

**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

Finance and Budget Committee

Tuesday, November 19, 2019

11:00 a.m.

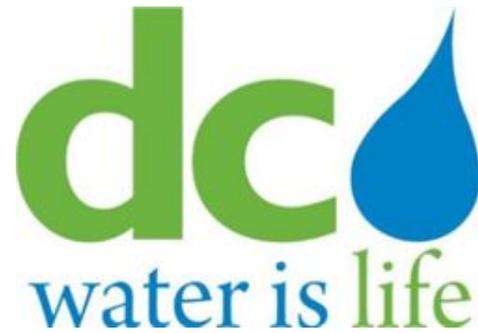
- 1. **Call to Order**..... David Franco, Vice Chairperson
- 2. **October 2019 Financial Report (Attachment 1)** Lola Oyeyemi
- 3. **Overview of Operating Budget Drivers (Attachment 2)** Lola Oyeyemi
- 4. **Capital Improvement Program Quarterly Update (Attachment 3)** Paul Guttridge
- 5. **Merchant Card Financial Analysis (Attachment 4)**..... Ivan Boykin
- 6. **Action Items** Matthew T. Brown
- 7. **Agenda for January 2020 Committee Meeting (Attachment 5)**..... David Franco
- 8. **Executive Session***
- 9. **Adjournment**

FOLLOW-UP ITEMS

Follow-up items from the Finance and Budget Committee meeting held on October 24, 2019.

- 1. Provide breakdown of how much credit card processing is being done by residential versus commercial. **(Mr. Franco) Status: See Attachment 4**
- 2. Provide the percentage of revenue that is being charged through various merchant methods. **(Mr. Franco) Status: See Attachment 4**
- 3. Provide the status of punch list for the HQO building. **(Mr. Giancola) Status: See Attachment 6**

* The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); contract negotiations under D.C. Official Code § 2-575(b)(2); legal, confidential or privileged matters under D.C. Official Code § 2-575(b)(4)(A); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2-575(b)(10); proprietary matters under D.C. Official Code § 2-575(b)(11); train and develop members of a public body and staff under D.C. Official Codes § 2-575(b)(12); decision in an adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14), and other matters provided in the Act.



Fiscal Year 2020

Monthly Financial Report

Period Ending October 31, 2019

DEPARTMENT OF FINANCE

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

Ivan Boykin, Director, Finance

Syed Khalil, Director, Rates & Revenue

Genes Malasy, Controller (Acting)

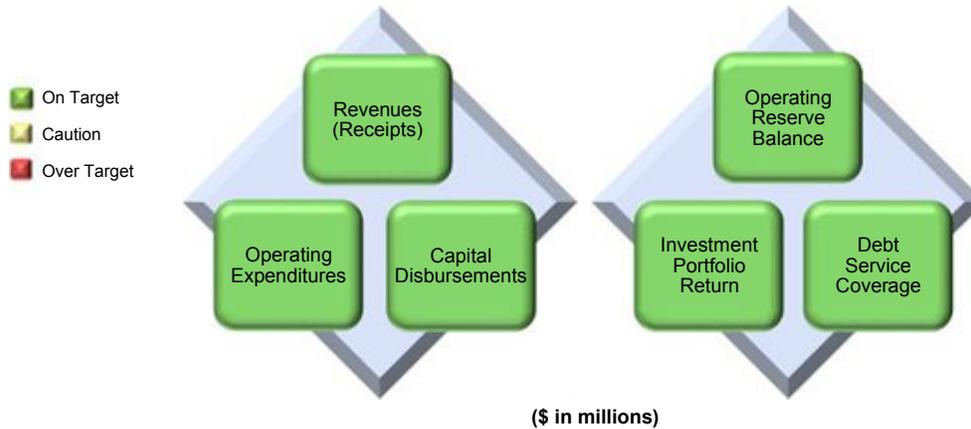
Lola Oyeyemi, Director, Budget

Monthly Financial Report

OCTOBER 2019

EXECUTIVE SUMMARY

The table below summarizes the first month of FY 2020 with approximately 8.3 percent of the fiscal year completed. At this early stage in the fiscal year, we are on track with budgetary expectations and targeted performance metrics.



	Budget	YTD Budget	Actual	Variance Favorable	Variance (Unfavorable)	Actual % Budget
Revenues (Receipts)	\$694.0	\$63.4	\$71.2	\$7.8	12.3%	10.3%
Expenditures	\$614.5	\$46.0	\$38.9	\$7.1	15.5%	6.3%
Capital Disbursements	\$425.2	\$31.8	\$24.1	\$7.8	24.4%	5.7%

Highlights:

- Proposed FY 2021 budget recommendations anticipated for Board review in January 2020
- Staff training for new Enterprise Resource Planning (ERP) system commenced on November 4, 2019 with project kick-off during November

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

Monthly Financial Report

Fiscal Year-to-Date
As of October 31, 2019

Operating Revenues (\$000's)

Category	A	B	C	D=C/A	E=C-B	F=E/B
	FY 2020 BUDGET	YTD BUDGET	ACTUAL	ACTUAL % of BUDGET	VARIANCE \$ Fav/(Unfav)	VARIANCE % Fav/(Unfav)
Res. / Comm. / Multi.	\$399,063	\$33,255	\$38,085	9.5%	\$4,829	14.5%
Federal	71,887	17,972	18,042	25.1%	71	0.4%
Municipal (DC Govt.)	17,585	1,465	1,753	10.0%	288	19.7%
DC Housing Authority	10,525	877	882	8.4%	5	0.6%
Metering Fee	10,776	1,029	1,161	10.8%	132	12.9%
Water System Replacement Fee (WSRF)	39,717	4,272	4,649	11.7%	377	8.8%
Wholesale	82,539	0	0	0.0%	0	0.0%
PILOT/ROW	22,113	2,276	2,671	12.1%	396	17.4%
All Other	39,774	2,271	3,956	9.9%	1,685	74.2%
TOTAL	\$693,979	\$63,416	\$71,201	10.3%	\$7,784	12.3%

VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At this early stage of FY 2020, cash receipts are within budget. At the end of October 2019, cash receipts totaled \$71.2 million, or 10.3 percent of the FY 2020 budget. Several categories of customers make payments on a quarterly basis, including the Federal Government (which made their first quarterly payment in October), and wholesale customers (scheduled to make their first quarter payment in November).

Residential, Commercial and Multi-Family – Receipts for this category are higher at \$38.1 million or 9.5 percent of the budget. The higher receipts are partly due to increased year-end billing of the unbilled accounts. The CRIAC receipts are also slightly higher than the budget.

Federal – Actual receipts through October 2019 totaled \$18.0 million or 25.1 percent of the budget. The Federal Government made their first quarter payment in October 2019.

District Government – Receipts are slightly higher at \$1.8 million, or 10.0 percent of the budget.

DC Housing – Receipts are on track at \$0.9 million or 8.4 percent of the budget.

Wholesale – The Wholesale customers are scheduled to make their first quarter payment in November 2019.

Other Revenue – Receipts are higher than budget at \$4.0 million or 9.9 percent of the budgeted category primarily due to (i) \$0.7 million higher Development Contractor Water and Sewer Service Fees as compared to budget and (ii) \$1.7 million payment received from the District Government for the fourth quarter 2019 short-payment of Fire Protection Service Fee that was due in August 2019.

Monthly Financial Report

Fiscal Year-to-Date
As of October 31, 2019

Operating Expenditures (\$000's)

Category	A FY 2020 BUDGET	B YTD BUDGET	C ACTUAL	D = C/A ACTUAL % of BUDGET	E = C-B VARIANCE \$ Fav/(Unfav)	F = E/B VARIANCE % Fav/(Unfav)
Personnel	\$170,680	\$13,911	\$12,184	7.1%	\$1,727	12.4%
Contractual Services	81,886	5,498	5,162	6.3%	336	6.1%
Water Purchases	34,929	2,781	2,672	7.6%	109	3.9%
Supplies & Chemicals	33,158	2,620	2,312	7.0%	308	11.7%
Utilities	26,953	2,012	2,036	7.6%	(23)	(1.2%)
Small Equipment	989	18	12	1.2%	6	34.5%
SUBTOTAL O&M	\$348,595	\$26,840	\$24,378	7.0%	\$2,462	9.2%
Debt Service	215,340	17,283	12,644	5.9%	4,639	26.8%
PILOT/ROW	22,034	1,836	1,836	8.3%	0	0.0%
Cash Financed Capital Improvements	28,556	0	0	0.0%	0	0.0%
TOTAL OPERATING	\$614,525	\$45,959	\$38,858	6.3%	\$7,102	15.5%
Capital Labor	(22,748)	(1,507)	(1,934)	8.5%	426	(28.3%)
TOTAL NET OPERATING	\$591,777	\$44,452	\$36,924	6.2%	\$7,528	16.9%

VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

Total operating expenditures for this period (including debt service and the Right-of-Way & PILOT fees) totaled \$38.9 million or 6.3 percent of the FY 2020 Board-approved budget of \$614.5 million.

These numbers include estimated incurred but unpaid invoices and are subject to revision in subsequent months. The FY 2019 close-out process continues, which entails finalizing a number of GAAP-related accruals.

A total of 1103 positions were filled at the end of October with overall vacancy rate of 10 percent.

Monthly Financial Report

Fiscal Year-to-Date
As of October 31, 2019

Capital Disbursements (\$000's)

Service Area	A AMENDED FY 2020 BUDGET	B YTD BUDGET	C ACTUAL	D = C/A ACTUAL % BUDGET	E = B - C VARIANCE \$ Fav/(Unfav)	F = E/B VARIANCE % Fav/(Unfav)
Non Process Facilities	\$36,002	\$1,687	\$4,167	11.6%	(\$2,480)	(147.0%)
Wastewater Treatment	66,620	6,782	2,492	3.7%	4,290	63.3%
Combined Sewer Overflow	151,427	6,966	4,343	2.9%	2,622	37.6%
Stormwater	8,571	115	522	6.1%	(407)	(353.0%)
Sanitary Sewer	43,646	4,927	3,147	7.2%	1,780	36.1%
Water	71,720	5,569	5,852	8.2%	(282)	(5.1%)
SUBTOTAL: CAPITAL PROJECTS	\$377,987	\$26,046	\$20,523	5.4%	\$5,523	21.2%
Capital Equipment	31,703	5,802	3,548	11.2%	2,254	38.8%
Washington Aqueduct	15,532	-	-	0.0%	-	0.0%
SUBTOTAL: ADD'L CAPITAL PROGRAMS	\$47,235	\$5,802	3,548	7.5%	\$2,254	38.8%
TOTAL	\$425,222	\$31,848	\$24,072	5.7%	\$7,776	24.4%

VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of October 2019, capital disbursements are \$24.1 million or 5.7 percent of the FY 2020 approved budget, which is subject to revision as part of the FY 2021 budget process.

Project performance will be reviewed in detail as part of the quarterly CIP update by the Department of Engineering & Technical Services to the Environmental Quality & Operations and Finance & Budget Committees in November 2019.

Monthly Financial Report

Fiscal Year-to-Date
As of October 31, 2019

Cash Investments (\$ in millions)

Cash Balances

Rate Stabilization Fund Balance	61.45
DC Insurance Reserve Balance	1.00

<i>Operating Reserve Accounts</i>	
Renewal & Replacement Balance	35.00
O & M Reserve per Indenture	54.14
Undesignated Reserve Balance	36.36
O & M Reserve per Board Policy	125.50
Excess Above O & M Reserve	39.50
Management O & M Reserve Policy	165.00
Project Billing Refunds	15.00
Excess Revenue	10.80
Operating Reserve Accounts	190.80

Operating Cash Balance Including RSF	253.25
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<i>Additional Reserve Accounts</i>	
Unrestricted	
Bond Fund - Construction 2016B	0.88
Bond Fund - Construction 2018A	26.77
Bond Fund - Construction 2018B	40.50
Unrestricted Total	68.15

Restricted	
Debt Service Reserve - Series 1998	19.94
District Funds	2.80
DC Water - CAP2	5.76
DOEE - CAP3	0.15
DOEE - Non-Profit	3.35
Developer Deposits	0.50
Restricted Total	32.50

Total All Funds	353.90
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OVERALL PORTFOLIO PERFORMANCE

- The operating reserve balance was \$190.8 million as compared to the operating reserve level of \$140.0 million for FY 2019
- Average cash balance for the month of October was \$190.8 million
- Total investment portfolio was in compliance with the Authority's Investment Policy
- Operating funds interest income for October (on a cash basis) was \$329,392
- A detailed investment performance report is attached

Monthly Financial Report

Fiscal Year-to-Date
As of October 31, 2019

Cash Flow Summary (\$000's)

	Annual Budget Cash Basis	YTD Cash Budget	YTD Actual Cash Oct. 1, 2019 - Oct. 31, 2019	Variance Favorable (Unfavorable)	
OPERATING BUDGET					
Cash Provided					
Retail	\$549,553	\$58,870	\$64,573	\$5,703	10%
Wholesale	82,539				0%
Other	61,316	4,498	6,627	2,129	47%
Total Cash Provided	693,409	63,368	71,200	7,832	12%
Operating Cash Used					
Personnel Services	147,932	12,328	15,018	(2,691)	-22%
Contractual Services	81,886	6,824	7,188	(365)	-5%
Chemicals & Supplies	33,158	2,763	3,519	(756)	-27%
Utilities	26,953	2,246	1,872	374	17%
Water Purchases	34,929	2,911	3,171	(260)	-9%
Small Equipment	989	82	311	(229)	-277%
Total Operating Cash Used	325,847	27,154	31,080	(3,926)	-14%
Defeasance D.S./Cash Financed Capital Construction	28,556	2,380	0	2,380	100%
Other Cash Used					
Debt Service	215,340	17,945	12,644	5,301	30%
Payment In Lieu of Taxes/Right of Way	22,034	1,836		1,836	100%
Total Other Cash Used	237,374	19,781	12,644	7,137	36%
Total Cash Used	591,776	49,315	43,724	5,591	11%
Net Cash Provided (Used) by Operating Act.	101,632	8,469	27,477	19,007	
CAPITAL BUDGET					
Cash Provided					
Debt Proceeds	207,075	17,256	(87)	(17,343)	-101%
EPA Grants	38,990	3,249	867	(2,382)	-73%
CSO Grants					0%
System Availability Fee	5,775	481		(481)	-100%
Cash Financed Capital Improvements	0				0%
Interest Income	3,658	305	87	(218)	-72%
Wholesale Capital Contributions	67,321	5,610		(5,610)	-100%
Total Cash Provided	322,819	26,902	867	(26,035)	-97%
Cash Used					
DC Water Capital Program	409,690	34,141	24,072	10,069	29%
Washington Aqueduct Projects	15,532	1,294		1,294	100%
Total Cash Used	425,222	35,435	24,072	11,364	32%
Net Cash/PAYGO Provided (Used) by Cap. Act.	(\$102,403)	(\$8,534)	(\$23,205)	(\$14,671)	
Beginning Balance, October 1 (Net of Rate Stab. Fund) Projected					
Plus (Less) Operating Surplus	101,632	8,469	27,477		
Wholesale Customer Refunds from Prior Years	(3,448)	(287)	(800)		
DC Fleet Payment					
Interest Earned From Bond Reserve	570	47			
Transfer to Rate Stabilization Fund					
Transfer to CAP Fund					
Transfer from CAP Fund			231		
Prior Year Federal Billing Reconciliation	1,317	110	329		
Project Billing Refunds	(4,000)	(333)			
Cash Used for Capital	(102,403)	(8,534)	(23,205)		
Balance Attributable to O&M Reserve	\$180,432		\$190,797		
OTHER CASH RESERVES					
Current Balance					
Rate Stabilization Fund			\$61,450		
DC Insurance Reserve			1,000		
Unrestricted Reserves			68,155		
Restricted Reserves			32,496		

APPENDIX

Operating Revenues Detail..... 9
Retail Accounts Receivable 10
Investment Report 11

Monthly Financial Report

Fiscal Year-to-Date
As of October 31, 2019

Operating Revenues Detail

(\$ in millions)

Revenue Category	FY 2020 Budget	YTD Budget	Actual	Variance		Actual % of Budget
				Favorable / (Unfavorable)		
Residential, Commercial, and Multi-family	\$399.1	\$33.3	\$38.1	\$4.8	14.5%	9.5%
Federal	71.9	18.0	18.0	0.1	0.4%	25.1%
District Government	17.6	1.5	1.8	0.3	19.7%	10.0%
DC Housing Authority	10.5	0.9	0.9	0.0	0.6%	8.4%
Customer Metering Fee	10.8	1.0	1.2	0.1	12.9%	10.8%
Water System Replacement Fee (WSRF)	39.7	4.3	4.6	0.4	8.8%	11.7%
Wholesale	82.5	0.0	0.0	0.0	0.0%	0.0%
Right-of-Way Fee/PILOT	22.1	2.3	2.7	0.4	17.4%	12.1%
Subtotal (before Other Revenues)	\$654.2	\$61.1	\$67.2	\$6.1	10.0%	10.3%
Other Revenue without RSF						
IMA Indirect Cost Reimb. For Capital Projects	4.6	0.4	0.0	(0.4)	-100.0%	0.0%
DC Fire Protection Fee	12.5	0.0	1.7	1.7	0.0%	13.6%
Stormwater (MS4)	1.0	0.1	0.0	(0.1)	-100.0%	2.9%
Interest	4.0	0.3	0.4	0.1	33.3%	10.0%
Developer Fees (Water & Sewer)	6.0	0.5	1.2	0.7	140.0%	20.0%
Transfer From Rates Stabilization	0.0	0.0	0.0	0.0	0.0%	0.0%
System Availability Fee (SAF)	5.8	0.5	0.1	(0.4)	-80.0%	1.7%
Others	5.9	0.5	0.6	0.1	20.0%	10.2%
Subtotal	\$39.8	\$2.3	\$4.0	\$1.7	74.2%	9.9%
Rate Stabilization Fund Transfer	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	0.0%
Other Revenue Subtotal	\$39.8	\$2.3	\$4.0	\$1.7	74.2%	9.9%
Grand Total	\$694.0	\$63.4	\$71.2	\$7.8	12.3%	10.3%

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

Customer Category	Water	Sewer	Clean Rivers			WSRF	Total
			IAC	Metering Fee			
Residential	\$3,334	\$5,259	\$2,853	\$434	\$775	\$12,655	
Commercial	6,285	7,065	3,725	332	1,556	18,963	
Multi-family	3,266	5,023	1,275	151	673	10,388	
Federal	5,642	6,414	5,987	196	1,443	19,682	
District Govt	410	555	788	36	165	1,954	
DC Housing Authority	308	457	118	12	37	931	
Total:	\$19,245	\$24,773	\$14,745	\$1,161	\$4,649	\$64,573	

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

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

Customer Category	FY2020 Budget	Year-To-Date Budget	Actual Received	Variance		Actual % of Budget
				Favorable / <Unfavorable>	Variance % of YTD Budget	
Residential	31,594	31,594	32,446	852	3%	103%
Commercial	35,847	35,847	39,135	3,288	9%	109%
Multi-family	13,567	13,567	14,064	497	4%	104%
Federal	25,529	25,529	25,529	0	0%	100%
District Govt	8,888	8,888	9,571	683	8%	108%
DC Housing Authority	1,520	1,520	1,444	(76)	-5%	95%
Total:	116,945	116,945	122,188	5,243	4%	104%

Monthly Financial Report

Fiscal Year-to-Date
As of October 31, 2019

Retail Accounts Receivable (Delinquent Accounts)

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

Greater Than 90 Days by Month

	\$ in millions	# of accounts
September 30, 2012	\$5.5	13,063
September 30, 2013	\$4.9	11,920
September 30, 2014	\$5.3	12,442
September 30, 2015	\$6.5	11,981
September 30, 2016	\$7.7	12,406
September 30, 2017	\$8.4	11,526
September 30, 2018	\$13.4	16,273
September 30, 2019	\$10.6	8,744
October 31, 2019	\$11.0	8,985

Notes: The increase in the accounts receivable over 90 days is due to the temporary suspension of collections procedures because of the new billing system VertexOne, which was implemented in December 2017.

