

stewardship:  
ENVIRONMENT, RESOURCES and WORKFORCE



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

## OPERATING BUDGETS

REVISED FY **2011** APPROVED FY **2012**

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

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

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

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ADOPTED FEBRUARY 03, 2011



[dcwater.com](http://dcwater.com)



## **DC WATER's VISION**

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

## **DC WATER's MISSION**

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

## **DC WATER's 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

*(Adopted by the DC WATER Board of Directors on July 3, 2008)*



## DC WATER's CRITICAL SUCCESS FACTORS

“Critical Success Factors and Objectives represent the most significant aspects of the Authority’s ability to execute its mission and achieve its world-class performance. These factors provide the basis for the refinement of concrete metrics, targets, and accountabilities for improvement.”

- **Environmental Stewardship**  
Design and implement environmentally responsible policies, programs, and technologies that protect our region’s waterways, air, and lands.
- **Customer Confidence and Communications**  
Effectively anticipate, respond in a timely manner to, and communicate about the needs of our customers, the public, and other regional stakeholders with honesty, respect and transparency.
- **Operating Excellency**  
Excel in all aspects of water delivery, wastewater collection and treatment, and customer service.
- **Financial Integrity**  
Plan and control all financial resources in a manner faithful to our customers, bondholders, and suppliers.
- **High Performing Workforce**  
Attract, develop and retain staff required to sustain our values, achieve our vision, and execute our mission.

(Adopted by the DC WATER Board of Directors on July 3, 2008)



## **BOARD OF DIRECTORS**

(As of February 3, 2011)

### **District of Columbia**

William M. Walker, Chairman

David J. Bardin, Principal  
F. Alexis H. Roberson, Principal  
Alan J. Roth, Principal  
Alethia N. Nancoo, Principal  
Vacant, Principal

Joseph Cotruvo, Alternate  
Howard Gibbs, Alternate  
Maurice Bossiere, Alternate  
Brenda Richardson, Alternate  
Howard Croft, Alternate  
Vacant, Alternate

### **Fairfax County**

Anthony H. Griffin, Principal  
James Patterson, Alternate

### **Montgomery County**

Timothy L. Firestine, Principal, Vice Chairman  
Robert Hoyt, Principal  
Kathleen Boucher, Alternate  
David Lake, Alternate

### **Prince George's County**

Vacant, Principal  
Vacant, Principal  
Beverly Warfield, Alternate  
Paivi Spoon, Alternate

Linda R. Manley, Board Secretary



## **ACKNOWLEDGEMENTS**

### **PRINCIPAL STAFF MEMBERS**

#### **General Manager**

George S. Hawkins

#### **General Manager's Staff**

Christopher Carew, Chief of Staff  
Alan Heymann, Public Affairs, Director  
Omer Siddiqui, Chief Information Officer, Acting  
Linda R. Manley, Board Secretary  
Randy E. Hayman, General Counsel  
David L. Cross, Organizational Development, Director  
Kimberly Turner, Policy and Government Relations, Director

#### **Office of the Chief Financial Officer**

Olu Adebo, Chief Financial Officer  
Tanya L. DeLeon, Risk Management, Manager  
Yvette Downs, Finance and Budget, Director  
Robert Hunt, Treasury and Debt, Manager  
John Madrid, Controller

#### **Operations**

Walter M. Bailey, Assistant General Manager, Wastewater Treatment  
Leonard Benson, Chief Engineer/Deputy General Manager  
Charles Kiely, Assistant General Manager, Consumer Services  
Cuthbert Braveboy, Sewer Services, Director  
Chuck Sweeney, Water Services, Acting Director  
Aklile Tesfaye, Wastewater Treatment, Director  
David McLaughlin, Engineering and Technical Services, Director  
Lauren Preston, Customer Service, Director  
R. Wayne Raither, Maintenance Services, Director

#### **Support Services**

Katrina Wiggins, Assistant General Manager, Support Services  
Steven Caldwell, Facilities Management, Acting Director  
O.Z. Fuller, Fleet Management, Director  
Arthur R. Green, Human Resources, Acting Director  
Joann T. Benson, Safety and Security, Director  
Rosalind R. Inge, Procurement, Director



## ACKNOWLEDGEMENTS

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



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**District of Columbia Water & Sewer Authority**

For the Fiscal Year Beginning

**October 1, 2010**

President

Executive Director

## TABLE OF CONTENTS

### Section I. Budget in Brief

.....	1
Message from the General Manager .....	I-1
Message from the Chief Financial Officer / Board of Directors / Organizational Structure.....	I-2
Facts at a Glance / Service Area .....	I-3
Performance Measures .....	I-4
Operating Budget Summaries .....	I-5
Regional Macroeconomics .....	I-8
Capital Improvement Program.....	I-10
Financial Plan.....	I-14

### Section II. Budget Overview

Operating and Capital Expenditures .....	II-2
FY 2011 Revised Budgets .....	II-3
FY 2012 Approved Budgets .....	II-4
FY 2009 – FY 2012 Comparative Expenditures.....	II-5
DC Water Statement of Cash Flows .....	II-7
FY 2011 – FY 2012 Operating Revenues.....	II-8
FY 2012 Proposed Retail Rates and Fees .....	II-9
System Capacity .....	II-10
Accounting and Budget Processes.....	II-12
FY 2012 Budget Calendar.....	II-13

### Section III. FY 2010 – FY 2019 Financial Plan

DC Water Board Strategic Plan 2008 - 2013 .....	III-2
FY 2010 – FY 2019 Financial Plan .....	III-3
DC Water Key Financial Policies .....	III-4
Regional Demographics and Customer Demand.....	III-8
Financial Assumptions and Accomplishments.....	III-15

### Section IV. Rates and Revenue

DC Water Cash Receipts .....	IV-2
------------------------------	------

Customer Accounts.....	IV-4
Consumption.....	IV-6
Recent & Proposed Rate & Fee Changes.....	IV-8
Why Rate Increases are Needed .....	IV-16
DC Water Affordability of Retail Rates .....	IV-24

### Section V. FY 2010 – FY 2019 Capital Program

Capital Improvement Program by Category .....	V-2
Capital Improvement Program Overview .....	V-3
Historical and Projected Capital Spending .....	V-11
FY 2010 – FY 2019 CIP – Disbursements Basis....	V-12
FY 2011 & FY 2012 Capital Equipment Disbursements .....	V-13
FY 2010 – FY 2019 CIP – Lifetime Budgets.....	V-17
FY 2012 Capital Authority Request.....	V-19

### Section VI. Capital Financing Cash and Debt

FY 2010 – FY 2019 Sources of Capital Financing ..	VI-2
FY 2010 – FY 2012 Sources & Uses of Funds.....	VI-3
Statement of Cash Reserves .....	VI-4
Debt Management FY 2010 – FY 2012.....	VI-5
Outstanding Debt.....	VI-6
Senior & Subordinate Debt Service Coverage .....	VI-8
Outstanding & Proposed Debt Service FY 2010 – FY 2019 .....	VI-9
Debt Service as Percentage of Total Oper. Expend. .....	VI-10
Outstanding & Proposed Debt Service FY 2010 – FY 2048 .....	VI-11
Outstanding Principal.....	VI-12
Outstanding Principal vs. Net Fixed Assets.....	VI-13
Debt to Net Fixed Assets Ratio .....	VI-14



## TABLE OF CONTENTS

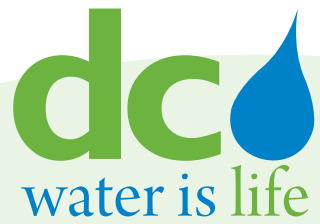
### **Section VII. Departmental Summaries**

FY 2009 – FY 2012 Operating Expenditures .....	VII-2
FY 2011 & FY 2012 Operating Expend. by Type...	VII-3
FY 2009 – FY 2012 Operating Expenditures .....	VII-4
FY 2009 – FY 2012 Oper. Expend. by Department	VII-5
FY 2011 Oper. Expend. by Department by Type ...	VII-6
FY 2012 Oper. Expend. by Department by Type ...	VII-7
Authorized Positions.....	VII-8
Filled vs. Vacant Positions.....	VII-9
FY 2011 & FY 2012 Approved Positions .....	VII-10
Overtime .....	VII-11
DC Water Organization Chart.....	VII-14
Wastewater Treatment.....	VII-16
Water Services .....	VII-24
Sewer Services.....	VII-30
Maintenance Services.....	VII-34
Water/Sewer Pumping Maintenance.....	VII-38
Engineering and Technical Services.....	VII-42
Combine Sewer Overflow Long Term Control Plan (CSO LTCP) .....	VII-46
Permit Operations.....	VII-50
Customer Service .....	VII-54
General Manager.....	VII-58
Office of the Secretary to the Board.....	VII-62
Internal Audit .....	VII-66
Finance and Budget.....	VII-70
Risk Management.....	VII-74
General Counsel.....	VII-78
Public Affairs.....	VII-82
Information Technology .....	VII-86
Asst. Gen. Mgr. – Support Services.....	VII-92
Human Resources .....	VII-96
Facilities Management.....	VII-106

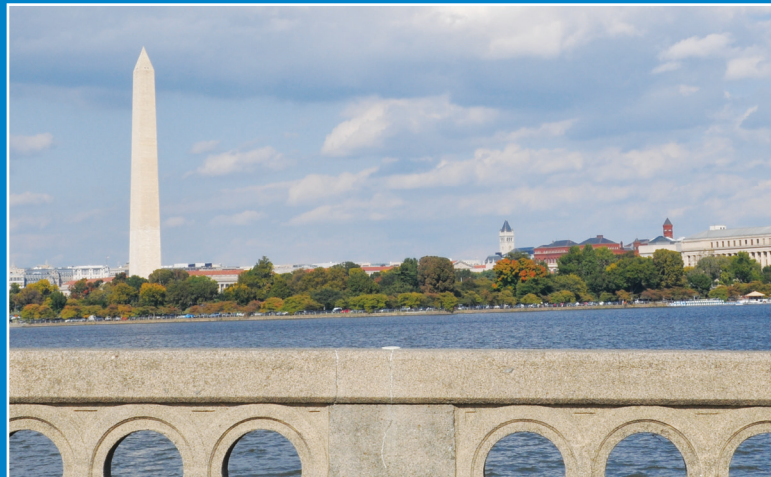
Procurement and Materiel Management	VII-110
Safety and Security .....	VII-114
Fleet Management .....	VII-118

### **Section VIII. Glossary, Acronyms and Resolutions**

Glossary .....	VIII-2
Acronyms .....	VIII-9
Resolutions.....	VIII-12

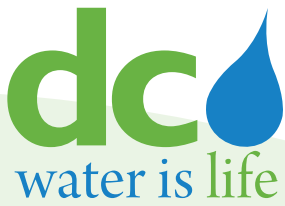


DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY  
**OPERATING BUDGETS**  
REVISED FY **2011** APPROVED FY **2012**



**SECTION I**  
**Budget in Brief**





# DC Water Budget in Brief

REVISED FY 2011 APPROVED FY 2012  
ADOPTED FEBRUARY 3, 2011

William M. Walker, *Chairman of the Board*

George S. Hawkins, *General Manager*

Olu Adebo, *Chief Financial Officer*



stewardship: ENVIRONMENT, RESOURCES and WORKFORCE



water is life

### 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.

1	A MESSAGE FROM THE GENERAL MANAGER
2	A MESSAGE FROM THE CHIEF FINANCIAL OFFICER / BOARD OF DIRECTORS / ORGANIZATIONAL STRUCTURE
3	FACTS AT A GLANCE / SERVICE AREA
4	PERFORMANCE MEASURES
5	OPERATING BUDGET SUMMARIES
6-7	OPERATING BUDGET HIGHLIGHTS
8-9	REGIONAL MACRO ECONOMICS
10-11	CAPITAL IMPROVEMENT PROGRAM
12-13	CAPITAL IMPROVEMENTS AND THE ENVIRONMENT
14-19	FINANCIAL PLAN
20	HIGH PERFORMANCE WORKPLACE
21	AWARDS

## dc 2010 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, 2010. 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.



I am pleased to submit the revised Fiscal Year 2011 and Fiscal Year 2012 operating budgets and the FY 2010-2019 Capital Improvement Program as adopted by the Board at its regular meetings in January and February 2011 and in compliance with District of Columbia Law 11-111. This Budget in Brief provides a summary of our life-giving services: clean water and sanitation.

Water is life. And to be sure, throughout history and around the world, lives have been lost by the millions for lack of access to clean water and sanitation. In the United States, most of us are fortunate to have both.

Without our work, some 16 million people could not start their days. In fact, the reliability and relatively low cost of what we provide, especially when compared to other utilities, might give the impression that the water business presents no real cause for public concern. This is far from the case.

I preside over a 1,000-strong workforce charged with maintaining and upgrading a labyrinthine underground system of pipes and valves. To maintain this network in the face of economic pressures, declining consumption, stricter environmental mandates, and a customer base that may be unfamiliar is an awesome, humbling challenge. It is like performing maintenance on a vehicle that is in motion. Not only do customers expect services to be uninterrupted every minute of every day, but regulators expect the service to be simultaneously and nearly continuously upgraded.

Our principal economic challenge is to fund all services through customer rates. In short, we can respond on the ground to a broken pipe or replace a broken valve – at any time of day or night, in any kind of weather. But with any aging system, breaks come more often and in more severe forms. These pipes need to be replaced, not repaired again and again at large costs to our customers. These increasingly frequent emergency requirements, along with a long term strategic replacement plan, must be funded from the same customer base already shouldering the economic burden.

The approved budgets for DC Water described in this document will commit \$3.8 billion over 10 years in capital investments, \$403.4 million in FY 2011 and \$422.4 million in FY 2012 operating funds.

The resources we need will have an impact on planned and future rates. No increase in rates is a welcome one, especially in trying economic times. But the cost of maintaining and replacing our aging infrastructure continues to rise and federal mandates and regulations continue to increase in number and cost, while the available federal funding is actually decreasing.

Also, the health of our Chesapeake Bay watershed is at stake. DC Water was the only enterprise to meet its voluntary 2010 Bay goals—largely because of investments of about \$1 billion at the Blue Plains Facility over the last decade. Although more progress is possible and DC Water has several large projects that will support these goals, the region will not achieve a healthy Bay (or tributaries such as the Potomac and Anacostia) unless we reduce pollutants from nonpoint sources, especially runoff from development and agricultural lands. Farmers have successfully made a compelling case that the costs of reducing nutrients will be hard to bear. But our ratepayers already know this to be true.

As a result, DC Water will continue to aggressively pursue federal investment with our regional congressional delegations and national industry partners as we advocate for shared responsibility for the clean up of the Bay.

In closing, we pledge to continue our life-giving services – clean water and sanitation – through allocation of resources, operational efficiencies and strategic capital investments while doing a better job communicating with our customers. To this last point, we have been known since our inception in 1996 as DC WASA. In FY 2010, the Authority began doing business as DC Water. The goal of our new name and logo was to be a more visible and approachable utility for our customers, and to hear from local and national stakeholders on how to innovate. We continue to welcome suggestions and comments, and encourage you to tour our facilities. Please feel free to stay in touch on Facebook and Twitter, or to contact me at [gmsuggestions@dcwater.com](mailto:gmsuggestions@dcwater.com).

A handwritten signature in black ink that reads "George S. Hawkins".

George S Hawkins  
February 2011



**dc** A MESSAGE FROM OLU ADEBO

As Chief Financial Officer for DC Water, I am pleased to present the Board-adopted operating and capital budgets for Fiscal Years 2011 and 2012. Assembling the DC Water budget is both an exhilarating and challenging endeavor. 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; and funding and rate impacts on our customers. As you can imagine, the process is one that entails countless hours and relies on the cooperation of many people throughout the organization, feedback from our many customers and an intense review by our Board of Directors. I would like to take this opportunity to personally thank everyone who contributed in any way to the development of our revised FY 2011 and approved FY 2012 budgets.

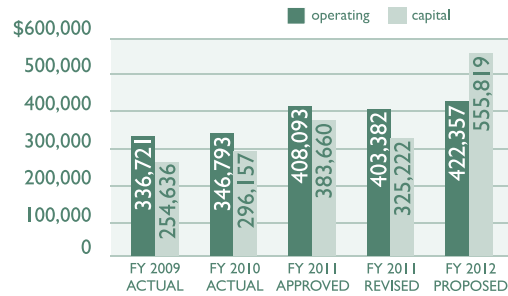
Under the direction of General Manager George Hawkins with strong oversight by our Board of Directors during FY 2010, we have attempted to enhance our transparency throughout the budget process with an agency-wide communication framework that provides feedback from all levels within DC Water, expanded community outreach through town hall meetings sponsored by various DC Council members, and extensive Board review and interaction. We have utilized this new style of transparency and frank discussions in the development of this budget. A comparative summary of the operating and capital budgets follow and a more detailed discussion is provided later in

the document. Our budget focuses on the future, recognizing the many challenges we face while maintaining appropriate fiscal controls. Management has demonstrated its willingness and ability to continue our mantra of excellent customer service, while tightening our budgets, focusing on improved ways of conducting business and planning for greater efficiency, all with our customers in mind.

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

Olu Adebo, February 2011

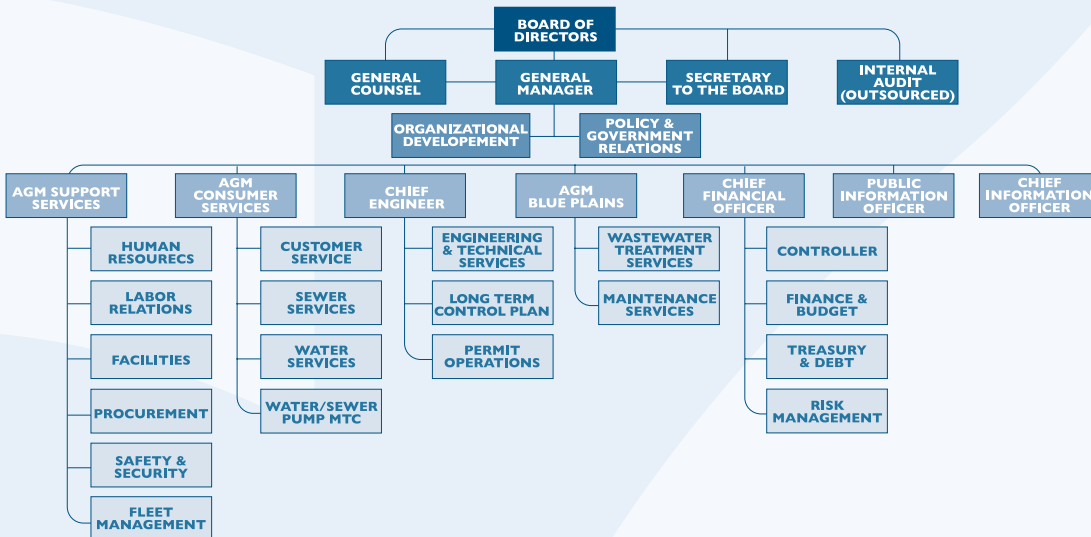
**OPERATING AND CAPITAL BUDGET SUMMARY**



**dc** BOARD OF DIRECTORS / ORGANIZATIONAL STRUCTURE

- William M. Walker** *Chairman / Principal Member / District of Columbia*
- David J. Bardin** *Principal Member / District of Columbia*
- F. Alexis H. Roberson** *Principal Member / District of Columbia*
- Alan J. Roth** *Principal Member / District of Columbia*
- Alethia Nancoo** *Principal Member / District of Columbia*
- Timothy L. Firestine** *Vice Chairman / Principal Member / Montgomery County, MD*
- Robert Hoyt** *Principal Member / Montgomery County, MD*
- Anthony H. Griffin** *Principal Member / Fairfax County, VA*
- Howard C. Gibbs** *Alternate Member / District of Columbia*

- Brenda Richardson** *Alternate Member / District of Columbia*
- Maurice Boissiere** *Alternate Member / District of Columbia*
- Joseph Cotruvo** *Alternate Member / District of Columbia*
- Howard Croft** *Alternate Member / District of Columbia*
- Paivi Spoon** *Alternate Member / Prince George's County, MD*
- Beverly Warfield** *Alternate Member / Prince George's County, MD*
- David W. Lake** *Alternate Member / Montgomery County, MD*
- Kathleen Boucher** *Alternate Member / Montgomery County, MD*
- James Patteson** *Alternate Member / Fairfax County, VA*



**History** – The District of Columbia Water and Sewer Authority was created by District law in 1996, 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 75 years old. Approximately 9 percent of the pipes were installed in the 1900s, with .2 percent of the system dating back to the 1860s before the Civil War.

**Service Area** – DC Water provides more than 600,000 residents and 16.6 million annual visitors in the District of Columbia with water and wastewater (sewer) service. With a service area of approximately 725 square miles, DC Water also treats wastewater for approximately 1.6 million people in Montgomery and Prince George’s Counties in Maryland and Fairfax and Loudoun Counties in Virginia.

**Employees** – Approximately 1,000 people work for DC Water at various facilities throughout the District.

**Drinking Water Quality** – DC Water maintains a strong emphasis on water quality, which involves an annual flushing program, regulatory and voluntary water quality testing, ongoing system upgrades and lead service replacements. DC Water has a strong relationship with the U.S. Army Corps of Engineers Washington Aqueduct to ensure that the water treatment process is optimal for delivering high water quality throughout the year.

**Pumped and Treated Water Storage** – DC Water pumped an average of 106 million gallons of water per day in Fiscal Year 2010. DC Water stores 61 million gallons of treated water at its eight facilities. An additional 49 million gallons are stored by the Washington Aqueduct.

**Water Distribution System** – 1,350 miles of water pipe, four pumping stations, five reservoirs, three water tanks, 36,000 valves, and more than 9,100 public fire hydrants comprise the DC Water distribution system.

**Blue Plains Advanced Wastewater Treatment Plant** – Located at the southernmost tip of the District and covering more than 150 acres along the Potomac River, Blue Plains is the largest advanced wastewater treatment facility in the world.

**Wastewater Treatment Capacity** – Blue Plains treats an average of 330 million gallons per day (MGD), and has the capacity to treat 370 MGD, with a peak capacity of more than 1 billion gallons per day.

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

**Financial Performance** – DC Water has a strong track record of positive financial performance consistent with historic performance. In FY 2010, DC Water ended the fiscal year with revenues exceeding expenditures and positive budget to actual results. Revenues totaled \$373.5 million, or 99 percent of budget, and operating expenditures totaled \$355.3 million, approximately 93 percent of the budget. DC Water received its 14th unqualified audit opinion of its financial statements.

**Customer Service** – DC Water provides information to customers through bill inserts, monthly newsletters, its website, tours, town hall meetings, and social media such as Facebook and Twitter. An

interactive voice recognition system makes information available in more than 150 languages. Our 24-hour Emergency Command Center, at (202) 612-3400, serves as a communication hub for receiving and responding to emergency calls from customers and the public.

**Community Service** – Giving back to the community and promoting volunteerism has been a hallmark of DC Water since its inception. All year, employees participate in a variety of company-sponsored and individual volunteer and charitable projects. Additionally, DC Water conducts science laboratory exercises in District high schools and tours of the Blue Plains Plant to engage the public.

**Governance** – A 22-member Board of Directors, with representatives from the District, Montgomery and Prince George’s Counties in Maryland and Fairfax County in Virginia, establishes policies. 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 manages the daily operations and performance of the regional utility.

**DC Water Financial Information**

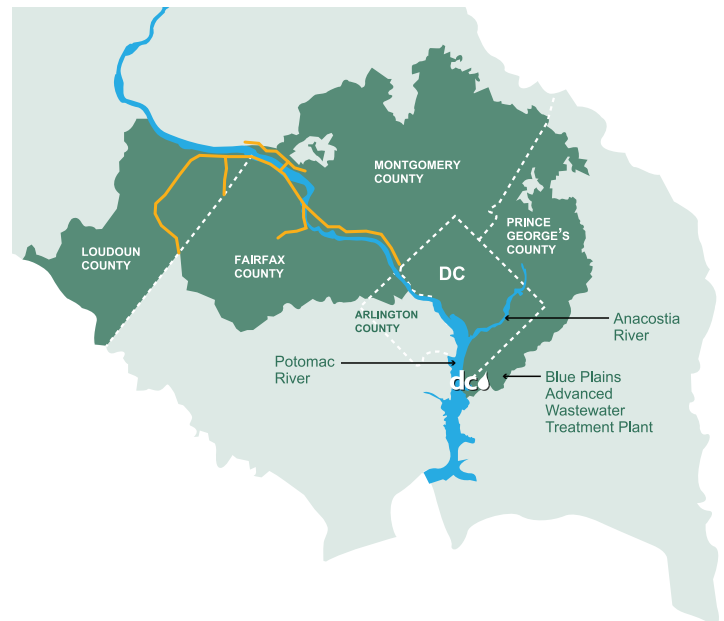
- Bond Rating: Aa2/AA/AA
- FY 2011 Revenue: \$399 million (cash receipts)
- FY 2011 Revised Operating Budget: \$403. million
- FY 2011 Capital Budget: \$325.2 million

**DC WATER SERVICE AREA**

FACILITIES MANAGED BY AND SERVICE AREAS SERVED BY DC WATER

- Blue Plains Service Area
- Jurisdictional Boundaries
- Potomac Interceptor

dc Blue Plains Advanced Wastewater Treatment Plant

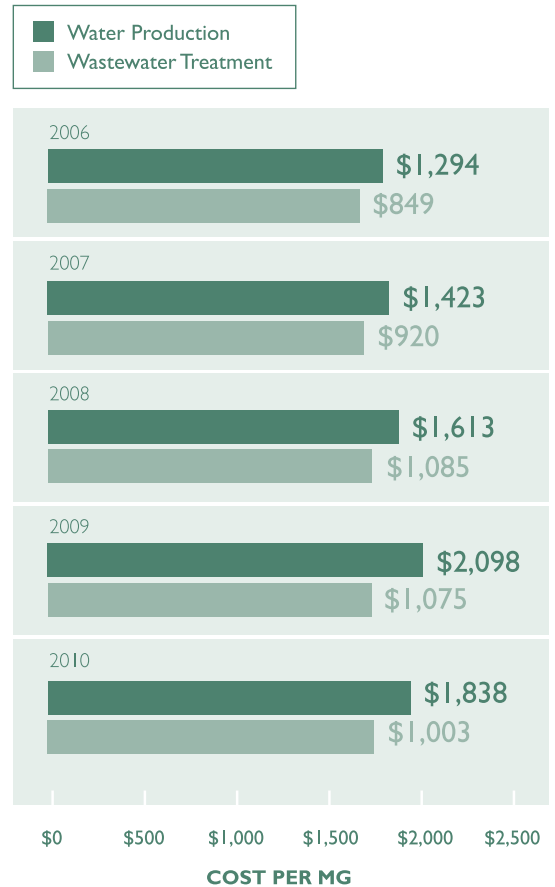


Over the past two years, DC Water has developed and implemented meaningful performance measures to align with agency strategic goals and achieve Board objectives. In FY 2010, the initial performance measures were identified, tracked and reported monthly to the Board. The results are displayed in the dashboard below. Moving forward, performance measures will be further drilled to the individual level to ensure that all personnel are focused on core strategic activities.

One nationally-recognized efficiency measure is the American Water Works Association (AWWA) Qualserv cost per million gallons. DC Water continues to perform well when compared with other large systems and shows great cost effectiveness.

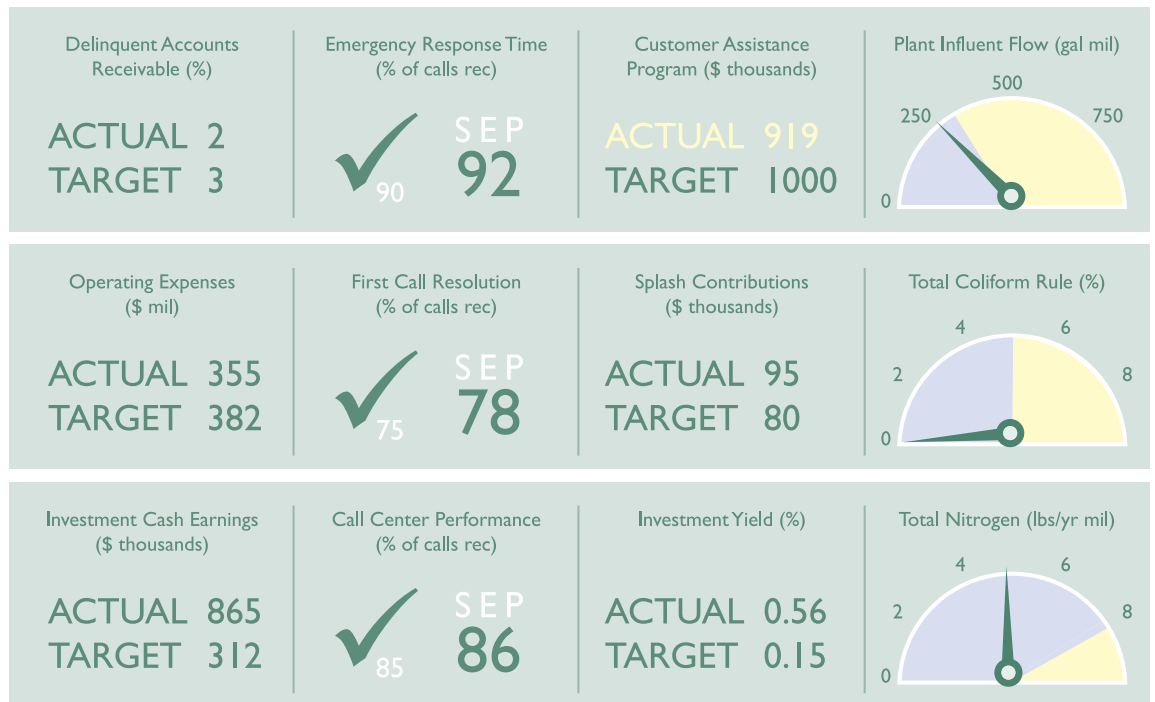
U.S. NATIONAL MEDIAN COST PER MILLION GALLONS (per AWWA)		
	WATER PRODUCTION	WASTEWATER TREATMENT
FY 2007	\$1,431	\$2,022
FY 2008	\$1,650	\$2,077

### DC WATER OPERATING EFFICIENCY RESULTS



### FY 2010 OPERATING PERFORMANCE DASHBOARD

The operating Dashboard provides a bird's eye view of our salient performance measures. These measures are continuously monitored and reported to the Board of Directors. A detailed explanation of these measures is provided in the Glossary and Acronyms Section (IX) of the Revised FY 2011 and Approved FY 2012 Budget Book.





The following are highlights of the FY 2011/2012 operating budgets. Detailed descriptions and tables can be found in the full revised FY 2011 and approved FY 2012 operating budget book available at [dcwater.com](http://dcwater.com).

- Revised FY 2011 operating budget totals \$403.4 million.
- Approved FY 2012 operating budget totals \$422.4 million.
- Proposed FY 2012 water and sewer rate increase of \$0.41 per Ccf from \$6.89 to \$7.30 per Ccf.
- Proposed FY 2012 monthly Impervious Area Charge (IAC) increase of \$3.42 from \$3.45 per Equivalent Residential Unit (ERU) to \$6.87 per ERU.
- Proposed FY 2012 PILOT fee increase of \$0.04 per Ccf, from \$0.49 per Ccf to \$0.53 per Ccf. ROW increase of \$0.01 per Ccf, from \$0.14 per Ccf to \$0.15 per Ccf.

*Note: 1 Ccf = 748 gallons*

#### **Stewardship: Environment, Resources and Workforce**

The revised FY 2011 and approved FY 2012 operating budgets provide the resources necessary to continue the stewardship of 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 also include funding for energy conservation activities - to help save the environment and operating dollars – strengthened safety and security activities, process improvement design and implementation (including permit processing), as well as support of capital efficiencies through in-sourcing of water and sewer design and valve operations.

DC Water will undertake a number of pilot energy conservation projects aimed at reducing electricity use at Blue Plains and lowering our energy costs. This includes replacing some lighting with more energy-efficient fixtures and review of various technical control systems. Several of these projects can be achieved within 12-18 months and will result in immediate energy and costs savings that will show a pay-back within 2-3 years.

Personnel increases associated with enhanced capital investment are a major driver of the changes in the FY 2011/12 operating budgets and include 33 of the planned 37 new positions authorized in FY 2012. As DC Water moves to triple capital water/sewer infrastructure investments over the next 10 years (a 100-year replacement schedule), additional design and management work will be required. Rather than issuing additional contracts to support this ongoing effort, these services will be transitioned to in house staff. This will help to control costs and quality of the work as staff will be more familiar with the standards of the agency, and eliminate the learning curve created when new contractors come on board. Similarly, the replacement of valves throughout the system is currently completed by contracted organizations. This budget provides for the transition of these activities to in-house staff over a 3-4 year period. FY 2011 is the beginning of this transition and should result in substantial capital savings once fully implemented. Together, these design and valve operations in-sourcing initiatives should lower costs within the capital program by \$3-4 million a year by FY 2015.

The safety of employees and customers is at the forefront of every decision we make. Approximately 1,000 Team Blue members contribute to the continued delivery of services throughout the region; often in various weather conditions, on holidays and at all times of the day and night. Additional safety training, planning and equipment as well as security resources have been included within this budget to support the additional level of work anticipated as maintenance increases and the capital investments move forward.

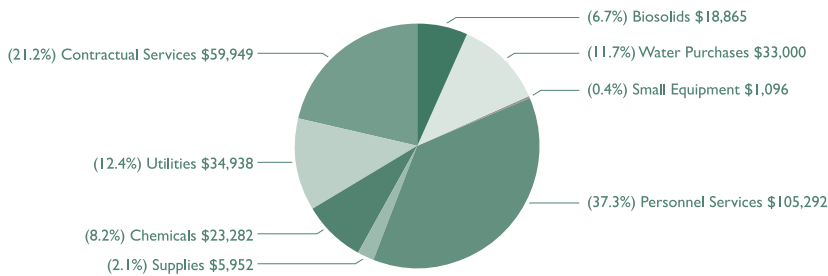


FUNDING SOURCES AND USES FOR OPERATING BUDGETS

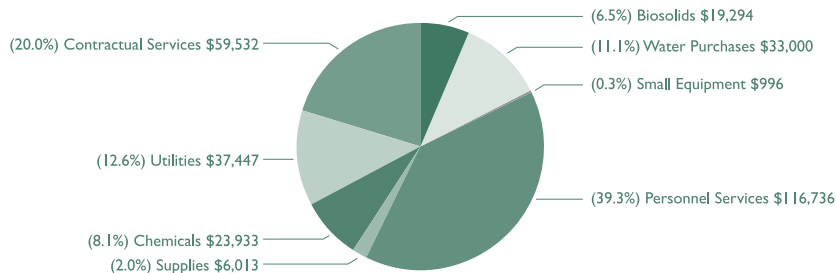
		FY 2011 Revised Budget	FY 2012 Approved Budget
<b>Sources</b> (\$ thousands)	Retail Revenues	\$295,356	\$321,480
	Wholesale Revenues	\$68,825	\$71,439
	Other Revenues	\$34,927	\$19,303
	<b>Total Revenues</b>	<b>\$399,108</b>	<b>\$412,222</b>
<b>Uses</b> (\$ thousands)	O&M Expenditures	\$282,674	\$293,569
	Debt Service	\$98,726	\$105,387
	PILOT	\$16,882	\$18,301
	ROW	\$5,100	\$5,100
	<b>Subtotal</b>	<b>\$403,382</b>	<b>\$422,357</b>
	Less Charges to Capital	(\$11,000)	(\$16,000)
	<b>Total Uses</b>	<b>\$392,382</b>	<b>\$406,357</b>

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

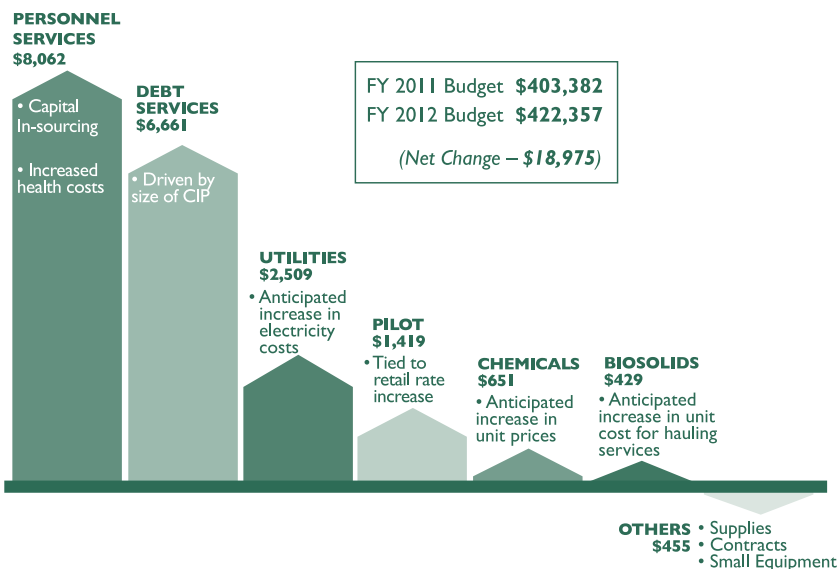
FY 2011 Revised \$282,674



FY 2012 Approved \$293,569



FY 2012 EXPENDITURE 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
- Regulatory compliance
- Maintaining high water quality standards
- Reservoir profile analysis
- Water conservation initiative and outreach

Wastewater System Initiatives

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

Other Management Initiatives

- Energy conservation pilots
- Improve permit process review
- Enhance customer access through website and social media
- Expand Customer Assistance Program (CAP)
- Security command center
- New Blue Plains Plant logistics to enhance safety
- Strengthen cyber security
- In-source select contractual services
- Organizational development and process improvements

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



OPERATIONS

Wastewater Treatment
Water Services
Sewer Services
Maintenance Services
Water and Sewer Pumping Services
Engineering and Technical Services
Long Term Control Plan (Clean Rivers)
Permits
Customer Service
<b>Subtotal Operations</b>

BUDGET			
FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
\$76,181	\$82,776	\$81,309	\$85,359
51,300	58,307	57,750	58,846
18,296	20,854	20,024	20,484
19,029	19,739	20,082	20,590
4,025	4,715	4,719	4,837
14,556	16,806	16,417	19,363
201	583	1,005	1,499
89	704	811	971
13,689	15,342	16,054	16,356
<b>\$197,366</b>	<b>\$219,828</b>	<b>\$218,170</b>	<b>\$228,302</b>

POSITIONS			
FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
107	125	121	121
153	173	178	184
154	159	159	159
127	139	139	139
25	33	33	33
103	147	140	167
2	10	10	10
-	3	5	5
114	123	124	124
<b>785</b>	<b>912</b>	<b>909</b>	<b>942</b>

ADMINISTRATION

General Manager
Office of the Secretary
Internal Audit
Finance and Budget
Risk Management
General Counsel
Public Affairs
Information Technology
Assistant General Manager – Support Services
Human Resources
Facilities Management
Procurement & Materiel Management
Safety and Security
Fleet Management
Subtotal Administration
Subtotal – Operation & Maintenance (O&M)

2,127	3,715	4,360	4,405
370	594	595	624
649	790	820	815
6,775	7,631	8,024	7,773
5,381	6,444	6,445	6,208
7,959	5,523	5,876	6,041
1,101	1,771	1,843	1,868
7,855	9,817	10,021	9,827
273	414	295	322
4,099	4,936	4,904	4,994
6,449	6,517	6,694	6,877
3,140	4,217	4,120	4,311
5,142	5,961	6,190	6,743
4,102	4,214	4,318	4,459
<b>\$55,422</b>	<b>\$62,546</b>	<b>\$64,504</b>	<b>\$65,267</b>
<b>\$252,787</b>	<b>\$282,374</b>	<b>\$282,674</b>	<b>\$293,569</b>

9	12	14	16
2	2	2	2
-	-	-	-
42	45	45	46
3	4	4	4
14	14	14	14
10	9	10	10
12	24	24	24
1	2	2	2
20	24	24	24
56	59	59	60
33	38	38	38
11	14	14	14
6	6	6	6
<b>219</b>	<b>253</b>	<b>256</b>	<b>260</b>
<b>1,004</b>	<b>1,165</b>	<b>1,165</b>	<b>1,202</b>

Debt Service
Payment in Lieu of Taxes (PILOT)
Right of Way (ROW)
<b>Total Operating Expenditures</b>
Personnel Services charged to Capital Projects
<b>Total Net Operating Expenditures</b>

83,514	103,354	98,726	105,387
15,374	17,265	16,882	18,301
5,100	5,100	5,100	5,100
<b>\$356,775</b>	<b>\$408,094</b>	<b>\$403,832</b>	<b>\$422,357</b>
(9,982)	(10,000)	(11,000)	(16,000)
<b>\$346,793</b>	<b>\$398,094</b>	<b>\$392,382</b>	<b>\$406,357</b>

-	-	-	-
-	-	-	-
-	-	-	-
<b>1,004</b>	<b>1,165</b>	<b>1,165</b>	<b>1,202</b>
<b>1,004</b>	<b>1,165</b>	<b>1,165</b>	<b>1,202</b>

### Regional Demographics

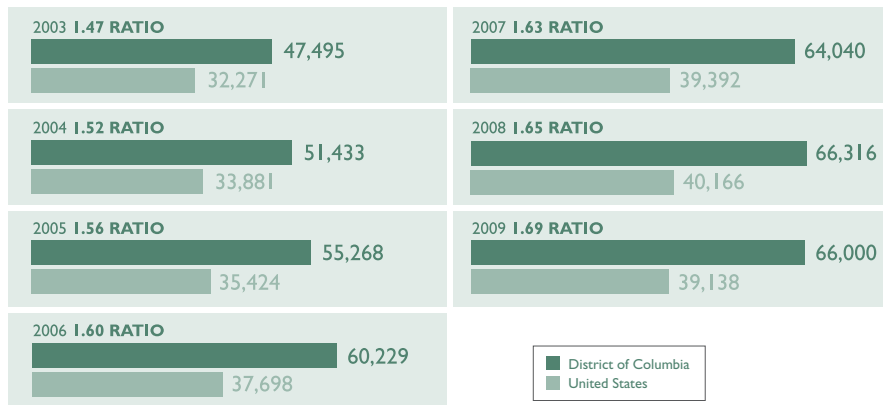
At DC Water, identifying and understanding customer requirements is a component of our planning process. Therefore, we must be sensitive to local sociopolitical and macroeconomic trends. DC Water's retail customers include residential, commercial and multifamily (which is the largest base), federal government, District Government and the DC Housing Authority. More than 600,000 residents in the District of Columbia live in approximately 284,000 households, and only 134,000 paying customers cover the majority of

operations, maintenance and replacement of the water and sewer infrastructure throughout the District. While there are an additional 1.6 million living throughout the DC Water service area using a small portion of the wastewater collection and a larger portion of the treatment facilities, there are fewer customers within the District to share the burden of the aging infrastructure serving the residents, visitors and governmental entities. The FY 2012 budget incorporates trends and statistics impacting DC and the region.

