

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

Finance and Budget Committee

Thursday, May 24, 2018

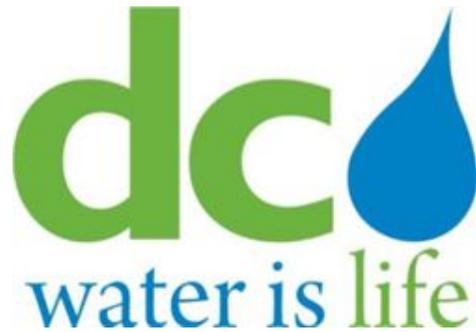
11:00 a.m.

1. **Call to Order**..... Timothy L. Firestine, Chairperson
2. **New CIS System Update** Charles Kiely
3. **April 2018 Financial Report (Attachment 1)**..... Matthew T. Brown
4. **FY 2018 Year-End Projections (Attachment 2)** Matthew T. Brown
5. **Capital Improvement Program Quarterly Update (Attachment 3)** Paul Guttridge
6. **Update on Pathway to Asset Management (Attachment 4)** Matthew T. Brown
7. **Insurance Renewal Update (Attachment 5)** Tanya DeLeon
8. **Action Items**..... Matthew T. Brown
 - A. **Annual Property & Casualty Insurance Renewals (Attachment 6)**
9. **Agenda for June Committee Meeting (Attachment 7)** Timothy L. Firestine
10. **Executive Session**
11. **Adjournment**

FOLLOW-UP ITEMS – Follow-up items from the meeting held April 26, 2018.

1. Provide a 24 month trend graph of the O&M Reserve to include historical drawdowns **(Mr. Franco)**
Status: See Attachment 8
2. Provide update on the Headquarters building project as part of the FY 2018 mid-year projections review with the committees **(Mr. Franco)** **Status: See Attachment 9**
3. Provide update on the new CIS System **(Chairperson Firestine)** **Status: Will be provided during Agenda Item 2 at the meeting**

* The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); contract negotiations under D.C. Official Code § 2-575(b)(1); legal, confidential or privileged matters under D.C. Official Code § 2-575(b)(4); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2-575(b)(10); proprietary matters under D.C. Official Code § 2-575(b)(11); decision in an adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14), and other matters provided in the Act.



Fiscal Year 2018

Monthly Financial Report

Period Ending April 30, 2018

DEPARTMENT OF FINANCE, ACCOUNTING & BUDGET

Matthew T. Brown, Chief Financial Officer

Ivan Boykin, Director, Finance

Syed Khalil, Director, Rates & Revenue

John Madrid, Controller

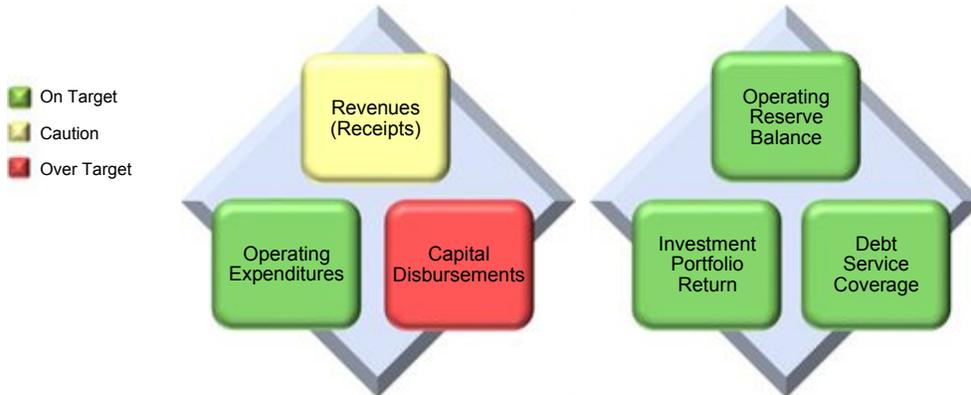
Lola Oyeyemi, Director, Budget

Monthly Financial Report

APRIL 2018

EXECUTIVE SUMMARY

As of the end of April 2018, with approximately 58 percent of the fiscal year completed, revenue (receipts) and capital disbursements are tracking unfavorably to budget with operating budget and other metrics tracking consistent with expectations.



(\$ in millions)

	Budget	YTD Budget	Actual	Variance		Actual % Budget
				Favorable (Unfavorable)		
Revenues (Receipts)*	\$620.5	\$361.9	\$349.8	(\$12.1)	(3.4%)	56.4%
Expenditures*	\$561.9	\$327.8	\$294.4	\$33.4	10.2%	52.4%
Capital Disbursements	\$449.9	\$307.1	\$325.8	(\$18.7)	(6.1%)	72.4%

* *Straight-lined (7/12 of budget)*

Highlights:

- Completion of preliminary FY 2018 year-end projections. Management will provide detailed discussion on major budget drivers at the Committee meeting
- DC Water’s FY 2019 & FY 2020 Rate/Fee Proposals
 - Town Hall Meetings completed on April 26, 2018
 - Public Hearing completed on May 9, 2018
- Ongoing planning for Proposed FY 2020 Budget
- Annual Property & Casualty Insurance Renewals – Ongoing negotiations on pricing and coverage with completion anticipated by June 29 to meet July 1, 2018 renewal date

Matthew T. Brown, Chief Financial Officer

Monthly Financial Report

Fiscal Year-to-Date
As of April 30, 2018

Operating Revenues (\$000's)

Category	A	B	C	D = C/A	E = C-B	F = E/B
	FY 2018 BUDGET	YTD BUDGET*	ACTUAL	ACTUAL % BUDGET	VARIANCE \$ Fav/(Unfav)	VARIANCE % Fav/(Unfav)
Res. / Comm. / Multi.	\$354,914	207,033	\$195,237	55.0%	(\$11,796)	(5.7%)
Federal	62,167	36,264	46,048	74.1%	9,784	27.0%
Municipal (DC Govt.)	17,312	10,099	9,115	52.7%	(984)	(9.7%)
DC Housing Authority	8,979	5,238	3,862	43.0%	(1,375)	(26.3%)
Metering Fee	10,776	6,286	6,648	61.7%	362	5.8%
Water System Replacement Fee (WSRF)	39,717	23,168	23,405	58.9%	236	1.0%
Wholesale	76,028	44,349	39,685	52.2%	(4,664)	(10.5%)
PILOT/ROW	21,601	12,601	11,795	54.6%	(806)	(6.4%)
All Other	28,978	16,904	14,009	48.3%	(2,895)	(17.1%)
TOTAL	\$620,472	\$361,942	\$349,805	56.4%	(\$12,137)	(3.4%)

*Straight-lined (7/12 of budget)

VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of April 2018, cash receipts totaled \$349.8 million, or 56.4 percent of the revised FY 2018 budget. Several categories of customers make payments on a quarterly basis, including the Federal Government (who made their second quarterly payment in April), and wholesale customers (who made their second quarterly payment in February).

Residential, Commercial and Multi-Family – Receipts for this category are lower at \$195.2 million or 55.0 percent of the revised budget. The lower receipts as compared to budget are on account of delay in billing of some accounts in the new billing system VertexOne, which was implemented in December 2017.

District Government – Receipts are lower at \$9.1 million or 52.7 percent of the revised budget. The District Government did not pay the August billed amount of \$2.0 million as anticipated in September 2017. The overdue amount was received in October 2017 (FY 2018), which resulted in higher receipts compared to the revised budget. Due to post-implementation issues of the new billing system VertexOne, both the December 2017 and January 2018 bills for the District Government were sent in February 2018. The District Government paid the December 2017 bill in February 2018 and the January 2018 bill in March 2018. As at April 30, 2018, the DC Government had not paid February and March billed amounts of \$1.7 million and \$1.9 million respectively. The overdue amounts were received in May 2018, and this will be reflected in next month's report.

DC Housing – Receipts are lower at \$3.8 million or 43.0 percent of the revised budget. As at April 30, 2018, DC Housing Authority had not paid the February and March billed amounts. The \$0.65 million overdue amount pertaining to February was received in May 2018, and this will be reflected in next month's report.

Wholesale – The Wholesale customers' actual receipts through April 2018 total \$39.7 million or 52.2 percent of the revised FY 2018 budget. The Wholesale customers made their second quarterly payment in the month of February 2018.

Other Revenue – Receipts are lower than the straight-lined budget at \$14.0 million or 48.3 percent of the budgeted category primarily due to IMA Indirect Cost Reimbursement, which is not anticipated to be received until the third quarter of the fiscal year.

Monthly Financial Report

Fiscal Year-to-Date
As of April 30, 2018

Operating Expenditures (\$'000's)

Category	A	B	C	D = C/A	E = C-B	F = E/B
	FY 2018 BUDGET	YTD BUDGET*	ACTUAL	ACTUAL % BUDGET	VARIANCE \$ Fav/(Unfav)	VARIANCE % Fav/(Unfav)
Personnel	\$149,193	\$87,029	\$91,090	61.1%	(\$4,061)	(4.7%)
Contractual Services	79,353	46,289	40,991	51.7%	5,298	11.4%
Water Purchases	30,156	17,591	14,546	48.2%	3,045	17.3%
Supplies & Chemicals	30,659	17,884	18,975	61.9%	(1,091)	(6.1%)
Utilities	29,399	17,149	16,455	56.0%	694	4.0%
Small Equipment	1,071	625	385	35.9%	240	38.4%
SUBTOTAL O&M	\$319,831	\$186,568	\$182,442	57.0%	\$4,126	2.2%
Debt Service	185,480	108,197	99,522	53.7%	8,675	8.0%
PILOT/ROW	21,376	12,469	12,469	58.3%	0	0.0%
Cash Financed Capital Improvements	35,260	20,568	0	0.0%	20,568	100.0%
TOTAL OPERATING	\$561,947	\$327,802	\$294,434	52.4%	\$33,369	10.2%
Capital Labor	(21,061)	(12,286)	(8,598)	40.8%	(3,688)	30.0%
TOTAL NET OPERATING	\$540,886	\$315,517	\$285,836	52.8%	\$29,681	9.4%

*Straight-lined (7/12 of budget)

VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of April 2018, operating expenditures totaled \$294.4 million or 52.4 percent of the approved FY 2018 budget of \$561.9 million, and are in line with expectations. These numbers include estimated incurred but unpaid invoices and are subject to revision in subsequent months.

Personnel Services – YTD overspending is consistent with expectations. As previously reported, overspending is due to impact of the Board-ratified union labor contract and other employee salary adjustments, coupled with high overtime spending. YTD overtime spending of \$5.3 million, which is 87 percent of the overtime budget, is mainly for after-hour work performed in response to emergencies and historically high water main breaks experienced during the winter season (Bomb Cyclone), and support for the on-going Automated Meter Reader (AMR) Program. Of the 1260 positions authorized, 1154 were filled at the end of April, with a year-to-date vacancy rate of 8.4 percent.

Contractual Services – Underspending is attributable to a lag in various operational contracts throughout the Authority. Spending is consistent with historical trends with uptick anticipated during the remainder of the year.

Water Purchases – Expenditures based on approximately 75 percent of the Washington Aqueduct's FY 2018 operating expenditures and expected to increase during the summer months.

Supplies & Chemicals – YTD overspending is due to higher unit prices of some chemicals (methanol and sodium bisulfite), coupled with higher than anticipated usage of methanol for nitrogen removal. The operations team anticipates a decline in the use of methanol following the full commissioning of the Filtrate Treatment Facility in late Summer of 2018.

Utilities – Underspending is primarily due to onsite electricity generation from the Combined Heat and Power (CHP) facility, which represents approximately 7.0MW or 22 percent of Authority-wide usage. The electricity underspending was offset in part by higher spending in water usage and rental expenses.

Debt Service – YTD actuals are in line with budget and debt service payment schedule.

Capital Labor – YTD spending is consistent with historical trend.

Monthly Financial Report

Fiscal Year-to-Date
As of April 30, 2018

Capital Disbursements (\$000's)

Service Area	A	B	C	D = C/A	E = B-C	F = E/B
	FY 2018 BUDGET	YTD BUDGET	ACTUAL	ACTUAL % BUDGET	VARIANCE \$ Fav/(Unfav)	VARIANCE % Fav/(Unfav)
Non Process Facilities	\$31,678	\$18,423	\$20,868	65.9%	(2,444)	(13.3%)
Wastewater Treatment	95,520	58,952	71,473	74.8%	(12,521)	(21.2%)
Combined Sewer Overflow	181,897	145,774	128,660	70.7%	17,114	11.7%
Stormwater	944	429	1,472	155.9%	(1,043)	(243.3%)
Sanitary Sewer	30,191	17,181	31,286	103.6%	(14,105)	(82.1%)
Water	58,055	35,123	42,994	74.1%	(7,871)	(22.4%)
SUBTOTAL: CAPITAL PROJECTS	\$398,285	\$275,882	\$296,753	74.5%	(\$20,871)	(7.6%)
Capital Equipment*	39,898	23,274	21,123	52.9%	2,151	9.2%
Washington Aqueduct	11,768	7,952	7,952	67.6%	0	0.0%
SUBTOTAL: ADD'L CAPITAL PROGRAMS	\$51,665	\$31,226	29,075	56.3%	\$2,151	6.9%
TOTAL	\$449,950	\$307,108	\$325,828	72.4%	(\$18,720)	(6.1%)

*Straight-lined (7/12 of budget)

VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of April 2018, capital disbursements are \$325.8 million, or 72.4 percent of the FY 2018 revised budget and higher than planned disbursements through this reporting period.

Capital Projects – Higher disbursements in Wastewater Treatment Service Area are due mainly to the Tunnel Dewatering Pump Station, Filtrate Treatment Facility and Enhanced Clarification Facility. Higher spending in Water and Sanitary Sewer Service Areas is for rehabilitation and city-wide upgrade projects. The detailed project performance will be reviewed as part of the quarterly CIP update by the Department of Engineering and Technical Services to the Environmental Quality & Operations and Finance & Budget Committees in May 2018.

Capital Equipment – Lower than planned disbursements are primarily attributable to unused funds in the Authority-wide reserve, offset by invoice payments early in the fiscal year for prior year equipment purchases. These equipment purchases (mainly for AMR project) were duly accrued as expenditure in FY 2017.

Monthly Financial Report

Fiscal Year-to-Date
As of April 30, 2018

Cash Investments (\$ in millions)

Cash Balances

Rate Stabilization Fund Balance	\$	61.5
DC Insurance Reserve Balance		1.0

<i>Operating Reserve Accounts</i>	
Renewal & Replacement Balance	35.0
O & M Reserve per Indenture	51.7
Undesignated Reserve Balance	38.8
O & M Reserve per Board Policy	125.5
Excess Liquidity (Cash)	26.8
Operating Reserve Accounts	152.3

Operating Cash Balance Including RSF	\$	214.8
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Debt Service Reserve - Series 1998		23.5
Bond Fund - Construction Fund 2015A		1.0
Bond Fund - Construction Fund 2016B		24.8
Bond Fund - Construction Fund 2017A		0.3
Bond Fund - Construction Fund 2017B		6.1
Fleet Relocation Fund		4.0

Total All Funds	\$	274.6
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OVERALL PORTFOLIO PERFORMANCE

- The operating reserve balance was \$152.3 million as compared to the operating reserve level objective of \$125.5 million for FY 2018
- Average cash balance for the month of April was \$159.7 million
- Total investment portfolio was in compliance with the Authority's Investment Policy
- Operating funds interest income for April (on a cash basis) was \$156,398; YTD \$1,119,637
- A detailed investment performance report is attached

Monthly Financial Report

Fiscal Year-to-Date As of April 30, 2018

Cash Flow Summary (\$000's)

	Annual Budget Cash Basis	YTD 58% Cash Budget	YTD Actual Cash Oct. 1, 2017 - Apr. 30, 2018	Variance Favorable (Unfavorable)	
OPERATING BUDGET					
Cash Provided					
Retail	\$493,865	\$246,933	\$284,316	\$37,383	15%
Wholesale	76,028	\$38,014	39,685	1,671	4%
Other	50,240	\$25,120	25,577	457	2%
Total Cash Provided	620,133	310,067	349,578	39,512	13%
Operating Cash Used					
Personnel Services	128,132	64,066	75,641	(11,575)	-18%
Contractual Services	79,353	39,677	43,378	(3,702)	-9%
Chemicals & Supplies	30,659	15,330	19,989	(4,659)	-30%
Utilities	29,399	14,700	14,932	(232)	-2%
Water Purchases	30,156	15,078	14,912	166	1%
Small Equipment	1,071	536	396	139	26%
Total Operating Cash Used	298,770	149,385	169,248	(19,863)	-13%
Defeasance D.S./Cash Financed Capital Improvement	35,260	17,630	0	17,630	100%
Other Cash Used					
Debt Service	184,278	92,139	99,522	(7,383)	-8%
Payment In Lieu of Taxes/Right of Way	21,376	10,688	10,688	()	0%
Total Other Cash Used	205,654	102,827	110,210	(7,383)	-7%
Total Cash Used	539,684	269,842	279,458	(9,616)	-4%
Net Cash Provided (Used) by Operating Act.	80,449	40,225	70,120	29,896	
CAPITAL BUDGET					
Cash Provided					
Debt Proceeds	155,484	77,742	188,882	111,140	143%
EPA Grants	23,620	11,810	15,360	3,550	30%
CSO Grants	8,500	4,250	0	(4,250)	-100%
System Availability Fee	1,925	963	0	(963)	-100%
Transfer from Operations	101,317	50,658	0	(50,658)	-100%
Interest Income	1,549	775	762	(12)	-2%
Wholesale Capital Contributions	89,575	44,788	53,360	8,573	19%
Total Cash Provided	381,970	190,985	258,364	67,379	35%
Cash Used					
DC Water Capital Program	438,184	219,092	317,876	(98,784)	-45%
Washington Aqueduct Projects	11,768	5,884	7,952	(2,068)	-35%
Total Cash Used	449,952	224,976	325,828	(100,852)	-45%
Net Cash/PAYGO Provided (Used) by Cap. Act.	(\$67,982)	(\$33,991)	(\$67,464)	(\$33,473)	
Beginning Balance, October 1 (Net of Rate Stab. Fund) Projected					
Plus (Less) Operating Surplus	80,449	40,225	70,120		
Wholesale Customer Refunds from Prior Years	(7,000)	(3,500)	8,987		
Interest Earned From Bond Reserve	339	170	227		
Prior Year Federal Billing Reconciliation	(9,019)	(4,510)	(6,764)		
Project Billing Refunds	(4,000)	(2,000)			
Cash Used for Capital	(67,981)	(33,991)	(67,464)		
Balance Attributable to O&M Reserve	\$140,000		\$152,318		
OTHER CASH RESERVES					
Rate Stabilization Fund	\$61,450				
DC Insurance Reserve	1,000				
Fleet Relocation - DC Reimbursement	4,000				

Monthly Financial Report

APPENDIX

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Monthly Financial Report

Fiscal Year-to-Date
As of April 30, 2018

Operating Revenues Detail

(\$ in millions)