Greater Than 90 Days by Customer

	Number of Accounts			Month of Oct (All Categories)				Total Delinquent				
	W & S a/c	Impervious Only a/c	Total No. of a/c	Active		Inactive		September		October		
				No. of a/c	Amount (\$)	No. of a/c	Amount (\$)	No. of a/c	Amount (\$)	No. of a/c	Amount (\$)	%
Commercial	9,005	2,407	11,412	818	\$3,320,873	31	\$125,699	886	\$3,340,990	849	\$3,446,572	31%
Multi-family	8,377	359	8,736	755	\$3,700,407	14	\$75,929	772	\$3,537,791	769	\$3,776,336	34%
Single-Family Residential	106,136	2,783	108,919	7,272	\$3,707,878	95	\$79,481	7,086	\$3,756,655	7,367	\$3,787,359	34%
Total	123,518	5,549	129,067	8,845	\$10,729,157	140	\$281,109	8,744	\$10,635,436	8,985	\$11,010,267	100%

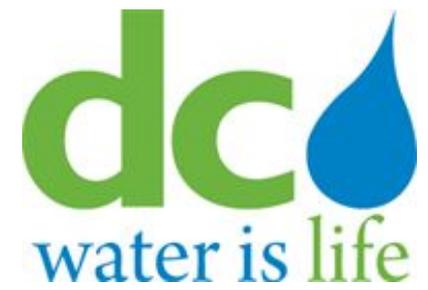
Notes: Included in the above \$11.0M (or 8,985 accounts) of the DC Water over 90 days delinquent accounts, \$4,154,634.82 (or 1,524 accounts) represents Impervious only accounts over 90 days delinquent.

-Reportable delinquencies do not include balances associated with a long standing dispute between DC Water and a large commercial customer.



DC Water

Investment Performance Report – October 2019



**DC Water
Finance Division
Economic Update**

ECONOMIC COMMENTARY

- U.S. Gross Domestic Product (“GDP”) increased at an annual rate of 1.9% according to the Bureau of Economic Analysis’ first estimate for the third quarter of 2019. The first estimate of economic activity was moderate and a decrease from the first half of the year’s GDP growth of 3.1% and 2.0%. Personal Consumption and government expenditures were the main drivers of economic activity.
- The U.S. Department of Labor reported 128,000 jobs were added in October which was above market expectations. However, a declining twelve-month moving average continues showcase a slowing job growth. According to the Bureau of Labor Statistics, the unemployment rate reached 3.6%, near all-time lows.
- At the Federal Open Market Committee’s (“FOMC’s”) October meeting, Federal Reserve Chairman Jerome Powell reported continued moderate growth and strong labor market dynamics, favoring a fundamentally healthy outlook. Although uncertainties around trade tensions and slowing global growth remain, the FOMC stated it will assess “the appropriate path of the target range for the federal funds rate” as more data becomes available. Met with much investor anticipation, the FOMC decreased the federal funds target rate at 1.50% -1.75%.
- Long term U.S. Treasury yields rose slightly while short-term yields fell heavily over the month as the Federal Reserve telegraphed its third rate cut in more than decade. The yield curve has begun to normalize from its inversion with maturities between 2 and 5-years yielding the same income and those longer out the curve delivering more income.

PORTFOLIO RECAP

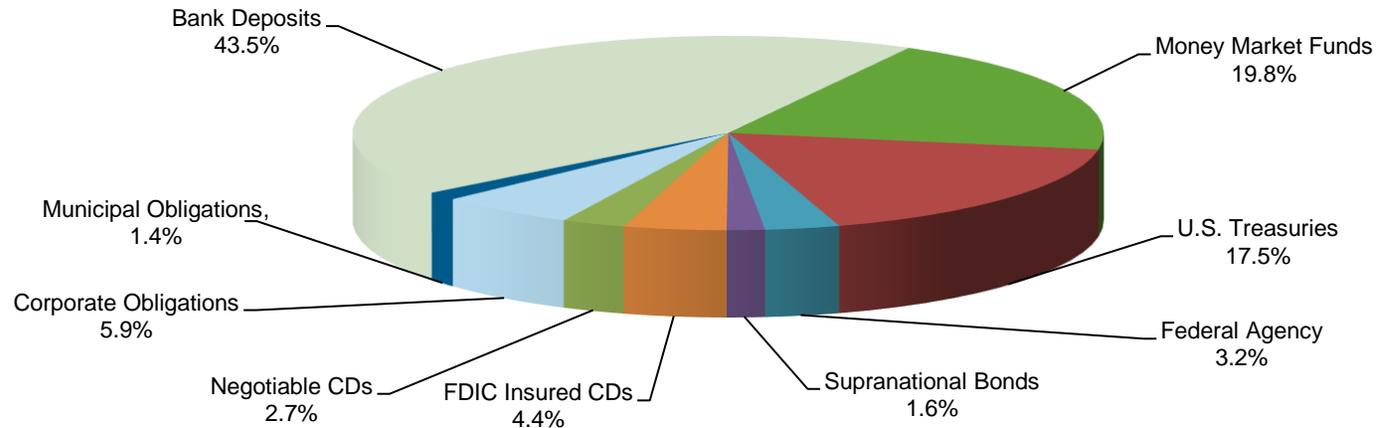
- The portfolio is diversified among Bank Deposits, U.S. Treasuries, Federal Agencies, Supranational Bonds, Negotiable CDs, Corporate Notes/Bonds, Municipal Bonds, FDIC Insured CDs, and SEC registered money market funds.
- The overall yield-to-maturity on cost of the portfolio is 1.77%.

Operating Reserve

- The investment advisor (PFMAM) purchased \$3.9 million of U.S. Treasury notes at a yield of 2.00%.
- PFMAM purchased \$0.8 million of municipal obligations with an weighted average yield of 1.69%.
- PFMAM purchased \$3.0 million of corporate notes with an weighted average yield of 1.98%.
- The Authority purchased \$5.1 million of a 1-year Industrial Bank CDAR.



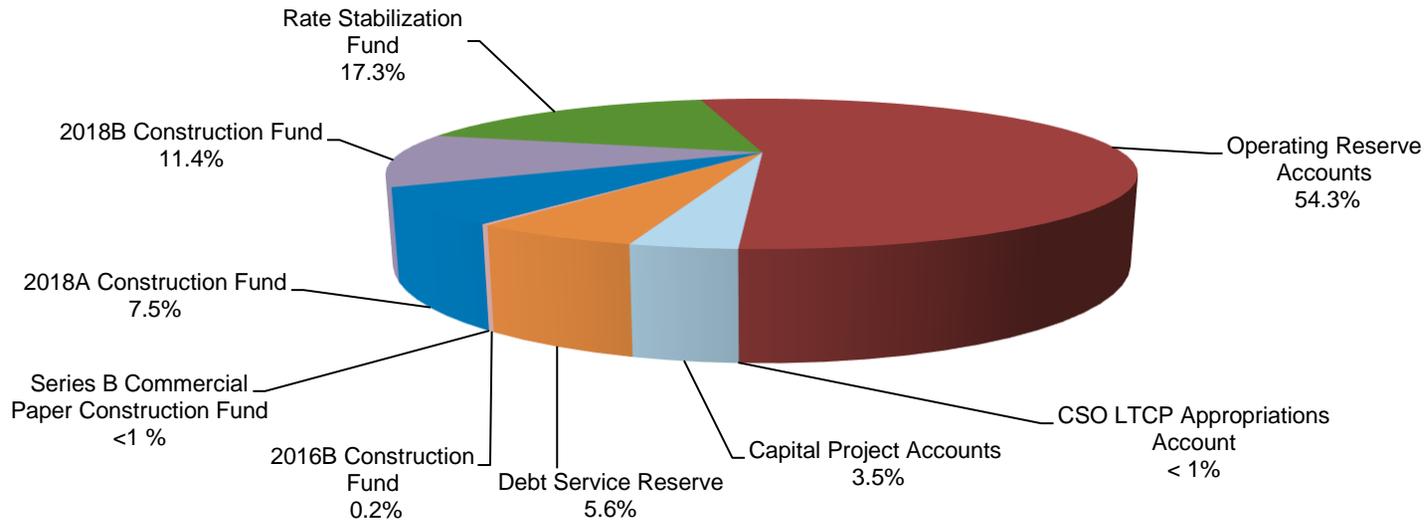
**DC Water
Finance Division
Investments - By Security Type
As of October 31, 2019**



Security Type	Book Value + Accrued Interest	Asset Allocation	Permitted By Policy
Bank Deposits	154,508,974	43.5%	100.0%
Money Market Funds	70,090,562	19.8%	100.0%
U.S. Treasuries	62,043,367	17.5%	100.0%
Federal Agency	11,384,235	3.2%	80.0%
Supranational Bonds	5,763,425	1.6%	30.0%
Commercial Paper	-	0.0%	35.0%
FDIC Insured CDs	15,618,284	4.4%	30.0%
Negotiable CDs	9,667,783	2.7%	30.0%
Corporate Obligations	20,824,555	5.9%	30.0%
Municipal Obligations	4,897,916	1.4%	20.0%
Total	\$ 354,799,101	100.0%	



**DC Water
Finance Division
Investment Analysis – By Fund
As of October 31, 2019**



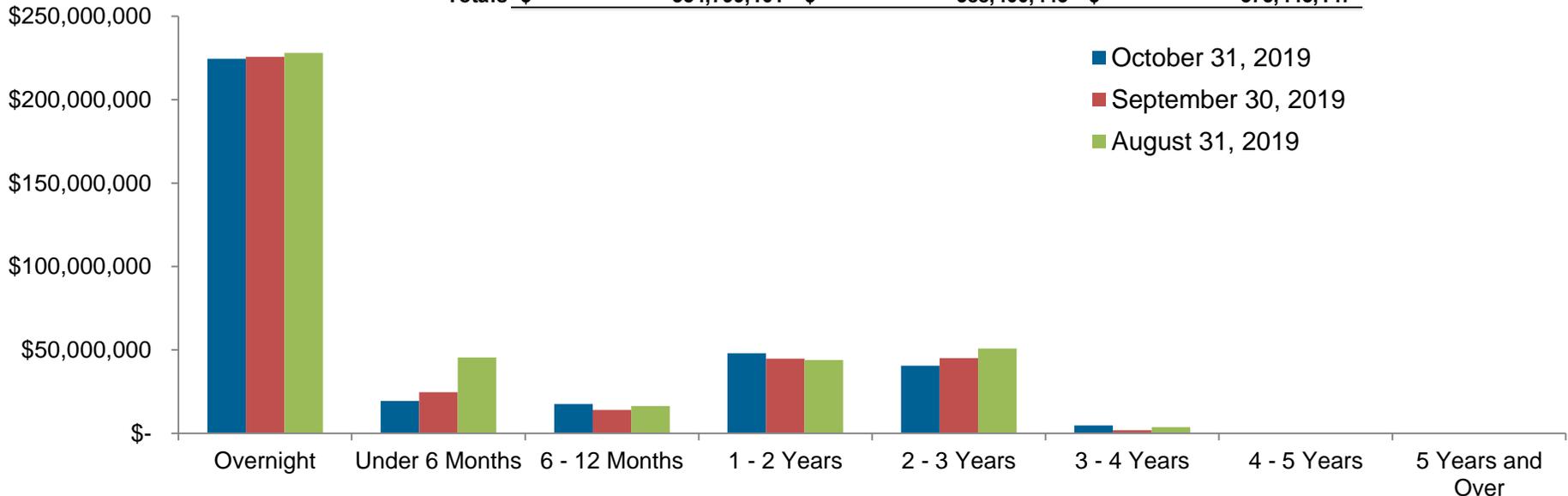
Fund Name	Book Value + Accrued Interest	Yield-to- Maturity at Cost	Effective Duration (years)	Weighted Average Maturity (days)
Rate Stabilization Fund	\$ 61,450,000	1.90%	0.00	1.0
Operating Reserve Accounts	\$ 192,584,992	1.74%	0.96	363.3
CSO LTCP Appropriations Account	\$ 12,843	2.05%	0.00	1.0
Capital Project Accounts	\$ 12,559,501	0.90%	0.00	1.0
Debt Service Reserve	\$ 20,035,862	2.44%	1.00	372.4
Series B Commercial Paper Construction Fund	\$ 1,132	2.19%	0.00	1.0
2016B Construction Fund	\$ 881,866	1.65%	0.00	1.0
2018A Construction Fund	\$ 26,774,063	1.65%	0.00	1.0
2018B Construction Fund	\$ 40,498,840	1.65%	0.00	1.0
Total	\$ 354,799,101	1.77%	0.58	218.7

Investment Performance Report – October 2019



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

Maturity Distribution	October 31, 2019	September 30, 2019	August 31, 2019
Overnight \$	224,599,536.18 \$	225,717,865.31 \$	228,089,098.28
Under 6 Months	19,392,731.32	24,665,380.77	45,455,312.58
6 - 12 Months	17,572,572.20	14,004,745.92	16,398,131.76
1 - 2 Years	47,971,780.89	44,792,242.81	43,984,697.40
2 - 3 Years	40,510,709.20	45,100,734.40	50,833,572.64
3 - 4 Years	4,751,771.59	1,830,732.83	3,639,630.60
4 - 5 Years	-	-	-
5 Years and Over	-	-	-
Totals \$	354,799,101 \$	388,400,443 \$	375,445,147





**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		154,508,974.02	43.5%	100.0%	Yes
Sub-Total Bank Deposits		154,508,974.02	43.5%	100.0%	Yes
Money Market Mutual Funds					
Wells Fargo Treasury Plus MMF	AAAm	69,452,569.45	19.6%	50.0%	Yes
Wells Fargo Government MMF	AAAm	636,860.67	0.2%	50.0%	Yes
First American Treasury	AAAm	1,132.04	0.0%	50.0%	Yes
Sub-Total Money Market Mutual Funds		70,090,562.16	19.8%	100.0%	Yes
U.S. Treasuries					
Treasury Note	AA+ / Aaa	62,043,367.33	17.5%	100.0%	Yes
Sub-Total Treasuries		62,043,367.33	17.5%	100.0%	Yes
Federal Agencies					
Fannie Mae	AA+ / Aaa	5,056,254.83	1.4%	40.0%	Yes
Federal Home Loan Bank	AA+ / Aaa	6,327,980.37	1.8%	40.0%	Yes
Sub-Total Federal Agencies		11,384,235.20	3.2%	80.0%	Yes
Supranational Bonds					
African Development Bank	AAA / Aaa	801,884.78	0.2%	5.0%	Yes
Asian Development Bank	AAA / Aaa	704,108.47	0.2%	5.0%	Yes
Inter-American Development Bank	AAA / Aaa	1,059,764.11	0.3%	5.0%	Yes
International Bank for Reconstruction and Development	AAA / Aaa	2,269,470.23	0.6%	5.0%	Yes
International Finance Corporation Note	AAA / Aaa	928,197.12	0.3%	5.0%	Yes
Sub-Total Supranational Bonds		5,763,424.71	1.6%	30.0%	Yes
FDIC Insured Certificates of Deposit					
CDARS - Placed by Industrial Bank	NR / NR	15,618,284.13	4.4%	5.0%	Yes
Sub-Total FDIC-Insured Certificates of Deposit		15,618,284.13	4.4%	30.0%	Yes

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**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					
Bank of Montreal Chicago	A-1 / P-1	932,212.94	0.3%	5.0%	Yes
Bank of Nova Scotia Houston	A-1 / P-1	936,446.99	0.3%	5.0%	Yes
Canadian Imperial Bank NY	A-1 / P-1	1,402,061.46	0.4%	5.0%	Yes
HSBC Bank USA	A-1+ / P-1	939,638.13	0.3%	5.0%	Yes
Nordea Bank AB NY	AA- / Aa3	1,454,768.89	0.4%	5.0%	Yes
Royal Bank of Canada NY	AA- / Aa2	709,072.00	0.2%	5.0%	Yes
Skandinaviska Enskilda Bank	A+ / Aa2	1,454,420.08	0.4%	5.0%	Yes
Swedbank NY	AA- / Aa2	934,857.16	0.3%	5.0%	Yes
Westpac Banking Corp NY	A-1+ / P-1	904,305.00	0.3%	5.0%	Yes
Sub-Total Negotiable Certificates of Deposit		9,667,782.65	2.7%	30.0%	Yes
Corporate Obligations					
US Bank Cincinnati	A+ / A1	983,442.23	0.3%	5.0%	Yes
Visa	AA- / Aa3	917,156.12	0.3%	5.0%	Yes
Wal-Mart Stores Inc.	AA / Aa2	581,371.91	0.2%	5.0%	Yes
Westpac Banking	AA- / Aa3	931,661.99	0.3%	5.0%	Yes
Sub-Total Corporate Obligations		20,824,555.10	5.9%	30.0%	Yes
Municipal Obligations					
California State	AA- / Aa2	1,077,523.63	0.3%	5.0%	Yes
Honolulu, Hawaii	NR / Aa1	391,318.74	0.1%	5.0%	Yes
NYC Transitional Finance Authority	AAA / Aa1	1,483,177.25	0.4%	5.0%	Yes
New York State	NR / Aa1	391,544.83	0.1%	5.0%	Yes
San Jose, California	AA+ / Aa1	439,278.47	0.1%	5.0%	Yes
New York City, New York	AA / Aa1	770,324.36	0.2%	5.0%	Yes
University of California	AA / Aa2	344,748.80	0.1%	5.0%	Yes
Sub-Total Municipal Obligations		4,897,916.08	1.4%	20.0%	Yes
Grand Total		\$ 354,799,101.38	100.0%		

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**DC Water
Finance Division
Book Value Performance
As of October 31, 2019**

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

	Trailing 1 Month		Trailing 3 Months		Trailing 6 Months		Trailing 12 Months	Trailing 24 Months
	Periodic	Annualized	Periodic	Annualized	Periodic	Annualized		
Rate Stabilization Fund	0.17%	2.07%	0.54%	2.14%	1.04%	2.07%	2.03%	1.65%
Operating Reserve Accounts	0.64%	7.85%	1.04%	4.19%	1.54%	3.09%	2.32%	1.97%
Debt Service Reserve	0.17%	1.99%	0.58%	2.31%	1.21%	2.42%	2.34%	1.97%
2018A Construction Fund	0.18%	2.15%	0.49%	1.95%	1.03%	4.15%	2.08%	n/a
2018B Construction Fund	0.08%	0.93%	0.43%	1.71%	1.01%	4.06%	2.19%	n/a
Short-Term	0.13%	1.54%	0.42%	1.66%	0.91%	1.82%	1.92%	1.77%
ICE BoAML 3-Month Treasury Index (Book Value) ¹	0.13%	1.56%	0.45%	1.79%	0.99%	1.98%	2.19%	2.07%
Core (1+ Years)	0.21%	2.42%	0.62%	2.49%	1.25%	2.50%	2.46%	2.25%
ICE BoAML 1-3 Year Treasury Index (Book Value) ²	0.13%	1.57%	0.41%	1.62%	0.89%	1.77%	2.14%	2.37%

