

DC Water

## **BUDGET IN BRIEF**

Revised FY 2012 Approved FY 2013

Adopted January 5, 2012

**William M. Walker**, *Chairman of the Board*

**George S. Hawkins**, *General Manager*

**Olu Adebo**, *Chief Financial Officer*

### BUDGET IN SYNC

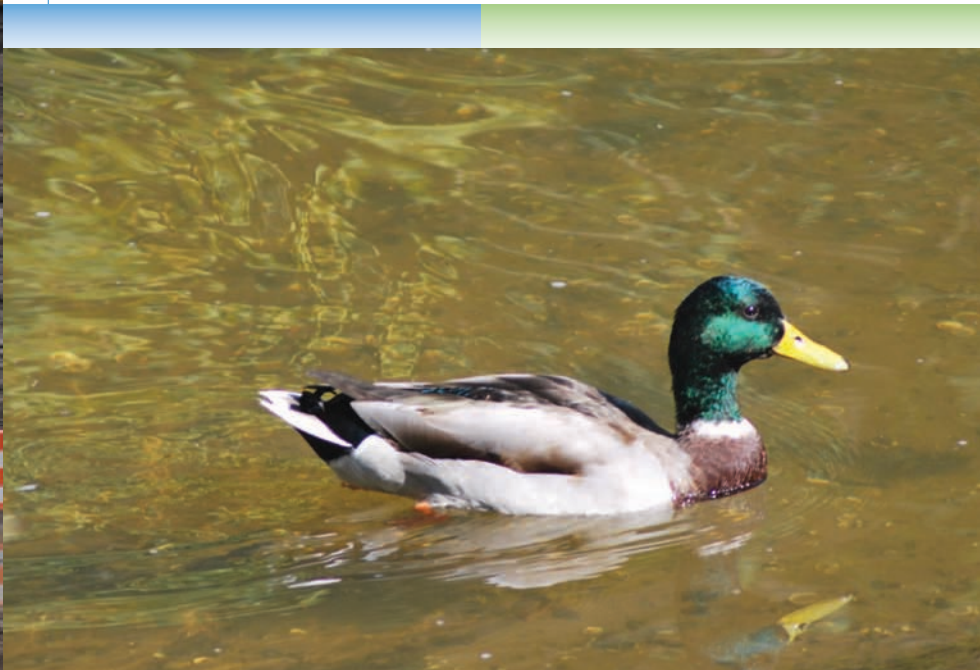
ENVIRONMENT

INNOVATION

SERVICE and

ACCOUNTABILITY

District of Columbia Water and Sewer Authority



**Mission**

- Serve all of its customers with outstanding service by providing reliable and cost-effective water and wastewater services in accordance with best practices.

**Vision**

- Provide world-class water and wastewater services as a leading steward of the environment.

**Values**

- Respectful, responsive, and sensitive to the needs of our customers and employees.
- Ethical and professional conduct.
- Vigilant to ensure optimal health, safety, and environmental outcomes.
- Dedicated to teamwork and cooperation.
- Committed to equity, trust, and integrity in all that we do.

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dc 2011 BUDGET PRESENTATION AWARD



The Government Finance Officers Association of the United States and Canada (GFOA) presented a distinguished Budget Presentation Award to the District of Columbia Water and Sewer Authority, for its annual budget for the fiscal year beginning October 1, 2011. To receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.







As General Manager, I am responsible for ensuring that DC Water delivers its services reliably, efficiently and within budget. DC Water provides a service – water – that is fundamental to life and is the only public service that must be provided for our regional economy to exist. We employ more than 1,000 people, have an annual budget (operational and capital) of nearly \$1 billion, and supply and treat more gallons of water every day than there are people in the United States. This is the third year I've had the privilege of transmitting DC Water's Board-approved operating and capital budgets. For Fiscal Year 2012 and 2013, these budgets provide for spending \$415.4 and \$456.8 million respectively on operating expenses, and \$531.7 and \$665.7 million respectively on capital.

As we move forward in financial and programmatic planning for FY 2013 and beyond, I believe the word "change" captures my sense of DC Water after two years at the helm. Of course, I am incredibly proud of the aspects of our work that do not change much - delivering clean, safe water to our customers, then taking it back after use and cleansing it before returning it to the Potomac River. Our core work is fundamental to the welfare of every living organism in this region, and our team is unflinching in its dedication to this service.

Yet as much as our core purpose is firm and the manner in which we achieve this purpose is changing in almost every way. Consider our three pillars of change.

The first aspect of change is perception. It is our conviction that we are not just a critical utility but also one of the pre-eminent environmental enterprises of the region. We need our customers to understand what we do – and to link the charges on their bills to the work we are leading to cleanup our rivers and the Chesapeake Bay.

Our financial commitment to the environment is demonstrated through the resources we have committed to necessary infrastructure investments, innovative research and continued operations of water, sewer collection and wastewater treatment

services that have significantly improved water quality over the years and contribute to a wide range of regional economic benefits attributable to clean water. As I often say, the ability to get clean water in our homes and offices and return clean water to our local waterways is the cornerstone of any civilization!

A second change is to the stereotype that the water utility world is hide-bound and even stagnant. DC Water now shares the attributes of a firm in Silicon Valley. We are in a period of significant (and costly) growth, largely driven by massive projects governed by federal law. We are expanding staff and facilities, redesigning our work-space, raising funds on capital markets, employing novel procurement and management practices – and ultimately implementing technology and techniques that are transforming our industry. This budget reflects and integrates all of this change and more.

The third component of change is how we serve our customers. As I mention to our team frequently, we have to be as attentive and aware of our customer needs as any private firm. From our aggressive use of Twitter and social media, the deployment of the next generation of Automatic Meter Reading technology, to the consolidation of our permit services into one centrally accessible location in 2012, we want every interaction with our customers to be friendly, helpful, and ultimately successful. Meeting customer service needs almost always drives change when we seek to resolve problems in our system.

Ultimately, these three aspects of change – in perception and understanding, business growth and efficiency, and improving service to the customer – support our core purpose. These budgets provide the resources to ensure that we can faithfully meet our commitment to excellence and strive to be the best. You deserve nothing less.

George S. Hawkins  
January 2012



As Chief Financial Officer for DC Water, I am pleased to present the Board-adopted operating and capital budgets for Fiscal Years 2012 and 2013. The budgets are based on priorities and initiatives, reliant upon consensus-based decisions made by the General Manager in concert with the Executive Leadership Team. Our budget process uses a ten-year planning horizon and considers a number of inputs such as regulatory requirements; infrastructure needs determined by various facility master plans for major systems; Board-determined priorities; funding and rate impacts on our customers. I would like to take this opportunity to personally thank everyone who contributed in any way to the development of our revised FY 2012 and approved FY 2013 budgets.

General Manager Hawkins engaged us in developing a strategic budget, with the goal of balancing our operating and financial needs with the financial impact on our customers. This process allowed us to determine our funding needs and revenue projections, and link them to customer affordability, in light of the prevailing economic conditions. We engaged our Assistant General Managers to provide oversight and to collaborate in most decisions by taking accountability of both the planning and execution of their respective budgets, which considered both short and long term needs as well as improved efficiencies and cost savings.

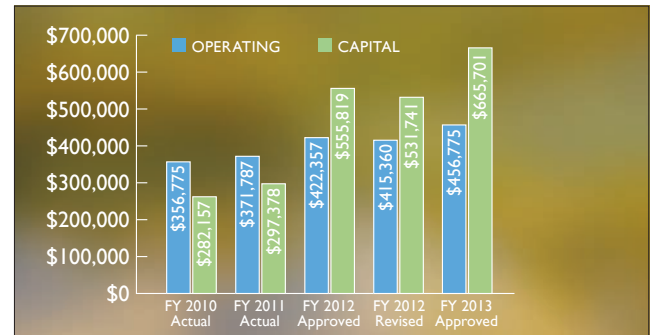
Our revised FY 2012 Operating Budget totals \$415.4 million. The approved FY 2013 Operating Budget totals \$456.8 million, which represents a \$41.4 million increase, or 10.0 percent over the previous year. The primary drivers of the budget increase are debt service costs of the DC Water Capital Improvement Program (CIP), and escalating cost of personnel services and utilities. Our FY 2011-2020 ten-year (CIP) totals \$3.8 billion (cash disbursements basis). A comparative summary of the operating

and capital budgets is shown below and a more detailed discussion is provided later in this document.

As you explore this document you will see that this budget continues to maintain DC Water's vision for a strong financial future and it demonstrates that we are well positioned to meet the challenges ahead.

Olu Adebo, February 2012

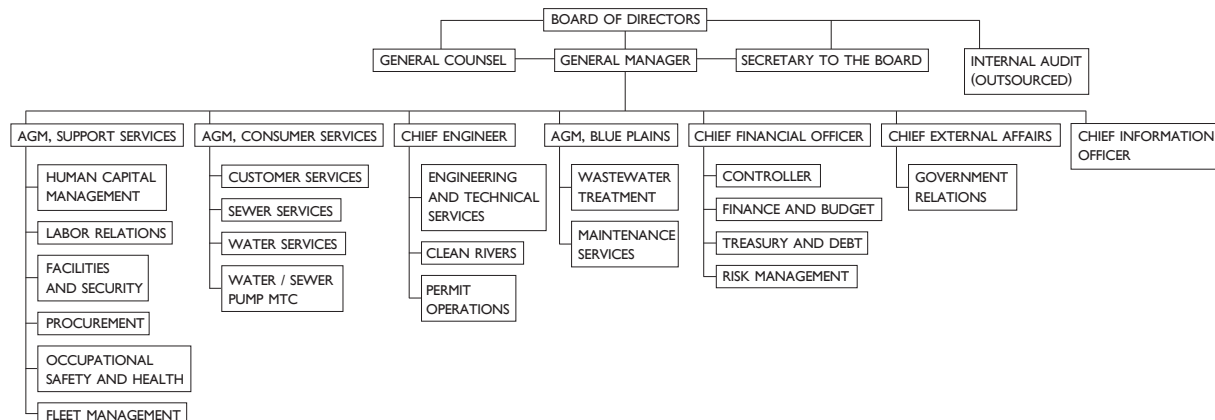
### OPERATING AND CAPITAL BUDGET SUMMARY



## dc BOARD OF DIRECTORS / ORGANIZATIONAL STRUCTURE

- William M. Walker** *Chairman / Principal / District of Columbia*
- Allen Lew** *Principal / District of Columbia*
- F. Alexis H. Roberson** *Principal / District of Columbia*
- Alan J. Roth** *Principal / District of Columbia*
- Alethia Nancoo** *Principal / District of Columbia*
- Adam Clampitt** *Principal / District of Columbia*
- Timothy L. Firestine** *Vice Chairman / Principal / Montgomery County, MD*
- Robert Hoyt** *Principal / Montgomery County, MD*
- Bradford Seamon** *Principal / Prince George's County, MD*
- Carla Reid** *Principal / Prince George's County, MD*

- Anthony H. Griffin** *Principal / Fairfax County, VA*
- Howard C. Gibbs** *Alternate / District of Columbia*
- Brenda Richardson** *Alternate / District of Columbia*
- Joseph Cotruvo** *Alternate / District of Columbia*
- Howard Croft** *Alternate / District of Columbia*
- David W. Lake** *Alternate / Montgomery County, MD*
- Kathleen Boucher** *Alternate / Montgomery County, MD*
- Samuel Wynkoop** *Alternate / Prince George's County, MD*
- Dawn Hawkins-Nixon** *Alternate / Prince George's County, MD*
- James Patteson** *Alternate / Fairfax County, VA*



**History:** In 1996, the District of Columbia Water and Sewer Authority was created by District law, with the approval of the United States Congress, as an independent authority of the District Government with a separate legal existence.

**Age of Pipes:** The median age of District water main pipes is 77 years old, with approximately 9 percent of pipes installed in the 1900s and 2 percent dating back to the 1860s before the Civil War.

