completed online assessments, one-on-one counseling sessions and workshops to provide insight into their individual skills and abilities. After completing the activities, the participants developed their individual career development plans and began to pursue their career goals through outside training, education reimbursement, and internal departmental cross-training.

In FY 2007, the Authority implemented an action plan to address employee concerns identified in the employee focus groups from FY 2006. The concerns expressed the need for more consistency in performance management, information sharing, real-time recognition, and employee input in planning work. The concerns were focused on the need for more effective two-way communication. The action comprised employee meetings with general manager, customized training on effective two-way communication for all employees, breakfast meetings with the general manager and first-line supervisors, and the installation of video monitors at various strategic sites for instant communication, with information updated daily. Meetings with the general manager and training classes will continue throughout FY 2008.

In FY 2007, the Authority continued to offer professional development skills training classes. Employees attended classes on various areas that encompass: basic grammar and business writing classes to improve written communication; introductory and intermediate Spanish; workforce diversity; American Sign Language (ASL); and supervisory skills for non-supervisors. Employees also learned skills and competencies on Microsoft Office software such as Outlook and Project, Ethics in Procurement, and Communicating With Difficult People.

Specialized classes were also provided for departments that had unique skill needs. In the Office of the General Counsel, training services were provided on the use of a customized legal document tracking system. In the Wastewater Treatment, Water Services, and Sewer Services Departments, employees attended classes on mechanical screens, MAXIMO maintenance management system, collections law, main substation switchgear, west grit actuator, programmable logic controls, and basic pump repair.

In support of the Authority's comprehensive safety program, the Authority continued to offer safety training to meet regulatory and job-specific needs. Employees attended classes on CPR/First-Aid with emphasis on using the AED defibrillator, work zone safety/traffic control, confined space, and excavation and trenching and supervisors safety orientation class for newly hired or promoted supervisors and managers. New for FY 2007 was the introduction of certification training for mobile crane operations. Employees with job specific needs underwent two days of intensive training on the operations of a mobile crane to prepare for their license examination. Defensive driving classes were also offered to employees with driving as a primary responsibility. In FY 2008, the Authority will implement a new safe driving program that will include best practices in fleet operations.

The Authority continued to offer training opportunities to employees with unique skill needs through resources external to the organization. In FY 2007, the Authority sent 117 employees to outside training at an average cost of \$528 per employee. Classes attended by employees included budget analysis, underground construction, advanced asset management, enterprise server system administration, energy management techniques, labor law and arbitration, and chlorination technology, etc.

To support employees' educational and career goals, the Authority continued to offer the education reimbursement and WASA Reads Programs. The education reimbursement program offers assistance to employees who are pursuing college degrees or professional license or certifications. In FY 2007, the Authority provided \$4,083 in education reimbursement expenses. The WASA Reads program provides basic skills training in reading, writing, and arithmetic. As an extension of the WASA Reads program, the Authority also offered math prep classes for aspiring supervisors. These classes provided customized refresher training on solving problems with decimals and percentages and helped employees re-learn the fundamentals of arithmetic.

The Authority's FY 2007 Summer Internship Program consisted of 48 interns from 21 different colleges and universities. Students from local colleges and universities and as far away as Florida, New York, Texas, Serbia, Thailand, Japan, Rwanda, Nigeria, and China participated in the program. The interns completed specialized projects that related to their

academic choices; participated in teambuilding, resume writing, and diversity training classes; and performed community service activities. They also observed environmental issues that impact the Potomac River and the Chesapeake Bay. Fourteen (14) students were accepted into the year-round program. These students will conduct independent research associated with their field of study.

**FY 2008 and FY 2009**

The revised FY 2008 and approved FY 2009 training budgets are summarized in the table below:

(\$ in 000's)

Training Type	FY 2008		FY 2009	
	Budget	Percent of Total Budget (%)	Budget	Percent of Total Budget (%)
Outside Training	1,212	51	1,221	57
In-House Training	185	8	175	8
Contractual Training	985	41	733	35
<b>Total</b>	<b>2,382</b>	<b>100</b>	<b>2,129</b>	<b>100</b>

In FY 2008, training will continue to center on regulatory and safety, technical, Authority policy, Authority-mandated skills improvement courses and programs, and basic skills classes. Regulatory and safety training will focus on OSHA and the District of Columbia Regulatory Agency mandated requirements and Homeland Security emergency response initiatives.

Training on the Authority's policies will be offered routinely as new policies and procedures are developed and existing ones are updated. Mandatory skills improvement training will continue to be offered to address performance improvement, new business initiatives, and compliance with federal, state, and local mandates. Managers, supervisors, and employees will receive refresher training on ethics in procurement, management and supervisory skills, managing leave, and performance management for union and non-union employees. Managers and supervisors will continue with training classes on the Authority's leadership competencies and expand training on effective two-way communication as follow-on activities for the action plan from the employee climate survey focus groups. To ensure that training continues to address the changing needs of the employees, the Authority will conduct an employee skill needs assessment to identify developmental needs and future training offerings.

As a continuation of the Authority's replacement/succession planning program, train-the-trainer classes will be offered to provide an in-house resource for continued process analysis and improvement and to capture tacit knowledge. To ensure available pool of qualified candidates for future vacancies in the Departments of Wastewater Treatment and Engineering Technical Services, the Authority will continue to offer the wastewater treatment operator trainee and engineering managers training programs. These programs are designed for both classroom and hands-on exposure to allow expanded learning opportunities. The Authority will implement the succession planning and executive development programs for executive and key senior staff and selected management positions.



**ASSISTANT  
GENERAL  
MANAGER**  
Support Services

POSITIONS				
Authorized	CURRENT		FY 2008	FY 2009
	Average Positions Filled	Year-End Positions Filled		
64	59	58	58	58

**FY 2009 Budget  
\$6,059,000**

**FACILITIES  
MANAGEMENT**  
Office of the Director  
7 - Positions

**Office Services  
3 - Positions**

**Facilities  
Operations  
36 - Positions**

**Mechanical  
Services  
12 - Positions**

**FUNCTIONS**

- Mail, courier and freight services
- Motor pool services
- Manage WASA-wide recycling program (paper, cans, bottles)
- Facilities work order requests and surveys
- Vendor Management
- WASA -wide copy services

**FUNCTIONS**

- Building operations/maintenance
- Coordinate workspace assignments and moves
- Janitorial Service
- Landscaping
- Trash removal
- Procure and assign furniture
- Adequate ground direction and building signage
- Manage cafeteria operations
- Pest control
- Repair fences and rollup doors

**FUNCTIONS**

- Predictive/preventive maintenance
- Adequate indoor air quality
- Elevator maintenance
- Engage in major construction and renovation projects
- HVAC systems maintenance
- Fire suppression and detection
- Project management

## FACILITIES MANAGEMENT

**MISSION:** Support the operations of the Authority through routine maintenance, custodial services, repair and improvement of its facilities, buildings, grounds and roadways for WASA's operations.

**BUDGET OVERVIEW:** The revised FY 2008 budget decreased by approximately \$3.9 million due to realigning Security with the Safety department. The FY 2009 approved budget increases by \$0.2 million due to higher contract pricing and projected compensation increases.

	FY 2007 Actual	FY 2008 Approved	FY 2008 Revised	FY 2009 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	64	64	58	58
Average number of positions filled	59	65		
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	4,169	4,268	3,900	4,009
Overtime	180	150	150	150
<b>Non-Personnel Services:</b>				
Chemical and Supplies	456	431	440	454
Utilities	105	86	92	92
Contractual Services, etc.	4,285	5,315	1,421	1,456
Small Equipment	112	77	37	37
<b>Total Non-Personnel Services</b>	4,958	5,909	1,990	2,039
<b>Total Operations &amp; Maintenance</b>	9,127	10,177	5,890	6,048
Capital Equipment	590	822	1,180	1,495

Targeted Performance Measures	FY 2007 Actual	FY 2008 Budget	FY 2008 Projection	FY 2009 Projection
Annual work orders closed	1328	1400	1400	1525

## FACILITIES MANAGEMENT

### OVERVIEW

#### FY 2008 Major Recommended Activities and Changes

- Improve and maintain building and grounds
- Complete renovations for Departments of Engineering and Technical Services and Procurement.
- Maintain HVACs, elevators and fire suppression / detection system
- WASA-wide copier program assessment
- Assist with "O" Street relocation
- Recycling program assessment
- Covenant House program
- Review cafeteria operations

#### FY 2009 Major Recommended Activities and Changes

- Improve and maintain building and grounds
- Maintain HVACs, elevator and fire suppression/detection system
- Implement new recycling program
- Covenant House program

#### Impact of Capital Projects on FY 2008 and FY 2009 Operating Expenditures

- Fire suppression / detection system
- HVAC and air handlers
- Fencing and rollup doors

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**ASSISTANT  
GENERAL  
MANAGER  
Support Services**

POSITIONS				
Authorized	CURRENT		FY 2008	FY 2009
	Average Positions Filled	Year-End Positions Filled		
38	29	29	38	38

**FY 2009 Budget  
\$3,897,000**

**PROCUREMENT  
SERVICES  
Office of the Director  
2 - Positions**

**Procurement Operations  
15 - Positions**

**FUNCTIONS**

- Manage procurement process including:
  - Vendor bid listing
  - Advertisement and solicitation process
  - Negotiate, award and administer contracts
- Manage Federal Contract schedule
- Manage purchasing program
- Manage purchase and travel card program

**Contract Administration  
4 - Positions**

**FUNCTIONS**

- Update and revise procurement regulations
- Update procurement policies and procedures
- Manage LSDBE, MBE and WBE programs
- Maintain the department's web page, including procurement and contract information
- Compile information for departmental reports
- Administer automated systems
- Investigate wage/labor issues

**Warehouse & Operations  
17 - Positions**

**FUNCTIONS**

- Manage warehouse and associated functions
- Administer material control system and associated functions including
  - Inventory reconciliation and closing process
- Provide direction and guidance on inventory policies and procedures
- Conduct spot, cycle and annual physical inventory
- Manage disposal of excess and obsolete inventory
- Manage Fixed Asset Program

## PROCUREMENT SERVICES

**MISSION:** To procure, on time and within budget, the best value products and services, with the highest degree of procurement integrity, utilizing efficient and cost-effective methods, with a continuing focus on LSDBE contracting goals.