- (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		11/1/2019		1.90%	\$ 61,450,000	\$ 61,450,000	\$ 61,450,000	\$ 61,450,000.00
Operating Reserve Accounts										
TD BANK BANK DEPOSIT		\$ 79,486,630		11/1/2019		0.90%	\$ 79,486,630	\$ 79,486,630	\$ 79,486,630	
DC RESERVES TD BANK DEPOSIT		1,000,000		11/1/2019		2.05%	1,000,000	1,000,000	1,000,000	
WELLS FARGO GOVERNMENT MMF		636,861		11/1/2019		1.69%	636,861	636,861	636,861	
INDUSTRIAL BANK CDARS		5,110,912	1.500	11/7/2019	11/8/2018	1.49%	5,110,912	5,186,386	5,186,386	
INDUSTRIAL BANK CDARS		2,640,952	2.000	1/16/2020	1/17/2019	1.99%	2,640,952	2,682,958	2,682,958	
INDUSTRIAL BANK CDARS		2,599,667	2.000	1/16/2020	1/17/2019	1.99%	2,599,667	2,641,016	2,641,016	
CANADIAN IMP BK COMM NY FLT CERT DEPOS	13606BVF0	1,400,000	2.410	4/10/2020	4/10/2018	2.78%	1,400,000	1,404,301	1,402,061	
NYC TRANS FIN AUTH, NY TXBL REV BONDS	64971W5W6	540,000	1.960	5/1/2020	6/29/2017	1.96%	540,000	545,967	545,292	
BANK OF NOVA SCOTIA HOUSTON CD	06417GU22	925,000	3.080	6/5/2020	6/7/2018	3.10%	924,649	944,650	936,447	
BANK OF MONTREAL CHICAGO CERT DEPOS	06370REU9	925,000	3.190	8/3/2020	8/3/2018	3.23%	925,000	940,678	932,213	
WESTPAC BANKING CORP NY CD	96121T4A3	900,000	2.050	8/3/2020	8/7/2017	2.05%	900,000	907,335	904,305	
INTL BANK OF RECONSTRUCTION AND DEV NOTE	45905UP32	925,000	1.561	9/12/2020	9/19/2017	1.64%	922,780	926,814	926,311	
FHLB NOTES	3130ACE26	965,000	1.375	9/28/2020	9/8/2017	1.48%	961,902	963,956	965,280	
HSBC BANK USA NA CERT DEPOS	40435RCN9	925,000	2.700	10/2/2020	4/4/2019	2.70%	925,000	945,759	939,638	
INDUSTRIAL BANK CDARS		5,103,271	1.500	10/8/2020	10/10/2019	1.49%	5,103,271	5,107,924	5,107,924	
FANNIE MAE NOTES	3135G0U84	1,850,000	2.875	10/30/2020	11/6/2018	2.95%	1,847,373	1,872,659	1,848,810	
US TREASURY NOTES	912828L99	200,000	1.375	10/31/2020	10/17/2017	1.71%	198,031	199,531	199,350	
SWEDBANK (NEW YORK) CERT DEPOS	87019U6D6	925,000	2.270	11/16/2020	11/17/2017	2.30%	925,000	937,393	934,857	
US TREASURY NOTES	912828M98	3,000,000	1.625	11/30/2020	11/3/2017	1.77%	2,986,992	3,020,863	3,015,871	
US TREASURY NOTES	912828N48	1,975,000	1.750	12/31/2020	12/5/2017	1.91%	1,965,588	1,989,500	1,983,022	
US TREASURY NOTES	912828N48	975,000	1.750	12/31/2020	12/6/2017	1.96%	968,830	982,158	978,370	
ASIAN DEVELOPMENT BANK NOTE	045167EF6	700,000	2.250	1/20/2021	1/19/2018	2.29%	699,251	709,091	704,108	
US TREASURY NOTES	912828N89	1,750,000	1.375	1/31/2021	1/4/2018	2.05%	1,715,000	1,751,433	1,741,622	
US TREASURY NOTES	912828N89	800,000	1.375	1/31/2021	1/4/2018	2.08%	783,188	800,655	795,832	
US TREASURY NOTES	912828P87	1,100,000	1.125	2/28/2021	2/16/2018	2.42%	1,058,707	1,095,404	1,083,645	
INTERNATIONAL FINANCE CORPORATION NOTE	45950VLQ7	925,000	2.635	3/9/2021	3/16/2018	2.66%	924,306	936,561	928,197	
NY ST DORM AUTH PITS TXBL REV BONDS	64990FJN5	390,000	3.100	3/15/2021	12/21/2018	3.10%	390,000	399,134	391,545	
AFRICAN DEVELOPMENT BANK NOTE	00828ECZ0	800,000	2.625	3/22/2021	3/22/2018	2.66%	799,176	812,555	801,885	
CA ST TXBL GO BONDS	13063DGA0	1,075,000	2.800	4/1/2021	4/25/2018	2.80%	1,075,043	1,092,365	1,077,524	
TOYOTA MOTOR CREDIT CORP	89236TCZ6	475,000	1.900	4/8/2021	3/6/2018	2.82%	462,223	476,626	469,502	
TOYOTA MOTOR CREDIT CORP NOTES	89236TEU5	290,000	2.950	4/13/2021	4/13/2018	2.96%	289,884	294,976	290,370	
TOYOTA MOTOR CREDIT CORP NOTES	89236TEU5	160,000	2.950	4/13/2021	4/13/2018	2.93%	160,082	162,745	160,276	
BANK OF NEW YORK MELLON CORP (CALLABLE)	06406FAA1	515,000	2.500	4/15/2021	2/16/2018	2.93%	508,300	520,280	512,419	
BANK OF NEW YORK MELLON CORP (CALLABLE)	06406FAA1	410,000	2.500	4/15/2021	2/16/2018	2.99%	404,022	414,204	407,640	
INTER-AMERICAN DEVELOPMENT BANK NOTE	4581X0DB1	1,060,000	2.625	4/19/2021	4/19/2018	2.70%	1,057,668	1,075,067	1,059,764	
ROYAL BANK OF CANADA CORP NOTES	78013XKG2	870,000	3.200	4/30/2021	4/30/2018	3.23%	869,382	887,141	869,762	
US TREASURY NOTES	9128284P2	1,900,000	2.625	5/15/2021	2/11/2019	2.45%	1,907,348	1,952,728	1,928,116	
UNIV OF CAL TXBL REV BONDS	91412HBBH5	340,000	3.029	5/15/2021	6/5/2018	3.03%	340,000	351,467	344,749	
US TREASURY NOTES	912828WN6	975,000	2.000	5/31/2021	6/6/2018	2.62%	957,671	989,337	973,868	
ROYAL BANK OF CANADA NY CD	78012UEE1	700,000	3.240	6/7/2021	6/8/2018	3.24%	700,000	725,623	709,072	
TORONTO DOMINION BANK CORP NOTES	89114QBZ0	925,000	3.250	6/11/2021	6/12/2018	3.27%	924,584	957,642	936,462	

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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										
TOTAL CAPITAL INTL SA CORP NOTE	89153VAP4	475,000	2.750	6/19/2021	7/10/2019	2.24%	479,536	486,840	483,620	
FANNIE MAE NOTES	3135G0U35	1,320,000	2.750	6/22/2021	6/25/2018	2.76%	1,319,696	1,357,542	1,332,837	
WAL-MART STORES INC CORP NOTES	931142EJ8	575,000	3.125	6/23/2021	6/27/2018	3.13%	574,971	594,744	581,372	
INTL BANK OF RECONSTRUCTION AND DEV NOTE	459058GH0	1,335,000	2.750	7/23/2021	7/25/2018	2.83%	1,331,876	1,370,559	1,343,160	
US TREASURY NOTES	9128284W7	3,500,000	2.750	8/15/2021	9/7/2018	2.72%	3,502,871	3,592,179	3,522,197	
US TREASURY NOTES	9128284W7	1,100,000	2.750	8/15/2021	9/28/2018	2.91%	1,095,316	1,128,970	1,103,473	
US TREASURY NOTES	9128284W7	450,000	2.750	8/15/2021	10/4/2018	2.89%	448,295	461,852	451,548	
US TREASURY NOTES	9128284W7	425,000	2.750	8/15/2021	10/11/2018	2.97%	422,443	436,193	425,852	
US TREASURY NOTES	912828RC6	2,850,000	2.125	8/15/2021	10/4/2019	1.42%	2,886,850	2,890,111	2,898,202	
3M COMPANY	88579YBA8	340,000	3.000	9/14/2021	9/14/2018	3.07%	339,303	348,166	340,890	
PFIZER INC CORP NOTE	717081EM1	575,000	3.000	9/15/2021	9/7/2018	3.05%	574,224	590,788	576,713	
NYC, NY TXBL GO BONDS	64966QED8	385,000	1.680	10/1/2021	10/22/2019	1.68%	385,000	384,430	385,162	
FEDERAL HOME LOAN BANKS NOTES	3130AF5B9	1,850,000	3.000	10/12/2021	11/6/2018	3.02%	1,848,927	1,903,292	1,852,223	
FEDERAL HOME LOAN BANKS NOTES	3130AF5B9	1,575,000	3.000	10/12/2021	12/12/2018	2.85%	1,581,395	1,620,370	1,581,968	
UNITED STATES TREASURY NOTES	9128285F3	1,000,000	2.875	10/15/2021	12/12/2018	2.77%	1,002,852	1,026,491	1,003,335	
FANNIE MAE NOTES	3135G0U92	935,000	2.625	1/11/2022	1/11/2019	2.65%	934,327	963,732	942,002	
FANNIE MAE NOTES	3135G0U92	925,000	2.625	1/11/2022	1/31/2019	2.62%	925,241	953,425	932,606	
WESTPAC BANKING CORP NY CORP NOTES	961214DG5	925,000	2.800	1/11/2022	4/10/2019	2.86%	923,418	950,531	931,662	
US TREASURY NOTES	9128285V8	4,600,000	2.500	1/15/2022	1/31/2019	2.55%	4,593,352	4,728,579	4,629,082	
US TREASURY NOTES	9128285V8	1,000,000	2.500	1/15/2022	2/11/2019	2.43%	1,001,992	1,027,952	1,008,925	
US TREASURY NOTES	912828V72	3,800,000	1.875	1/31/2022	1/9/2019	2.50%	3,730,828	3,845,321	3,766,728	
MERCK & CO INC CORP NOTES	58933YAQ8	450,000	2.350	2/10/2022	1/16/2019	2.99%	441,639	459,770	446,110	
US TREASURY NOTES	9128286C9	5,150,000	2.500	2/15/2022	3/5/2019	2.54%	5,144,367	5,287,731	5,172,915	
US TREASURY NOTES	9128286C9	1,250,000	2.500	2/15/2022	4/3/2019	2.29%	1,257,275	1,283,430	1,262,474	
TOTAL CAPITAL SA CORP NOTE	89153VAB5	475,000	2.875	2/17/2022	7/19/2019	2.20%	483,047	489,152	484,994	
CHEVRON CORP (CALLABLE) NOTES	166764BN9	475,000	2.498	3/3/2022	5/17/2019	2.56%	474,202	484,330	476,248	
PFIZER INC CORP BONDS	717081ER0	270,000	2.800	3/11/2022	3/11/2019	2.80%	269,984	277,204	271,037	
US BANCORP (CALLABLE) NOTE	91159HHC7	965,000	3.000	3/15/2022	6/18/2019	2.33%	982,032	993,617	983,442	
BANK OF MONTREAL	06367WJM6	465,000	2.900	3/26/2022	3/26/2019	2.99%	463,819	475,801	465,357	
UNITED STATES TREASURY NOTES	9128286M7	1,685,000	2.250	4/15/2022	5/3/2019	2.23%	1,686,185	1,715,590	1,687,759	
APPLE INC CORP NOTES	037833BF6	500,000	2.700	5/13/2022	1/10/2019	3.08%	494,015	518,070	501,716	
APPLE INC CORP NOTES	037833BF6	475,000	2.700	5/13/2022	6/14/2019	2.25%	481,056	492,166	486,276	
BERKSHIRE HATHAWAY INC CORP NOTE	084664BT7	475,000	3.000	5/15/2022	8/15/2019	1.85%	489,559	497,954	495,044	
COSTCO WHOLESALE CORP CORP NOTES	22160KAK1	200,000	2.300	5/18/2022	8/16/2019	1.94%	201,910	205,008	203,854	
BLACKROCK INC CORP NOTES	09247XAJ0	925,000	3.375	6/1/2022	11/9/2018	3.41%	923,909	975,270	937,214	
FEDERAL HOME LOAN BANK	313379Q69	1,900,000	2.125	6/10/2022	7/1/2019	1.86%	1,914,269	1,942,091	1,928,509	
JPMORGAN CHASE & CO CORP NOTES	46647PAS5	925,000	3.514	6/18/2022	6/26/2018	3.50%	925,564	957,810	937,394	
US TREASURY NOTES	9128282P4	3,050,000	1.875	7/31/2022	6/5/2019	1.85%	3,052,502	3,092,927	3,066,663	
HONOLULU, HI TXBL GO BONDS	438687KR5	390,000	1.739	8/1/2022	8/21/2019	1.74%	390,000	390,995	391,319	
NORTHERN TRUST COMPANY CORP NOTES	665859AN4	475,000	2.375	8/2/2022	8/13/2019	1.95%	480,767	484,528	483,145	
PROCTER & GAMBLE CO/THE CORP NOTES	742718EU9	950,000	2.150	8/11/2022	6/21/2019	2.15%	950,105	966,614	954,641	
EXXON MOBIL CORPORATION	30231GBB7	345,000	1.902	8/16/2022	8/16/2019	1.90%	345,000	348,035	346,367	
BANK OF NY MELLON CORP CORP NOTES	06406RAK3	295,000	1.950	8/23/2022	8/23/2019	1.96%	294,906	296,763	295,998	
BANK OF NY MELLON CORP CORP NOTES	06406RAK3	175,000	1.950	8/23/2022	9/5/2019	1.85%	175,483	176,046	176,103	
NORDEA BANK ABP NEW YORK CERT DEPOS	65558TLL7	1,450,000	1.850	8/26/2022	8/29/2019	1.87%	1,450,000	1,453,700	1,454,769	
SKANDINAV ENSKILDA BANK LT CD	83050PDR7	1,450,000	1.860	8/26/2022	9/3/2019	1.88%	1,450,000	1,453,750	1,454,420	
US TREASURY NOTES	9128282S8	600,000	1.625	8/31/2022	10/4/2019	1.34%	604,922	603,419	606,455	

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



**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										
SAN JOSE, CA TXBL GO BONDS	798135H44	435,000	2.300	9/1/2022	7/25/2019	2.08%	437,854	442,536	439,278	
APPLE INC	037833DL1	140,000	1.700	9/11/2022	9/11/2019	1.71%	139,976	140,340	140,308	
MERCK & CO INC CORP NOTES	589331AT4	450,000	2.400	9/15/2022	3/15/2019	2.71%	445,401	460,609	447,575	
VISA INC (CALLABLE) NOTE	92826CAG7	925,000	2.150	9/15/2022	5/24/2019	2.56%	913,086	938,235	917,156	
NYC, NY TXBL GO BONDS	64966QEE6	385,000	1.690	10/1/2022	10/22/2019	1.69%	385,000	382,714	385,163	
BANK OF MONTREAL	06367WRC9	975,000	2.050	11/1/2022	10/21/2019	2.09%	973,859	976,314	974,425	
NYC TRANS FIN AUTH, NY TXBL REV BONDS	64971XHY7	925,000	2.520	11/1/2022	4/12/2019	2.52%	925,000	950,336	937,885	
BANK OF NOVA SCOTIA HOUSTON CORP NOTES	064159SH0	975,000	2.000	11/15/2022	10/15/2019	2.01%	974,698	973,928	975,569	
TORONTO-DOMINION BANK	89114QCD8	975,000	1.900	12/1/2022	10/10/2019	1.94%	973,918	973,595	975,014	
BANK OF NOVA SCOTIA	064159QD1	410,000	2.375	1/18/2023	7/18/2019	2.39%	409,807	416,667	412,609	
JPMORGAN CHASE & CO BONDS	46647PBB1	475,000	3.207	4/1/2023	3/22/2019	3.21%	475,000	487,687	476,269	
										\$ 192,584,992.44
Debt Service Reserve										
WELLS FARGO TREASURY PLUS MMF		\$ 1,297,799		11/1/2019		1.65%	\$ 1,297,799	\$ 1,297,799	\$ 1,297,799	
US TREASURY N/B NOTES	9128284C1	7,475,000	2.250	3/31/2020	2/6/2019	2.56%	7,449,013	7,509,267	7,480,309	
US TREASURY NOTES	912828VZ0	4,275,000	2.000	9/30/2020	4/5/2019	2.40%	4,249,951	4,296,835	4,267,002	
US TREASURY NOTES	912828F21	7,025,000	2.125	9/30/2021	4/2/2018	2.49%	6,940,206	7,111,323	6,990,751	
										\$ 20,035,862.39
CSO LTCP Appropriations Account										
TD BANK BANK DEPOSIT		\$ 12,843		11/1/2019		2.05%	\$ 12,843	\$ 12,843	\$ 12,843	
										\$ 12,843.16
Capital Project Accounts										
TD BANK BANK DEPOSIT - DISTRICT FUNDS		\$ 2,799,501		11/1/2019		1.36%	\$ 2,799,501	\$ 2,799,501	\$ 2,799,501	
TD BANK BANK DEPOSIT - DC WATER CAP2		5,760,000		11/1/2019		1.36%	5,760,000	5,760,000	5,760,000	
TD BANK BANK DEPOSIT - DOEE CAP2		-		11/1/2019		1.36%	-	-	-	
TD BANK BANK DEPOSIT - DOEE CAP3/NON-PROFIT		3,500,000		11/1/2019		1.36%	3,500,000	3,500,000	3,500,000	
TD BANK BANK DEPOSIT - DANBURY MTR PROJECT		-		11/1/2019		1.36%	-	-	-	
TD BANK BANK DEPOSIT - DEVELOPER DEPOSITS > \$250K		500,000		11/1/2019		1.36%	500,000	500,000	500,000	
										\$ 12,559,501.26
Series B Commercial Paper Construction Fund										
FIRST AMERICAN FUNDS TREASURY MMF		\$ 1,132		11/1/2019		2.19%	\$ 1,132	\$ 1,132	\$ 1,132	
										\$ 1,132.04
2016B Construction Fund										
WELLS FARGO TREASURY PLUS MMF		\$ 881,866		11/1/2019		1.65%	\$ 881,866	\$ 881,866	\$ 881,866	
										\$ 881,866.42
2018A Construction Fund										
WELLS FARGO TREASURY PLUS MMF		\$ 26,774,063		11/1/2019		1.65%	\$ 26,774,063	\$ 26,774,063	\$ 26,774,063	
										\$ 26,774,063.22
2018B Construction Fund										
WELLS FARGO TREASURY PLUS MMF		\$ 40,498,840		11/1/2019		1.65%	\$ 40,498,840	\$ 40,498,840	\$ 40,498,840	
										\$ 40,498,840.45
							\$ 353,893,313.13	\$ 356,248,388.72	\$ 354,799,101.38	\$ 354,799,101.38