Revenue Category	FY 2018 Budget	YTD Budget	Actual	Variance Favorable / (Unfavorable)	Actual % of Budget	
Residential, Commercial, and Multi-family	\$354.9	\$207.0	\$195.2	(\$11.8)	-5.7%	55.0%
Federal	\$62.2	36.3	46.1	9.8	27.0%	74.1%
District Government	\$17.3	10.1	9.1	(1.0)	-9.7%	52.7%
DC Housing Authority	\$9.0	5.2	3.9	(1.3)	-26.3%	43.0%
Customer Metering Fee	\$10.8	6.3	6.6	0.3	5.8%	61.7%
Water System Replacement Fee (WSRF)	\$39.7	23.2	23.4	0.2	1.0%	58.9%
Wholesale	\$76.0	44.3	39.7	(4.6)	-10.5%	52.2%
Right-of-Way Fee/PILOT	\$21.6	12.6	11.8	(0.8)	-6.4%	54.6%
Subtotal (before Other Revenues)	\$591.5	\$345.0	\$335.8	(\$9.2)	-2.7%	56.8%
Other Revenue without RSF						
IMA Indirect Cost Reimb. For Capital Projects	4.5	2.6	0.0	(2.6)	-100.0%	0.0%
DC Fire Protection Fee	10.8	6.3	8.1	1.8	28.6%	75.0%
Stormwater (MS4)	1.0	0.6	0.6	0.0	0.0%	60.0%
Interest	2.3	1.3	1.3	0.0	0.0%	56.5%
Developer Fees (Water & Sewer)	6.0	3.5	2.0	(1.5)	-42.9%	33.7%
Others	4.3	2.5	1.9	(0.6)	-24.0%	44.2%
Subtotal	\$28.9	\$16.9	\$14.0	(\$2.9)	-17.1%	48.3%
Rate Stabilization Fund Transfer	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	0.0%
Other Revenue Subtotal	\$28.9	\$16.9	\$14.0	(\$2.9)	-17.1%	48.3%
Grand Total	\$620.5	\$361.9	\$349.8	(\$12.1)	-3.4%	56.4%

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

Customer Category	Water	Sewer	Clean Rivers			Total
			IAC	Metering Fee	WSRF	
Residential	\$19,267	\$23,453	\$19,837	\$3,006	\$5,400	\$70,962
Commercial	30,903	31,761	23,225	1,888	8,620	96,398
Multi-family	17,700	21,116	7,976	847	3,719	51,357
Federal	14,948	14,190	16,911	580	4,239	50,867
District Govt	1,401	1,712	6,002	249	1,139	10,503
DC Housing Authority	1,368	1,652	843	78	287	4,228
Total:	\$85,586	\$93,884	\$74,793	\$6,648	\$23,405	\$284,316

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

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

Customer Category	FY2018 Budget	Year-To-Date Budget	Actual Received	Variance Favorable / <Unfavorable>	Variance % of YTD Budget	Actual % of Budget
Residential	\$32,563	\$18,995	\$19,837	\$841	4%	61%
Commercial	39,180	22,855	23,225	370	2%	59%
Multi-family	14,702	8,576	7,976	(601)	-7%	54%
Federal	22,548	13,153	16,911	3,758	29%	75%
District Govt	9,190	5,361	6,002	641	12%	65%
DC Housing Authority	1,550	904	843	(61)	-7%	54%
Total:	\$119,733	\$69,844	\$74,793	\$4,949	7%	62%

Monthly Financial Report

Fiscal Year-to-Date
As of April 30, 2018

Overtime by Department

Department	FY 2018			
	Budget	YTD Actual	YTD Actual % of Budget	% of Regular Pay
Office of the Board Secretary	\$8,000	\$7,999	100.0%	5.2%
General Manager	9,000	2,830	31.4%	0.2%
General Counsel	2,000	875	43.8%	0.1%
External Affairs	27,000	213	0.8%	0.0%
Internal Audit	-	-	0.0%	0.0%
Information Technology	15,000	6,761	45.1%	0.4%
Procurement	30,000	6,477	21.6%	0.3%
Customer Service*	260,000	345,703	133.0%	6.0%
Finance, Accounting & Budget	40,000	22,101	55.3%	0.6%
Assistant General Manager - Support Services	-	-	0.0%	0.0%
Human Capital Management	4,000	2,569	64.2%	0.1%
Occupational Safety and Health	1,000	309	30.9%	0.0%
Facilities Management	238,000	133,711	56.2%	5.9%
Department of Security	-	309	0.0%	0.1%
Wastewater Engineering	24,000	4,006	0.0%	0.8%
Water Quality and Technology	30,000	938	0.0%	0.1%
Distribution and Conveyance System **	541,000	617,030	114.1%	14.0%
Engineering and Technical Services	1,000,000	538,026	53.8%	5.5%
Water Services***	1,017,000	1,233,549	121.3%	15.4%
Clean Rivers	-	-	0.0%	0.0%
Sewer Services ****	900,000	999,631	111.1%	23.2%
Wastewater Treatment - Operations	1,463,300	993,437	67.9%	15.4%
Wastewater Treatment - Process Engineering	64,000	14,125	22.1%	0.7%
Maintenance Services	500,000	402,078	80.4%	9.0%
Permit Operations*****	2,000	17,743	887.2%	2.0%
Fleet Management	3,000	983	32.8%	0.2%
Total DC WATER	\$6,178,300	\$5,351,403	86.6%	8.1%

* Increased overtime to support the on-going Automated Meter Reader (AMR) project

** Emergency repairs including shift coverage for operators at the Swirl Facility and PRV (Pressure Relief Valve) Monitoring at Bryant Street for Brentwood Reservoir

*** High overtime usage due to increased after-hour work performed in response to emergencies and historically high water main breaks experienced during the winter season (Bomb Cyclone)

**** Sewer Services has experienced similar overtime resulting from emergency backups that are also caused by rain events. In addition, shift coverage is also a major contributor, particularly since crews are not regularly assigned to work on rotational shifts or weekends and are deployed on an on-call/emergency basis

***** High spending due to additional staff time needed to process increase in permit applications to support development in the District

Monthly Financial Report

Fiscal Year-to-Date
As of April 30, 2018

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

Service Areas	Budget		Actual			Variance		
	A	B			C	D=C/A	E=B-C	F=E/B
	ANNUAL	YTD BUDGET	Oct 2017 - Mar 2018	Apr. 2018	YTD ACTUAL	ACTUAL % BUDGET	VARIANCE \$ Fav/(Unfav)	VARIANCE % Fav/(Unfav)
NON PROCESS FACILITIES								
Facility Land Use	\$31,678	\$18,423	\$17,623	\$3,245	\$20,868	65.9%	(\$2,444)	(13.3%)
Subtotal	31,678	18,423	17,623	3,245	20,868	65.9%	(2,444)	(13.3%)
WASTEWATER TREATMENT								
Liquid Processing	18,561	11,240	11,229	611	11,839	63.8%	(599)	(5.3%)
Plantwide	12,069	6,465	10,625	724	11,349	94.0%	(4,884)	(75.5%)
Solids Processing	11,261	6,597	7,055	232	7,288	64.7%	(690)	(10.5%)
Enhanced Nitrogen Removal Facilities	53,629	34,650	37,054	3,944	40,997	76.4%	(6,348)	(18.3%)
Subtotal	95,520	58,952	65,962	5,511	71,473	74.8%	(12,521)	(21.2%)
COMBINED SEWER OVERFLOW								
D.C. Clean Rivers	168,388	136,829	112,356	7,920	120,276	71.4%	16,553	12.1%
Program Management	1,935	1,146	1,504	265	1,769	91.4%	(623)	(54.4%)
Combined Sewer	11,574	7,799	6,330	284	6,615	57.2%	1,184	15.2%
Subtotal	181,897	145,774	120,190	8,470	128,660	70.7%	17,114	11.7%
STORMWATER								
Local Drainage	92	92	37	0	37	39.9%	55	60.1%
On-Going	375	61	465	143	607	162.2%	(547)	(900.3%)
Pumping Facilities	69	42	541	7	548	798.2%	(506)	(1202.2%)
DDOT	0	0	0	0	0	0.0%	0	0.0%
Research and Program Management	315	188	165	35	199	63.3%	(11)	(5.9%)
Trunk/Force Sewers	94	46	81	0	81	86.1%	(35)	(75.9%)
Subtotal	944	429	1,288	184	1,472	155.9%	(1,043)	(243.3%)
SANITARY SEWER								
Collection Sewers	4,491	3,293	6,121	1,193	7,314	162.9%	(4,022)	(122.1%)
On-Going	10,008	5,162	7,505	3,471	10,976	109.7%	(5,814)	(112.6%)
Pumping Facilities	1,297	747	1,038	118	1,155	89.1%	(408)	(54.7%)
Program Management	3,270	1,767	1,518	89	1,608	49.2%	159	9.0%
Interceptor/Trunk Force Sewers	11,126	6,213	7,885	2,348	10,233	92.0%	(4,020)	(64.7%)
Subtotal	30,191	17,181	24,067	7,219	31,286	103.6%	(14,105)	(82.1%)
WATER								
Distribution Systems	28,366	17,766	13,650	3,105	16,754	59.1%	1,012	5.7%
Lead Program	3,422	2,229	2,146	61	2,207	64.5%	22	1.0%
On-Going	10,832	5,788	7,402	3,181	10,582	97.7%	(4,794)	(82.8%)
Pumping Facilities	3,019	2,122	2,509	252	2,761	91.5%	(639)	(30.1%)
DDOT	906	638	0	901	901	99.4%	(263)	(41.2%)
Storage Facilities	7,839	4,463	7,254	314	7,567	96.5%	(3,105)	(69.6%)
Program Management	3,671	2,117	1,880	342	2,222	60.5%	(105)	(5.0%)
Subtotal	58,055	35,123	34,840	8,154	42,994	74.1%	(7,871)	(22.4%)
Capital Projects	\$398,285	\$275,882	\$263,970	\$32,783	\$296,753	74.5%	(20,871)	(7.6%)
CAPITAL EQUIPMENT	39,898	23,274	20,019	1,104	21,123	52.9%	2,151	9.2%
WASHINGTON AQUEDUCT	11,768	7,952	7,952	0	7,952	67.6%	0	0.0%
Additional Capital Programs	51,665	31,226	27,971	1,104	29,075	56.3%	2,151	6.9%
Total	\$449,949	\$307,108	\$291,941	\$33,887	\$325,828	72.4%	(18,720)	(6.1%)



DC Water

Investment Performance Report – April 2018



**DC Water
Finance Division
Economic Update**

ECONOMIC COMMENTARY

- According to the Bureau of Economic Analysis' first reading, U.S. Gross Domestic Product ("GDP"), expanded at an annual rate of 2.3% during the first quarter of 2018, slightly lower than the last fourth quarter GDP reading of 2.9%.
- The meeting minutes released for the Federal Open Market Committee's ("FOMC's") March meeting indicated that the committee sees the market as operating moderately when it comes to inflation, however still moving towards the target that the FOMC has set at 2%.
- The FOMC's preferred gauge of inflation, the core personal consumption expenditures ("PCE") price index, has continued to undershoot the 2% long run objective, remaining at 1.9% year-over-year through the month of March. As of April 30, 2018, the probability implied by market participants suggested a 100% likelihood that the second rate hike in 2018 will occur at the FOMC's June meeting.
- U.S. Treasury yields moved higher during the month of April, as the market continued to price in future interest rate hikes by the FOMC. The yield on the 3-month Treasury bill increased by 0.09% from 1.71% to 1.80% while the 2-year Treasury note's yield increased by 0.22% from 2.27% to 2.49%.
- The United States labor market added 164,000 jobs in April, below the 193,000 expectation. The unemployment rate fell to 3.9%, marking the first time the unemployment rate has dropped below 4.0% since the year 2000.

PORTFOLIO RECAP

- The portfolio is diversified among Bank Deposits, U.S. Treasuries, Federal Agencies, Supranational Bonds, Commercial Paper, Negotiable CDs, Corporate Notes/Bonds, Municipal Bonds, FDIC Insured CDs, and SEC registered money market funds.
- The overall yield-to-maturity on cost of the portfolio is 1.43%.

Operating Reserve

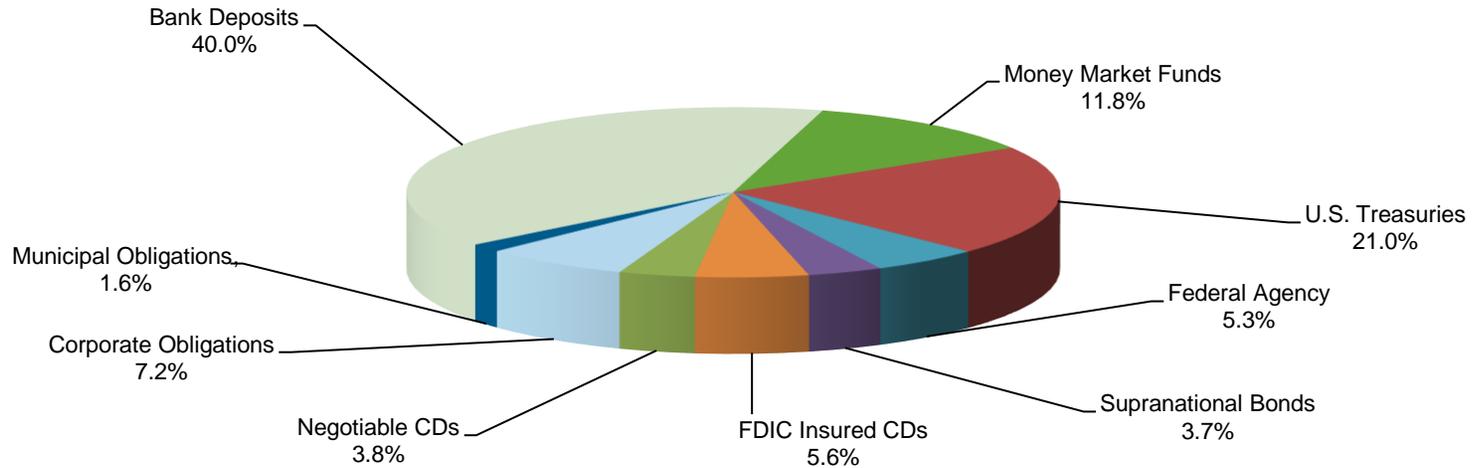
- PFM purchased \$1.4 million of 2-year Negotiable CDs at a yield of 2.82%. We also purchased \$1.7 million of 3-year Corporates at an average yield of 3.07%, \$1.1 million of 3-year Supranational Bonds at a yield of 2.70%, and \$1.1 million of 3-year Municipal Bonds at a yield of 2.80%.

Debt Service Reserve

- PFM purchased \$7.0 million of 3-year U.S. Treasuries at a yield of 2.49%.



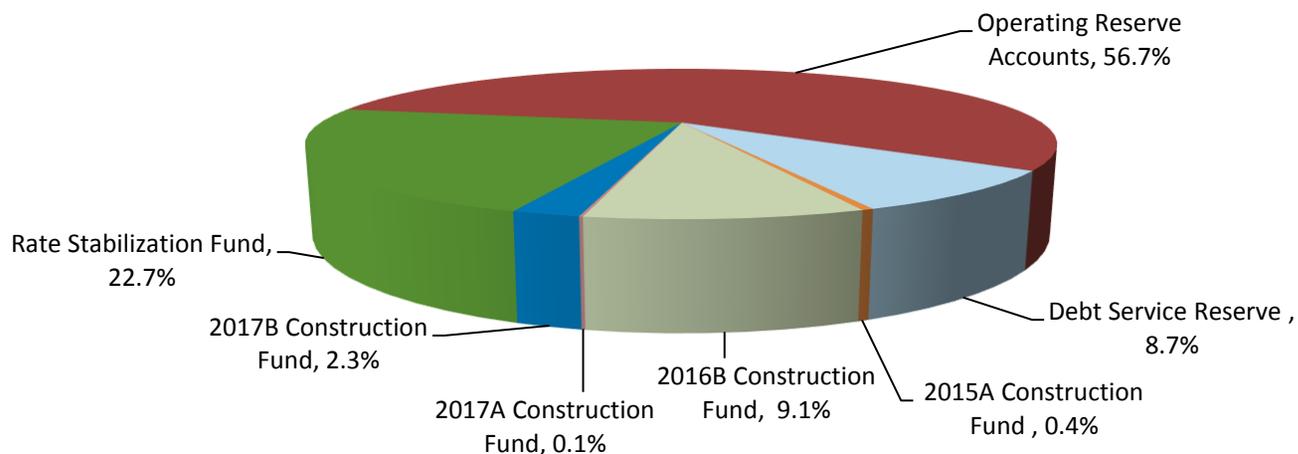
**DC Water
Finance Division
Investments - By Security Type
As of April 30, 2018**



Security Type	Book Value + Accrued Interest	Asset Allocation	Permitted By Policy
Bank Deposits	109,943,783	40.0%	100.0%
Money Market Funds	32,530,317	11.8%	100.0%
U.S. Treasuries	57,768,910	21.0%	100.0%
Federal Agency	14,647,903	5.3%	80.0%
Supranational Bonds	10,180,607	3.7%	30.0%
Commercial Paper	-	0.0%	35.0%
FDIC Insured CDs	15,350,080	5.6%	30.0%
Negotiable CDs	10,376,383	3.8%	30.0%
Corporate Obligations	19,784,475	7.2%	30.0%
Municipal Obligations	4,422,442	1.6%	20.0%
Total	\$ 275,004,900	100.0%	