**BUDGET OVERVIEW:** The revised FY 2008 budget increase provides for contractual support to revise procurement regulations and terms and conditions templates. Both the revised FY 2008 and approved FY 2009 budget increased due to projected compensation increases.

	FY 2007 Actual	FY 2008 Approved	FY 2008 Revised	FY 2009 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	38	38	38	38
Average number of positions filled	29			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	2,086	2,773	3,253	3,517
Overtime	27	50	40	40
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	21	58	51	58
Utilities	32	35	51	51
Contractual Services, etc.	114	163	519	271
Small Equipment	-	15	(0)	-
<b>Total Non-Personnel Services</b>	167	272	622	380
<b>Total Operations &amp; Maintenance</b>	2,254	3,044	3,875	3,897
Capital Equipment	-	-	200	200

Targeted Performance Measures	FY 2007 Actual	FY 2008 Budget	FY 2008 Projection	FY 2009 Projection
Award 50% of DCWASA actual operating discretionary spending to Local Small Disadvantage Business Enterprises	50%	50%	50%	50%
Issue Purchase Orders within 15 business days	96%	97%	97%	97%
Issue and award Request for Quotation (RFQ) \$100,000 or less within 30 calendar days	95%	97%	97%	97%
Complete and issue Invitation for Bid (IFB) within 70 days	70%	95%	95%	95%

## PROCUREMENT SERVICES

### OVERVIEW

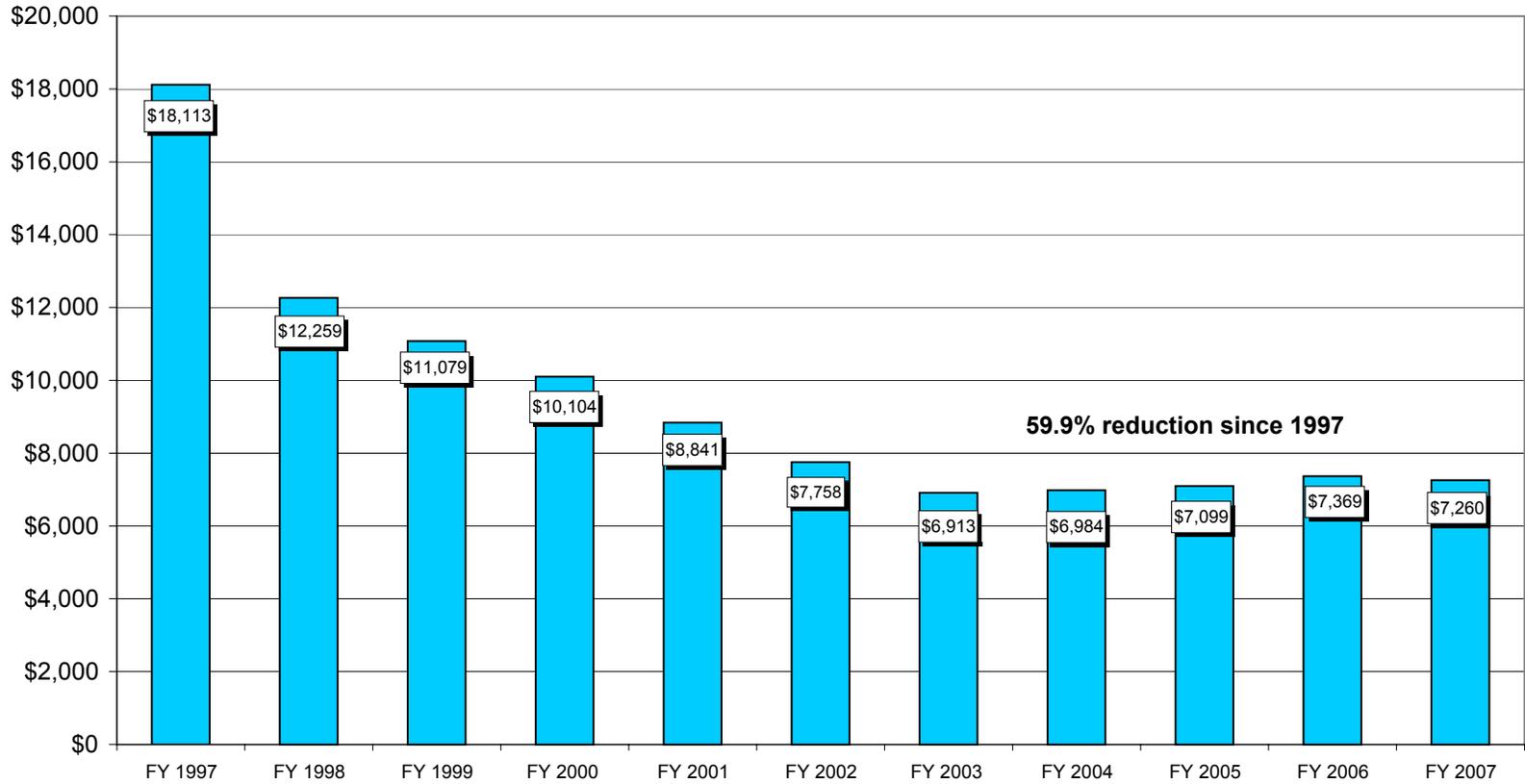
#### FY 2008 Major Recommended Activities and Changes

- Update policy, procedures and regulations manual
- Revise terms and conditions templates
- Perform “needs assessment” for automated procurement system
- Conduct Contracting Officer Technical Representatives (COTR) training
- Establish internal operating procedures

#### FY 2009 Major Recommended Activities and Changes

- Implement automated procurement system

**Inventory Values  
As of September 30  
FY 1997 - FY 2007  
(\$000's)**





**ASSISTANT  
GENERAL  
MANAGER**

POSITIONS				
CURRENT			FY 2008	FY 2009
Authorized	Average Positions Filled	Year-End Positions Filled		
7	5	6	13	13

**FY 2009 Budget  
\$5,418,000**

**SAFETY AND SECURITY**

**Emergency Response  
& Planning Program  
1 - Position**

**Functions**

- Coordinate the emergency response and planning activities for all WASA operations
- Coordinate implementation of the National Incident Management System (NIMS)
- Coordinate WASA response activities with the District and Regional Authorities
- Develop guidelines for training, conducting drills and updating emergency response plans

**Security Program  
6 - Positions**

**Functions**

- Provide overall security measures and guidance for all WASA facilities
- Develop and promote a Security Awareness Program for all levels of the organization
- Provide oversight of the guard services contract
- Develop and implement a security inspection program for all WASA facilities and conduct random inspections of jobsites to promote worker security and safety
- Develop a Comprehensive Security Program

**Occupational Safety & Health  
Program  
5 - Positions**

**Functions**

- Maintain an effective Accident Prevention Safety Awareness Program
- Conduct safety inspections of all WASA facilities
- Develop and analyze safety statistics
- Investigate, evaluate and review all accident, injuries and incidents for effective preventive measures
- Maintain effective safety training guidelines and assistance to ensure WASA compliance with mandated safety requirements
- Provide safety oversight of the Comprehensive Construction Safety Program and the Rolling Owner Controlled Insurance Program (ROCIP)

**Environmental Safety  
Program  
1 - Position**

**Functions**

- Ensure WASA's compliance with environmental safety regulations promulgated by OSHA, EPA, DDOT, etc.
- Provide oversight and guidance of WASA's Hazardous Waste Program
- Generate and provide required safety reports to regulatory agencies
- Provide oversight and management of aboveground and underground storage tanks

## SAFETY AND SECURITY

**MISSION:** To provide technical services and support that ensures a safe and healthy work environment for all WASA employees.

**BUDGET OVERVIEW:** The FY 2008 revised budget increases by approximately \$4.4 million over the FY 2008 approved budget due to organizational realignment of the Security Division from the former Facilities and Security Department. The FY 2009 approved budget increases by approximately \$0.07 million over the FY 2008 revised budget due to projected compensation increases.