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

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	TRADE DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
Operating Reserve Accounts								
9128286M7	UNITED STATES TREASURY NOTES	2,150,000.00	2.25	4/15/2022	5/1/2019	5/3/2019	2.23	2,153,890.82
166764BN9	CHEVRON CORP (CALLABLE) NOTES	475,000.00	2.50	3/3/2022	5/15/2019	5/17/2019	2.56	476,641.02
92826CAG7	VISA INC (CALLABLE) NOTE	925,000.00	2.15	9/15/2022	5/22/2019	5/24/2019	2.56	916,897.77
9128282P4	US TREASURY NOTES	4,000,000.00	1.88	7/31/2022	6/3/2019	6/5/2019	1.85	4,029,179.04
037833BF6	APPLE INC CORP NOTES	475,000.00	2.70	5/13/2022	6/12/2019	6/14/2019	2.25	482,160.63
91159HHC7	US BANCORP (CALLABLE) NOTE	965,000.00	3.00	3/15/2022	6/14/2019	6/18/2019	2.33	989,511.00
742718EU9	PROCTER & GAMBLE CO/THE CORP NOTES	950,000.00	2.15	8/11/2022	6/18/2019	6/21/2019	2.15	957,480.19
313379Q69	FEDERAL HOME LOAN BANK	1,900,000.00	2.13	6/10/2022	7/1/2019	7/1/2019	1.86	1,916,624.21
89153VAP4	TOTAL CAPITAL INTL SA CORP NOTE	475,000.00	2.75	6/19/2021	7/8/2019	7/10/2019	2.24	480,298.23
798135H44	SAN JOSE, CA TXBL GO BONDS	435,000.00	2.30	9/1/2022	7/9/2019	7/25/2019	2.08	437,853.60
064159QD1	BANK OF NOVA SCOTIA	410,000.00	2.38	1/18/2023	7/15/2019	7/18/2019	2.39	409,807.30
89153VAB5	TOTAL CAPITAL SA CORP NOTE	475,000.00	2.88	2/17/2022	7/17/2019	7/19/2019	2.20	488,812.47
9128282S8	US TREASURY NOTES	600,000.00	1.63	8/31/2022	8/2/2019	8/5/2019	1.69	602,990.83
438687KR5	HONOLULU, HI TXBL GO BONDS	390,000.00	1.74	8/1/2022	8/8/2019	8/21/2019	1.74	390,000.00
665859AN4	NORTHERN TRUST COMPANY CORP NOTES	475,000.00	2.38	8/2/2022	8/9/2019	8/13/2019	1.95	481,111.20
084664BT7	BERKSHIRE HATHAWAY INC CORP NOTE	475,000.00	3.00	5/15/2022	8/12/2019	8/15/2019	1.85	493,121.25
30231GBB7	EXXON MOBIL CORPORATION	345,000.00	1.90	8/16/2022	8/13/2019	8/16/2019	1.90	345,000.00
22160KAK1	COSTCO WHOLESALE CORP CORP NOTES	200,000.00	2.30	5/18/2022	8/14/2019	8/16/2019	1.94	203,034.44
06406RAK3	BANK OF NY MELLON CORP CORP NOTES	295,000.00	1.95	8/23/2022	8/20/2019	8/23/2019	1.96	294,905.60
65558TLL7	NORDEA BANK ABP NEW YORK CERT DEPOS	1,450,000.00	1.85	8/26/2022	8/27/2019	8/29/2019	1.87	1,450,000.00
83050PDR7	SKANDINAV ENSKILDA BANK LT CD	1,450,000.00	1.86	8/26/2022	8/29/2019	9/3/2019	1.88	1,450,000.00
06406RAK3	BANK OF NY MELLON CORP CORP NOTES	175,000.00	1.95	8/23/2022	9/3/2019	9/5/2019	1.85	175,596.75
037833DL1	APPLE INC	140,000.00	1.70	9/11/2022	9/4/2019	9/11/2019	1.71	139,976.20
9128282S8	US TREASURY NOTES	1,000,000.00	1.63	8/31/2022	9/19/2019	9/20/2019	1.72	998,275.67
9128282S8	US TREASURY NOTES	1,000,000.00	1.63	8/31/2022	10/3/2019	10/4/2019	1.34	1,009,720.99
912828RC6	US TREASURY NOTES	2,850,000.00	2.13	8/15/2021	10/3/2019	10/4/2019	1.42	2,895,078.21
64966QED8	NYC, NY TXBL GO BONDS	385,000.00	1.68	10/1/2021	10/4/2019	10/22/2019	1.68	385,000.00
64966QEE6	NYC, NY TXBL GO BONDS	385,000.00	1.69	10/1/2022	10/4/2019	10/22/2019	1.69	385,000.00
89114QCD8	TORONTO-DOMINION BANK	975,000.00	1.90	12/1/2022	10/7/2019	10/10/2019	1.94	973,917.75
064159SH0	BANK OF NOVA SCOTIA HOUSTON CORP NOTES	975,000.00	2.00	11/15/2022	10/9/2019	10/15/2019	2.01	974,697.75
06367WRC9	BANK OF MONTREAL	975,000.00	2.05	11/1/2022	10/16/2019	10/21/2019	2.09	973,859.25
	INDUSTRIAL BANK CDARS	5,103,271.41	1.50	10/8/2020	10/10/2019	10/10/2019	1.52	5,103,271.41

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

Investment Performance Report – October 2019



DC Water
Finance Division
Security Sales
Last 6 Months

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	TRADE DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
Operating Reserve Accounts								
912828K58	US TREASURY NOTES	425,000.00	1.38	4/30/2020		5/3/2019	2.39	420,830.84
912828K58	US TREASURY NOTES	1,575,000.00	1.38	4/30/2020		5/3/2019	2.39	1,559,549.59
912828VF4	US TREASURY NOTES	400,000.00	1.38	5/31/2020		5/17/2019	2.32	398,663.46
912828VF4	US TREASURY NOTES	925,000.00	1.38	5/31/2020		5/24/2019	2.37	921,900.91
912828VF4	US TREASURY NOTES	325,000.00	1.38	5/31/2020		6/5/2019	2.18	322,521.99
912828XH8	US TREASURY NOTES	910,000.00	1.63	6/30/2020		6/5/2019	2.16	911,253.76
912828XH8	US TREASURY NOTES	2,750,000.00	1.63	6/30/2020		6/5/2019	2.16	2,753,788.85
89236TDU6	TOYOTA MOTOR CREDIT CORP	425,000.00	1.95	4/17/2020		6/14/2019	2.31	425,028.69
89236TDU6	TOYOTA MOTOR CREDIT CORP	205,000.00	1.95	4/17/2020		6/18/2019	2.30	205,095.15
89236TDU6	TOYOTA MOTOR CREDIT CORP	295,000.00	1.95	4/17/2020		6/18/2019	2.30	295,136.93
9128286M7	UNITED STATES TREASURY NOTES	465,000.00	2.25	4/15/2022		6/18/2019	1.82	472,315.06
9128282P4	US TREASURY NOTES	950,000.00	1.88	7/31/2022		6/21/2019	1.83	958,162.63
89152UAD4	TOTAL CAPITAL SA CORP NOTES	475,000.00	4.45	6/24/2020		7/10/2019	2.28	485,635.11
912828XH8	US TREASURY NOTES	300,000.00	1.63	6/30/2020		7/25/2019	2.03	299,206.18
064159JX5	BANK OF NOVA SCOTIA HOUSTON CORP BOND	425,000.00	2.15	7/14/2020		7/18/2019	2.26	424,659.53
89152UAD4	TOTAL CAPITAL SA CORP NOTES	375,000.00	4.45	6/24/2020		7/19/2019	2.26	383,685.10
912828XH8	US TREASURY NOTES	100,000.00	1.63	6/30/2020		7/19/2019	1.99	99,740.15
912828XH8	US TREASURY NOTES	500,000.00	1.63	6/30/2020		8/5/2019	2.03	498,978.43
3135G0T60	FNMA NOTES	425,000.00	1.50	7/30/2020		8/13/2019	1.83	423,904.21
912828XM7	US TREASURY NOTES	100,000.00	1.63	7/31/2020		8/16/2019	1.88	99,832.37
9128282S8	US TREASURY NOTES	200,000.00	1.63	8/31/2022		8/16/2019	1.53	202,047.22
9128282S8	US TREASURY NOTES	250,000.00	1.63	8/31/2022		8/23/2019	1.46	253,192.93
65590ASN7	NORDEA BANK AB NY CD	1,850,000.00	2.72	2/20/2020		8/29/2019	2.00	1,857,557.32
3135G0T60	FNMA NOTES	1,050,000.00	1.50	7/30/2020		9/3/2019	1.77	1,048,850.25
912828XM7	US TREASURY NOTES	175,000.00	1.63	7/31/2020		9/5/2019	1.76	175,066.28
912828XM7	US TREASURY NOTES	150,000.00	1.63	7/31/2020		9/9/2019	1.80	150,036.43
3135G0T60	FNMA NOTES	375,000.00	1.50	7/30/2020		10/4/2019	1.81	375,043.75
4581X0CD8	INTER-AMERICAN DEVELOPMENT BANK	915,000.00	2.13	11/9/2020		10/4/2019	1.76	926,473.21
478160CH5	JOHNSON & JOHNSON CORP NOTE	195,000.00	1.95	11/10/2020		10/4/2019	1.84	196,747.20
931142EG4	WAL-MART STORES INC CORP NOTES	925,000.00	2.85	6/23/2020		10/4/2019	1.87	938,815.65
90275DHG8	UBS AG STAMFORD CT LT CD	925,000.00	2.90	3/2/2020		10/4/2019	2.03	930,538.66
912828XM7	US TREASURY NOTES	400,000.00	1.63	7/31/2020		10/4/2019	1.75	400,726.23
912828L99	US TREASURY NOTES	50,000.00	1.38	10/31/2020		10/4/2019	1.63	50,158.54
89114QC71	TORONTO-DOMINION BANK	925,000.00	3.15	9/17/2020		10/10/2019	1.87	937,767.31
9128282S8	US TREASURY NOTES	100,000.00	1.63	8/31/2022		10/10/2019	1.42	100,760.60
064159JX5	BANK OF NOVA SCOTIA HOUSTON CORP BOND	500,000.00	2.15	7/14/2020		10/15/2019	1.87	503,727.36
9128282S8	US TREASURY NOTES	50,000.00	1.63	8/31/2022		10/15/2019	1.43	50,379.75
9128282S8	US TREASURY NOTES	425,000.00	1.63	8/31/2022		10/15/2019	1.43	428,227.81
9128282S8	US TREASURY NOTES	575,000.00	1.63	8/31/2022		10/21/2019	1.57	577,252.51
9128282S8	US TREASURY NOTES	400,000.00	1.63	8/31/2022		10/21/2019	1.57	401,566.97
90275DHG8	UBS AG STAMFORD CT LT CD	675,000.00	2.90	3/2/2020		10/21/2019	1.98	679,818.77
191216AR1	COCA-COLA CO/THE GLOBAL NOTES	370,000.00	3.15	11/15/2020		10/31/2019	1.78	380,569.05

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

Investment Performance Report – October 2019



DC Water
Finance Division
Security Maturities
Last 6 Months

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	TRADE DATE	SETTLE DATE	TRANSACTION AMOUNT
Operating Reserve Accounts							
341271AA2	FL ST BOARD ADMIN FIN CORP TXBL REV BD	1,800,000.00	2.16	7/1/2019	7/1/2019	7/1/2019	1,800,000.00
20772J3D2	CT ST TXBL GO BONDS	985,000.00	1.30	8/15/2019	8/15/2019	8/15/2019	985,000.00
3130AEXV7	FHLB NOTES (CALLED OMD 09/20/2021)	925,000.00	3.00	9/20/2019	9/20/2019	9/20/2019	925,000.00
	INDUSTRIAL BANK CDARS	5,077,887.90	0.50	10/10/2019	10/10/2019	10/10/2019	5,103,207.78
Total Debt Service Reserve							
912828TR1	US TREASURY NOTES	5,035,000.00	1.00	9/30/2019		9/30/2019	5,035,000.00
2018A Construction Fund							
912828XS4	US TREASURY NOTES	4,795,000.00	1.25	5/31/2019	5/31/2019	5/31/2019	4,795,000.00
912828D80	US TREASURY NOTES	1,850,000.00	1.63	8/31/2019	8/31/2019	8/31/2019	1,850,000.00
2018B Construction Fund							
62479MSQ7	MUFG BANK LTD/NY COMM PAPER	1,500,000.00	-	5/24/2019	5/24/2019	5/24/2019	1,500,000.00
89233HSQ8	TOYOTA MOTOR CREDIT CORP COMM PAPER	1,500,000.00	-	5/24/2019	5/24/2019	5/24/2019	1,500,000.00
912828XS4	US TREASURY NOTES	27,200,000.00	1.25	5/31/2019	5/31/2019	5/31/2019	27,200,000.00
912828WS5	US TREASURY NOTES	14,000,000.00	1.63	6/30/2019	6/30/2019	6/30/2019	14,000,000.00
912828K5	US TREASURY NOTES	4,660,000.00	1.38	7/31/2019	7/31/2019	7/31/2019	4,660,000.00
62479MVW0	MUFG BANK LTD/NY COMM PAPER	2,500,000.00	-	8/30/2019	8/30/2019	8/30/2019	2,500,000.00
89233HVW1	TOYOTA MOTOR CREDIT CORP COMM PAPER	5,000,000.00	-	8/30/2019	8/30/2019	8/30/2019	5,000,000.00
912828D80	US TREASURY NOTES	28,225,000.00	1.63	8/31/2019	8/31/2019	8/31/2019	28,225,000.00
09659CWW4	BNP PARIBAS NY BRANCH COMM PAPER	4,000,000.00	-	9/30/2019	9/30/2019	9/30/2019	4,000,000.00
46640QWW7	JP MORGAN SECURITIES LLC COMM PAPER	6,500,000.00	-	9/30/2019	9/30/2019	9/30/2019	6,500,000.00
912828F39	US TREASURY NOTES	14,250,000.00	1.75	9/30/2019	9/30/2019	9/30/2019	14,250,000.00
46640QWW7	JP MORGAN SECURITIES LLC COMM PAPER	6,500,000.00	-	9/30/2019	9/30/2019	9/30/2019	6,500,000.00
912828F39	US TREASURY NOTES	14,250,000.00	1.75	9/30/2019	9/30/2019	9/30/2019	14,250,000.00

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
11/01/19	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
11/01/19	INTEREST	64971XHY7	NYC TRANS FIN AUTH, NY TXBL REV BONDS	2.520	11/01/22	925,000.00	0.00	12,885.25	12,885.25
11/13/19	INTEREST	037833BF6	APPLE INC CORP NOTES	2.700	05/13/22	475,000.00	0.00	6,412.50	6,412.50
11/13/19	INTEREST	037833BF6	APPLE INC CORP NOTES	2.700	05/13/22	500,000.00	0.00	6,750.00	6,750.00
11/15/19	INTEREST	084664BT7	BERKSHIRE HATHAWAY INC CORP NOTE	3.000	05/15/22	475,000.00	0.00	7,125.00	7,125.00
11/15/19	INTEREST	9128284P2	US TREASURY NOTES	2.625	05/15/21	1,900,000.00	0.00	24,937.50	24,937.50
11/15/19	INTEREST	91412HBH5	UNIV OF CAL TXBL REV BONDS	3.029	05/15/21	340,000.00	0.00	5,149.30	5,149.30
11/16/19	INTEREST	87019U6D6	SWEDBANK (NEW YORK) CERT DEPOS	2.270	11/16/20	925,000.00	0.00	10,732.06	10,732.06
11/18/19	INTEREST	22160KAK1	COSTCO WHOLESALE CORP CORP NOTES	2.300	05/18/22	200,000.00	0.00	2,300.00	2,300.00
11/30/19	INTEREST	912828M98	US TREASURY NOTES	1.625	11/30/20	3,000,000.00	0.00	24,375.00	24,375.00
11/30/19	INTEREST	912828WN6	US TREASURY NOTES	2.000	05/31/21	975,000.00	0.00	9,750.00	9,750.00



Appendix: Economic Update



Economic Growth Declines in Third Quarter

- U.S. economic activity experienced moderate growth during the second quarter of 2019.
 - The preliminary estimate of U.S. GDP growth for the third quarter was 1.9%, down slightly from the 2.0% pace in the second quarter but above economists’ expectations at 1.6%.
 - Better-than-expected growth was the result of continued consumer spending and government expenditures.
- Growth is still projected to steadily decline in in the remaining quarter of 2019 and into 2020, highlighting positive but moderate growth.



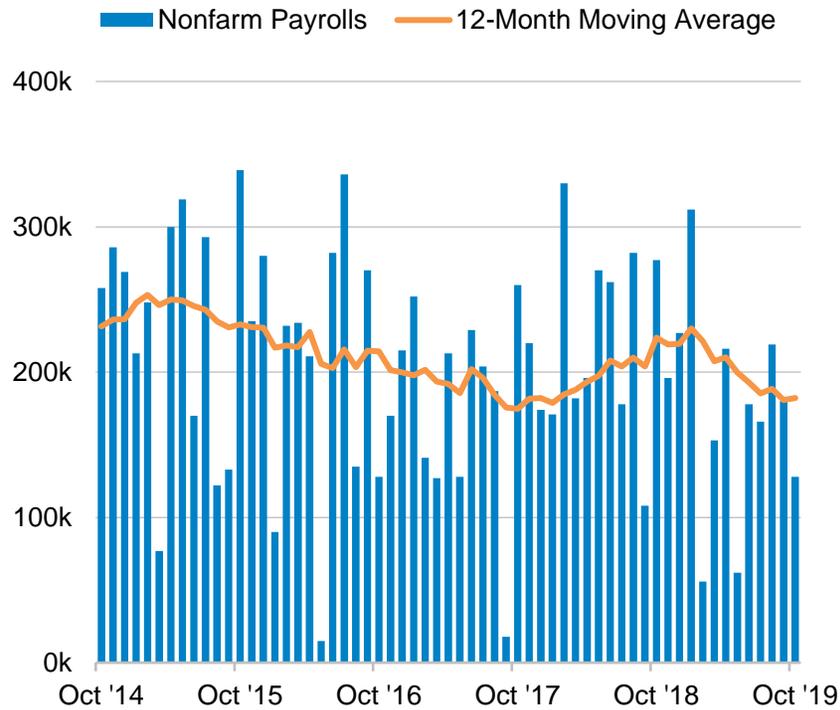
Source: Bloomberg, as of October 31, 2019. SAAR is seasonally adjusted annualized rate. Purple denotes rolling four-quarter averages.



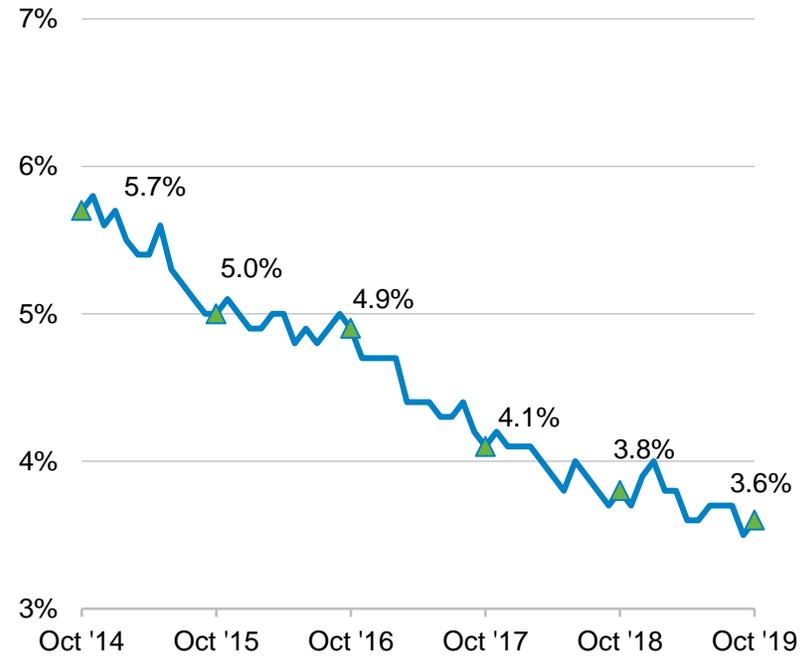
Labor Market Job Growth Slows Further

- The U.S. economy added 128,000 jobs in October, above the street’s expected 85,000.
- The October unemployment rate came in line with expectations to arrive at 3.6%, near all-time lows.