**DC Water
Finance Division
Investment Analysis – By Fund
As of April 30, 2018**

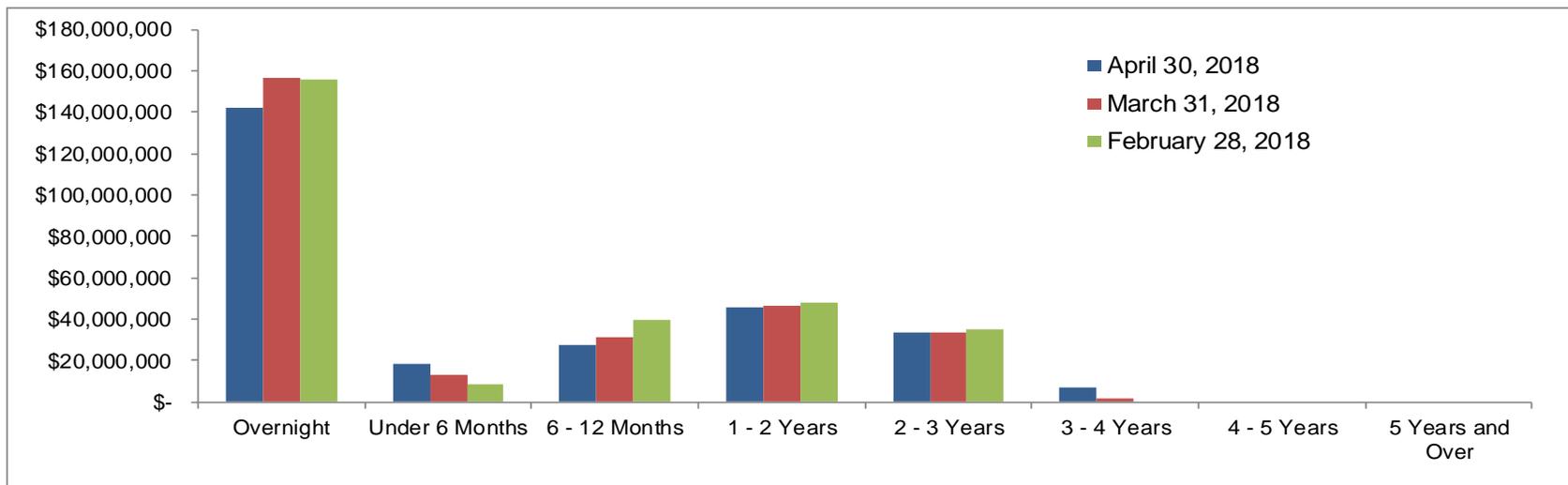


Fund Name	Book Value + Accrued Interest	Yield-to- Maturity at Cost	Effective Duration (years)	Weighted Average Maturity (days)
Rate Stabilization Fund	\$ 61,450,000	1.60%	0.00	1.0
Operating Reserve Accounts	\$ 153,620,751	1.46%	1.11	422.1
CSO LTCP Appropriations Account	\$ 2,751	1.19%	0.00	1.0
Total Fleet Relocation	\$ 4,000,000	1.19%	0.00	1.0
Debt Service Reserve	\$ 23,573,732	1.59%	1.36	516.2
2015A Construction Fund	\$ 1,047,925	1.46%	0.00	1.0
2015B Construction Fund	\$ 31,577	1.46%	0.00	1.0
2016B Construction Fund	\$ 24,796,595	1.46%	0.00	1.0
2017A Construction Fund	\$ 345,426	1.46%	0.00	1.0
2017B Construction Fund	\$ 6,136,142	1.46%	0.00	1.0
Total	\$ 275,004,900	1.50%	0.74	280.4



**DC Water
Finance Division
Investment Analysis – By Maturity**

Maturity Distribution	April 30, 2018	March 31, 2018	February 28, 2018
Overnight \$	142,474,099.79 \$	157,009,386.92	\$155,828,707.11
Under 6 Months	18,302,654.38	13,240,902.86	8,653,483.70
6 - 12 Months	27,459,880.01	30,867,930.79	39,837,890.85
1 - 2 Years	46,009,763.28	46,283,574.41	48,001,773.59
2 - 3 Years	33,803,799.72	33,728,582.89	34,891,644.76
3 - 4 Years	6,954,702.82	1,390,316.34	921,222.39
4 - 5 Years	-	-	-
5 Years and Over	-	-	-
Totals \$	275,004,900.00 \$	282,520,694.21	\$288,134,722.40





**DC Water
Finance Division
Investments – Issuer Allocation**

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
Bank Deposits					
TD Bank		109,943,782.53	40.0%	100.0%	Yes
Sub-Total Bank Deposits		109,943,782.53	40.0%	100.0%	Yes
Money Market Mutual Funds					
Wells Fargo Treasury Plus MMF	AAA	32,364,596.86	11.8%	50.0%	Yes
Wells Fargo Government MMF	AAA	165,720.40	0.1%	50.0%	Yes
Sub-Total Money Market Mutual Funds		32,530,317.26	11.8%	100.0%	Yes
U.S. Treasuries					
Treasury Note	AA+ / Aaa	57,768,910.17	21.0%	100.0%	Yes
Sub-Total Treasuries		57,768,910.17	21.0%	100.0%	Yes
Federal Agencies					
Fannie Mae	AA+ / Aaa	7,882,317.82	2.9%	40.0%	Yes
Federal Home Loan Bank	AA+ / Aaa	2,810,943.90	1.0%	40.0%	Yes
Freddie Mac	AA+ / Aaa	3,954,641.20	1.4%	40.0%	Yes
Sub-Total Federal Agencies		14,647,902.92	5.3%	80.0%	Yes
Supranational Bonds					
African Development Bank	AAA / Aaa	2,538,489.02	0.9%	5.0%	Yes
Asian Development Bank	AAA / Aaa	1,633,466.76	0.6%	5.0%	Yes
Inter-American Development Bank	AAA / Aaa	3,254,493.16	1.2%	5.0%	Yes
International Bank for Reconstruction and Development	AAA / Aaa	1,826,777.73	0.7%	5.0%	Yes
International Finance Corporation Note	AAA / Aaa	927,380.46	0.3%	5.0%	Yes
Sub-Total Supranational Bonds		10,180,607.13	3.7%	30.0%	Yes
FDIC Insured Certificates of Deposit					
CDARS - Placed by Industrial Bank	NR / NR	15,350,079.79	5.6%	5.0%	No
Sub-Total FDIC-Insured Certificates of Deposit		15,350,079.79	5.6%	30.0%	Yes

CDARS holdings are not managed by PFMAM, and we therefore cannot guarantee the accuracy of holdings information provided.



**DC Water
Finance Division
Investments – Issuer Allocation**

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
Negotiable Certificates of Deposit					
Canadian Imperial Bank NY	A+ / A1	1,402,235.59	0.5%	5.0%	Yes
Nordea Bank AB NY	AA- / Aa3	1,859,644.67	0.7%	5.0%	Yes
Skandinav Enskilda Banken NY	A+ / Aa2	1,857,866.97	0.7%	5.0%	Yes
Svenska Handelsbanken NY	A-1+ / P-1	1,810,489.50	0.7%	5.0%	Yes
Swedbank NY	AA- / Aa2	934,623.85	0.3%	5.0%	Yes
UBS AG Stamford CT	A+ / Aa3	1,607,217.78	0.6%	5.0%	Yes
Westpac Banking Corp NY	AA- / Aa3	904,305.00	0.3%	5.0%	Yes
Sub-Total Negotiable Certificates of Deposit		10,376,383.36	3.8%	30.0%	Yes
Corporate Obligations					
Apple Inc.	AA+ / Aa1	1,448,737.12	0.5%	5.0%	Yes
Bank of Montreal	A+ / A1	1,373,695.67	0.5%	5.0%	Yes
Bank of New York Mellon	A / A1	2,726,884.30	1.0%	5.0%	Yes
Bank of Nova Scotia	A+ / A1	930,815.14	0.3%	5.0%	Yes
Berkshire Hathaway Inc	AA / Aa2	130,253.15	0.0%	5.0%	Yes
Chevron	AA- / Aa2	906,439.13	0.3%	5.0%	Yes
Coca-Cola	A+ / Aa3	387,910.08	0.1%	5.0%	Yes
Colgate-Palmolive Company	AA- / Aa3	928,681.61	0.3%	5.0%	Yes
Exxon Mobil	AA+ / Aaa	930,041.95	0.3%	5.0%	Yes
General Electric Capital	A / A2	452,295.04	0.2%	5.0%	Yes
Johnson & Johnson	AAA / Aaa	196,629.77	0.1%	5.0%	Yes
Microsoft	AAA / Aaa	1,043,013.72	0.4%	5.0%	Yes
Pfizer Inc.	AA / A1	900,396.03	0.3%	5.0%	Yes
Procter & Gamble	AA- / Aa3	440,013.60	0.2%	5.0%	Yes
Royal Bank of Canada	AA- / A1	869,460.18	0.3%	5.0%	Yes
Toronto Dominion Bank NY	AA- / Aa2	902,791.98	0.3%	5.0%	Yes
Total Capital	A+ / Aa3	905,663.14	0.3%	5.0%	Yes
Toyota	AA- / Aa3	1,839,609.87	0.7%	5.0%	Yes
Wal-Mart Stores Inc.	AA / Aa2	430,452.86	0.2%	5.0%	Yes
Wells Fargo & Company Notes	A- / A2	1,112,899.70	0.4%	5.0%	Yes
Westpac Banking	AA- / Aa3	927,790.51	0.3%	5.0%	Yes
Sub-Total Corporate Obligations		19,784,474.55	7.2%	30.0%	Yes



**DC Water
Finance Division
Investments – Issuer Allocation**

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
Municipal Obligations					
California State	AA- / Aa3	1,075,544.04	0.4%	5.0%	Yes
Connecticut State	A / A1	988,628.25	0.4%	5.0%	Yes
Florida State	AA / Aa3	1,812,978.00	0.7%	5.0%	Yes
NYC Transitional Finance Authority	AAA / Aa1	545,292.00	0.2%	5.0%	Yes
Sub-Total Municipal Obligations		4,422,442.29	1.6%	20.0%	Yes
Grand Total		\$ 275,004,900.00	100.0%		



**DC Water
Finance Division
Book Value Performance
As of April 30, 2018**

The portfolio is in compliance with the Authority's Investment Policy

	Trailing 1 Months		Trailing 3 Months		Trailing 6 Months		Trailing 12 Months	Trailing 24 Months
	Periodic	Annualized	Periodic	Annualized	Periodic	Annualized		
Total Rate Stabilization Fund	0.04%	0.52%	0.13%	0.52%	0.26%	0.52%	0.55%	0.55%
Operating Reserve Accounts	0.08%	1.00%	0.29%	1.19%	0.60%	1.22%	1.20%	1.25%
Total Debt Service Reserve	0.13%	1.57%	0.30%	1.25%	0.58%	1.17%	1.02%	0.92%
2016B Construction Fund	0.09%	1.13%	0.24%	1.00%	0.42%	0.85%	0.95%	n/a
2017B Construction Fund	0.09%	1.13%	0.27%	1.13%	0.34%	0.69%	0.86%	n/a
Short-Term	0.11%	1.36%	0.30%	1.25%	0.58%	1.17%	1.07%	0.92%
Merrill Lynch 3-Month Treasury Index (Book Value) ¹	0.15%	1.82%	0.42%	1.72%	0.74%	1.50%	1.23%	0.84%
Core (1+ Years)	0.15%	1.86%	0.41%	1.71%	0.79%	1.60%	1.48%	1.38%
Merrill Lynch 1-3 Year Treasury Index (Book Value) ²	0.20%	2.50%	0.57%	2.36%	1.06%	2.15%	1.77%	1.43%

- (1) The Merrill Lynch 3-Month Treasury Bill is an unmanaged index tracking the on-the-run Treasury Bill. The Index is produced and maintained by Merrill Lynch & Co. Performance for this index is shown on a book value basis.
- (2) The Merrill Lynch 3-Month Treasury Bill is an unmanaged index tracking a basket of U.S. Treasuries with 1 to 3 year maturities. The Index is produced and maintained by Merrill Lynch & Co. Performance for this index is shown on a book value basis.



**DC Water
Finance Division
Portfolio Holdings by Fund**

DESCRIPTION	CUSIP	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
Rate Stabilization Fund										
TD BANK BANK DEPOSIT		\$ 61,450,000		5/1/2018		1.60%	\$ 61,450,000	\$ 61,450,000	\$ 61,450,000	\$ 61,450,000.00
Operating Reserve Accounts										
TD BANK BANK DEPOSIT		\$ 44,491,031		5/1/2018		1.19%	\$ 44,491,031	\$ 44,491,031	\$ 44,491,031	
WELLS FARGO GOVERNMENT MMF		165,720		5/1/2018		1.52%	165,720	165,720	165,720	
BANK OF NEW YORK MELLON CORP (CALLABLE)	06406HDB2	1,800,000	1.600	5/22/2018	5/29/2015	1.60%	1,799,838	1,811,982	1,812,717	
INDUSTRIAL BANK CDARS		5,035,026	0.500	10/11/2018	10/12/2017	0.50%	5,035,026	5,048,989	5,048,989	
INDUSTRIAL BANK CDARS		5,085,490	0.500	11/8/2018	11/9/2017	0.50%	5,085,490	5,097,710	5,097,710	
SVENSKA HANDELSBANKEN NY LT CD	86958JHB8	1,800,000	1.890	1/10/2019	1/12/2017	1.91%	1,800,000	1,802,055	1,810,490	
WELLS FARGO & COMPANY NOTES	94974BFQ8	1,103,000	2.150	1/15/2019	10/7/2015	1.77%	1,116,225	1,106,727	1,112,900	
INDUSTRIAL BANK CDARS		2,614,746	1.000	1/17/2019	1/18/2018	1.00%	2,614,746	2,622,227	2,622,227	
INDUSTRIAL BANK CDARS		2,573,871	1.000	1/17/2019	1/18/2018	1.00%	2,573,871	2,581,154	2,581,154	
APPLE INC CORP NOTES	037833BQ2	545,000	1.700	2/22/2019	2/23/2016	1.71%	544,907	543,642	546,725	
FNMA BENCHMARK NOTE	3135G0J53	15,000	1.000	2/26/2019	8/8/2016	0.90%	15,038	14,877	15,039	
FNMA BENCHMARK NOTE	3135G0J53	1,425,000	1.000	2/26/2019	9/2/2016	0.97%	1,425,926	1,413,356	1,427,881	
BERKSHIRE HATHAWAY INC NOTES	084664CG4	130,000	1.700	3/15/2019	3/15/2016	1.73%	129,901	129,435	130,253	
COLGATE-PALMOLIVE COMPANY CORP NOTES	19416QEF3	925,000	1.750	3/15/2019	5/1/2017	1.55%	928,432	921,628	928,682	
FREDDIE MAC NOTES	3137EADZ9	1,700,000	1.125	4/15/2019	5/31/2016	1.10%	1,701,309	1,682,096	1,701,292	
US TREASURY NOTES	912828D23	1,465,000	1.625	4/30/2019	6/29/2016	0.70%	1,502,998	1,455,451	1,478,510	
US TREASURY NOTES	912828D23	2,820,000	1.625	4/30/2019	11/14/2016	1.06%	2,858,555	2,801,620	2,835,869	
INTER-AMERICAN DEVELOPMENT BANK	458182DX7	1,260,000	1.000	5/13/2019	4/12/2016	1.10%	1,256,220	1,246,838	1,264,599	
CHEVRON CORP NOTES	166764BH2	900,000	1.561	5/16/2019	5/16/2016	1.56%	900,000	897,916	906,439	
FHLB GLOBAL NOTE	3130A8DB6	1,840,000	1.125	6/21/2019	6/3/2016	1.14%	1,839,227	1,822,525	1,847,182	
FL ST BOARD ADMIN FIN CORP TXBL REV BD	341271AA2	1,800,000	2.163	7/1/2019	3/8/2016	2.16%	1,800,000	1,801,206	1,812,978	
BANK OF MONTREAL	06367THQ6	900,000	1.500	7/18/2019	7/18/2016	1.53%	899,136	890,143	903,508	
FHLMC REFERENCE NOTE	3137EAE11	2,250,000	0.875	7/19/2019	7/20/2016	0.96%	2,244,555	2,215,326	2,253,350	
SKANDINAV ENSKILDA BANKEN NY CD	83050FXT3	1,850,000	1.840	8/2/2019	8/4/2017	1.85%	1,849,279	1,843,451	1,857,867	
APPLE INC CORP NOTES	037833CB4	900,000	1.100	8/2/2019	8/4/2016	1.13%	899,100	886,547	902,012	
MICROSOFT CORP NOTES	594918BN3	595,000	1.100	8/8/2019	8/8/2016	1.14%	594,387	585,941	596,247	
TORONTO DOMINION BANK NY CORP NOTES	89114QBJ6	900,000	1.450	8/13/2019	7/13/2016	1.45%	899,919	887,667	902,792	
CT ST TXBL GO BONDS	20772J3D2	985,000	1.300	8/15/2019	8/17/2016	1.23%	987,128	966,821	988,628	
INTL BANK OF RECON AND DEV SN NOTE	459058FK4	900,000	0.875	8/15/2019	7/13/2016	0.88%	899,811	883,389	901,583	
FNMA NOTES	3135G0P49	1,450,000	1.000	8/28/2019	9/2/2016	1.05%	1,447,738	1,426,061	1,451,526	
FNMA NOTES	3135G0P49	1,975,000	1.000	8/28/2019	10/5/2016	1.02%	1,973,815	1,942,393	1,977,912	
AFRICAN DEVELOPMENT BANK NOTE	00828EBQ1	700,000	1.125	9/20/2019	9/20/2016	1.16%	699,258	687,238	700,551	
WAL-MART STORES INC CORP NOTE	931142DY6	430,000	1.750	10/9/2019	10/20/2017	1.75%	429,991	426,205	430,453	
THE PROCTER & GAMBLE CO CORP NOTES	742718EZ8	440,000	1.750	10/25/2019	10/25/2017	1.77%	439,846	435,144	440,014	
US TREASURY NOTES	912828G61	2,325,000	1.500	11/30/2019	12/5/2016	1.45%	2,328,633	2,306,141	2,341,508	
PFIZER INC CORP NOTE	717081EB5	595,000	1.700	12/15/2019	11/21/2016	1.72%	594,572	590,137	598,591	
PFIZER INC CORP NOTE	717081EB5	300,000	1.700	12/15/2019	11/21/2016	1.73%	299,775	297,548	301,806	
ASIAN DEVELOPMENT BANK NOTE	045167DT7	925,000	1.750	1/10/2020	1/12/2017	1.77%	924,464	916,982	929,684	
US TREASURY NOTES	912828H52	3,475,000	1.250	1/31/2020	1/5/2017	1.52%	3,447,309	3,414,128	3,469,858	
MICROSOFT CORP NOTES	594918BV5	445,000	1.850	2/6/2020	2/6/2017	1.87%	444,702	441,072	446,767	
NORDEA BANK AB NY CD	65590ASN7	1,850,000	2.720	2/20/2020	2/22/2018	2.72%	1,850,000	1,853,586	1,859,645	
FNMA NOTES	3135G0T29	1,150,000	1.500	2/28/2020	2/28/2017	1.52%	1,149,264	1,132,436	1,152,567	
US TREASURY NOTES	912828J50	725,000	1.375	2/29/2020	2/3/2017	1.58%	720,610	712,406	724,037	
US TREASURY NOTES	912828J50	2,900,000	1.375	2/29/2020	9/1/2017	1.38%	2,899,887	2,849,623	2,906,635	

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**DC Water
Finance Division
Portfolio Holdings by Fund**