	FY 2007 Actual	FY 2008 Approved	FY 2008 Revised	FY 2009 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions		7	13	13
Average number of positions filled				
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	554	716	1,197	1,268
Overtime	0	1	1	1
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	15	58	72	73
Utilities	10	10	24	18
Contractual Services, etc.	46	83	4,009	4,021
Small Equipment	1	45	38	38
<b>Total Non-Personnel Services</b>	<b>72</b>	<b>196</b>	<b>4,143</b>	<b>4,150</b>
<b>Total Operations &amp; Maintenance</b>	<b>626</b>	<b>911</b>	<b>5,340</b>	<b>5,418</b>
Capital Equipment		-	-	-

Targeted Performance Measures	FY 2007 Actual	FY 2008 Budget	FY 2008 Projection	FY 2009 Projection
Safety inspections of facilities and crews (600)	938	615	620	630
Reduce WASA Incidence Rate for the Lost Work Day/No Lost Work Day incidents to the national level (4.6)	6.0	4.8	4.6	4.5
Reduce number of all reported injuries/preventative vehicle accidents by 10.	88	106	96	86
Security Inspection of facilities and crews (25)	N/A	30	30	30

## SAFETY & SECURITY

### OVERVIEW

#### FY 2008 Major Recommended Activities and Changes

- Manage the implementation of the Board approved Comprehensive Safety Program and work with departments to develop an ongoing commitment safety culture
- Ongoing development of management reporting of WASA safety performance and benchmarking against national peers
- Investigate, evaluate and analyze all accidents, occupational injuries and incidents to ensure that effective corrective and preventive measures are in place
- Coordinate all WASA's emergency response planning and related activities with the District of Columbia and the Council of Government (COG) regional emergency planning teams
- Conduct tabletop emergency response and disaster drills, WASA-wide
- Continue implementation of the safety component of the Rolling Owner Controlled Insurance Program (ROICP) and the Comprehensive Construction Safety Program
- Provide safety guidance for capital improvement projects: review designs and perform safety inspections during project construction
- Provide oversight of an effective safety-training program to comply with OSHA, EPA, DOT and other applicable safety regulations
- Provide oversight for the driver training program
- Assess the current Security Program and develop a comprehensive Security Program by December 1, 2007
- Work with the District and other entities to ensure effective protection of WASA personnel and property adjacent to the new DC Nationals Ballpark stadium
- Fully integration the Safety and Security staff into the overall WASA Emergency Response Program

#### FY 2009 Major Recommended Activities and Changes

- Continue to support safety activities to expand the ROCIP for all contractors
- Continue management of the Board approved Comprehensive Safety and Security Programs, with the implementation ideas to better serve the organization
- Continue to provide safety guidance for capital improvement projects: review designs and perform safety inspections during project construction

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**ASSISTANT  
GENERAL  
MANAGER  
Support Services**

POSITIONS				
CURRENT			FY 2008	FY 2009
Authorized	Average Positions Filled	Year-End Positions Filled		
5	6	6	5	5

**FY 2009 Budget  
\$3,821,000**

**FLEET  
MANAGEMENT  
2 - Positions**



**FUNCTIONS**

- Preventive and repair maintenance
- Management of vehicles, equipment, and parts
- Manage fleet maintenance contractor and vendors
- Provide fuel service

**FUNCTIONS**

- Purchase new vehicles/equipment
- Manage the intra-WASA loaner pool program
- Inventory control

## FLEET MANAGEMENT

**MISSION:** To provide safe, reliable and cost effective vehicles and equipment to the Authority for use by all departments in performance of their missions.

**BUDGET OVERVIEW:** The increase of approximately \$0.2 million in the FY 2008 revised operating budget compared to the FY 2008 approved operating budget is due mainly to increase funding in utilities for fuel. Increases in the FY 2009 approved budget compared to the FY 2008 revised operating budgets reflects projected changes in employee compensation and utilities (fuel).

	FY 2007 Actual	FY 2008 Approved	FY 2008 Revised	FY 2009 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	5	5	5	5
Average number of positions filled	6			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	487	481	555	583
Overtime	2	2	1	1
<b>Non-personnel Services:</b>				
Chemicals and Supplies	3	10	9	11
Utilities	714	664	696	696
Contractual Services, etc.	2,125	2,285	2,395	2,466
Small Equipment	17	64	65	65
<b>Total Non-Personnel Services</b>	<b>2,858</b>	<b>3,023</b>	<b>3,165</b>	<b>3,239</b>
<b>Total Operations &amp; Maintenance</b>	<b>3,345</b>	<b>3,504</b>	<b>3,720</b>	<b>3,821</b>
				101
<b>Capital Equipment</b>	<b>1,497</b>	<b>1,518</b>	<b>2,100</b>	<b>1,100</b>
<b>Targeted Performance Measures</b>				
	FY 2007 Actual	FY 2008 Budget	FY 2008 Projection	FY 2009 Projection
Preventive maintenance completed on schedule	96%	96%	96%	96%
Vehicles available for use	95%	95%	95%	95%

## FLEET MANAGEMENT

### OVERVIEW

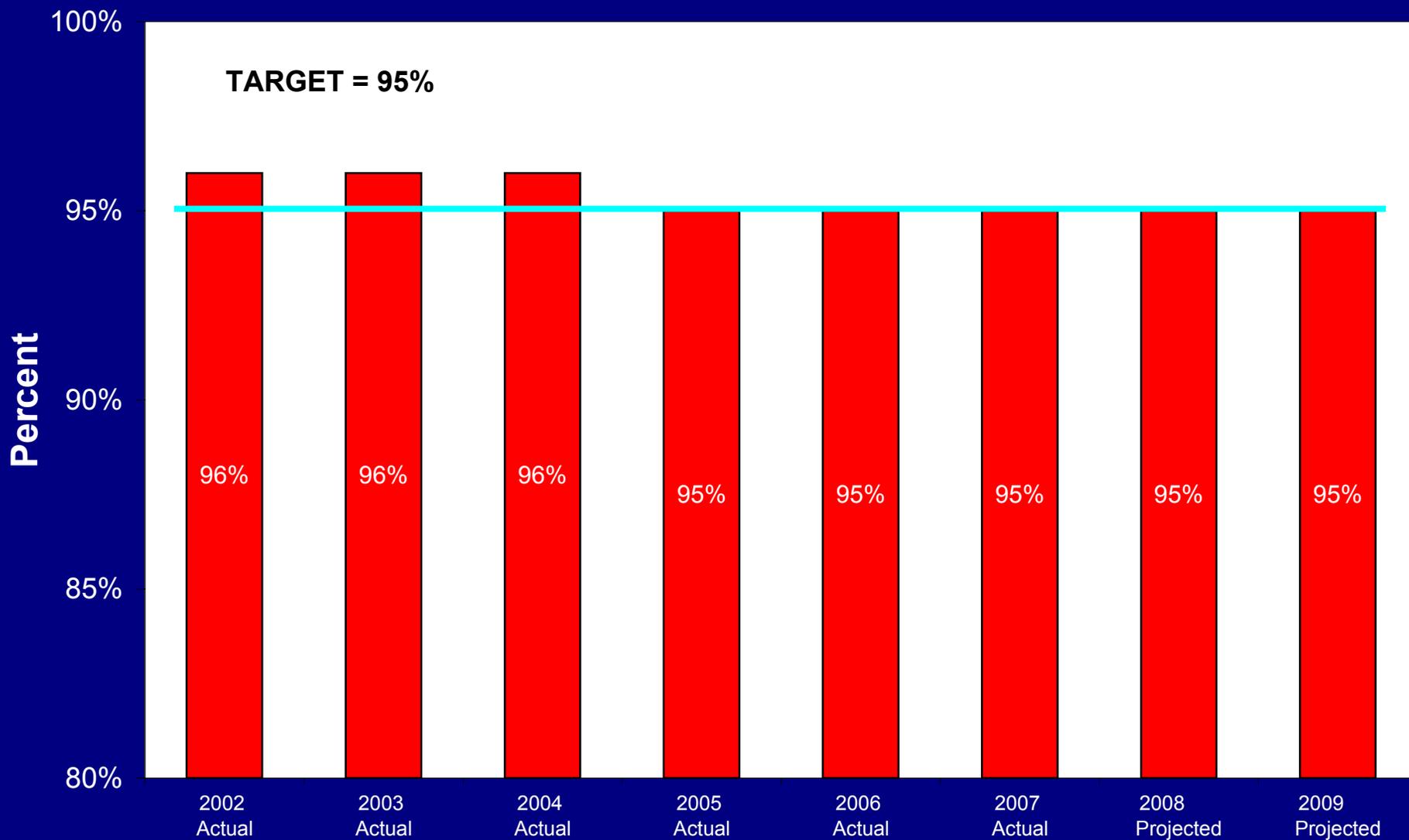
#### FY 2008 Major Recommended Activities and Changes

- Continue a strategy of significant capital investment and a structured preventive maintenance program
- Re-evaluate our replacement schedule in line with IIP recommendations as well as the cost-benefit of each individual vehicle replacement
- Continue to implement policies and standards that will facilitate a gradual move towards the use of alternative fuels and products in our quest to help protect the environment
- Continue to evaluate the size of fleet, vehicle maintenance cost levels, and replacement schedule to make sure they are aligned with WASA's business needs
- Continue to install vehicle fuel technology rings
- Continue to review WASA vehicle operators driving records through the District of Columbia Endorsement Program database