### Key Economic Indicators

While the Census Bureau recently noted that the DC metropolitan region had several jurisdictions within the top 10 wealthiest communities in the United States in 2008, unemployment continues to rise. These statistics appear to correlate with trends such as lower metro rail ridership (fewer employees coming into the District for jobs), and higher commercial leased vacancy rates. However, tourism appears stable as demonstrated by strong hotel occupancy rates and solid restaurant patronage in downtown Washington, DC.

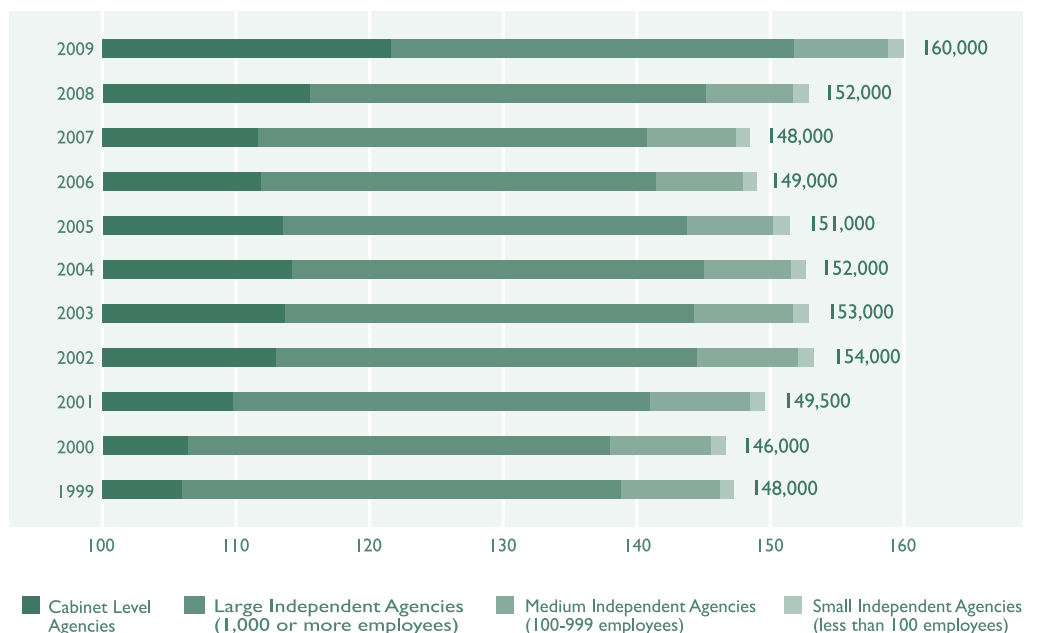
### DC PER CAPITA INCOME IS HIGHER THAN U.S. AVERAGE



### Employment within the District of Columbia

The economic downturn has impacted all customer sectors, its demonstrated through above average unemployment rates in the District and surrounding jurisdictions, local government layoffs and commercial closings. In addition, approximately 15.7 percent of the families in Washington, DC live at or below the poverty level. While federal employment is a major economic driver within the region and is trending upward, the President of the United States recently declared a wage freeze for federal employees.

### 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.

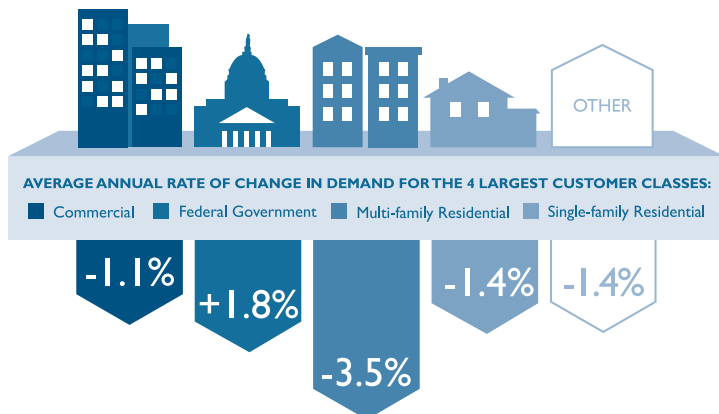
### Water Consumption Trends

Similar to many other water utilities across the country, DC Water has historically experienced about a 1 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 results were more in line with historic averages. Comparable fluctuates were also experienced by many of the other regional water utilities as shown below.

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

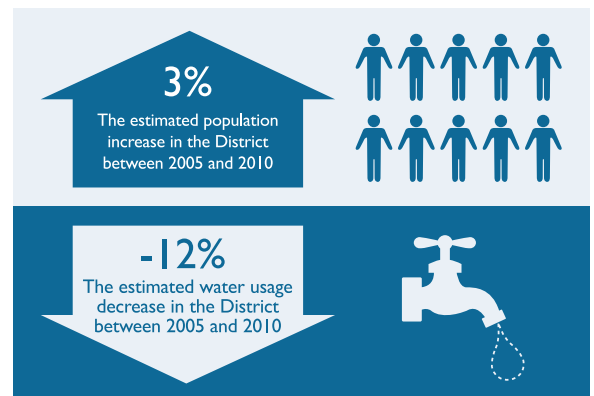
### DC WATER LONG-TERM WATER DEMAND SHOWS A DECLINE RELATIVELY CONSISTENT WITH THE ASSUMPTION

FY 2005 FY 2010 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 2010-2019 CIP provides a framework for the development, prioritization, implementation and measurement of capital projects.

The financial summary of the FY 2010-2019 CIP is:

- The ten-year CIP totals \$3.8 billion ( cash disbursements basis)
- Lifetime budget is \$7.9 billion
- Capital authority request is \$752.5 million

A more detailed description of major CIP changes and program details can be found within the Revised FY 2011 and Approved FY 2012 Operating and Capital Budget books online at [dcwater.com](http://dcwater.com).

**FY 2010 – FY 2019 CAPITAL IMPROVEMENT PROGRAM (\$000's)**

PROGRAM AREA	TOTAL DISBURSEMENT BUDGET	TOTAL PROJECT LIFETIME BUDGET
Wastewater Treatment	\$1,402,604	\$2,664,081
Sanitary Sewer	436,655	835,165
Combined Sewer Overflow	1,125,047	2,671,963
Stormwater	21,839	61,958
Water	612,873	1,400,215
Washington Aqueduct	110,816	203,138
Capital Equipment	103,906	103,906
<b>Total</b>	<b>\$3,813,740</b>	<b>\$7,940,426</b>

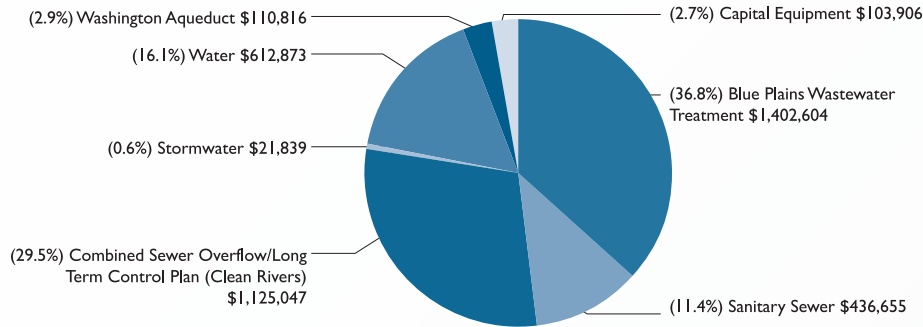


**FY 2010 – FY 2019 PROJECTED CAPITAL IMPROVEMENT PLAN DISBURSEMENTS BASIS (\$000's)**

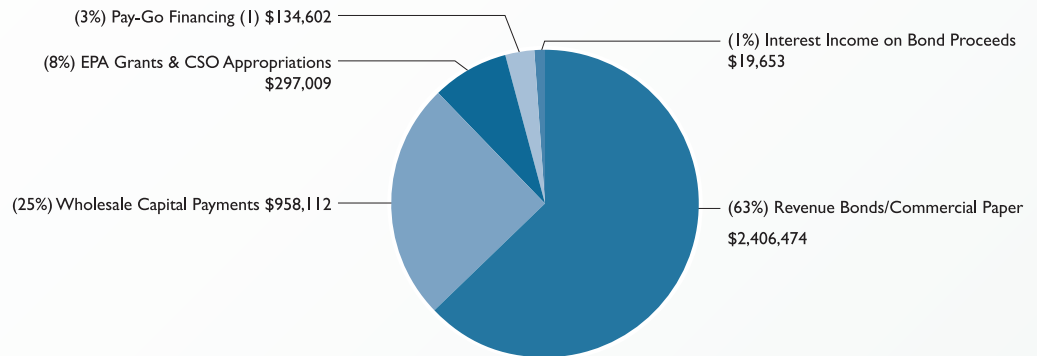
	FY 2010 ACTUALS	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	TOTAL FY 2010 – 2019
Wastewater Treatment	102,564	133,129	335,993	325,703	174,426	90,154	128,997	72,561	24,815	14,260	\$1,402,604
Sanitary Sewer	19,394	33,996	44,400	40,336	60,815	50,386	40,914	42,974	57,188	46,253	436,655
Combined Sewer Overflow/ Long Term Control Plan	55,113	76,085	93,014	130,325	117,937	144,678	175,450	166,462	82,465	83,518	1,125,047
Stormwater	2,914	3,491	4,027	4,345	2,775	818	839	796	880	955	21,839
Water	61,061	50,610	53,755	63,474	66,349	60,671	56,351	68,967	71,938	59,697	612,873
Washington Aqueduct	12,110	10,449	10,470	10,654	10,801	11,076	11,340	11,649	11,244	11,023	110,816
Capital Equipment	9,001	17,462	14,160	14,949	9,019	8,199	7,640	7,568	8,509	7,399	103,906
<b>Total</b>	<b>\$262,157</b>	<b>\$325,222</b>	<b>\$555,820</b>	<b>\$589,786</b>	<b>\$442,122</b>	<b>\$365,982</b>	<b>\$421,531</b>	<b>\$370,976</b>	<b>\$257,039</b>	<b>\$233,104</b>	<b>\$3,813,740</b>

FY 2010 – FY 2019 CAPITAL IMPROVEMENT PROGRAM (\$000's)

**TOTAL \$3.8 BILLION  
Uses of Funds (\$000's)**



**Sources of Funds (\$000's)**



(1) Pay-go financing is any excess operating balances above the Board's reserve requirement and used in lieu of debt financing.

**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>
<b>FY 2010</b>	\$82,493	\$2,221	\$22,837	\$66,110	\$3,861	\$81,630	\$3,003	\$262,157
<b>FY 2011</b>	113,153	6,112	11,594	62,531	5,957	109,235	16,641	325,222
<b>FY 2012</b>	204,178	11,950	6,580	74,965	8,772	234,154	15,220	555,820
<b>FY 2013</b>	249,071	21,502	13,070	59,953	6,271	229,516	10,403	589,785
<b>FY 2014</b>	202,371	25,348	13,710	59,576	6,963	124,907	9,247	442,122
<b>FY 2015</b>	202,983	8,888	12,220	42,765	2,156	86,553	10,416	365,982
<b>FY 2016</b>	266,548	7,471	12,177	38,591	0	88,097	8,647	421,531
<b>FY 2017</b>	204,867	6,238	11,715	31,806	0	88,736	27,612	370,976
<b>FY 2018</b>	72,192	8,912	9,449	24,912	0	90,427	51,148	257,039
<b>FY 2019</b>	72,191	9,782	6,121	19,731	0	105,720	9,560	223,104
<b>Total</b>	<b>\$1,670,048</b>	<b>\$108,424</b>	<b>\$119,473</b>	<b>\$480,940</b>	<b>\$33,981</b>	<b>\$1,238,976</b>	<b>\$161,897</b>	<b>\$3,813,740</b>
<b>% of Total</b>	<b>43.79%</b>	<b>2.84%</b>	<b>3.13%</b>	<b>12.61%</b>	<b>0.89%</b>	<b>32.49%</b>	<b>4.25%</b>	<b>100.00%</b>
<b>FY 2009-2018</b>	<b>45.11%</b>	<b>2.25%</b>	<b>3.84%</b>	<b>14.43%</b>	<b>0.95%</b>	<b>30.29%</b>	<b>3.14%</b>	<b>100.00%</b>



**Overview**

Water is essential to all life. The staff at DC Water takes great pride in providing this life-giving resource, then reclaiming and cleansing it for a safe return to the environment. The water we use today is the same water that will be on our planet 10 years, 100 years and 1,000 years from now. We are humbled by the role we play in keeping this resource fresh and clean for our children and our grandchildren.

The core operations at DC Water are water distribution, and wastewater collection and treatment. We purchase treated water from the Washington Aqueduct, a unit of the U.S. Army Corps of Engineers, and pump it through an elaborate 1,300-mile distribution system to arrive at faucets, spigots and fire hydrants around the District.

Once the water is used, it enters DC Water’s wastewater collection system. After traveling through the 1,800-mile sewer system and pumping stations, the sewage finally arrives at the Blue Plains Advanced Wastewater Treatment Plant. The Plant treats enough wastewater each day to fill RFK Stadium before discharging it – nearly clean enough to drink – into the Potomac River.

We face a monumental task in simply managing such a large system. But the District, like most older cities, is also challenged with aging infrastructure in need of replacement. Environmental mandates call for continuous process improvement and technological advances. Team Blue members continue to prove they are up to the challenge.

**Sewer System**

A majority of the sewers in the DC Water system were constructed more than 100 years ago and are still in operation. Our sanitary sewer system includes approximately 600 miles of large interceptor sewers and smaller gravity collection sewers. We are also responsible for sewer lateral connections from the sewer mains to the property lines of residential, government, and commercial properties. The existing

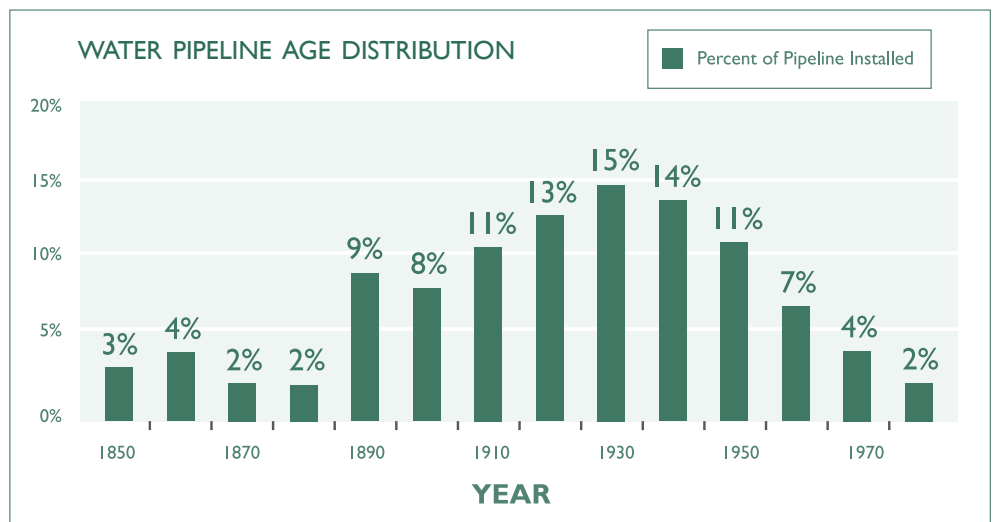
sanitary sewer system in the District of Columbia dates back to 1810, and includes a variety of materials such as brick and concrete, vitrified clay, reinforced concrete, ductile iron, plastic, steel, brick, cast iron, cast in place concrete, and even fiberglass.

During FY 2009, DC Water completed a sewer system assessment and water facility plan. This study identified a significant increase in funding needed for sewer infrastructure improvements. Over the last two budget cycles the lifetime budget in this area has increased by more than \$500 million and the proposed 10-year CIP has been increased by more than \$250 million. Most of the increased spending planned in the sewer area begins in FY 2011 and averages more than \$40 million per year through FY 2019.

The current CIP includes funds for an ongoing, annual sewer inspection program, which may identify the need for additional work.

**Water**

The lifetime budget for the water service area (including meter replacement / automated meter reading installation) is \$1.4 billion, an increase of \$197.3 million from last year’s CIP and a cumulative increase of \$389 million over the last two budget cycles. The related ten year disbursements amount to more than \$100 million. Both of these amounts are associated with the water facility plan update that was completed in FY 2009.







## Selected Environmental Projects:

### Clean Rivers Project

Along with other older cities, the District of Columbia faces the challenge of how to fix combined sewer overflows, which happen when heavy rain events overwhelm a system designed generations ago. A nationally accepted solution, and one we have adopted, is to build a huge network of tunnels to hold the combined stormwater and sewage until the storm passes and sends it to our treatment plant. Our agreements with the federal government require the design, construction and implementation of various activities and a Long Term Control Plan to be complete by 2025 at a cost of nearly \$2.6 billion. These mandated activities are designed to reduce overflows into the local waterways by 98 percent. We have begun to refer to this collection of tunnels as well as other activities as our Clean Rivers Project. Other activities include measures such as tide gates, pumping station improvements, inflatable dams, and screens that filter debris—which have already reduced combined sewer overflows by 40 percent.

### Nutrient Removal at Blue Plains to Protect the Chesapeake Bay

Blue Plains was the first wastewater treatment plant in the Chesapeake Bay watershed to meet its program goals, and has met or exceeded them since 2000. The first major step was a program to reduce nitrogen from the Plant by 40 percent over the 1985 levels.

The next generation of nitrogen removal projects will break ground in 2011 after many years of planning. This project will allow Blue Plains to meet the newest federal permit requirements that go into effect in July 2014 for nitrogen, as it already does for phosphorus. The Enhanced Nutrient Removal (ENR) program will cost nearly \$1.0 billion. It will operate in conjunction with the Clean Rivers Project.

### Digester project burns methane to generate power and reduce carbon footprint

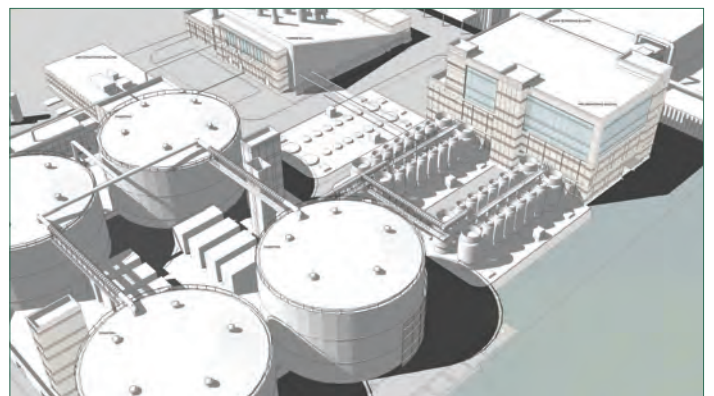
DC Water will soon be the first utility in North America to use thermal hydrolysis for wastewater treatment, and when completed, Blue Plains will be the largest thermal hydrolysis plant in the world.

Blue Plains, as a 24/7/365 operation, is the largest consumer of electricity in the District of Columbia. Using thermal hydrolysis and anaerobic digestion together will generate power to help operate the plant. Analysts estimate the net power generation at approximately 10 megawatts. This represents an enormous cost savings—as much as one third of our electricity costs each year.

In addition to the production of clean, green renewable power, the new process reduces the amount of solid material to be hauled away by 50 percent resulting in about 30 fewer trucks each day, or 11,000 less per year, and reduces truck emissions and gasoline costs. Together, these benefits will dramatically decrease the Blue Plains carbon footprint.

The end product is a better class of biosolids—Class A—that has many more applications. Class A biosolids can be used in many recycling applications including agriculture, reclamation, silviculture, and products for gardening, landscaping, green roofs and urban forestry.

The price tag of the complete project is about \$400 million and is scheduled for ground-breaking in early 2011. It should be operational in mid-2014. Many eyes will be watching, as leaders in the U.S. water sector eagerly await the results of DC Water's undertaking.



Rendering; future construction of the Biosolids Management Facilities.

**Overview**

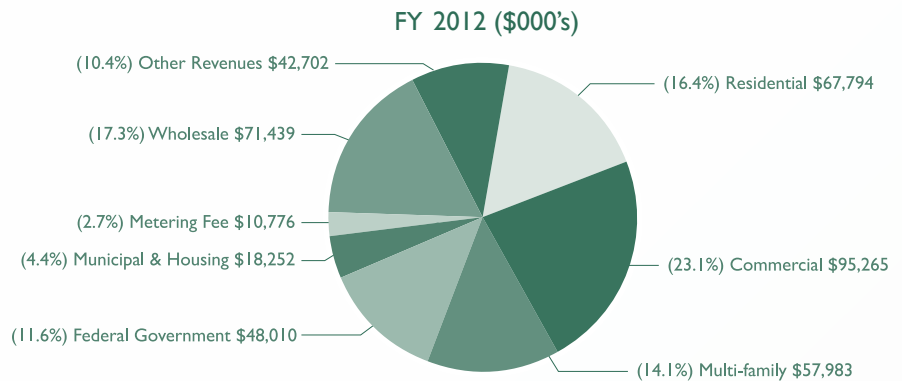
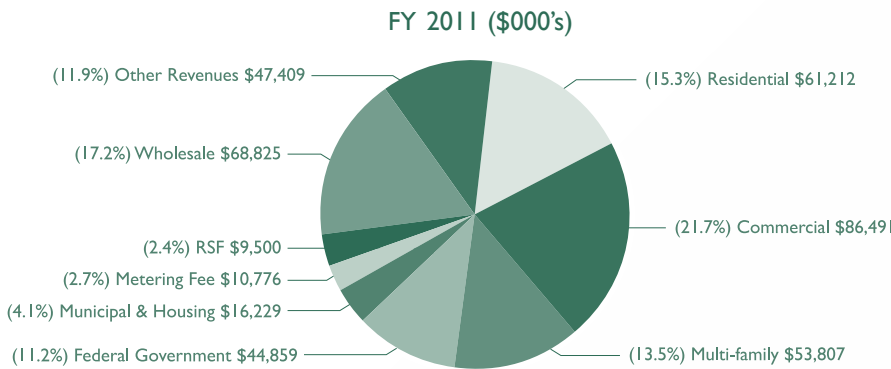
DC Water has a ten year financial plan that provides a strong financial framework to support implementation of the Board strategic plan, policies, priorities and guidance in several key financial areas. This financial plan serves as one of management's key tools to plan and monitor progress in meeting 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 capital investments, operating expense requirements, with revenue requirements to support these requirements.

**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 2010-2019 10-year CIP*  
 (These documents can be found at [dcwater.com](http://dcwater.com))

**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 2011 revenue budget totals \$399.1 million and is projected to increase to \$412.2 million in FY 2012.



**Proposed Retail Rate and Fee Changes**

Financial Plan revenue projections reflect the FY 2011 Board-approved retail rates as well as the FY 2012 proposed rates.

	<b>FY2011</b> (current)	<b>FY2012</b> (proposed)	<b>Units of Measurement</b>
Water	\$3.10	\$3.29	per Ccf or (748 gallons)
Sewer	\$3.79	\$4.01	per Ccf or (748 gallons)
Monthly Impervious Area Surface Charge	\$3.45	\$6.87	per ERU
Customer Metering Fee	\$3.86	\$3.86	5/8 meter size
Payment in Lieu of Taxes (PILOT)	\$0.49	\$0.53	per Ccf or (748 gallons)
Right of Way (ROW)	\$0.14	\$0.15	per Ccf or (748 gallons)

## Water and Sewer Rates

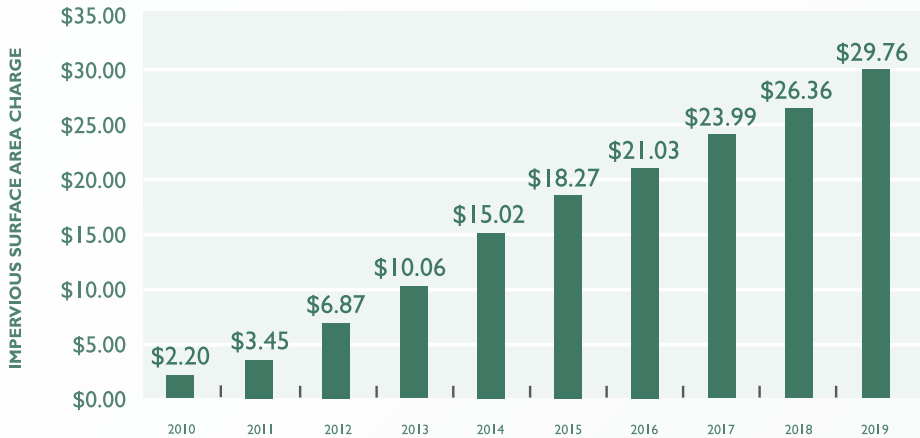
The proposed water and sewer rate increases included in the Ten Year Financial Plan are driven by the following factors:

- Average annual debt service increase of 13.8 percent
- Average annual O/M increase of 2.7 percent
- Anticipated operating cost savings at Blue Plains beginning in FY 2014 due to the implementation of the digester/cambi biosolids management project.

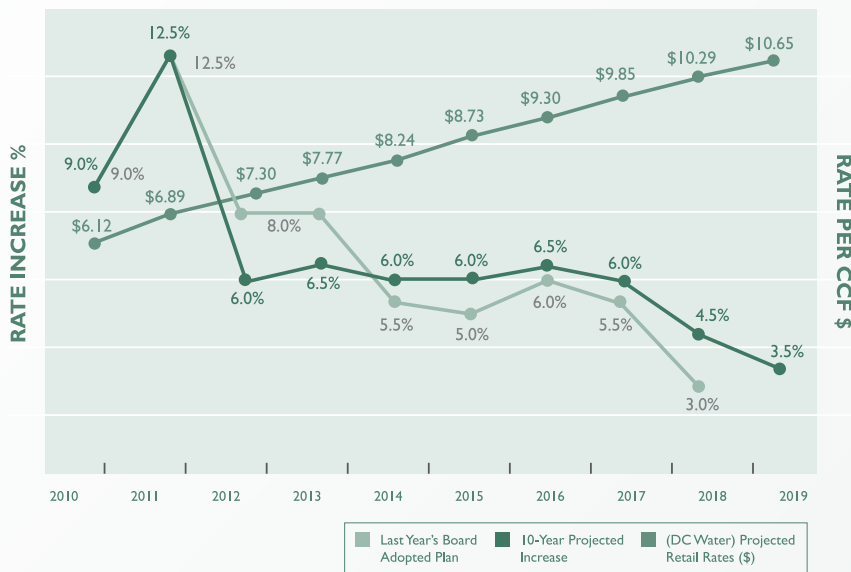
## Clean Rivers Impervious Area Charge

The Impervious Area Charge (IAC) is a separate sewer service fee established in FY 2009 to recover the cost of implementing the Clean Rivers Project. The FY 2012 proposed monthly Clean Rivers IAC is \$6.87 per ERU (Equivalent Residential Unit). Between FY 2010–FY 2019, the annual rates are projected to range from \$3.45 to \$29.76 per ERU per month. The projected Clean Rivers 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 has already received, totaling \$150.7 million.

IMPERVIOUS AREA CHARGE (IAC)  
ERU / Month



WATER AND SEWER RATES





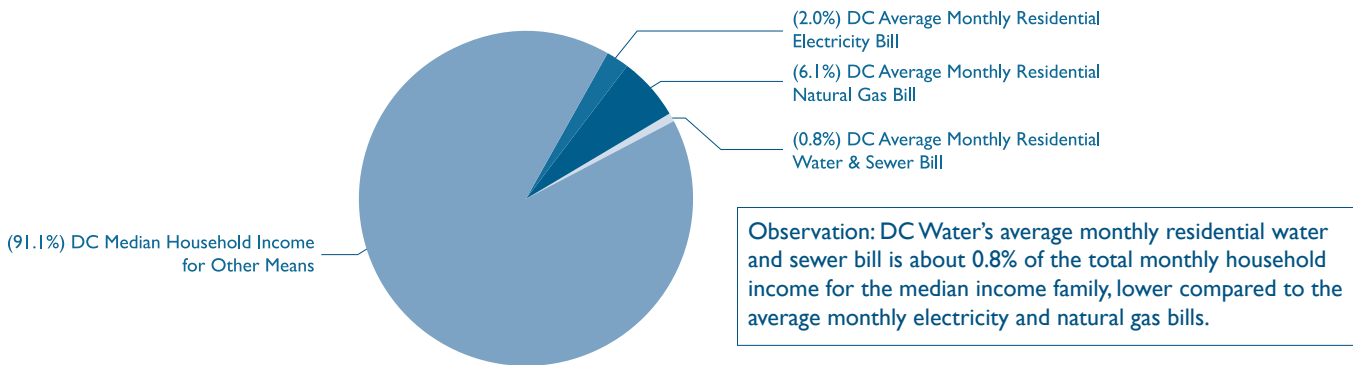
### Right of Way and PILOT Fees

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

### Customer Affordability

At DC Water, we have sought to balance our operating and financial needs with the financial impact upon 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 2 percent of the median household income to be considered affordable. Using 2008 data (last available census data), DC Water is well under that target.

### 2008 MONTHLY DC MEDIAN HOUSEHOLD INCOME

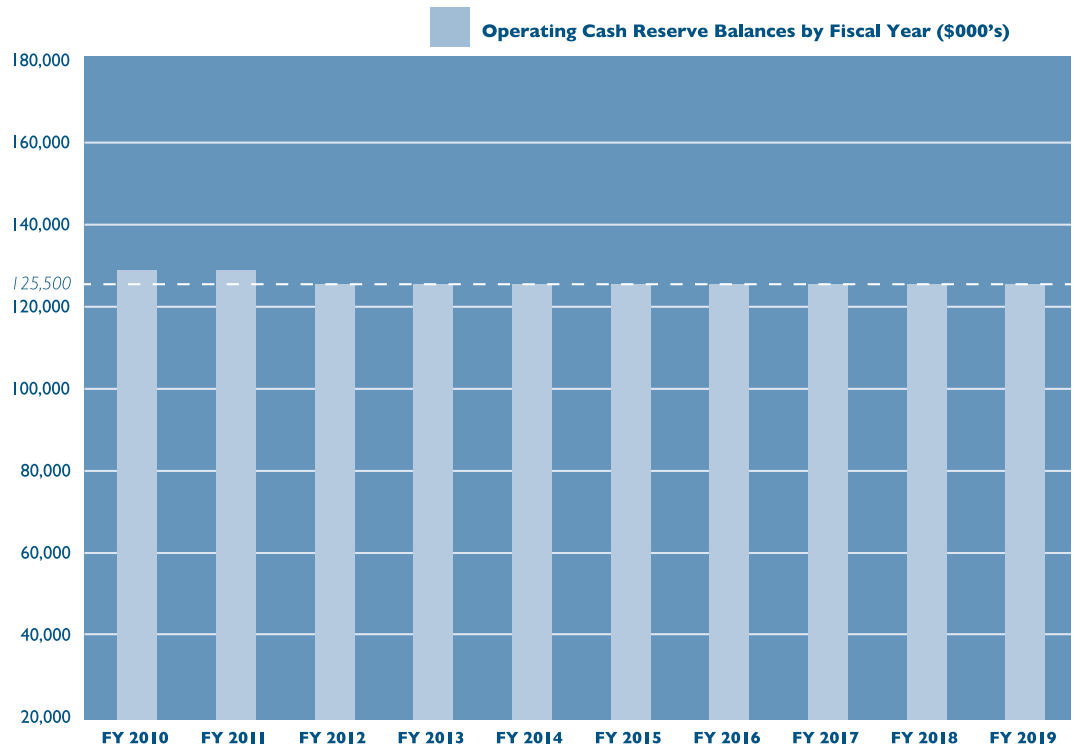


Even with this favorable affordability index, there are many low income residents in DC for whom the average water/ sewer bill would consume greater than 2 percent of their monthly household income. Recognizing this, DC Water provides programs to customers most in need. Through the Customer Assistance Program (CAP), the Authority provides eligible customers a discount of 4 Ccfs per month on their water and sewer bills. Since it began, participation in CAP has continued to increase. In FY 2010, a total of 6,458 customers received a discount on their monthly bills. In February 2010, the Board expanded the CAP discount to include the first 4 Ccf's of Payment in Lieu of Taxes (PILOT) and Right of Way (ROW) to qualifying low-income customers effective October 1, 2010. 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 Serving People Lending a Supporting Hand program (S.P.L.A.S.H.), in times of emergency. The program is administered by the Greater Washington Urban League. Every dollar received by the Authority is distributed to eligible customers.

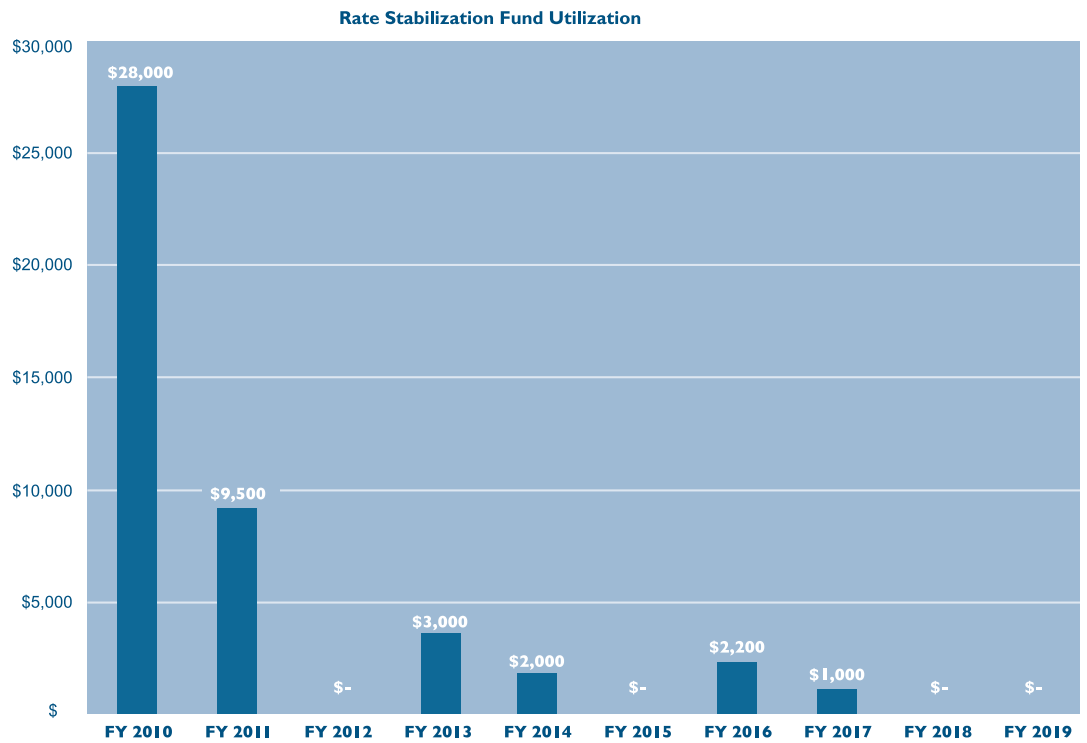
### Operating Reserves

Consistent with Board policy, DC Water maintains cash reserves equivalent to 120 days of budgeted operations and maintenance, 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 2010, DC Water's Rate Stabilization Fund (RSF) balance was \$16.7 million. The proposal calls for use of \$9.5 million in FY 2011. At the end of the current 10-year plan period, there will be a balance of \$2.0 million in the RSF. 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.