DESCRIPTION	CUSIP	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
Operating Reserve Accounts										
UBS AG STAMFORD CT LT CD	90275DHG8	1,600,000	2.900	3/2/2020	3/6/2018	2.93%	1,600,000	1,617,482	1,607,218	
EXXON MOBIL (CALLABLE) CORP NOTE	30231GAG7	925,000	1.912	3/6/2020	4/28/2017	1.77%	928,635	915,351	930,042	
WESTPAC BANKING CORP NOTES	961214DJ9	925,000	2.150	3/6/2020	3/6/2017	2.16%	924,602	913,569	927,791	
AFRICAN DEVELOPMENT BANK NOTE	00828ECA5	1,035,000	1.875	3/16/2020	3/16/2017	1.93%	1,033,468	1,022,794	1,036,458	
CANADIAN IMP BK COMM NY FLT CERT DEPOS	13606BVF0	1,400,000	2.737	4/10/2020	4/10/2018	2.78%	1,400,000	1,402,493	1,402,236	
TOYOTA MOTOR CREDIT CORP	89236TDU6	630,000	1.950	4/17/2020	4/17/2017	1.97%	629,710	619,880	630,286	
TOYOTA MOTOR CREDIT CORP	89236TDU6	295,000	1.950	4/17/2020	4/17/2017	1.94%	295,089	290,261	295,282	
US TREASURY NOTES	912828K58	2,750,000	1.375	4/30/2020	4/5/2017	1.53%	2,737,646	2,689,947	2,742,004	
US TREASURY NOTES	912828K58	1,575,000	1.375	4/30/2020	4/10/2017	1.55%	1,566,879	1,540,606	1,569,709	
NYC TRANS FIN AUTH, NY TXBL REV BONDS	64971W5W6	540,000	1.960	5/1/2020	6/29/2017	1.96%	540,000	537,446	545,292	
TOTAL CAPITAL SA CORP NOTES	89152UAD4	850,000	4.450	6/24/2020	4/10/2017	2.07%	912,492	890,036	905,663	
US TREASURY NOTES	912828XH8	1,825,000	1.625	6/30/2020	6/16/2017	1.51%	1,830,988	1,800,267	1,839,211	
US TREASURY NOTES	912828XH8	3,650,000	1.625	6/30/2020	6/28/2017	1.50%	3,663,117	3,600,534	3,679,336	
BANK OF NOVA SCOTIA HOUSTON CORP BOND	064159JX5	925,000	2.150	7/14/2020	7/14/2017	2.15%	924,871	912,655	930,815	
FNMA NOTES	3135G0T60	1,850,000	1.500	7/30/2020	9/1/2017	1.49%	1,850,481	1,812,491	1,857,393	
US TREASURY NOTES	912828XM7	825,000	1.625	7/31/2020	7/7/2017	1.60%	825,516	811,865	828,716	
WESTPAC BANKING CORP NY CD	96121T4A3	900,000	2.050	8/3/2020	8/7/2017	2.05%	900,000	892,273	904,305	
INTL BANK OF RECONSTRUCTION AND DEV NOTE	45905UP32	925,000	1.561	9/12/2020	9/19/2017	1.64%	922,780	900,783	925,195	
GENERAL ELECTRIC CAPITAL CORP CORP NOTE	36962G4R2	425,000	4.375	9/16/2020	8/31/2017	1.84%	456,790	438,600	452,295	
FHLB NOTES	3130ACE26	965,000	1.375	9/28/2020	9/8/2017	1.48%	961,902	938,274	963,762	
US TREASURY NOTES	912828L99	250,000	1.375	10/31/2020	10/17/2017	1.71%	247,539	242,763	247,978	
INTER-AMERICAN DEVELOPMENT BANK	4581X0CD8	915,000	2.125	11/9/2020	10/10/2017	1.81%	923,481	912,060	931,273	
JOHNSON & JOHNSON CORP NOTE	478160CH5	195,000	1.950	11/10/2020	11/10/2017	1.99%	194,791	192,850	196,630	
COCA-COLA CO/THE GLOBAL NOTES	191216AR1	370,000	3.150	11/15/2020	9/12/2017	1.78%	385,584	379,114	387,910	
SWEDBANK (NEW YORK) CERT DEPOS	87019U6D6	925,000	2.270	11/16/2020	11/17/2017	2.30%	925,000	917,598	934,624	
US TREASURY NOTES	912828M98	3,000,000	1.625	11/30/2020	11/3/2017	1.77%	2,986,992	2,948,405	3,009,394	
US TREASURY N/B	912828N48	1,975,000	1.750	12/31/2020	12/5/2017	1.91%	1,965,588	1,943,735	1,978,361	
US TREASURY N/B	912828N48	975,000	1.750	12/31/2020	12/6/2017	1.96%	968,830	959,565	975,327	
ASIAN DEVELOPMENT BANK NOTE	045167EF6	700,000	2.250	1/20/2021	1/19/2018	2.29%	699,251	694,947	703,782	
US TREASURY NOTES	912828N89	1,750,000	1.375	1/31/2021	1/4/2018	2.05%	1,715,000	1,698,834	1,724,561	
US TREASURY NOTES	912828N89	800,000	1.375	1/31/2021	1/4/2018	2.08%	783,188	776,610	787,641	
US TREASURY N/B	912828P87	1,100,000	1.125	2/28/2021	2/16/2018	2.42%	1,058,707	1,057,397	1,063,456	
INTERNATIONAL FINANCE CORPORATION NOTE	45950VLQ7	925,000	2.635	3/9/2021	3/16/2018	2.66%	924,306	919,458	927,380	
AFRICAN DEVELOPMENT BANK NOTE	00828ECZ0	800,000	2.625	3/22/2021	3/22/2018	2.66%	799,176	798,137	801,480	
CA ST TXBL GO BONDS	13063DGA0	1,075,000	2.800	4/1/2021	4/25/2018	2.80%	1,075,043	1,074,351	1,075,544	
TOYOTA MOTOR CREDIT CORP	89236TCZ6	475,000	1.900	4/8/2021	3/6/2018	2.82%	462,223	461,534	463,411	
BANK OF MONTREAL CHICAGO CORP NOTES	06367T4W7	470,000	3.100	4/13/2021	4/13/2018	3.14%	469,450	468,819	470,187	
TOYOTA MOTOR CREDIT CORP CORP NOTES	89236TEU5	290,000	2.950	4/13/2021	4/13/2018	2.96%	289,884	289,329	290,314	
TOYOTA MOTOR CREDIT CORP CORP NOTES	89236TEU5	160,000	2.950	4/13/2021	4/13/2018	2.93%	160,082	159,630	160,316	
BANK OF NEW YORK MELLON CORP (CALLABLE)	06406FAA1	515,000	2.500	4/15/2021	2/16/2018	2.93%	508,300	506,369	509,305	
BANK OF NEW YORK MELLON CORP (CALLABLE)	06406FAA1	410,000	2.500	4/15/2021	2/16/2018	2.99%	404,022	403,128	404,863	
INTER-AMERICAN DEVELOPMENT BANK NOTE	4581X0DB1	1,060,000	2.625	4/19/2021	4/19/2018	2.70%	1,057,668	1,055,181	1,058,621	
ROYAL BANK OF CANADA CORP NOTES	78013XKG2	870,000	3.200	4/30/2021	4/30/2018	3.23%	869,382	870,500	869,460	
										\$ 153,620,750.57

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Investment Performance Report – April 2018



DC Water
Finance Division
Portfolio Holdings by Fund

DESCRIPTION	CUSIP	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
<u>Debt Service Reserve</u>										
WELLS FARGO TREASURY PLUS MMF		\$ 6,931		5/1/2018		1.46%	\$ 6,931	\$ 6,931	\$ 6,931	
US TREASURY NOTES	912828RH5	4,975,000	1.375	9/30/2018	11/15/2016	1.00%	5,009,786	4,967,386	4,988,561	
US TREASURY NOTES	912828T42	6,460,000	0.750	9/30/2018	5/19/2017	1.19%	6,421,644	6,430,040	6,452,388	
US TREASURY N/B	912828W97	5,175,000	1.250	3/31/2019	10/10/2017	1.45%	5,160,041	5,132,771	5,171,150	
US TREASURY NOTES	912828F21	7,025,000	2.125	9/30/2021	4/2/2018	2.49%	6,940,206	6,907,569	6,954,703	
										\$ 23,573,732.31
<u>CSO LTCP Appropriations Account</u>										
TD BANK BANK DEPOSIT		2,751		5/1/2018		1.50%	2,751	2,751	2,751	
										\$ 2,751.42
<u>Fleet Relocation Account</u>										
TD BANK BANK DEPOSIT		4,000,000		5/1/2018		1.50%	4,000,000	4,000,000	4,000,000	
										\$ 4,000,000.00
<u>2015A Construction Fund</u>										
WELLS FARGO TREASURY PLUS MMF		\$ 1,047,925		5/1/2018		1.46%	\$ 1,047,925	\$ 1,047,925	\$ 1,047,925	
										\$ 1,047,925.25
<u>2015B Construction Fund</u>										
WELLS FARGO TREASURY PLUS MMF		\$ 31,577		5/1/2018		1.46%	\$ 31,577	\$ 31,577	\$ 31,577	
										\$ 31,577.28
<u>2016B Construction Fund</u>										
WELLS FARGO TREASURY PLUS MMF		\$ 24,796,595		5/1/2018		1.46%	\$ 24,796,595	\$ 24,796,595	\$ 24,796,595	
										\$ 24,796,595.42
<u>2017A Construction Fund</u>										
WELLS FARGO TREASURY PLUS MMF		\$ 345,426		5/1/2018		1.46%	\$ 345,426	\$ 345,426	\$ 345,426	
										\$ 345,426.22
<u>2017B Construction Fund</u>										
WELLS FARGO TREASURY PLUS MMF		\$ 6,136,142		5/1/2018		1.46%	\$ 6,136,142	\$ 6,136,142	\$ 6,136,142	
										\$ 6,136,141.53
							\$ 274,635,117.83	\$ 273,581,601.41	\$ 275,004,900.00	\$ 275,004,900.00

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Investment Performance Report – April 2018



DC Water
Finance Division
Security Purchases
Last 6 Months

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
Operating Reserve Accounts							
RE0959867	INDUSTRIAL BANK CDARS	2,573,870.75	1.00	1/17/2019	1/18/2018	1.01	2,573,870.75
912828M98	US TREASURY NOTES	3,000,000.00	1.63	11/30/2020	11/3/2017	1.77	3,007,770.88
RE0959842	INDUSTRIAL BANK CDARS	5,085,490.22	0.50	11/8/2018	11/9/2017	0.51	5,085,490.22
478160CH5	JOHNSON & JOHNSON CORP NOTE	195,000.00	1.95	11/10/2020	11/10/2017	1.99	194,791.35
87019U6D6	SWEDBANK (NEW YORK) CERT DEPOS	925,000.00	2.27	11/16/2020	11/17/2017	2.30	925,000.00
912828N48	US TREASURY N/B	2,675,000.00	1.75	12/31/2020	12/5/2017	1.91	2,682,350.80
912828N48	US TREASURY N/B	975,000.00	1.75	12/31/2020	12/6/2017	1.96	976,202.19
912828N89	US TREASURY NOTES	1,750,000.00	1.38	1/31/2021	1/4/2018	2.05	1,725,265.79
912828N89	US TREASURY NOTES	800,000.00	1.38	1/31/2021	1/4/2018	2.08	787,880.43
RE0959859	INDUSTRIAL BANK CDARS	2,614,746.18	1.00	1/17/2019	1/18/2018	1.01	2,614,746.18
045167EF6	ASIAN DEVELOPMENT BANK NOTE	700,000.00	2.25	1/20/2021	1/19/2018	2.29	699,251.00
06406FAA1	BANK OF NEW YORK MELLON CORP (CALLABLE)	515,000.00	2.50	4/15/2021	2/16/2018	2.93	512,627.28
06406FAA1	BANK OF NEW YORK MELLON CORP (CALLABLE)	410,000.00	2.50	4/15/2021	2/16/2018	2.99	407,467.34
912828P87	US TREASURY N/B	1,100,000.00	1.13	2/28/2021	2/16/2018	2.42	1,064,484.31
65590ASN7	NORDEA BANK AB NY CD	1,850,000.00	2.72	2/20/2020	2/22/2018	2.72	1,850,000.00
90275DHG8	UBS AG STAMFORD CT LT CD	1,600,000.00	2.90	3/2/2020	3/6/2018	2.93	1,600,000.00
89236TCZ6	TOYOTA MOTOR CREDIT CORP	475,000.00	1.90	4/8/2021	3/6/2018	2.82	465,932.78
45950VLQ7	INTERNATIONAL FINANCE CORPORATION NOTE	925,000.00	2.64	3/9/2021	3/16/2018	2.66	924,306.25
00828ECZ0	AFRICAN DEVELOPMENT BANK NOTE	800,000.00	2.63	3/22/2021	3/22/2018	2.66	799,176.00
13606BVF0	CANADIAN IMP BK COMM NY FLT CERT DEPOS	1,400,000.00	2.74	4/10/2020	4/10/2018	2.82	1,400,000.00
06367T4W7	BANK OF MONTREAL CHICAGO CORP NOTES	470,000.00	3.10	4/13/2021	4/13/2018	3.14	469,450.10
89236TEU5	TOYOTA MOTOR CREDIT CORP CORP NOTES	290,000.00	2.95	4/13/2021	4/13/2018	2.96	289,884.00
89236TEU5	TOYOTA MOTOR CREDIT CORP CORP NOTES	160,000.00	2.95	4/13/2021	4/13/2018	2.93	160,081.60
4581X0DB1	INTER-AMERICAN DEVELOPMENT BANK NOTE	1,060,000.00	2.63	4/19/2021	4/19/2018	2.70	1,057,668.00
13063DGA0	CA ST TXBL GO BONDS	1,075,000.00	2.80	4/1/2021	4/25/2018	2.80	1,075,043.00
78013XKG2	ROYAL BANK OF CANADA CORP NOTES	870,000.00	3.20	4/30/2021	4/30/2018	3.23	869,382.30
Total Debt Service Reserve							
912828F21	US TREASURY NOTES	7,025,000.00	2.125	9/30/2021	4/2/2018	2.488	6,941,021.79

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

Investment Performance Report – April 2018



DC Water
Finance Division
Security Sales
Last 6 Months

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
Operating Reserve Accounts							
00828EBB4	AFRICAN DEVELOPMENT BANK NOTE	700,000.00	1.63	10/2/2018	11/3/2017	1.61	701,099.12
912828A34	US TREASURY NOTES	955,000.00	1.25	11/30/2018	11/3/2017	1.51	957,476.78
912828A34	US TREASURY NOTES	1,295,000.00	1.25	11/30/2018	11/3/2017	1.51	1,298,358.58
912828A34	US TREASURY NOTES	195,000.00	1.25	11/30/2018	11/10/2017	1.55	195,468.56
58933YAG0	MERCK & CO GLOBAL NOTES	731,000.00	1.30	5/18/2018	11/17/2017	1.57	734,738.25
912828A34	US TREASURY NOTES	175,000.00	1.25	11/30/2018	11/17/2017	1.60	175,387.14
912828A34	US TREASURY NOTES	1,335,000.00	1.25	11/30/2018	12/5/2017	1.67	1,329,753.63
912828A75	US TREASURY NOTES	1,225,000.00	1.50	12/31/2018	12/5/2017	1.70	1,230,353.14
17275RAU6	CISCO SYSTEMS INC CORP NOTE	360,000.00	1.65	6/15/2018	12/6/2017	1.72	362,688.30
89236TCP8	TOYOTA MOTOR CREDIT CORP	600,000.00	1.55	7/13/2018	12/6/2017	1.78	602,872.17
912828A75	US TREASURY NOTES	1,500,000.00	1.50	12/31/2018	1/4/2018	1.83	1,495,443.93
064159GM2	BANK OF NOVA SCOTIA CORP NOTE (CALLABLE)	875,000.00	1.70	6/11/2018	1/4/2018	1.87	875,311.60
912828N48	US TREASURY N/B	700,000.00	1.75	12/31/2020	1/19/2018	2.10	693,697.65
7599112M1	REGIONAL TRANS AUTH, IL TXBL REV BONDS	725,000.00	1.25	5/4/2018	2/16/2018	1.80	727,542.94
7599112M1	REGIONAL TRANS AUTH, IL TXBL REV BONDS	1,075,000.00	1.25	5/4/2018	2/16/2018	1.80	1,078,770.56
65558LWA6	NORDEA BANK FINLAND NY CD	1,800,000.00	1.76	11/30/2018	2/22/2018	2.16	1,801,506.00
912828A75	US TREASURY NOTES	50,000.00	1.50	12/31/2018	2/22/2018	2.04	49,883.25
912828A75	US TREASURY NOTES	1,450,000.00	1.50	12/31/2018	3/6/2018	2.03	1,447,618.28
3135G0J53	FNMA BENCHMARK NOTE	475,000.00	1.00	2/26/2019	3/6/2018	2.11	470,077.94
3130AAE46	FHLB NOTES	925,000.00	1.25	1/16/2019	3/16/2018	2.11	920,405.83
3130AAE46	FHLB NOTES	875,000.00	1.25	1/16/2019	3/21/2018	2.12	870,797.33
13606A5Z7	CANADIAN IMPERIAL BANK NY CD	1,800,000.00	1.76	11/30/2018	4/10/2018	2.58	1,801,331.20
3135G0J53	FNMA BENCHMARK NOTE	300,000.00	1.00	2/26/2019	4/13/2018	2.16	297,403.67
3135G0J53	FNMA BENCHMARK NOTE	150,000.00	1.00	2/26/2019	4/13/2018	2.18	148,676.33
3135G0J53	FNMA BENCHMARK NOTE	1,050,000.00	1.00	2/26/2019	4/19/2018	2.19	1,041,056.33
3135G0J53	FNMA BENCHMARK NOTE	275,000.00	1.00	2/26/2019	4/25/2018	2.20	272,733.69
3135G0J53	FNMA BENCHMARK NOTE	810,000.00	1.00	2/26/2019	4/25/2018	2.20	803,324.70
78012KRK5	ROYAL BANK OF CANADA CORP NOTES	900,000.00	1.50	7/29/2019	4/30/2018	2.78	889,408.50
2017B Construction Fund							
912828J68	US TREASURY N/B	19,250,000.00	1.00	3/15/2018	11/22/2017	1.27	19,269,617.25
06538BZ48	BANK OF TOKYO MITSUBISHI COMM PAPER	1,650,000.00	-	12/4/2017	11/22/2017	1.25	1,649,323.50
13607FDD5	CANADIAN IMPERIAL HOLDING COMM PAPER	7,000,000.00	-	4/13/2018	11/22/2017	1.65	6,955,270.00
912828J68	US TREASURY N/B	9,620,000.00	1.00	3/15/2018	12/18/2017	1.31	9,637,840.27
912828XF2	US TREASURY NOTES	18,710,000.00	1.13	6/15/2018	12/18/2017	1.48	18,679,576.98
06538CEV9	MUFG BANK LTD/NY COMM PAPER	5,350,000.00	-	5/29/2018	12/18/2017	1.76	5,308,591.00
46640QEV9	JP MORGAN SECURITIES LLC COMM PAPER	7,000,000.00	-	5/29/2018	12/18/2017	1.84	6,943,300.00
912828K25	US TREASURY NOTES	11,555,000.00	0.75	4/15/2018	1/16/2018	1.37	11,559,538.47