**Service Area:** Providing more than 600,000 residents and 16.6 million annual visitors in the District of Columbia with retail water and wastewater (sewer) service, DC Water has a total service area of approximately 725 square miles. In addition, DC Water treats wastewater for approximately 1.6 million people in neighboring jurisdictions, including Montgomery and Prince George's Counties in Maryland and Fairfax and Loudoun Counties in Virginia.

**Employees:** Approximately 1,000 people are employed by DC Water and work at various facilities across the District.

**Drinking Water Quality:** With a strong emphasis on water quality, DC Water maintains an annual flushing program, regulatory and voluntary water quality testing, ongoing system upgrades and lead service replacements. In partnership with the U.S. Army Corps of Engineers Washington Aqueduct, DC Water ensures a high quality treatment process for delivering optimal drinking water all year round.

**Pumped and Treated Water Storage:** During Fiscal Year 2011, DC Water pumped an average of 106 million gallons of water per day. In addition, DC Water stores 61 million gallons of treated water at its eight facilities. The Washington Aqueduct stores an additional 49 million gallons.

**Water Distribution System:** DC Water delivers water through 1,300 miles of interconnected pipes, four pumping stations, five reservoirs, three water tanks, 36,000 valves, and 9,089 fire hydrants.

**Blue Plains Advanced Wastewater Treatment Plant:** Blue Plains, located at the southernmost tip of the District, is the largest advanced wastewater treatment facility in the world, covering 153 acres along the Potomac River.

**Wastewater Treatment Capacity:** Blue Plains treats an annual average of 300 million gallons per day (MGD) and has a design capacity of 370 MGD, with a peak design capacity to treat more than one billion gallons per day.

**Sewer System:** 1,800 miles of sanitary and combined sewers and 22 flow-metering stations, nine off-site wastewater pumping stations, 16 stormwater pumping stations, 12 inflatable dams and a swirl facility comprise the DC Water sewer system.

**Financial Performance:** In Fiscal Year 2011, all three leading credit rating agencies reaffirmed DC Water's "AA" credit rating. DC Water also received its 15th consecutive unqualified audit opinion of its financial statements.

**Customer Service:** DC Water communicates valuable customer-related information through bill inserts, monthly newsletters, its website, and social media to include Facebook, YouTube and Twitter. Using an interactive voice recognition system, DC Water makes information readily available in more than 150 languages. A 24-hour Emergency Command Center, at (202) 612-3400, operates as the centralized communication facility for receiving and responding to a variety of emergency calls from customers and the public.

**Community Service:** Donating their time and resources, DC Water employees actively support a variety of charitable projects and community service. DC Water also invests in the community by conducting science laboratory exercises in District high schools and engaging the public through tours of Blue Plains.

**Governance:** DC Water's Board of Directors establishes policies and guides the strategic planning process. The Board is composed of 22 members, representing the District, Montgomery and Prince George's Counties in Maryland and Fairfax County in Virginia. The District members set rates, charges and policies for District services. The entire Board votes and establishes policies for joint-use services. The General Manager reports to the Board and manages the day-to-day operations and performance of the enterprise.

**DC Water Financial Information**

- Bond Rating: Aa2/AA+/AA
- FY 2012 Revenue: \$426.4 million (cash receipts)
- FY 2012 Revised Operating Budget: \$415.4 million
- FY 2012 Capital Budget: \$531.7 million

**DC WATER SERVICE AREA**

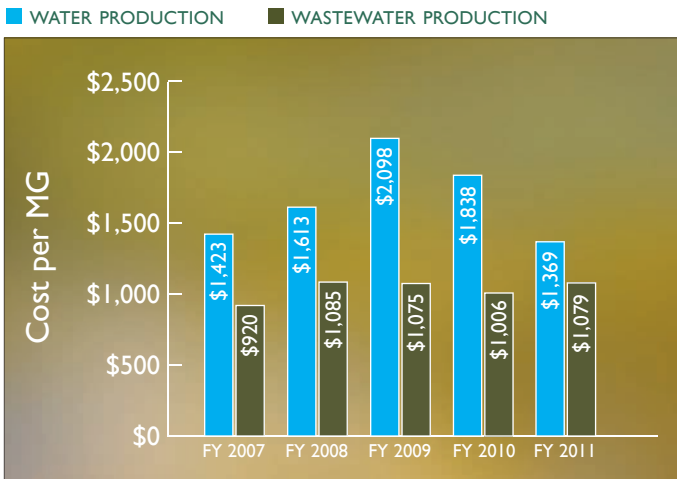




Over the past two years, DC Water has focused on the development and implementation of meaningful performance measures to ensure that activities align with Agency strategic goals and achieve Board objectives. In FY 2010 the initial performance measures were identified, tracked and reported monthly to the Board. One nationally recognized efficiency measure is the AWWA Qualserv cost per million gallons efficiency measure. DC Water continues to perform well when compared with other large systems and shows great cost effectiveness.

	Water Production	Wastewater Treatment
FY 2007	\$1,431	\$2,022
FY 2008	\$1,650	\$2,077
FY 2009	\$1,760	\$1,967
FY 2010	\$1,771	\$2,128

DC WATER OPERATING EFFICIENCY RESULTS



FY 2011 OPERATING PERFORMANCE DASHBOARD

The operating Dashboard below provides a snap shot view of our salient performance measures, reported each month.

<p>Delinquent Accounts Receivable (%)</p> <p>ACTUAL 2 TARGET 3</p>	<p>Emergency Response Time (% of calls rec)</p> <p>✓ 90 SEP 96</p>	<p>Customer Assistance (\$ thousands)</p> <p>ACTUAL 919 TARGET 1000</p>	<p>Plant Influent Flow (gal mil)</p>	<p>■ ACHIEVEMENT OF SPECIFIC PERFORMANCE TARGET</p> <p>■ INVERSE</p>
<p>Operating Expenses (\$ mil)</p> <p>ACTUAL 355 TARGET 382</p>	<p>First Call Resolution (% of calls rec)</p> <p>✓ 75 SEP 80</p>	<p>SPLASH Contributions (\$ thousands)</p> <p>ACTUAL 95 TARGET 80</p>	<p>Total Coliform Rule (%)</p>	
<p>Investment Cash Earnings (\$ thousands)</p> <p>ACTUAL 865 TARGET 312</p>	<p>Call Center Performance (% of calls rec)</p> <p>✓ 85 SEP 86</p>	<p>Investment Yield (%)</p> <p>ACTUAL 0.56 TARGET 0.15</p>	<p>Total Nitrogen (lbs/yr mil)</p>	

The following highlights the FY 2012/2013 operating budgets: Detailed descriptions and tables can be found in the full revised FY 2012 and approved FY 2013 operating budget book available online at [dcwater.com](http://dcwater.com).

- Revised FY 2012 operating budget totals \$415.4 million
- Approved FY 2013 operating budget totals \$456.8 million
- Proposed FY 2013 water and sewer rate increase of \$0.47 per Ccf from \$7.20 to \$7.67 per Ccf
- Proposed FY 2013 monthly Impervious Area Charge (IAC) increased by \$3.09 from \$6.64 per Equivalent Residential Unit (ERU) to \$9.73 per ERU.
- Proposed FY 2013 PILOT fee increase of \$0.03, per Ccf, from \$0.49 per Ccf to \$0.52 per Ccf. ROW increase of \$0.01 per Ccf, from \$0.15 per Ccf to \$0.16 per Ccf.

*Note: 1 Ccf = 748 gallons*

### **Budget in Sync: Environment, Innovation, Service and Accountability**

The revised FY 2012 and approved FY 2013 operating budgets provide the resources necessary to sustain a multi-billion dollar water treatment and distribution and sewage collection and treatment system. DC Water continues to deliver clean water, collect and treat the sewage before returning clean water to the local waterways and repair main and sewer breaks as needed. These budgets are in sync with organizational goals to protect the environment, embrace innovation and promote service and accountability.

**Environment:** As DC Water strives in its mission to be a “best in world” organization, it also continues to make changes and improvement to enhance efficiencies, improve processes and best utilize all its assets with the goal of protecting the environment. In FY 2011, this resulted in DC Water funding a sewer, odor and corrosion pilot study to better understand and eliminate the emission of dangerous sewer gases into the environment, as well as completion of several low-investment electric work that will result in immediate reductions in electricity use at Blue Plains. In addition, DC Water continues to move forward on approximately \$3 billion in capital projects that will: reduce electricity use at Blue Plains by 30 percent; reduce the amount of biosolids hauling and disposal; increase the removal of nitrogen from treated wastewater before it is returned to our local waterways; and eliminate 97 percent of the combined sewer overflows and meet all federal mandates. The commitment to environmental stewardship is reinforced by the enormous amount of resources dedicated to these and other efforts.

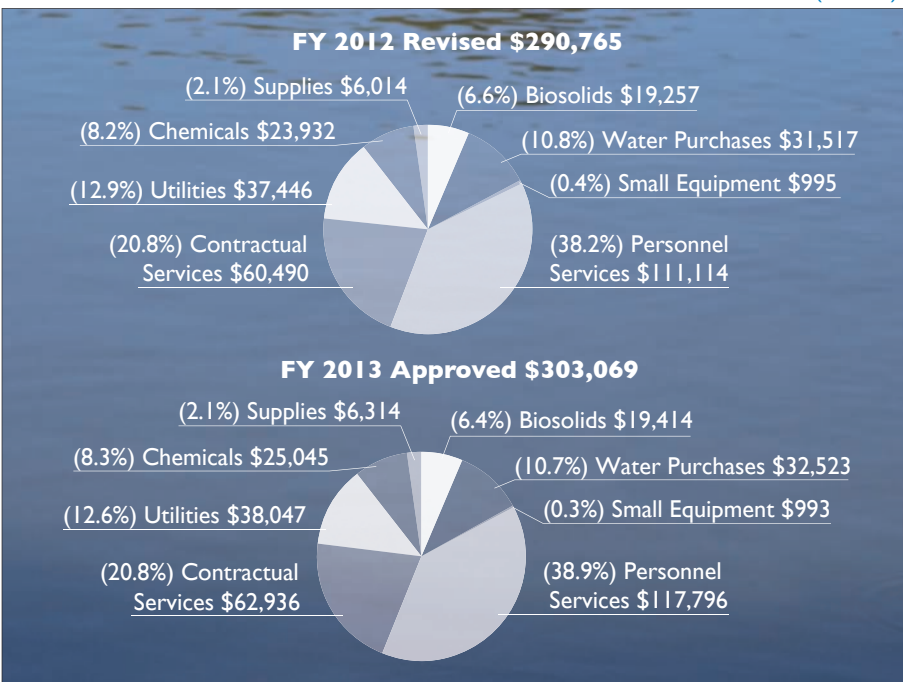
**Innovation:** The Authority continues to connect with its customers in new and innovative ways and has allocated resources to continue ongoing process improvements. In FY 2011, DC Water upgraded the technology in its Customer Service office and in the field, including a new call recording system to better evaluate the quality of service. Also, our metering staff started working with IBM to develop new uses of meter reading data to identify meters in need of repair. Furthermore, Water Services department is working on innovative technology using sound waves to better detect leaks along the water distribution mains in an effort to reduce water loss and reduce the opportunity for breaks that cause disruption to surface streets. DC Water continues to receive national recognition for its innovative and creative studies and investments. However, the primary focus for DC Water is that these innovations result in improved and more efficient service delivery to the customer.