**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 13.8 percent. Debt management consists of managing funds borrowed through revenue bonds, commercial paper, and other short-term notes. Currently, debt financing represents 63 percent of the funding in the ten-year capital program and debt service is projected to be 26 percent of the FY 2012 operating budget, increasing to 43 percent by FY 2019. Debt to net fixed assets (plant) ratio will increase from 45 to 59 percent in the current ten year financial plan.

At the end of FY 2010, (September 2010), DC Water had a total \$1.2 billion outstanding debt; 42 percent senior lien and 58 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) with a solid financing team, strong financial performance, diligent planning and market favorability. By utilizing the Build America Bonds (BABs) program, DC Water anticipates savings of more than \$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 more than \$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). In addition, as new issuances are planned, internet road shows for domestic and international investors are provided giving pertinent information on the Authority's strong management, capital improvement activities and forecasts, and financial forecasts. The next debt issuance is anticipated in late FY 2012.

**Capital Financing Plan**

The DC Water's capital program is funded through multiple sources, including equitable wholesale cash payments, interest earnings and a comprehensive capital financing plan. 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 7.7 percent of the capital expenditures between FY 2010-2019 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. As stated in the General Manger's message, 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 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.

**Permanent 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 are described in further detail in the Capital, Financing, Cash and Debt section of the full budget book.

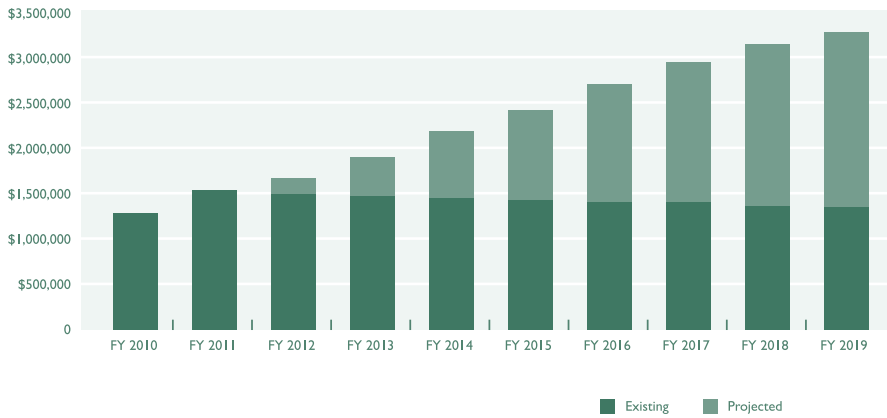
Senior Lien Bond Ratings:

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



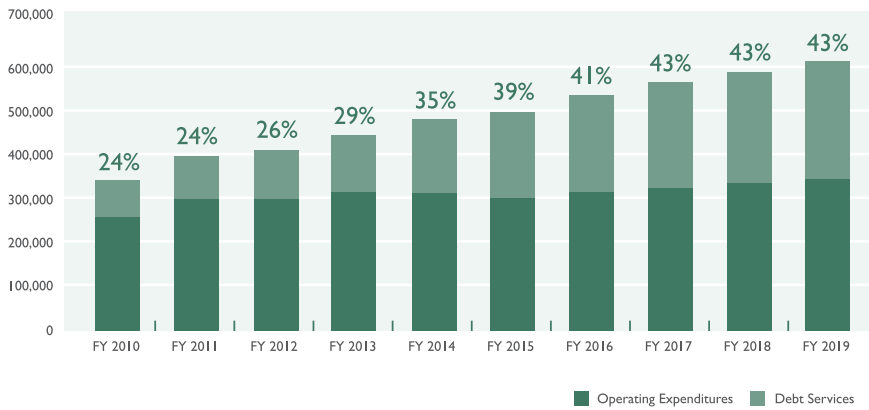
## NEW AND EXISTING DEBT OUTSTANDING AND PROJECTED

BASED ON FY 2010 – FY 2019 CAPITAL IMPROVEMENT PLAN (IN \$000'S)

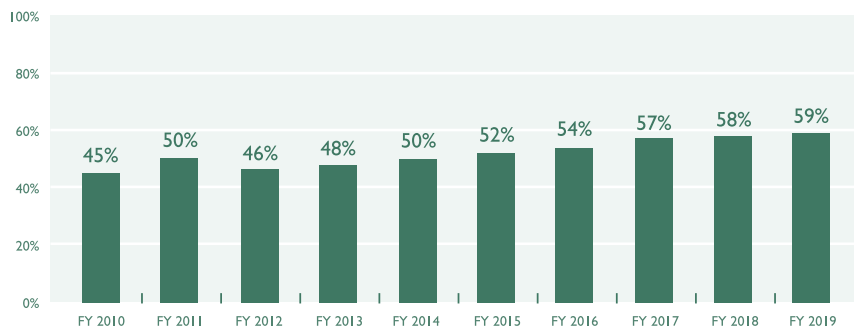


## DEBT SERVICES AS PERCENTAGE OF TOTAL OPERATING EXPENDITURES

FINANCIAL PLAN FY 2010 – FY 2019 (IN \$000'S)



## DEBT TO NET FIXED ASSETS RATIO FY 2010 – FY 2019



A high performance workforce is one of the 'Critical Success Factors and Objectives' of DC Water's 2008 – 2013 Strategic Plan. Our business success depends on the quality of our employees. We aim to attract, develop and retain the best staff. Our employees are our most valuable asset and vital to attaining our mission and the Board's strategic goals. We will continue to invest in our employees and provide our managers with the training and tools to provide effective leadership of our employees.

In FY 2010, the General Manager launched a new effort called the Team Blue Project, which initiated a series of ongoing conversations around the most important issues facing DC Water. To enhance this new organizational culture, a new Director of Organizational Development has been charged with engaging and guiding Team Blue members at every level of the organization to make DC Water the best-run utility in the world.

For DC Water to continue to succeed as a whole, management has developed a new organizational culture framed under the philosophy of complete openness, and a philosophy predicated on the idea that every employee must be able to perform his or her job in a fulfilling, safe and productive environment. To that end, one of the most important goals is to make sure every employee is excited about working for the best water utility in the world has an opportunity to participate in one of the many team based projects that will transform DC Water.

Training is a critical aspect of both individual and professional development at the Authority. During FY 2011, the Authority will continue to offer training programs and classes that provided the knowledge and skills that are essential for employees to complete their jobs in a competent manner while meeting customer expectations. The table below provides a summary of DC Water's total training budgets for FY 2011 and FY 2012.

TRAINING TYPE	FY 2011		FY 2012	
	BUDGET	PERCENT OF TOTAL TRAINING BUDGET	BUDGET	PERCENT OF TOTAL TRAINING BUDGET
Outside Training	868	64%	868	63%
In-House Training	243	13%	243	18%
Contractual Training	275	23%	275	20%
<b>Total</b>	<b>1,386</b>	<b>100%</b>	<b>1,386</b>	<b>100%</b>





**Finance**

Distinguished Budget Presentation Award  
For Fiscal Year Beginning October 1, 2010  
Government Finance Officers Association

Certificate of Achievement for Excellence in Financial  
Reporting For its Comprehensive Annual Financial Report  
For Fiscal Year Ended September 30, 2009  
Government Finance Officers Association

**Fleet Management**

2010 Honorable Mention Certificate of Award for  
the 100 Best Fleets of North America  
The Government Fleet

**Information Technology**

2010 W<sup>3</sup> Silver Award  
Judged by International Academy of the Visual Arts

2010 CIO 100 Award  
CIO Magazine

2010 Laureate  
The Computerworld Honors Program

2010 21st Century Achievement Award Finalist  
The Computerworld Honors Program

Recognition for Geographic Information System  
Environmental Systems Research Institute

**Public Affairs**

2010 Excellence in Community Service  
Communitas Awards

**Safety and Security**

2010 George W. Burke, Jr. Facility Safety Award  
Water Environment Federation

**Sewer Services**

2010 Golden Manhole Award  
Water Environment Federation

**Wastewater Treatment**

2010 Gascoigne Wastewater Treatment Plant  
Operational Improvement Medal  
Water Environment Federation

2010 National Environmental  
Achievement Award  
National Association of Clean Water Agencies

2010 Platinum Peak Performance Award  
National Association of Clean Water Agencies





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DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

## OPERATING BUDGETS

REVISED FY 2011 APPROVED FY 2012

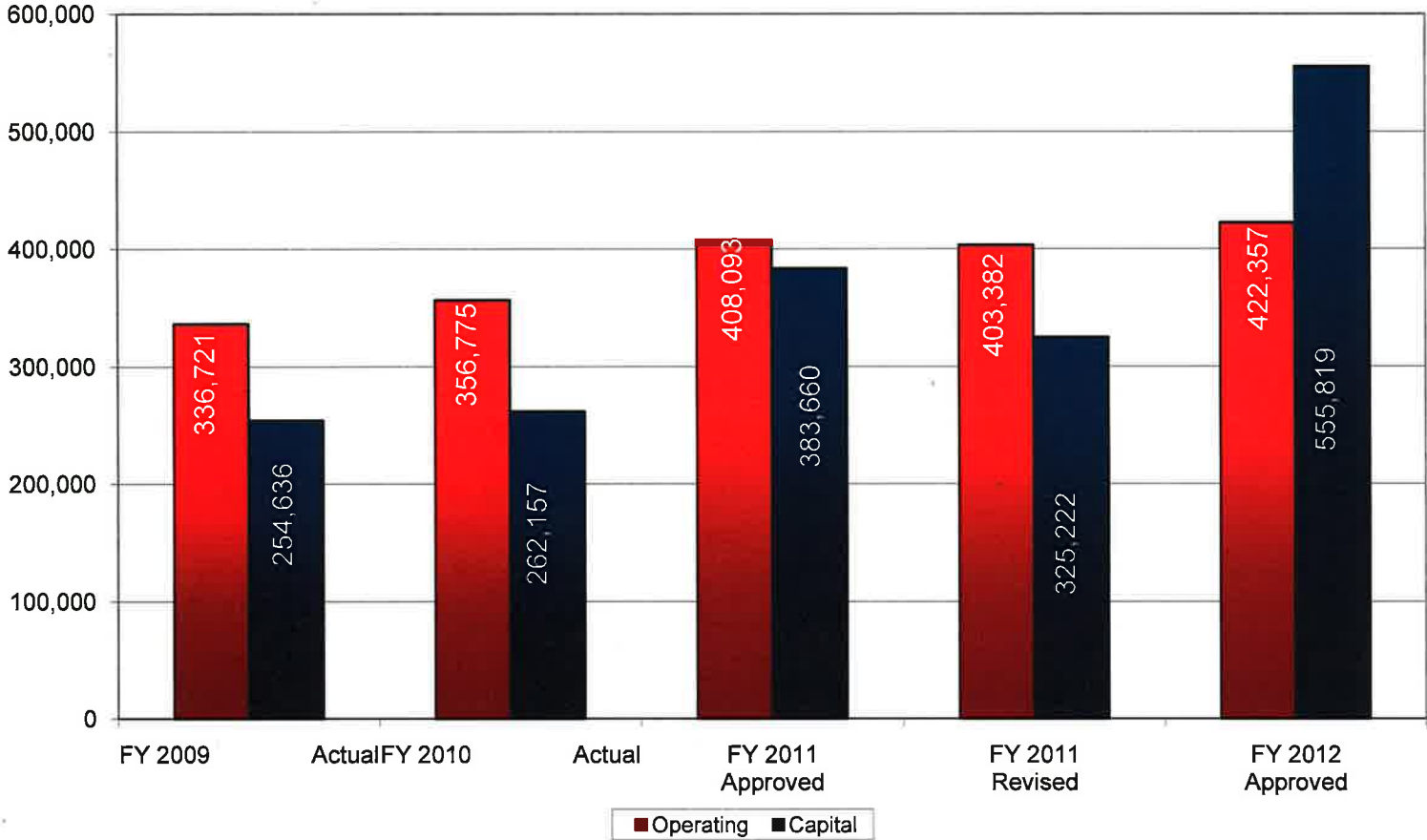


## SECTION II Overview

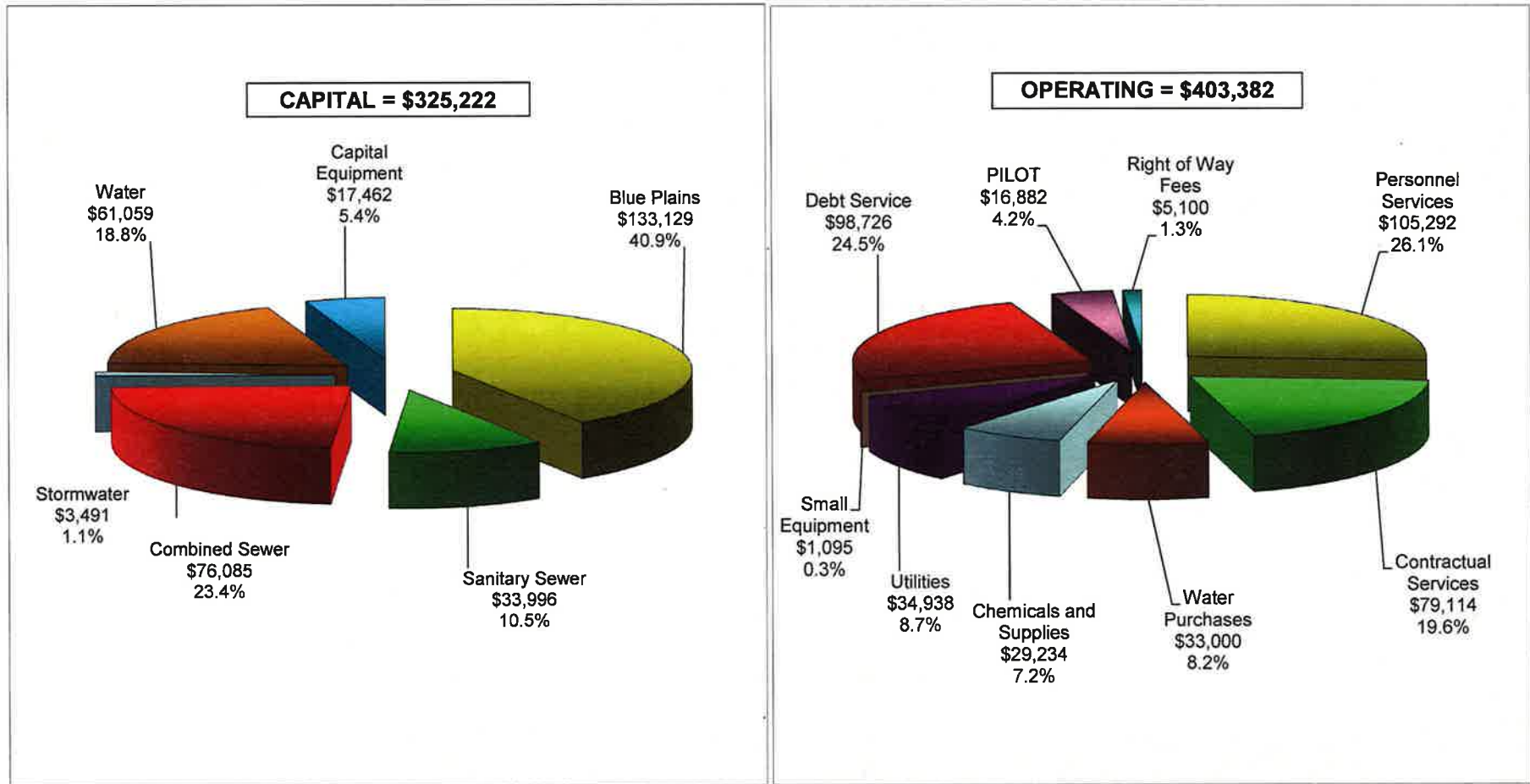


**OPERATING AND CAPITAL BUDGETS ENSURES SERVICE NEEDS AND STRATEGIC OBJECTIVES ARE MET**

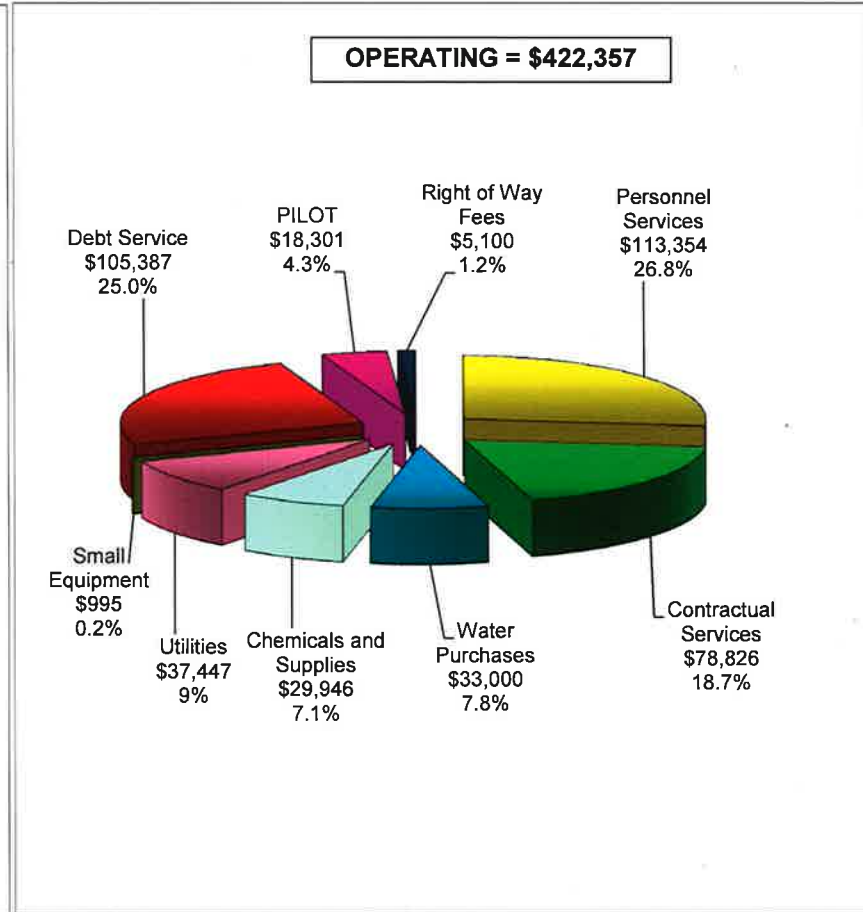
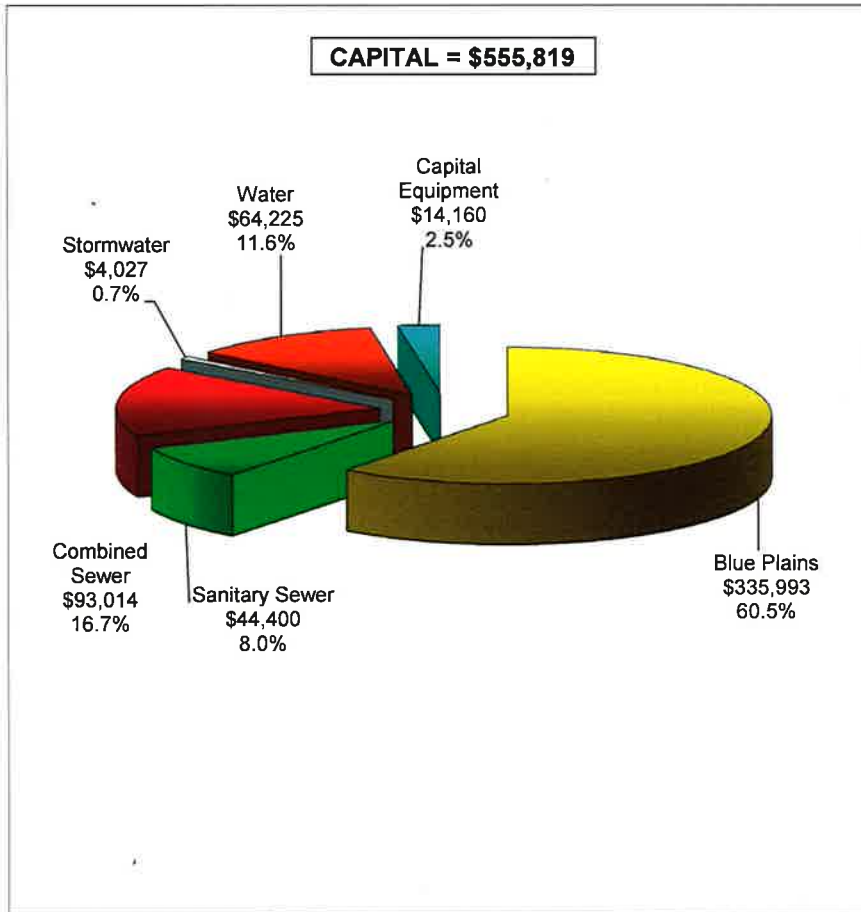
**Operating and Capital Expenditures  
FY 2009 - FY 2012  
(\$000's)**



## FY 2011 Revised Budgets (\$000's)



## FY 2012 Approved Budgets (\$000's)

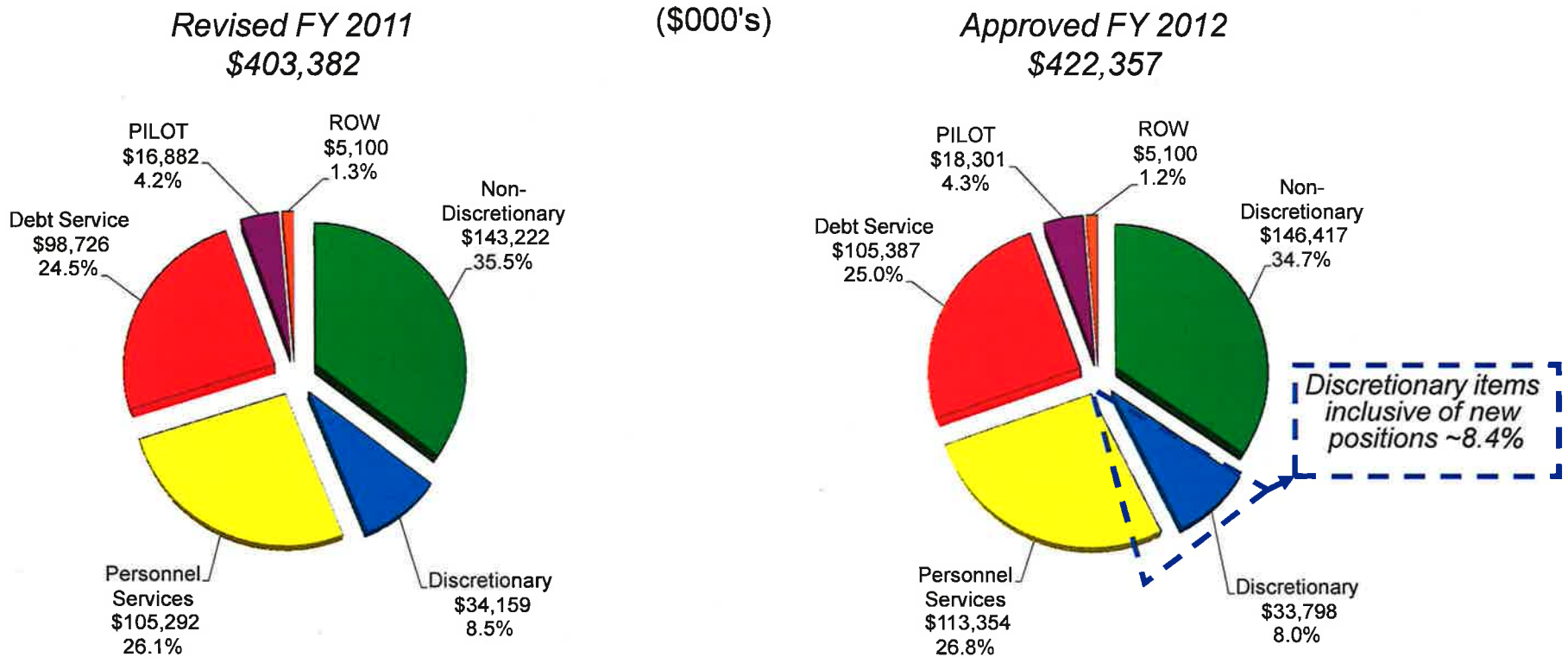


**Comparative Operating Expenditure Budgets**

(\$000's)

	<b><u>FY 2009 ACTUAL</u></b>	<b><u>FY 2010 ACTUAL</u></b>	<b><u>FY 2011 APPROVED</u></b>	<b><u>FY 2011 REVISED</u></b>	<b><u>FY 2012 APPROVED</u></b>
<b><u>OPERATING</u></b>					
Personnel Services	91,757	98,192	104,422	105,292	113,354
Contractual Services	64,513	69,498	76,801	79,114	78,826
Water Purchases	25,371	27,587	33,872	33,000	33,000
Chemicals and Supplies	27,781	26,724	30,080	29,234	29,946
Utilities	32,813	29,929	36,225	34,938	37,447
Small Equipment	526	858	974	1,095	995
Lead Abatement Program	-	-	-	-	-
<b>Subtotal O &amp; M Expenditures</b>	<b><u>242,761</u></b>	<b><u>252,787</u></b>	<b><u>282,374</u></b>	<b><u>282,674</u></b>	<b><u>293,569</u></b>
Debt Service	74,777	83,514	103,354	98,726	105,387
Payment in Lieu of Taxes	14,083	15,374	17,265	16,882	18,301
Right of Way Fees	5,100	5,100	5,100	5,100	5,100
<b>Total Operating Expenditures</b>	<b><u>336,721</u></b>	<b><u>356,775</u></b>	<b><u>408,094</u></b>	<b><u>403,382</u></b>	<b><u>422,357</u></b>
Personnel Services charged to Capital Projects	(9,509)	(9,982)	(10,000)	(11,000)	(16,000)
<b>Total Net Operating Expenditures</b>	<b><u><u>327,212</u></u></b>	<b><u><u>346,793</u></u></b>	<b><u><u>398,094</u></u></b>	<b><u><u>392,382</u></u></b>	<b><u><u>406,357</u></u></b>

# Less Than 9% of the Operating Budgets Are Discretionary



- Non-discretionary items include costs for chemicals, utilities, biosolids, water purchases and 55% of contractual services
- Discretionary items comprise of the remaining contractual services, supplies and small equipment



## CASH FLOW SUMMARY

(\$000's)

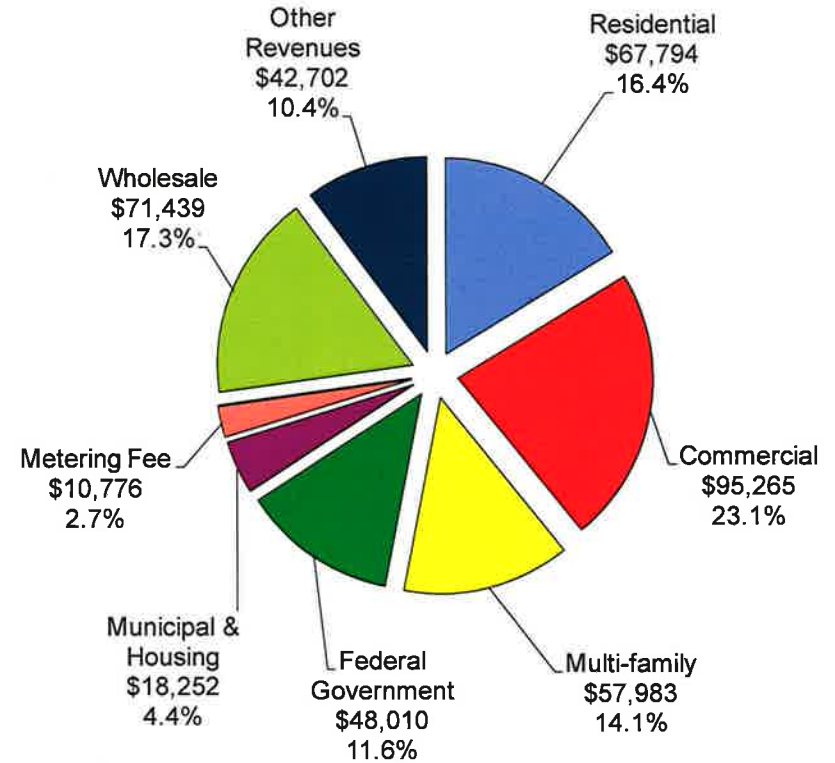
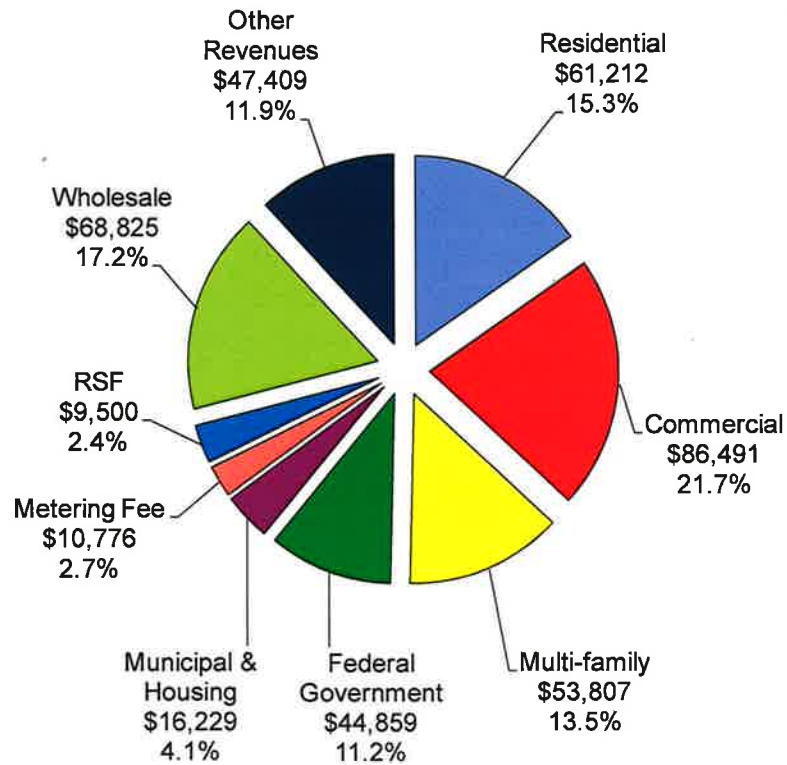
	FY 2010 Actual		FY 2011 Revised Budget		FY 2012 Proposed Budget		FY 2012 Approved Budget
<b>OPERATING BUDGET</b>							
<b>Operating Receipts:</b>							
Residential, Commercial & Multi-Family	\$ 176,672	\$	190,548	\$	203,518	\$	199,746
Federal	38,607		42,311		45,238		41,482
Municipal	7,476		8,488		9,076		8,908
D.C. Housing Authority	5,726		6,346		6,785		6,659
Groundwater	-		5		5		5
Metering Fee	5,327		10,776		10,776		10,776
Payment in Lieu of Taxes / Right of Way Fee	20,391		21,982		23,746		23,401
IAB CSO Revenue	8,034		14,900		33,051		30,503
<b>Subtotal Retail</b>	<b>\$ 262,233</b>	\$	<b>295,356</b>	\$	<b>332,195</b>	\$	<b>321,480</b>
Wholesale	67,471		68,825		72,285		71,439
Other Operating Receipts (1)	43,540		34,650		19,101		19,101
<b>Total Operating Receipts</b>	<b>\$ 373,244</b>	\$	<b>398,831</b>	\$	<b>423,581</b>	\$	<b>412,021</b>
<b>Operating Disbursements</b>							
Personnel Services	87,469		94,265		100,749		97,354
Contractual Services	69,692		79,114		78,826		78,826
Chemicals & Supplies	30,515		29,234		29,946		29,946
Utilities & Rent	28,750		34,965		37,447		37,447
Water Purchases	26,835		33,000		33,000		33,000
Small Equipment	714		1,095		995		995
<b>Subtotal Operations &amp; Maintenance</b>	<b>\$ 243,975</b>	\$	<b>271,673</b>	\$	<b>280,963</b>	\$	<b>277,568</b>
Payment in Lieu of Taxes / Right of Way Fee	14,411		30,748		23,746		23,401
Debt Service	83,514		96,334		107,773		103,667
<b>Total Operating Disbursements</b>	<b>\$ 341,900</b>	\$	<b>398,755</b>	\$	<b>412,482</b>	\$	<b>404,636</b>
<b>Operating Surplus</b>	<b>\$ 31,344</b>	\$	<b>77</b>	\$	<b>11,099</b>	\$	<b>7,385</b>
<b>CAPITAL BUDGET (See Section 6 for more details)</b>							
Sources of Capital Funds	\$ 131,005	\$	445,448	\$	428,376	\$	428,376
Uses of Capital Funds	262,157		325,222		555,819		555,819
<b>Pay-As-You-Go Financing</b>	<b>\$ (131,152)</b>	\$	<b>120,226</b>	\$	<b>(127,443)</b>	\$	<b>(127,443)</b>
<b>CASH RESERVES:</b>							
<b>Beginning O&amp;M Reserve Balance (Net of Rate Stabilization Fund)</b>	<b>\$ 131,298</b>	\$	<b>131,996</b>	\$	<b>125,500</b>	\$	<b>125,500</b>
Operating Surplus	31,344		77		11,099		7,385
Wholesale Customer Refunds/Payments for Prior Years	752		(5,053)		(795)		(796)
Transfer to Rate Stabilization Fund	(16,100)		(1,000)		(6,000)		(2,000)
Prior Year Right of Way Payment	-		-		-		-
Prior Year Federal Billing Reconciliation	(839)		1,669		(1,065)		(1,000)
Interest Earned from Bond Reserve	293		277		201		201
Pay-As-You-Go Capital Financing	(14,752)		(2,465)		(3,440)		(3,791)
<b>Ending O&amp;M Reserve Balance (Net of Rate Stabilization Fund)</b>	<b>\$ 131,996</b>	\$	<b>125,500</b>	\$	<b>125,500</b>	\$	<b>125,500</b>
<b>Rate Stabilization Fund</b>	<b>\$ 16,700</b>	\$	<b>8,200</b>	\$	<b>10,700</b>	\$	<b>10,200</b>

(1) Does not include interest earned from the debt service reserve fund

# FY 2011 – FY 2012 Operating Revenues

**FY 2011 Revised**  
**\$399,109**

**FY 2012 Approved**  
**\$412,222**



## FY 2012 Proposed Retail Rates & Fees

---

- FY 2012 combined Water and Sewer rate increase of \$0.41 per Ccf or \$6.50 per month for the average residential customer {\$0.55 per 1,000 gallons}
  - Water rate increase of \$0.19 per Ccf to \$3.29 per Ccf {\$0.26 per 1,000 gallons increase}
  - Sewer rate increase of \$0.22 per Ccf to \$4.01 per Ccf {\$0.29 per 1,000 gallons increase}

**\$0.01 per gallon**

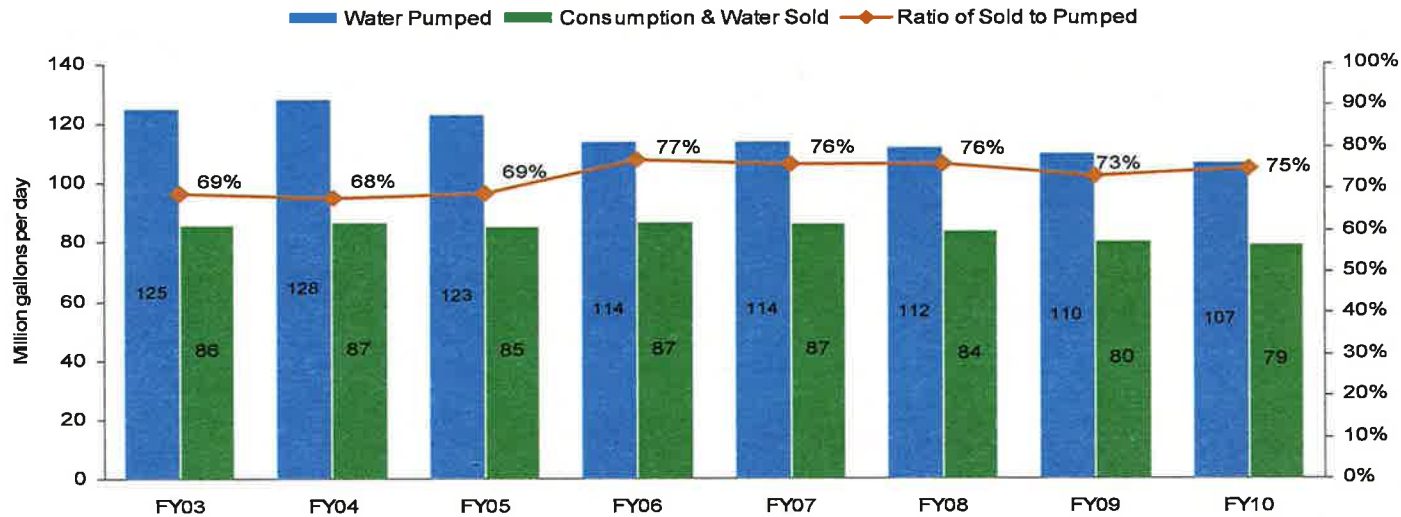
- FY 2012 monthly Impervious Area Charge - \$6.87 per ERU to recover CSO LTCP costs
- FY 2012 PILOT fee increase of \$0.04 per Ccf to \$0.53 per Ccf {increase of \$0.05 to \$0.71 per 1,000 gallons} and ROW increase of \$0.01 per Ccf to \$0.15 per Ccf {increase of \$0.01 to \$0.20 per 1,000 gallons} to recover full cost of District charge per current MOU

*Note: Detailed discussion can be found in Section IV of the operating budget book*

## WATER SYSTEM CAPACITY MEETS SERVICE AREA NEEDS

- Water purchased from the Washington Aqueduct, owned and operated by U.S. Army Corps of Engineers
- Total treatment capacity of 320 MGD exceeds average daily and peak requirements in service areas
- Four pumping stations with adequate capacity to meet peak demand
  - Bryant Street, New Fort Reno, 16th and Alaska, Anacostia
- One Washington Aqueduct pumping station with capacity sufficient to take over for Bryant Street pumping station
- 1,300 miles of concrete and steel pipes

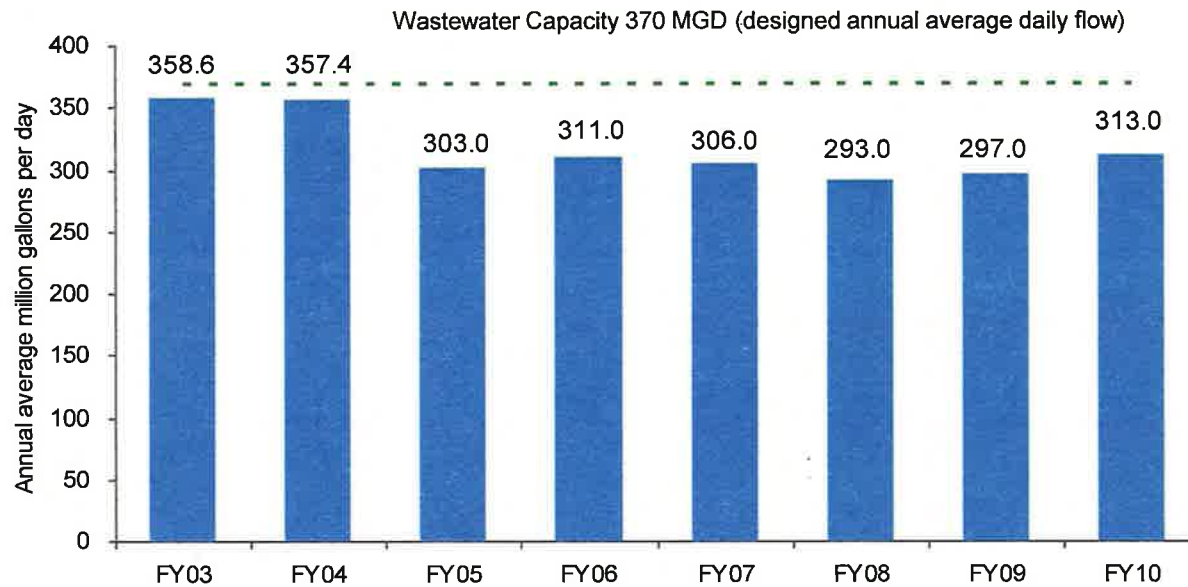
Volume of Water Pumped versus Sold



## WASTEWATER SYSTEM CAPACITY ENSURES SERVICE AREA MEETS NEEDS THROUGH 2040

- Blue Plains is the world's largest advanced wastewater treatment plant
  - Treats an average of approximately 300 million gallons per day (MGD) annually
  - Designed for average daily flow of 370 MGD and peak wet weather capacity of 1,076 MGD
- System comprises 1,800 miles of sanitary, stormwater and combined sewers; 125,000 building sewer lateral; 22 flow-metering stations; 9 off-site wastewater pumping stations; and 16 stormwater pumping stations

Historical Wastewater Treatment vs. Capacity, FY2003-FY2010



Note: In FY 2010 two historical snow storms are included in the system capacity

## **ACCOUNTING AND BUDGET PROCESSES**

### **Basis of Accounting**

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

### **Annual Budget Process**

The general framework for the operating and capital budget development, along with specific dates for the presentation of several phases of the budget, is illustrated in the following budget calendar. The budgetary process is an integrated approach that links the operating and capital budgets with the ten-year financial plan. Preparation of DC Water's budget begins in spring with development of the ten-year financial plan. Based on the financial framework laid out in the ten-year plan, departments develop individual operating budgets, and management reviews these submissions over the summer. These budgets cover a two-year period, including a revised budget for the immediate ensuing fiscal year (e.g., beginning October 1, 2010) and a approved budget for the next fiscal year (e.g., beginning October 1, 2011). Concurrent with the operating budget process, the Authority's ten-year capital program is developed and reviewed by management. In October, management presents the operating budgets, ten-year plan, and capital improvement program to the Board's Environmental Quality and Operations and Finance & Budget Committees for their review. The Committees complete their review from October through December. The operating budgets, capital improvement program, and ten-year plan are then forwarded to the full Board for its consideration usually in January. For the second year in a row, the Board took another month to review the budgets and made additional reductions prior to final approval in February 2011.