#### FY 2009 Major Recommended Activities and Changes

- No major changes anticipated

## Vehicle In-Service Percentage





**CHIEF FINANCIAL  
OFFICER  
43 - Positions**

POSITIONS				
Authorized	CURRENT		FY 2008	FY 2009
	Average Positions Filled	Year-End Positions Filled		
43	34	35	43	43

**FY 2009 Budget  
\$6,815,000**

**FINANCE  
AND  
BUDGET  
2 - Positions**

**Office of the Controller  
23 - Positions**

**FUNCTIONS**

- Prepare Comprehensive Annual Financial Report (CAFR)
  - Record and report financial transactions
  - Maintain financial records and an effective internal control structure
  - Establish accounting and reporting policies
- Manage vendor payment operations
- Manage payroll operations
- Manage grants and county billing operations
- Manage financial aspects of Inter-Municipal Agreement (IMA)
- Manage asset management process
- Manage special project billing process

**Finance and Budget  
18 - Positions**

**FUNCTIONS**

- Manage WASA's short and long-range financial planning
- Prepare and monitor operating and capital budgets
- Manage Finance and Budget Committee reporting process
- Manage revenue forecasting and monitoring process
- Manage rate-setting process, including CSO and stormwater rates
- Manage WASA's debt issuance and existing debt portfolio, including commercial paper program
- Perform treasury functions, including investments and banking services
- Manage financial relationship with Washington Aqueduct
- Assistance on special projects, e.g. federal billing issues

## FINANCE AND BUDGET

**MISSION:** Lead and coordinate all of WASA's financial activities to ensure that WASA's financial condition and performance meet the expectations of its Board of Directors, other stake holders and the broader financial community.

**BUDGET OVERVIEW:** The revised FY 2008 operating budget is relatively flat compared to the approved FY 2008 operating budget. The change in the approved FY 2009 operating budget of approximately \$0.4 million is mainly due to anticipated increases in compensation costs.

	FY 2007 Actual	FY 2008 Approved	FY 2008 Revised	FY 2009 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	43	43	43	43
Average number of positions filled	34			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	3,234	4,310	4,273	4,538
Overtime	26	40	40	40
<b>Non-Personnel Services:</b>				
Chemical and Supplies	13	20	17	20
Utilities	57	65	59	59
Contractual Services, etc.	1,674	2,058	2,072	2,191
Small Equipment	-	27	5	7
<b>Total Non-Personnel Services</b>	<b>1,743</b>	<b>2,170</b>	<b>2,153</b>	<b>2,277</b>
<b>Total Operations &amp; Maintenance</b>	<b>4,977</b>	<b>6,479</b>	<b>6,426</b>	<b>6,815</b>
Capital Equipment		100	200	100

Targeted Performance Measures	FY 2007 Actual	FY 2008 Budget	FY 2008 Projection	FY 2009 Projection
Manage Authority's financial operations to ensure revenue is within 99% of projections and expenditures are within budget.	Revenue - 99% Expenditures - 93%	Revenue - 99% Expenditures - 99%	Revenue - 99% Expenditures - 99%	Revenue - 99% Expenditures - 99%
Comply with the Board's investment policy and exceed the three-month Treasury bill rate by 15 basis points*	35 basis point	15 basis point	15 basis point	15 basis point
Manage Authority's financial operations to ensure 140% debt service coverage.	343%	235%	395%	298%
Meet or exceed the 180 day operating & maintenance expense reserve target as set by Board policy - target was \$111.3 million in FY 2007.	116.7 million	115.4 million	118.6 million	121.9 million
Issue Comprehensive Annual Financial Report (CAFR) in February.	February	February	February	February
Pay 97% of all undisputed invoices within 30 days.	97%	97%	97%	97%

## FINANCE AND BUDGET

### OVERVIEW

#### FY 2008 Major Recommended Changes and Activities

- Maintain a stable financial position and prudent financial policies that are the basis for excellent credit ratings, and lower interest costs
- Continue to develop a strong budget with approaches to achieve the Board's strategic objectives and goals, provide funding for departmental work plans and programs, and facilitate a procurement and internal control culture within the Authority's management team to ensure that the Board's, stakeholders, and the financial community's expectations for continued strong financial performance and sustainable growth are met
- Continue to monitor, measure, and evaluate budgetary performance, capital program, financial condition, program performance, external factors, and make necessary adjustments to address evolving conditions and challenges
- Continue to review and improve internal controls to ensure accountability and safeguard of WASA's assets
- Improve capital budget forecasting process in conjunction with the Department of Engineering and Technical Services to ensure projections meet expectations of the Board and are consistent with retail rate increase proposals
- Reengineer personnel structure with the goal of delivering a more efficient, effective, and sustainable support service to other departments and the Authority as a whole

#### FY 2009 Major Recommended Changes and Activities

- No major changes anticipated

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**FY 2009 Budget  
\$6,519,000**

**CHIEF FINANCIAL  
OFFICER**

**RISK  
MANAGEMENT  
3 - Positions**

			<b>POSITIONS</b>	
<b>CURRENT</b>			<b>FY 2008</b>	<b>FY 2009</b>
<b>Authorized</b>	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>

**FUNCTIONS**

- Manage all claims, including workers compensation and tort claims
- Procure and manage insurance contracts
- Develop and ensure adequate insurance reserve levels
- Perform ongoing risk assessments of operations
- Coordinate loss prevention programs

## RISK MANAGEMENT

**MISSION:** To manage and coordinate all risk management programs to reduce and cost effectively transfer the Authority's financial risk, protect its assets and reduce financial loss.

**BUDGET OVERVIEW:** The revised FY 2008 operating budget is relatively flat compared to the approved FY 2008 operating budget. The approved FY 2009 operating budget reflects a slight increase due primarily to projected compensation increases.

	FY 2007 Actual	FY 2008 Approved	FY 2008 Revised	FY 2009 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	3	3	3	3
Average number of positions filled	3			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	217	272	283	297
Overtime	0	3	1	1
<b>Non-personnel Services:</b>				
Chemicals and Supplies	3	8	8	8
Utilities	4	4	5	5
Contractual Services, etc.	5,106	6,158	6,146	6,209
Small Equipment	-	-	-	-
<b>Total Non-Personnel Services</b>	<b>5,113</b>	<b>6,170</b>	<b>6,159</b>	<b>6,222</b>
<b>Total Operations &amp; Maintenance</b>	<b>5,329</b>	<b>6,442</b>	<b>6,442</b>	<b>6,519</b>
Capital Equipment	-	-	-	-
<b>Targeted Performance Measures</b>				
	FY 2007 Actual	FY 2008 Budget	FY 2008 Projection	FY 2009 Projection
Reduce workers compensation cost by 10%	10%	10%	10%	10%
Meet workers compensation filing requirements within 14 days	14	14	14	14

## RISK MANAGEMENT

### OVERVIEW

#### FY 2008 Major Recommended Activities and Changes

- Continued management of the Rolling Owner Controlled Insurance Program (ROCIP) for capital projects
- Continued Risk Management services and support to the Authority
- Establishment of a formal expense recovery/subrogation process relating to third party damages to DCWASA property
- Continued refinement of transitional return to work program in order to mitigate future claim indemnity costs
- Initiate campaign to educate and encourage customers to protect the sewer system, which would prevent sewer back ups and flooding
- Implementation of an effective tracking system for monitoring utility strikes by WASA employees and contractors in order to manage and defend future claims from utility companies seeking reimbursement

#### FY 2009 Major Recommended Activities and Changes

- Continue management and improvement of workers' compensation and general liability claims reviews for cost reduction
- Continue management of the ROCIP
- Continue campaign to encourage customers on the need to protect the sewer system to prevent sewer back ups and flooding
- Continue implementation of the tracking system for utility strikes by WASA employees and contractors

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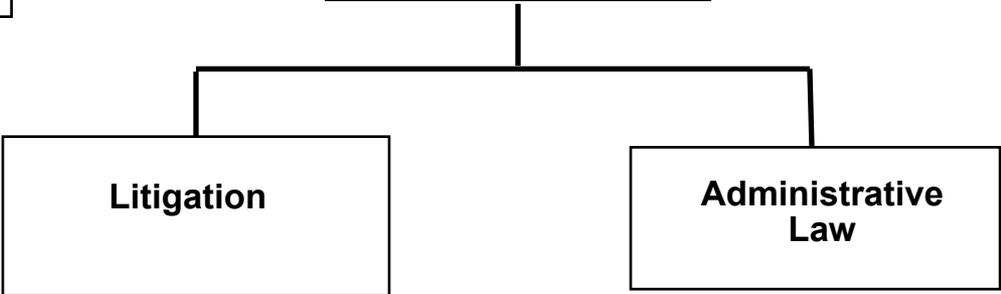


**GENERAL  
MANAGER**

POSITIONS				
CURRENT			FY 2008	FY 2009
Authorized	Average Positions Filled	Year-End Positions Filled		
14	7	6	14	14

**FY 2009 Budget  
\$5,183,000**

**GENERAL  
COUNSEL  
14 - Positions**



**FUNCTIONS**

- Appellate
- Bankruptcy
- Contract
- Construction
- Environmental
- Procurement
- Tort
- Receivership
- Employment

**FUNCTIONS**

- Board of Directors support
- Contract review and advise
- Clean Water Act compliance
- Clean Air Act compliance
- Construction claims
- Safe Drinking Water Act compliance
- Employment law matters
- Intra-governmental and Inter-jurisdictional agreements
- Legislation review and support
- Municipal law matters
- Pretreatment enforcement support
- Procurement protests, claims, and internal appeals
- Real property matters
- Regulatory compliance support
- Draft and review Authority Policies

## GENERAL COUNSEL

**MISSION:** To support the Authority's mission by providing legal advice and services to the Board of Directors, the General Manager and the Authority's departments.