Monthly Change in Nonfarm Payrolls



Unemployment Rate



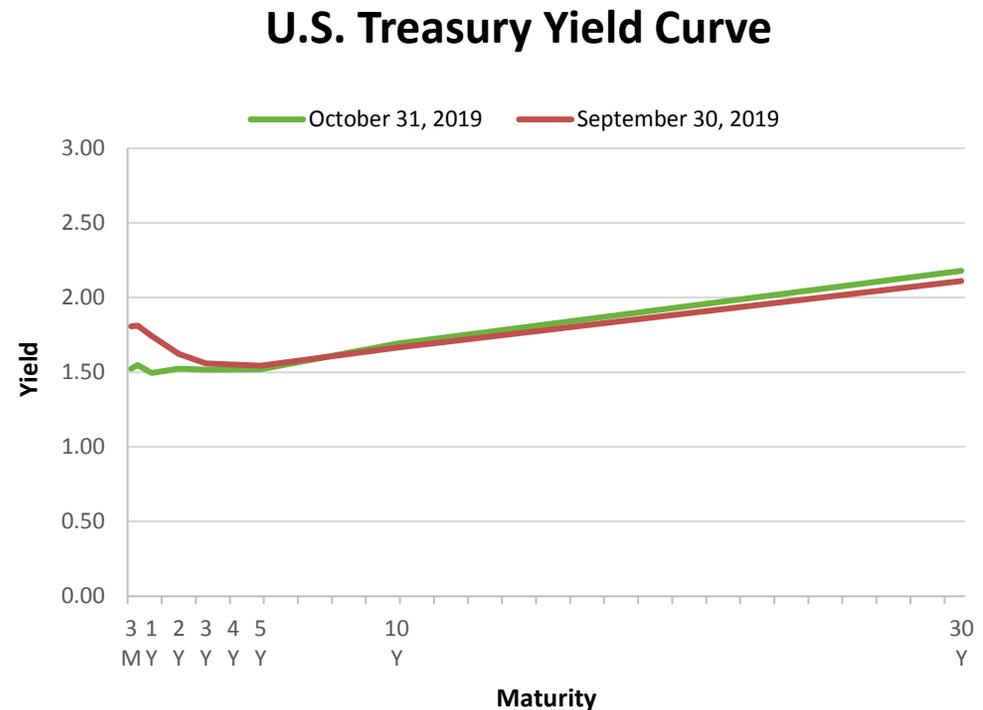
Source: Bloomberg, as of October 31, 2019.



U.S. Treasury Yield Curve

- Long-term U.S. Treasury yields rose in October while short-term rates fell heavily as the curve becomes less inverted amid an expansionary Federal Reserve coordinating its third cut this easing cycle.
- As of October 31, 2019, the yield curve is flat between the 2-year and 5-year maturities along with 3-month maturity U.S. Treasury bills.

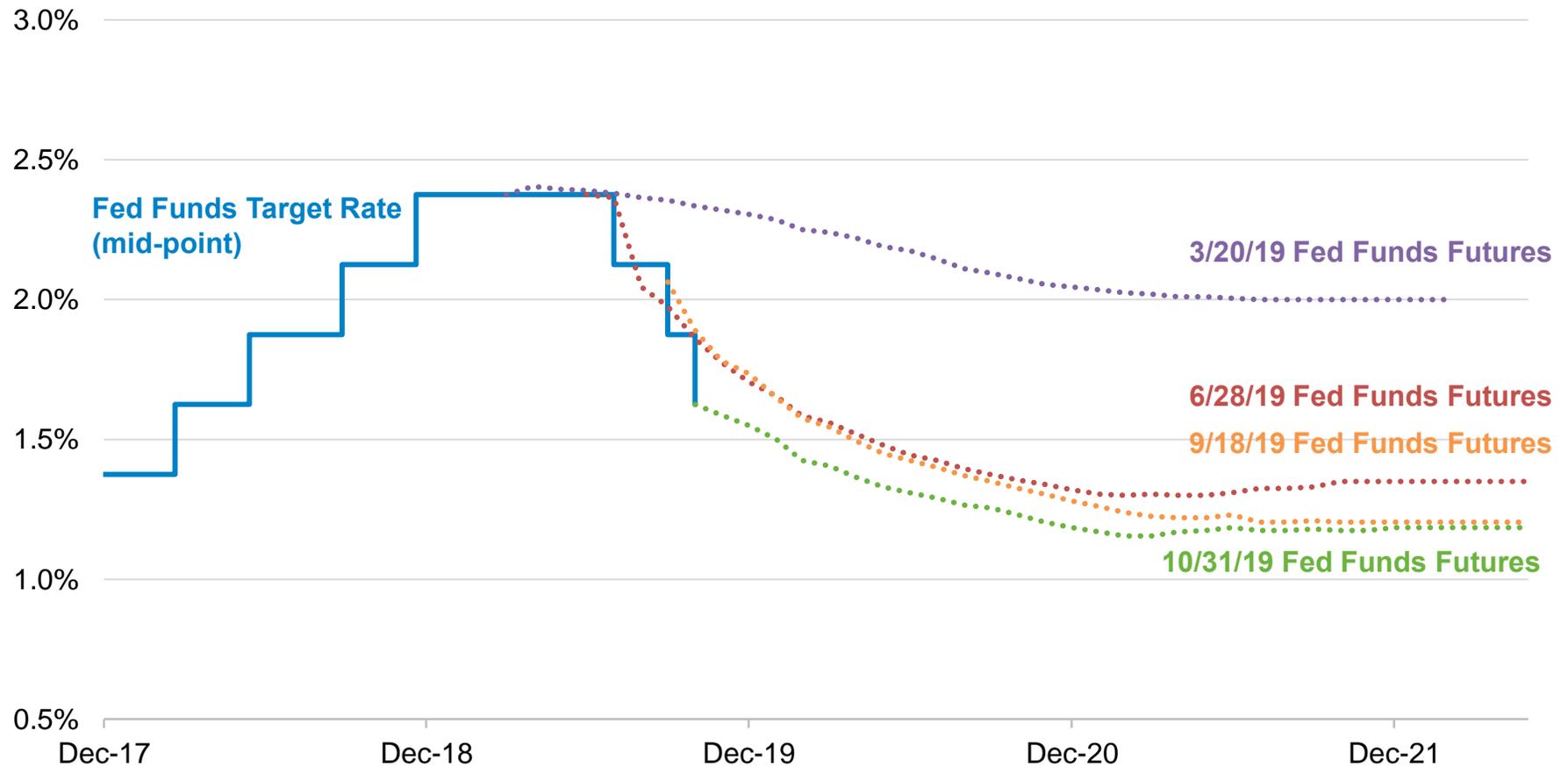
	<u>9/30/2019</u>	<u>10/31/2019</u>	<u>Change</u>
3 month	1.81%	1.52%	-0.29%
6 month	1.81%	1.55%	-0.26%
1 year	1.74%	1.49%	-0.25%
2 year	1.62%	1.52%	-0.10%
3 year	1.56%	1.52%	-0.04%
5 year	1.54%	1.52%	-0.02%
10 year	1.66%	1.69%	0.03%
30 year	2.11%	2.18%	0.07%



Source: Bloomberg, as of October 31, 2019.



The Market Expects 0-1 More Rate Cuts by Year End



Source: Federal Reserve and Bloomberg. Fed funds futures as of Fed meeting dates of 12/19/2018 and 3/20/2019 as well as 9/30/2019.



Market Expectations Adjust to FOMC Guidance

2019 Rate Moves Priced into the Futures Market



“In light of global economic and financial developments and muted inflation pressures, the Committee will be patient as it determines what future adjustments to the target ranged for the federal funds rate may be appropriate...”
- January 2019

“The Committee will closely monitor the implications of incoming information for the economic outlook and will act as appropriate to sustain the expansion...”
- June 2019

“Information received since the Federal Open Market Committee met in July indicates that the labor market remains strong and that economic activity has been rising at a moderate rate... but uncertainties about this outlook remain.”
- September 2019

“In light of the implications of global developments for the economic outlooks as well as muted inflation pressures, the Committee decided to lower the target range...The Committee will continue to monitor the implications of incoming information for the economic outlook as it assesses the appropriate path of the target range for the federal funds rate.”.
- October 2019

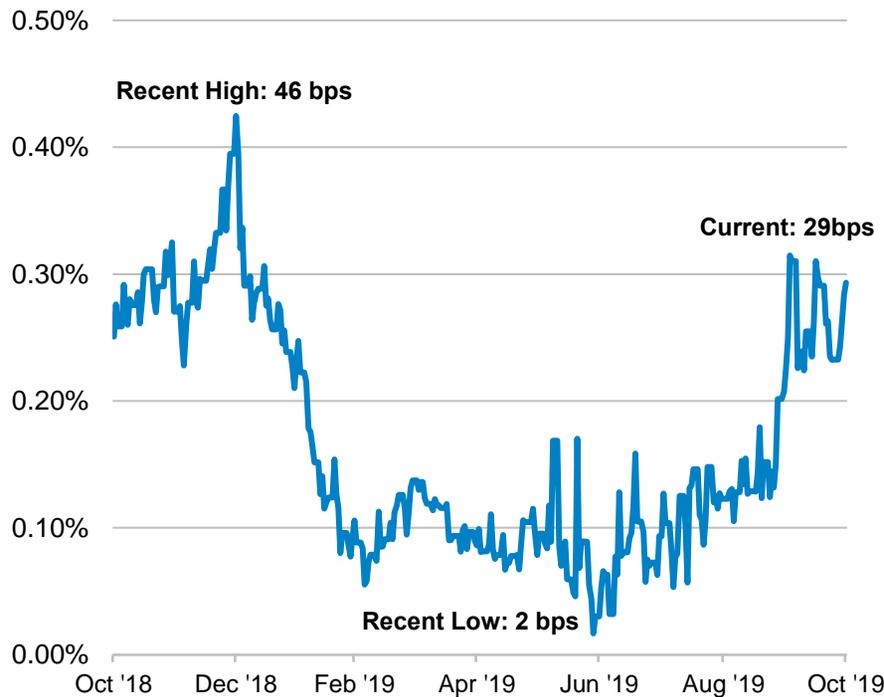
Source: Bloomberg, as of October 31, 2019.



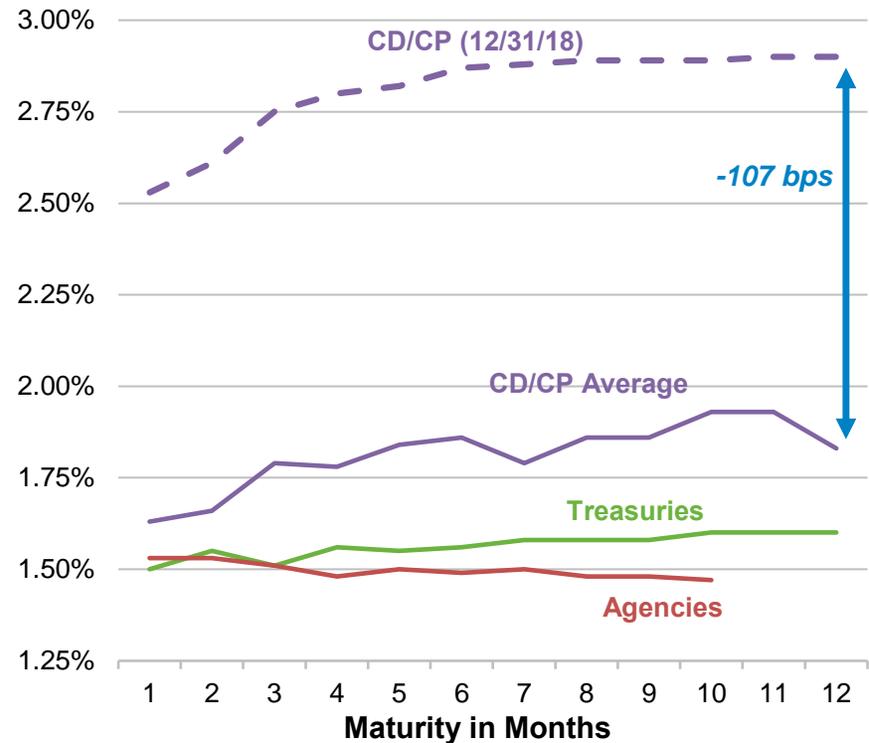
Current Short-Term Interest Rate Environment

- In October, commercial paper and bank certificate of deposit (CP/CD) yield spreads bounced backed from recent lows and continue to widen.
- Treasuries continue to be relatively attractive versus agency discount notes.

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



Money Market Yield Curves



Source: Bloomberg, PFMAM Trading Desk, as of 10/31/19. Not a specific recommendation. Actual yields may vary by issue.



Disclosure

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



Overview of Operating Budget Drivers

Finance and Budget Committee – November 19, 2019

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY



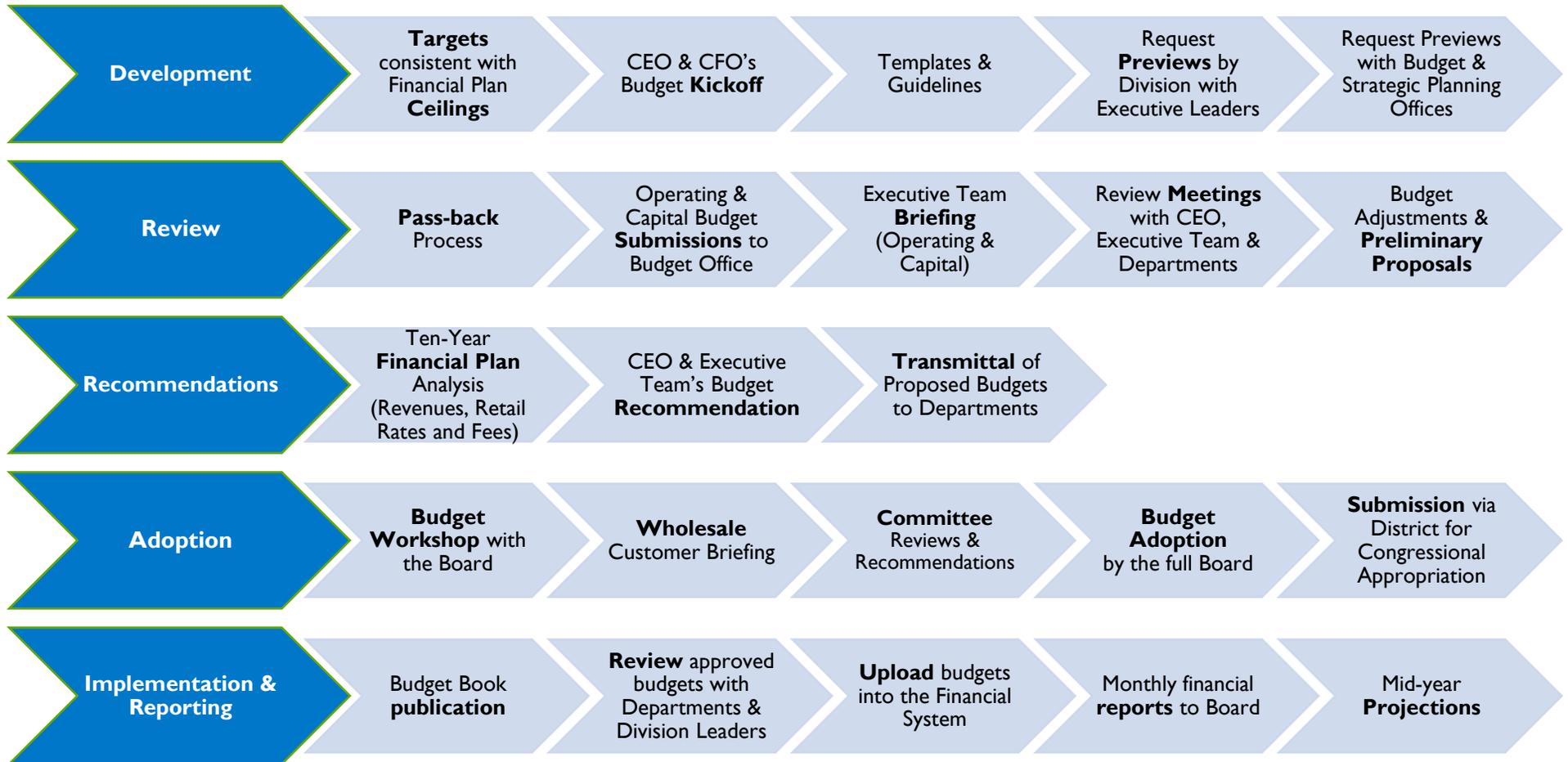


Purpose

- Provide overview of the annual budget process
- Review operating budget drivers and historical trends



Budget Process





Teamwork Delivered the FY 2020 Budget

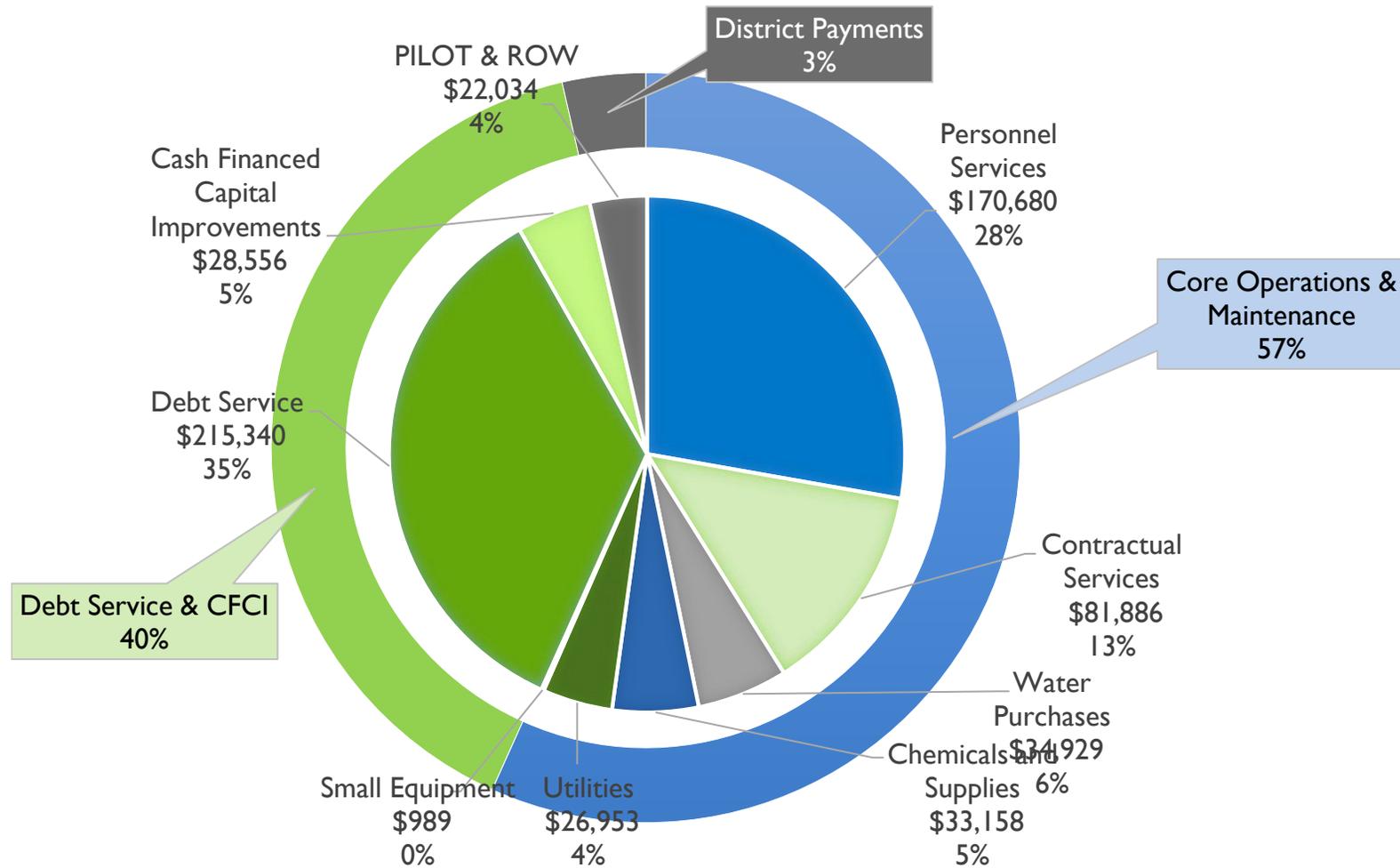
- Reduced **\$27.7 million of cost out of the business** including renegotiation of goods and services contracts, reduced hauling and energy costs from the Combined Heat & Power Facilities project, and optimization of usage of chemicals
- Eliminated 63 vacancies, a **savings of \$7 million a year**
- Shifted a portion of Clean Rivers costs from the Impervious Area Charge to the sewer volumetric rate, **bringing more equity to Clean Rivers** funding
- **Increased investment in capital infrastructure** including small diameter water mains that deliver water to our customers, and renews aging sewer infrastructure
- Helped ensure that all **users pay their fair share**, by appropriately recovering costs from users through revised engineering fees and the new Fats, Oils, and Grease and Backflow Preventer programs