**Service and Accountability:** These budgets include resources necessary to maintain the water and sewer infrastructure, as well as respond to customer calls or inquiries to service needs. DC Water continues to review, revise and increase efficiencies through new processes, trained personnel, organizational structure and technologies. Our activities and actions are, in part, informed through observation and data collection or customer feedback during the multiple Town Hall meetings or numerous other community meetings and events attended by DC Water personnel. In FY 2011, the General Manager made organizational changes and improvement to enhance service and accountability. Two departments were reorganized to support this effort. Facilities Management and Safety and Security departments were reorganized into two separate departments; Facilities & Security Management and Occupational Safety and Health (OSH). Creating a standalone safety department (OSH) allowed for a greater focus on the health and safety of DC Water’s employees and customers. The restructuring transferred security functions to facilities management to better protect our facilities and assets. The Human Resources department was renamed “Human Capital Management” with the intent to decentralize services to better support and enhance DC Water staff and activities through leadership development, training, career progression, individual personal and professional lives, and benefits. The transition to Human Capital Management is representative of the desire to be progressive, responsive and adaptive to the needs of our evolving organization.

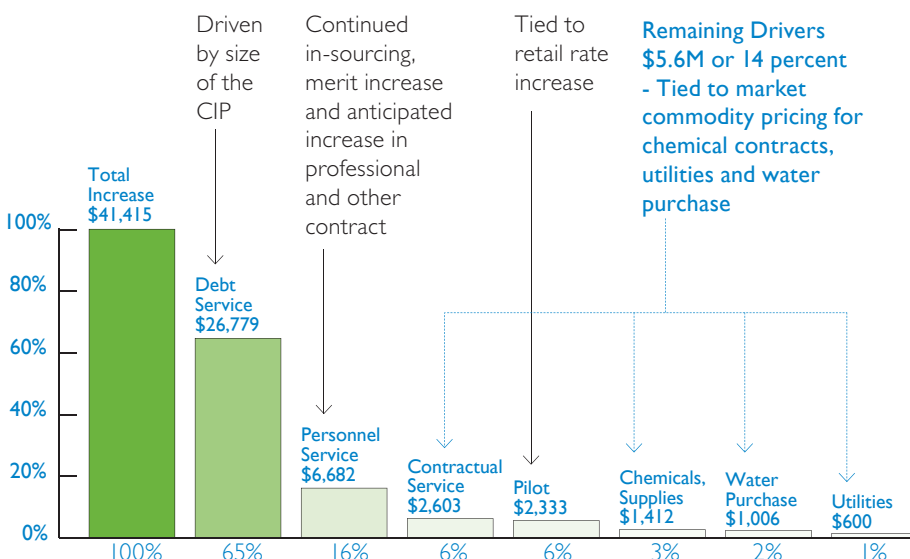
**FUNDING SOURCES AND USES FOR OPERATING BUDGETS**

		<b>FY 2012 Revised Budget</b>	<b>FY 2013 Approved Budget</b>
<b>Sources</b> (\$ thousands)	Retail Revenues	\$308,541	\$336,858
	Wholesale Revenues	\$74,361	\$77,446
	Other Revenues	\$43,514	\$45,846
	<b>Total Revenues</b>	<b>\$426,416</b>	<b>\$460,150</b>
<b>Uses</b> (\$ thousands)	O&M Expenditures	\$290,765	\$303,069
	Debt Service	\$102,613	\$129,392
	PILOT	\$16,882	\$19,215
	ROW	\$5,100	\$5,100
	<b>Subtotal</b>	<b>\$415,360</b>	<b>\$456,775</b>
	Less Charges to Capital	(\$14,000)	(\$16,690)
	<b>Total Uses</b>	<b>\$401,360</b>	<b>\$440,085</b>

**OPERATIONS AND MAINTENANCE EXPENDITURES BY CATEGORY (\$000's)**



**FY 2013 O & M BUDGET DRIVERS (\$000's)**



**Operations**

**Management's Top Budget Priorities**

Budget Prioritization

- Health/Safety of Employees and Customers
- Legal Requirements and Board Directive
- Customer Service
- Efficiency

Technique / Approach

- Teamwork
- Communication
- Process improvement
- Performance management and accountability
- Innovation / creativity
- Linkage between operating and capital budgets

**Management's Top Operating Initiatives**

Water system Initiatives

- Continue high level emergency response time
- Review overall strategy on water distribution infrastructure improvements
- Continue enhancements of water quality operations with focus on
  - o Regulatory compliance
  - o Maintaining high water quality standards
  - o Reservoir profile analysis
  - o Water conservation initiative and outreach
  - o Leak analysis
  - o Valve exercising

Wastewater System Initiatives

- Maintain full compliance with the National Pollutant Discharge Elimination Systems ( NPDES) Permit
- Sewer service root foaming pilot
- Trenchless sewer lateral replacements
- Digestion process hydrolysis
- Side-stream treatment of nitrogen removal
- Biosolids product quality improvement
- Sewer odor and corrosion pilot

Other Management Initiatives

- Enhanced workforce development
- Exploring new technologies
- Enhancing security
- Security command center
- New Blue Plains plant logistics to enhance safety
- Strengthen cyber security
- In-source select contractual services
- Organizational development and process improvement
- Improved permit processing review
- Enhance customer access through website and social media



SUMMARY OF OPERATING BUDGET AND POSITIONS BY DEPARTMENT (\$000's)

	BUDGET				POSITIONS			
	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
<b>OPERATIONS</b>								
Wastewater Treatment	\$74,542	\$85,359	\$85,369	\$87,735	106	121	121	121
Water Services	51,073	58,846	57,631	61,207	159	184	184	207
Sewer Services	18,740	20,484	20,394	21,213	156	159	159	159
Maintenance Services	19,737	20,590	20,742	21,217	123	139	139	139
Water & Sewer Pumping Services	4,142	4,837	4,731	4,691	27	33	33	33
Engineering & Technical Services	15,423	19,363	17,101	19,829	117	167	156	170
Clean Rivers (CSO LTCP)	331	1,499	1,477	1,394	3	10	10	10
Permit Operations	116	971	1,662	1,522	3	5	15	15
Customer Service	14,671	16,356	16,079	16,602	113	124	124	125
<b>Subtotal Operations</b>	<b>\$198,775</b>	<b>\$228,302</b>	<b>\$225,186</b>	<b>\$235,409</b>	<b>807</b>	<b>942</b>	<b>941</b>	<b>979</b>
<b>ADMINISTRATION</b>								
General Manager	2,900	4,405	4,787	3,985	9	16	17	15
Office of the Secretary	367	624	618	598	2	2	2	2
Internal Audit	642	815	816	840	-	-	-	-
Finance and Budget	7,545	7,773	8,059	8,184	42	46	46	46
Risk Management	5,235	6,208	5,975	6,194	3	4	4	4
General Counsel	8,993	6,041	6,184	7,033	13	14	14	15
External Affairs	1,565	1,868	1,929	2,213	11	10	11	12
Information Technology	8,484	9,827	9,670	10,261	13	24	24	24
Assistant General Manager – Support Services	246	322	322	330	2	2	2	2
Human Capital Management	3,769	4,994	4,734	4,470	21	24	23	23
Facilities and Security Management	6,558	6,877	12,481	12,990	56	60	66	67
Procurement	3,561	4,311	4,138	4,362	36	38	38	38
Occupational Safety and Health	5,118	6,743	1,358	1,733	11	14	8	10
Fleet Management	4,159	4,459	4,507	4,466	6	6	6	6
<b>Subtotal Administration</b>	<b>\$59,142</b>	<b>\$65,267</b>	<b>\$65,579</b>	<b>\$67,659</b>	<b>225</b>	<b>260</b>	<b>261</b>	<b>264</b>
<b>Subtotal – Operation &amp; Maintenance</b>	<b>\$257,917</b>	<b>\$293,569</b>	<b>\$290,765</b>	<b>\$303,069</b>	<b>1,032</b>	<b>1,202</b>	<b>1,202</b>	<b>1,243</b>
Debt Service	91,888	105,387	102,613	129,392	-	-	-	-
Payment in Lieu of Taxes	16,882	18,301	16,882	19,215	-	-	-	-
Right of Way	5,100	5,100	5,100	5,100	-	-	-	-
<b>Total O &amp; M Expenditures</b>	<b>\$371,787</b>	<b>\$422,357</b>	<b>\$415,360</b>	<b>\$456,775</b>	<b>1,032</b>	<b>1,202</b>	<b>1,202</b>	<b>1,243</b>
Personnel Services charged to Capital Projects	(-9,906)	(16,000)	(-14,000)	(-16,690)				
<b>Total Net Operating Expenditures</b>	<b>\$361,881</b>	<b>\$406,357</b>	<b>\$401,360</b>	<b>\$440,085</b>	<b>1,032</b>	<b>1,202</b>	<b>1,202</b>	<b>1,243</b>



**Regional Demographics**

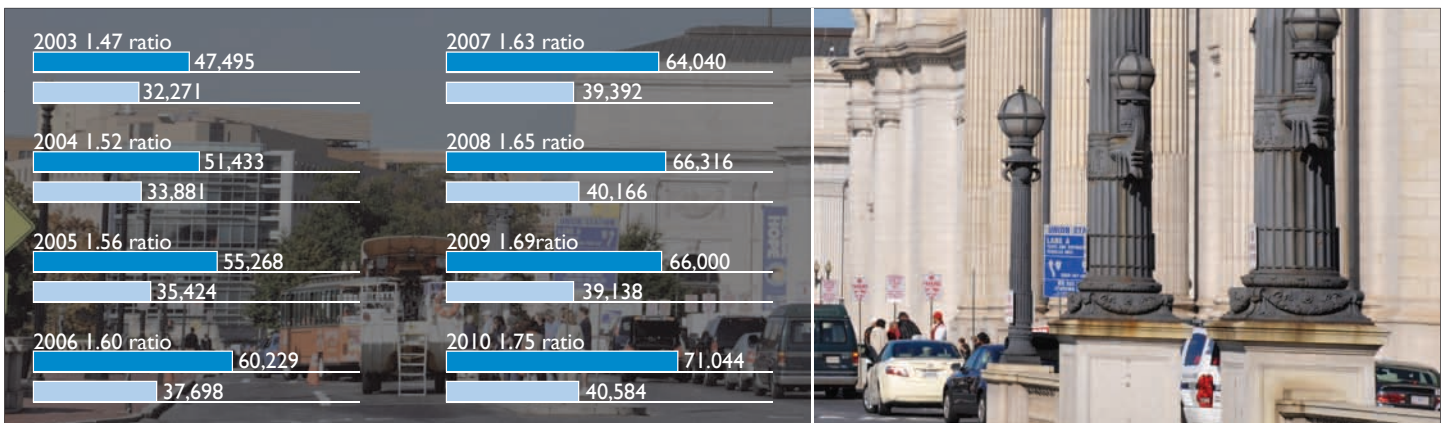
At DC Water, identifying and understanding customer requirements are a strategic component of our planning process. Therefore, we must be sensitive to the local economy in terms of socio-political and macro-economic trends. DC Water's retail customers include 'Residential, Commercial and Multifamily', (which is the largest base), Federal Government, DC Government, and the DC Housing Authority. There are more

than 600,000 residents in the District of Columbia living in approximately 284,000 households and merely 134,000 accounts with the responsibility to pay for the majority of operations, maintenance and replacement of the water and sewer infrastructure throughout Washington, DC. The FY 2013 budget incorporates trends and statistics impacting the DC and the region.

**Key Economic Indicators**

The Census Bureau recently noted that the DC metropolitan region had several jurisdictions within the top 10 wealthiest communities in the United States. Employment in the region is on the rise. However, unemployment for DC residents remains above 10 percent as of December 2011. Other economic indicators appear to be positive such as higher commercial leased vacancy rates, stable tourism demonstrated by strong hotel vacancy rates and solid restaurant patronage in downtown Washington, DC.