**BUDGET OVERVIEW:** The revised FY 2008 operating budget is approximately \$1.3 million greater than the approved FY 2008 budget due to projected increases in general litigation cost. The FY 2009 approved budget increase is primarily for compensation increases.

	FY 2007 Actual	FY 2008 Approved	FY 2008 Revised	FY 2009 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	14	14	14	14
Average number of positions filled	7			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	813	1,347	1,304	1,408
Overtime	4	2	2	2
<b>Non-personnel Services:</b>				
Chemicals and Supplies	3	15	15	20
Utilities	12	13	15	21
Contractual Services, etc.	4,451	2,313	3,649	3,734
Small Equipment	-	17	8	
<b>Total Non-Personnel Services</b>	4,466	2,358	3,687	3,775
<b>Total Operations &amp; Maintenance</b>	5,279	3,704	4,991	5,183
Capital Equipment		-	-	-
<b>Targeted Performance Measures</b>				
	<b>FY 2007 Actual</b>	<b>FY 2008 Budget</b>	<b>FY 2008 Projection</b>	<b>FY 2009 Projection</b>
Hours of employee time spent on direct work	1,400	1,400	1,400	1,400
1,400				

## GENERAL COUNSEL

### OVERVIEW

#### FY 2008 Major Recommended Activities and Changes

- Continue recruitment efforts to fill vacant positions in an effort to reduce reliance on outside legal services
- Continue focus on regulatory compliance across WASA

#### FY 2009 Major Recommended Activities and Changes

- No other major changes anticipated

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**GENERAL  
MANAGER**

			POSITIONS	
CURRENT			FY 2008	FY 2009
Authorized	Average Positions Filled	Year-End Positions Filled		
29	12	12	27	29

**INFORMATION  
TECHNOLOGY  
Office of the  
Chief Information Officer  
4 - positions**

**FY 2009 Budget  
\$7,743,000**

**E-Business  
7 - positions**

**Project  
Management  
Office  
2 - positions**

**Systems and  
Operations  
11 - positions**

**Process  
Control & SCADA  
3 - positions**

**Enterprise  
Document  
Management  
1 - position**

**Geographic  
Information  
System  
1 - Position**

**FUNCTIONS**  
 Integrate and provide product support for the financial, payroll, maintenance and customer information and billing, AMR, IVR, AM systems  
 Design and maintain WASA's website to allow customer e-business access  
 Database administration  
 Develop and support WASA's intranet

**FUNCTIONS**  
 •Ensure successful project implementations  
 ▪Manage project prioritization process  
 ▪Support project planning, management, and implementation  
 ▪Business Process Improvement  
 ▪Develop and provide standards for System Architecture/Integration  
 ▪Independent Verification and Validation (IVAV)

**FUNCTIONS**  
 •Manage daily operations of central and remote systems sites  
 ▪Maintain WASA's technology standards  
 ▪Manage the Solutions Center (help desk)  
 ▪Install, operate, maintain and support new and existing Network, Data Center, telecommunication infrastructure and equipment  
 ▪Install, operate, and maintain audio/video systems and equipment  
 ▪Implement and support radio systems

**FUNCTIONS**  
 •Provide implementation support for process computer control system (PCCS)  
 ▪Provide product support for PCCS/SCADA and other process related automated system  
 ▪Perform and maintain appropriate Programming Standards  
 ▪Configuration/Change Mgt  
 ▪Manage/support Control PCS Networks  
 ▪Provide Programming Support to end-users.

**FUNCTIONS**  
 •Provide enterprise content, document, & record management system support  
 ▪Business process integration  
 ▪Application development  
 ▪System administration

**FUNCTIONS**  
 •Provide GIS support  
 ▪System administration  
 ▪Application development

## INFORMATION TECHNOLOGY

**MISSION:** To ensure that the Authority's mission is supported by state-of-the-art technology with an infrastructure capable of accommodating all traffic and connectivity demands, and a computing environment that encourages development of efficient business processes to serve internal and external customers.

**BUDGET OVERVIEW:** There is relatively no change between the revised FY 2008 and the approved FY 2008 budgets. The FY 2009 approved budget increases by approximately \$0.9 million over the revised FY 2008 budget due to projected compensation increases, coupled with additional professional services support for various enterprise systems.

	FY 2007 Actual	FY 2008 Approved	FY 2008 Revised	FY 2009 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	29	29	27	29
Average number of positions filled	12	13		
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	1,172	1,805	1,755	1,952
Overtime	18	35	30	30
<b>Non-personnel Services:</b>				
Chemicals and Supplies	164	179	179	199
Utilities	84	109	124	124
Contractual Services, etc.	2,801	4,687	4,672	5,322
Small Equipment	113	136	137	147
<b>Total Non-Personnel Services</b>	<b>3,160</b>	<b>5,111</b>	<b>5,111</b>	<b>5,791</b>
<b>Total Operations &amp; Maintenance</b>	<b>4,333</b>	<b>6,916</b>	<b>6,866</b>	<b>7,743</b>
Capital Equipment	6,512	7,780	8,843	7,952

Targeted Performance Measures	FY 2007 Actual	FY 2008 Budget	FY 2008 Projection	FY 2009 Projection
98% Network uptime during peak hours	99.8%	99.8%	99.8%	99.8%
95% Network uptime during non-peak hours	99.8%	99.8%	99.8%	99.8%
96% of all high priority tickets completed within 4 hours	96.0%	96.0%	96.0%	96.0%