Approved FY 2020 Operating Budget

\$ in thousands

- DC Water's operating budget includes the operations & maintenance (O&M), debt service & Pay-Go and District payments



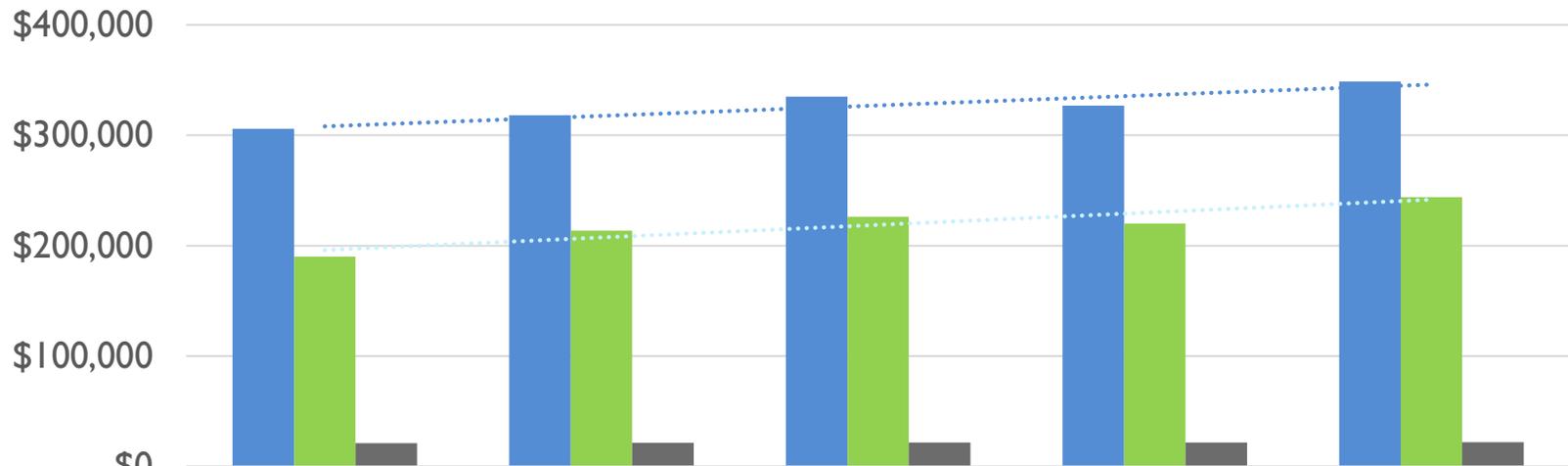


Operating Budget Trends

- 💧 Core operations & maintenance (O&M) costs have been consistently stable with average growth of 3% - 4% per year
- 💧 Debt service is one of the fastest growing components of the overall budget
 - Represents 35% of the total operating budget in FY 2020

\$ in thousands

Annual Operating Expenditures



	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Approved	FY 2019 Projections*	FY 2020 Approved
■ Core O&M	\$305,808	\$318,162	\$335,055	\$326,921	\$348,594
■ Non O&M	\$190,035	\$213,659	\$226,024	\$220,034	\$243,896
■ District Payments	\$21,057	\$21,379	\$21,702	\$21,702	\$22,034



Fixed and Variable Cost Drivers

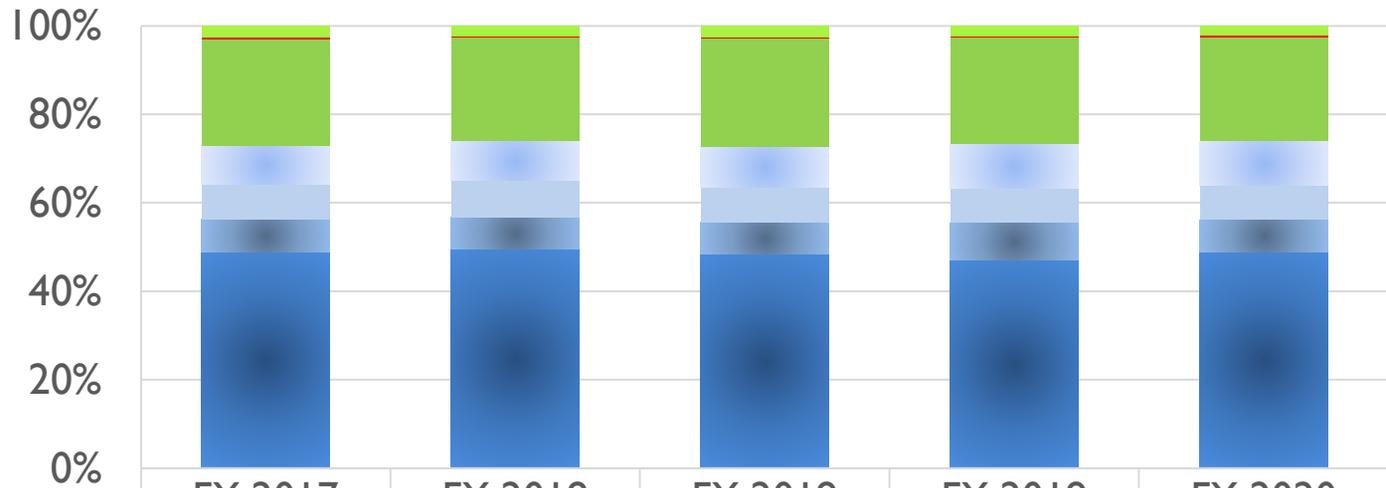
- Fixed costs are considered non discretionary in nature and mainly for unavoidable and uncontrollable services such as
 - Union agreement – salaries and benefits for approx. 67% of DC Water’s workforce
 - Market Driven – Chemicals and energy costs
 - Purchase of water from the Aqueduct
 - Debt service and fees required for capital investments
- Variable costs are based on operational business needs, strategic priorities and other discretionary items such as
 - Overtime used for emergency repairs
 - Contractual services for operations and maintenance of equipment, vehicles, buildings; software maintenance, employee training, etc.
 - Small tools and equipment



O&M: Fixed and Variable Costs

- Approximately 73 percent of core operations and maintenance (O&M) is fixed, including personnel costs

BREAKDOWN OF FIXED AND VARIABLE COSTS

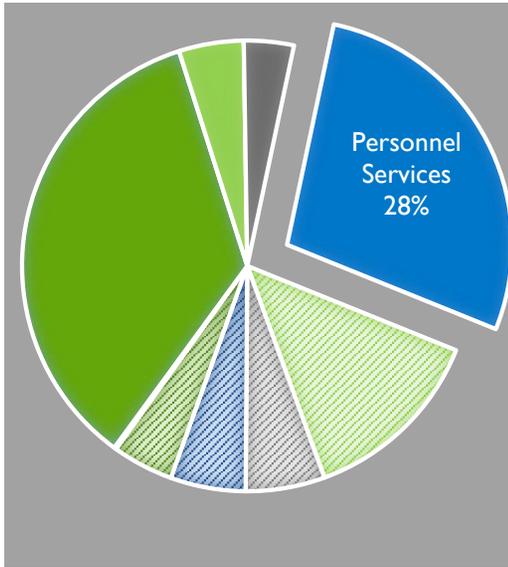


	FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projection	FY 2020 Budget
Variable: Supplies	3%	2%	3%	2%	2%
Variable: Small Equipment	0%	0%	0%	0%	0%
Variable: Contracts	24%	24%	24%	24%	23%
Fixed: Water Purchase	9%	9%	9%	10%	10%
Fixed: Utilities	8%	8%	8%	8%	8%
Fixed: Chemicals	8%	7%	7%	8%	7%
Fixed: Personnel	49%	50%	49%	47%	49%

* FY 2019 projections are preliminary estimates and subject to change after completion of the financial audit

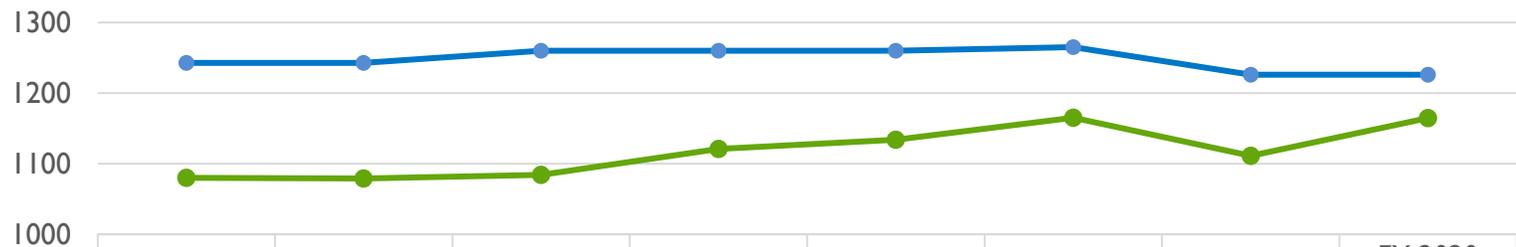


Personnel



- During the FY 2020 budget cycle, 63 aged and hard to fill vacancies were eliminated and 12 new positions were added for in-house support of water quality compliance, automotive parts, permits and other strategic programs
- Strategy – Continue to repurpose vacancies to prioritized needs until a lower vacancy rate is achieved

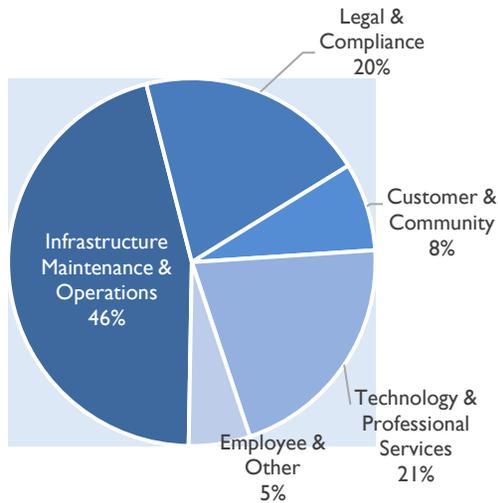
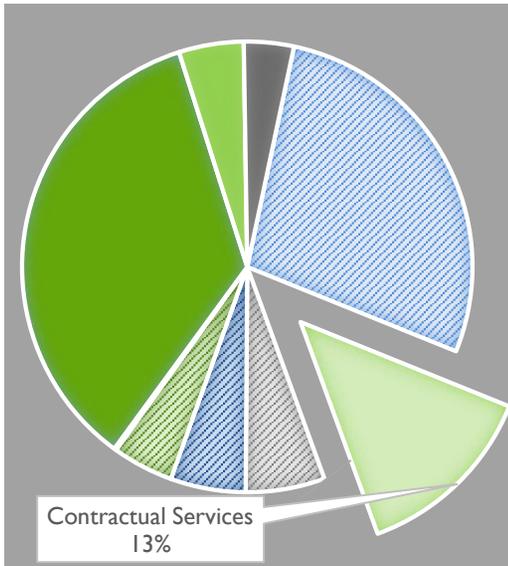
Historical & Projected Headcount



	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020 Approved
Total Headcount	1243	1243	1260	1260	1260	1265	1226	1226
Filled/Projected Positions	1080	1079	1084	1121	1134	1165	1111	1165
Vacancy Rate	13%	13%	14%	11%	10%	8%	9%	5%



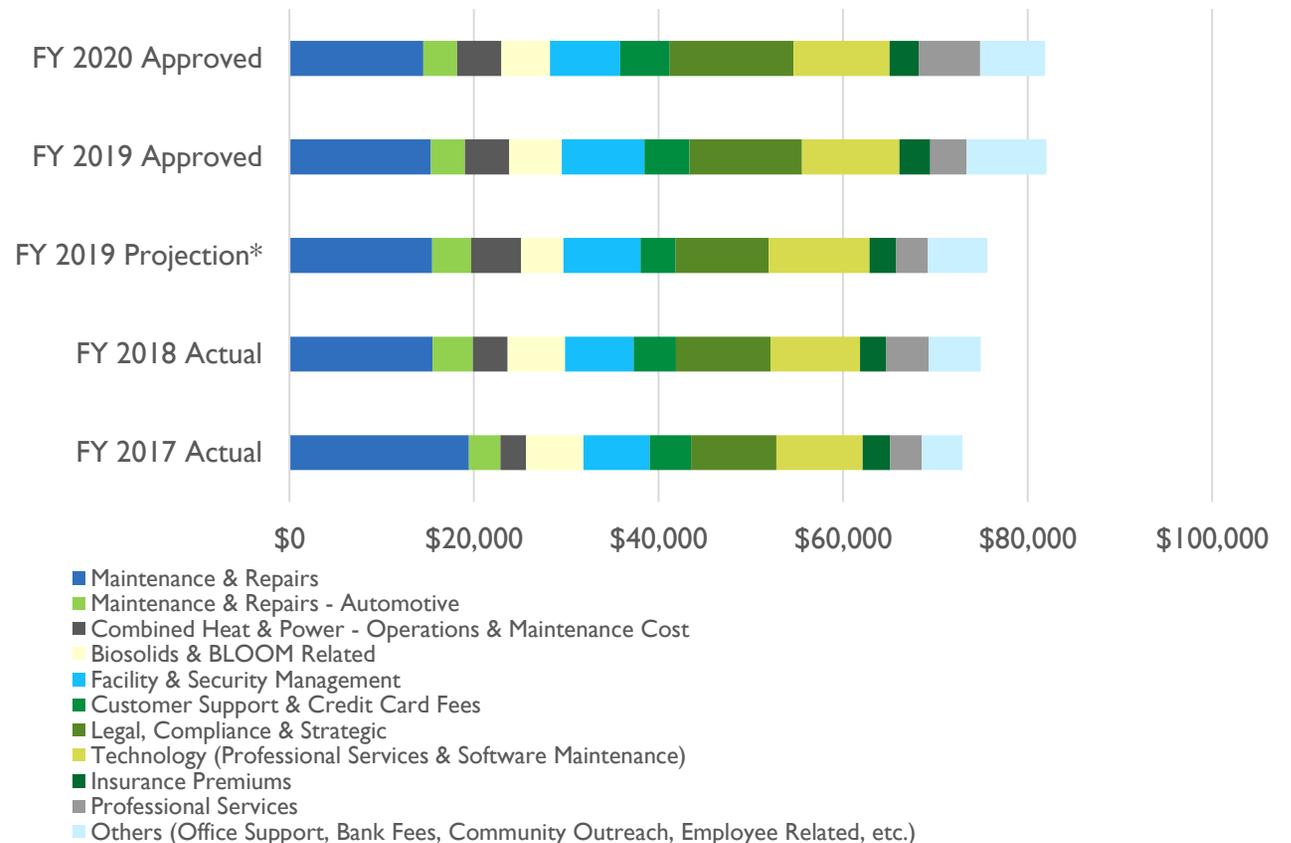
Contractual Services



Approximately 66 percent of the contractual services budget is for infrastructure maintenance, legal and compliance requirements.

\$ in thousands

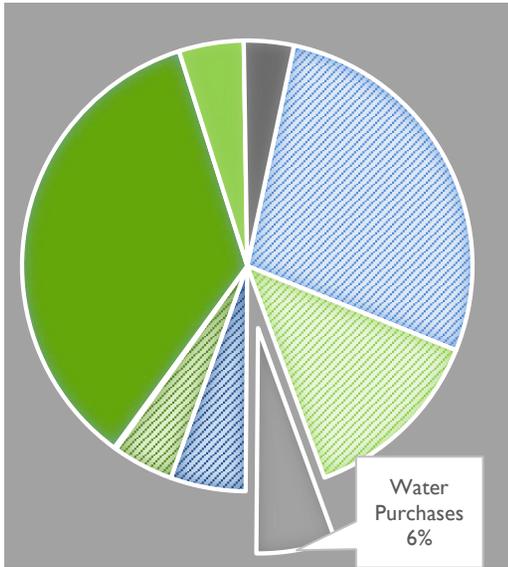
Breakdown of Contractual Services



* FY 2019 projections are preliminary estimates and subject to change after completion of the financial audit

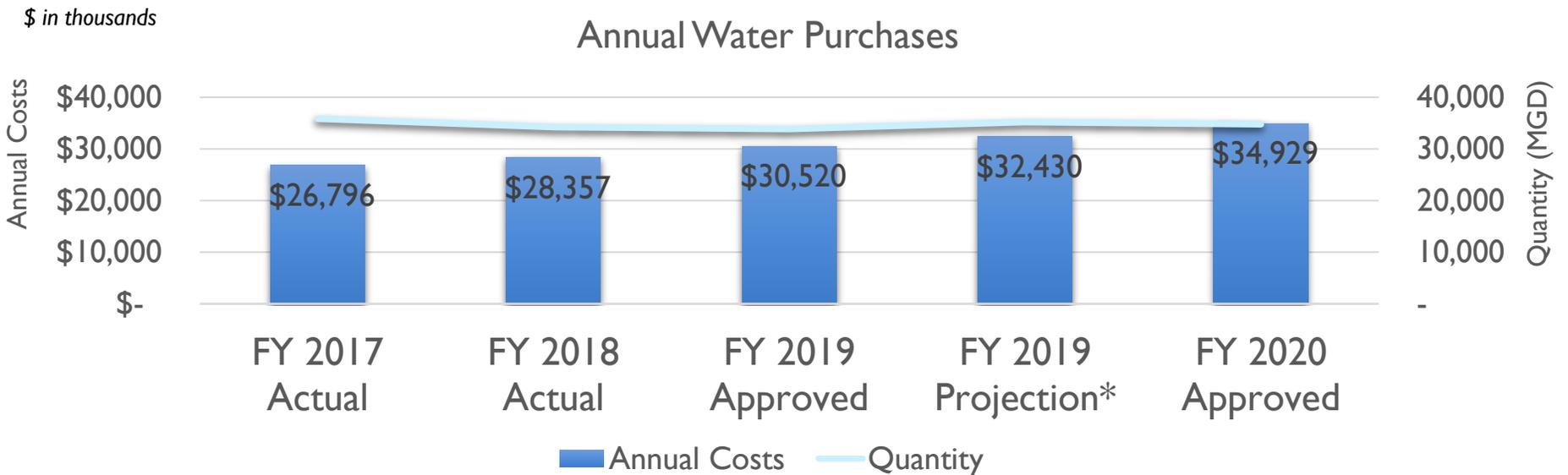


Water Purchases



💧 This cost category is used to pay for the drinking water purchased from the Washington Aqueduct