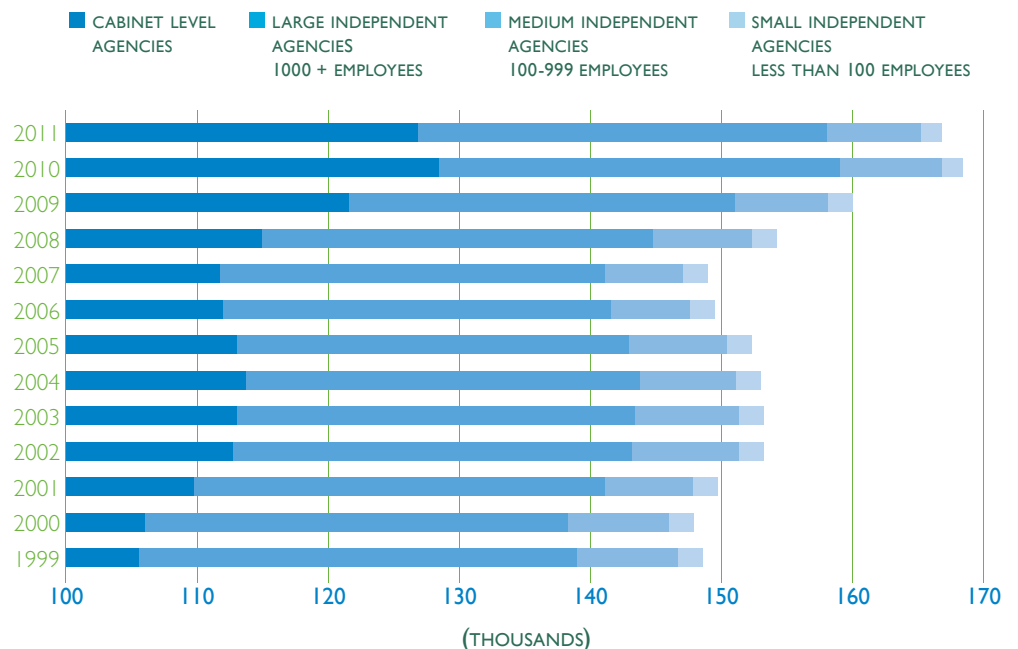
**DC PER CAPITA INCOME IS HIGHER THAN U.S. AVERAGE**



**Employment within the District of Columbia**

The economic downturn has impacted all customer sectors, demonstrated through above average unemployment rates in the District. However surrounding jurisdictions have experienced reduced unemployment rates and the regional remained much lower than averages over the last few years. In addition, approximately 15.7 percent of the families in Washington, DC live at or below the poverty level. However, federal employment is a major economic driver within the region and is holding steady. A wage freeze for Federal employees is still in effect.

**TOTAL FEDERAL EMPLOYMENT IN THE DISTRICT HAS REMAINED RELATIVELY STABLE**



### Area Characteristics

Urban tourist, educational center. A vibrant business and commercial hub in the east coast. The nerve center of the federal government and a strong local government presence. Diverse cultures including major national and international theaters and attractions.



### Average Temperature:

Winter – 37 degrees F  
 Spring – 56 degrees F  
 Fall – 60 degrees F

### Diverse Customer Base

DC Water has a diverse customer base and thus receives cash receipts from a variety of sources. (A detailed listing of our customer categories and accounts are in Section IV of our Adopted Budget Book). This diversity mitigates reliance on any single customer and provides a level of revenue stability.

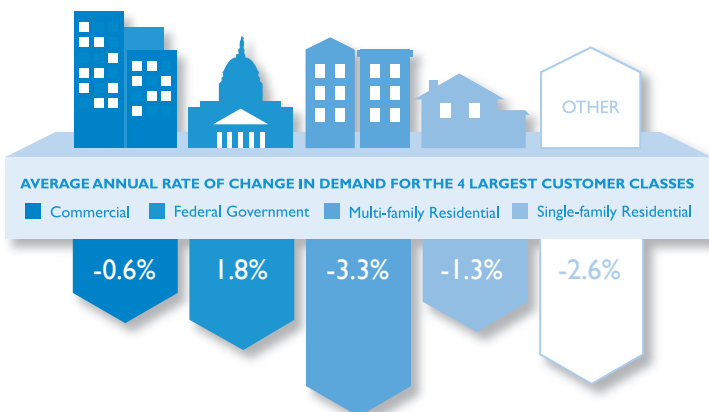
### Water Consumption Trends

Similar to many other water utilities across the country, DC Water has historically experienced about a one percent average annual water consumption decline, primarily due to water conservation measures by customers. In FY 2008 and 2009, however, DC Water results showed a 3 and 4 percent decline respectively, while the FY 2010 and FY 2011 results were more in line with historic averages. Comparable consumption changes were also experienced by many of the other regional water utilities.

	FY 2009	FY 2010	FY 2011
Washington Suburban Sanitary Commission (WSSC)	(3.5%)	4.2%	3.7%
Arlington County	(2.3%)	(0.8%)	(0.8%)
Loudoun Water	(7.0%)	(1.0%)	5.0%
Fairfax County Water	(5.0%)	11%	5.2%

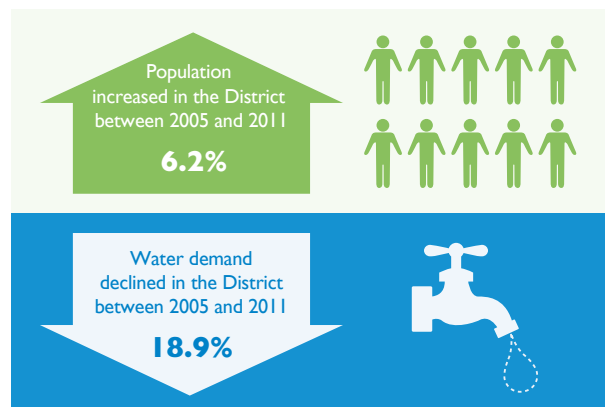
### DC WATER LONG-TERM WATER DEMAND SHOWS A DECLINE RELATIVELY CONSISTENT WITH THE ASSUMPTION

FY 2005–FY 2011 Annual retail water consumption by customer type (millions of Ccf)



### TOTAL RESIDENTIAL PER CAPITA WATER DEMAND IS DECLINING AS POPULATION INCREASES

Total residential per capita water demand is declining as population increases.





Development of DC Water's Capital Improvement Program (CIP) budget was especially challenging this year. We struck a balance between the resources required to meet the Authority's stringent regulatory requirements while maintaining and sustaining its aging infrastructure and the impact that higher rates will have on our customers during these difficult financial times. The FY 2011-2020 CIP provides a framework for the development, prioritization, implementation and measurement of the capital projects undertaken.

The financial summary of the FY 2011-2020 CIP is:

- The ten-year CIP totals \$3.8 billion (cash disbursements basis)
- Lifetime budget is \$8.0 billion
- Capital Authority request is \$606.1 million

A more detailed description of major CIP changes and program details can be found within the revised FY 2012 and approved FY 2013 operating budget book online at [dcwater.com](http://dcwater.com).



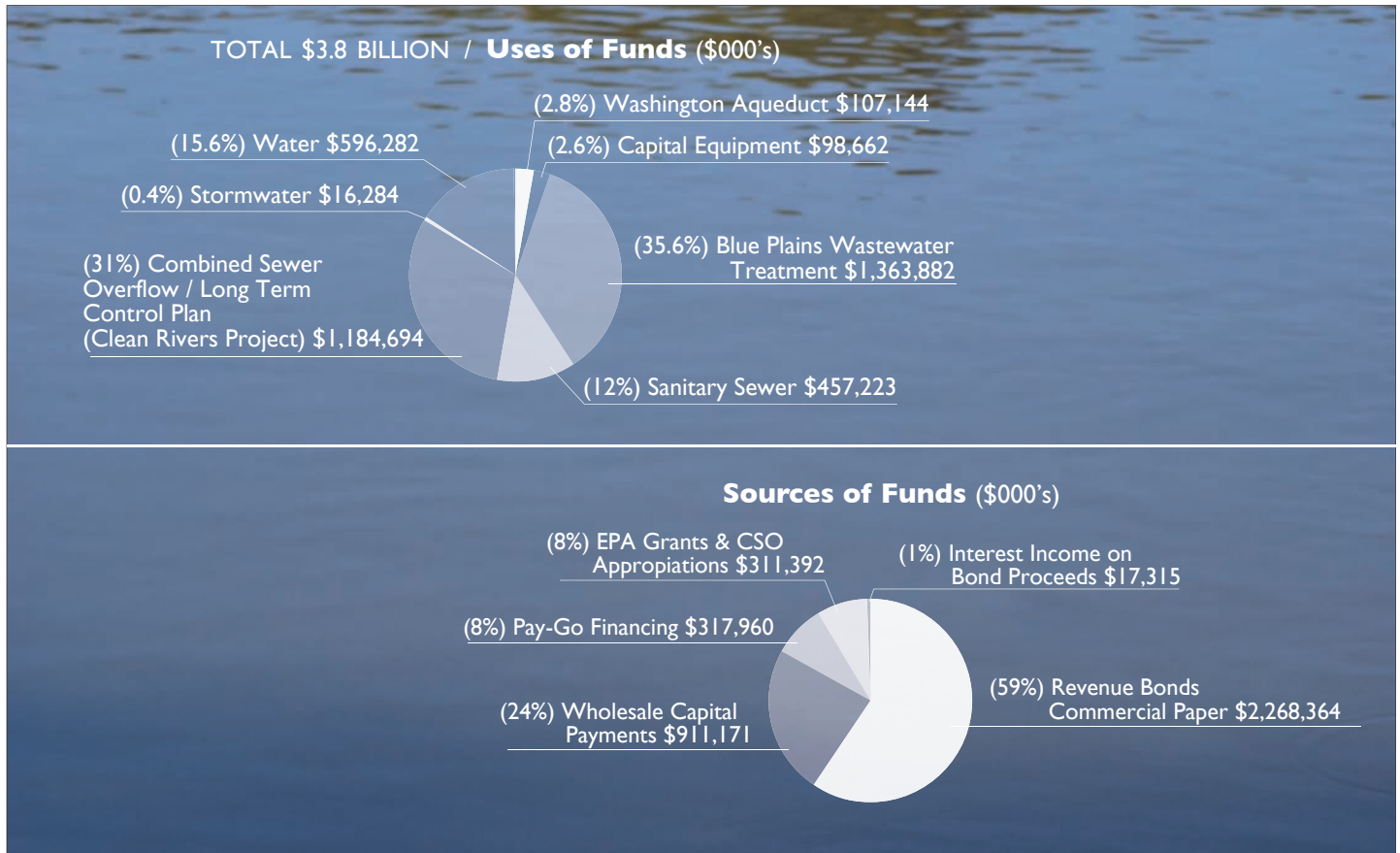
**FY 2011 – FY 2020 CAPITAL IMPROVEMENT PROGRAM (\$000's)**

<b>PROGRAM AREA</b>	<b>TOTAL DISBURSEMENT BUDGET</b>	<b>TOTAL PROJECT LIFETIME BUDGET</b>
Wastewater Treatment	\$1,363,882	\$2,676,308
Sanitary Sewer	\$457,223	\$855,199
Combined Sewer Overflow	\$1,184,694	\$2,675,295
Stormwater	\$16,284	\$58,511
Water	\$596,282	\$1,452,615
Washington Aqueduct	\$107,144	\$203,138
Capital Equipment	\$98,662	\$98,307
<b>Total</b>	<b>\$3,824,170</b>	<b>\$8,019,373</b>