# INFORMATION TECHNOLOGY

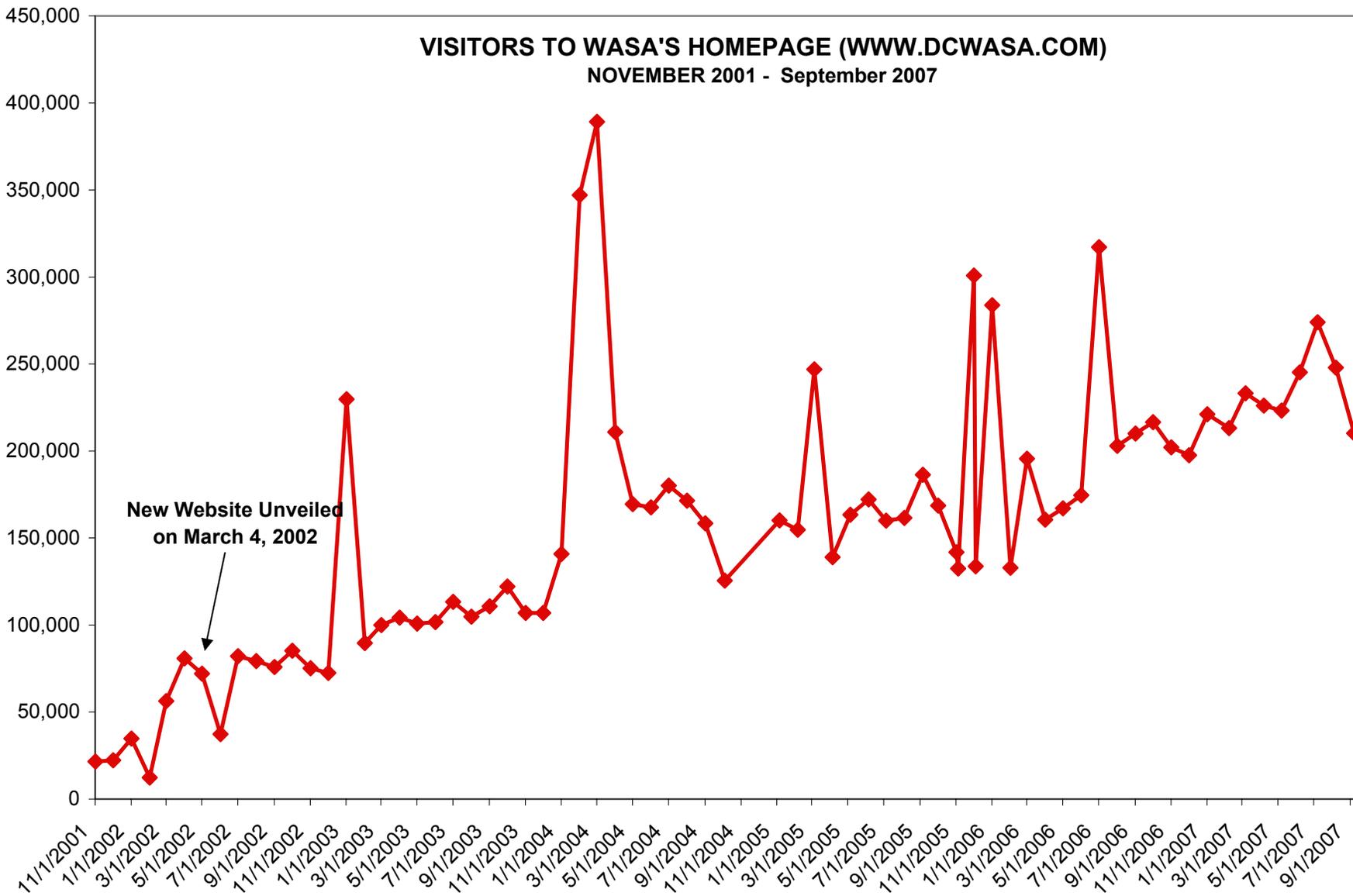
## OVERVIEW

### FY 2008 Major Recommended Activities and Changes

- Continue integration of engineering and plant related technologies with IT projects and functions, including Process Control Computer system (PCCS) and Supervisory Control And Data Acquisition (SCADA) systems
- Continue Implementation of handheld inventory system (Radio Frequency ID - RFID)
- Begin implementation of the permanent Redundant Data Center (Main & O St)
- Begin Business Requirements analysis for Customer Information System (CIS)
- Continue to lead implementation of the following key projects:
  - Asset management system and Geographic Information System (GIS)
  - Enterprise Document management system
  - Enterprise Backup system
- Continue to ensure IT infrastructure reliability and upgrades consistent with industry standards and customer needs:
  - Network System and Storage Renewal
  - Begin implementation of Telephone System Upgrade
  - Desktop replacements according to three-year schedule
- Implement Business Process Improvements to support convergence technologies for:
  - Permitting process
  - Procurement & materiel management
  - Telecommunications integration, networking, and audio visual support
  - Field Service Management
  - Hydrant Management
  - Catch Basin Cleaning

### FY 2009 Major Recommended Activities and Changes

- Continue integration of engineering and plant related technologies with IT projects and functions, including Process Control Computer System (PCCS) and Supervisory Control And Data Acquisition (SCADA) systems
- Begin implementation of new Customer Information System
- Begin implementation of Enterprise Archiving Solution
- Assume operation support of the following key projects:
  - Asset management system and GIS
  - Enterprise Document Management System
  - Enterprise Backup System
  - Redundant Data Center
  - Field Service Management
- Continue to ensure IT infrastructure reliability and upgrades consistent with industry standards and customer needs





**GENERAL  
MANAGER**

**PUBLIC  
AFFAIRS  
9- Positions**

**FY 2009 Budget  
\$1,470,000**

**Community/Employee  
Outreach**

**Publications**

**FUNCTIONS**

- General information dissemination to the public and customers
- Develop relationships with Advisory Neighborhood Commission's (ANC's), civic and environmental groups, schools and churches
- Specialized training for employees (i.e. media training)
- Provide departmental support for special projects
- Coordinate media relations
- Coordinate and manage comprehensive public relations program
- Coordinate community and customer outreach activities
- Develop Internal/External communications program

**FUNCTIONS**

- Produce newsletters and brochures
- Produce annual report
- Publish CCR on water quality
- Publish customer newsletter and bill inserts
- Write Op-Ed articles
- Produce articles for community newspapers/ letters
- Produce press releases, Public Service Announcements (PSAs), etc.
- Coordinate production of monthly Board report
- Coordinate CSO publications
- Produce communication materials for Mayor/high profile projects (e.g. cso)

<b>POSITIONS</b>				
<b>CURRENT</b>			<b>FY 2008</b>	<b>FY 2009</b>
<b>Authorized</b>	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
8	6	6	9	9

## PUBLIC AFFAIRS

**MISSION:** To provide information about WASA services and programs and to raise awareness about WASA efforts and achievements to improve the quality of life in the region by protecting the environment in which it operates and supporting the community it serves.

**BUDGET OVERVIEW:** The revised FY 2008 operating budget includes the addition of a Media Manager to coordinate WASA's media activities. The approved FY 2009 operating budget reflects a slight increase due to projected compensation increases.

	FY 2007 Actual	FY 2008 Approved	FY 2008 Revised	FY 2009 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	8	8	9	9
Average number of positions filled	6			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	534	816	832	898
Overtime	1	2	2	2
<b>Non-Personnel Services:</b>				
Chemical and Supplies	19	30	30	30
Utilities	18	13	16	16
Contractual Services, etc.	339	412	473	526
Small Equipment	-	7	-	-
<b>Total Non-Personnel Services</b>	376	462	519	571
<b>Total Operations &amp; Maintenance</b>	910	1,279	1,351	1,470
<b>Capital Equipment</b>	-	-	-	-

Targeted Performance Measures	FY 2007 Actual	FY 2008 Budget	FY 2008 Projection	FY 2009 Projection
Publication of WASA Annual Report 1	1	1	1	1
Publication of "What's On Tap" customer newsletter 10	10	10	10	10
Publication of "CSO Update" 2	2	2	2	2
Publication of <i>Employee Focus</i> newsletter 12	12	12	12	12
Publication of CCR (water quality report) 1	1	1	1	1
E-newsletter for WASA stakeholders 6	6	6	6	6
Special event orchestration/coordination 2	2	2	2	2
Senior speech and presentation development 8	8	8	8	8
Media Interaction/responses, releases, pitches, conferences 75	75	75	75	75
Community meetings/outreach re: lead, rates, CSO/CIP projects, etc. 25	25	25	25	25

## PUBLIC AFFAIRS

### OVERVIEW

#### FY 2008 Major Recommended Activities and Changes

- Update public information section of emergency/crisis management plan
- Redesign WASA Internet Web site to include new content and features, including an e-newsletter for stakeholders
- Conduct “open house” events for at least one major facility renovation/construction project
- Work with Public Broadcasting Service (PBS) filmmakers in the development of documentary on infrastructure
- Expand industry, media and community exposure for WASA’s infrastructure management, wastewater treatment technology, and research programs
- Continue community and stakeholder outreach efforts associated with lead service line replacement, water/sewer improvements east of the Anacostia and other major construction projects (e.g. combined sewer overflow control)
- Support communications needs of other WASA departments
- Fill the three FTE vacancies in the Public Affairs Office

#### FY 2009 Major Recommended Activities and Changes

- Continue community and stakeholder communication and outreach programs associated with water quality improvements and sewer and CSO work in the Anacostia River area
- Complete the overhaul of the Web site design and information architecture
- Continue to broaden public affairs outreach in the Hispanic and other ethnic communities
- Re-constitute, re-focus speakers bureau
- Support communication needs of other WASA departments

#### Impact of Capital Projects on FY 2008 and FY 2009 Operating Expenditures

- Costs associated with public events for completed CIP projects
- Costs related to public education requirements associated with consent decree program(s)

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## LEAD ABATEMENT PROGRAM

**MISSION:** To manage WASA's lead abatement and service replacement program so as to ensure the Board's goal to eliminate publicly-owned lead services.

**BUDGET OVERVIEW:** The revised FY 2008 budget is consistent with historical spending. The FY 2008 approved budget reflect reduced spending for anticipated legal cost.

	FY 2007 Actual	FY 2008 Approved	FY 2008 Revised	FY 2009 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions		-	-	-
Average number of positions filled				
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>		-		-
Overtime		-	-	-
<b>Non-Personnel Services:</b>				
Chemical and Supplies		-	-	
Utilities		-	-	-
Contractual Services, etc.	1,492	1,000	1,000	1,000
Small Equipment		-	-	-
<b>Total Non-Personnel Services</b>	1,492	1,000	1,000	1,000
<b>Total Operations &amp; Maintenance</b>	1,492	1,000	1,000	1,000
<b>Capital Equipment</b>		-	-	-

# Revised FY 2008 and Approved FY 2009 Operating Budget

## Section VIII



District of Columbia  
Water and Sewer Authority

### *Section VIII: Glossary and Acronyms*

*WASA continues to meet customers' needs with new tools like the High Usage Notification Program that allows customers to pinpoint high water use on the exact day it occurs.*

## GLOSSARY

**ACCRUAL BASIS:** The method of accounting under which revenues are recorded when they are earned (whether or not cash is received at that time) and expenditures are recorded when goods and services are received (whether or not cash disbursements are made at that time).

**A/E CONTRACT:** Architectural and Engineering Contracts

**AERATION:** The process that forces compressed air into wastewater. The oxygen keeps the microorganisms alive and sets off a chain reaction; live, eat, and work. Oxygen is an essential ingredient in "activating" sludge.

**ANAEROBIC DIGESTION:** A biological process that uses microorganisms to reduce the volume of biosolids.

**APPROPRIATION:** An authorization by Congress, which permits officials to incur obligations and expend Authority resources. Appropriations are usually made for fixed amounts, which extend for a fiscal year. Appropriations for capital improvement projects, however, extend until completion, usually beyond the current fiscal year.

**ARBITRAGE:** The simultaneous purchase and selling of an asset in order to profit from a differential in the price. This usually takes place on different exchanges or marketplaces. Also known as a "riskless profit".