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

### **Budgetary Control**

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

## FY 2012 Budget Calendar

Month	Event
May 13	<b>General Manager's Budget Kickoff Meeting</b>
May 13	<b>Distribute budget manual and other preparation materials</b>
May 15	<b>CIP draft submitted for initial review</b>
May 17 – 25	<b>CIP Program area meetings with CFO/Finance and Budget</b>
June 11	<b>Revised FY 2011 &amp; Proposed FY 2012 Operating Budget Submission due to Budget Office</b>
June 21 – July 2	<b>Budget Staff Review of Departmental submissions</b>
July — August	<b>Begin Preliminary 10-year Financial Plan update</b>  <b>CFO Budget review</b>
August	<b>Operating and Capital Budget Review with General Manager/Chief of Staff</b>  <b>FY 2011 Final Budget Decision Process Completed</b>
September - October	<b>Budget Preparation and Production</b>
October 7	<b>GM's Proposal to the Board for FY 2012 and FY 2011 Revised Budgets</b>
October 28	<b>Submit Revised FY 2011 &amp; Proposed FY 2012 Budget to Board Committees</b>
October – December	<b>Board Committees Conduct In-depth Review of Budget Proposal</b>
January 2011	<b>Committees forward Recommendations to full Board for Deliberation/Action</b>
February 2011	▪ <b>Board Adoption</b> ▪ <b>Submission to District</b>



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY  
**OPERATING BUDGETS**  
REVISED FY **2011** APPROVED FY **2012**



**SECTION III**  
**Financial Plan**





# THE DC WATER 10 YEAR FINANCIAL PLAN PROVIDES A STRONG FINANCIAL FRAMEWORK TO SUPPORT IMPLEMENTATION OF THE BOARD STRATEGIC PLAN

## Vision

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

## Mission

Serve all customers with outstanding service by providing reliable and cost-effective Water and wastewater services in accordance with best practices

## 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

## Critical Success Factors


Where DC Water must succeed in order to execute our mission and achieve our vision

- Environmental Stewardship
- High Performing Workforce
- Financial Integrity
- Customer Confidence and Communications
- Operating Excellence

## Key Performance Indicators

Developed by Process Improvement and Performance Management Group to measure progress of Board Strategic Plan


Note: The entire Strategic Plan is located on our website at:  
<http://www.dewater.com/news/publications.cfm>



**DCWASA**  
STRATEGIC PLAN 2008-2013  
vision • mission • values

A Guide for  
Measurable  
Progress and Achievement

Robin B. Martin, Chairman  
DCWASA Board of Directors

 District of Columbia  
Water and Sewer Authority

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# FY 2010 - 2019 FINANCIAL PLAN

## *Overview*

DC Water's strong financial performance and its success in achieving and maintaining strong "Aa2 / AA / AA" category bond ratings has been in large part due to the annual development of and adherence to a ten-year strategic financial plan. All three ratings were reaffirmed October, 2010. 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. During FY 2010, DC Water met or exceeded the goals set by Board policy and the FY 2009 - 2018 ten-year plan. This budget includes DC Water's thirteenth comprehensive ten-year financial plan, covering FY 2010 – 2019.

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

1. DC Water operates under a regulatory and capital project-driven environment that requires a longer term ten-year planning horizon. In order to provide our customers with the best service possible and with gradual and predictable rate increases, DC Water must plan for all projects on a long-term and integrated basis, including both capital and operating requirements. A five-year, capital-only financial plan would insufficiently prepare DC Water to address the major regulatory, operational and capital project issues that will impact service, operations, and rates over the next five to ten years.
2. In accordance with Board policy, DC Water will set rates so that each customer will be charged for the actual cost to provide each service, rate increases will be implemented transparently and predictably, utilizing all available options to mitigate future customer impacts. Since proposed future rate increases are driven by financing of DC Water's capital program and full utilization of the rate stabilization fund, the development of a ten-year financial plan allows DC Water to meet these key goals.
3. The Board has directed DC Water management to undertake internal improvements and investments that will significantly lower operating costs over a ten-year period. A ten-year plan is required to bridge current operations and related capital and operating budgets with these longer term cost reduction goals.

Board policies, strategic plan, priorities and guidance in several key financial areas drive the development of the FY 2010 – 2019 financial plan. 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.

## DC WATER KEY FINANCIAL POLICIES

- **DEBT SERVICE COVERAGE** – DC Water will set rates and develop operating and capital budgets that ensure **senior debt service coverage of 140 percent**
  - This coverage level exceeds DC Water’s bond indenture requirement of 120 percent senior debt service coverage
- **CASH RESERVES** – DC Water will maintain **cash reserves equivalent to 120 days of budgeted operations and maintenance expenses with the objective of maintaining at least \$125.5 million** in operating reserves.
- **PAY-GO FINANCING OF CAPITAL** – DC Water will finance a portion of its capital program on a **pay-go basis from cash balances that exceed operations requirements or restricted use.**
- **RATE-SETTING POLICIES**
  - Rates that, together with other revenue sources, **cover current costs and meet or exceed all bond and other financial requirements** as well as goals set by the Board.
  - Rates that yield a **reliable and predictable** stream of revenues, taking into account trends in costs and in units of service.
  - Rates based on **annually updated forecasts of operating and capital budgets.**
  - Rate structures that are **legally defensible**, based on objective criteria, **and transparently designed.**
  - Rate structures **that customers can understand** and DC Water can **implement efficiently and efficaciously.**
  - Rates increases, if required, are implemented **transparently and predictably.**

To the extent annual revenues exceed costs, the Board’s policy will continue to utilize all available options to mitigate future customer impacts and annual rate increases, including transferring some or all of such excess funds to the Rate Stabilization Fund.

- **RATE STABILIZATION FUND** - Once DC Water achieves its **required level of cash reserves**, a **rate stabilization fund** will be established **to avoid “rate shock.”** At the end of FY 2010, DC Water’s rate stabilization fund totaled \$16.7 million.

## ***Financing and Reserve Policies***

In FY 2004 and FY 2008, the Board completed a review of its existing financing policies, reaffirming the core policies. Two modifications were made to the reserves policy: 1) Changing the timing of when DC Water is required to meet its overall operations and maintenance reserve requirement from September 1 to an average daily balance basis, resulting in a more conservative calculation; and 2) revising the indenture-required renewal and replacement reserve requirement from two percent of original plant in service to \$35 million, with a requirement to revisit this reserve level every five years in conjunction with the indenture-required system assessment prepared by DC Water's independent rate consultants. The assessment was last performed in 2008.

In FY 2009, the Board adopted further revisions which modified the operating reserve policy and under Resolution #09-86 revised the DC Water's Statement of Financial Policies as follows:

1. DC Water will maintain financial practices and policies that result in high quality investment grade bond ratings so as to ensure the lowest practical cost of debt necessary to finance DC Water's long-term capital program.
2. DC Water will maintain strong levels of operating cash reserves, equivalent to 120 days of budgeted operations and maintenance costs, calculated on an average daily balance basis, with the objective of maintaining at least \$125.5 million in operating reserves. The annual reserve amount will be formally approved by the Board as part of its annual approval of the operating and capital budgets and ten-year plan. The operating reserve requirement will be evaluated every five years by DC Water's independent rate consultant in conjunction with the Indenture-required system assessment.
3. The operating reserve will, at a minimum, include any reserve requirements contained in DC Water's Master Indenture of Trust, excluding any debt service reserve funds and the rate stabilization fund, as follows:
  - *Operating Reserve* – equivalent to sixty days' operating costs
  - *Renewal & Replacement Reserve* - \$35 million.
  - *District of Columbia General Obligation Debt Reserve* – equivalent to ten percent of DC Water's share of subsequent year's District general obligation bond debt service
4. DC Water will maintain senior debt service coverage of 140 percent, in excess of DC Water's indenture requirement of 120 percent. Senior debt service coverage will be calculated in accordance with DC Water's indenture.
5. In general, DC Water will utilize operating cash in excess of the Board's reserve requirement and any other significant one-time cash infusions for capital financing or for repayment of higher cost debt.
6. DC Water will whenever possible use the least costly type of financing for capital projects, based on a careful evaluation of DC Water's capital and operating requirements and financial position for each year.
7. DC Water will attempt to match the period of debt repayment, in total, with the lives of the assets financed by any such debt.

### ***Rate Setting and Budgetary Policies***

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

1. Rates that, together with other revenue sources, cover current costs and meet or exceed all bond and other financial requirements as well as goals set by the Board.
2. Rates that yield a reliable and predictable stream of revenues, taking into account trends in costs and in units of service.
3. Rates based on annually updated forecasts of operating and capital budgets.
4. Rate structures that are legally defensible, based on objective criteria, and transparently designed.
5. Rate structures that customers can understand and DC Water can implement efficiently and efficaciously.
6. Rate increases, if required, that are implemented transparently and predictably.

### ***Pay-As-You-Go Capital Financing Policy***

1. The General Manager will include in the annual ten-year financial plan, developed as part of the annual operating budget process, a separate schedule showing projected annual cash balances and planned annual pay go financing of capital projects.
2. The planned annual pay-go financing will be formally approved by the Board of Directors as part of its annual approval of the ten-year financial plan, operating and capital budgets.
3. At any time during the fiscal year, the General Manager may use pay-go financing for capital projects, as approved by the Board of Directors.
4. During the fourth quarter of each fiscal year, the General Manager (or designee) will conduct an analysis of DC Water's financial performance.
5. The General Manager will report the results of this analysis and his recommendations, including updated projected annual cash balances and annual pay-go financing, to the Finance and Budget Committee no later than its regularly scheduled meeting in July, for recommendation to the Board for action at its September meeting.

### ***Cash Management and Investment Policies***

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

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

*Cash Management and Investment Policies, cont.*

In FY 2009 the Board initiated a review of the Statement of Investment Policy adopted in October 2007. The review concentrated on the development of an investment strategy to cope with the current financial markets while achieving the stated objectives of safety, liquidity, return on investment and diversity. The portfolio was segregated into short-term and core investments based on liquidity needs. The core funds investment extends the duration period for the core funds. The Merrill Lynch 3-Month and 1-3 Year U.S. Treasury Index were established as the new performance benchmarks to align with the new investment strategy.

## **REGIONAL DEMOGRAPHICS AND CUSTOMER DEMAND**

Strong financial planning requires carefully monitoring and analysis of various trends and factors that may influence your market place. In this case, the market place for DC Water is the District of Columbia and its surrounding region. DC Water monitors consumption and wastewater flow trends within the customer base, weather patterns, regional income changes, population trends, federal activity in the region, housing starts, office vacancy rates and employment trends. A review of experiences from similar national systems is a useful benchmark assessment. While there are no crystal balls in the area of forecasting water demand, monitoring such data can provide insight into customer behavior and anticipated service demands.

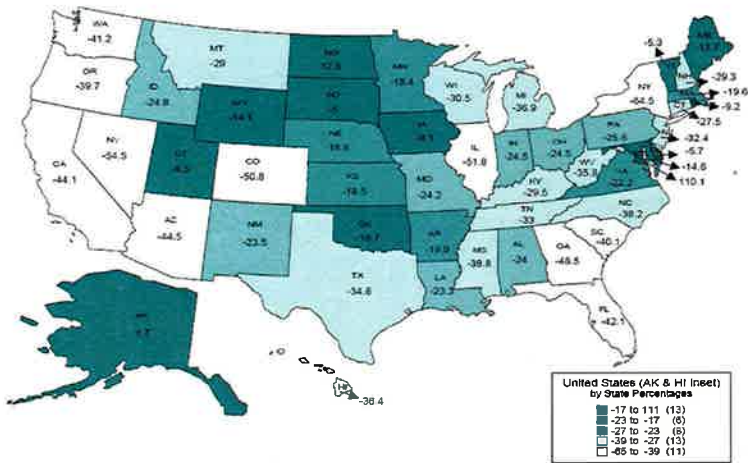
### *Regional Economy*

Despite a sluggish national economy, DC Water's service area has weathered the national recession well. The regional income remains stable and unemployment shows recent signs of improvement. Office vacancy rates are lower than average in the United States as are housing permit issuances, which experts believe are favorable economic indicators. Also, a major local employer, the federal government, increased the number of employees in the District of Columbia and the long term outlook remains relatively stable for this employment sector. Select demographic charts following support the positive outlook for the Washington Metropolitan region and its economy.

# REGIONAL DEMOGRAPHICS AND CUSTOMER DEMAND, cont.

Low commercial office vacancy rates and above-average growth in housing permits are positive signs for the DC economy

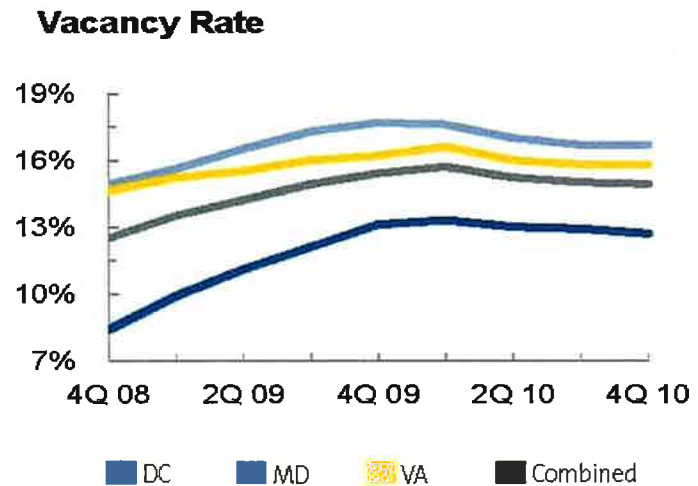
## DC Growth in Housing-Permit Issuance Higher



Source: US Census Bureau

- DC performance is driven by federal government growth and associated industries, supporting regional growth and diversification

## DC Office Vacancy Rates Lower than region



Source: Grubb & Ellis

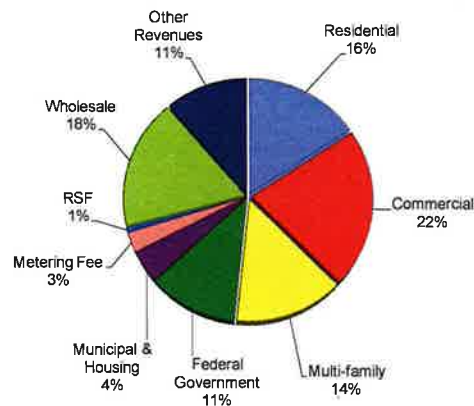
- The region's residential housing and office markets have weathered the economic climate relatively well compared to neighboring states



## REGIONAL DEMOGRAPHICS AND CUSTOMER DEMAND, cont.

### The underlying DC Water service has highly rated municipal systems

- Approximately 29% of the FY 2010 actual revenues came from "AAA" rated entities and are received in advance
  - Federal Government
  - Fairfax County
  - Washington Suburban Sanitary Commission
  - Loudon County Sanitation Authority
- Additional 4% came from District of Columbia, which is "AA-"



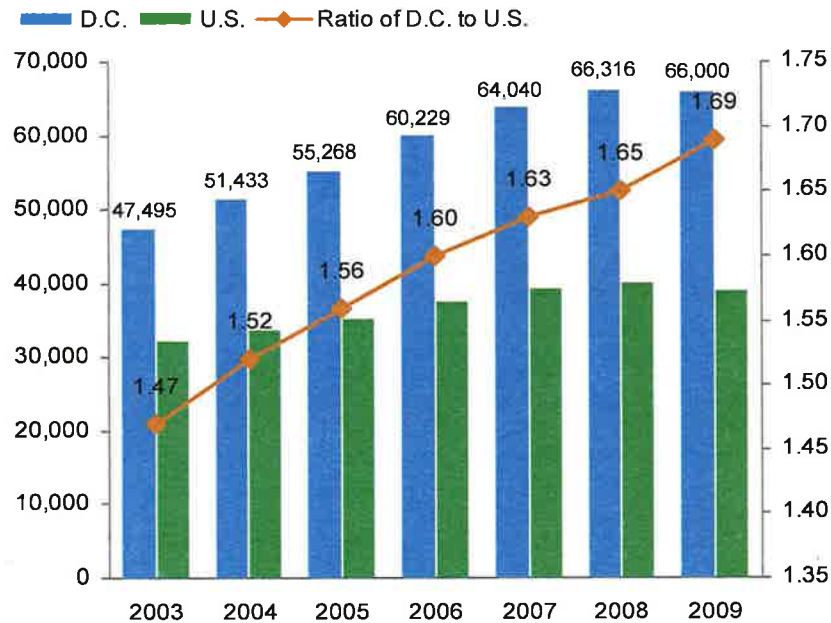
### Media reports reference service area's economic strength

- "Greater Washington's Economy is Best Positioned in the US to Excel Post-Recession.....economy is increasingly diverse, innovative, globally connected, and strong in key industry sectors." *Greater Washington 2010 Regional Report*
- "Housing Inventory Down, Prices Up In D.C. Area" *Washington Post, May 17, 2010*
- *The Washington housing market in the 1st quarter of 2010 continued to show signs of recovery, as prices rose modestly from the previous year and homes sold more quickly. Volume continued to pick up due to near-record low interest rates, Federal incentives, reduced prices and an improving economy...." MRIS Trends in Housing First Quarter 2010*
- "Strong job creation, diverse industries and low unemployment give the greater Washington region an edge as a premiere business location and will pave the way for future growth, a report said today." *Virginia Business, June 10, 2010*

As the largest job center in the DC Metropolitan region, DC can be impacted by economic declines and saw a decline in water use in FY 2009. However, impacts are tempered by the relatively stable federal employment enjoyed by the nation's capital. Federal employment in the District increased in 2009 and the long term outlook remains stable. Regional unemployment has stabilized in the last year and water consumption returned to anticipated levels in FY 2010. As noted earlier, commercial leased space is rising, and the median household income and home value in the region is still among the best in the nation.

## REGIONAL DEMOGRAPHICS AND CUSTOMER DEMAND, cont.

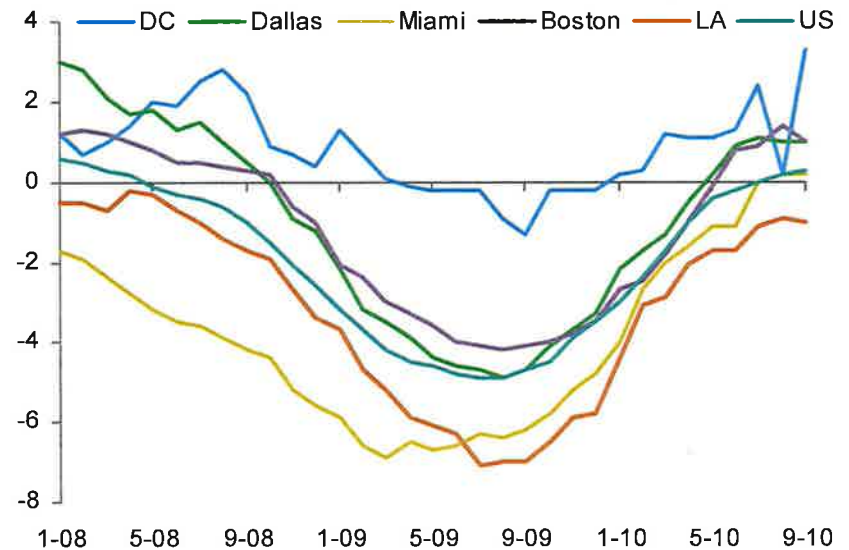
DC Per Capita Income is Higher than U.S. Average



Source: US Census Bureau

- DC incomes are higher than the national average and have grown at a faster rate

DC Employment Rate Trends Higher than Nation



Source: Bureau of Labor Statistics

- DC-area employment continues to grow faster than other major national markets

## REGIONAL DEMOGRAPHICS AND CUSTOMER DEMAND, cont.

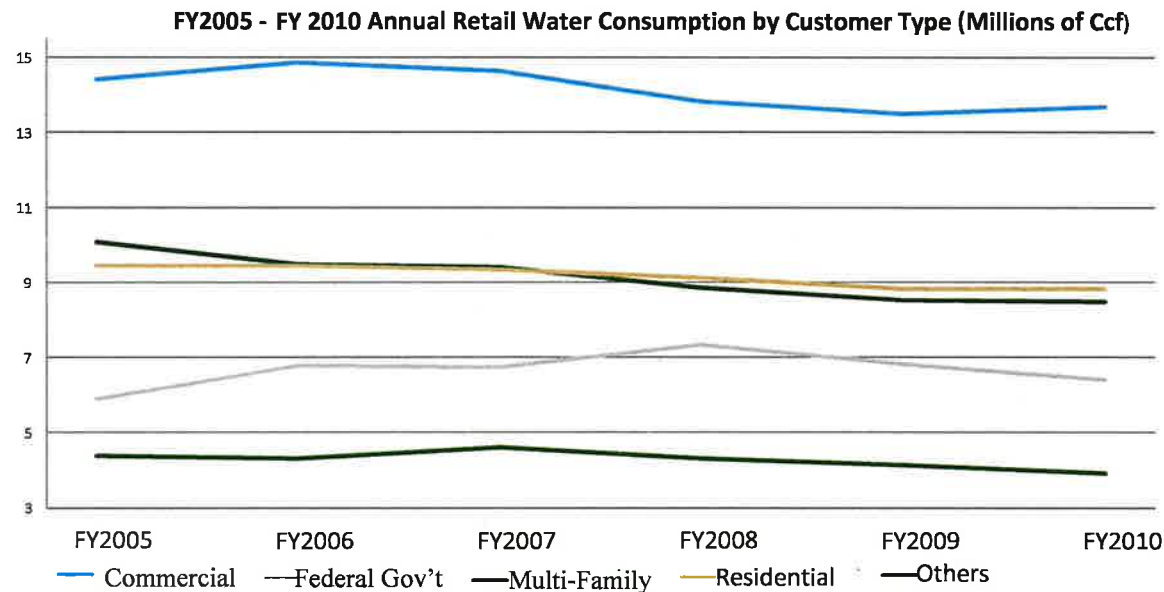
Projected % Change in Income, 2009-2014		Projected % Change in Median Home Value, 2009-2014	
Location	Projected % change in per capita income	Location	Projected % change in median value of owner-occupied home
1. Wyoming	16.05%	<b>1. District of Columbia</b>	<b>16.80%</b>
2. Montana	14.32%	2. Maryland	16.63%
<b>3. District of Columbia</b>	<b>14.22%</b>	3. Virginia	14.97%
4. Virginia	13.70%	4. Hawaii	14.72%
5. Hawaii	13.66%	5. California	14.49%
6. West Virginia	13.52%	6. Rhode Island	14.29%
7. Maryland	13.20%	7. Florida	14.10%
8. North Dakota	13.15%	8. New Jersey	13.84%
9. New Hampshire	12.82%	9. Massachusetts	13.63%
10. Louisiana	12.47%	10. New York	12.92%

Source: Nelson Claritas, Inc. as reported by Policy Map

**These are strong indicators of the ability of customers to pay for services**

## REGIONAL DEMOGRAPHICS AND CUSTOMER DEMAND, cont.

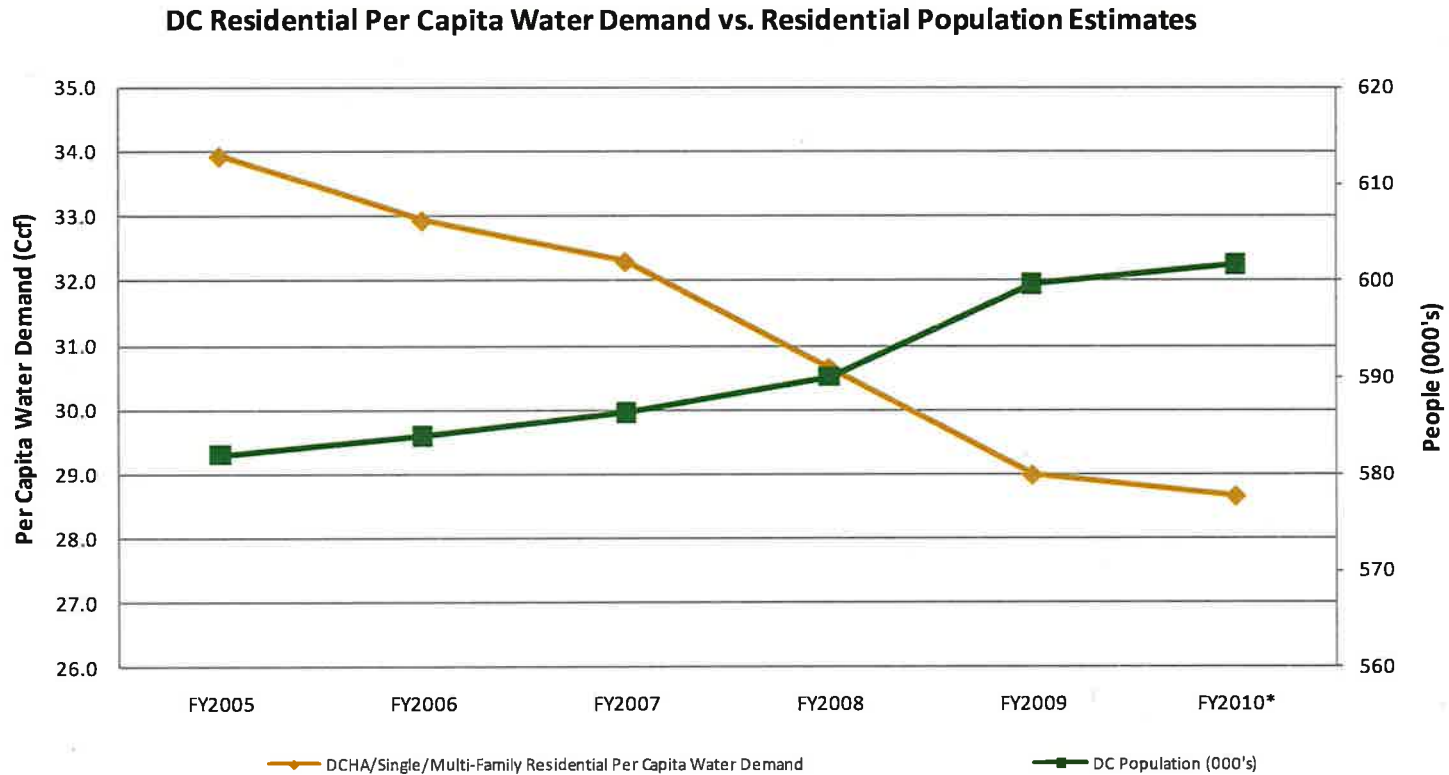
**Customer Demand:** A reasonable degree of accuracy in forecasting Water demand is important for sound financial planning and rate-setting. DC Water has typically assumed an annual reduction in Water demand of 1 percent in line with a ten year historic average. The FY 2005 - 2010 actual is close to the longer term experience, averaging annual aggregate demand decline of 1.4 percent. The FY 2010 – FY 2019 Financial Plan assumes a 2 percent consumption decline in FY 2011 and a return to a 1 percent decline in FY 2012 and forward. We believe that this conservative estimate is in line with the financial policies and assures revenue sufficient for the Authority.



Water demand shows a decline relatively consistent with historic 1% decline assumption

- FY 2005 – FY 2010 average annual rate of change in aggregate demand: - 1.4%
- The decline in FY 2009 was greater than long-term trend (4 percent); FY 2010 to date is about the same as the Long – term trend (.9 percent).
- FY 2005 – FY 2010 average annual rate of change in demand for the 4 largest customer classes: Commercial: -1.1%; Single-Family Residential: -1.4%; Multi-Family Residential; -3.5%; and Federal Government; 1.8%

## REGIONAL DEMOGRAPHICS AND CUSTOMER DEMAND, cont.



### Observation:

FY 2005 – FY 2010 the per capita residential water demand declined by 15.5 percent (DCHA, Single Family and Multi-Family) while DC population increased by 3.4 percent.

## **Major Financial Accomplishments**

The FY 2010 – FY 2019 financial plan and Board policy sets out several financial and organizational goals to be accomplished in FY 2011. During FY 2010, DC Water met or exceeded the financial goals set out by the Board and the FY 2009 – FY 2018 financial plan. Senior debt service coverage, reserve levels, and budget performance met or surpassed Board policies, as discussed in more detail below.

- \* DC Water Board policy requires senior debt service coverage of at least 140 percent; greater than the indenture requirement of 120 percent. **DC Water's senior debt service coverage in FY 2010 was at 275 percent**, while maintaining the Board's rate setting and financial policies. Senior debt service coverage will decline to 155 percent in FY 2019 as capital spending and related debt issuance increase. Subordinate debt service coverage (subordinate debt service includes DC Water's subordinated lien revenue bonds, DC Water's share of the District of Columbia general obligation debt, Little Seneca Reservoir debt, and Jennings Randolph Reservoir debt) in FY 2010 was at 171 percent. DC Water is required to have 100 percent coverage of subordinate debt service. Combined debt service coverage was at 136 percent in FY 2010.
- \* **DC Water utilized \$28 million of the rate stabilization fund in FY 2010**, but due to an operation surplus was able to deposit \$16.1 million into the fund. The Rate Stabilization Fund ending balance for FY 2010 was \$16.7 million.
- \* On June 1, 2010 DC Water successfully secured two new LOC providers, JPMorgan Chase Bank, National Association and U.S. Bank, National Association. Unless extended, both LOCs will expire on May 31, 2013.
- \* The commercial paper program was increased from \$100 to \$225 million which included three series: (1) Series A Notes (tax-exempt) aggregate principal amount not to exceed \$100 million; (2) Series B Notes (tax-exempt) aggregate principal amount not to exceed \$50 million and, (3) Series C Notes (taxable) aggregate principal amount not to exceed \$75 million. The Notes will be issued for interim financing, long-term variable rate financing, short-term financing costs for capital equipment and certain taxable projects for capital improvement at the Washington Aqueduct.
- \* **DC Water continued its strong operating budget performance in FY 2010.** For FY 2010, cash receipts were below budget by \$4.7 million, or 1.2 percent; operating expenditures were \$25.5 million, or 6.7 percent, less than the Board-revised budget. During FY 2010, DC Water experienced lower than anticipated costs for electricity and chemicals driven by the decline in market prices and implementation of successful procurement strategies. DC Water also had significant savings in debt service costs related to lower than expected financing costs on the new debt successfully issued in February 2009 in a turbulent financial market.
- \* The Clean Rivers Impervious Surface Area Charge (IAC) was implemented in May 2009 to recover the cost of the Combined Sewer Overflow Long-Term Control Plan (CSO LTCP). The twenty-year CSO LTCP, whose terms are outlined in a

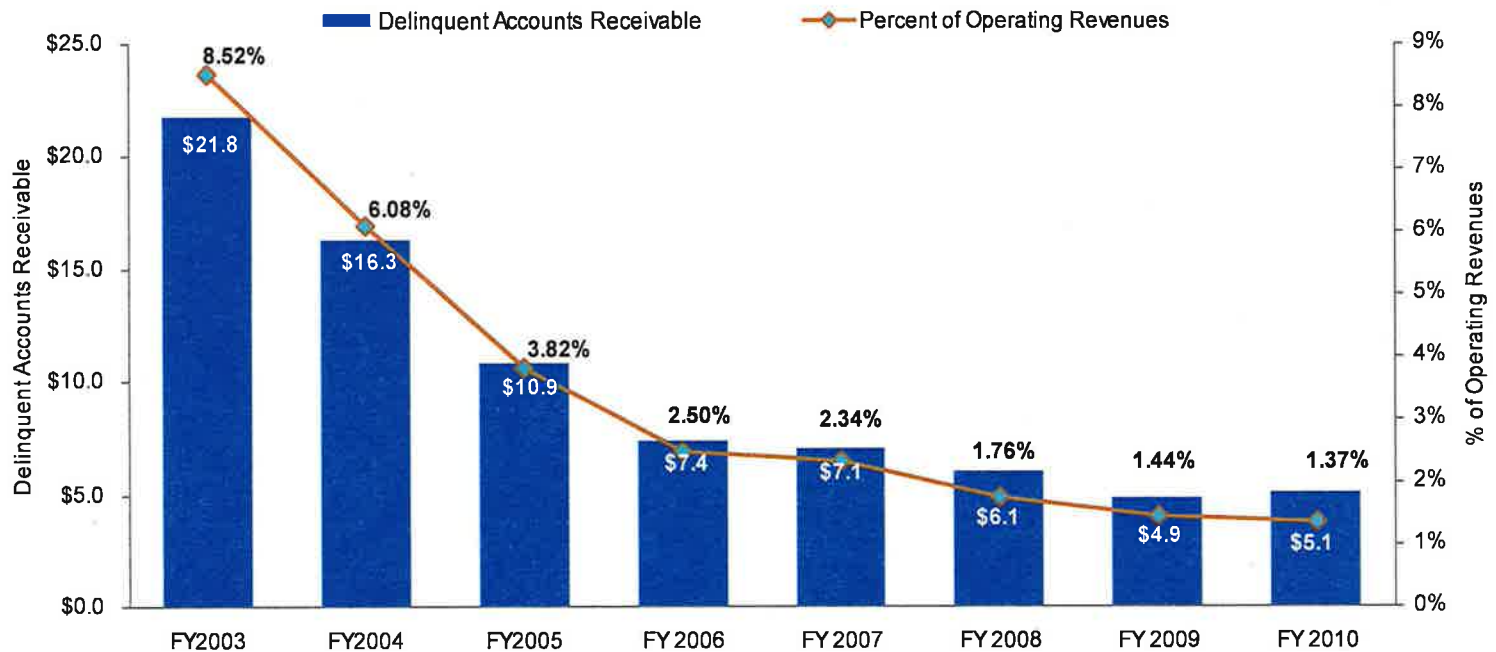
### ***Major Financial Accomplishments, cont***

consent decree executed in March 2005, combined with the nine-minimum controls program are collectively projected to cost \$2.6 billion. See “Combined Sewer Overflow Long-Term Control Plan” in Section V, Rates and Revenues for additional details on the projected rate impact of the plan.