**FY 2011 – FY 2020 PROJECTED CAPITAL IMPROVEMENT PLAN DISBURSEMENTS BASIS (\$000's)**

	<b>ACTUALS</b>										<b>TOTAL</b>
	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY '11-'20</b>
Wastewater Treatment	\$125,879	\$275,844	\$378,649	\$209,313	\$110,799	\$104,080	\$95,923	\$42,224	\$16,822	\$4,350	\$1,363,882
Sanitary Sewer	\$24,494	\$39,922	\$45,381	\$56,779	\$64,335	\$44,567	\$41,286	\$55,928	\$44,419	\$40,110	\$457,223
CSO Long Term Control	\$77,872	\$132,016	\$152,021	\$111,758	\$163,206	\$157,542	\$141,934	\$57,180	\$78,545	\$112,621	\$1,184,694
Stormwater	\$2,160	\$2,775	\$4,276	\$2,545	\$801	\$775	\$737	\$810	\$900	\$506	\$16,284
Water	\$46,898	\$54,461	\$59,436	\$66,820	\$58,643	\$58,121	\$63,572	\$66,461	\$56,614	\$65,255	\$596,282
Washington Aqueduct	\$9,490	\$11,373	\$10,598	\$10,744	\$11,016	\$11,280	\$11,588	\$10,891	\$10,323	\$9,842	\$107,144
Capital Equipment	\$10,585	\$15,349	\$15,341	\$12,384	\$9,173	\$7,278	\$7,348	\$7,648	\$6,778	\$6,778	\$98,662
<b>Total</b>	<b>\$297,378</b>	<b>\$531,741</b>	<b>\$665,701</b>	<b>\$470,343</b>	<b>\$417,972</b>	<b>\$383,644</b>	<b>\$362,387</b>	<b>\$241,142</b>	<b>\$214,401</b>	<b>\$239,462</b>	<b>\$3,824,170</b>

FY 2011 – FY 2020 CAPITAL IMPROVEMENT PROGRAM (\$000's)



MEASURE OF PRIORITY (\$000's)

	<b>Mandates</b> Agreements, Regulatory standards, Court orders, Issues and Permits requirements, Stipulated Agreements, Etc.	<b>Health &amp; Safety</b> Required to address Public Safety	<b>Board Policy</b> Undertaken as a result of the Board's commitment to outside agencies	<b>Potential Failure</b> Related to Facilities in danger of failing, or critical to meeting permit requirements	<b>High Profile / Good Neighbor</b> Address Public concerns	<b>Good Engineering Practices / High Payback</b> Need to fulfill Mission and upgrade Facilities	<b>Good Engineering Practices / Low Payback</b> Lower priority projects	<b>Total</b>
FY 2011	\$114,836	\$4,883	\$12,891	\$54,924	\$7,710	\$92,176	\$9,958	\$297,378
FY 2012	\$230,758	\$8,499	\$13,053	\$52,680	\$6,582	\$206,230	\$13,941	\$531,741
FY 2013	\$264,921	\$10,730	\$11,722	\$62,810	\$7,043	\$294,875	\$13,599	\$665,701
FY 2014	\$179,609	\$24,885	\$13,358	\$69,860	\$8,225	\$165,553	\$8,853	\$470,343
FY 2015	\$214,822	\$23,496	\$11,083	\$54,011	\$3,897	\$104,732	\$5,931	\$417,972
FY 2016	\$226,372	\$9,866	\$11,348	\$39,372	0	\$84,107	\$12,580	\$383,644
FY 2017	\$205,415	\$6,685	\$9,361	\$31,701	0	\$84,259	\$24,967	\$362,387
FY 2018	\$66,879	\$8,510	\$8,367	\$24,096	0	\$88,239	\$45,051	\$241,142
FY 2019	\$68,909	\$9,296	\$5,818	\$18,898	0	\$102,803	\$8,679	\$214,401
FY 2020	\$99,930	\$5,975	\$7,857	\$12,577	0	\$101,577	\$11,545	\$239,462
<b>Total</b>	<b>\$1,672,449</b>	<b>\$112,825</b>	<b>\$104,857</b>	<b>\$420,928</b>	<b>\$33,456</b>	<b>\$1,324,550</b>	<b>\$155,104</b>	<b>\$3,824,170</b>
% of Total	43.73%	2.95%	2.74%	11.01%	0.87%	34.64%	4.06%	100.00%

Water and sewer authorities are tasked with a monumental responsibility—to provide life-sustaining water and sewer services on a 24/7/365 basis while protecting the environment, and doing it all with limited funding. The nation is facing mounting challenges with aging infrastructure in need of replacement and repair. Consider this: the average water main in the District is 77 years old, and sewer pipes are even older. Add in increasing and new environmental regulations with very large pricetags, and the dilemmas facing water utilities are enormous. DC Water’s Team Blue continues to face these challenges with determination, innovation and hard work. Below are some of the major programs in our CIP over the next few years.

**Construction begins on two massive environmental projects at Blue Plains**

The Authority broke ground on two massive environmental projects at the Blue Plains Advanced Wastewater Treatment Plant on May 17, 2011.

The first of these is the \$950 million *Enhanced Nutrient Removal Facilities*. When complete, this series of nitrification/denitrification tanks, pumps and other infrastructure will reduce the amount of nitrogen in Blue Plains’ effluent to meet the new U.S. Environmental Protection Agency (EPA) and Chesapeake Bay Program goals of 4.7 million pounds per year or less by 2014. DC Water already meets the 2014 phosphorous goals.

Blue Plains was the first wastewater treatment plant in the Chesapeake Bay watershed to meet the first program goals, and has met or exceeded them every year since 2000. The first step was reducing nitrogen from the plant by 40 percent over the 1985 levels. DC Water’s EPA permit requirements are among the most stringent in the world. Team Blue’s research arm continues to provide the innovation and research needed to meet such strict requirements, and to be the first to do so.

**Digester project using cutting-edge technology to generate power from methane**

The second large project is the construction of \$475 million digestion facilities on the Blue Plains campus. These vessels will process the sludge that is the solid end byproduct of wastewater treatment. Currently, this product is hauled away and land-applied so the nutrients can be recycled. DC Water plans to harness renewable power by “pressure-cooking” the solids and using anaerobic digestion to unleash methane that is a power source. It will also reduce the volume of solids remaining after wastewater treatment, while creating a better class of biosolid.

The Authority’s estimates the facilities will generate 13 MW of renewable energy and may save the Authority as much as \$20 to \$30 million annually in energy costs, while also reducing hauling fees for recycling the biosolids through land application.

When the project is completed, DC Water will become the first in North America to use thermal hydrolysis for wastewater treatment.

**Clean Rivers Project**

DC Water’s Clean Rivers Project, awarded in FY 2011, the Authority’s largest construction contract ever, and the District’s largest since Metro subway tunnels were built. This contract is the first of several that will build massive underground tunnels to store combined rainwater and sewage during rain events, releasing it to the Blue Plains Advanced Wastewater Treatment Plant for treatment after storms subside.

DC Water will begin construction on the first tunnel in the system in 2012, but is exploring green-development technologies that could reduce or eliminate future pieces of the project, create jobs and green the District. The Clean Rivers Project is a 20-year plan and is the result of a 2005 federal consent decree.

The \$2.6 billion project aims to nearly eliminate combined sewer overflows (CSOs) to the Anacostia and Potomac rivers and Rock Creek, while also improving the health of the Chesapeake Bay. The project is designed to reduce CSOs to the Anacostia by 98 percent and to all three waterways by 96 percent overall. DC Water has already reduced CSOs to the Anacostia River by 40 percent with improvements to the existing sewer system.

**Operation Clean Air Making Headway**

DC Water’s \$14 million solution for odor control along the Potomac Interceptor, called *Operation Clean Air*, made significant progress in 2011. After securing more than 40 permits, the Authority continued construction on facilities at three Maryland sites and one District site. Once the Authority obtains the required permits for the two Virginia sites, construction will begin on those.

These six “scrubbing facilities” will enable DC Water to remove most of the vents along the 50-mile interceptor sewer. The vents help convey the sewage through the gravity sewer, but also emit sewer gases that present odor problems above ground, especially for outdoor enthusiasts on the C&O Canal and those using MacArthur Boulevard and the Clara Barton Parkway.

The new buildings will create a vacuum effect so the wastewater continues to flow, and they will be fitted with large carbon filters to absorb the odors. DC Water and the communities along the interceptor have worked for more than a decade on this solution and the finish line is finally in sight. The Maryland sites are scheduled for completion in 2012 and the Virginia sites are slated for 2013.



**Overview**

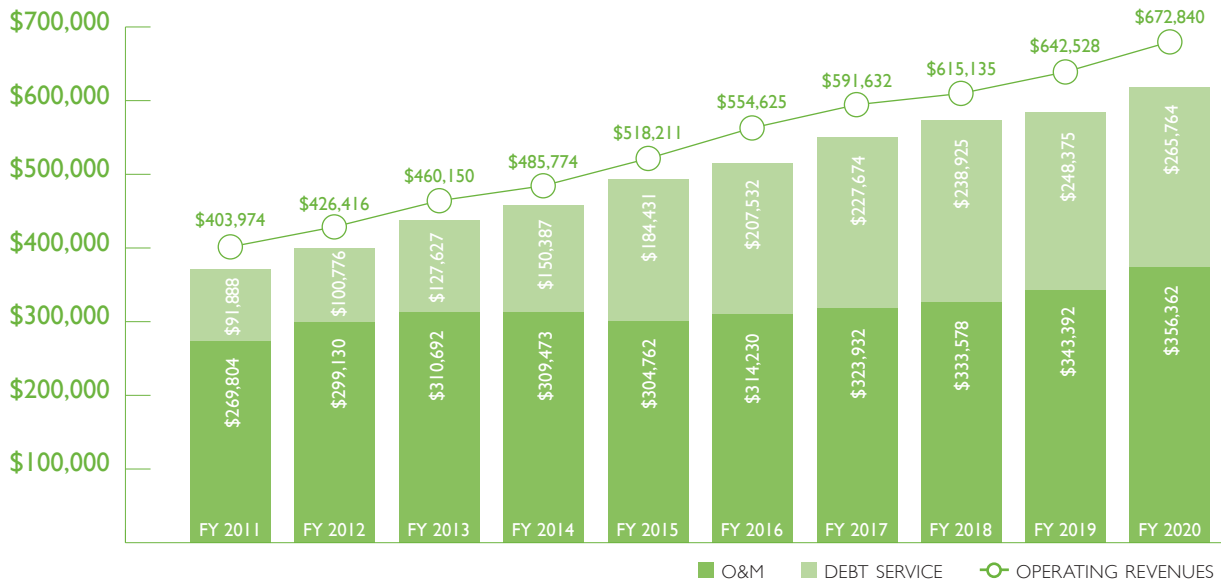
DC Water has a ten year financial plan which provides a strong financial framework to support implementation of the Board strategic plan, policies, priorities and guidance in several key financial areas. This financial plan serves as one of management’s key tools to monitor progress in meeting financial goals and to proactively address future financial and operational issues. Given DC Water’s substantial borrowing needs over the next ten years, adherence to these Board policies is crucial in order to cost-effectively access the capital markets and retain our credibility with customers and regulators. The financial plan projects:

- ✓ Ten years of revenue requirements of \$403.9 million in FY 2011 to \$672.8 million in FY 2020
- ✓ Ten years of projected operating expenses of \$269.8 million in FY 2011 to \$356.3 million in FY 2020
- ✓ Ten years of debt service increase from \$91.8 million in FY 2011 to \$265.7 million in FY 2020
- ✓ Ten years of projected rates to support our revenue requirements ( see page 15)
- ✓ Ten years of coverage ratios to ensure meeting or exceeding our indenture coverage rates, and
- ✓ Ten years of sufficient liquidity to meet all obligations (see page 17)

**Our financial planning process is guided by key Board documents including the following:**

*FY 2008-2013 Strategic Plan; Statement of Investment Policy; Financial Policies; Pay-As-You-Go Policy; Retail Rate Setting Policy; Rate Stabilization Fund Policy; Operating Reserve Policy; Water and Sewer Facilities Plan; FY 2011-2020 10-year CIP* (These documents can be found at [dcwater.com](http://dcwater.com))