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

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
<u>Operating Reserve Accounts</u>							
RE0959610	INDUSTRIAL BANK CDARS	5,065,244.30	0.40	11/9/2017	11/9/2017	0.00	5,085,450.22
RE0959529	INDUSTRIAL BANK CDARS	2,563,284.34	0.60	1/18/2018	1/18/2018	0.00	2,594,001.96
RE0959685	INDUSTRIAL BANK CDARS	2,562,345.78	0.45	1/18/2018	1/18/2018	0.00	2,573,876.34
<u>Total Debt Service Reserve</u>							
912828Q45	US TREASURY NOTES	6,820,000.00	0.88	3/31/2018	3/31/2018	0.00	6,820,000.00
<u>2017A Construction Fund</u>							
09659BYQ7	BNP PARIBAS NY BRANCH COMM PAPER	16,500,000.00	-	11/24/2017	11/24/2017	0.00	16,500,000.00
89233GYQ3	TOYOTA MOTOR CREDIT CORP COMM PAPER	1,700,000.00	-	11/24/2017	11/24/2017	0.00	1,700,000.00
<u>2017B Construction Fund</u>							
912828H37	US TREASURY N/B	17,485,000.00	0.88	1/15/2018	1/15/2018	0.00	17,485,000.00

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



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

DATE	TRANSACTION	CUSIP	DESCRIPTION	COUPON	MATURITY DATE	PAR VALUE/SHARES	PRINCIPAL	INTEREST	TOTAL
05/01/18	INTEREST	64971W5W6	NYC TRANS FIN AUTH, NY TXBL REV BONDS	1.960	05/01/20	540,000.00	0.00	5,292.00	5,292.00
05/09/18	INTEREST	4581X0CD8	INTER-AMERICAN DEVELOPMENT BANK	2.125	11/09/20	915,000.00	0.00	9,721.88	9,721.88
05/10/18	INTEREST	478160CH5	JOHNSON & JOHNSON CORP NOTE	1.950	11/10/20	195,000.00	0.00	1,901.25	1,901.25
05/13/18	INTEREST	458182DX7	INTER-AMERICAN DEVELOPMENT BANK	1.000	05/13/19	1,260,000.00	0.00	6,300.00	6,300.00
05/15/18	INTEREST	191216AR1	COCA-COLA CO/THE GLOBAL NOTES	3.150	11/15/20	370,000.00	0.00	5,827.50	5,827.50
05/16/18	INTEREST	166764BH2	CHEVRON CORP NOTES	1.561	05/16/19	900,000.00	0.00	7,024.50	7,024.50
05/16/18	INTEREST	87019U6D6	SWEDBANK (NEW YORK) CERT DEPOS	2.270	11/16/20	925,000.00	0.00	10,498.75	10,498.75
05/22/18	MATURITY	06406HDB2	BANK OF NEW YORK MELLON CORP (CALLABLE)	1.600	05/22/18	1,800,000.00	1,800,000.00	14,400.00	1,814,400.00
05/31/18	INTEREST	912828G61	US TREASURY NOTES	1.500	11/30/19	2,325,000.00	0.00	17,437.50	17,437.50
05/31/18	INTEREST	912828M98	US TREASURY NOTES	1.625	11/30/20	3,000,000.00	0.00	24,375.00	24,375.00



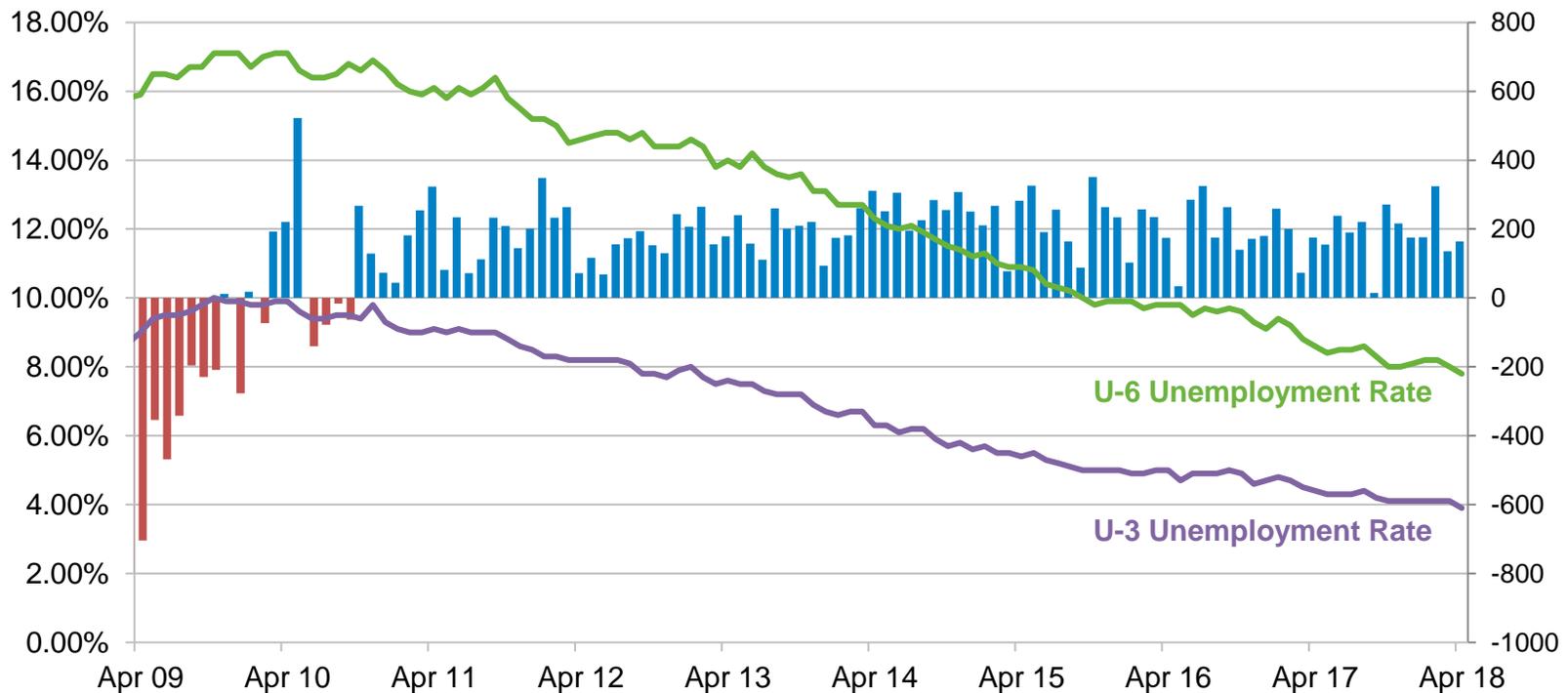
Appendix: Economic Update



U.S. Labor Market

- In April, the United States labor market added 164,000 jobs, below the 193,000 expectation.
- The unemployment rate fell to 3.9%, the lowest unemployment rate since the year 2000.

Unemployment vs. Non-Farm Payrolls
March 2009 - March 2018

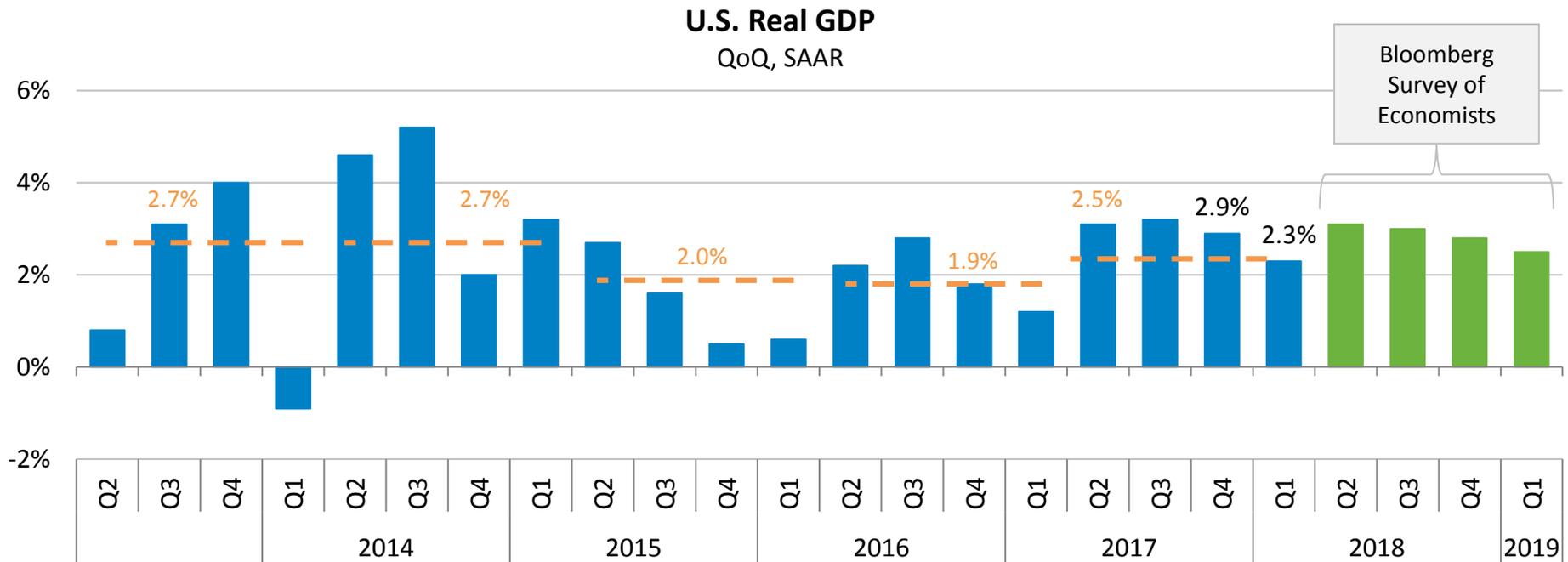


Source: Bloomberg



Economic Growth Slowed in First Quarter 2018

- U.S. Gross domestic product (GDP) grew at an annualized rate of 2.3% in the first quarter of 2018, indicating a deceleration in growth pace for GDP after the final fourth quarter reading of 2.9%.
- Continued strong business investment and an improving trade environment helped to overcome detractions in consumer spending, which grew at a sluggish 1.1%.



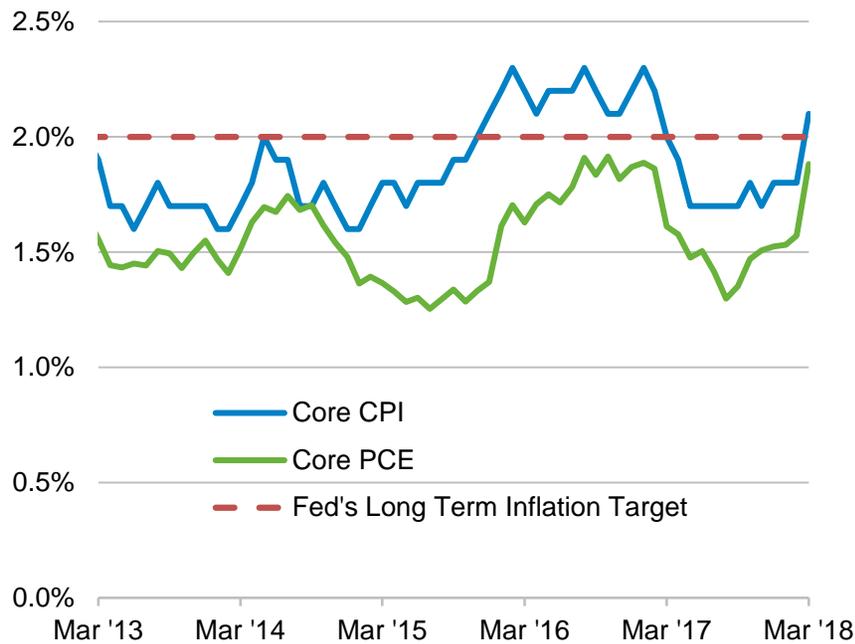
Source: Bloomberg, as of Q1 2018. SAAR is seasonally adjusted annualized rate. Orange denotes rolling four-quarter averages x



Inflation Closer to Fed's 2% Target

- The core personal consumption expenditures (PCE) price index, the Fed's preferred measure of inflation, ticked higher to 1.9% year-over-year in March, but still remains slightly below the Fed's 2% target.

Inflation Measures (YoY)



Expectations for Average Inflation Rate over Next 5 Years

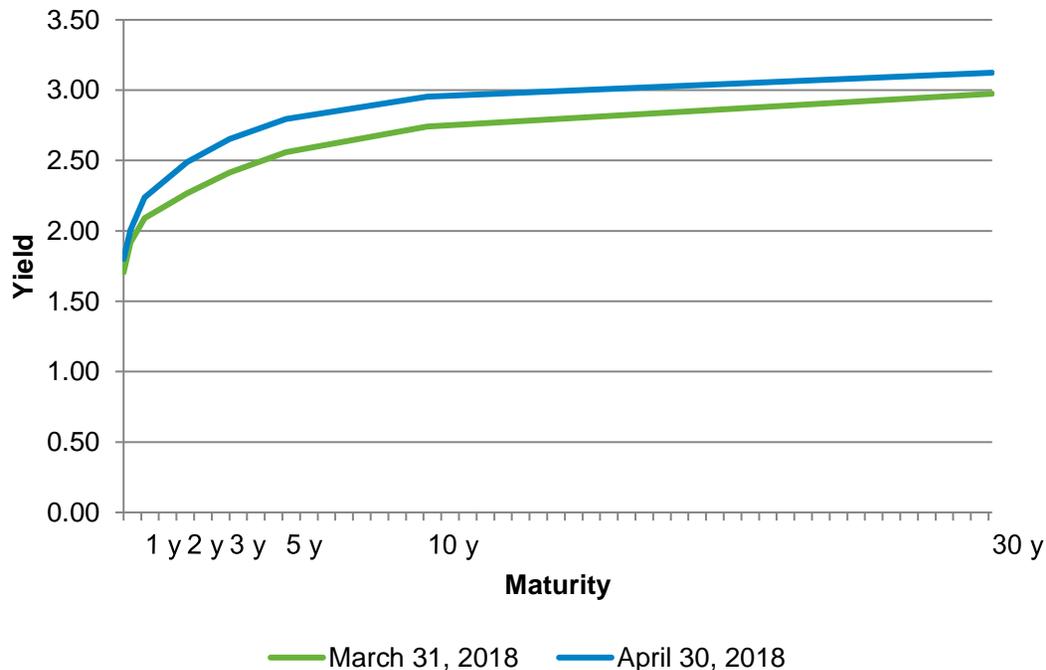


Source: Bloomberg, PFMAM Trading Desk, as of 4/30/18. Not a specific recommendation. 6-mo CP yield spread based on A1/P1 rated CP index



U.S. Treasury Yields

U.S. Treasury Yield Curve
March 31, 2018 vs. April, 2018



	<u>3/31/2018</u>	<u>4/30/2018</u>	<u>Change</u>
3 month	1.71%	1.80%	0.09%
6 month	1.92%	2.01%	0.09%
1 year	2.09%	2.24%	0.15%
2 year	2.27%	2.49%	0.22%
3 year	2.41%	2.65%	0.24%
5 year	2.56%	2.79%	0.23%
10 year	2.74%	2.95%	0.21%
30 year	2.97%	3.12%	0.15%

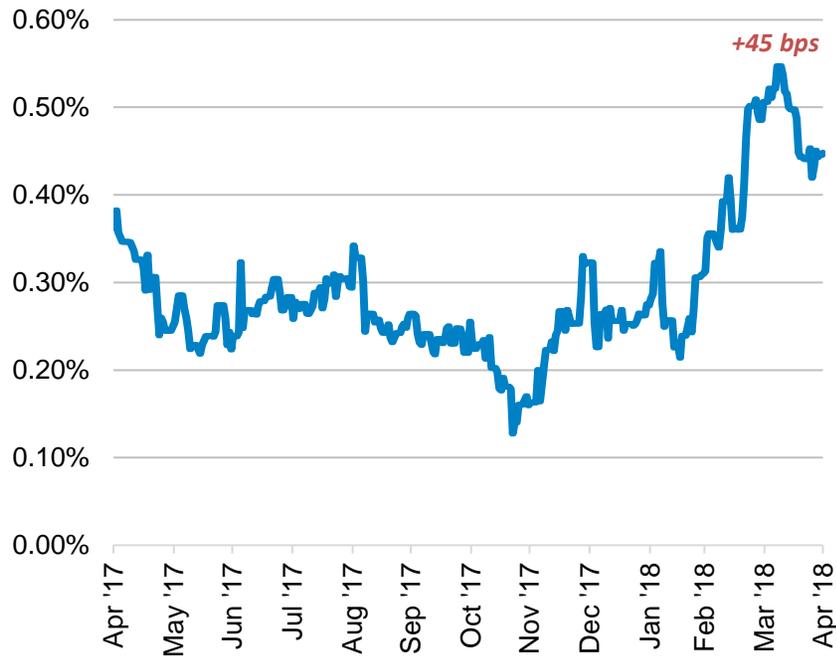
Source: Bloomberg



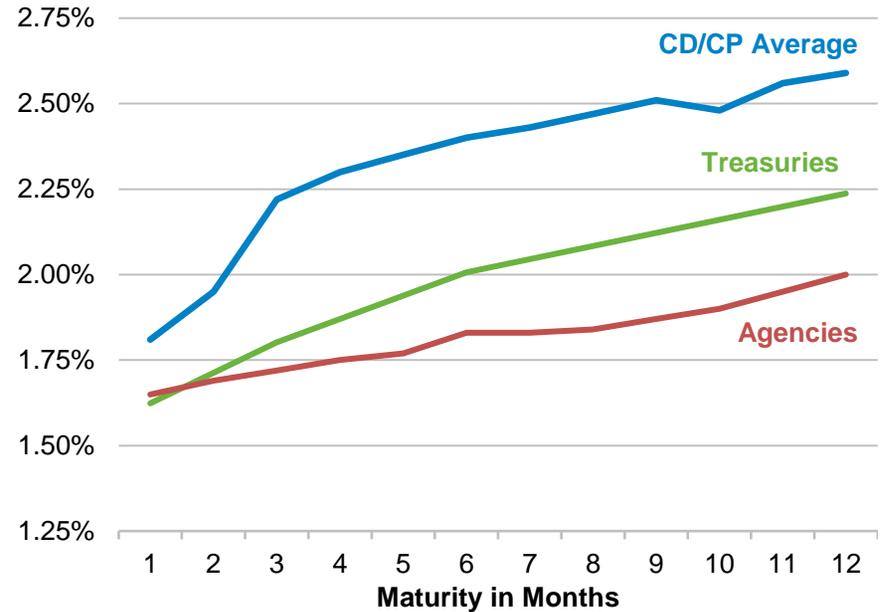
Current Short-Term Credit Environment

- Commercial paper and negotiable bank CDs remain attractive alternatives to short-term Treasuries, agencies, bank deposits, and government money market funds.