- \* DC Water implemented a retail water and sewer rate increase of 9.0 percent in FY 2010 to recover increased revenue requirements of \$17.2 million. Even with this change, an additional \$28 million in revenues was required and available due to the existence to the rate stabilization fund. As noted earlier, and this fund helped to mitigate rate shock and reduced the needed retail rate increase by approximately 10.5 percent in FY 2010. In addition, the Board approved a retail water and sewer rate increase of 12.5 percent effective October 1, 2010 as well as an increase in the Right of Way and PILOT fees to recover the full costs of these fees charged to DC Water by the District of Columbia government. The rate changes are mainly due to the increase in debt service cost to finance the capital improvement plan. An additional use of \$9.5 million from the rate stabilization is anticipated in FY 2011, avoiding an additional retail rate increase of approximately 5 percent.
- \* For the tenth consecutive year, DC Water received the Government Finance Officers’ Award for Distinguished Budget Presentation for its FY 2011 budget submission. DC Water also received its thirteenth unqualified audit opinion for the fiscal year ended September 30, 2009 and received the thirteenth GFOA Certificate of Achievement for Excellence in Financial Reporting.
- \* In FY 2010, we successfully renewed all of our insurance policies at essentially the same coverage and terms at 9 percent higher costs than previous year. There were improvements in coverage amid increases in property values, payroll and revenue.
- \* DC Water completed its fifth year of the rolling owner-controlled insurance program (ROCIP) and 1<sup>st</sup> year of ROCIP II under which DC Water procures insurance coverage for the majority of our construction contractors. The result is substantially higher insurance coverage levels for all contracts and significant cost savings. At the end of FY 2010, 65 projects, and 380 contractors were enrolled in the ROCIP I program, and 25 projects and 97 contractors were enrolled in the ROCIP II program. Preliminary savings are estimated in the range of \$4 to \$5 million for ROCIP I and in the \$6 million range for ROCIP II. A major reason for the cost savings is the implementation of a uniformly strong safety program for all contractors. The ROCIP II is a three year insurance program that will support an estimated \$688 million of planned construction completion.
- \* DC Water revenue collection rates rivals high levels of performance achieved by investor-owned Water utilities.
  - Delinquent accounts receivable represent less than 2 percent of Operating Revenues by:
    - Implementing automated meter reading and moving from quarterly to monthly billing, which significantly reduced unpaid bills due to estimated or large catch up bills. It also allowed meter reading staff to focus on collections and service disconnection.
    - Updating customer information systems to allow data intelligence and better credit decision making.

### Major Financial Accomplishments, cont.

- Implementing predictive dialer outbound calls to remind customers to pay before balances grow unmanageable.
- Implementing payment plan policies that balance managing arrears and keeping a vital service on for customers.
- Seeking property liens when an account balance exceeds \$200 and is more than 60 days past due.
- Getting Executive and Board support for credit policies and developing assistance programs such as the customer assistance program and SPLASH program for low income customers. CAP and SPLASH together provide approximately \$1 million per year in assistance to more than 6,000 low income households to help make their bills more affordable.
- Setting up a special group to assess risk and monitor payments on the largest balance accounts.





***Major Financial Accomplishments, cont.***

- ★ DC Water reviews the equity and sufficiency of its rates and rate structures periodically through various Cost of Service Studies. In FY 2009, a cost of service study was completed by Raftelis Financial Consultants, Inc (RFC), that recommended new customer metering fees and rebalanced the ratio between water and sewer retail rates. Those recommendations were implemented in part in FY 2011.

In addition, FY 2010 Cost of Service Study was conducted by RFC and SOA Financial to:

- 1) Determine costs of providing service to the PI Customers for FY 2007 – FY 2010 and “true-up” with payments
- 2) Estimate costs of services and PI Customer flows for FY 2011 through FY 2013
- 3) Establish a rate for cost recovery for the FY 2011 through FY 2013

As a result of this study, the rates have been adjusted for these customers as of October 1, 2010 and the new rates are incorporated into the FY 2010 – FY 2019 Financial Plan.

**ALL LEGAL COVENANTS, FINANCIAL BOARD POLICIES, ACCOMPLISHMENTS AND TARGETS ARE INCORPORATED INTO THIS TEN YEAR FINANCIAL PLAN**

Compliant?	Description	Legal Covenant	Performance Target	FY2010 Actual Performance	FY2011 & 12 Targets
<input checked="" type="checkbox"/>	Senior Debt Service Coverage	120%	140%	275%	140%
<input checked="" type="checkbox"/>	Operating Cash Reserves	N/A	Greater of 120 days of O&M costs or \$125.5 million	Average daily balance of \$137.4 million	Greater of 120 days of budgeted O&M costs or \$125.5 million
<input checked="" type="checkbox"/>	Investment Performance	N/A	Exceed 3-month Treasury Bill rate by at least 15 bps	Exceeded by 41 bps	> Merrill Lynch 3 month and 1-3 year US Treasury Index by at least 25 basis points
<input checked="" type="checkbox"/>	Water and Sewer Rates	Revenues must be sufficient to cover: operating expenses, senior and sub debt service, amounts necessary to maintain DSRF and ORF levels, and any annual PILOT payments	Each customer will be charged for the actual cost to provide each service, and rate increases will be gradual and predictable	Future rate increases are driven by financial impact of the capital program and full utilization of the RSF; the development of a 10-year financial plan allows DC Water to meet these key goals of full cost recovery and predictability	Same as Performance Target
<input checked="" type="checkbox"/>	Rate Stabilization Fund (RSF)	N/A	Help to avoid spikes in rate increases for retail customers	Utilized \$28 million of the RSF, leaving a remaining balance of \$16.7 million. Utilization of RSF reduced the FY 2010 retail rate increases by about 10.5%.	On target at \$8.2 million at end of FY 2011.

## Future Goals and Financial Assumptions

The proposed FY 2010 – FY 2019 financial plan includes the resources necessary to accomplish critical financial and operational goals over the coming years, as summarized below.

- \* Continue adherence to the Board's financial, investment, rate-setting and long-term planning policies.
- \* Continue implementation of the ten-year \$3.8 billion capital improvement program.
- \* Includes implementation of the twenty-year, \$2.6 billion CSO Long-Term Control Plan and nine-minimum controls.
- \* Improving Public Image: including continuing the rebranding initiated in FY 2010; re-engineering and relocation of the permitting process to improve customer service; re-focus of the government relations activities to bring greater visibility to DC Water and the national need for infrastructure investment and funding; and various pilot projects to look for additional improvements to DC Water services.
- \* Efficiency
  - \* Capital efficiencies through in-sourcing of engineering design and valve operations
  - \* Energy management pilot activities from quick wins list
  - \* Process improvement and performance management; this will enhance the performance measures already implemented in FY 2010
- \* Enhancing security
  - \* New plant logistics at Blue Plains to support large environmental capital investments
  - \* Establish security command center and restructuring of guard services
  - \* Strengthened Cyber security to protect data integrity and technology investments
- \* Workforce
  - \* Renewed culture of safety throughout the agency
  - \* Communication and employee empowerment (intranet, increased employee access to email)
  - \* Enhance management skills through training

The ten-year financial plan reflects the following major assumptions:

- All operating and maintenance expenses are projected to grow at an average annual rate of 2.7 percent, due to the implementation of internal improvement programs
  - Personnel category includes larger increases to accommodate additional headcount for internal design and valve operations

### **Future Goals and Financial Assumptions, cont.**

- In FY 2012, personnel merit adjustments are not assumed
- In FY 2015, operating expenses are projected to decrease by nine percent, reflecting completion of the digester facility. This facility is expected to provide operating and maintenance savings
- Washington Aqueduct assumes a three percent increase in water purchase costs
- Payment in lieu of taxes (PILOT) to the District of Columbia increases at the same rate as DC Water retail rate increases, in accordance with the memorandum of understanding with the District
- The right-of-way payment to the District of Columbia stays level at \$5.1 million through FY 2013, however we have assumed it will be renewed at the same level

# Long-Term Planning: 10-Year Financial Plan

**DISTRICT OF COLUMBIA WATER & SEWER AUTHORITY**  
**FY 2010 - 2019 FINANCIAL PLAN - Summary**  
*(In 000's)*

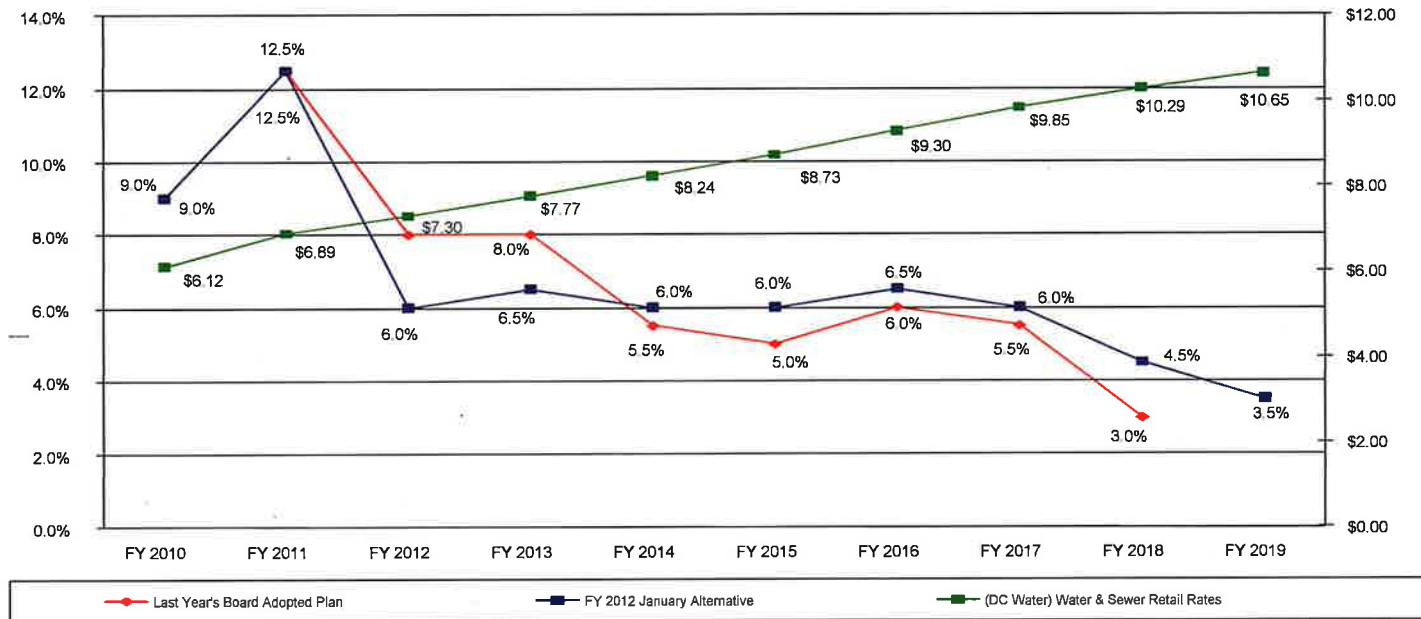
<b>OPERATING</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Retail*	262,233	295,356	321,480	350,997	387,880	417,802	447,853	478,109	501,297	525,884
Wholesale*	67,471	68,825	71,439	72,868	67,805	62,234	64,005	65,777	67,647	69,569
Other	43,834	34,927	19,302	21,633	26,836	29,111	32,612	32,690	32,980	33,999
<b>Operating Receipts (1)</b>	<b>\$ 373,538</b>	<b>\$ 399,108</b>	<b>\$ 412,221</b>	<b>\$ 445,498</b>	<b>\$ 482,521</b>	<b>\$ 509,147</b>	<b>\$ 544,470</b>	<b>\$ 576,576</b>	<b>\$ 601,924</b>	<b>\$ 629,452</b>
<b>Operating Expenses</b>	<b>\$(258,386)</b>	<b>\$(302,421)</b>	<b>\$(300,969)</b>	<b>\$(311,193)</b>	<b>\$(307,944)</b>	<b>\$(303,101)</b>	<b>\$(312,534)</b>	<b>\$(322,083)</b>	<b>\$(331,678)</b>	<b>\$(341,310)</b>
<b>Debt Service</b>	<b>\$( 83,514)</b>	<b>\$( 96,334)</b>	<b>\$(103,667)</b>	<b>\$(124,787)</b>	<b>\$(164,084)</b>	<b>\$(189,825)</b>	<b>\$(215,385)</b>	<b>\$(236,342)</b>	<b>\$(249,632)</b>	<b>\$(261,502)</b>
<b>Net Revenues After Debt Service</b>	<b>\$ 31,638</b>	<b>\$ 353</b>	<b>\$ 7,585</b>	<b>\$ 9,518</b>	<b>\$ 10,493</b>	<b>\$ 16,221</b>	<b>\$ 16,551</b>	<b>\$ 18,151</b>	<b>\$ 20,614</b>	<b>\$ 26,640</b>
<b>Operating Reserve-Beg Balance</b>	<b>131,298</b>	<b>131,996</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>
<b>Other Misc (Disbursements)/Receipts</b>										
Wholesale/Federal True Up	(87)	(3,384)	(1,795)	(4,599)	-	-	-	-	-	-
Transfers To RSF	(16,100)	(1,000)	(2,000)	(4,920)	(10,494)	(16,222)	(16,552)	(18,151)	(20,615)	(26,639)
Pay-Go Financing	(14,752)	(2,465)	(3,791)	(4,920)	(10,494)	(16,222)	(16,552)	(18,151)	(20,615)	(26,639)
<b>Operating Reserve - Ending Balance</b>	<b>\$ 131,996</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>
<b>Rate Stabilization Fund Balance RSF (2)</b>	<b>\$ 16,700</b>	<b>\$ 8,200</b>	<b>\$ 10,200</b>	<b>\$ 7,200</b>	<b>\$ 5,200</b>	<b>\$ 5,200</b>	<b>\$ 3,000</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>
<b>Senior Debt Service Coverage</b>	<b>275%</b>	<b>296%</b>	<b>279%</b>	<b>237%</b>	<b>196%</b>	<b>186%</b>	<b>172%</b>	<b>162%</b>	<b>157%</b>	<b>155%</b>
<b>Combined Debt Service Coverage</b>	<b>136%</b>	<b>128%</b>	<b>126%</b>	<b>124%</b>	<b>122%</b>	<b>123%</b>	<b>121%</b>	<b>120%</b>	<b>121%</b>	<b>122%</b>
<b>Operating Receipts % Increase/Decrease*</b>										
Retail	10.8%	12.6%	8.8%	9.2%	10.5%	7.7%	7.2%	6.8%	4.8%	4.9%
Wholesale	2.7%	2.0%	3.8%	2.0%	-6.9%	-8.2%	2.8%	2.8%	2.8%	2.8%

(1) Includes interest earnings on senior lien revenue bonds' debt service reserve fund  
(2) FY 2010 Rate Stabilization Fund utilization brought the total fund balance to \$16.7 million

## Future Goals and Financial Assumptions, cont.

Due to these ongoing and new initiatives, from FY 2010 – FY 2019, DC Water’s water and sewer volumetric retail rates are projected to increase by a combined rate of \$0.36 to \$0.77 per 100 cubic feet annually as shown in the chart below. Cumulative rate increases would total 66.5 percent over the ten year period compared with 70 percent projected from last year’s ten-year plan.

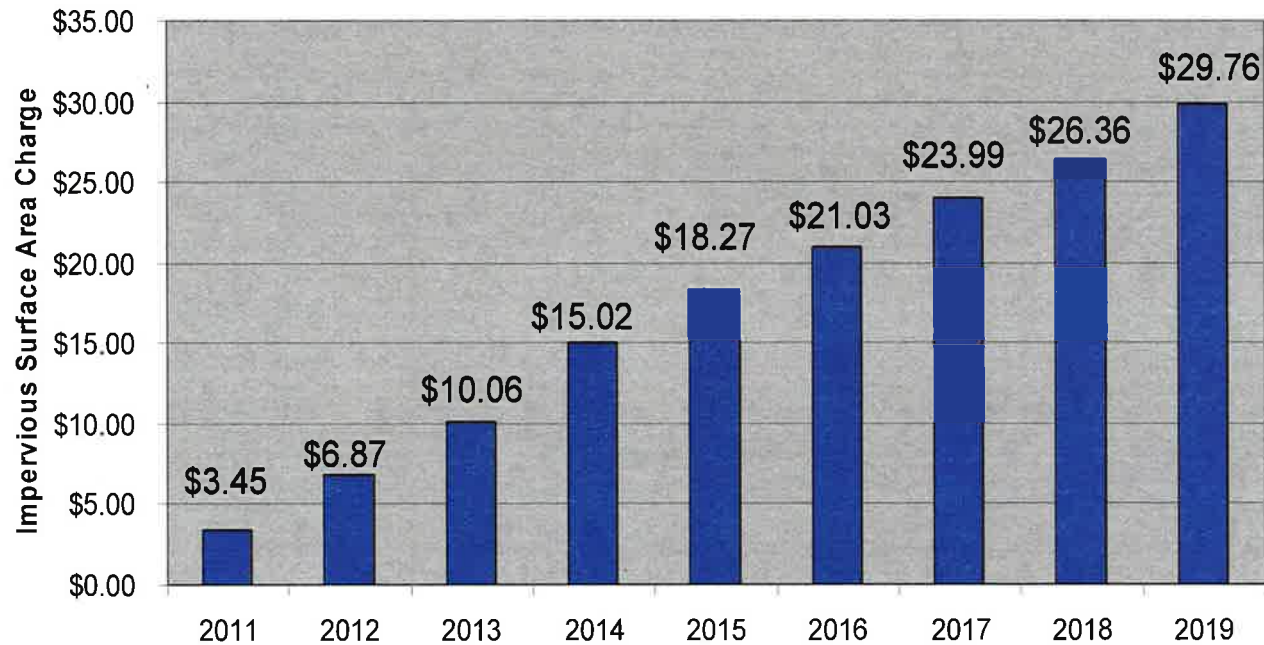
**Projected Retail Rate Increases  
FY 2010 – FY 2019**



The approved retail water and sewer combined rate for FY 2012 is \$7.30 per Ccf (\$3.29 per Ccf water and \$4.01 per Ccf sewer); an increase of \$0.41 per Ccf, {\$0.55 per 1,000 gallons}. In addition, the proposed increase in the combined Right-of-Way and Pilot fees is \$0.05 per Ccf or 7.9 percent, {\$0.06 per 1,000 gallons}, to recover the full amount charged to DC Water by the District. The proposed monthly Clean Rivers Project IAC charge for FY 2012 is \$6.87 per ERU (Equivalent Residential Unit); an increase of \$3.42 over the proposed FY 2011 charge.

## Future Goals and Financial Assumptions, cont.

**Projected Monthly Impervious Surface Area Charge Increases  
FY 2010 – FY 2019**



- The projected charges displayed in the chart above are primarily driven by anticipated debt service costs necessary to support the twenty year Clean Rivers Project totaling \$2.6 billion; federally mandated CSO LTCP and the nine-minimum control program.
- The annual Clean Rivers Project IAC costs for the average Tier 2 residential customer is projected to increase from \$82.44 in FY 2012 to \$357.12 in FY 2019.

## Future Goals and Financial Assumptions, cont.

The proposed rate and fee adjustments included in the FY 2010 – 2019 financial plan are driven by the following trends and initiatives:

- ★ Retail Water consumption decreased in FY 2010 by 0.9 percent as compared to FY 2009. Increasing debt service expenditures, driven by DC Water's \$3.8 billion capital improvement program (cash disbursements basis), which increases on average by 13.8 percent over the ten-year planning period
- ★ Use short-term financing for capital equipment in instead of PAYGO to align financing with anticipated life of the asset
- ★ Internal improvement programs – Operating budget savings at Blue Plains beginning in FY 2015 due to the operation of a combined heat and power plant under the digester project. The anticipated reduction in hauling costs is approximately \$12 million in FY 2015.
- ★ In FY 2010 the board implemented the Clean Rivers Project IAC program to include the new six - tier structure for residential customers
- ★ In consideration of the recommendations from the 2009 Independent Comprehensive Budget Review, revised the existing metering fee to incorporate additional components of the customer user fixed costs providing long term improvement to revenue stability
- ★ Initiate priority projects under the DC Water Master Land Use Facilities Plan to optimize efficient use of DC Water land and facilities
- ★ Operation and maintenance increase on average of 2.7 percent annually over ten year period
  - Increasing operating expenditures, driven primarily by increases in chemical cost, electricity and personnel
  - Initiation of in-house design resources
  - Full utilization of available GIS technology
  - Enhanced service to the development community through improved permitting operations
  - DC Water branding activities
  - Exclude merit assumptions for personnel services in FY 2012 per Board directive

**Customer Assistance Programs:** We continue our commitment to help improve the quality of life for those of our customers who are least able to pay, by providing relief through our customer assistance programs (CAP). Through CAP, we provide eligible customers a discount of 4 Ccfs per month on their water and sewer bills. Since it began, participation in CAP has continued to increase. As of October 1, 2010, the Board expanded the CAP discount to include the first 4 Ccf's of Payment in Lieu of Taxes (PILOT) and Right of Way (ROW) to qualifying low-income residential customers. The District Department of Environment, Office of Energy, administers this program for the Authority and several other utilities in the area. For FY 2010, \$919,156 in discount benefits was provided to more than 6,100 customers. Our customer donation program, SPLASH, provided an additional \$94,767 in payments on water bills for customers who needed additional help.



## **Revenues**

The proposed FY 2011 operating receipts projection totals \$399.1 million, an increase of \$25.6 million, or 6.8 percent over actual FY 2010 receipts:

1. *Residential, commercial and multi-family receipts* are projected to increase by approximately \$17.6 million, or 9.6 percent, due to the Board-approved 12.5 percent rate increase
2. *Federal revenues* are projected to increase by \$6.3 million or 16.2 percent
3. *Wholesale receipts* are projected to increase by \$1.3 million, or 2.0 percent, reflecting higher budgeted costs at Blue Plains due primarily to personnel, electricity and chemicals price increases
4. *Projected utilization of \$9.5 million in rate stabilization fund balances*
5. Projected consumption decline, conservatively estimated at two percent in FY 2011 and one percent onwards in all classes
6. Projected decrease in Clean Rivers Project IAC revenues of \$0.5 million due to the proposed adoption of a credit program with DDOE effective November 1, 2010.
7. Proposed increase in customer metering fees due to adoption of alternative methodology as recommended by 2009 cost of service study

*Other revenues* are projected to increase by \$11.2 million, mainly due to increase in projected DC fire protection fee, which includes \$7.1 million balance from FY 2010.

### *Total Revenue Contribution from Clean Rivers Project Impervious Surface Area Charge*

8. Residential, commercial and multi-family receipts are projected to be \$11.0 million
9. Federal revenues are projected to be \$2.5 million in FY 2011
10. Municipal revenues are projected to be \$1.2 million
11. District of Columbia Housing Authority revenues are projected to be \$0.2 million

The proposed FY 2012 receipts projection totals \$412.2 million, approximately \$13.1 million, or 3.3 percent, higher than the revised FY 2011 projections. This increase is due primarily to:

12. Proposed water and sewer rate increase of \$0.41 per Ccf from combined \$6.89 to \$7.30 per Ccf {\$0.55 per 1,000 gallons}. Water rate increase of \$0.19 from \$3.10 to \$3.29 per Ccf (\$0.26 per 1000 gallons) and sewer rates increase of \$0.22 from \$3.79 to \$4.01 per Ccf {\$0.29 per 1,000 gallons}.
13. Proposed Clean Rivers Project Impervious Area Surface Charge increased by \$3.42 from \$3.45 per ERU to \$6.87 per ERU.

## ***Revenues, cont.***

14. Proposed PILOT fee increase of \$0.04 from \$0.49 per Ccf to \$0.53 per Ccf, {\$0.66 to \$0.71 per 1,000 gallons} and ROW fee increase of \$0.01 from \$0.14 per Ccf to \$0.15 per Ccf, {\$0.19 to \$0.20 per 1,000 gallons}.

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

*Residential, Commercial & Multi-Family* - FY 2011 projections reflect an increase of \$17.6 million or 9.6 percent from FY 2010, due primarily to the following reasons.

- In FY 2010 DC Water's collections on its retail receivables was strong, with accounts receivable over 90 days were at \$5.1 million as of September 30, 2010. DC Water will continue its aggressive collection efforts and have conservatively assumed no additional increase in cash receipts due to improved collections performance in 2011.
- Board-approved retail rate increase of 12.5 percent effective October 1, 2010.
- Board approved Clean Rivers Project IAC rate change from \$2.20 to \$3.45 per ERU per month.
- Expansion of the customer assistance program, which reduces projected revenues by approximately \$1.9 million.

Proposed FY 2012 receipt projections reflect an increase of \$19.5 million, or 9.7 percent, due to the following reasons:

- Proposed retail water and sewer combined rate for FY 2012 is \$7.30 per Ccf or \$9.76 per 1,000 gallons (water at \$3.29 per Ccf or \$4.40 per 1,000 gallons and sewer at \$4.01 per Ccf or \$5.36 per 1,000 gallons); an increase of \$0.41 per Ccf or \$0.55 per 1,000 gallons.
- One percent decrease in consumption due to conservation
- Continued implementation of the customer assistance program, which reduces projected revenues by approximately \$2.3 million.
- Proposed Clean Rivers Project IAC increase from \$3.45 to \$6.87 per ERU.
- Customer metering fee remains same at \$3.86.

*Rate Stabilization Fund Utilization* – The ten-year plan and near-term revenue projections assume utilization of \$9.5 million in FY 2011. Prior years' plans also assumed the use of these funds which is necessary as DC Water reaches its peak years of spending in the CIP. Utilization of RSF monies allows DC Water to implement future rate increases in a reliable and predictable manner while still meeting Board and indenture policies on cash reserves and debt service coverage.

*Federal* - Revised FY 2011 federal revenues are projected to total \$44.9 million, an increase of \$6.3 million, or 16.2 percent over FY 2010. Under existing federal billing legislation, federal billings are prepared on an estimated basis eighteen months in advance of the start of the fiscal year (e.g., the FY 2011 billing was prepared in April 2009), and are based on the current consumption estimates and projected rate increases as included in the current ten-year plan. These estimates are then reconciled with actual consumption and rate increases, and an adjustment is made in the subsequent year's billing (e.g., the reconciliation of FY 2011 estimated vs.

actual consumption and rate increases will be included in the FY 2014 billing, prepared in April 2012). Federal revenues in the ten year plan are presented on a revenue basis, net of any adjustments for prior year reconciliations which are accounted for as reserve items. Consistent with this methodology, revised FY 2011, federal revenues reflect the final billing sent to the federal government in April 2009 net of the adjustment for the prior year (FY 2008) reconciliation. In FY 2012 federal revenues are projected to be \$48.0 million or 7.0 percent increase over FY 2011.

*Municipal & D.C. Housing Authority* – FY 2011 receipts from the District of Columbia government and the District of Columbia Housing Authority are projected at \$16.2 million, an increase of \$2.2 million. In FY 2012 receipts from these organizations are projected to total \$18.2 million, an increase of \$2.0 million, or 12.5 percent, due to the proposed combined retail rate increase and continued conservation. This increase does not include the customer metering fee.

*Customer Metering Fee* – Metering fee collections totaled \$5.3 million in FY 2010, and are expected to increase in FY 2011. In FY 2012 the proposed customer metering fee is expected to double due to capital cost that have been incurred to build a system that provides water and sewer service to customers. It recovers the costs associated with installing, operating, maintaining and replacing meters, and is charged to all retail customers (including federal and municipal customers). The fee varies based on meter size, with monthly fees ranging from \$3.86 for a 5/8 inch meter (typical size of a residential customer meter) to \$349.06 for larger meters (typically used for large commercial customers).

*Right-of-Way and Payment In Lieu of Taxes (PILOT) Pass-Through Fees* – Similar to other Washington area utilities, DC Water has implemented fees that pass through the costs of the District's Right-of-Way fee (ROW) and Payment in Lieu of Taxes (PILOT) as separate line items on its bill. In FY 2011, these fees increase by \$1.6 million, or 7.8 percent to \$22.0 million due to the Board's approval of an increase to recover the full cost of the payments DC Water makes to the District. The total fee of \$22.0 million comprises of PILOT fee of \$16.9 million and Right-of-Way \$5.1 million. In FY 2012, the Board will be considering a proposed 8.2 percent PILOT, and 7.1 percent ROW increase.

*Wholesale* - DC Water's wholesale customers are responsible for a proportionate share of operating and maintenance expenses (associated only with shared facilities primarily at Blue Plains) based on their respective share of wastewater volume discharged. In addition, each user is responsible for a proportionate share of related indirect costs. FY 2011 wholesale revenues are projected at \$68.8 million and increase of \$1.4 million over FY 2010. In FY 2012 wholesale revenues are projected to increase by \$2.6 million to \$71.4 million.

*Stormwater* – DC Water's FY 2011 and FY 2012 receipts include \$0.8 million and \$1.1 million respectively from the District's stormwater rate that will be used to fund DC Water's services provided on behalf of the District's stormwater permit compliance activities. The FY 2010 – 2019 financial plan assumes that all incremental costs borne by DC Water for stormwater permit compliance activities will be reimbursed by the stormwater fund, and that no DC Water funds will be advanced to pay for these activities.

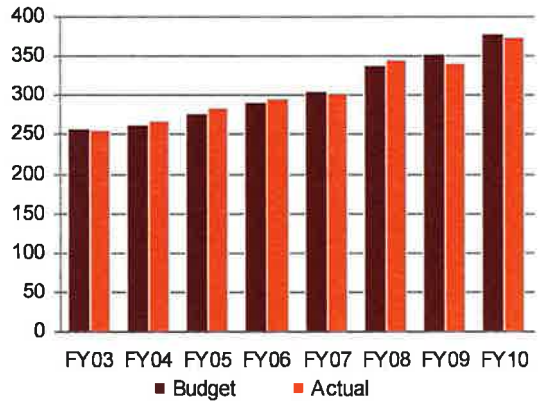
## ***Revenues, cont.***

Other major assumptions underlying the revenue projections contained in the FY 2010- 2019 financial plan include:

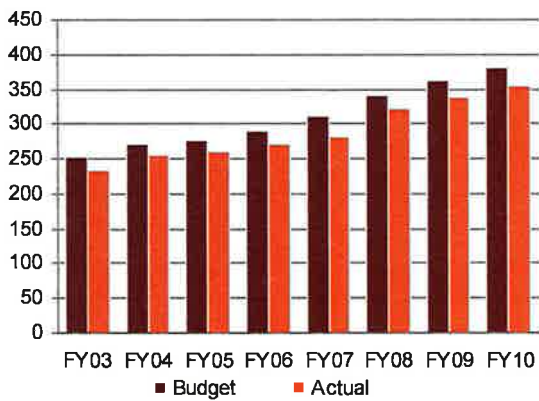
- From FY 2010– FY 2019, actual (which were 1 percent below estimates) to a two percent reduction in water sales is assumed for FY 2011 and 1 percent for FY 2012 and onwards for all customer categories, based on historical trends in consumption levels and a review of the regional economic forecast and employment trends.
- Two percent average revenue increase between FY 2010 and 2014 from wholesale customers, in line with operating and maintenance expense increases for joint use facilities.
- Based on the current interest rate environment, interest projections conservatively assume a 0.37 percent and 0.62 percent earnings rate in FY 2011 and FY 2012 respectively on operating funds. Interest rate for FY 2013 is assumed to be 0.62 percent. Beyond FY 2013 interest rates are assumed at 5.0 percent.
- The majority of other non-operating revenues, totaling \$24.6 million in FY 2011, are projected to increase within the ten year plan, and include such items as:
  - ★ Reimbursement from Arlington County and Falls Church for debt service issued for pre-1997 Washington Aqueduct capital improvements - \$0.3 million
  - ★ Reimbursement from the Stormwater Enterprise Fund for services provided to DDOE million under their MS4 permit - \$0.8 million
  - ★ In FY 2009 the Cost of Service Study recommended an alternative miscellaneous fire protection fee for the demand customers place on the system and any usage through their connections. Currently, fire protection charges to the District of Columbia will match the actual cost of debt for capital and operating expenses per independent cost of service study. The Fire Protection Fee for FY 2011 is projected at \$13.2 million which includes previous years' balance of \$7.1 million.
  - ★ Recovery of indirect costs from DC Water's IMA partners – \$4.0 million - this reflects recovery of indirect costs on capital projects (e.g., costs for Finance and Budget, General Counsel, and Human Resources functions)
  - ★ Other miscellaneous fees and charges, including service line replacements, developer-related fees, etc. - \$6.3 million

# History of Successful Budget and Revenue Results

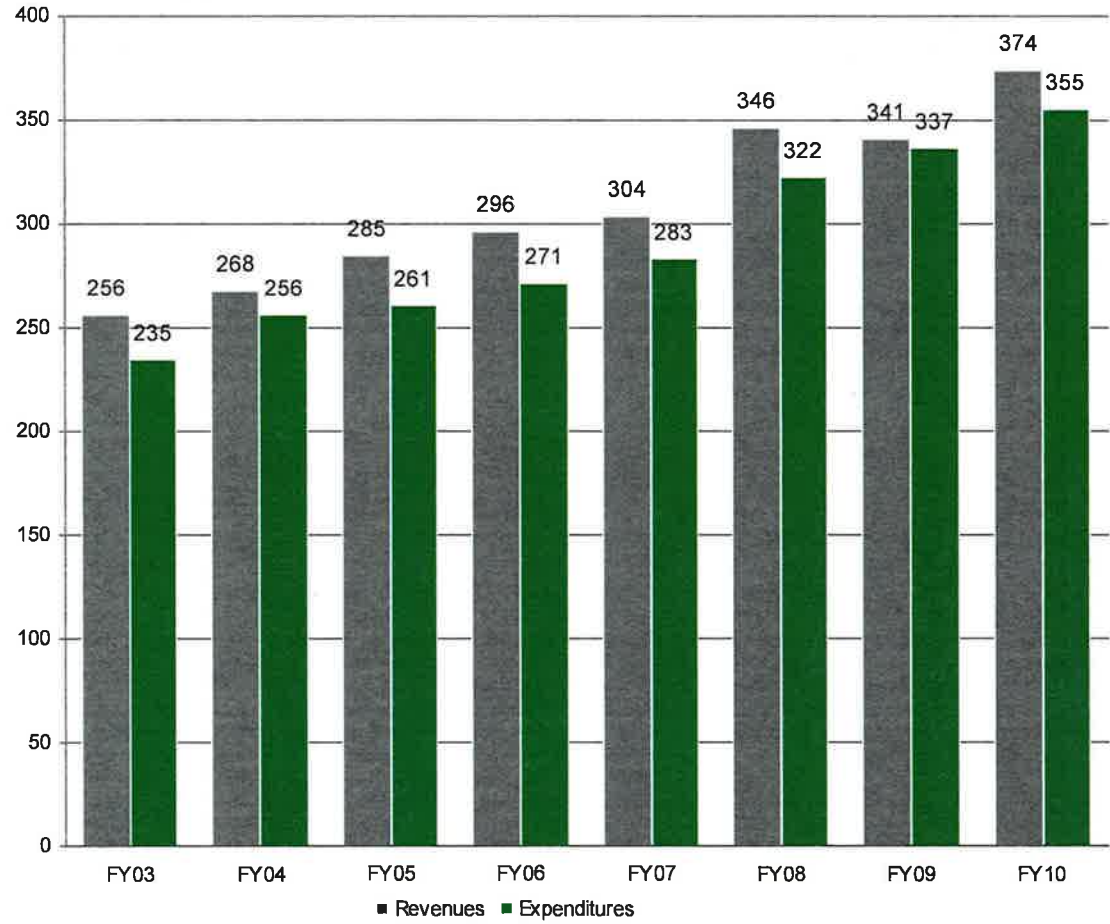
**Operating Revenues (\$ in Millions)**



**Operating Expenditures (\$ in Millions)**



**History of Actual Operating Revenues and Expenditures (\$ in Millions)**



# FY 2011 and FY 2012 Operating Budget Proposal Incorporated into the Financial Plan

## Operating Expenditures

As in past years, debt service continues to be the fastest growing expenditure in the ten-year financial plan as a result of DC Water's \$3.8 billion capital improvement program, growing at an average annual rate of 13.8 percent, from 24 percent of total operating expenditures in FY 2010 to 43 percent in FY 2019. All other operating expenses are projected to grow at an average annual rate of 2.7 percent, due to continued implementation of the internal improvement plans that are projected to result in operating savings. The following chart provides detail for the FY 2011 and FY 2012 operating budgets.

**COMPARISON OF FY 2011 & FY 2012 OPERATING BUDGETS**  
(In \$000's)

	<b>FY 2011 APPROVED</b>	<b>FY 2011 REVISED</b>	<b>Percent Change</b>	<b>FY 2012 APPROVED</b>	<b>Percent Change</b>
Personnel Services	104,422	105,292	0.8%	113,354	7.7%
Contractual Services	76,801	79,114	3.0%	78,826	-0.4%
Water Purchases	33,872	33,000	-2.6%	33,000	0.0%
Chemicals & Supplies	30,080	29,234	-2.8%	29,946	2.4%
Utilities	36,225	34,938	-3.6%	37,447	7.2%
Small Equipment	974	1,095	12.4%	995	-9.1%
<b>Subtotal Operations &amp; Maintenance</b>	<b>282,374</b>	<b>282,674</b>	<b>0.1%</b>	<b>293,569</b>	<b>3.9%</b>
Debt Service	103,354	98,726	-4.5%	105,387	6.7%
PILOT	17,265	16,882	-2.2%	18,301	8.4%
Right Of Way Fee	5,100	5,100	0.0%	5,100	0.0%
<b>Subtotal Debt Service &amp; PILOT / ROW</b>	<b>125,719</b>	<b>120,708</b>	<b>-4.0%</b>	<b>128,788</b>	<b>6.7%</b>
<b>TOTAL OPERATING</b>	<b>408,094</b>	<b>403,382</b>	<b>-1.2%</b>	<b>422,357</b>	<b>4.7%</b>
Less Personnel Services Charged to Capital Projects	(10,000)	(11,000)	10.0%	(16,000)	45.5%
<b>Total Net Operating</b>	<b>398,094</b>	<b>392,382</b>	<b>-1.4%</b>	<b>406,357</b>	<b>3.6%</b>

### ***Operating Expenditures, cont.***

The revised FY 2011 budget totals \$403.4 million, which is \$4.7 million or 1.1 percent below the Board-approved FY 2011 budget. This variance is in debt services, which was reduced due to lower utilization and rate of commercial paper in addition to lower than anticipated spending in capital equipment. While the total operations and maintenance expenditures remained relatively the same, there were changes within the major categories. A description of the assumptions and major issues/changes in each major expenditure category follows.