**FINANCIAL PLAN (\$000's)**



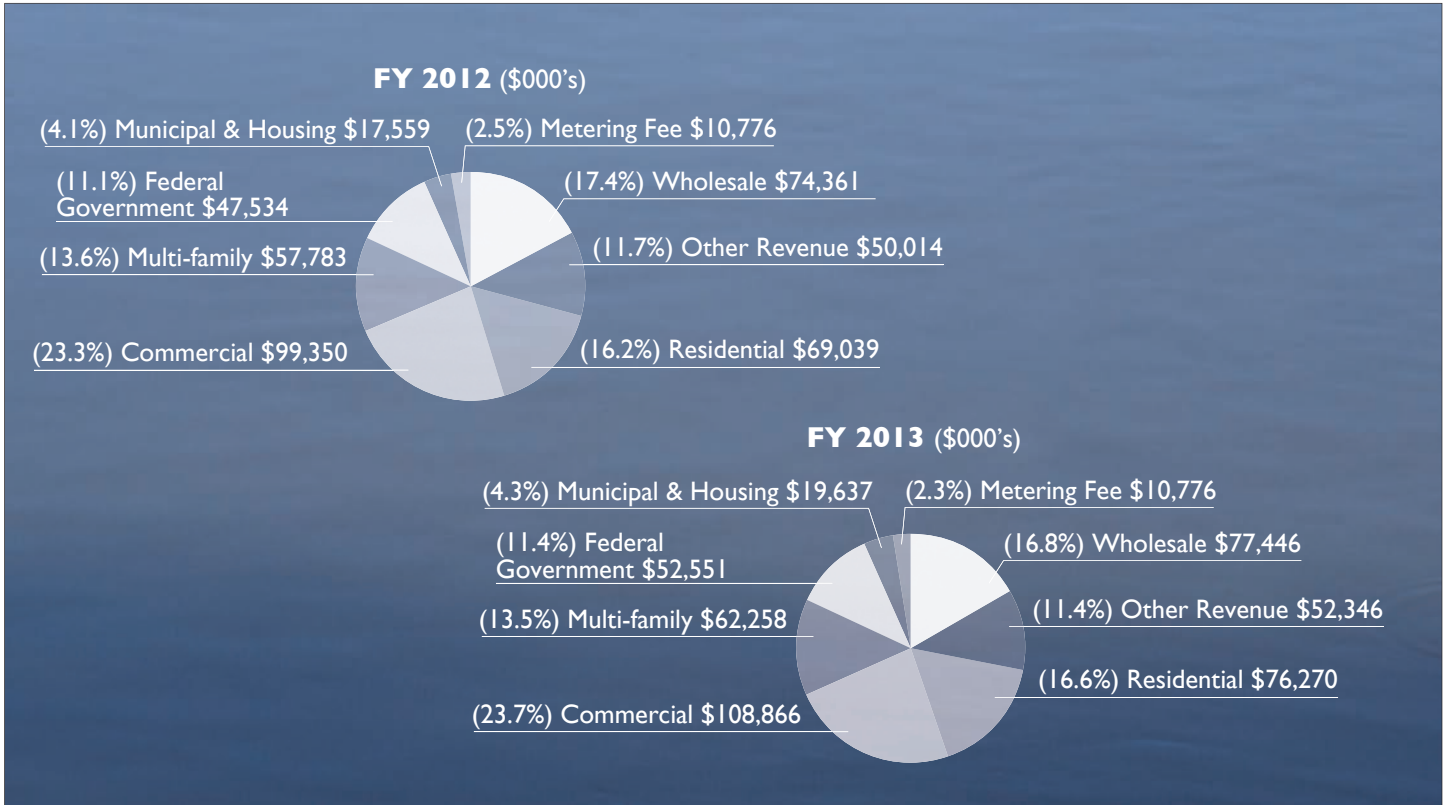
**Projected Debt Service Coverage Levels**

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Senior	3.21	2.78	2.32	2.20	2.01	1.89	1.83	1.78	1.77	1.74
Subordinate	1.82	1.57	1.68	1.80	1.86	1.93	2.06	2.15	2.34	2.29
Combined	1.45	1.30	1.30	1.32	1.30	1.29	1.31	1.31	1.33	1.31

... FINANCIAL PLAN continued

**FY 2012 and FY 2013 Operating Revenues**

To provide continuous delivery of water and wastewater services, DC Water must receive adequate revenues to cover operating and maintenance (O&M) costs, debt service, and other liquidity requirements. Revenue projections are a central part of the Ten Year Financial Plan. The revised FY 2012 revenue budget totals \$426.4 million and is projected to increase to \$460.1 million in FY 2013.



**Proposed Retail Rate and Fee Changes**

Financial Plan revenue projections reflect the FY 2012 Board-approved retail rates as well as the FY 2013 proposed rates.

	<b>FY 2012</b> (current)	<b>FY 2013</b> (proposed)	<b>Units of Measurement</b>
Water	\$3.24	\$3.45	per Ccf or (748 gallons)
Sewer	\$3.96	\$4.22	per Ccf or (748 gallons)
Monthly Impervious Area Surface Charge	\$6.64	\$9.73	per ERU or (1,000 sq ft)
Customer Metering Fee	\$3.86	\$3.86	for meter size of 3/4
Payment in Lieu of Taxes (PILOT)	\$0.49	\$0.52	per Ccf or (748 gallons)
Right of Way (ROW)	\$0.15	\$0.16	per Ccf or (748 gallons)

In addition, a number of fees were adjusted beginning in FY 2012 (October 1, 2011) to fully recover the cost of delivering the services of issuing water and sewer permits in the District of Columbia as well as regulating and treating waste hauled to Blue Plains for disposal by private contractors. Some new fees have been proposed for industrial users of the wastewater system for compliance with new pre-treatment regulations. Details can be found on the website at [dcwater.com](http://dcwater.com).

## Water and Sewer Rates

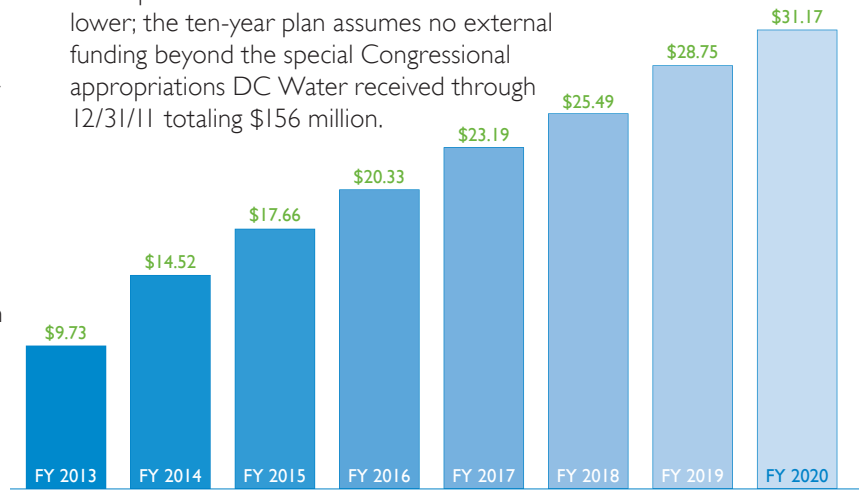
The proposed water and sewer rate increases included in the Ten Year Financial Plan are driven by the following factors:

- Average annual debt service increase of 12.8 percent
- Average annual O/M increase of 3.0 percent
- Anticipated operating cost savings at Blue Plains beginning in FY 2014 due to the implementation of the digester/cambi biosolids management project

### Clean Rivers Impervious Area Charge

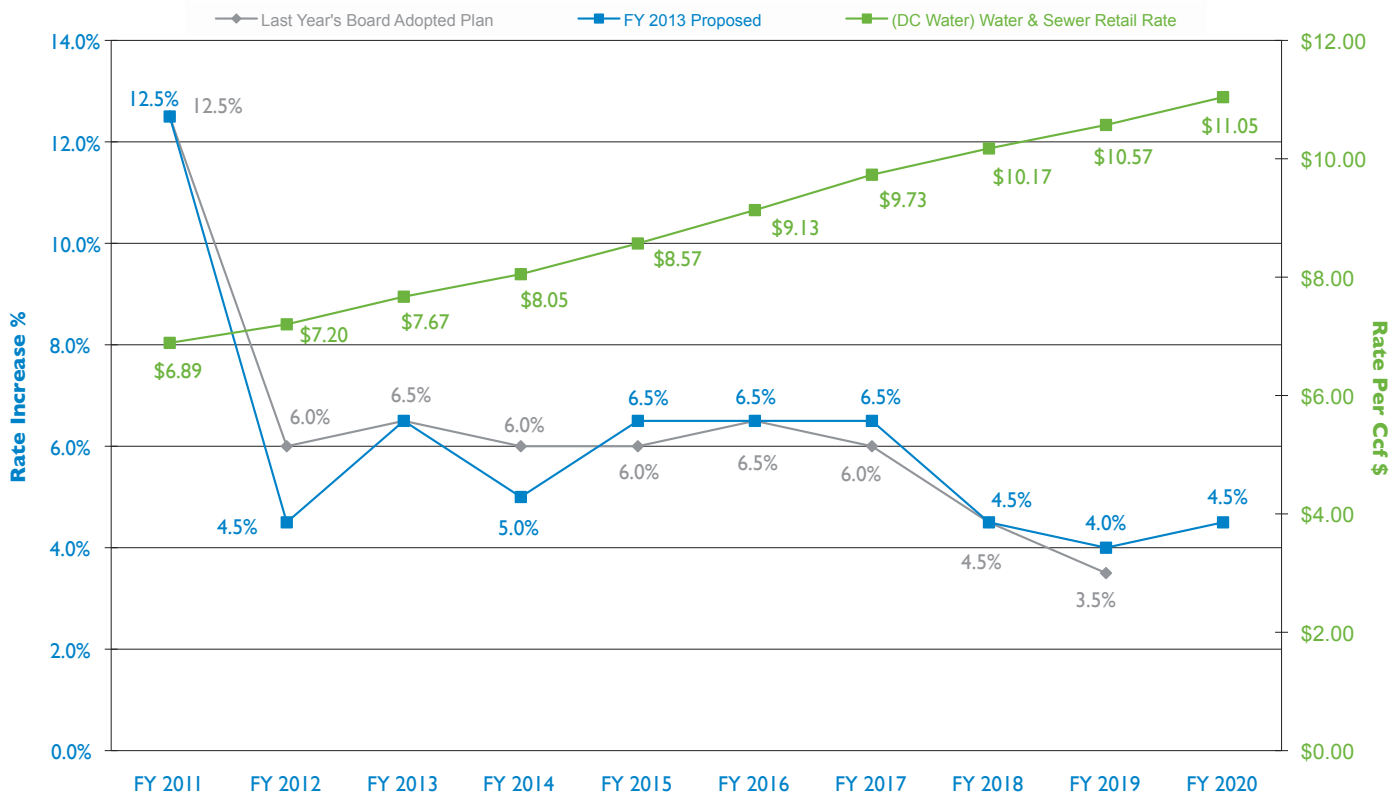
The Impervious Area Charge (IAC) is a separate sewer service fee established in FY 2009 to recover the cost of implementing the CSO-Long Term Control Program (Clean Rivers Project). The FY 2013 proposed monthly IAC is \$9.73 per ERU (Equivalent Residential Unit) with monthly rates projected to range from \$6.64 to \$31.17 per ERU per month over the ten-year plan. The projected IAC charges are primarily driven by anticipated debt service costs to support the \$2.6 billion Clean Rivers Project and are based upon the amount of impervious surface on each individual property which impacts wet

weather runoff that must be treated at the Blue Plains Wastewater Treatment Plant. If additional federal assistance is provided, the impervious rate increases would be lower; the ten-year plan assumes no external funding beyond the special Congressional appropriations DC Water received through 12/31/11 totaling \$156 million.