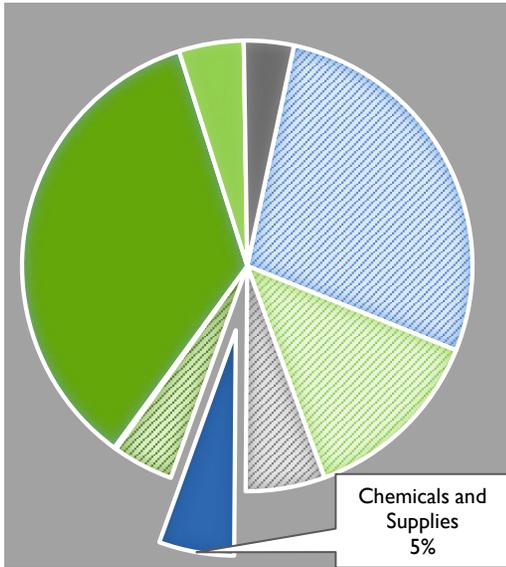
- DC Water is responsible for approximately 72-75% of the Aqueduct’s operating costs based on the water usage
- Annual water rates are set based on the approved budget, including historical budget performance and consumption trends



* FY 2019 projections are preliminary estimates and subject to change after completion of the financial audit



Chemicals & Supplies



- 💧 Chemicals are used in the treatment processes at the Plant and various pumping facilities
 - Impacts include market volatilities of major chemicals (methanol, sodium bisulfite and ferric chlorite) and utilization in the Tunnel Dewatering Pump Station (TDPS)

- 💧 Supplies include the purchases of parts for water lines, mains and pumping station repairs; and pays for the uniforms and shoes for our working crews as required by the union agreement

\$ in thousands

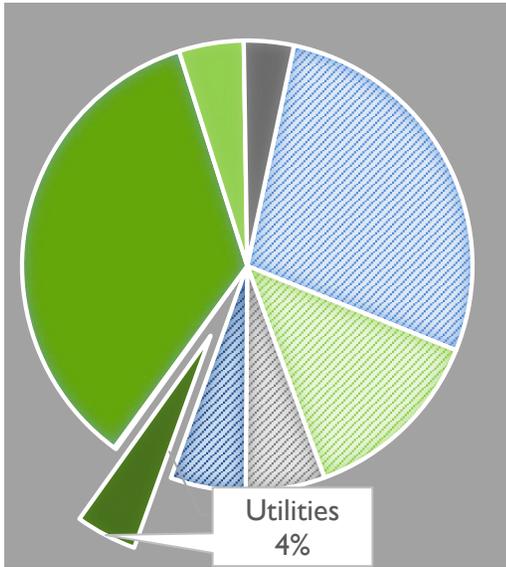
Annual Chemicals & Supplies Expenditures



* FY 2019 projections are preliminary estimates and subject to change after completion of the financial audit



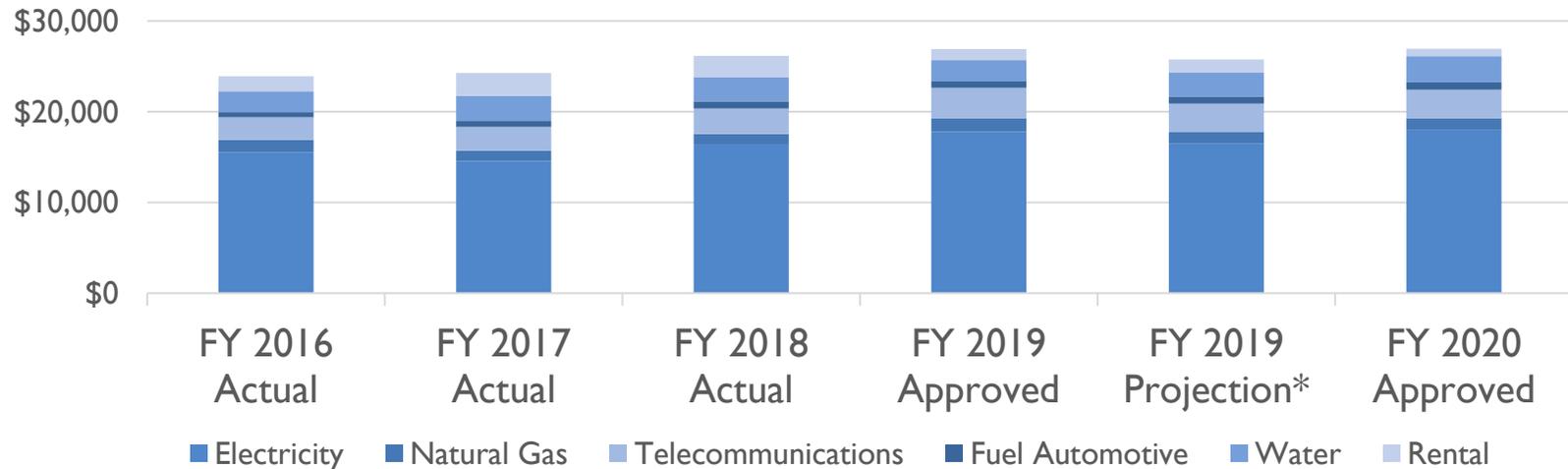
Utilities



- ▶ **One of the largest drivers of the operating budget is electricity costs**
 - Onsite electric generation from the Combined Heat & Power facility continues to reduce costs and DC Water’s reliance on the power grid (6MW in FY 2019)
 - DC Water also hedges blocks of its electric load to mitigate the price volatility in energy markets (15MW in FY 2019)
 - Fiscal impacts of the Clean Energy DC Omnibus Amendment Act for increased Renewable Portfolio Standards will be included in future budgets (\$447K proposed in FY 2021)
- ▶ **The relocation to the Administrative Headquarters led to significant savings in rental expenses previously used for leased office spaces (\$1.5M)**
- ▶ **Modest increases in telecommunications costs have been over the years as new technology solutions are deployed to meet operational needs**

\$ in thousands

Annual Utilities Expenditures



* FY 2019 projections are preliminary estimates and subject to change after completion of the financial audit

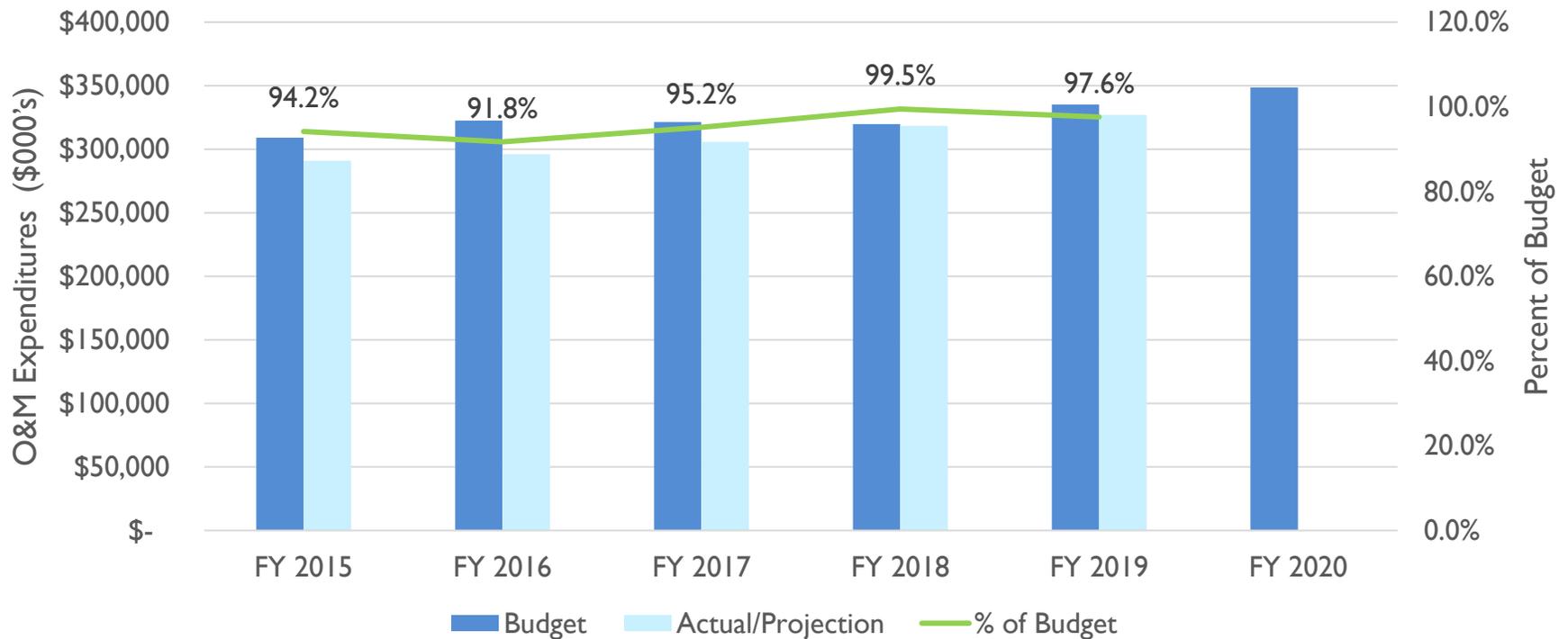


Historical Budget Performance

\$ in thousands

- DC Water is committed to tightening its budget in an effort to reduce significant budget surpluses and better align with historical cost trends

Budget vs. Actual O&M Expenditures





Budget Risks and Mitigation Strategy

- As with any operational business and DC Water's budgets developed almost two years in advance of the fiscal year, inherent risks include -
 - Crude oil and energy market volatilities (energy and chemicals)
 - New requirements (regulatory, technology, tunnels and operational facilities)
 - Aging infrastructure (repairs, overtime for water main breaks and sewer backups)
 - Litigations for unanticipated large legal cases
 - Claims and insurance premiums
 - Increase in employee medical benefits based on industry trends and regulations

- Mitigation Strategy –
 - Monthly reviews with departments to gain insight into budget pressures
 - Mid-year projections and periodic forecasts for monitoring spending
 - Implement strategic spending restrictions and redirect funds to prioritized needs
 - Cash Financed Capital Improvement Fund is also available as contingency for emergencies, with unutilized funds transferred to pay-go at the end of the year



Next Steps

- **Deliver the proposed FY 2021 budgets in January 2020**
 - Revenue - Development of two-year rate proposals for FY 2021 and FY 2022
 - Expenditure - Funds operating budget priorities consistent with the financial plan goals
 - Capital Program - Address system infrastructure priorities
- **Conduct reviews and recommendations with the various Board Committees and Wholesale Customer in January and February 2020**
- **Budget Adoption in March 2020**

District of Columbia Water and Sewer Authority

Capital Improvement Program Report



**FY-2019 4th Quarter
July 1st through Sept 30th, 2019**

**Board of Directors
Finance and Budget Committee**

**David L. Gadis CEO and General Manager
Leonard R. Benson, Senior Vice President and Chief Engineer**

November 2019

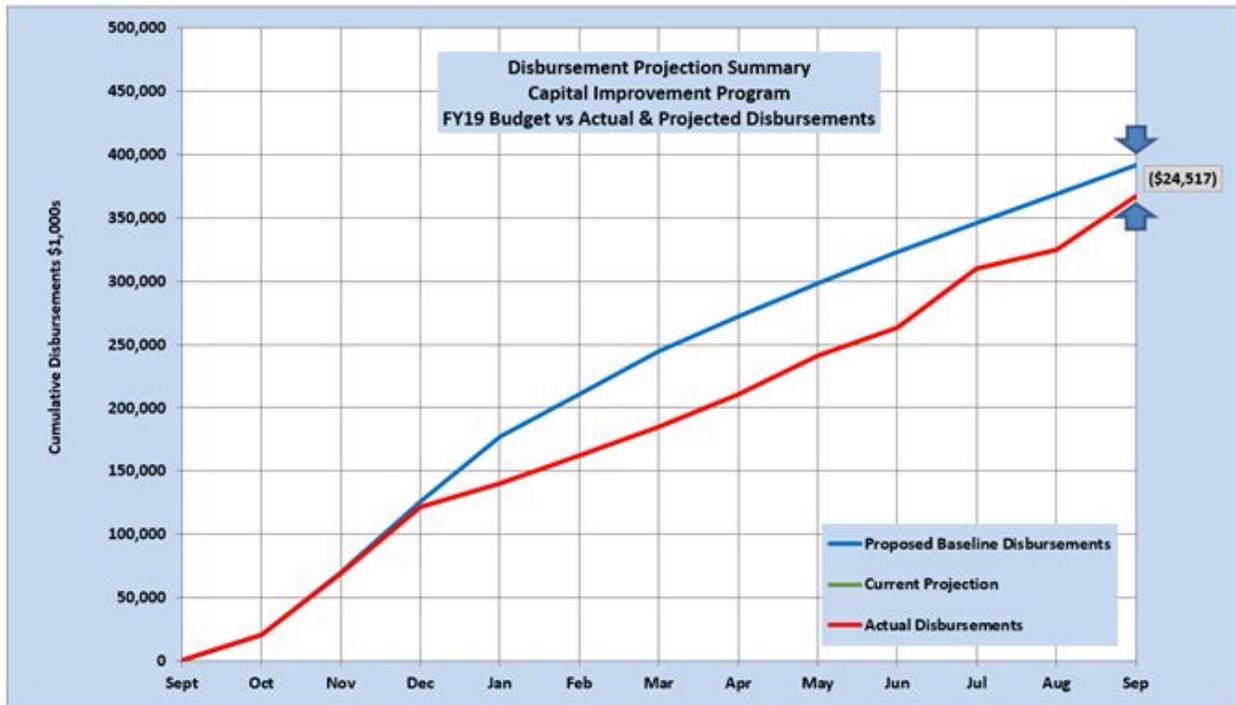


Capital Improvement Program Report 4th Quarter FY2019

CIP Disbursement Performance

The actual program disbursements through the end of the fiscal year compared with the FY19 baseline are shown in the chart below:

Disbursement Summary



*Note: FY19 Baseline was set in Dec, therefore Oct/Nov Actual disbursements match the Baseline disbursements.

The fiscal year 2019 CIP disbursements were \$367,152,000 through the end of September 2019, which met the baseline disbursement projection of \$391,670,000 within \$24,517,000 (6%).

Final disbursements within the service areas are as follows:

Non-Process Facilities

Baseline Disbursements	\$15,309,000
Actual Disbursements	\$8,529,000 (\$6.8M below baseline projection)

Significant project variances are listed below:

- *Non-Process Facilities Program* – (\$6.1M below baseline)
 - The disbursements for project DS - New HQ Building were less than anticipated due to the delay in retention release for the HQ building.



Capital Improvement Program Report 4th Quarter FY2019

Wastewater Treatment Service Area

Baseline Disbursements	\$69,979,000
Actual Disbursements	\$53,127,000 (\$16.9M below baseline projection)

Significant project variances are listed below:

- *Plantwide Projects Program Area – (\$5.7M below baseline)*
 - The disbursements for various projects were lower than anticipated, mainly attributable to delays in both initiation and completion of projects.
- *ENR Facilities Program Area – (\$6.9M below baseline)*
 - The disbursements for various projects were lower than anticipated, mainly attributable to delays in closeouts of projects.

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

Combined Sewer Overflow Program Area

Baseline Disbursements	\$7,491,000
Actual Disbursements	\$6,417,000 (\$1.0M below baseline projection)

There were no significant project variances for this service area over the fiscal year.

DC Clean Rivers Program Area

Baseline Disbursements	\$187,859,000
Actual Disbursements	\$215,335,000 (\$27.3M above baseline projection)

Significant project variances are listed below:

- The Clean Rivers Program actual disbursements for FY19 exceeded the planned disbursement due to:
 - Northeast Boundary Tunnel actual construction progress was better than the original assumed progress in the forecast prepared by Clean Rivers using historical data from previous tunnel construction projects;
 - Payment of a settlement amount to contractor of Poplar Point Pump Station.

Stormwater Service Area

Baseline Disbursements	\$4,220,000
Actual Disbursements	\$2,210,000 (\$2.0M below baseline projection)

Significant project variances are listed below:

- *Stormwater Program Management - (\$1.0M below projection)*
 - The disbursements for project AT00 - Stormwater Program Management were lower than forecast due to reduced CIP spending allowing us to bring work in-house and reduce



Capital Improvement Program Report 4th Quarter FY2019

program management consultant spending. Deferral of lower priority CIP projects and tasks also resulted in reduced program management consultant spending.

Sanitary Sewer Service Area

Baseline Disbursements	\$44,926,000
Actual Disbursements	\$36,224,000 (\$8.7M below baseline projection)

Significant project variances are listed below:

- *Sanitary Trunk Sewers Program Area – (\$3.6M below baseline)*
 - The disbursements for project IL - Creekbed Sewer Rehabilitation 2 were \$1.0M below baseline, mainly attributable to a delay in the contract closeout.
 - The disbursements for project LZ00 - Potomac Interceptor Projects - Rehab Phase 2 were \$1.4M below baseline, mainly attributable to the extended CFR durations.
- *Sewer Ongoing Program Area - (\$2.3M below baseline)*
 - The disbursements for the Sewer Ongoing (IR&R) program were below the forecast but within the expected limits of the forecasting accuracy as the number and size of repairs are difficult to predict year on year.
- *Sanitary Pumping Facilities – (\$1.3M below baseline)*
 - The disbursements for project GZ - Sewer Instrumentation & Control were \$0.9M below baseline, mainly attributable to delays in the procurement process.

Water Service Area

Baseline Disbursements	\$61,884,000
Actual Disbursements	\$45,310,000 (\$16.6M below baseline projection)

Significant project variances are listed below:

- *Water Distribution System program area (\$8.4M)*
 - The disbursements for project C9 - Large Diameter Water Mains were \$1.8M lower than anticipated due to suspension of work to ensure water pressure over the high demand summer period.
 - The disbursements for project O3 - Small Diameter Water Main Rehab 11 were \$2.4M lower than anticipated due to delay in close out.
- *Water Ongoing Program Area - (\$1.8M below baseline)*
 - The disbursements for the Water Ongoing (IR&R) program were below the forecast but within the expected limits of the forecasting accuracy as the number and size of water main breaks are difficult to predict year on year.
- *Water Storage Facilities Program Area - (\$4.1M below baseline)*
 - The disbursements for multiple projects in the Water Storage Facilities Program Area were slightly less than anticipated.
- *Water Program Management - (\$0.7M below projection)*
 - The disbursements for Water Program Management were lower than forecast due to reduced CIP spending allowing us to bring work in-house and reduce program management consultant spending.



Capital Improvement Program Report 4th Quarter FY2019

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
JF00	Construction of Flood Seawall – Segment C	Construction	Yes	\$5M - \$10M	EQ & Ops Nov	Dec
HH00	Construction of New Fleet Facility	Construction	Yes	\$15M - \$20M	EQ & Ops Nov	Dec
HH00	Construction of New Sewer Headquarters	Construction	Yes	\$10M - \$14M	EQ & Ops Nov	Dec
F100	Small Diameter Water Main Repl. 13b	Construction	No	\$5M - \$10M	EQ & Ops Nov	Dec
LZ00	Potomac Interceptor – Phase 5 Pipe Rehab MH30-31	Construction	Yes	\$10M - \$15M	EQ & Ops Dec	Jan
Multiple	Waste-Water Program Manager	Professional Services	Yes	\$20M -25M	EQ & Ops Dec	Jan
F100	Small Diameter Water Main Repl. 13a	Construction	No	\$5M - \$10M	EQ & Ops Jan	Feb
F100	Small Diameter Water Main Repl. 13d	Construction	No	\$5M - \$10M	EQ & Ops Feb	Mar
F100	Small Diameter Water Main Repl. 13c	Construction	No	\$5M - \$10M	EQ & Ops Apr	May
F200	Small Diameter Water Main Repl. 14a	Construction	No	\$10M - \$15M	EQ & Ops Jun	Jul



Capital Improvement Program Report 4th Quarter FY2019

Schedule - Key Performance Indicators Capital Improvement Program

Summary:

For the 4th Quarter, three of the three Key Performance Indicators (KPIs) completed this period were achieved within 90 days of their target date. Four will be completed outside the 90-day threshold.