- ***Personnel service expenditures*** are \$0.9 million, or 0.8 percent greater than the approved FY 2011 budget. This increase is attributable to higher than previously anticipated vacancy rates or increased filled positions. Additionally, fringe benefits were adjusted based on current market rates.
- ***Contractual service expenditures*** increase by \$2.3 million, or 3.0 percent, over the approved FY 2011 budget due primarily to funding for various contractual services throughout the organization. Funding was also added to support implementation of several energy “quick win” projects.
- ***Water purchase expenditures*** decrease by \$0.9 million or 2.6 percent over the approved FY 2011 budget. This directly relates to operating cost decreases for the Washington Aqueduct’s budget.
- ***Chemicals and supplies expenditures*** decrease by \$0.9 million, or 2.8 percent, from the approved FY 2011 budget, primarily due to anticipated reduction in chemicals costs.
- ***Utilities expenditures*** decrease by \$1.3 million, or 3.6 percent, primarily due to lower anticipated electricity costs. Electricity, budgeted at \$27.2 million, or 9.6 percent of the revised FY 2011 budget, continues to be the largest portion of the Authority’s utilities budget. The reduction in the electricity budget is primarily due to our adopted strategy of locking approximately 89% of the electricity load in order to mitigate our exposure to higher energy prices coupled with anticipated reduction in energy consumption arising from identified quick win projects to be undertaken in FY 2011. During FY 2010, electricity spot market prices were relatively stable compared to the volatility in prior years; this stability can be attributed to the general economic and market conditions. We continue to utilize the electricity contract entered in FY 2005 and were successful in purchasing electricity for an estimated average cost of \$83.21 per megawatt hour compared to an estimated average cost of \$140.27 per megawatt hour had we purchased electricity through PEPCO Standard Offer Service (SOS). This represented an estimated savings of \$14.4 million.

In support of continuous improvement of environmental quality DC Water kicked off a comprehensive energy audit of all its major facilities in December 2009. The field work has been completed and recommendations will be finalized in FY 2011. The ten-year energy management plan will incorporate the strategic recommendations of the audit. As a result of the early termination of the PEPCO Commercial and Industrial Rebate Program through FY 2011 due to DC government fiscal constraints, DC Water was not been able to take advantage of the program as originally designed. However, DC Water plans to fund a number of the “Quick-

### ***Operating Expenditures, cont.***

Wins” energy recommendations in its FY 2011 budget. DC Water has completed research of neighboring jurisdictions regulation of use of emergency generation for response to PJM (Pennsylvania, Jersey and Maryland) emergency load response program and will begin the process of filing air permit applications with DDOE (District Department of Environment) for similar use of DC Water assets to support PJM system stability and earn payment for such actions. DC Water was prominently featured in DDOE draft plan “**Climate of Opportunity – A Climate Action Plan for the District of Columbia**”. DC Water was selected as one of only three Water and waste Water utilities nationwide to be included in the US Government Accountability Office: Energy Demands for Water Study. DC Water provided comprehensive briefings, tours and follow up in support of this study.

The approved FY 2012 budget totals \$422.4 million, a 4.7 percent increase over the revised FY 2011 budget. This increase is primarily due to increasing debt service costs associated with DC Water’s capital improvement program. The FY 2012 operations and maintenance budget (net of debt service, PILOT/ROW fee) increases by 3.9 percent, due primarily to projected increases in personnel services, utilities (driven by electricity), and chemicals costs. Specific information regarding each department is included in Section VIII.

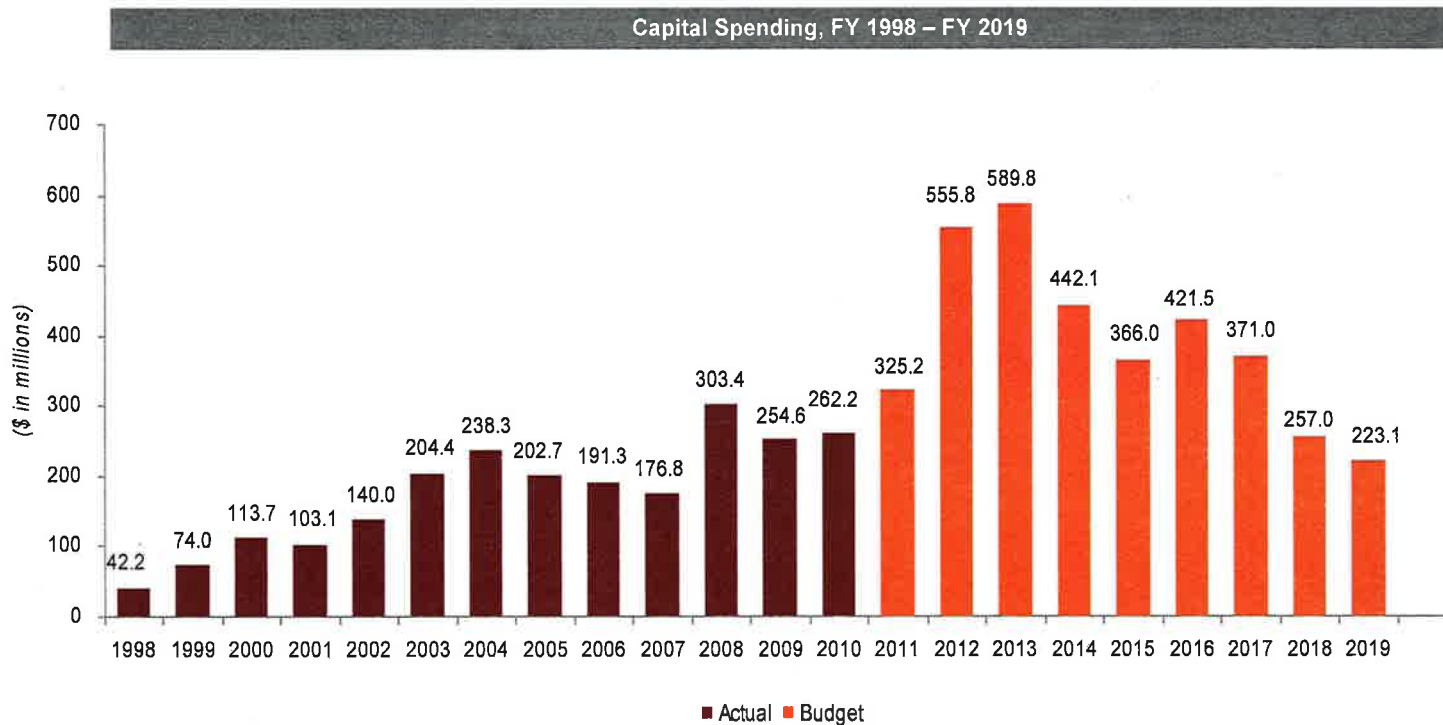


# The \$3.8 Billion 10-Year CIP Protects Our Assets While Impacting Long-Term Debt

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

The FY 2010 – FY 2019 financial plan anticipates capital disbursements of \$3.8 billion. Annual spending ranges from \$223 million to nearly \$590 million as shown in the chart below. The financing of DC Water’s capital program comes from four primary sources, as more fully described in this section. The amount of EPA grant funding is defined by annual federal appropriations, while jurisdictional capital contributions are based on a fixed percentage of Blue Plains and other shared facilities. The remainder of the program is funded with DC Water debt and PAYGO financing from operations.

As noted in Section 1, DC Water developed a comprehensive financing plan in FY 1999 with the dual goals of 1) securing the lowest cost of capital possible, and 2) maximizing administrative and operating flexibility. The plan includes the following components: Grants; wholesale capital payments; permanent financing; Interim financing and pay-go.



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

Additional details on each financing source are described below.

	FY2010 - 2019 PLAN	Percent
	TOTAL	of Total
EPA Grants / CSO Appropriations	\$ 297,009,366	7.8%
Wholesale Capital Payments	958,111,786	25.1%
Revenue Bonds / Commercial Paper	2,406,474,271	63.1%
Pay-Go Financing	134,601,723	3.5%
Interest Income on Bond Proceeds	19,653,304	0.5%
<b>TOTAL SOURCES</b>	<b>\$ 3,815,850,450</b>	<b>100.0%</b>

- **EPA Grants** - DC Water currently receives 55 - 80 percent EPA grant funding for certain eligible projects under the Clean Water and Safe Drinking Water Acts. In general, the District of Columbia projects carried out by DC Water are supported by approximately one percent of the available annual funding through revolving fund programs associated with the Clean Water and Safe Drinking Water Acts. In addition, DC Water has received \$150.7 million in Congressional appropriations for the Clean Rivers Project (AKA CSO LTCP).
- **Wholesale Capital Payments** - Approximately 60 percent of the capacity of DC Water's wastewater treatment facilities are contractually committed to provide wholesale service to suburban jurisdictions under various contracts. Montgomery and Prince George's Counties (through the Washington Suburban Sanitary Commission (WSSC), Fairfax County, and the Loudoun County Sanitation Authority pay a proportionate share of capital-related costs equal to their share of contracted capacity at Blue Plains.
- **Revenue Bonds/ Commercial Paper** – Currently debt financing represent 63 percent of the funding in the ten-year capital program. Rating agencies commonly use the debt ratio to measure the portion of debt relative to its assets. DC Water's debt to net fixed assets (Plant) ratio will increase from 45 percent to 59 percent in the FY 2010 – 2019 ten-year financial plan. Debt service as a percentage of total operating expenditures provides DC Water an additional measurement tool which shows the growth impact that debt service continues to have on the current financial plan. This percentage is projected to increase from 24 percent in FY 2010 to 43 percent in FY 2019.

*Interim financing program* – In June 2010, the Authority closed on its \$225 million Commercial Paper (CP) Program. The program consists of three series - Series A \$100 million tax-exempt, Series B \$50 million tax-exempt and Series C \$75 million taxable. Under this program, the Authority issues variable rate, short-term (no greater than 270 days) notes. To provide liquidity and credit support for the notes, the Authority has entered into an irrevocable letter of credit (LOC) with JPMorgan Chase Bank for Series A and B, and with U.S. Bank for the Series C. The notes are rated based on JPMorgan Chase and U.S Bank.

- Issue *permanent financing* every twelve to eighteen months to pay costs of certain capital improvements to the system, refund any available indebtedness and take out interim financing proceeds.
- ***PAYGO (Internal) Financing*** – ‘Paygo’ financing shall mean any cash financing of capital projects. The amount transferred from operations to the capital program each year shall be cash in excess of all operating requirements or restricted use. Approximately 3.5 percent of total funding for the FY 2010 - 2019 plan is projected to come from PAYGO financing, which strikes an appropriate balance between maintaining moderate debt levels and financing provided by current ratepayers. PAYGO funds will be used in a manner consistent with our financial policies: 1) to fund capital financing or for repayment of higher cost debt and that whenever possible, the least costly capital financing be used for capital projects. 2) to produce the lowest practical cost of debt for financing its capital projects.

### ***FY 2011 & FY 2012 Debt Issuance Plans & Debt Service Assumptions***

DC Water issue \$300 million Public Utility Subordinate Lien Revenue Bonds, Series, 2010A (Federally Taxable – Issuer Subsidy – Build America Bonds) the first quarter of FY 2011. Series 2010 assumes a net interest rate of 3.60 percent to pay a portion of costs for certain capital improvements to the System; capitalized interest on the digesters; and the cost for issuing the bonds. FY 2012 through 2019 assumes an interest rate in the ten-year plan of 6.5 percent which is in line with historical rates.

Based on current capital project spending, we plan to issue commercial paper for capital equipment in the second quarter of FY 2011. The ten-year plan assumes an interest rate of 1.75 percent for commercial paper in FY 2011 for variable rate debt. The remaining years of the plan assume 3.25 percent, plus ongoing fiscal charges for broker-dealers, ratings, etc. The variable rate debt assumptions are based on ten-year average short-term rates.

For appropriations purposes, higher interest rates on the variable rate debt are assumed to provide sufficient flexibility to address short-term peaks in interest rates. Congressional approval for interest and adjustments can be lengthy. In order to yield the best possible interest rate savings, our debt portfolio is evaluated on a regular basis.

### ***Clean Rivers Project (CSO LTCP)***

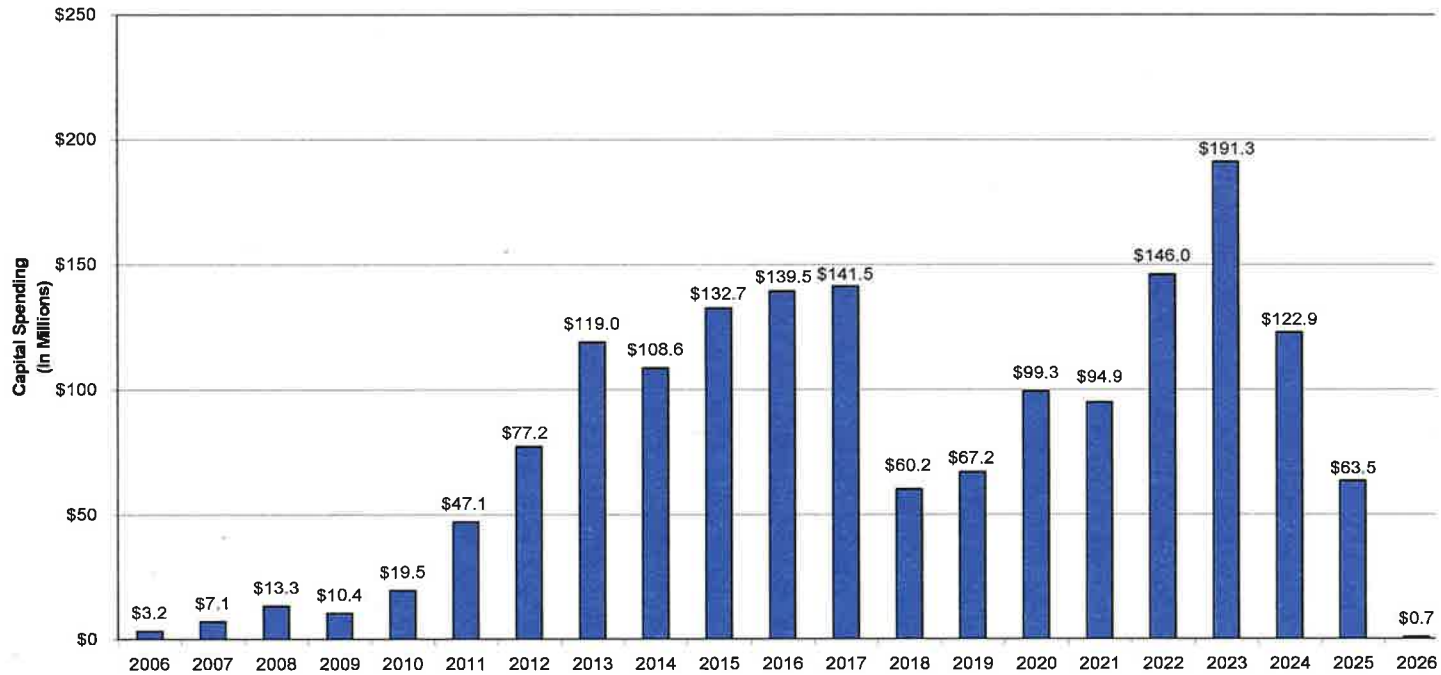
In December 2004, the Board reached agreement with the federal government on the proposed CSO LTCP and entered into a related consent decree. Life time capital costs for this plan (exclusive of the nine-minimum controls program) total approximately \$2.4 billion, and this year’s proposed ten-year plan includes \$1.1 billion of projected CSO LTCP disbursements. Projected spending by fiscal year for the Clean Rivers Project is shown in the next chart.

In FY 2010 DC Water received federal funding of \$20 million for the Combined Sewer Overflow Long term Control Plan and \$25.0 million has been proposed for FY 2011 of which \$8.5 million has been received. However, as the total project spending increases over the years, so does the projected impervious area rate. If additional federal assistance is provided, the Clean Rivers IAC would

**Clean Rivers Project (CSO LTCP), cont.**

increase at a slower pace than this ten-year plan proposal assumes. As noted earlier, this plan assumes jurisdictional contributions to the CSO LTCP under the IMA of 7.1 percent beginning in FY 2011.

**CSO LTCP Spending by Year**



*Capital spending for this twenty-year plan does not include contingencies.*

## **Cash Position & Reserves**

Cash balances totaled \$227.5 million at the end of FY 2010. As described below, this includes \$16.7 million for rate stabilization and \$77.8 million for the balance special Congressional appropriations DC Water received through FY 2010 for the CSO LTCP, net of reimbursements to date. Over the next ten years, cash balances are projected to remain close to the Board-required reserve level, of 120 days of operating and maintenance budget or no less than \$125.5 million.

DC Water's operating reserve includes the following components:

### **FY 2010 YEAR-END CASH** (In \$000's)

<b>BOARD-ADOPTED OPERATING RESERVES (180 Days of O&amp;M)</b>	
60 Day Operating Reserve (Indenture Required)	\$ 39,004
Renewal & Replacement Reserve (Indenture Required)	35,000
District of Columbia General Obligation Reserve	138
Undesignated Reserve	<u>51,358</u>
<b>TOTAL OPERATING RESERVE</b>	<b>\$ 125,500</b>
Rate Stabilization Fund Reserve	\$ 16,700
DC Insurance Reserve	<u>1,000</u>
<b>TOTAL OTHER RESERVES</b>	<b>\$ 17,700</b>
<b>TOTAL RESERVES</b>	<b>\$ 143,200</b>
Cash in Excess of Reserves	6,496
CSO Appropriations	<u>77,784</u>
<b>TOTAL CASH POSITION <sup>(1)</sup></b>	<b>\$ 227,480</b>

(1) Excludes Debt Service Reserve Funds

### ***Cash Position & Reserves, cont.***

*Indenture-Required Operating Reserve* - This reserve is required by DC Water's bond indenture and is equivalent to two months' operations and maintenance expenses from the prior year, or approximately \$39.0 million in FY 2010.

*Renewal & Replacement Reserve* - This reserve is funded at \$35.0 million based on the revisions approved by the Board to the financing policies in 2004 and 2008. As noted above, the level of this reserve will be reviewed every five years by DC Water's independent rate consultants in conjunction with the indenture-required assessment of the physical condition of the system.

*District of Columbia General Obligation Bond Reserve* - This reserve is required under DC Water's memorandum of understanding with the District of Columbia regarding payment of District general obligation bonds that DC Water is responsible for. This reserve is equal to ten percent of the subsequent fiscal year's debt service, or \$0.1 million in September 2010.

*Undesignated Reserve* - After allocating portions of the operating and maintenance reserve to the reserves listed above, the amount that remains (approximately \$51.4 million projected for FY 2010) is DC Water's undesignated reserve, and is available for other contingencies.

DC Water has other reserves that are available for very specific circumstances:

*Rate Stabilization Fund* - Consistent with the Board's financial policies and as envisioned in the bond indenture, this fund is to be established to mitigate large annual rate increases. This year's plan reflects continued use of the rate stabilization fund, which totaled \$16.7 million as of September 2010. Future deposits to the rate stabilization fund will be determined annually based on financial performance in that fiscal year and updated ten-year capital and operating forecasts. The current plan anticipates \$8.2 million available at the end of FY 2011. The fund is projected to be utilized between FY 2011 through FY 2017 to help level out proposed rate increases in those years. At the end of the current ten-year plan period, the fund will have a balance of \$2.0 million.

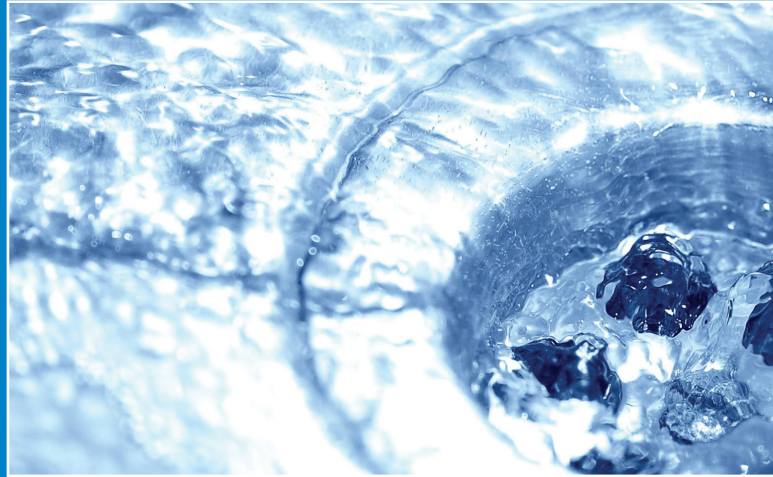
*Debt Service Reserve Funds* - The supplemental bond indenture associated with each bond issue require DC Water to maintain a debt service reserve fund for its Series 1998 senior lien bonds and its Series 2003 subordinated lien revenue bonds. The Series 1998 was funded with bond proceeds; the Series 2003 reserve was funded through the purchase of a surety bond. This reserve which is in addition to the 120 day operating and maintenance reserve, is held by DC Water's trustee and can only be used in the event that net revenues are insufficient to meet the next debt service payment. DC Water earns interest on this reserve that is included in other operating revenue and is used to offset annual debt service payments. The amount of interest earnings that DC Water can retain on the debt service reserve fund is limited by federal arbitrage restrictions.



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

## OPERATING BUDGETS

REVISED FY 2011 APPROVED FY 2012



### SECTION IV

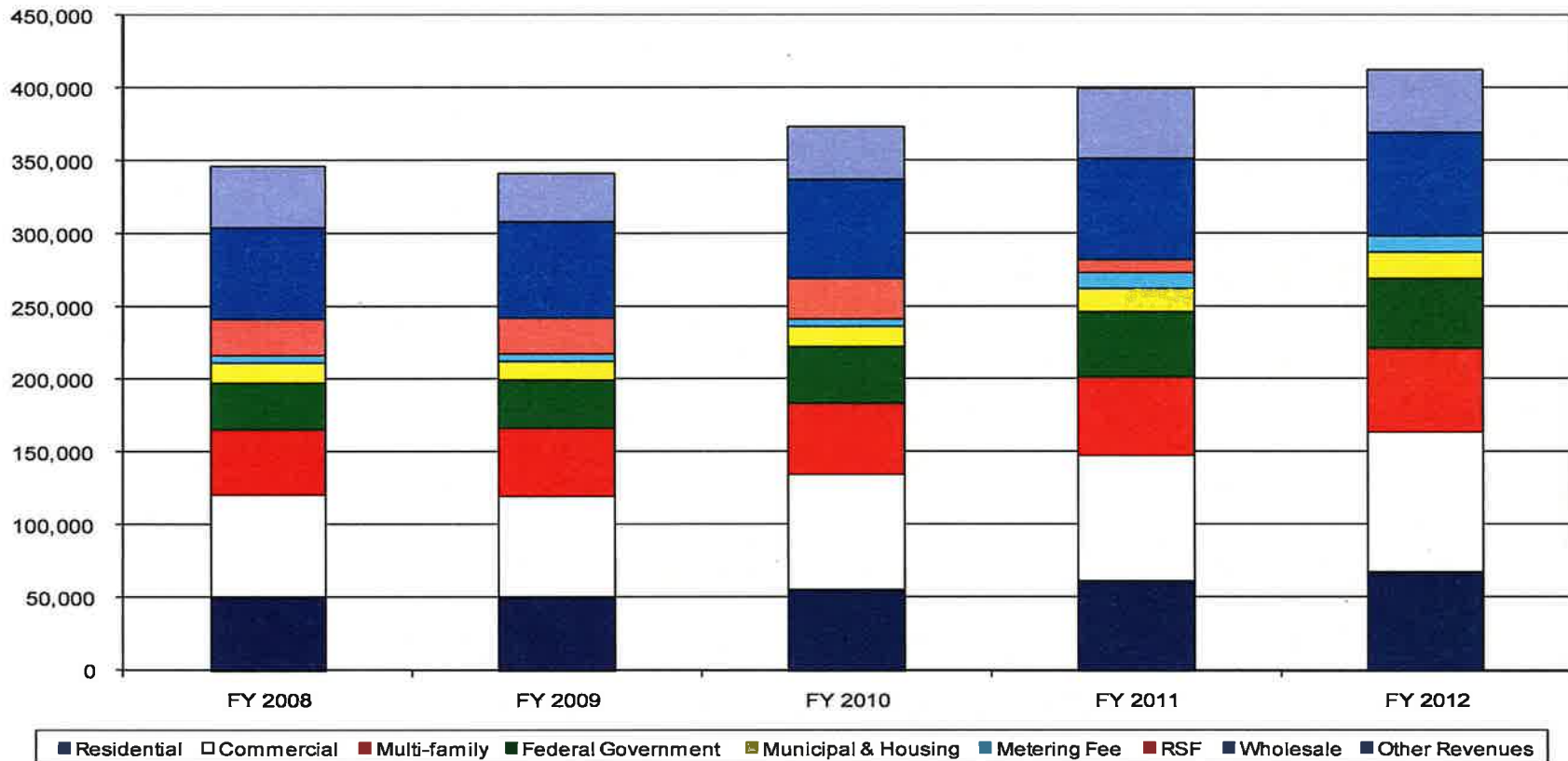
## Rates and Revenues



## DC WATER CASH RECEIPTS

In order to provide continuous delivery of water and wastewater services, every utility must receive adequate revenues to cover operating and maintenance (O&M) costs. DC Water has a diverse customer base and thus receives cash receipts from a variety of sources. This diversity mitigates reliance on any single customer and provides a level of revenue stability.

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





## DC WATER CASH RECEIPTS, cont.

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

	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Revised	FY 2012 Approved
Residential	50,028	50,435	55,579	61,212	67,794
Commercial	70,492	69,152	78,865	86,491	95,265
Multi-family	45,406	46,539	49,447	53,807	57,983
<b>Sub-Total Residential, Commercial and Multi-family</b>	<b>165,926</b>	<b>166,125</b>	<b>183,891</b>	<b>201,510</b>	<b>221,042</b>
Federal Government (1)	31,556	33,299	38,607	44,859	48,010
District Government	7,466	6,947	8,157	9,670	11,196
D.C. Housing Authority	6,204	6,153	5,860	6,559	7,056
Transfer from Rate Stabilization Fund	24,900	25,000	28,000	9,500	-
Customer Metering Fee	5,531	5,471	5,327	10,776	10,776
<b>Total Retail</b>	<b>241,584</b>	<b>242,995</b>	<b>269,842</b>	<b>282,874</b>	<b>298,080</b>
IMA Wastewater Charges	55,560	59,584	60,990	61,562	64,009
Potomac Interceptor Wastewater Charges	7,282	6,096	6,481	7,263	7,430
<b>Total Wholesale</b>	<b>62,841</b>	<b>65,680</b>	<b>67,471</b>	<b>68,825</b>	<b>71,439</b>
District Stormwater Revenue (2)	430	592	1,279	800	1,100
Misc. Rev. (e.g. water tap installation, fire hydrant usage, etc.)	15,866	11,141	12,974	23,494	16,898
Washington Aqueduct Debt Service Revenue for Falls Church & Arlington	552	477	422	313	217
Interest Income (including interest on Bond Debt Service Reserve Fund)	7,434	1,922	1,159	819	1,087
Right-of-Way Fee	4,943	4,954	5,085	5,100	5,100
PILOT Fee	12,693	13,676	15,305	16,882	18,301
<b>Total Other</b>	<b>41,918</b>	<b>32,761</b>	<b>36,225</b>	<b>47,409</b>	<b>42,702</b>
<b>Total Operating Cash Receipts</b>	<b>346,343</b>	<b>341,437</b>	<b>373,538</b>	<b>399,109</b>	<b>412,222</b>

(1) Historical actuals are presented on revenue basis. Projected amounts shown are billed revenues. Actual Federal receipts are a combination of current year projected revenues and prior year adjustments, which are presented as reserve items. See Section 3 for further explanation.

(2) Reflects District stormwater fee revenue that will fund DC Water share of District stormwater permit compliance activities, and will not be funded through DC Water retail rates or other DC Water revenue sources. See Section 3 for further explanation.

## **DC WATER CASH RECEIPTS, cont.**

### **CUSTOMER CATEGORIES AND ACCOUNTS**

As of September 30, 2010, DC Water had 124,987 active, metered water and wastewater accounts. In addition, there are 9,480 separate accounts that are billed only for impervious surface. DC Water's customers are classified as retail and wholesale customers only. However, within the retail customer class, DC Water tracks receipts and associated consumption at a more detailed level in order to analyze trends and service characteristics. Retail customers' characteristics can be viewed in six areas: residential, multi-family, commercial, federal, DC Municipal and Housing Authority.

Residential and multi-family customers house the residents of the District of Columbia. These include 110,705 accounts that comprise 30 percent of total operating revenues. Given the large number of individual account holders who are in residential or multi-family dwellings, it is unlikely that any one customer will have a major impact on the DC Water cash receipts.

The commercial group of customers includes a number of nationally-recognized universities and regional hospitals, national associations, lobbying firms, and major law firms and hotels. This group will comprise 22 percent of the projected FY 2011 operating revenues.

The Authority serves many facilities of the federal government as well as the District of Columbia. The largest federal accounts include General Services Administration, U.S. Congress, the Smithsonian Institution, Department of the Navy, National Park Service and the Department of Defense in both DC and VA. In Fiscal Year 2011, the federal government revenue will represent approximately 11 percent of total operating revenues.

The government of the District of Columbia is a customer of DC Water, utilizing the services in a variety of municipal, education, and housing functions. Collectively, their annual billings are projected to make up only 4 percent of the FY 2011 cash receipts.

DC Water provides wholesale wastewater treatment services to User Jurisdictions at Blue Plains. The wholesale customers' share of operating costs at Blue Plains are recovered in accordance with the Blue Plains Intermunicipal Agreement of 1985, the Potomac Interceptor Agreements and the Loudoun County Sanitation Authority Agreement (as discussed in more detail in "THE SYSTEM – The Wastewater System"), and are based on actual costs of operating and maintaining the plant and the collection facilities, prorated to each User Jurisdiction based on its respective actual share of wastewater flows. The User Jurisdiction's share of capital costs is based on each User Jurisdiction's share of capacity allocations in the plant. Both operating and capital payments are made on a quarterly basis.

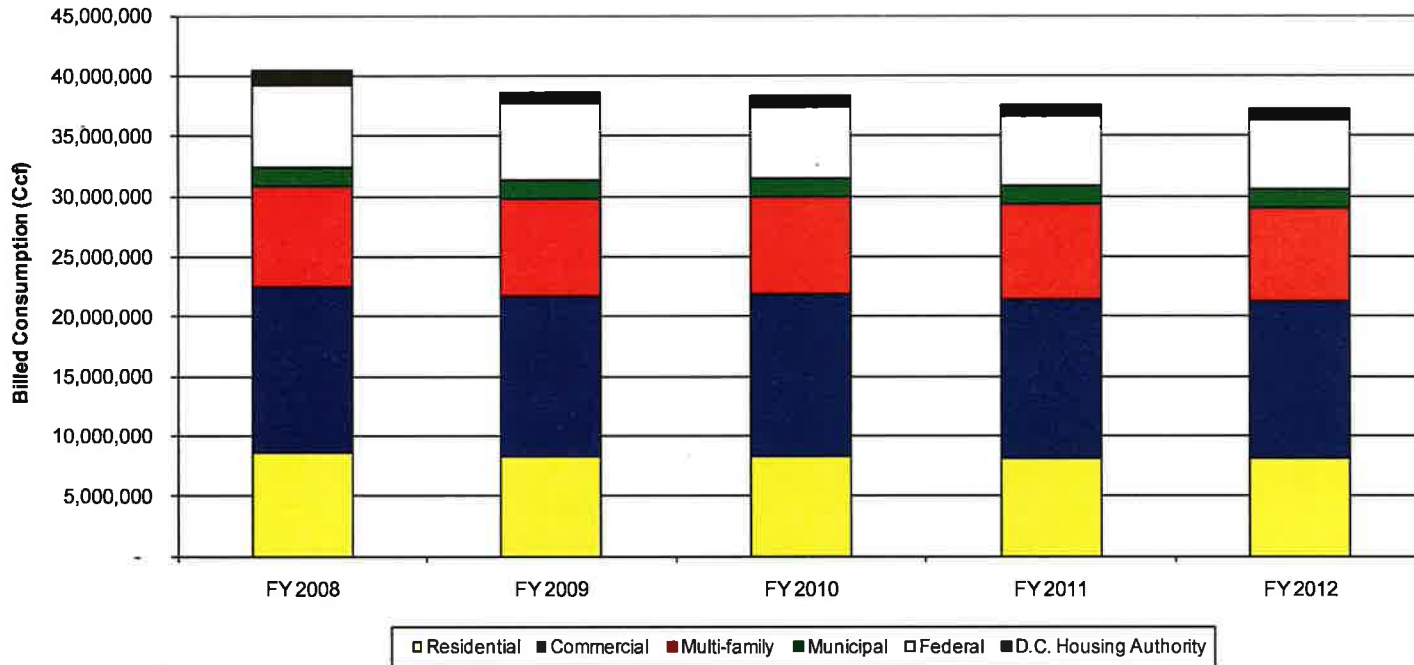
Wholesale customers are billed based on the adopted budget for that Fiscal Year. Capital-related charges are billed quarterly with payments due on the 15th day of the second month following the end of the quarter. The operating and maintenance-related charges are billed annually by mid-October and payments are due each of November, February, May and August and receipts are projected to be 18 percent in FY 2011. Following each Fiscal Year, the Authority prepares a reconciliation that determines the actual costs and each wholesale customer's appropriate share of such costs. Adjustments are then billed or credited to the wholesale customers in the first quarter of the subsequent Fiscal Year. The wholesale customers include: Washington Suburban Sanitary Commission (WSSC), Loudoun County, VA, Fairfax, County, VA, and a group of small customers of the Potomac Interceptor (PI). The PI customers are comprised of Dulles International Airport (MWA), National Park Service, Department of Navy and the Town of Vienna

## DC WATER CASH RECEIPTS, cont.

### CONSUMPTION

While wholesale customers pay for their proportional share of wastewater services, retail customers are billed based upon measured consumption. Therefore, variations in consumption have a direct impact upon DC Water retail rates that are charged to retail customers. As noted in the following chart, the consumption for DC retail customers declined by 4.3 percent in FY 2009 and only 1 percent in FY 2010. Given the uncertainty of the current economy as well as the federal government goal to close some neighboring federal facilities and implement a number of conservation best practices over the next few years, the revenue projections assume a 2 percent decline in FY 2011 and 1 percent decline in FY 2012 and beyond.

Historical and Projected Billed Consumption (In Ccf; 1 Ccf = 748 gallons)



## DC WATER CASH RECEIPTS, cont.

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

	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Projected	FY 2012 Projected
Residential	8,593,597	8,300,625	8,318,424	8,152,000	8,070,000
Commercial (1)	13,875,908	13,425,781	13,576,563	13,305,000	13,172,000
Multi-family	8,341,244	8,011,934	7,991,418	7,832,000	7,754,000
Municipal (2)	1,572,641	1,541,454	1,585,385	1,553,000	1,538,000
Federal	6,840,619	6,301,792	5,908,875	5,791,000	5,733,000
D.C. Housing Authority	<u>1,156,775</u>	<u>1,072,888</u>	<u>939,533</u>	<u>921,000</u>	<u>912,000</u>
<b>Total Retail</b>	<b>40,380,784</b>	<b>38,654,474</b>	<b>38,320,198</b>	<b>37,554,000</b>	<b>37,179,000</b>

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

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

(3) Ccf - hundred cubic feet or 748 gallons

## RECENT & PROPOSED RATE & FEE CHANGES

### FY 2011 RATE & FEE CHANGES

Effective October 2010 the Board increased rates and fees as follows:

- Water and Sewer consumption rate increased by \$0.77 per Ccf from \$6.12 to \$6.89 per Ccf, {\$1.03 per 1,000 gallons}.
  - Water rate increase of \$0.59 per Ccf from \$2.51 per Ccf to \$3.10 per Ccf, {\$0.79 per 1,000 gallons}
  - Sewer rate increased of \$0.18 per Ccf from \$3.61 per Ccf to \$3.79 per Ccf, {\$0.24 per 1,000 gallons}
- Monthly Impervious Area Surface Charge increased by \$1.25 from \$2.20 per ERU to \$3.45 per ERU
- Implemented a new Impervious Area Surface Charge (IAC) six-tier residential rate structure shown in the table below.

Tiers	Residential Impervious Area Range	ERU
Tier 1	100 – 600 sq ft	0.6 ERU
Tier 2	700 – 2,000 sq ft	1.0 ERU
Tier 3	2,100 – 3,000 sq ft	2.4 ERU
Tier 4	3,100 – 7,000 sq ft	3.8 ERU
Tier 5	7,100 – 11,000 sq ft	8.6 ERU
Tier 6	11,100 sq ft and more	13.5 ERU

- Customer Metering Fee increased by \$1.85 from \$2.01 to \$3.86, and varies accordingly to meter size.
- PILOT and Right-of-Way fee – These fees increased to recover the full cost of the PILOT and Right-of-Way fees charged to DC Water by the District of Columbia.
  - Increase of \$0.06 per Ccf in the PILOT and Right-of-Way fees, {\$0.08 per 1,000 gallons}: \$0.06 increase in PILOT per Ccf, {\$0.08 per 1,000 gallons) whereas no increase for ROW
- These changes increased the typical residential customer's total monthly bill by \$8.66 or 16.8 percent.