### CLEAN RIVERS ERU / Month

### WATER AND SEWER RATES



. . . FINANCIAL PLAN continued



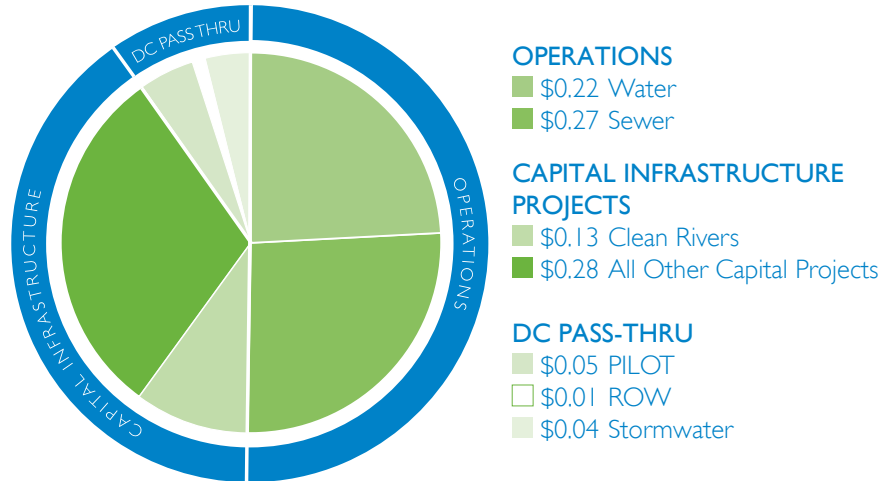
### Right of Way and PILOT Fees

DC Water pays a Payment in Lieu of Taxes (PILOT) fee to the District Government each year to be based upon services received and certified from the DC Chief Financial Officer. The annual fee is adjusted in accordance with adjustments made to the retail water and sewer rates. In addition, a Right of Way (ROW) fee is made as a permit fee for the water and sewer lines that occupy space under ground in the public right of way.

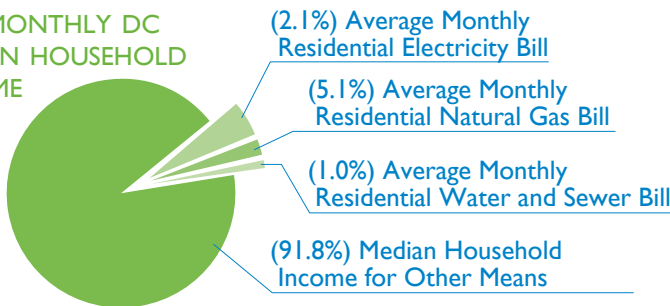
### Customer Affordability

At DC Water, we have consciously sought to balance our operating and financial needs with consideration of the financial impact on our customers. Our rates and fees are comparable with similar water and wastewater utilities. However, the concept of utility affordability can be viewed differently within each individual household. EPA guidelines suggest that fees and charges should be within 4 percent of the median household income to be considered affordable (2 percent for water and 2 percent for sewer). Using 2011 data (last available census data), DC Water is well under that target.

### WHERE DOES YOUR MONEY GO?



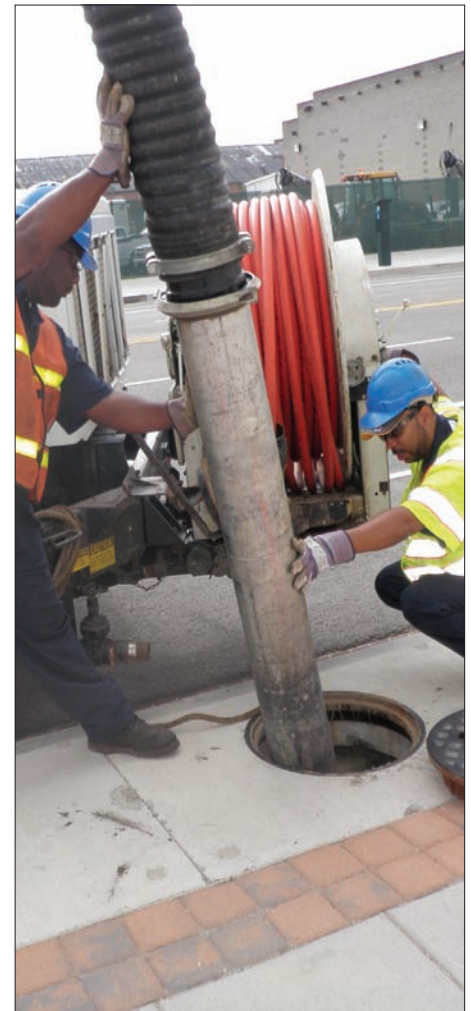
### 2011 MONTHLY DC MEDIAN HOUSEHOLD INCOME



**Observation:** The average DC residential water customer uses 6.69 Ccfs (or 5,004) gallons a month. Based on this use, DC Water’s average monthly residential water and sewer bill is about 1 percent of the total monthly household income for the median income family. This is lower than the average monthly electricity and natural gas bills.

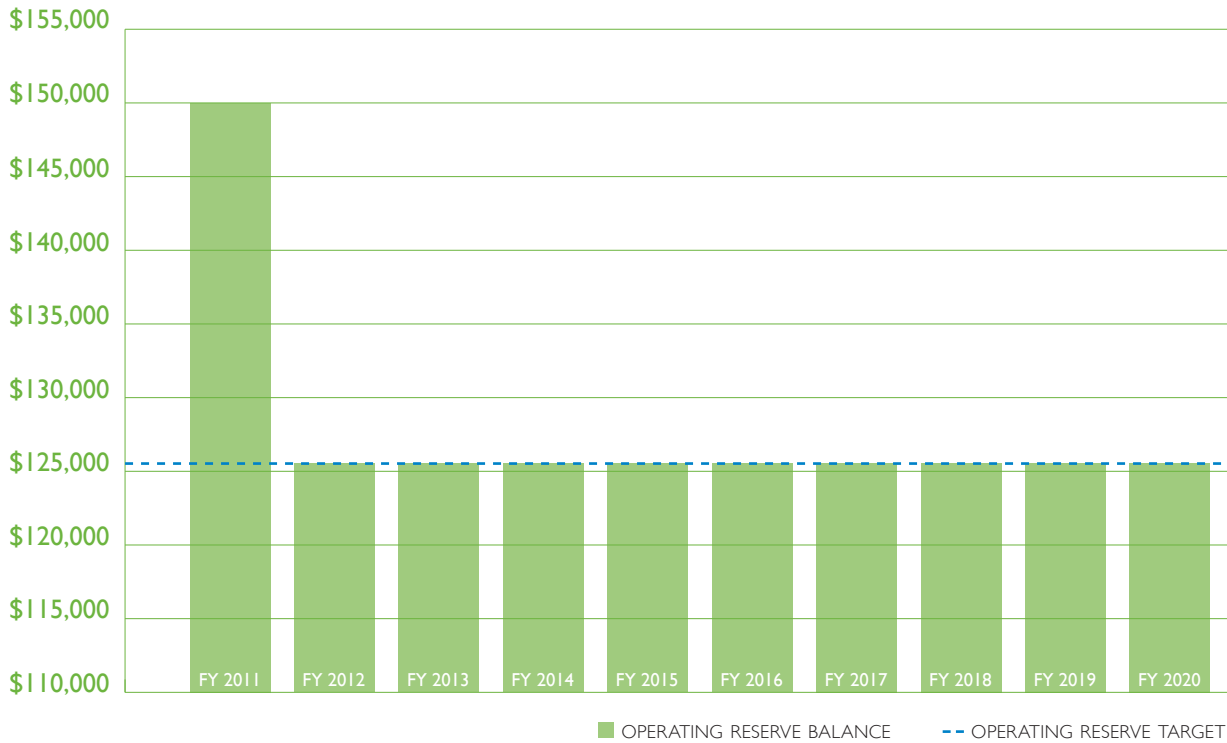
Even with this favorable affordability index, there are many low income residents in DC for whom the average water/sewer bill would consume greater than 4 percent of their monthly household income. Recognizing this, DC Water provides programs to assist customers most in need. Through the Customer Assistance Program (CAP), the Authority provides eligible customers a discount of 4 Ccfs per month on the water, sewer, ROW and PILOT portions of their bills. Since it began, participation in CAP has continued to increase. In FY 2011, more than 6,000 customers received a discount on their monthly bills. In FY 2012 this discount would mean a reduction of \$31.36 on a monthly bill for an eligible customer using 4 Ccfs or more a month. The District Department of the Environment, Office of Energy, administers this program for the Authority and similar programs for several other utilities in the area.

In addition, the Authority offers assistance to families in need through the S.P.L.A.S.H. program, (Serving People by Lending a Supporting Hand), so that they can maintain this life-giving service – water – in times of emergency. The program is administered by the Greater Washington Urban League, and is fully supported by customer donations. Every dollar received by the Authority is distributed to eligible customers.



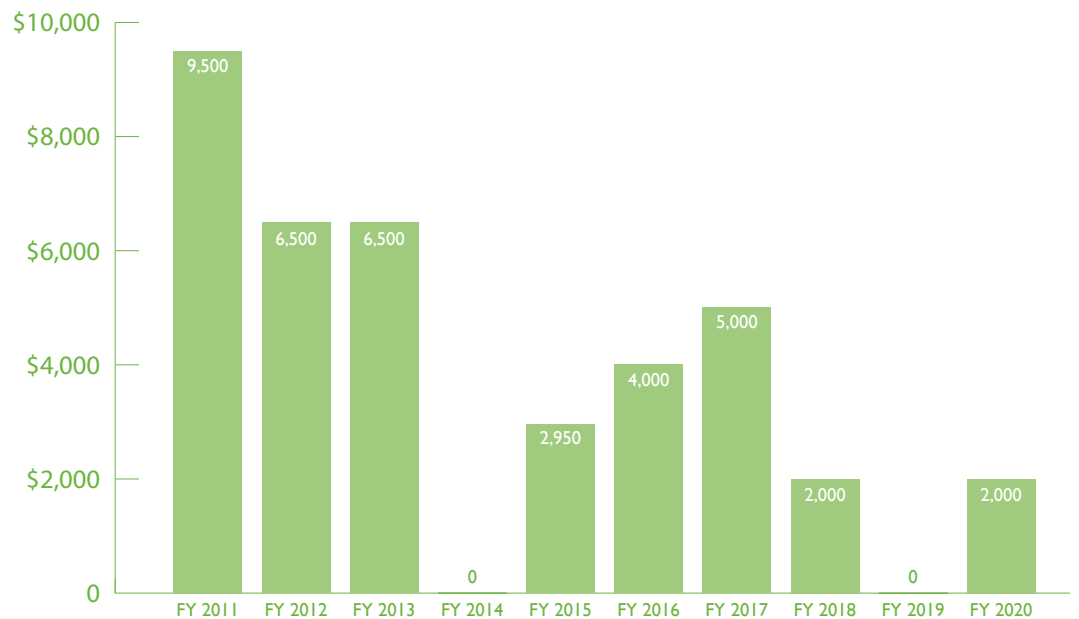
### Operating Reserves

Consistent with Board policy, DC Water maintains cash reserves equivalent to 120 days of budgeted operations and maintenance needs, with the objective of maintaining at least \$125.5 million in operating reserves. The ten-year plan reflects continued maintenance of this reserve level.



### Rate Stabilization Fund

At the end of FY 2011, DC Water's Rate Stabilization Fund (RSF) balance was \$16.7 million. The proposal calls for use of \$6.5 million in FY 2012. In the current financial plan, the RSF will be fully utilized by FY 2020. Using of RSF funds allows DC Water to implement future rate increases in a gradual manner while still meeting Board and indenture policies on cash reserves and debt service coverage.