Yield Spread on 6-month Commercial Paper over T-Bill



Money Market Yield Curves



Source: Bloomberg, PFMAM Trading Desk, as of 4/30/18. Not a specific recommendation. 6-mo CP yield spread based on A1/P1 rated CP index



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CDARS holdings and Bank Deposits are not managed by PFMAM, and therefore we cannot guarantee the accuracy of holdings.



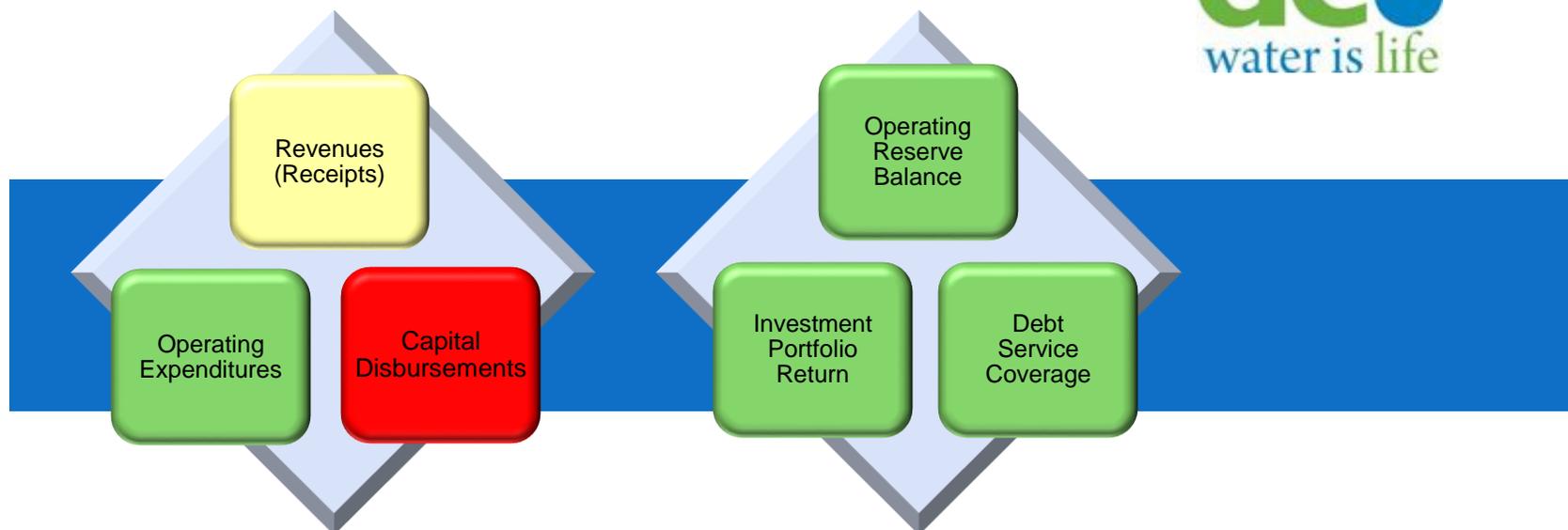
FY 2018 Operating and Capital Budget (Year-End Projections)

Presentation to the Finance & Budget Committee

Matthew T. Brown, Chief Financial Officer

May 24, 2018

Summary (as of April 30, 2018)



(\$ in Millions)	Annual Budget	YTD April Actual	YTD % of Budget	Year-End Projections (Ranges)	Year-End % of Budget (Ranges)
Revenues/Receipts	\$620.5	\$349.8	56%	\$625.6 - \$615.6	101% - 99%
Operating Expenditures	\$561.9	\$294.4	52%	\$561.9 - \$556.0	100% - 99%
Capital Disbursements	\$450.0	\$325.8	72%	\$476.8	106%



OPERATING REVENUES (\$000'S)

Category	FY 2018 Budget	YTD Actual	Optimistic			Less Optimistic		
			Year-End Projections	Projected Variance (\$)	Projected % of Budget	Year-End Projections	Projected Variance (\$)	Projected % of Budget
Residential, Commercial, and Multi-family	\$354,914	\$195,237	\$353,838	(\$1,076)	-0.3%	\$344,718	(\$10,196)	-2.9%
Federal	62,167	46,048	61,653	(514)	-0.8%	61,653	(514)	-0.8%
District Government	17,312	9,115	19,165	1,853	10.7%	19,165	1,853	10.7%
DC Housing Authority	8,979	3,862	9,212	233	2.6%	9,212	233	2.6%
Customer Metering Fee	10,776	6,648	11,480	704	6.5%	11,480	704	6.5%
Water System Replacement Fee (WSRF)	39,717	23,405	39,503	(214)	-0.5%	39,003	(714)	-1.8%
Wholesale	76,028	39,685	80,683	4,655	6.1%	80,683	4,655	6.1%
Right-of-Way Fee/PILOT	21,601	11,795	20,758	(843)	-3.9%	20,358	(1,243)	-5.8%
Subtotal (before Other Revenues)	\$591,494	\$335,796	\$596,292	\$4,798	0.8%	\$586,272	(\$5,222)	-0.9%
Other Revenue without RSF:								
IMA Indirect Cost Reimb. For Capital Projects	4,514	-	4,809	295	6.5%	4,809	295	6.5%
DC Fire Protection Fee	10,796	8,097	10,796	-	0.0%	10,796	-	0.0%
Stormwater (MS4)	1,000	623	933	(67)	-6.7%	933	(67)	-6.7%
Interest	2,326	1,347	2,213	(113)	-4.9%	2,213	(113)	-4.9%
Developer Fees (Water & Sewer)	6,000	2,026	7,825	1,825	30.4%	7,825	1,825	30.4%
Others	4,342	1,916	2,747	(1,595)	-36.7%	2,747	(1,595)	-36.7%
Subtotal	\$28,978	14,009	\$29,323	\$345	1.2%	\$29,323	\$345	1.2%
Rate Stabilization Fund Transfer	-	-	-	-	-	-	-	-
Grand Total	\$620,472	\$349,805	\$625,615	\$5,143	0.8%	\$615,595	(\$4,877)	-0.8%



OPERATING EXPENDITURES (\$000'S)

Operating Expenditures (\$ 000's)

Category	FY 2018 Budget	YTD Actual	Year-End Projections (HIGH)	Projected Variance (\$) (HIGH)	Projected % of Budget	Year-End Projections (LOW)	Projected Variance (\$) (LOW)	Projected % of Budget
Personnel	\$149,193	\$91,090	\$159,105	(\$9,912)	106.6%	\$158,005	(\$8,812)	105.9%
Contractual Services	79,354	40,991	75,663	3,691	95.3%	72,963	6,391	91.9%
Water Purchases	30,156	14,546	29,521	635	97.9%	28,521	1,635	94.6%
Supplies & Chemicals	30,659	18,975	32,356	(1,697)	105.5%	31,056	(397)	101.3%
Utilities	29,399	16,455	27,389	2,010	93.2%	27,139	2,261	92.3%
Small Equipment	1,071	385	932	139	87.0%	932	139	87.0%
SUBTOTAL O&M	\$319,831	\$182,442	\$324,966	(\$5,135)	101.6%	\$318,616	\$1,215	99.6%
Debt Service	185,480	99,522	\$180,716	4,764	97.4%	\$180,716	4,764	97.4%
Cash Financed Capital Improvements*	35,260	0	34,889	371	98.9%	35,260	0	100.0%
PILOT/ROW	21,376	12,469	21,376	0	100.0%	21,376	0	100.0%
TOTAL OPERATING	\$561,947	\$294,433	\$561,947	\$0	100.0%	\$555,967	\$5,980	98.9%
Capital Labor	(21,061)	(8,598)	(17,299)	(3,762)	82.1%	(17,299)	(3,762)	82.1%
TOTAL NET OPERATING	\$540,886	\$285,835	\$544,648	(\$3,762)	100.7%	\$538,668	\$2,217	99.6%

*CFCI – Anticipated for PAYGO financing contingent upon favorable position of O&M costs



FY 2018 OPERATING EXPENDITURES: MAJOR VARIANCES – O&M (\$5.1M)

Total operations and maintenance expenditure is projected at a net of \$5.1M of 101.6% of the approved budget mainly due to higher personnel expenses offset by lower non-personnel services as follows:

- **Personnel Services (\$9.9M increase)** - Projection reflects impact of the Board-ratified union contract, increased hiring efforts to reduce Authority-wide vacancies (YTD – 8.4%), annualized salary adjustments and estimated year-end accruals for employee related payments. Higher overtime due to emergency repairs for water main breaks during winter season, meter reading for the AMR project and increased permit applications. Offset by lower than anticipated employee benefit costs
- **Water Purchase (\$0.6M decrease)** - Reflects DC Water's proportionate share of the Washington Aqueduct's budget (approximately 75%)
- **Chemicals & Supplies (\$1.7M increase)** - Projected overspending mainly due to higher unit prices for major chemicals (methanol, sodium bisulfite and ferric chlorite); coupled with higher than anticipated usage of methanol due to delay in the full commissioning of the Filtrate Treatment Facility, anticipated during late Summer 2018



FY 2018 OPERATING EXPENDITURES: MAJOR VARIANCES – O&M (\$5.1M)

- **Contractual Services (\$3.7M net decrease)** - Projected underspending is consistent with historical trends in several areas including equipment maintenance and repairs, software maintenance, professional services and impact of capitalization policy; offset by higher spending for credit card fees, automotive repairs and maintenance of aged vehicles, and workers' compensation claims
 - Biosolids Management – Lower hauling costs due to lower production of biosolids from the Digesters is consistent with budget assumptions (Budget of 450 wet tons/day vs. YTD of 442 wet tons/day)
- **Utilities (\$2.0M net decrease)** - Projection reflects underspending in electricity as a result of favorable market prices (All in cost of \$76.26/MWh vs. budget of \$84.97/MWh), coupled with onsite energy generation from the Combined Heat and Power (CHP) facility of 7MW; offset by higher water usage costs due to use of city water in lieu of recycled water in the dump condenser to generate steam in the CHP and additional rental space for the CIS project team



CAPITAL DISBURSEMENTS

(\$000'S)

Capital Disbursements (\$000's)

Service Area	Annual Budget	YTD Actual	Year-End Projections	Projected Variance (\$)	Projected % of Budget
Revenues	\$32,194	\$20,868	\$32,276	(\$82)	-0.3%
Wastewater Treatment	95,485	71,473	109,872	(14,387)	-15.1%
Combined Sewer Overflow	181,816	128,660	180,816	1,000	0.6%
Stormwater	945	1,472	1,574	(629)	-66.6%
Sanitary Sewer	29,802	31,286	40,592	(10,790)	-36.2%
Water	58,044	42,994	63,278	(5,234)	-9.0%
SUBTOTAL: CAPITAL PROJECTS	\$398,285	\$296,753	\$428,408	(\$30,123)	-7.6%
Capital Equipment	39,898	21,123	38,436	1,462	3.7%
Washington Aqueduct	11,768	7,952	9,931	1,837	15.6%
SUBTOTAL: ADD'L CAPITAL PROGRAMS	\$51,665	\$29,075	\$48,367	\$3,298	6.4%
TOTAL CIP DISBURSEMENTS	\$449,950	\$325,828	\$476,775	(\$26,824)	-6.0%



FY 2018 CAPITAL DISBURSEMENTS: MAJOR VARIANCES –(\$26.8M)

Total capital disbursements is projected at a net increase of \$26.8M or 106% the FY 2018 revised budget of \$449.9M, which includes an increase of \$62.6 million

- **Capital Projects (\$30.1M increase)** - Higher projected disbursements are mainly in the Wastewater Treatment, Sanitary Sewer and Water Service areas with detailed information included in the Quarterly CIP report
- **Capital Equipment (\$1.5M decrease)** - Reflects lower than planned use of Authority-wide reserves for capital equipment needs; offset by invoice payments for prior year purchases (AMR and eCIS projects) which were duly accrued as expenditures in FY 2017
- **Washington Aqueduct (\$1.8M decrease)** – Lower projected disbursements are primarily due to delayed billing and drawdowns of pre-paid balances in the escrow and US Treasury accounts



FY 2018 PROJECTED NET CASH (\$000'S)

Category	Board Approved Financial Plan	Optimistic		Less Optimistic	
		Year-End Projection*	Variance Positive / (Negative)	Year-End Projection*	Variance Positive / (Negative)
Total Revenue	\$620,472	\$625,616	\$5,144	\$615,595	(\$4,877)
Total Expense	504,424	503,409	1,015	509,759	(5,336)
Cash Financed Capital Improvements (CFCI)	35,260	35,260	-	34,889	371
Revenue, Less Expense and CFCI	\$80,789	\$86,947	\$6,158	\$70,947	(\$9,842)
County Refunds / Mid-Year Projected Refund (Reversal)	(7,000)	-	7,000	-	7,000
MJUF - FY2017 Actual	-	6,163	6,163	6,163	6,163
Operating FY2017 Settlement	-	2,824	2,824	2,824	2,824
Project Billing Refunds	(4,000)	(4,000)	-	(4,000)	-
Prior Year's Federal Billing Reconciliation	(9,019)	(9,019)	-	(9,019)	-
NET INCOME / PLANNED CAPITAL CONTRIBUTIONS	\$60,770	\$82,915	\$22,145	\$66,916	\$6,146
Beginning Cash Balance over Target	7,212	7,212	-	7,212	-
Transfer to Capital Improvement Program (CIP)	(67,982)	(67,982)	-	(67,982)	-
Transfer to Rate Stabilization Fund (RSF)	-	-	-	-	-
Total	-	\$22,145	\$22,145	\$6,146	\$6,146
Recommendation:					
Additional Transfer to RSF		-	-	-	-
Additional Transfer to PAYGO		-	(\$22,145)	-	(\$6,146)
Additional Cash Balance over Target		-	-	-	-
Capital Improvement Program (CIP)	\$449,950	\$476,775	\$26,825	\$476,775	\$26,825
Additional Use of Bond Proceeds			\$4,680		\$20,679



NEXT STEPS

- ✓ FY 2018 Net Cash Surplus
 - Committee Recommendation – July
 - Board Adoption – September



APPENDIX

Annual Operating Expenditures

(\$000's)	FY 2015	FY 2016	FY 2017	FY 2018 Approved	FY 2018 MidYear Projection (HIGH)	MidYear Variance	FY 2018 MidYear Projection (LOW)	MidYear Variance	FY 2019 Approved
		<<<===== Actuals							
Authorized Headcount	1260	1260	1260	1260	1260		1260		1274
Filled/Budgeted Headcount	1084	1121	1134	1260	1155	92%	1154	92%	1274
Vacant Headcount	176	139	126	0	105		106		
Salary	105,146	110,936	116,827	113,796	125,265	(11,469)	\$ 124,350	(10,554)	126,484
Regular Pay	96,956	103,432	108,083	106,875	116,496	(9,621)	115,881	(9,006)	118,284
On-call time	708	619	593	743	732	11	732	11	625
Overtime	7,482	6,884	8,150	6,178	8,037	(1,859)	7,737	(1,559)	7,575
Benefits	28,789	30,950	32,466	35,397	33,840	1,557	33,655	1,742	36,137
Total Personnel Services	133,935	141,886	149,293	\$ 149,193	\$ 159,105	(9,912)	\$ 158,005	(8,812)	\$ 162,620
Chemicals	22,441	21,007	23,078	22,303	24,574	(2,271)	24,324	(2,021)	23,558
Supplies	7,865	7,958	8,295	8,356	7,782	573	6,732	1,623	8,524
Utilities	30,848	23,934	24,260	29,399	27,389	2,010	27,139	2,260	26,915
Contractual Services	66,241	74,086	72,951	79,354	75,663	3,691	72,963	6,391	81,679
Water Purchases	29,109	26,345	26,796	30,156	29,521	635	28,521	1,635	30,520
Small Equipment	531	672	1,178	1,071	932	139	932	139	1,240
Total Non-Personnel Services	157,035	154,003	156,557	\$ 170,638	\$ 165,861	4,777	\$ 160,611	10,027	\$ 172,435
Total O&M Expenses	\$290,970	295,888	305,851	\$ 319,831	\$ 324,966	\$ (5,135)	\$ 318,616	\$ 1,215	\$ 335,055
Debt Service	134,845	149,781	165,836	185,480	180,716	4,764	180,716	4,764	199,025
PILOT / ROW	20,437	20,744	21,057	21,376	21,376	-	21,376	-	21,702
Payment in Lieu of Taxes	15,337	15,644	15,957	16,276	16,276	-	16,276	-	16,602
Right of Way	5,100	5,100	5,100	5,100	5,100	-	5,100	-	5,100
Cash Financed Capital Improvements	20,058	23,475	24,199	35,260	34,889	371	35,260	-	26,999
Total Debt Service/PILOT/ROW/CFCI	175,340	194,000	211,092	242,116	236,981	5,135	237,352	4,764	247,726
Total Operating Expenditures	\$466,310	489,888	516,943	\$ 561,947	\$ 561,947	\$ -	\$ 555,967	\$ 5,979	\$ 582,781
Less: PS charged to Capital Projects	(18,702)	(17,648)	(17,231)	(21,061)	(17,299)	(3,762)	(17,299)	(3,762)	(18,259)
Total Net Operating Expenditures	\$447,608	\$472,240	\$499,712	\$ 540,886	\$ 544,648	\$ (3,762)	\$ 538,668	\$ 2,218	\$564,522

District of Columbia Water and Sewer Authority

Capital Improvement Program Report



**FY-2018 2nd Quarter
January 1st through March 31st, 2018**

**Board of Directors
Finance & Budget Committee**

**Henderson J. Brown IV, Interim CEO & General Manager
Leonard R. Benson, Chief Engineer**

May 2018

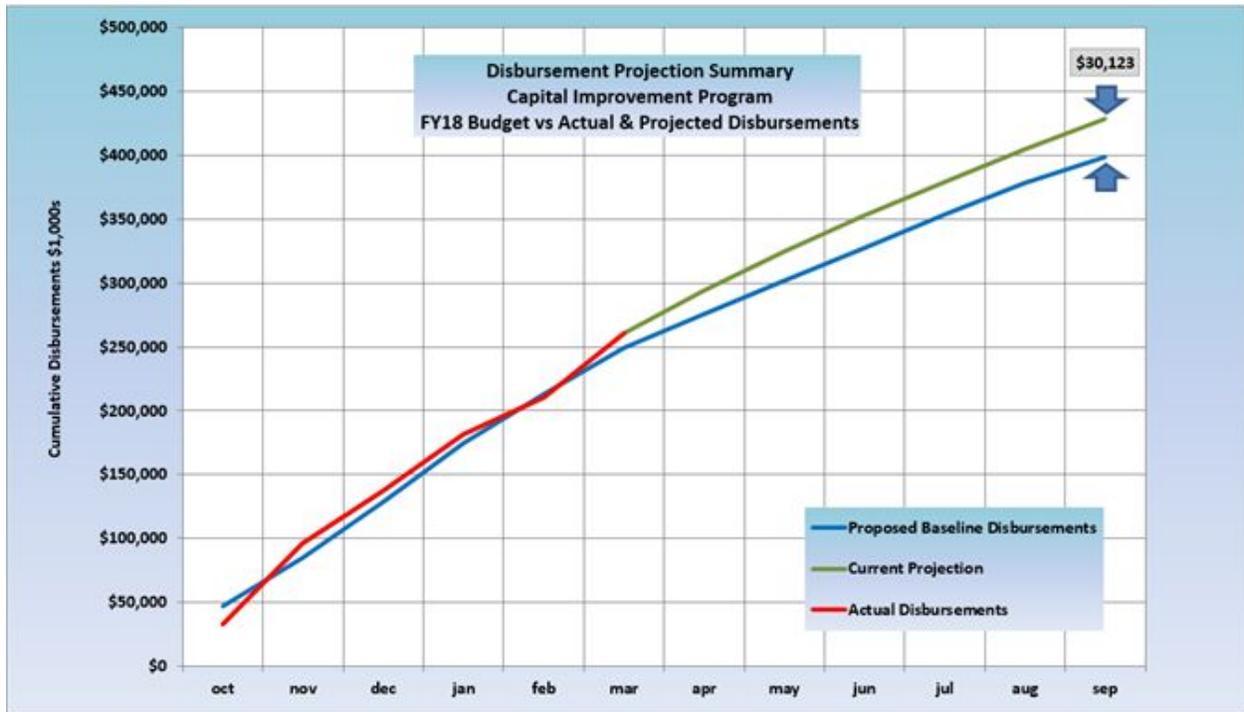


Capital Improvement Program Report 2nd Quarter FY2018

CIP Disbursement Performance

Current projected program disbursements through the end of the fiscal year compared with the FY18 baseline are shown in the chart below:

Disbursement Summary



The approved capital disbursement plan as agreed by the DC Water Board of Directors on March 1 2018, included an FY18 disbursements projection of \$398,285,000.