**ASSETS:** Property with monetary value owned by the Authority.

**AUDIT:** An independent systematic examination of resource utilization concluding in a written report. It is a test of management's internal accounting records. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements.

**AUTOMATED METER READING (AMR):** System that automatically read customers' meters using radio frequencies, allowing for more accurate and frequent meter readings and transfer of data to a central database for billing and analysis.

**BALANCED BUDGET:** A budget in which the income equals expenditure.

**BIOCHEMICAL OXYGEN DEMAND (BOD):** An indicator of the amount of biodegradable contaminants in wastewater.

**BIOSOLIDS:** Sludge that has been treated to reduce pathogens, organics, and odors, forming a reusable agricultural product.

**BLUE PLAINS ADVANCED WASTEWATER TREATMENT PLANT:** Located in Washington, DC, Blue Plains is the world's largest advanced wastewater treatment plant, and has a permitted capacity of 370 million gallons per day.

**BOARD OF DIRECTORS:** WASA's governing board (the Board), which includes 11 primary members, six members from the District of Columbia, two members each from Montgomery and Prince George's Counties in Maryland, and one member from Fairfax County, Virginia.

**BOND:** An obligation issued by WASA promising to pay a specified sum of money (called principal or face value) at a specified future date (called the maturity date) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically issued to fund specific capital improvement expenditures.

**BUDGET:** A plan of financial operations including an estimate of proposed expenditures and revenues for a fiscal period. The budget establishes funding levels for continuing service programs, operation and maintenance of public facilities, and principal and interest payments on bonded indebtedness. Recurring replacement of capital outlay and minor new capital outlay items are included.

**CAPACITY MANAGEMENT OPERATION and MAINTENANCE (CMOM):** A standard framework for municipal sewer collection systems to identify and incorporate widely-accepted wastewater industry practices to meet regulatory compliance.

**CAPITAL BUDGET:** A plan for investment in long-term assets such as buildings, plant, and equipment. WASA's capital budget includes project schedules and funding needed to acquire, improve or construct properties or facilities to enhance water and sewer services to our customers.

**CAPITAL EQUIPMENT:** A capital asset with a useful life of at least 3 years, a cost exceeding \$5,000 and is financed with short-term debt or cash. Examples include rolling stock and computer equipment.

**CAPITAL IMPROVEMENT PROGRAM (CIP):** A plan, which identifies the nature, schedule and cost of long-term improvements to WASA's infrastructure.

**CERIDIAN:** WASA's fully integrated payroll and personnel system designed to accommodate a variety of pay, leave, and work rules and to provide a comprehensive set of human resource applications.

**CHLORAMINATION:** The process of adding chloramines to drinking water. Chloramine, a form of chlorine and ammonia, is used as a disinfectant by the Washington Aqueduct.

**CLEAN WATER ACT (CWA):** Act passed by the U.S. Congress in 1972 to control water pollution.

**COMBINED SEWER OVERFLOWS (CSO):** Discharge of untreated wastewater (a mixture of storm water and sanitary waste) directly to waterways during periods of significant rainfall.

**COMBINED SEWER OVERFLOW LONG-TERM CONTROL PLAN (CSO LTCP):** Draft plan prepared by WASA and to be submitted to the EPA to address CSOs.

**COMBINED SEWER SYSTEM LONG-TERM CONTROL PLAN (CSS LTCP):** Final plan submitted by WASA in July 2002 and approved by EPA in March 2005 to control Combined Sewer Overflow (CSO's) to the Districts waterways.

**COMMERCIAL PAPER:** Short-term (less than 270 days) notes issued by WASA to provide interim financing of its capital improvement program. Commercial paper typically carries lower interest rates than long-term debt and is issued on a subordinate basis.

**CUSTOMER INFORMATION SYSTEM (CIS):** System which WASA utilizes for customer billing and information and other related services.

**DEBT RATING:** An independent opinion, based on a comprehensive quantitative and qualitative evaluation, of a company's financial position, operating performance, business profile and management. Specifically, the debt rating reflects a company's ability to meet its obligations to repay interest and principal on outstanding obligations to investors. WASA's bond ratings provided by Moody's Investors Service, Standard & Poor's and Fitch Ratings are Aa3, AA-, AA-, respectively.

**DEBT SERVICE:** Amount of money necessary to pay principal and interest on senior outstanding notes and bonds in any given fiscal year.

**DEBT SERVICE COVERAGE:** Requirement of WASA's master trust indenture and Board policy that provides that annual revenue available to pay debt service must exceed annual debt service by a certain percentage. WASA's master trust indenture requires 120 percent senior debt service coverage; WASA Board policy requires 140 percent senior debt service coverage.

**EGG SHAPED DIGESTER FACILITY (EDF):** A new advanced digestion facility capable of anaerobically digesting all biosolids generated at the Blue Plains AWTP

**EFFLUENT:** Treated wastewater discharged from the Blue Plains Advanced Wastewater Treatment Plant.

**ENABLING ACT:** Legislation which established WASA and defined its purpose and authority. WASA's enabling legislation was initially enacted in 1996.

**ENCUMBRANCES:** Obligations in the form of purchase orders, contracts or salary commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid or when an actual liability is released.

**ENTERPRISE FUND:** A fund established to finance and account for the acquisition, operation, and maintenance of governmental facilities and services, which are entirely or predominantly self-supporting by user charges. This type of fund uses the accrual basis of accounting. WASA is responsible for two enterprise funds:

- 1) Water and Sewer Enterprise Fund
- 2) The District of Columbia Stormwater Enterprise Fund

**ENVIRONMENTAL PROTECTION AGENCY (EPA):** Federal agency responsible for environmental regulations and enforcement.

**EXPENDITURES:** Payment for goods and services received.

**FABRIDAM:** A dynamic weir (or dam) that inflates and deflates depending on the structure set point. Set points vary from structure to structure.

**FISCAL YEAR:** The twelve-month period used by WASA which begins October 1 and ends September 30 of the following calendar year.

**FIXED ASSET:** Long-lived property owned by an entity that is used by an entity in the production of its income. Tangible fixed assets include real estate, plant, and equipment.

**GENERAL OBLIGATION DEBT:** This is money that WASA still owes the District of Columbia for bond issuance prior to the enabling act that created WASA

**IMPERVIOUS:** Refers to surfaces that do not allow water to pass through, or impede infiltration, and include (but not limited to) areas covered by materials such as asphalt, concrete, brick, or stone – (roofs, sidewalks, roads, parking lots, driveways, patios, and pools), etc. During a storm event, water travels downward from the impervious surface until it finds a place it can infiltrate such as moist soil, wetland or other low-lying areas. As the water runs off of impervious areas, it can pick up potential contaminants (like oil or fertilizer) and carry these materials to nearby waterways or into the sewer system.

**INFRASTRUCTURE:** WASA's facilities, services, and installations needed for its functioning, such as its water, sewer and customer delivery systems.

**INTER-MUNICIPAL AGREEMENT OF 1985 (IMA):** This agreement outlines the operating and financial responsibilities for wholesale wastewater treatment services at Blue Plains. Signatories to the IMA include the District of Columbia, Montgomery and Prince George's Counties in Maryland, Fairfax County, Virginia, and the Washington Suburban Sanitary Commission.

**INTERCEPTORS:** The large pipes that convey wastewater from the collection system to WASA's wastewater treatment plant, Blue Plains.

**INTERNAL IMPROVEMENT PLAN (IIP):** Operational improvement plans for various operating departments across WASA that will result in improved service and cost savings to WASA's customers. Proposed improvements are a function of new capital projects, investments in technology, and new business processes. IIP's have been developed for the Departments of Wastewater Treatment, Maintenance Services, and Customer Service, and are in process for the Departments of Water and Sewer Services.

**INVERTED BLOCK RATE STRUCTURES:** Is a schedule of rates applicable to blocks of increasing usage in which the usage in each succeeding block is charged at a higher unit rate than in the previous blocks. Generally, each successive block rate may be applicable to a greater volume of water delivery than the preceding block(s).

**LOW IMPACT DEVELOPMENT (LID):** Integrates ecological and environmental considerations into all phases of urban planning, design and construction in order to avoid encroaching on environmentally fragile or valuable lands, and to decrease runoff volumes and peak flow impacts.

**LOCAL SMALL DISADVANTAGED BUSINESS ENTERPRISE (LSDBE):** Business entities that are encouraged to do business in the District through supportive legislation, business development programs, and agency and public/private contract compliance.

**MASTER FACILITIES PLAN:** A twenty-year plan that outlines proposed capital improvements across WASA. This plan is updated every three to five years.

**MUNICIPAL SEPARATE STORM SEWER SYSTEM (MS4):** A regulatory program for controlling stormwater pollution.

**NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM (NPDES):** A permit issued by the EPA that governs effluent discharges into various rivers and waterways by Blue Plains and WASA's sewer system.

**NITRIFICATION:** An aerobic process in which bacteria changes the ammonia and organic nitrogen in wastewater into oxidized nitrogen.

**NINE MINIMUM CONTROLS (NMC):** Nine EPA-designated activities that WASA must undertake to reduce CSO while implementing its LTCP.

**OPERATING RESERVE:** Reserve established by the Board of Directors equivalent to approximately 180 days' operating and maintenance expenses.