#	Performance
11	KPIs completed within threshold
0	KPIs completed outside threshold
6	KPIs expected to be completed outside threshold
11	Total KPIs completed to date
17	Total KPIs this year

Reasons for any KPIs not meeting the 90-day threshold this period (Q4):

The Design Start milestone for project QS01 - Local Sewer Rehab Project 5-1 has slipped due to change in the design packaging approach.

The Construction Substantial Completion for project C904 - 66" Low Service Steel Main at 8th Street NE & SE has slipped due to suspension of work to ensure water pressure over the high demand summer period.

The Construction Substantial Completion for project I801 - Large Valve Replacements 11R has slipped due to unresolved disputes under negotiation, legal counsel involved.

The project OE01 FY15 - Plantwide Storm Drainage Improvements construction start has been moved to accommodate the project BX – Gravity Thickeners spending request.

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

Quarter	Job Code	Job Name	Activity Name	Due Date (Baseline)	Estimated Complete Date	Actual Complete Date	Variance (positive is early)	Met within 90 days
Q1	DZ02	Div RC-A - Rock Creek Project 1 (GI)	Construction Substantial Completion Milestone (KPI)	9-Oct-18		9-Oct-18	0	✓
Q2	J306	National Arboretum Sewer Rehab (Eastside Interceptor)	Construction Substantial Completion	22-Jan-19		24-Jan-19	-2	✓



Capital Improvement Program Report 4th Quarter FY2019

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	DE02	Small Diameter Water Main Replacement 12B	Construction Substantial Completion	25-Jan-19		23-Jan-19	2	✓
Q2	O302	Small Diameter Water Main Replacement 11b	Construction Substantial Completion	1-Feb-19		27-Dec-18	36	✓
Q2	MA01	St. Elizabeth Water Tank	Construction Substantial Completion	24-Jan-19		24-Dec-18	31	✓
Q2	IL10	Creekbed Sewer Rehabilitation Rock Creek Oregon Avenue	Construction Substantial Completion	19-Feb-19	30-Apr-20		-436	x
Q2	DE01	Small Diameter Water Main Replacement 12A	Construction Substantial Completion	30-Apr-19		20-Dec-18	131	✓
Q3	AL05	Plantwide Projects Program Management	MFU6 - Start Milestone	1-May-19		29-May-19	-28	✓
Q3	LZ09	PI Phase 6 Pipe Rehab at Clara Barton Pkwy and I495	Design Start Milestone	19-Jun-19	29-Feb-20		-255	x
Q3	FQ01	FQ01 Main & O St. PS Intermediate Upgrades	Construction Substantial Completion	30-Jun-19		30-May-19	-20	✓
Q4	QS01	Local Sewer Rehab Project 5-1	Design Start Milestone	15-Jul-19	07-Jul-21		-732	x
Q4	C904	66" Low Service Steel Main at 8th Street NE & SE	Construction Substantial Completion	5-Jul-19	30-Apr-20		-300	x
Q4	I801	Large Valve Replacements 11R	Construction Substantial Completion	31-Jul-19	30-Sep-20		-427	x
Q4	CZ07	Potomac Project 1 (GI)	Substantial Completion Milestone	31-Jul-19		8-Mar-19	145	✓
Q4	FA03	Soldiers Home Reservoir Upgrade	Construction Start Milestone	8-Aug-19		9-Oct-19	-63	✓
Q4	UC06	Upgrades to Filtration Influent Pumps 1-10	Construction Start Milestone	13-Aug-19		10-Oct-19	-57	✓
Q4	OE01	FY15 - Plantwide Storm Drainage Improvements	Construction Start Milestone	17-Sep-19	17-Sep-21		-731	x

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



Merchant Card Update

Presentation to the Finance and Budget Committee
November 19, 2019

District of Columbia Water and Sewer Authority





Purpose

- Provide an update on merchant card services
- Provide requested Finance and Budget Committee follow up
- Discuss possible options
- Next Steps
- Appendix - Local and national utility merchant fee charges



Merchant Card Challenges



Challenges

- DC Water paid \$1.2 million in FY2019 for credit card fees
- Reasons why our fees are expensive
 - Level 1 authentication vs. levels 2 and 3 authentications
 - Payment aggregators
 - WEB credit card costs



Authentication Levels

- There are three credit card processing levels:
 - Level 1, Level 2, and Level 3
 - Each level is defined by the amount of information that is required or passed to complete a payment (i.e. name, address, zip code, etc.)
 - Costs for processing vary by level depending on how the customer processes the payment
- Level 1 results in the most expensive way for a business to accept a credit card, and less information is required from customers
- Level 2 and Level 3 card data dramatically reduces the expense of accepting credit cards and is particularly applicable to business-to-business (B2B) merchants that predominately accept credit cards from business, commercial, corporate, purchasing, and government cardholders
 - These levels require additional information to be provided by customers



Payment Aggregators

- Since FY2017, WEB credit card payment transactions and costs have increased in cost and number
- One reason for the increase is the use of payment aggregators
- Payment aggregators process payments for large businesses, small businesses, and residential customers
- Payment aggregators may include banks, credit unions, or proxies processing monthly payments
 - Example:
 - Large hotel has five locations with monthly water bills of \$20,000 each totaling \$100,000
 - Aggregator contracted as proxy to pay hotel water bills; proxy pays with 2% cash back credit card
 - $\$100,000 \times 2\% \text{ cash back} = \$2,000$ per month
 - $\$2,000 \text{ per month} \times 12 \text{ months} = \$24,000$ annually



WEB Credit Card Cost Impact

- WEB credit card activity has increased dramatically:
 - The number of WEB transactions increased 35% from FY2018 to FY2019
 - The per transaction fee increased from 29% to 58% from FY2017 to FY2018
 - The merchant cost increased from 39% to 81% from FY2017 to FY2018

	FY2016	FY2017	FY2018	FY2019
Retail Merchant Card Transactions	78,819	85,419	97,377	131,479
Percentage Increase (%)		8%	14%	35%
Average Fee per Transaction	\$2.80	\$3.60	\$5.70	\$5.96
Percentage Increase (%)		29%	58%	5%
Retail Merchant Card Annual Costs	\$220,909	\$307,147	\$555,190	\$784,101
Percentage Increase (%)		39%	81%	41%

Source: Bank of America Merchant Services (BAMS)



FY2019 WEB Percentage Impact

- WEB credit cards accounted for 63% of DC Water's merchant card costs in FY2019
- WEB credit card fees totaled \$784,101 for FY2019

Current Process	FY2019 Fee Per Transaction	FY2019 Transactions	FY2019 Fee Amount	Percentage of Fee Amount
Permits (Construction)	\$6.63	548	3,630.76	0%
IVR (Interactive Voice Response)	\$1.52	91,649	138,887.62	11%
WEB (Website/Online)	\$5.96	131,479	784,101.34	63%
RCC (Recurring Credit Card)	\$2.01	154,723	310,356.76	25%
Convenience Fee Average	\$3.27	378,399	\$1,236,976.48	100%

Source: Bank of America Merchant Services (BAMS)



WEB CC Projections for FY2020

- WEB credit card projections based on Oct 2019 actual data
- DC Water’s merchant card costs are projected to be \$1.6 million

Credit Card Fee Summary Projections
Merchant CC Processing Fees (Retail & Development Contractor)

Account	FY2020 YTD		
Merchant Card Services	Credit Card Transactions	Credit Card Fee Amount	Average Fee Per Transaction
Permits (Construction)	36	\$ 557.17	\$ 15.48
IVR (Interactive Voice Response)	7,682	\$ 7,316.01	\$ 0.95
WEB (Website)	12,664	\$ 91,137.12	\$ 7.20
RCC (Recurring Credit Card)	19,335	\$ 34,719.72	\$ 1.80
Total Merchant Card Services YTD	39,717	\$ 133,730.02	\$ 3.37
Monthly CC Processing	39,717	\$ 133,730.02	\$ 3.37
FY2020 CC Projections	476,604	\$ 1,604,760.24	\$ 3.37

Source: Bank of America Merchant Services (BAMS)



FY2020 Merchant Card Utility Rate

- DC Water is projected to pay \$3.37 per merchant card transaction for FY2020
- Currently, DC Water is receiving the lowest processing rate at \$1.40 per transaction, which is the utility rate, since the Authority absorbs the fee for all customers
- Based on five specific types of corporate cards used in October 2019, DC Water's utility fee was downgraded
 - Corporate cards, fuel cards, fleet cards, and purchasing cards
- DC Water's average utility rate of \$1.40 was downgraded to the average non-utility rate of \$7.20 per transaction

Source: *Kubra* (DC Water's payment gateway vendor) from Bank of America Merchant Services (BAMS) data



F&B Committee Follow Up Items



Credit Card Processing by Class

- FY2019 breakdown of merchant credit card processing by customer class
- These are for WEB transactions from Oct 2018 – Sept 2019 for Residential, Multi-Family, and Commercial customers only

Source: VertexOne/SAP

FY2019	Residential	Commercial	Multi-Family	Com/MF	Total
Total Revenue	\$137,568,736	\$197,616,145	\$123,524,691	\$321,140,837	\$458,709,572
Total Credit Card Revenue	\$49,351,867	\$28,426,157	\$20,962,979	\$49,389,136	\$98,741,003
Average Credit Card Payment	\$151.07	\$2,105.33	\$1,498.53	\$1,801.93	\$1,251.64
Credit Card Percentage of Total Revenue	35.87%	14.38%	16.97%	15.38%	21.53%

*Merchant processing information referenced above excludes Permit construction data
Totals may not match other data sources on all slides*



Percentage of Revenue by Merchant

- FY2020 YTD percentage of revenue charged by merchant for credit cards
- Merchants include IVR, WEB, and RCC

Source: Bank of America Merchant Services (BAMS)

FY2019	IVR	WEB	RCC	Total
Total Credit Card Revenue	\$20,698,545	\$57,808,390	\$18,900,176	\$97,407,110
Average Payment	\$225	\$448	\$120	\$264
Merchant Fees	\$138,888	\$784,101	\$310,357	\$1,233,346
Merchant's Fee as Percentage of Total Credit Card Revenue	0.67%	1.36%	1.64%	1.27%

Merchant processing information referenced above excludes Permit construction data
 Totals may not match other data sources on all slides



Options to Consider



Options to Consider

- Pass a \$1.00 credit card fee to customers
- Pass all credit card fees to customers
- Restrict credit card processing to Residential only
- Cap the credit card dollar value per transaction
- Cap the number of monthly transactions
- Incentivize ACH payments
- Restrict Guest Payments



Charge \$1.00 Fee to Customers

- Begin to charge a \$1.00 convenience fee to all customers paying by merchant card
 - Merchant card processing includes debit and credit cards with VISA/MC/Discover logos
- Pros
 - Could move some customers to ACH
- Cons
 - Customers are not used to paying a fee
 - DC Water would be responsible for charging an ACH debit fee along with credit card fee, per VISA interchange rules
 - Depending on fee amount set, costs could increase, since DC Water would lose the utility rate
 - Average non-utility downgrade rate for FY2020 YTD is \$7.20
 - DC Water would incur remaining costs after \$1.00 fee is passed



Pass All Fees to Customers

- Pass all merchant fees/convenience fees to all customers paying by merchant card (debit/credit logos)
- Pros
 - DC Water would no longer be responsible for operating credit card costs for WEB and IVR
- Cons
 - Customers are not used to paying a fee
 - DC Water would be responsible for recurring credit card fees, since we cannot charge a convenience fee to a recurring credit card customer, per VISA interchange rules
 - DC Water would be responsible for charging an ACH debit fee along with credit card fee, per VISA interchange rules



Restrict Credit Card Processing

- Restrict credit card processing to Residential customers only
 - Commercial and Multi-Family customers would not be allowed to process credit card payments (alternatives: wire, check, or ACH)
- Pros
 - DC Water would no longer be responsible for operating credit card costs for WEB and IVR Commercial and Multi-Family customers
 - DC Water would maintain utility level rate
- Cons
 - DC Water would be responsible for recurring credit card fees for Residential customers only, since we cannot charge a convenience fee to a recurring credit card customer, per VISA interchange rules



Cap Transactions by Dollar Amount

- Cap the credit card dollar value per transaction
 - Example
 - Cap dollar value at \$500, \$750, or \$1,000 per transaction
- Pros
 - Eliminate payment aggregators use of expensive rewards programs at DC Water's expense
- Cons
 - May delay revenue for a few months until customers find different methods of payment
 - Customers could process several transactions for a single bill, negatively impacting credit card fees



Cap Number of Transactions

- Cap the number of credit card transactions per month
 - Example:
 - Cap at 1, 2, or 3 transactions per month
 - Customer could only pay \$500 three times per month
- Pros
 - Eliminate payment aggregators use of expensive rewards programs at DC Water's expense
- Cons
 - May delay revenue for a few months until customers find different methods of payment



Incentivize ACH Payments

- Provide an incentive for customers to choose ACH payments
 - Example:
 - Provide a credit on customers bills when payments are made via ACH
- Pros
 - Could incentivize customers to choose less expensive ACH payments over credit card payments
- Cons
 - Fiscal impact would need to be determined



Restrict Guest Payments

- DC Water could prevent guests from using a credit card to process a payment, or require them to enter level 2 and 3 data to qualify at better rates
- Pros
 - Eliminate payment aggregators use of expensive rewards programs at DC Water's expense
- Cons
 - Fiscal impact would need to be determined



Next Steps



Next Steps

- Prepare recommended options

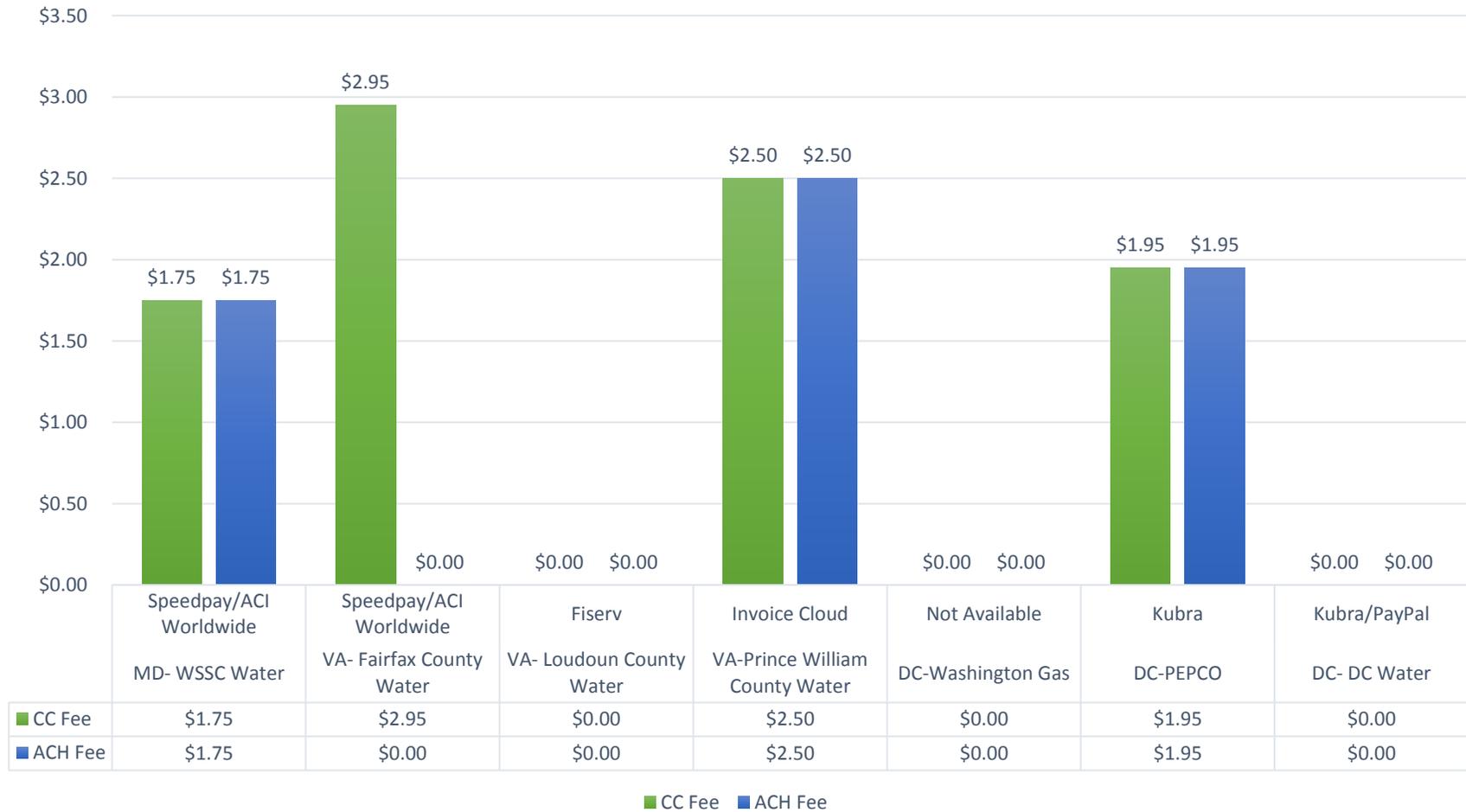


Appendix



Local Utility Merchant Card Fees

- Convenience fees for utilities in DC, Maryland, and Virginia





U.S. Utility Merchant Card Fees

- Convenience fees for utilities throughout the United States



ATTACHMENT 6

**Response to Follow-up Items from the Finance and Budget Committee
Meeting held on October 24, 2019.**

Provide the status of punch list for the HQO building. (Mr. Giancola)

Skanska has brought in 2 new job superintendents to bring the project to completion who have knocked out open items related to painting and overseen the planting of approx. 2000 spring bulbs that will be ready to bloom next year. DC Water and Skanska are looking for a final resolution on all punch list items and the retainage owed to Skanska by the end of the calendar year. As of November 8, 2019, the following items remain outstanding on the punch list for HQO:

- HVAC - After a significant redesign, which greatly improved the performance of the system, the units and overall systems controls are still being balanced and adjusted for flow/temp and noise on all floors.
- West Canopy Entrance (closest to the Sewer Services Building F) is being finished up in the next 2 weeks with some exterior and glass work, at which point it will come off the list.
- Poured cement floor on the ground floor of HQO. A resolution has been found to the cracking and mismatched concrete in the poured floor, overlaying a new concrete tile product, which will be installed in the coming weeks.
- Stormwater reuse tank and cistern controls are still being adjusted, and as stormwater is reused in the cooling tower these controls are related to the overall balancing of the HVAC system that is still being finalized.
- The guard shack and related exterior work in pending and expected to be complete in the coming weeks once materials are onsite.
- Shades - The automatic capability of the shade system, which is tied to a roof sensor, will be back online in a couple of weeks.
- Raised floor corrections - There are several areas where there are still adjustments to be when transitioning to other spaces and to ensure proper balancing of the floor system.
- All exterior doors are still being adjusted; should problems persist with the current door system DC Water may look to the warranty as a means to replace with a better option.
- The roofing membrane around the Dedicated Outdoor Air System (DOAS) unit, which has caused some leaks, is still being corrected and work is expected to be complete by the end of the month.



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

**Tuesday, January 23, 2020; 11:00 a.m.
DC Water Headquarters
1385 Canal Street, SE, DC
AGENDA**

Call to Order	Chairperson
December 2019 Financial Report	Chief Financial Officer
Agenda for February Committee Meeting	Chairperson
Adjournment	Chairperson

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