The current projected fiscal year 2018 CIP disbursements are \$428,408,000 through the end of September 2018, which is 7.6% above the baseline disbursement projection of \$398,285,000.

Current disbursement projections within the service areas are as follows:

Non Process Facilities

Baseline Disbursements \$31,678,000
 Projected Disbursements \$32,276,000 (\$598k above baseline projection)

There are no significant project variances for this service area.



Capital Improvement Program Report 2nd Quarter FY2018

Wastewater Treatment Service Area

Baseline Disbursements \$95,520,000

Projected Disbursements \$109,872,000 (\$14.4M above baseline projection)

Significant project variances are listed below:

- *Plantwide Projects Program Area – (\$3.7M above baseline)*
 - The disbursements for various projects were higher than the baseline due to expedited equipment purchases and faster than expected execution.
- *ENR Facilities Program Area – (\$8.9M above baseline)*
 - The disbursements for project E8 - Enhanced Clarification Facilities are projected to be above the baseline due to an early retention release and a payment accounted for in FY17 that were disbursed in FY18.
 - The disbursements for project EE – Filtrate Treatment Facilities are projected to be above the baseline due to underestimation in the retainage release projection for FY18.

CSO Service Area

Baseline Disbursements \$181,897,000

Projected Disbursements \$180,816,000 (\$1.1M below baseline projection)

There are no significant project variances for this service area.

Stormwater Service Area

Baseline Disbursements \$944,000

Projected Disbursements \$1,574,000 (\$630k above baseline projection)

There are no significant project variances for this service area.

Sanitary Sewer Service Area

Baseline Disbursements \$30,191,000

Projected Disbursements \$40,592,000 (\$10.4M above baseline projection)

Significant project variances are listed below:

- *Sanitary Collection Sewers Program Area – (\$6.5M above baseline)*
 - The disbursements for project J3 – Sewer Upgrade City Wide are projected to be greater than anticipated in the baseline. This is mainly due to the work progressing at a faster pace than anticipated.
 - The disbursements for project G1 – Small Local Sewer Rehab are projected to be greater than anticipated in the baseline due to the work progressing faster than anticipated.

Water Service Area

Baseline Disbursements \$58,054,000

Projected Disbursements \$63,278 (\$5.2M above baseline projection)

Significant project variances are listed below:



Capital Improvement Program Report 2nd Quarter FY2018

- *Water Storage Facilities Program Area – (\$4.2M above baseline)*
 - The projected disbursements for project MA - St. Elizabeth Water Tank are greater than anticipated in the baseline. This is mainly due to an incorrect entry into the database, we have since improved the process and procedure.



Capital Improvement Program Report 2nd Quarter FY2018

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

All priority 1 projects are on schedule and within budget.

Significant Contract Actions Anticipated – 6 Month Look-Ahead

Project	Name	Contract Type	Joint Use?	Cost Range	Committee	BOD
F1	Small Diameter Water Main 13A	Construction	No	\$5M - \$10M	EQ & Ops Jun	Jul
C9	66" Steel Main at 8 th St., NE	Construction	No	\$5M - \$10M	EQ & Ops May	Jun
UC	Upgrades to FIPS 1-10	Construction	Yes	\$15M - \$20M	EQ & Ops Sep	Oct
OE	Plant-wide Stormwater Drainage Improvements	Construction	Yes	\$3M - \$5M	EQ & Ops Sep	Oct
BX	Gravity Thickener Upgrades Phase II	Construction	Yes	\$35M - \$45M	EQ & Ops Oct	Nov



Capital Improvement Program Report 2nd Quarter FY2018

Schedule - Key Performance Indicators Capital Improvement Program

Summary:

For the 2nd Quarter, all of the Key Performance Indicators (KPIs) completed this period were achieved within 90 days of their target date.

#	Performance
17	KPIs completed within threshold
0	KPIs completed outside threshold
17	Total KPIs completed to date
27*	Total KPIs due this year

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

N/A.

NOTE: *KPI for job GA01 has been removed as scope reduced and Substantial Completion effectively determined as met in 2017.

The table below provides a detailed breakdown of each KPI due date grouped by Quarter as of March 31st 2018:

Quarter	Job Code	Job Name	Activity Name	Due Date (Baseline)	Estimated Complete Date	Actual Complete Date	Variance (positive is early)	Met within 90 days
Q1	F203	Small Diameter Water Main Repl 14C C&L	Design Start	30-Oct-17		20-Oct-17	10	✓
Q1	DE02	Small Diameter Water Main Repl 12B	Construction Start	5-Nov-17		03-Nov-17	2	✓
Q2	EE01	Biosolids Filtrate Treatment Facilities	Construction Substantial Completion	4-Jan-18		19-Dec-17	16	✓
Q2	IY03	High & Low PSW Pumps Evaluation and Replacement	Design Start	15-Jan-18		09-Jan-18	6	✓
Q2	GR01	Small Diameter Water Main Rehab. 15A	Design Start	1-Feb-18		07-Feb-18	-6	✓
Q2	LZ03	PI Phase 1 Pipe Rehab at Clara Barton Pkwy	Design Start	2-Feb-18		06-Feb-18	-4	✓
Q2	BI01	Enhanced Nitrogen Removal (ENR) North	Construction Substantial Completion	8-Mar-18		09-Feb-18	27	✓
Q2	CY04	Div E - CSO 015-017 Structures/Diversions	Project Consent Decree Place In Operation (PIO)	23-Mar-18		20-Mar-18	3	✓



Capital Improvement Program Report 2nd Quarter FY2018

Quarter	Job Code	Job Name	Activity Name	Due Date (Baseline)	Estimated Complete Date	Actual Complete Date	Variance (positive is early)	Met within 90 days
Q2	CY06	Div G - CSO 005/007 Structures and Diversions	Project Consent Decree PIO	23-Mar-18		20-Mar-18	3	✓
Q2	CY12	Div H - Anacostia River Tunnel	Project Consent Decree PIO	23-Mar-18		20-Mar-18	3	✓
Q2	CY12	Div H - Anacostia River Tunnel	Construction Substantial Completion	23-Mar-18		08-Mar-18	15	✓
Q2	CY13	Div I - Main Pumping Sta. Diversions and Outfall Sewer Diversion	Project Consent Decree PIO	23-Mar-18		15-Feb-18	36	✓
Q2	CY18	Div Y - BP Tunnel Dewatering Pump Station	Project Consent Decree PIO	23-Mar-18		20-Mar-18	3	✓
Q2	CY21	Div Z - Poplar Point Pumping Sta. Replacement	Project Consent Decree PIO	23-Mar-18		20-Mar-18	3	✓
Q2	CY31	Div U - Advance Utility Relocations for NEBT	Design Build Substantial Completion	23-Mar-18		27-Nov-17	116	✓
Q2	E801	Enhanced Clarification Facilities	Project Consent Decree PIO	23-Mar-18		20-Mar-18	3	✓
Q2	FS01	Div D - JBAB Overflow and Diversion Structures	Project Consent Decree PIO	23-Mar-18		15-Feb-18	36	✓
Q3	J001	B Street/New Jersey Ave. Trunk Sewer Rehab and Cleaning Phase 1	Construction Start	4-Apr-18	04-Apr-18		0	
Q3	MA01	St. Elizabeth Water Tank	Construction Substantial Completion	10-Apr-18	10-Apr-18		0	
Q3	G100	Lining & Repair of Local Sewers	Construction Substantial Completion	31-May-18	31-May-18		0	
Q3	GR02	Small Diameter Water Main Rehab 15B	Design Start	1-Jun-18	01-Jun-18		0	
Q3	I801	Large Valve Replacements 11R	Construction Substantial Completion	30-Jun-18	30-Jun-18		0	
Q4	C904	66" Low Service Steel Main at 8th Street NE & SE	Construction Start	3-Jul-18	03-Jul-18		0	
Q4	LZ04	PI Phase 2 Pipe Rehab at Potomac Crossing	Design Start	5-Jul-18	05-Jul-18		0	
Q4	DR02	Low Area Trunk Sewer - Rehabilitation	Construction Start	12-Jul-18	09-May-18		64	
Q4	O302	Small Diameter Watermain Repl 11b	Construction Substantial Completion	27-Jul-18	27-Jul-18		0	
Q4	UC06	Upgrades to FIPS 1-10	Construction Start	29-Sep-18	29-Sep-18		0	

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



Path to Achieve Asset Management: Financial Benchmarking Update

District of Columbia Water And Sewer Authority
Finance & Budget Committee Meeting
May 24, 2018



Blue Plains Advanced Wastewater Treatment Plant



Purpose

- Provide update on the peer benchmarking analysis
- Present initial selection of utilities and criteria
- Review financial benchmarks for selected utilities
- Provide initial case studies on other utilities
- Discuss next steps and timelines



Background

- 💧 FY 2019 Budget Process - Management presented alternative scenarios for the Capital Improvement Program (CIP) including major project funding levels, associated risks and related customer impacts
 - **Baseline - \$4.0 Billion**
 - **Constrained - \$4.6 Billion**
 - **Asset Management Ramp-up - \$5.1 Billion**
- 💧 Board-adopted budgets were based on the baseline with management tasked to advance asset management principles while addressing customer affordability
- 💧 Management identified five criteria for Committee reviews/discussions to ensure optimization, accountability and transparency throughout the budget process

Path to Achieve Asset Management	Committee Assignments
Explore investment in infrastructure	Environmental Quality and Operations Committee
Exploration of alternative revenue sources	Finance and Budget Committee
Community outreach and education	Retail Rates Committee
Impact on the financial plan	Finance and Budget Committee
Customer affordability	Retail Rates Committee



Selection Criteria

- Environmental Quality & Operations Committee Review
 - Chicago Department of Water Management
 - Philadelphia Water Department
 - New York City Department of Environmental Protection
 - **Washington Suburban Sanitary Commission (WSSC)***
 - Thames Water (London, UK)
- Type of Consent Decree
- Population Size
- Type of Services Provided
- Type of Utilities (Independent, Subsidized)
- Readily Available Financial Information

** Selected for financial benchmarking due to proximity to DC Water*



Selected Peer Utilities

	Consent Decree	Services Provided	Population Size
DC Water & Sewer Authority	CSO	Water & Sewer	681,000
Boston Water & Sewer Commission	CSO	Water & Sewer	667,000
Northeast Ohio Regional Sewer District	CSO	Water & Sewer	966,000
San Antonio Water System	Non-CSO	Water & Sewer	1,500,000
Washington Suburban Sanitary Commission	Non-CSO (SSO)	Water & Sewer	1,800,000
New York City Water Department	CSO	Water & Sewer	8,537,673



Selected Peer Utilities: Financial Metrics*

Utility	DC Water & Sewer Authority	Boston Water & Sewer Commission	Northeast Ohio Regional Sewer District	San Antonio Water System	Washington Suburban Sanitary Commission	New York City Water and Sewer System**
Consent Decree	CSO	CSO	CSO	Non-CSO	Non-CSO (SSO)	CSO
Operating Revenue	\$595 Million	\$361 Million	\$307 Million	\$660 Million	\$729 Million	\$4,000 Million
Operating Expenditure	\$536 Million	\$361 Million	\$237 Million	\$549 Million	\$730 Million	\$3,683 Million
Debt Service Cost	\$169 Million	\$51 Million	\$107 Million	\$224 Million	\$261 Million	\$1,171 Million
Debt Service % of Total Operating Budget	32%	14%	45%	41%	36%	32%
Outstanding Debt Levels	\$2.8 Billion	\$0.5 Billion	\$1.5 Billion	\$3.0 Billion	\$2.8 Billion	\$30.6 Billion
CIP – Period	10-Year CIP	3-Year CIP	5-Year CIP	5-Year CIP	6-Year CIP	9-Year CIP
CIP- Amount	\$4.0 Billion	\$0.2 Billion	\$1.3 Billion	\$1.6 Billion	\$2.0 Billion	\$15.6 Billion
Bond Rating	Fitch AA S&P AAA Moody's Aa1	Fitch AA+ S&P AA+ Moody's Aa1	S&P AA+ Moody's Aa1	Fitch AA+ S&P AA+ Moody's Aa1	Fitch AAA S&P AAA Moody's Aaa	Fitch AA+ S&P AAA Moody's Aaa

*Based on readily available financial information on FY 2017 Budgets

**Based on FY 2017 Actuals



Possible Case Studies

- 💧 **City of Atlanta** - Uses the proceeds of a special addition to the sales tax (1 cent) as a source of revenue, with the ability to raise revenue from visitors to Atlanta to help pay for water/sewer
- 💧 **City of Denver** - Uses property taxes to pay part or all of the costs of stormwater drainage. The City's sanitary sewers and storm drainage facilities are two completely independent systems
- 💧 **Milwaukee Metropolitan Sewerage District** - Uses property tax revenue as a major source of CIP funding but employs user charges for O&M expenses. Tax levy funding is about \$98 million in 2018 while user charges for District members provide about \$84 million
- 💧 **Philadelphia Water Department** - Launched a low-income customer assistance program for residents in 2017. Under this tiered-assistance program, payments are tied to a household's income, not water usage



Next Steps

Financial Plan Analysis

- Retail rate impacts of various capital program scenarios
- Key metrics: coverage ratios, overall debt levels, reserves/fund levels

Peer Analysis

- Financing options – Debt vs. PAYGO
- Alternative revenues and affordability programs



Timeline

Timeline (2018-2019)	Activity	Responsibility	Status
March 2018	Committee Work Plan Review	Executive Team	<i>Ongoing</i>
March - May	Town Hall Meetings & Public Hearing (FY 2019 & FY 2020 Retail Rates & Fees)	Executive Team	<i>Completed</i>
April - June	Committee Work Plan Deliverables & Discussions	Executive Team	<i>Ongoing</i>
May – June	Budget Kickoff Committee Site Visits	Executive Team	<i>Ongoing</i>
July 2018	Approval of FY 2019 Retail Rates & Fees	Board	
July - Sept	Alternative Scenarios & Recommendations - CIP & Customer Impacts for FY 2021 & beyond	Executive Team	
November	Budget Workshop/Board Briefing	Executive Team	
Nov - Dec	Budget Recommendations & Adoption	Board	
Spring & Summer 2019	FY 2020 – FY 2029 Financial Plan & CIP, Operating, Revenues, Retail Rates & Fees	Executive Team	
Fall/Winter 2019	Budget Proposals - Asset Management Principles	Board	



Update:
**July 1 Property & Casualty
Insurance Renewals**

May 24, 2018

Tanya DeLeon, Risk Manager



Purpose

- Provide an informational update on the Authority's insurance program.
- Discuss Board Action Item: July 1 insurance renewal coverage at a total amount not to exceed the approved FY18 and FY19 P&C insurance budget.



Background

- The Authority is on track to renew its Property/Equipment, Flood, Cyber, Excess Workers' Compensation, Excess Liability, Public Officials' Liability, Crime, Fiduciary Liability, and Professional Liability insurance coverages on July 1. A summary of the Authority's insurance program is provided in Appendix I.
- A full re-marketing of the Authority's property and casualty insurance program was done this year. We are working with brokers qualified through the May 2017 broker RFP process (Alliant, Aon and Willis) to explore all market alternatives for the renewal. Most P&C insurers can only be accessed through a broker. A summary of the Authority's insurance procurement approach is provided in Appendix II.
- Alternatives for water risks remain limited, but the overall insurance market remains relatively stable. The past year's catastrophes have not had the worsening effect on the insurance market that was initially feared. Most underwriters are seeking flat to single-digit premium rate increases on renewal.



Background (cont.)

- Premium increases are primarily driven by increases in underwriting exposures:
 - 2.7% increase in property values.
 - 8% increase in estimated revenues.
 - 9.5% increase in estimated workers compensation payroll. (We are now using a more conservative approach to projecting payrolls to minimize additional cost resulting from premium audit.)
- We request the Board's approval to bind July 1 insurance renewal coverage at a total amount not to exceed \$3,220,000 (+15%). This amount is equal to the approved FY18 insurance budget.
- Negotiations on pricing and coverage continue. All competitive quotes are due on June 4. To avoid a gap in coverage, insurance must be bound on or before June 29. We will supply a comprehensive update at the June 28 Committee meeting.



Recommendation

We recommend the Committee Authorize Management to bind insurance coverage pursuant to the established not to exceed figures.



Appendix I

Current Program – Jul 1, 2017-18

Coverage	2017-18 Main Limit	Main Deductible / Retention	Insurer
Property incl. Boiler & Machinery	\$1 Bil per occurrence \$100 Mil annual Flood \$25 Mil ann.–100 Yr Flood	\$1 Mil per occurrence \$10,000 equip	Alliant Property Ins. Program (APIP)*
National Flood Policies (15 total)	Ea. Policy: \$500K bldg., \$500k contents	\$50k bldg., \$50k contents	Hartford / National Flood Insurance Program
Cyber/Data Security	\$5 Mil ann.	\$100,000 per loss	Beazley
Excess Workers' Compensation (WC) and Employers' Liability (EL)	Full benefits due under WC law; \$3 Mil Employers' Liability	\$1 Mil per accident or disease	Safety National
Excess Liability (excess of GL, AL, EL, EPL)	\$100 Mil	\$1 Mil per occurrence	AEGIS and EIM
Public Officials' Liability (POL)	\$20 Mil ann.	\$250,000 per claim	RSUI and Hiscox
Crime & Fidelity	\$10 Mil	\$200,000 per loss	Travelers
Fiduciary Liability	\$5 Mil ann.	Nil	Travelers
Professional Liability	\$2 Mil ann.	\$10,000 per claim	Lloyds of London

* Group Purchasing program involving public entities throughout the country and a broad syndication of insurers.