... FINANCIAL PLAN continued

**Debt Management**

DC Water's 10-year \$3.8 billion CIP (cash disbursement basis), debt service continues to be the fastest growing line item of the operating budget with an average annual increase of 12.8 percent. Debt management consists of managing funds borrowed through revenue bond, commercial paper, and other short-term notes. Currently, debt financing represents 59 percent of the funding in the ten-year capital program and debt service is projected to be 31 percent of the FY 2013 operating budget, increasing to 45 percent by FY 2020. Debt to net fixed assets (plant) ratio will increase from 48 to 55 percent in the current ten year financial plan.

At the end of FY 2011, (September 2011), DC Water had a total \$1.5 billion outstanding debt; 34 percent senior lien and 66 percent subordinate. In October 2010, the Authority

successfully issued an additional \$300 million Public Utility Subordinate Lien Revenue Bonds, Series 2010A (Federally Taxable – Issuer Subsidy – Build America Bonds). DC Water accomplished the lowest cost of financing for a bond issuance in its history at 3.6 percent (net of subsidy) due to a solid financing team, strong financial performance, diligent planning and market favorability. By utilizing the Build America Bond's (BABs) program, DC Water anticipates savings of over \$76 million throughout the life of the issuance as compared to the traditional tax-exempt financing. Investor confidence in DC Water was exhibited through significant interest in the BABs sale with over \$700 million of orders from more than 30 major institutional investors. The Series 2010A bonds priced with a lower spread to Treasuries (thus a lower all-in-rate) than directly comparable transactions. DC Water provides information for current and future investors on its website, [dcwater.com](http://dcwater.com).

**Capital Financing Plan**

The DC Water's capital program is funded through multiple sources, including equitable wholesale cash payments, interest earnings, federal grants and long and short term financing. This financing plan continues to meet the dual objectives of 1) securing the lowest costs of capital possible and 2) maximizing administrative and operating flexibility. This plan includes several components.

**Grants** – The Financial Plan assumes that 8.1 percent of the capital expenditures between FY 2011-2020 will be from federal grants. DC Water currently receives grants from several sources including EPA Clean Water and Safe Drinking

Water Acts, direct appropriations and various agreements. DC Water is aggressively pursuing additional federal support for the many regulatory and critical infrastructure investments that must be made in the near future.

**Pay-As-You-Go Financing (PAYGO)** – PAYGO financing is operating cash in excess of operating requirements and reserves that is used for capital financing or for repayment of higher cost debt in order to enact Board policy seeking the least costly capital financing for capital projects. The Board and staff continually monitor and evaluate its cash balances, reserve requirements, capital financing requirements and market interest rates, and determine the optimal financing package to produce the lowest practical cost of debt for financing its capital projects.

**Interim Financing Program** - In FY 2002 the Board approved a \$100 million commercial program which was increased to \$225 million in FY 2010. The notes are backed by two irrevocable letters of credit; considered subordinate debt under the Master Indenture of Trust; and are issued in increments with maturities of less than 270 days. The proceeds are used for interim bond financing, short-term financing for capital equipment and certain taxable costs for the Washington Aqueduct.

**Long Term Financing** – The current capital financing program provides plans to issue bonds every twelve to eighteen months. Bond issuances are used to finance capital projects and described in further detail in the Capital, Financing, Cash and Debt section of the full budget book.

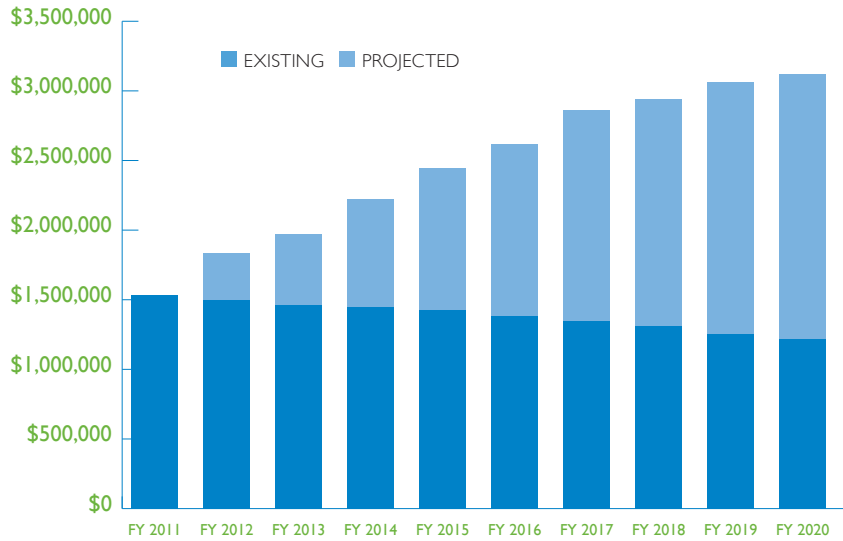
Senior Lien Bond Ratings:

Moody's	Aa2	Stable Outlook
Standard & Poor's	AA+	Stable Outlook
Fitch Ratings	AA	Stable Outlook

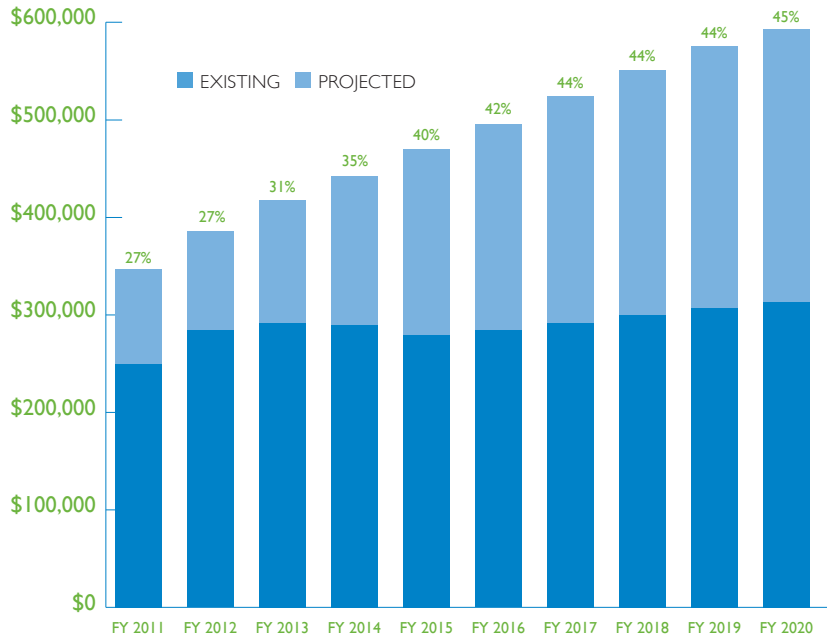




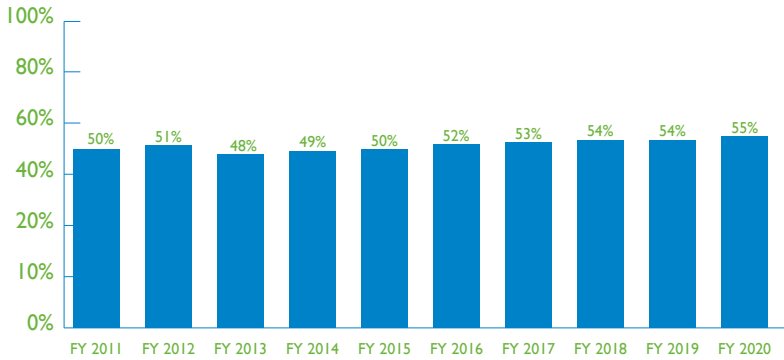
**EXISTING DEBT OUTSTANDING AND PROJECTED**  
Based on FY 2011-FY 2020 Capital Improvement Plan (in \$000's)



**DEBT SERVICES AS PERCENTAGE OF TOTAL OPERATING EXPENDITURES**  
Financial Plan FY 2011-FY 2020 (in \$000's)



**DEBT TO NET FIXED ASSETS RATIO FY 2011 — FY 2020**





DC Water continues to connect with its customers in new and innovative ways. In FY 2011, General Manager Hawkins again took representatives from every department in the agency to every ward in the District for his annual series of town hall meetings. Customers had the opportunity to learn about their water and sewer rates, to ask questions about their bills, and to raise any other concerns. Town Hall meetings have already been scheduled for FY 2012 and a complete list can be found on the DC Water website, [dcwater.com](http://dcwater.com).

The DC Water Twitter feed is growing by hundreds of followers, customers receive up-to-the-minute information about the status of their water service. Customers can also report outages and ask questions via Twitter.

The outreach team attended more than 125 meetings and events in FY 2011 throughout the District, from ANC presentations about upcoming construction projects to providing water and information at the H Street Festival. This commitment to communications will continue. DC Water encourages feedback and comments from all customers.

General Manager Hawkins and the DC Water Staff continue to receive coverage in various media outlets ranging from the Washington Post to Engineering News Record. The Office of External Affairs continues its aggressive media outreach program, which includes monitoring and responding to comments about DC Water on community blogs.

DC Water also continues its efforts to promote and market tap water, which is a safe and inexpensive alternative to bottled water. Fleet vehicles now carry prominent “Drink Tap” messaging, and the Authority has embarked on its first-ever bus and newspaper box advertising campaign. The TapIt™ network, a group of businesses that allow customers to fill reusable bottles for free has grown to more than 120 locations.

DC Water has an ongoing commitment to community service and volunteerism. Throughout the year, employees participate in numerous community and charitable events. Joint Utility Discount Day, Bread for the Soul, DC Public Schools, Susan G. Komen Race for the Cure, Bike to Work Day and the District’s Sixth Annual Nation’s Triathlon were among some of the projects supported each year.

DC Water recognizes that a strong, skilled workforce is vital to providing service excellence to its customers. Each year DC Water provides training to its workforce to support its outreach efforts whilst relying on cutting edge technology to serve its customers. In FY 2012, we will continue to offer training programs and classes that provide the knowledge and skills that are essential for employees to complete their job in a competent manner while meeting customer expectations. The table below provides a summary of DC Water’s total training budgets for FY 2012 and FY 2013.

Training Type	FY 2012		FY 2013	
	Budget	Percentage of Total Budget (%)	Budget	Percentage of Total Budget (%)
Outside Training	779	57	779	58
In-House Training	259	19	259	19
Contractual Training	318	23	318	23
<b>Total</b>	<b>1,357</b>	<b>100</b>	<b>1,357</b>	<b>100</b>



### Customer Service

2011 Ed Malemezian Utility Professional  
Best Practices Award  
– *Utilimetrics*

### Engineering and Technical Services

Innovation Award for Water and Wastewater for  
the Blue Plains Process Control System  
– *Emerson Process Management – Power and  
Water Solutions*

### External Affairs

2011 Hermes Creative Awards  
– *Hermes Awards*

2010 MarCom Awards  
– *MarCom Awards*

### Finance

Certificate of Achievement for Excellence in Financial  
Reporting: Comprehensive Annual Financial Report  
(for fiscal year ended September 30, 2010)  
– *Government Finance Officers Association*

2011 Distinguished Budget Presentation Award  
– *The Government Finance Officers Association of  
the United States and Canada (GFOA)*

### General Manager

2010 Living Legend Award  
– *Living Classrooms of the National  
Capital Region*

2011 Environmental Leadership Award  
– *Alliance for the Chesapeake Bay*

### Human Resources

2011 Recognition Award for Continued Support  
– *Water and Wastewater Operators Association*

### Information Technology

2011 CIO 100 Award  
– *CIO Magazine*

Best Practices Award for Adopting Emerging and  
Innovative Technologies  
– *Computerworld, the Storage Networking Industry  
Association and SNW*

### Wastewater Treatment

Awarded a Patent for New Aerobic Digestion Process  
– *U.S. Patent and Trademark Office*

2011 George Bradley Gascoigne Medal for Operational  
Problem Solving and Improvement  
– *Water Environment Federation*

2011 Platinum Peak Performance Award  
– *National Association of Clean Water Agencies*





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