## RECENT & PROPOSED RATE & FEE CHANGES

### PROPOSED FY 2012 RATE & FEE CHANGES

Effective October 2011 the Board proposed rates and fees increases are follows:

- Water and Sewer consumption rate to be increased by \$0.41 per Ccf from \$6.89 to \$7.30 per Ccf, {\$0.55 per 1,000 gallons}.
  - Water rate increase of \$0.19 per Ccf from \$3.10 per Ccf to \$3.29 per Ccf, {\$0.26 per 1,000 gallons}
  - Sewer rate increase of \$0.22 per Ccf from \$3.79 per Ccf to \$4.01 per Ccf, {\$0.29 per 1,000 gallons}
- Monthly Clean Rivers Impervious Area Charge (IAC) increase of \$3.42 from \$3.45 per ERU to \$6.87 per ERU
- PILOT and Right-of-Way fee – These fees are proposed to increase to recover the full cost of the PILOT and Right-of-Way fees charged to DC Water by the District of Columbia.
  - Increase of \$0.05 in the PILOT and Right of Way fees, {\$0.06 per 1,000 gallons}, \$0.04 increase in PILOT per Ccf, {\$0.05 per 1,000 gallons}, \$0.01 increase in Right-of-Way per Ccf, {\$0.01 per 1,000 gallons}

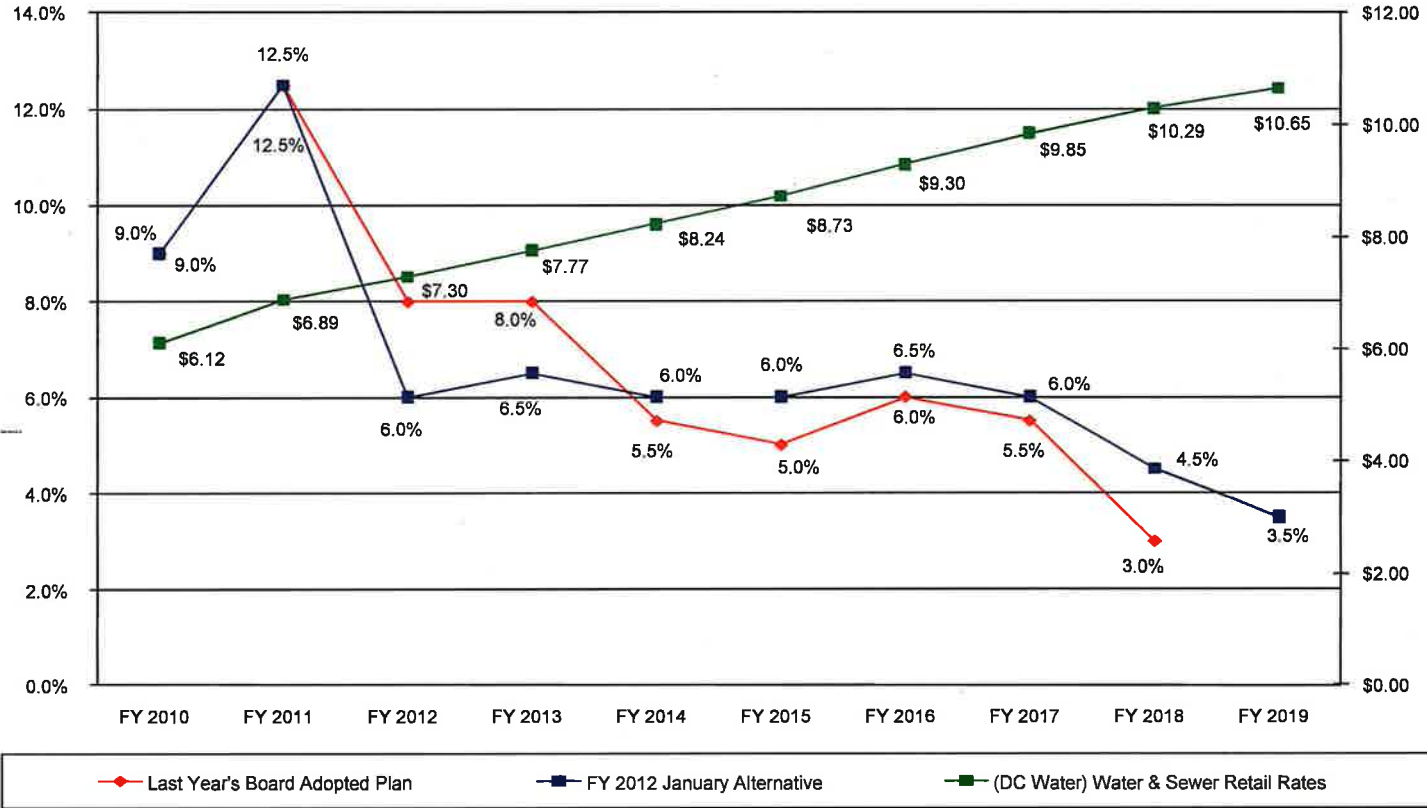
The ten year projected water and sewer rate increases under this year's plan total 66.5 percent: driven primarily by capital spending for DC Water's \$3.8 billion capital improvement program. *This is down from the, 70.0 percent, ten year projection in the FY 2009 – FY 2018 due to projected operating savings after FY 2015 and beyond from implementation of the new digester/cambi processes at Blue Plains.*

Primary spending in the ten-year capital plan includes: initial phases of the Clean Rivers Project (CSO LTCP), the Enhanced Nitrogen Removal Facilities (formerly called BTN), digesters, various water and sewer investments recommended by the facility assessments and continued compliance with Board policies on debt service coverage and reserve levels.

The public outreach and comment process for the FY 2012 rate proposal will occur between February and July 2011. If approved, these changes will increase the typical residential customer's monthly bill by \$6.50 or 10.8 percent as shown on page IV-12.

# RECENT & PROPOSED RATE & FEE CHANGES, cont.

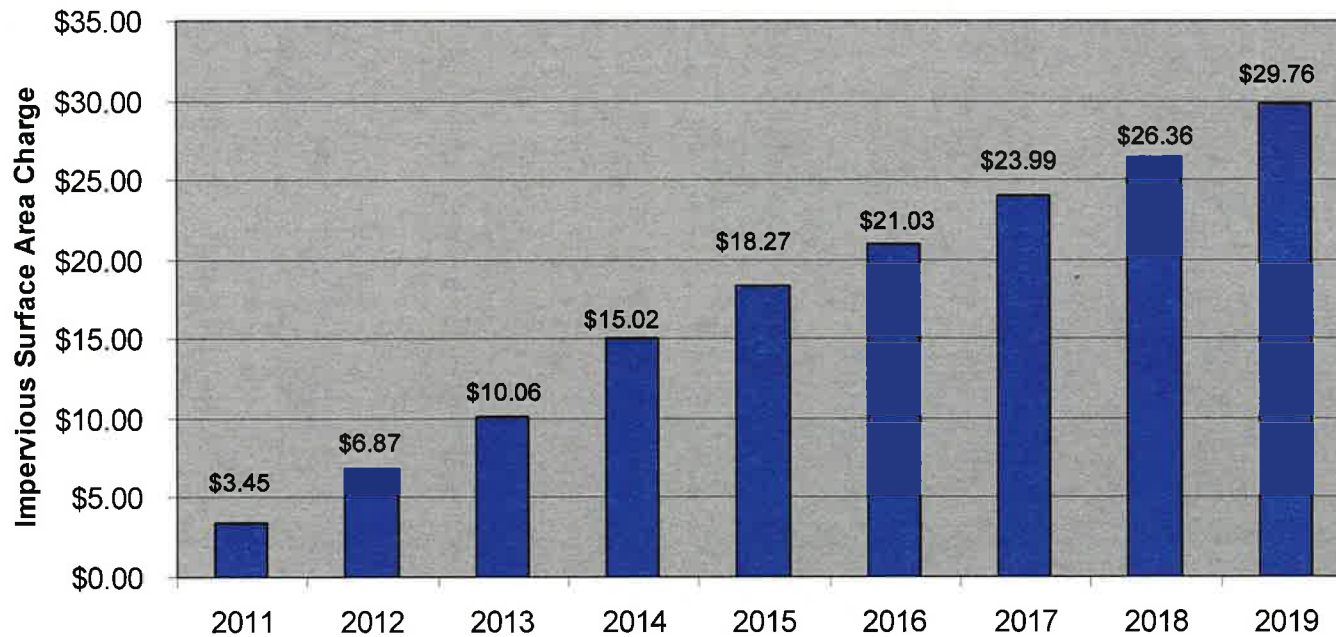
## PROJECTED RETAIL WATER & SEWER RATE CHANGES FY 2010 – FY 2019



- 1) In FY 2012 proposed water and sewer rate increase of \$0.41 per Ccf, (\$0.55 per 1,000 gallons)  
 — Combined water and sewer rate increase from \$6.89 to \$7.30 per Ccf
- 2) Rate increases ranging from 3.5 percent to 12.5 percent



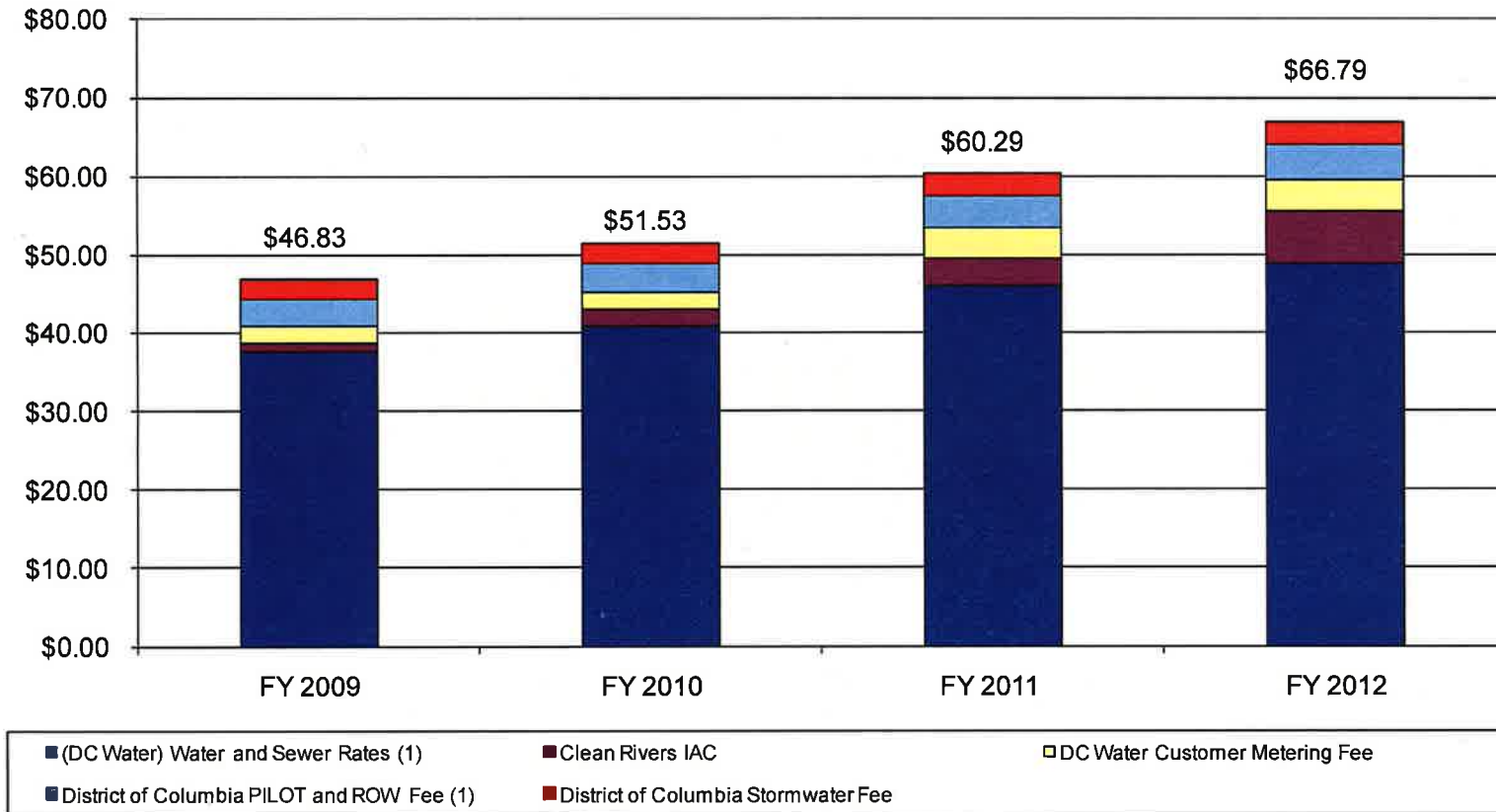
**PROJECTED MONTHLY IMPERVIOUS SURFACE AREA CHARGE (IAC) CHANGES  
FY 2010 – FY 2019**



- The projected charges displayed in the chart above are primarily driven by anticipated debt service costs necessary to support the twenty year \$2.6 billion Clean Rivers Project which includes the, federally mandated CSO LTCP and the nine-minimum control program.
- The annual Clean Rivers Project IAC costs for the average Tier 2 residential customer is projected to increase from \$82.44 in FY 2012 to \$357.12 in FY 2019.

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

### AVERAGE RESIDENTIAL MONTHLY BILL FY 2009 – FY 2012



- 1) Assumes average monthly consumption of 6.69 Ccf, or 5,004 gallons  
 – FY 2012 cost per gallon is \$0.01 (water and sewer rates only)

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

### AVERAGE RESIDENTIAL MONTHLY BILL FY 2009 – FY 2012

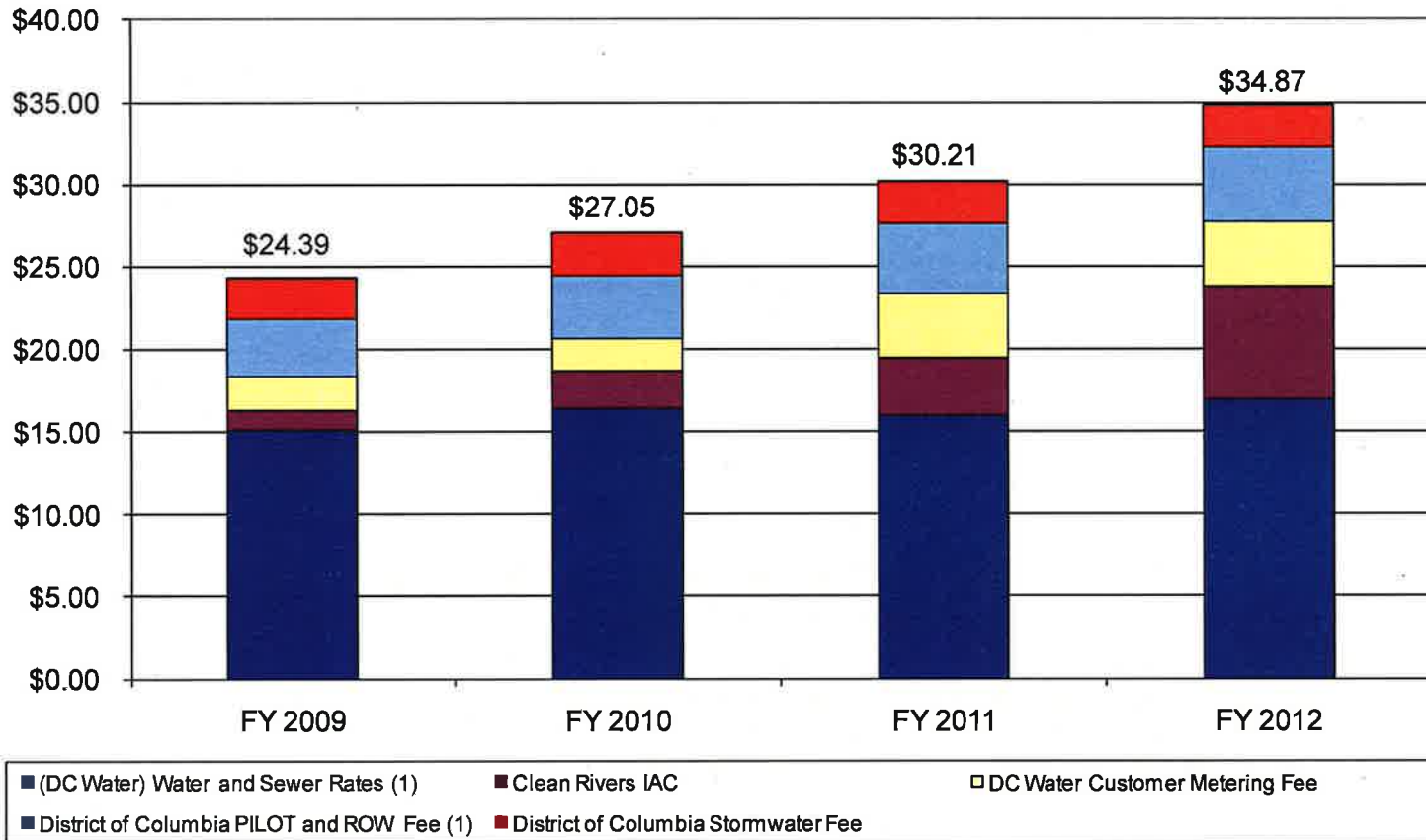
	FY 2009	FY 2010	FY 2011	FY 2012
DC Water Retail Rates (1)	\$ 37.53	\$ 40.94	\$ 46.09	\$ 48.84
DC Water Clean Rivers IAC	1.24	2.20	3.45	6.87
DC Water Customer Metering Fee	2.01	2.01	3.86	3.86
<b>Subtotal DC Water Rates &amp; Charges</b>	<b>\$ 40.78</b>	<b>\$ 45.15</b>	<b>\$ 53.40</b>	<b>\$ 59.57</b>
Increase / Decrease	\$ 2.84	\$ 4.37	\$ 8.25	\$ 6.17
District of Columbia PILOT (1)	\$ 2.61	\$ 2.87	\$ 3.28	\$ 3.55
District of Columbia Right of Way Fee (1)	0.87	0.94	0.94	1.00
District of Columbia PILOT/ROW Fee	3.48	3.81	4.22	4.55
District of Columbia Stormwater Fee (2)	2.57	2.57	2.67	2.67
<b>Subtotal District of Columbia Charges</b>	<b>\$ 6.05</b>	<b>\$ 6.38</b>	<b>\$ 6.89</b>	<b>\$ 7.22</b>
<b>Total Amount Appearing on DC Water Bill</b>	<b>\$ 46.83</b>	<b>\$ 51.53</b>	<b>\$ 60.29</b>	<b>\$ 66.79</b>
Increase / Decrease Over Prior Year	\$ 5.17	\$ 4.70	\$ 8.76	\$ 6.50
<b>Percent Increase in Total Bill</b>	<b>12.4%</b>	<b>10.0%</b>	<b>17.0%</b>	<b>10.8%</b>

(1) Assumes average monthly consumption of 6.69 Ccf, or (5,004 gallons).

(2) District Department of Environment stormwater fee of \$2.67 effective November 1, 2010

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

### AVERAGE CAP CUSTOMER MONTHLY BILL FY 2009 – FY 2012



- 2) Assumes average monthly consumption of 6.69 Ccf, or 5,004 gallons  
 – FY 2012 cost per gallon is \$0.01 (water and sewer rates only)

## AVERAGE CAP CUSTOMER MONTHLY BILL

	FY 2009	FY 2010	FY 2011	FY 2012
DC Water Retail Rates (1)	37.53	40.94	46.09	48.84
DC Water Clean Rivers IAC	1.24	2.20	3.45	6.87
DC Water Customer Metering Fee	2.01	2.01	3.86	3.86
<b>Subtotal DC Water Rates &amp; Charges</b>	<b>\$ 40.78</b>	<b>\$ 45.15</b>	<b>\$ 53.40</b>	<b>\$ 59.57</b>
Increase / Decrease	\$ 2.84	\$ 4.37	\$ 8.25	\$ 6.17
District of Columbia PILOT (1)	\$ 2.61	\$ 2.87	\$ 3.28	\$ 3.55
District of Columbia Right of Way Fee (1)	\$ 0.87	\$ 0.94	\$ 0.94	\$ 1.00
District of Columbia Stormwater Fee (3)	2.57	2.57	2.67	2.67
<b>Subtotal District of Columbia Charges</b>	<b>\$ 6.05</b>	<b>\$ 6.38</b>	<b>\$ 6.89</b>	<b>\$ 7.22</b>
Total Amount	<b>\$ 46.83</b>	<b>\$ 51.53</b>	<b>\$ 60.29</b>	<b>\$ 66.79</b>
Less: CAP Discount (4 Ccf per month) (1), (2)	(22.44)	(24.48)	(30.08)	(31.92)
<b>Total Amount Appearing on DC Water Bill</b>	<b>\$ 24.39</b>	<b>\$ 27.05</b>	<b>\$ 30.21</b>	<b>\$ 34.87</b>
Increase / Decrease Over Prior Year	\$ (8.71)	\$ 2.66	\$ 3.16	\$ 4.66
<b>CAP Customer Discount as a Percent of Total Bill</b>	<b>-47.9%</b>	<b>-47.5%</b>	<b>-49.9%</b>	<b>-47.8%</b>

(1) Assumes average monthly consumption of 6.69 Ccf, or (5,004 gallons)

(2) Extension of CAP program to first 4 Ccf of PILOT and ROW

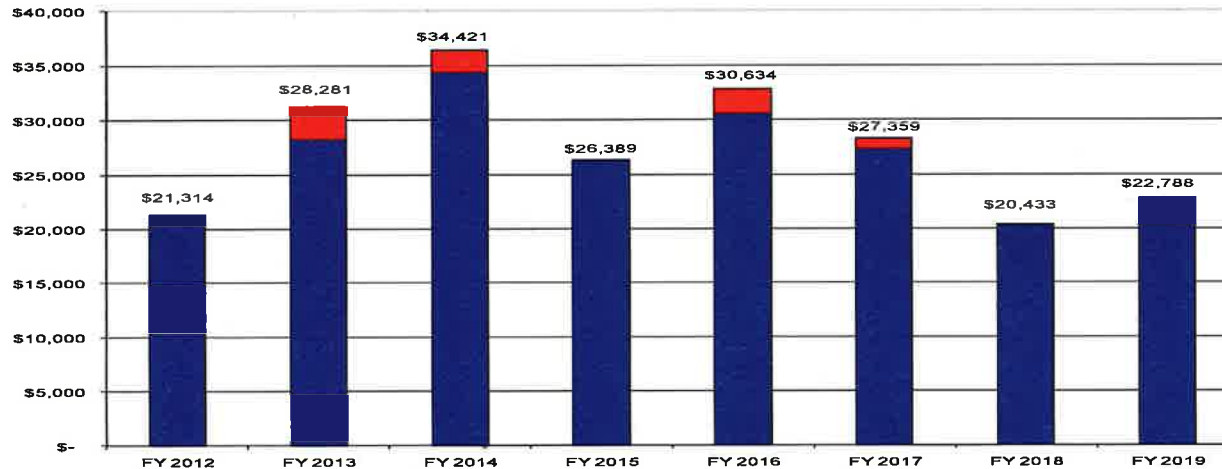
(3) District Department of Environment stormwater fee of \$2.67 effective November 1, 2010

## WHY RATE INCREASES ARE NEEDED

### FY 2010 – FY 2019 FINANCIAL PLAN

- As shown in the chart below, incremental increases in retail revenues are projected to range from \$20.4 million to \$34.4 million in FY 2012 – FY 2019, due to:
  - Average annual debt service increase of 13.8 percent
  - Average annual O/M increase of 2.7 percent
  - Annual projected PILOT and ROW increases due to DC government increasing costs of providing services to the District.
  - This year’s ten-year financial plan reflects anticipated operating cost savings at Blue Plains beginning in FY 2014 due to the implementation of the digester/cambi biosolids management project.

*Incremental Increase in Revenues  
FY 2012 – FY 2019  
(In \$000's)*



▪ Includes transfers in from the Rate Stabilization Fund.

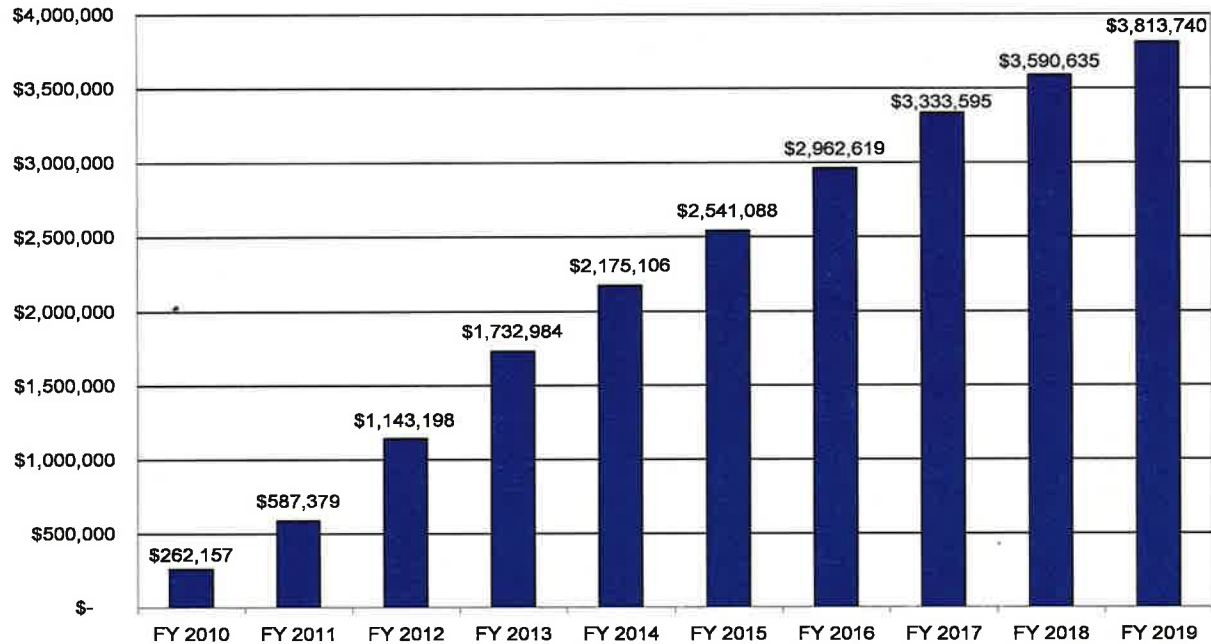
## **WHY RATE INCREASES ARE NEEDED, cont.**

- These costs would be recovered through:
  - Proposed water and sewer rate increases ranging from 3.5 percent to 12.5 percent
  - Proposed FY 2011 to 2019 Clean Rivers Impervious Surface Area Charge revenues ranging from \$3.45 to \$29.76 per ERU per month.
  - Proposed DC PILOT & ROW fee increases ranging from 3.5 percent to 12.5 percent in accordance with the current MOU's
  - Utilization of the Board authorized Rate Stabilization Fund (RSF) to offset retail rate increases
- Over the ten-year period, total expenditures increase on average by 6.4 percent annually.
  - Operations and maintenance expenditures (excluding the payment in lieu of taxes and right-of-way fee) increase on average by only 2.7 percent annually.

## WHY RATE INCREASES ARE NEEDED, cont.

DC Water's proposed rate increases are primarily required to fund increasing debt service costs from increased capital spending.

**CUMULATIVE CAPITAL SPENDING**  
**FY 2010 – FY 2019**  
*(In \$000's)*



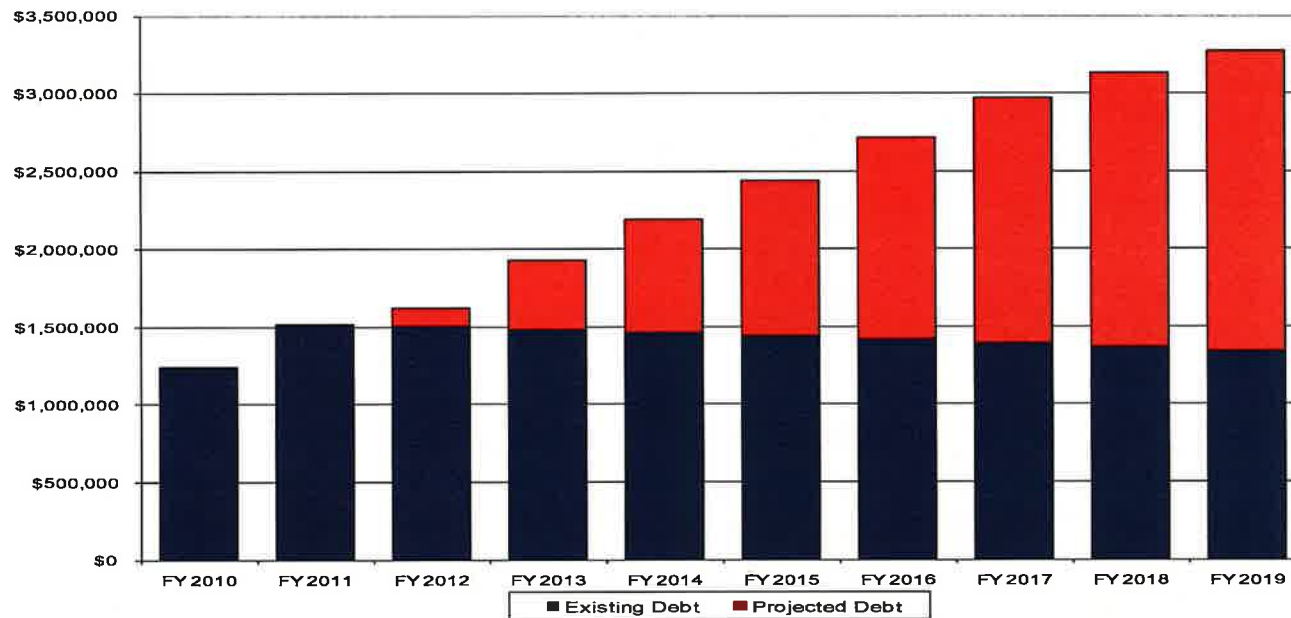
- DC Water's ten-year capital improvement program totals \$3.8 billion, with annual spending ranging from \$223 million to \$590 million.



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

- Once completed, the ten-year capital improvement project will double the book value of DC Water's infrastructure.
- The ten-year plan includes the Board-approved twenty-year Clean Rivers Project (CSO LTCP), totaling nearly \$1.1 billion. The balance of the \$2.6 billion CSO LTCP and nine-minimum controls fall in the years outside of the current ten-year planning period.
- Water and sewer infrastructure continues to drive the ten year Capital Improvement Plan from FY 2010 through FY 2019. This reflects a continued ramp up of the water and sewer infrastructure programs in the current ten year plan, which has increased by \$99.0 million, and will continue to be a large portion of the CIP in future years.

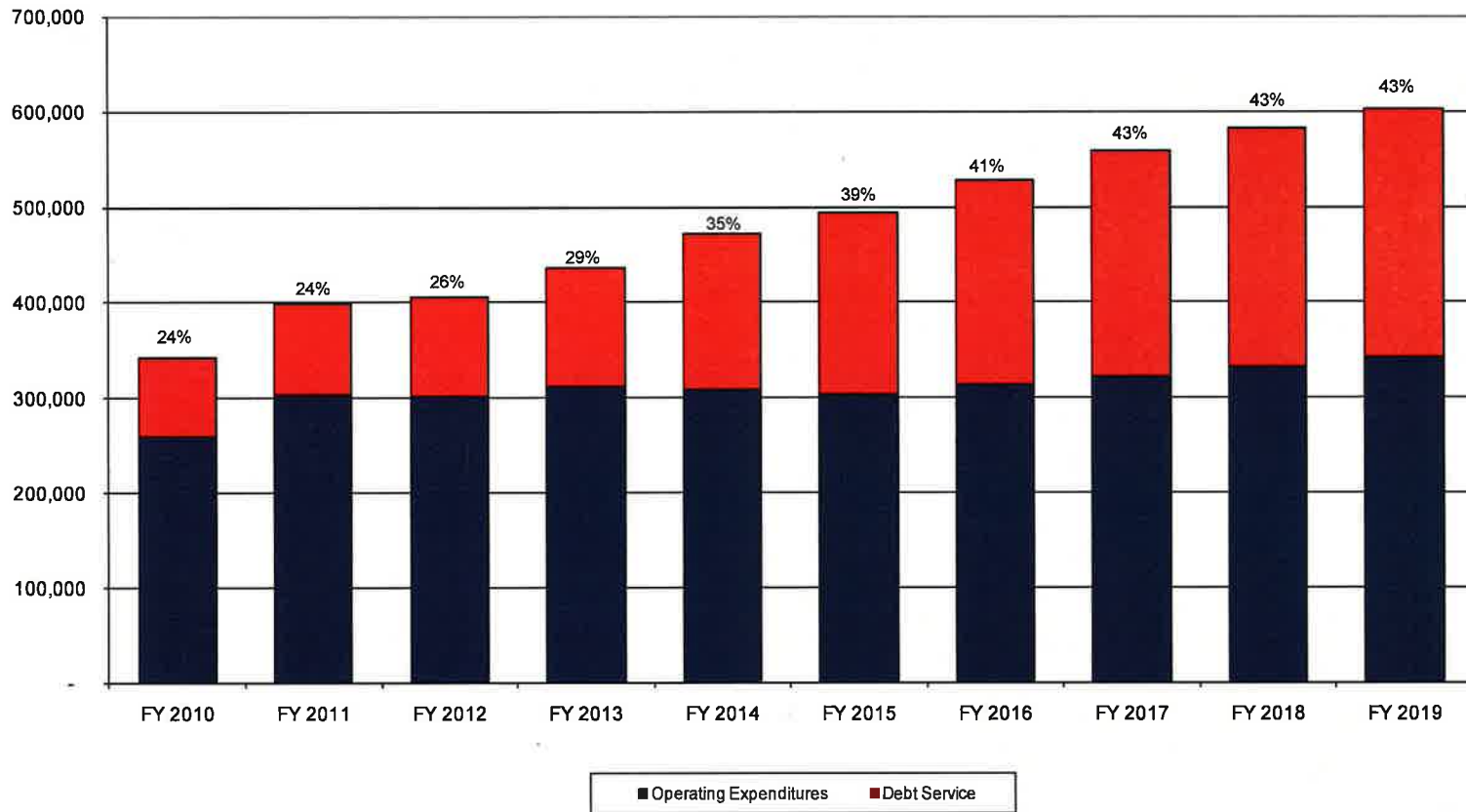
**WHY RATE INCREASES ARE NEEDED, cont.**  
**NEW & EXISTING DEBT OUTSTANDING**  
**FY 2010 – FY 2019**  
**(In \$000's)**



- The largest source of funding for DC Water’s capital program is debt.
- Over the next ten years, DC Water will issue approximately \$2.2 billion in new debt (which includes the funding of reserves and costs of issuance), increasing total debt outstanding from \$1.2 billion at the end of FY 2010 to almost \$3.1 billion at the end of FY 2019.

## WHY RATE INCREASES ARE NEEDED, cont.

### DEBT SERVICE AS PERCENT OF TOTAL OPERATING EXPENDITURES FY 2010 – FY 2019 (In \$000's)



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

### **OPERATING & DEBT SERVICE EXPENDITURES FY 2010 – FY 2019**

Over the ten-year period, total expenditures increase on average by 6.4 percent annually.

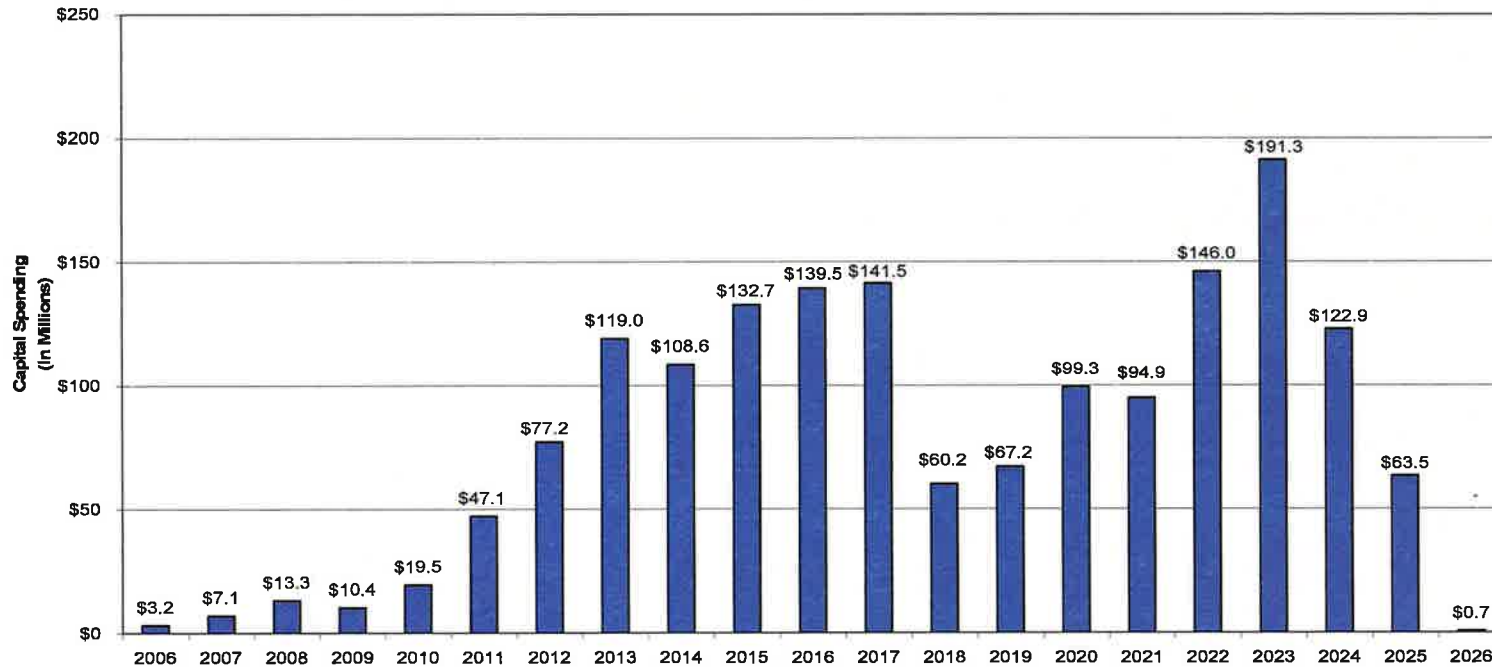
***DC Water's proposed rate increases are primarily required to fund increasing debt service costs.***

- Operations and maintenance expenditures (excluding the payment in lieu of taxes and right-of-way fee) increase on average by only 2.7 percent annually.
- Debt service expenditures grow at an annual average rate of 13.8 percent.
- This year's ten-year financial plan reflects anticipated operating cost savings at Blue Plains beginning in FY 2014 due to the implementation of the digester/cambi biosolids management project.