Appendix I (cont.) Insurance Coverages

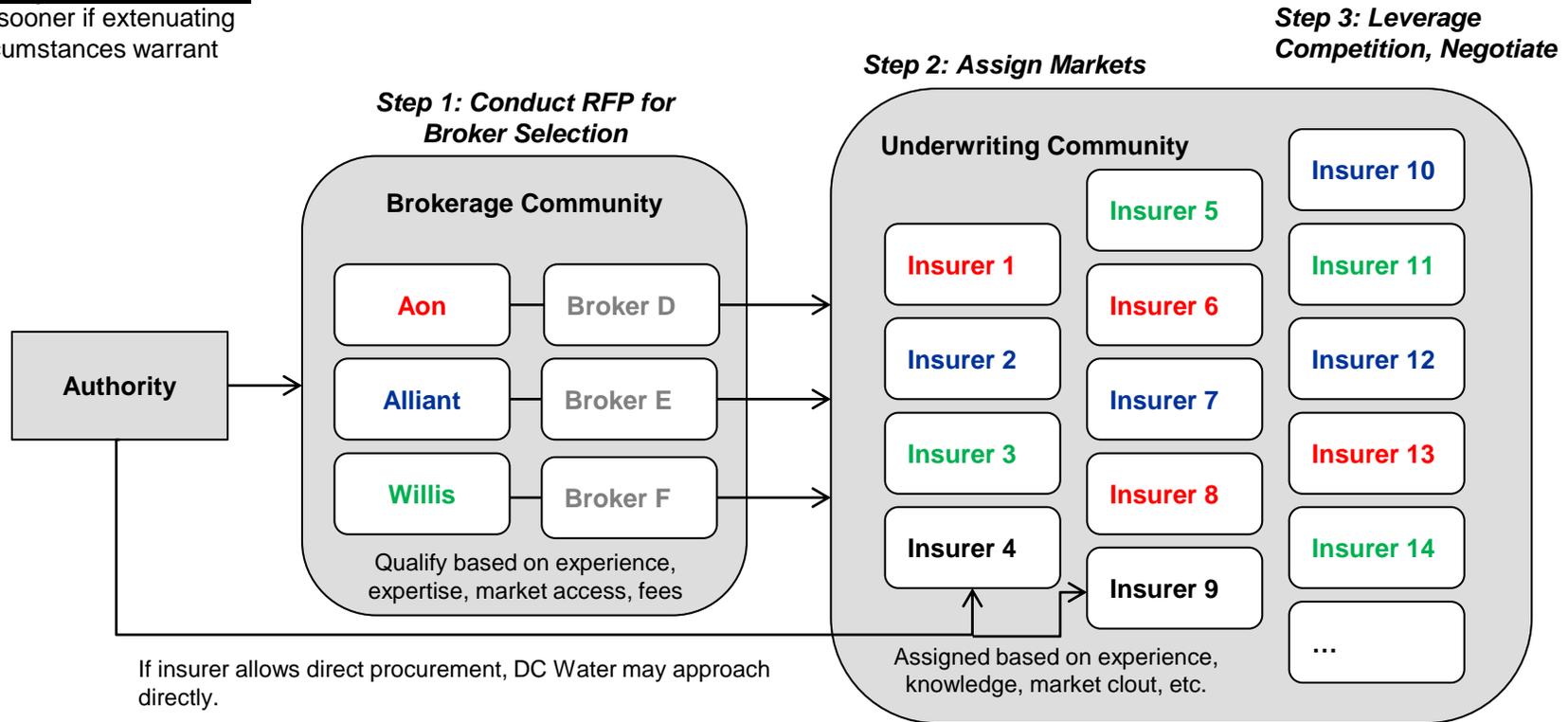
Coverage	Summary Description
Property, Equip. and Boiler & Machinery	Provides blanket "all risk" coverage for direct physical damage to DC Water structures, buildings and contents.
National Flood Insurance	Government sponsored program that provides a modest amount of insurance protection at affordable premium levels. Coverage is subject to a maximum of \$500,000 for buildings and \$500,000 for contents, excluding underground property and subject to actual cash valuation.
Cyber/Data Security and Breach Notification	Provides coverage for third party liability and privacy notification expenses resulting from data breaches.
Excess Workers Compensation (WC) and Employers Liability (EL)	Provides excess statutory workers' compensation benefits over self-funded levels. EL covers liability from employee injuries that are not covered under workers compensation law. Very rare in DC.
Employment Practices Liability (EPL)	Provides protection for claims of discrimination, harassment, or wrongful termination.
Umbrella / Excess Liability	Provides protection for bodily injury, property damage, and personal injuries to third parties arising out of DC Water operations (GL) including use of automobiles (AL) in excess of self-funded levels. The Authority's policy also provides excess EPL coverage over self-insured levels.
Public Officials Liability (POL)	Provides reimbursement protection for wrongful acts (excl. bodily injury and property damage) that are actually or allegedly caused by DC Water directors, officers and employees within the course of their duties.
Crime & Fidelity	Employee dishonesty coverage and miscellaneous crime coverages.
Fiduciary Liability	Provides protection for wrongful acts that are actually or allegedly caused by trustees and employees of the DC Water sponsored Employee Benefit Plans.
Professional Liability	Provides protection for errors or omissions arising from engineering, consulting or testing services provided to third parties for a fee.



Appendix II - Procurement Approach

Every 3-6 Years

Or sooner if extenuating circumstances warrant



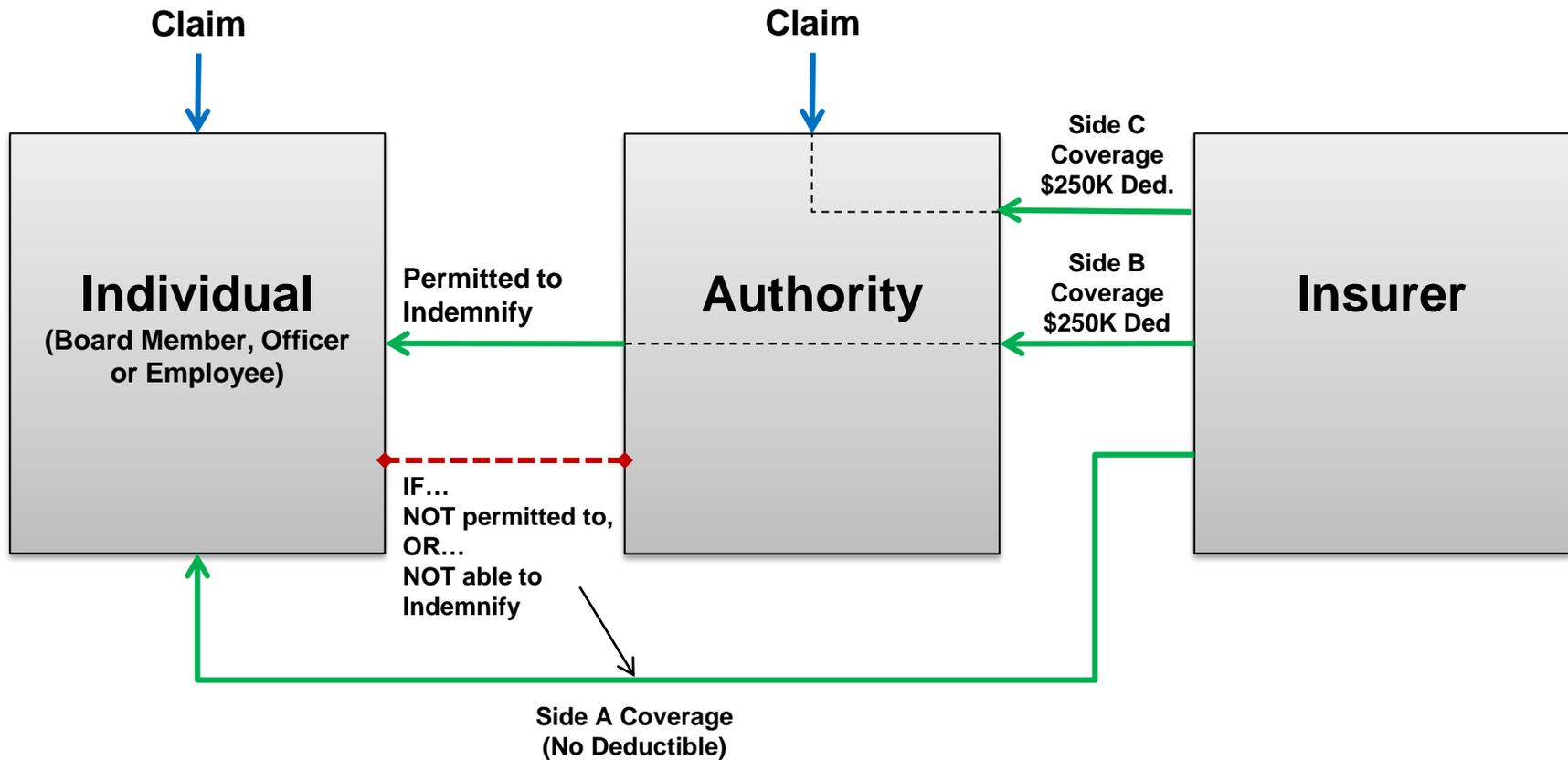
Serves Public Interests: Maximizes Competition with Competent Broker Firms ♦ Requires Demonstration of Marketing Skill ♦ Preserves Options

Interim Years

Multi-year insurance contracts are generally not available in the present insurance market. On each annual policy renewal, a particular line of coverage is typically handled by the incumbent broker. That broker is generally granted full access to the market and asked to recommend a marketing strategy for the year, which the Authority must approve. However, the Authority reserves the right to use a multi-broker, assigned-market competitive process like the above in the interim years if challenging situations warrant. The Authority uses its independent insurance consultant as well as conduct its own due diligence to establish expectations.



Appendix III - How Public Officials' (D&O) Liability Coverage Works



**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

GOODS AND SERVICES CONTRACT MODIFICATION

**Property and Casualty Insurance Premiums
(Joint Use-Indirect)**

Approval to pay property and excess insurance premiums through DC Water’s brokers of record in the total amount not to exceed \$3,220,000.00. This action requests authorization to pay future property and casualty insurance premiums consistent with the approved future year’s budget.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME:	SUBS:	PARTICIPATION:
Alliant Insurance Services 100 Pine Street, 11 th Floor San Francisco, CA 94111	N/A	N/A
Aon Risk Solutions, Inc., of Washington, DC 1120 20 th Street, NW Washington, DC 20036	N/A	N/A
Willis of Maryland, Inc. 12505 Park Potomac Avenue, Suite 300 Potomac, MD 20854	N/A	N/A

DESCRIPTION AND PURPOSE

Original Contract Values: \$116,920.00 (Alliant) - \$134,000.00 (Aon) - \$138,500.00 (Willis)
 Original Contract Dates: 05-01-2017 – 04-30-2018
 No. of Option Years in Contract: 2
 Option Year 1 Value: \$124,420.00 (Alliant) - \$138,020.00 (Aon) - \$143,500.00 (Willis)
 Option Year 1 Dates: 05-01-2018 – 04-30-2019
 Premium Values: **\$3,220,000.00 (Not to Exceed)**
 Premium Dates: **07-01-2018 – 06-30-2019**

Purpose of the Contract:

To provide insurance brokerage services and facilitate the payment of insurance premiums based upon the marketing of DC Water’s property and casualty insurance program.

Contract Scope:

The contract scope is to provide a pool of insurance brokers to market DC Water’s property and casualty insurance program. Three (3) brokers were selected through a competitive proposal process to market the DC Water insurance program. This action requests authorization to pay the insurance premiums through the brokers of record and authorize future premium payments consistent with the approved future year’s budget with the expenditures to be reported to the Board on an annual basis.

Spending Previous Year:

	05-01-2017 - 04-30-2019:		
	Alliant	Aon	Willis
Cumulative Contract Values:	\$241,340.00	\$271,020.00	\$282,000.00
Cumulative Contract Spending:	\$77,500.00	\$28,000.00	\$0.00

Contractor’s Past Performance:

According to the COTR, the brokerage firm’s service level; timeliness of service delivery; conformance to DC Water’s risk management policies, procedures and contract terms; and invoicing all meet expectations.

No LBE/LSBE participation

PROCUREMENT INFORMATION

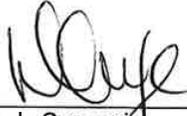
Contract Type:	Fixed Unit Price	Award Based On:	Highest Ranked Offerors
Commodity:	Services	Contract Numbers:	17-PR-CFO-20A, 20B, 20C
Contractor Market:	Open Market with Preference Points for LBE and LSBE Participation		

BUDGET INFORMATION

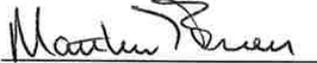
Funding:	Operating	Department:	Finance, Accounting and Budget
Project Area:	DC Water Wide	Department Head:	Ivan Boykin

ESTIMATED USER SHARE INFORMATION

User – Operating	Share %	Dollar Amount
District of Columbia	83.75%	\$ 2,696,750.00
Washington Suburban Sanitary Commission	12.09%	\$ 389,298.00
Fairfax County	2.69%	\$ 86,618.00
Loudoun Water	1.30%	\$ 41,860.00
Other (PI)	0.17%	\$ 5,474.00
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$3,220,000.00

 _____, 05/16/18
 Lola Oyeyemi Date
 Director of Budget

_____, _____
 Dan Bae Date
 Director of Procurement

 _____, 5/16/18
 Matthew T. Brown Date
 Chief Financial Officer

_____, _____
 Henderson J. Brown, IV Date
 Interim General Manager

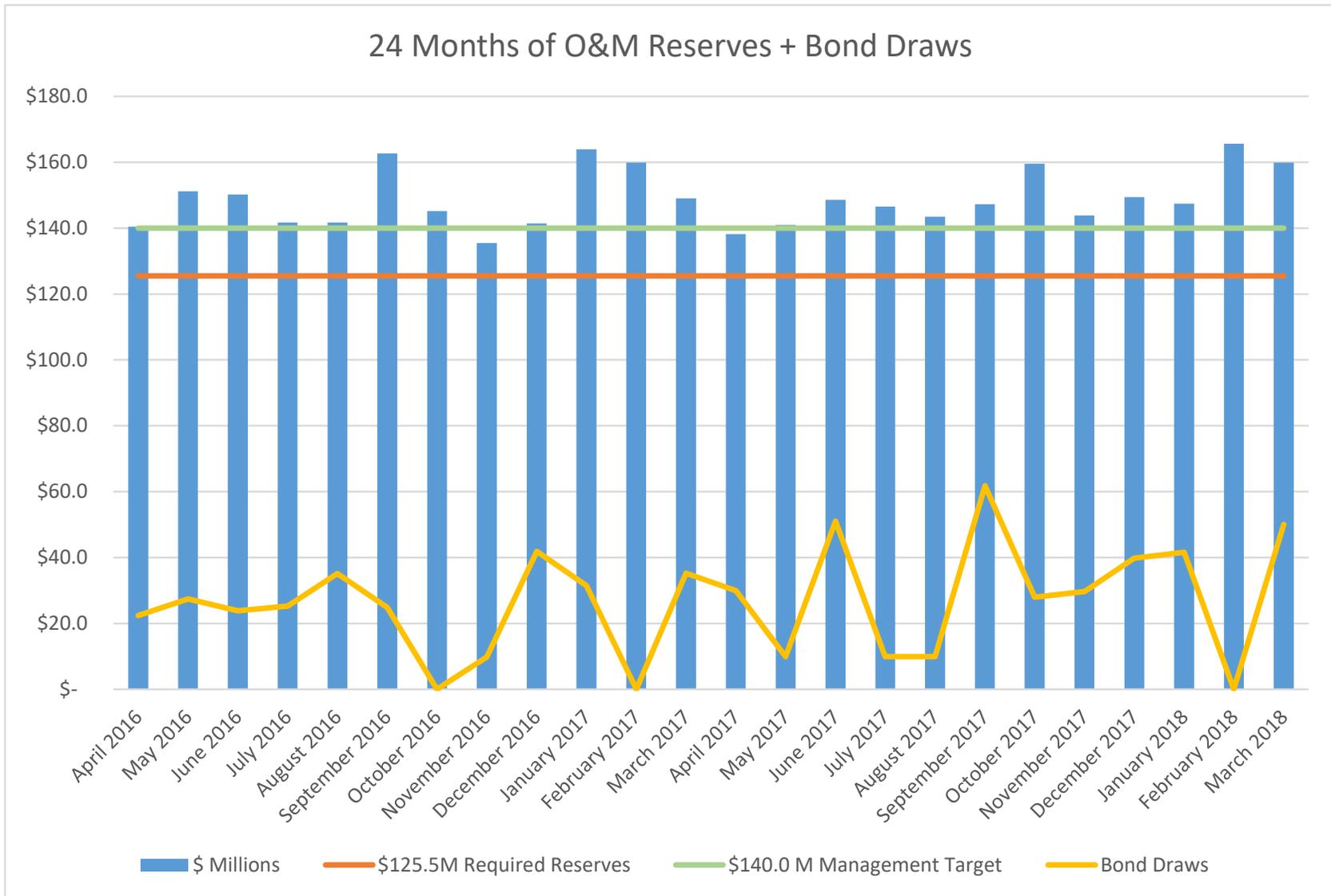


**D.C. WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS
FINANCE & BUDGET
JUNE COMMITTEE MEETING**

**Thursday, June 28, 2018; 11:00 a.m.
Blue Plains Wastewater Treatment Plant
5000 Overlook Avenue, SW, DC
AGENDA**

Call to Order	Chairman
May 2018 Financial Report	Chief Financial Officer
Agenda for July Committee Meeting	Chairman
Adjournment	Chairman

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



ATTACHMENT 9

NEW HEADQUARTERS BUDGET AND STATUS OF COMPLETION

Total Approved Budget:	\$76,100,000
Total Project Committed:	\$75,600,000
Construction Budget:	\$65,041,931 (GMP signed contract)
	\$ 3,598,000 (Construction Contingency)
Committed Construction Amount:	\$65,041,931 (unchanged since signing GMP)
	\$ 3,098,000 (Construction Contingency Committed)
Schedule Status:	Based on current schedule up-date we will reach Substantial Completion in late September with occupancy starting thereafter.

Source: Department of Engineering and Technical Services