**OPERATING BUDGET:** The budget that encompasses the day-to-day activities for the Authority. The operating budget includes employee salaries, supplies, and other non-personnel items related to current activities. The operating budget also includes other costs including debt service and payment in lieu of taxes/right of way fees.

**OPERATIONS & MAINTENANCE (O&M):** The activities related to the performance of routine, preventive, and predictive, actions aimed at preventing WASA's equipment and infrastructure from failure or decline, with the goal of increasing efficiency, reliability, and safety.

**OUTFALL:** The place or structure where effluent is discharged into receiving waters.

**PAYMENT IN LIEU of TAXES (PILOT):** Amounts which WASA pays each fiscal year to the District and institutions in which its facilities are located. Consistent with the provisions of WASA's Enabling Act, these payments are to be based on services received and certified from the District of Columbia.

**PLANT RESIDUALS:** In 2003, the EPA issued a revised NPDES permit to the Washington Aqueduct (WAD) and entered into a Federal Facilities Compliance Agreement (the federal agency equivalent of an Administrative Order) requiring WAD, to have in operation, by Dec 31, 2009, a new process, which dewateres the residuals on site and trucks them off-site for disposal.

**POTOMAC INTERCEPTOR:** Fifty-mile interceptor that carries wastewater from Loudoun and Fairfax Counties in Virginia and Montgomery County in Maryland to Blue Plains.

**PRIMARY TREATMENT:** A wastewater treatment process that allows those substances in wastewater that readily settles or floats to be separated from the water being treated.

**PRINCIPAL:** The total amount of money being borrowed or lent

**PROCESS COMPUTER CONTROL SYSTEM (PCCS):** Electronically monitors and controls all treatment processes and facilities.

**RATE STABILIZATION FUND:** A fund established by the Board of Directors, which is used to implement rate increases on a gradual and predictable basis.

**RESERVES:** An accounting entry that properly reflects contingent liabilities.

**REVENUE:** An increase in (sources of) fund financial resources other than from inter-fund transfers and debt issue proceeds. Revenues should be classified by fund and source.

**REVENUE BONDS:** Bonds payable from specific source of revenue and which do not pledge the full faith and credit of the issuer.

**RIGHT-OF-WAY FEE (ROW):** A permit fee that the District of Columbia Government charges the Authority for water and sewer conduits that it occupies within the District of Columbia.

**SAFE DRINKING WATER ACT (SDWA):** Act passed by the U.S. Congress (most recently amended in 1996) to control drinking water quality.

**SECONDARY TREATMENT:** Usually following primary treatment, secondary treatment employs microorganisms to reduce the level of biochemical oxygen demand (BOD) in wastewater.

**SENIOR DEBT:** Debt whose terms in the event of bankruptcy require it to be repaid before subordinated debt receives any payment.

**SLUDGE:** Solid residue from wastewater treatment.

**SUPPLEMENTAL ENVIRONMENTAL PROJECT (SEP):** A project WASA is funding as part of its nine minimum control (NMC) CSO consent order.

**SUBORDINATED DEBT:** Debt over which senior debt takes priority. In the event of bankruptcy, subordinated debtholders receive payment only after senior debt claims are paid in full.

**SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA):** Equipment and computer technology used to monitor and control the water distribution and wastewater conveyance systems.

**WASHINGTON AQUEDUCT:** A division of the U.S. Army Corps of Engineers which owns and operates the water treatment facilities for WASA and Arlington and Falls Church, Virginia. WASA purchases treated drinking water on a wholesale basis from the Washington Aqueduct, and is responsible for approximately 76 percent of the Aqueduct's costs.

## ACRONYMS

**ADA:** AMERICANS WITH DISABILITY ACT

**AMSA:** ASSOCIATION OF METROPOLITAN SEWERAGE AGENCIES

**AMR:** AUTOMATIC METER READING

**ANC:** ADVISORY NEIGHBORHOOD COMMISSION

**BOD:** BIOCHEMICAL OXYGEN DEMAND

**CAFR:** COMPREHENSIVE ANNUAL FINANCIAL REPORT

**CAP:** CUSTOMER ASSISTED PROGRAM

**CIP:** CAPITAL IMPROVEMENT PROGRAM

**CIS:** CUSTOMER INFORMATION SYSTEM

**CMOM:** CAPACITY MANAGEMENT OPERATION and MAINTENANCE

**COBRA:** THE CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT OF 1985

**COF:** CENTRAL OPERATIONS FACILITY

**COG:** COUNCIL OF GOVERNMENT

**COTR:** CONTRACTING OFFICER TECHNICAL REPRESENTATIVES

**CSO:** COMBINED SEWER OVERFLOWS

**CSO LTCP:** COMBINED SEWER OVERFLOW LONG-TERM CONTROL PLAN

**CSP:** COMPREHENSIVE SAFETY PROGRAM

**CSRS:** CIVIL SERVICE RETIREMENT SYSTEM

**CWA:** CLEAN WATER ACT

**CWSFR:** CLEAN WATER STATE REVOLVING FUND

**DDOE:** DISTRICT DEPARTMENT OF ENVIRONMENT

**DETS:** DEPARTMENT OF ENGINEERING AND TECHNICAL SERVICES

**DRBCP:** DISASTER RECOVERY AND BUSINESS CONTINUITY PLAN

**DSS:** DEPARTMENT OF SEWER SERVICES

**DWS:** DEPARTMENT OF WATER SERVICES

**DWWT:** DEPARTMENT OF WASTEWATER TREATMENT

**EBU:** EQUIVALENT BILLING UNIT

**EDF:** EGG SHAPED DIGESTER FACILITY

**EDMC:** ENGINEERING DOCUMENT MANAGEMENT AND CONTROL

**EEOC:** EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

**EMA:** EMERGENCY MANAGEMENT AGENCY

**EPA:** ENVIRONMENTAL PROTECTION AGENCY

**ERDMS:** ENTERPRISE RECORDS AND DOCUMENT MANAGEMENT SYSTEM

**CSS LTCP:** COMBINED SEWER SYSTEM LONG-TERM CONTROL PLAN

**ESF:** EMERGENCY SUPPORT FUNCTION

**GFOA:** GOVERNMENT FINANCE OFFICERS ASSOCIATION

**GIS:** GEOGRAPHICAL INFORMATION SYSTEM

**HPRP:** HIGH PRIORITY REHABILITATION PROGRAM

**HUNA:** HIGH USAGE NOTIFICATION APPLICATION

**IFB:** INVITATION FOR BID

**IMA:** INTER-MUNICIPAL AGREEMENT

**IIP:** INTERNAL IMPROVEMENT PLAN

**IVR:** INTERACTIVE VOICE RESPONSE

**JUDD:** JOINT UTILITY DISCOUNT DAY

**LID:** LOW IMPACT DEVELOPMENT

**LSDBE:** LOCAL SMALL DISADVANTAGED BUSINESS ENTERPRISE

**LSR:** LEAD SERVICE REPLACEMENT

**LTCP:** LONG TERM CONTROL PLAN

**MBE:** MINORITY BUSINESS ENTERPRISE

**MGD:** MILLION GALLONS PER DAY

**MOU:** MEMORANDUM OF UNDERSTANDING

**NPDES:** NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

**OCIP:** OWNER CONTROLLED INSURANCE PROGRAM

**O&M:** OPERATIONS & MAINTENANCE

**PCCS:** PROCESS COMPUTER CONTROL SYSTEM

**PILOT:** PAYMENT IN LIEU OF TAXES

**PM:** PREVENTIVE MAINTENANCE

**PPM:** PARTS PER MILLION

**PSA:** PUBLIC SERVICE ANNOUNCEMENT

**PBS:** PUBLIC BROADCASTING SERVICE

**PDMS:** PAYABLES DOCUMENT MANAGEMENT SYSTEMS

**RFQ:** REQUEST FOR QUOTATION

**RFP:** REQUEST FOR PROPOSAL

**ROCIP:** ROLLING OWNER CONTROLLED INSURANCE PROGRAM

**RSF:** RATE STABILIZATION FUND

**SCADA:** SUPERVISORY CONTROL AND DATA ACQUISITION

**SDWA:** SAFE DRINKING WATER ACT

**SEP:** SUPPLEMENTAL ENVIRONMENTAL PROJECT

**SOX:** SARBANES OXLEY ACT

**MS4:** MUNICIPAL SEPARATE STORM SEWER SYSTEM

**NMC:** NINE MINIMUM CONTROLS

**SPLASH:** SERVING PEOPLE BY LENDING A SUPPORTING HAND

**SSO:** SANITARY SEWER OVERFLOW

**TEAMS:** TOTAL ENTERPRISE ASSET MANAGEMENT SYSTEM

**TMDL:** TOTAL MAXIMUM DAILY POLLUTANT LOADS

**ULSD:** ULTRA LOW SULFUR DIESEL

**VEP:** VALVE EXERCISE PROGRAM

**VIT:** VEHICLE INFORMATION TRANSMITTER

**WBE:** WOMEN BUSINESS ENTERPRISE

**WSSC:** WASHINGTON SUBURBAN SANITARY COMMISSION

**WAD:** WASHINGTON AQUEDUCT