## WHY RATE INCREASES ARE NEEDED, cont.

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

CSO LTCP Spending by Year

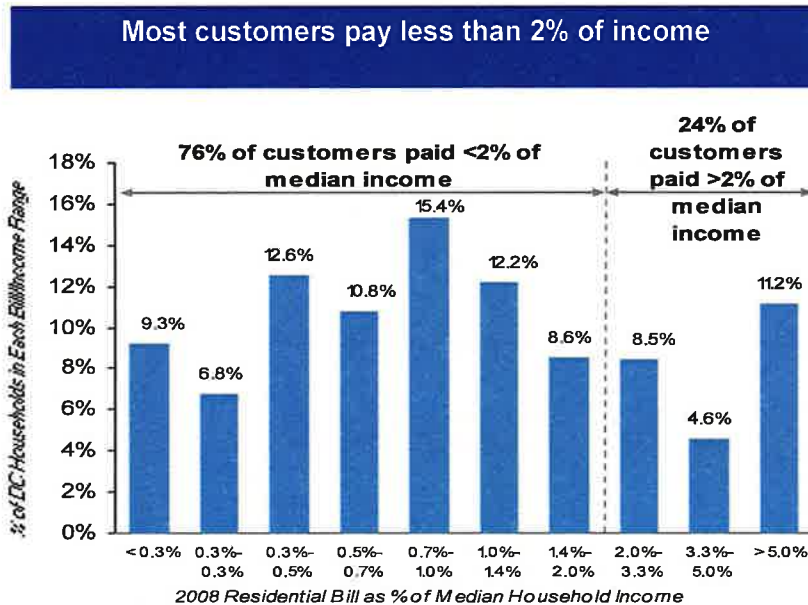


In December 2004, the Board reached agreement with the federal government on the CSO LTCP (also called the Clean Rivers Project) and entered into a related consent decree. Projected disbursements by fiscal year for the Clean Rivers Project are, shown in the chart above and are the drivers for changes in the Clean Rivers IAC over the ten-year plan. Wholesale customers contribute 7.1 percent to the Clean Rivers Project. To mitigate impacts, DC Water continues to look for federal support for this program. As of February 2011, \$150.7 million has been contributed through federal appropriations. Life time capital costs for the plan (exclusive of the nine – minimum controls program) total approximately \$2.4 billion, and this year's proposed ten-year plan includes \$1.1 billion of projected CSO LTCP disbursements.

## AFFORDABILITY OF RETAIL RATES

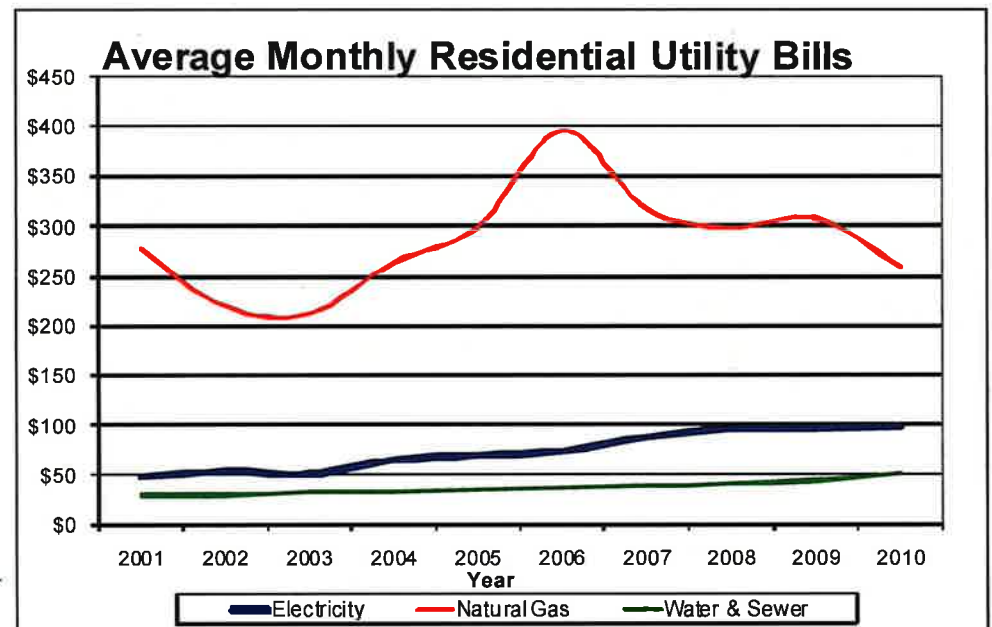
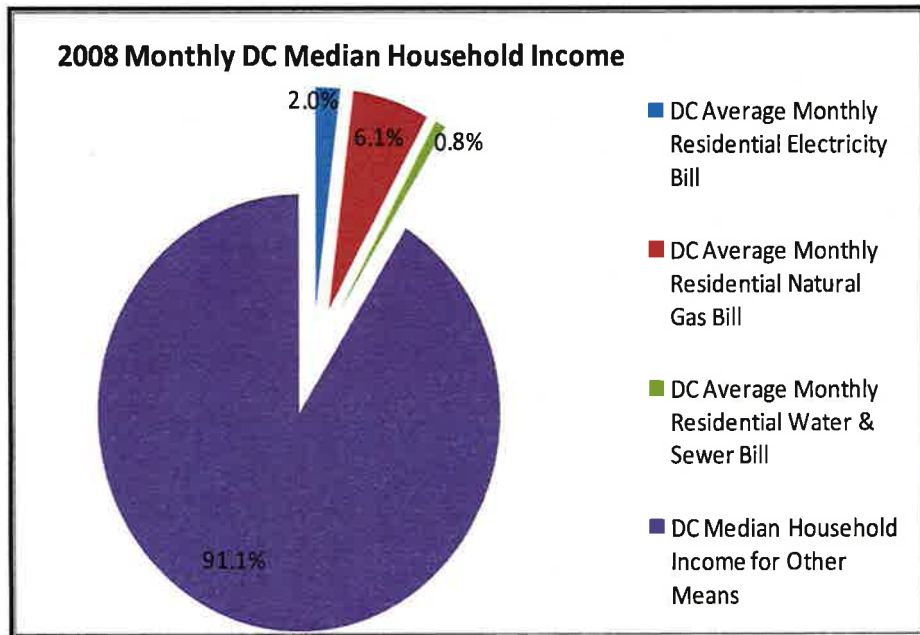
### DC WATER CHARGES ARE STILL AFFORDABLE AND COMPETITIVE WITH OTHER MAJOR CITIES

- **Median household income:** 76 percent of residential customers paid less than 2 percent of median income in 2008; AWWA place DC Water charges at 0.68 percent of median compared to average of 0.81 percent for other large water & wastewater utilities. (US EPA guidelines suggest that charges greater than 2 percent -4 percent of median household income are typically viewed as a strain on household budgets)
- **Typical DC Water residential bill falls below average when compared to selected utilities**
- **CAP and SPLASH program:** DC Water provides programs to assists customers whose water / sewer bills are a high percentage of income



Note: Some cities use property tax revenue or other revenues to pay for part of the cost of water, wastewater, or stormwater services. In such situations, the user charge will not reflect the full cost of water, wastewater or stormwater services.

## AFFORDABILITY, cont.



**Observation:**

- DC Water's average monthly residential water & sewer bill is about 0.8 percent of the total monthly household income for the median income family, lower compared to the average monthly electricity and natural gas bill and at about the national average for urban populations.

**Observation:**

- Average electricity and natural gas are higher than water & sewer bills.

**Assumption:**

- Average DC customer is assumed to use 6.69 Ccf of water, 200 Therms of natural gas and almost 700 kWh of electricity per month.

Sources:

Electricity and Gas: DC Public Service Commission

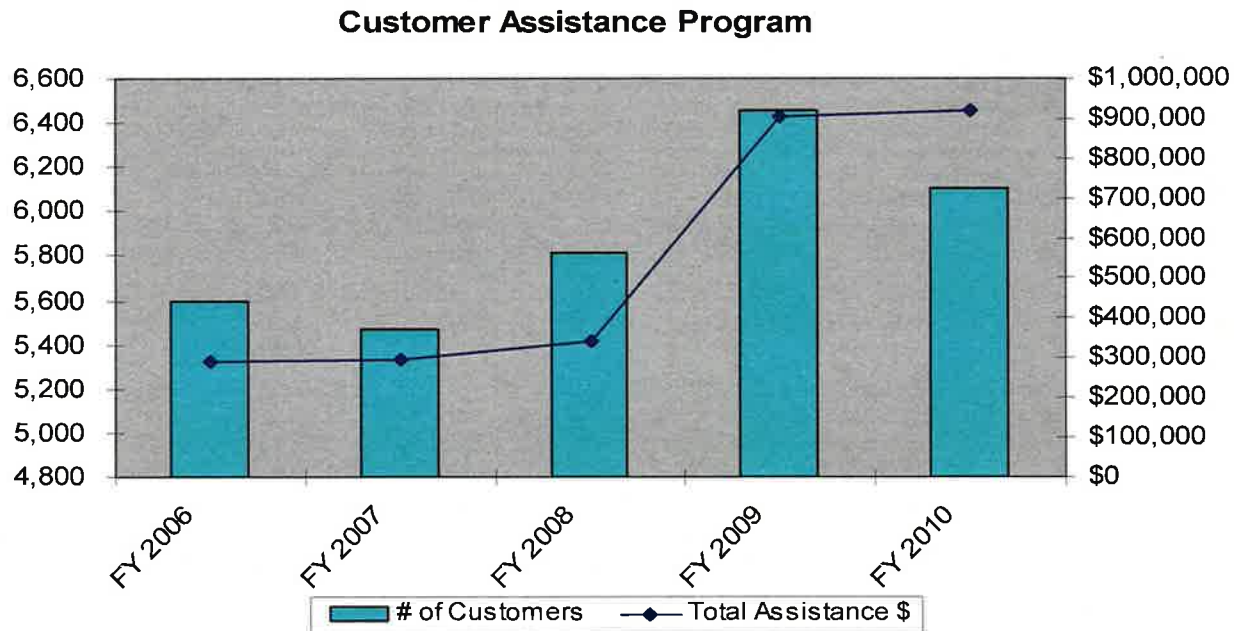
Water and Sewer: DC Water Assuming 6.69, or 5,004 gallons consumption

Median HH Income: US Census Bureau

## AFFORDABILITY, cont.

DC Water sponsors two programs to assist low income customers in paying their water bills:

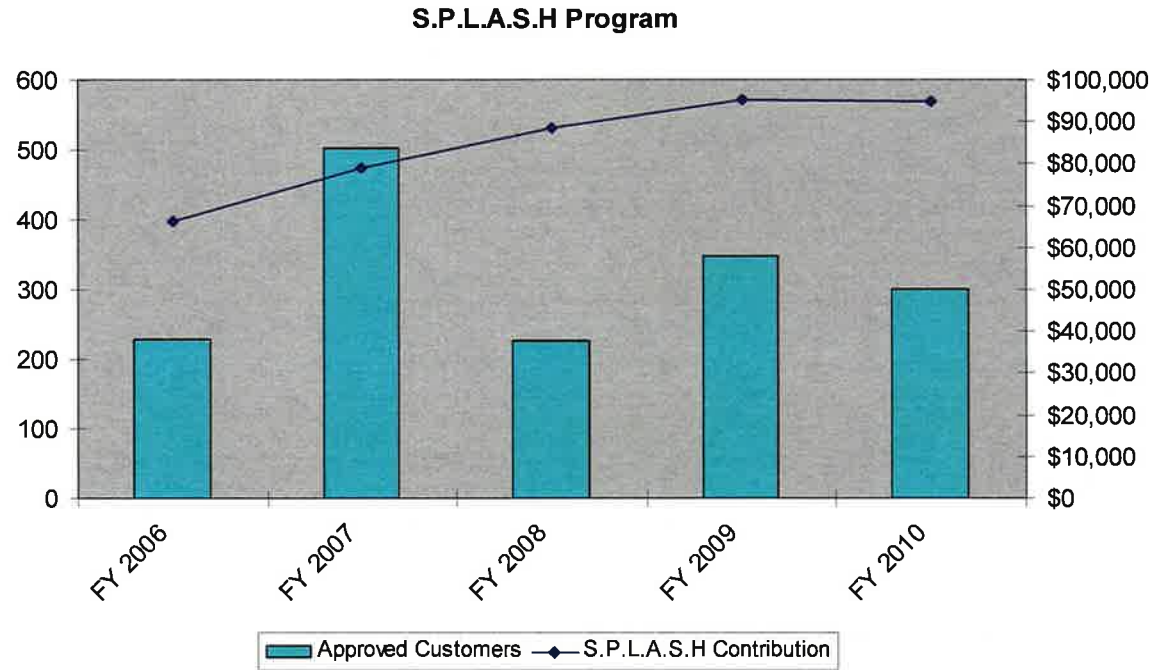
- **Customer Assistance Program (“CAP”)**: The Authority implemented the CAP in 2000 providing a discount of 4 Ccf per month of water service for single family residential homeowners that meet income eligibility guidelines. In FY 2004, the Authority expanded the CAP to include tenants who meet the financial eligibility requirements and whose primary residence is separately metered by the Authority. In January 2009, the Authority further expanded the CAP to provide a discount of 4 Ccf per month of sewer services to eligible customers. In FY 2011, the discount was expanded to the first 4 Ccf’s associated with the PILOT/ROW fee in addition to the current discount provided on water and sewer services.





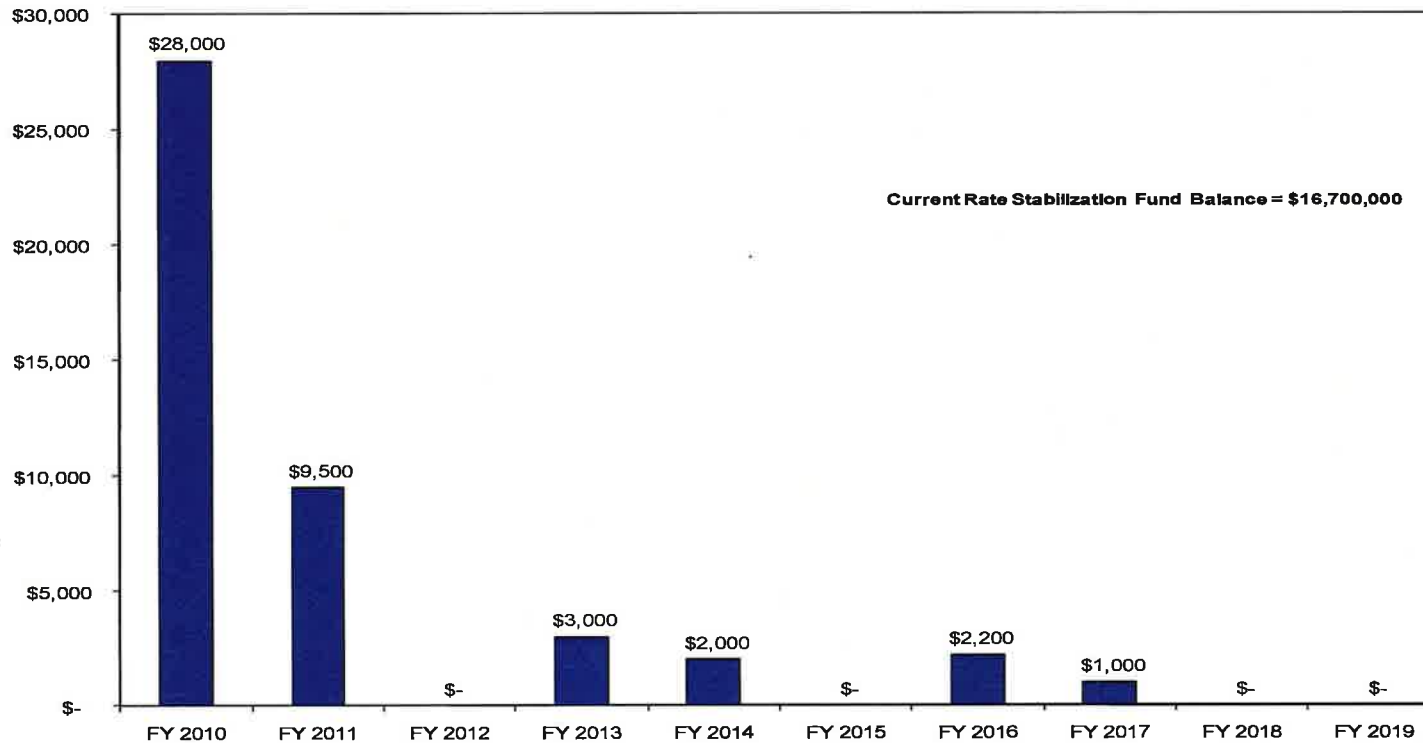
## AFFORDABILITY, cont.

- **Serving People by Lending a Supporting Hand (“S.P.L.A.S.H”)**: Through the S.P.L.A.S.H. program, the Authority offers assistance to families in need so that they can maintain critical services such as water until they get back on their feet. The program is administered by the Greater Washington Urban League. Every dollar received by the Authority is distributed to eligible customers.



## AFFORDABILITY, cont.

### RATE STABILIZATION FUND USAGE FY 2010 – FY 2019 (In \$000's)



- At the end of FY 2010, DC Water's rate stabilization fund (RSF) balance was \$16.7 million. The proposal calls for use of \$9.5 million in FY 2011. At the end of the current 10-year plan period, there will be a balance of \$2.0 million in the RSF.

## **AFFORDABILITY, cont.**

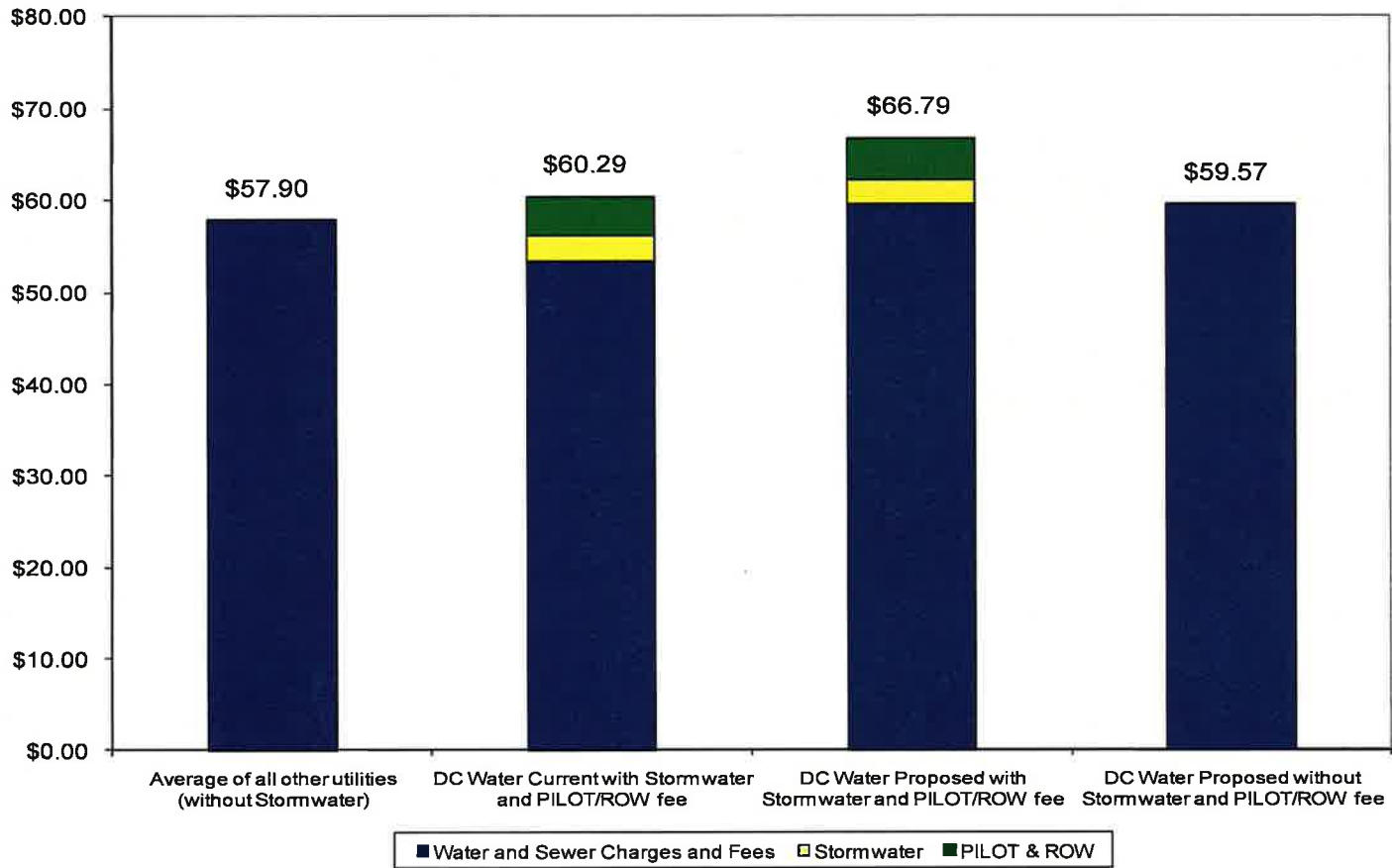
When considering factors of water and sewer service affordability, utilities often look at similarly situated agencies. However, every utility implements unique rate setting structures, making it difficult to give clear representative data for comparison. The American Water Works Association (AWWA) conducts a survey every two years to compare utility rates from agencies across the country. AWWA sorts their results into water and sewer separately, and compare agencies by the quantities (MGD) served: A) over 70 MGD; B) 20-75 MGD and; C) less than 20 MGD. DC Water falls within the largest categories for both the water and the sewer comparisons. The last survey was conducted in 2008 and DC water rates fell well within the median of all similarly sized utilities. A 2010 survey has been conducted, but results will not be available until early 2011.

The following charts provide DC Water combined water and sewer rates and (3) large CSO communities average residential water bills as compared to: (1) other similar, large jurisdictions (2) other regional jurisdictions. As you will note, DC Water falls near the average in these comparisons. However, there remains distinct differences between DC Water and other fees. Some differences include:

- Different use patterns (most suburban jurisdictions)
- Taxing authority or tax support (WSSC, Baltimore, Atlanta, Chicago)
- Available undeveloped areas supporting high developer contributions for growth (such as Fairfax)
- Separated wastewater and water authorities
- Different climate (perhaps with conservation needs such as Seattle)
- Status of federal mandates (such as CSO)

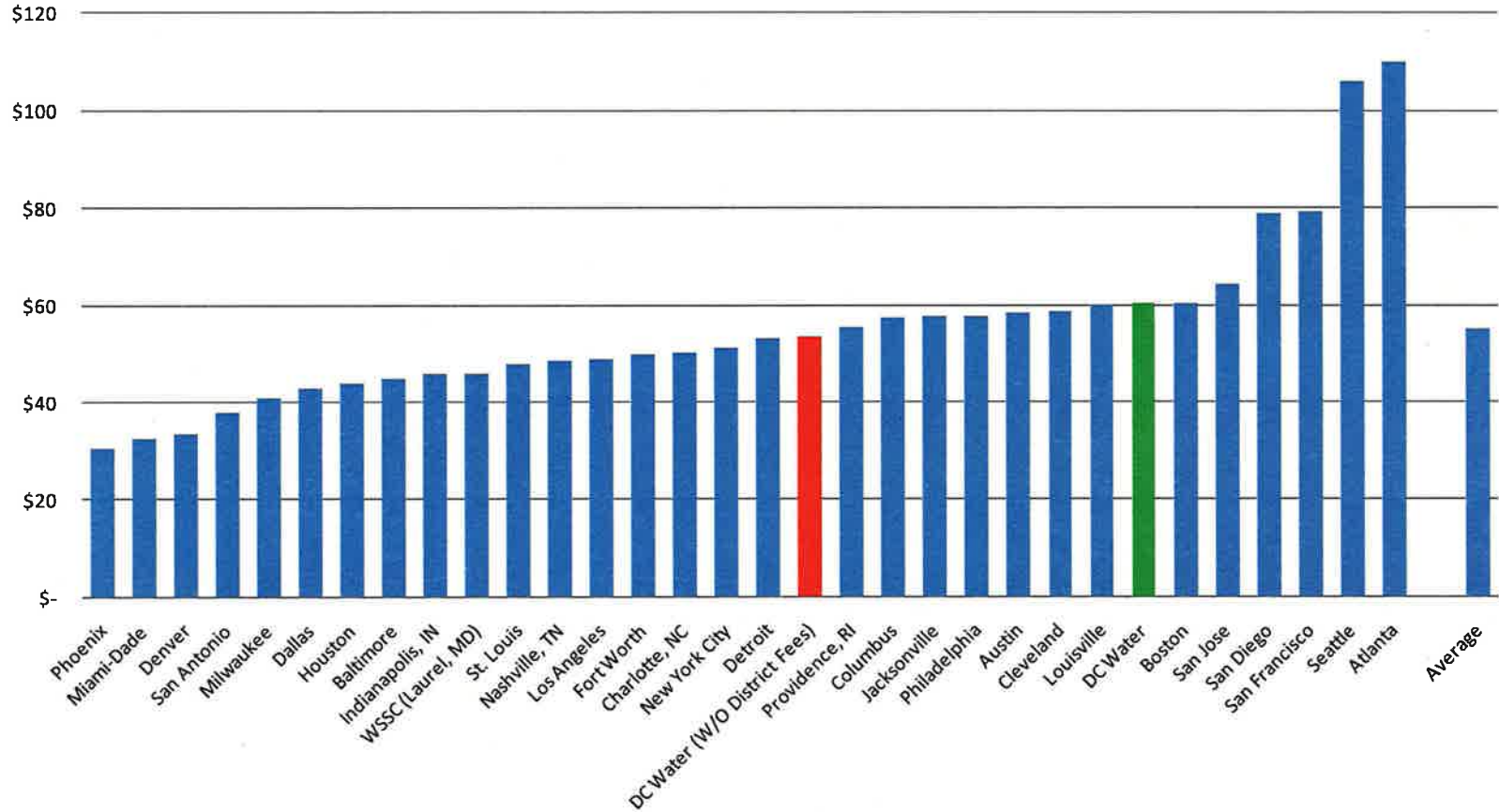
## AFFORDABILITY, cont.

### DC WATER'S RETAIL RATES ARE COMPARABLE TO OTHER UTILITIES DC Water's Current FY 2011 & Proposed FY 2012 Monthly Residential Bill vs. Average Monthly Bill of Other Utilities



## AFFORDABILITY, cont.

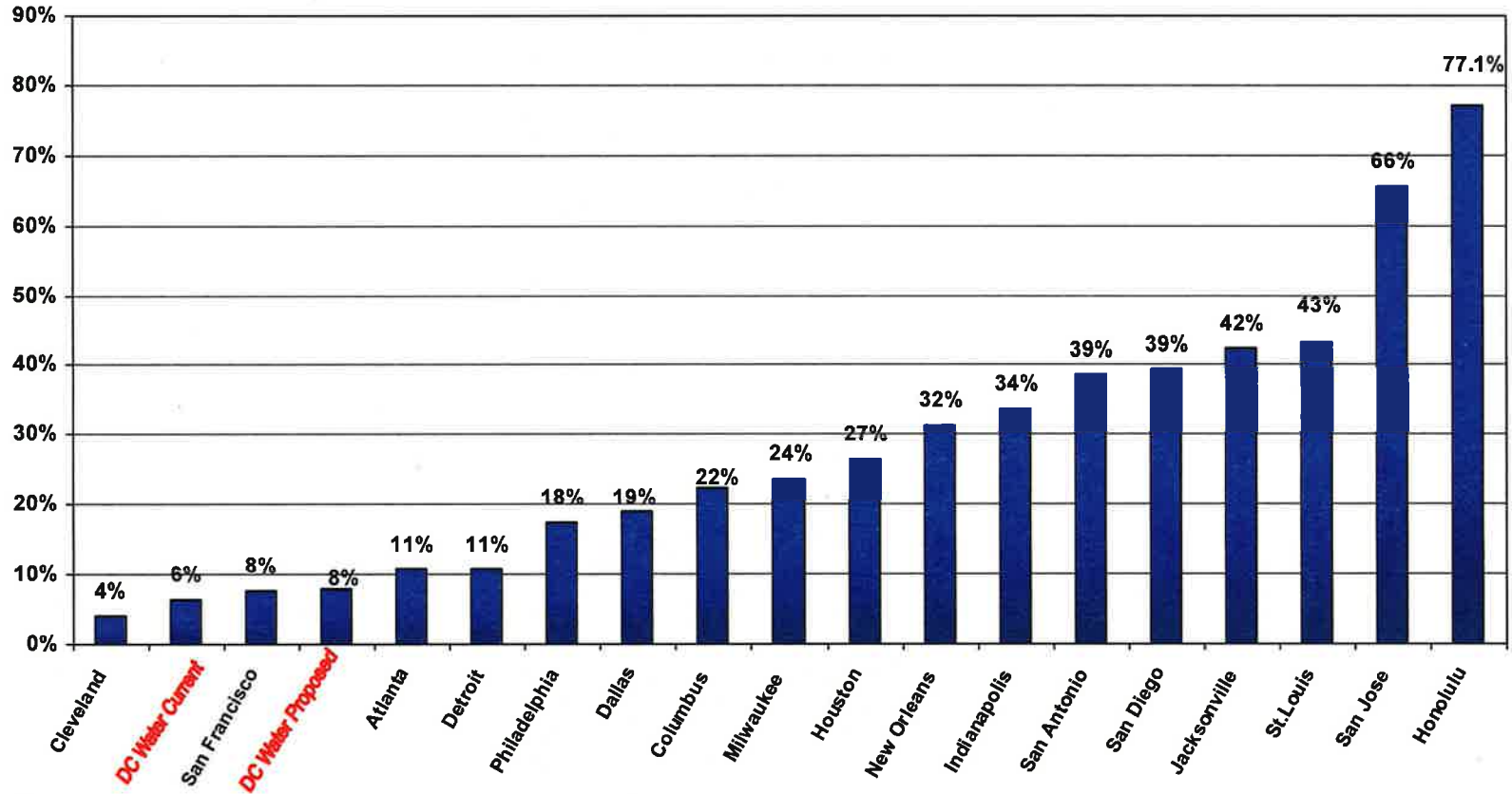
**Average Monthly Residential Bill Comparison  
(Based on Rates in effect Fall 2010)**



- (1) Assumes average residential consumption of 6.69 Ccf, or 5,004 gallons, per month. Ccf = hundred cubic feet, or 748 gallons.  
 (2) Reflects DC Water's rate and fee changes in FY 2011. Excludes the District PILOT/ROW and stormwater fees.

## AFFORDABILITY, cont.

Fixed Charge as % of Total Single-Family Residential Bills in Large Cities



- User Charges are based upon information provided by the identified cities and standardize assumptions regarding water consumption, wastewater discharge, stormwater drainage area and other factors.
- DC Water rate schedule was effective October 1, 2010. Whereas, charges for all cities reflect rate schedules in effect on October 1, 2010.

## AFFORDABILITY, cont.

### CITIES CONFRONTING FEDERAL MANDATES ARE FACING RISING RETAIL RATES

Large CSO Communities	2003	2004	2005	2006	2007	2008	2009	2010	2011
New York City Dept. of Environmental Protection	6.60%	5.50%	5.50%	3.00%	9.40%	11.50%	14.50%	12.90%	12.90%
Boston Water and Sewer Commission	12.80%	5.80%	0.00%	9.85%	9.25%	5.60%	3.48%	3.95%	2.90%
City of Atlanta Dept. of Watershed Management (Inside-City)	0.00%	22.00%	1.00%	4.40%	10.00%	10.00%	27.50%	12.50%	12.00%
Philadelphia Water Department	7.00%	1.60%	12.80%	1.90%	6.70%	4.20%	7.10%	6.40%	5.70%
DC Water	-5.25%	2.50%	5.00%	5.50%	5.00%	5.50%	7.50%	9.00%	12.50%

- Most CSO communities have implemented double digit rate increases to recover CSO LTCP costs.
- Increases do not reflect other available dedicated taxes or state funding potentially available to some agencies.



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

## OPERATING BUDGETS

REVISED FY 2011 APPROVED FY 2012



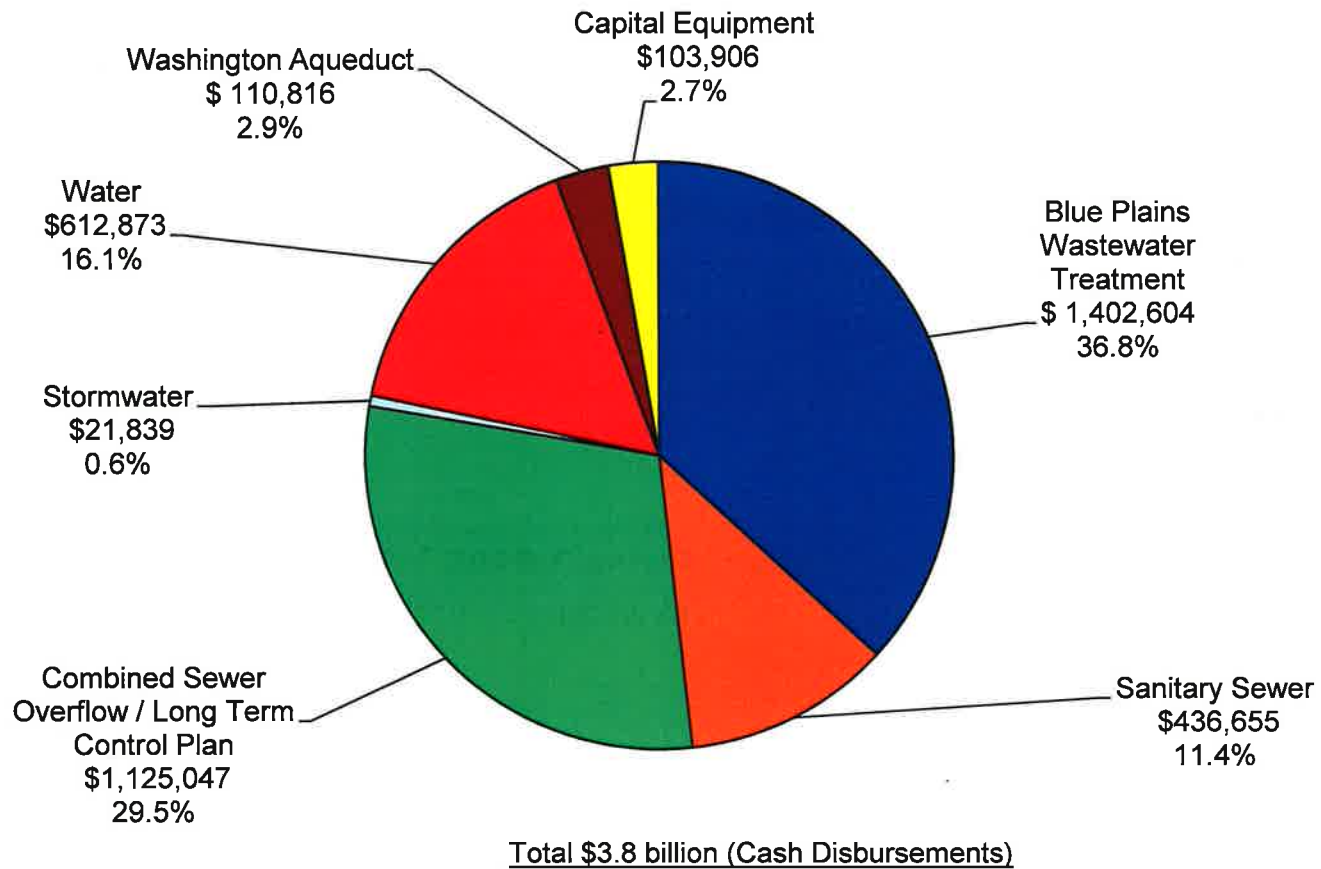
### SECTION V

## Capital Programs





## FY 2010 - FY 2019 Capital Improvement Program (\$ in 000's)



## **FY 2010 – FY 2019 CAPITAL IMPROVEMENT PROGRAM OVERVIEW**

District of Columbia Water and Sewer Authority's ("DC Water") ten-year capital improvement program (CIP) totals \$3.8 billion (cash disbursements basis), approximately the same amount as last year's plan. As depicted in Section I, although the total disbursements for the plan stayed the same, there has been a shift among the Service Areas. The Wastewater Treatment Area disbursements decreased by \$170.1 million over the ten year period as a result of the completion of major projects in the out-years of the plan such as the Enhanced Nitrogen Removal Facilities (formerly BTN - Total Nitrogen Facilities) and digesters. This decrease was offset by increases in the Water, Sanitary Sewer, CSO and the Washington Aqueduct. The increases in the Water and Sanitary Sewer Areas (combined total of approximately \$99 million) were the result of the continuation of the ramp-up through 2015 of the service life restoration programs in these areas. The increase in the CSO/Clean Rivers Project (aka CSO/LTCP) of \$45 million is primarily the result of the addition of FY 2019 and the dropping of FY 2009 within the ten year plan. An \$18 million increase for the Washington Aqueduct represents the funding needed for infrastructure improvements at their facilities over the next ten years.

The following sections summarize major projects and changes in each service area. For detailed descriptions of projects, please see the ten-year CIP book on line at [www.dcwater.com](http://www.dcwater.com). Please note that all dollar amounts that follow are presented on a project lifetime basis, except where noted otherwise.

### **WASTEWATER TREATMENT**

The lifetime budget for the Wastewater Treatment Service Area is \$2.7 billion, an increase of \$69.2 million from last year's budget. This increase results primarily from the inclusion of the Raw Wastewater Pump Station 2 (\$27.5 million) and the increase funding for the Enhanced Nitrogen Removal-North (\$29.4 million) formerly named Plantwide Fine Bubble Aeration System. The Raw Wastewater Pump Station Upgrade is necessary to replace equipment that is beyond its useful life and to relocate sensitive equipment to a less corrosive environment to maintain the investment in the remaining equipment. The Enhanced Nitrogen Removal-North replaces the existing coarse bubble diffusers in the Secondary Treatment process with fine bubble diffusers. Conversion to a fine bubble aeration system provides the capability to transfer more oxygen to the process while saving overall energy consumption.

As noted above, the ten year disbursements in this service area show a decrease primarily due to the completion of major projects in the out-years of the plan.

Also, this Area continues to reflect the implementation of the Biosolids Management Plan including the costs of construction of the Combined Heating and Power Plant (CHP) and Digesters with estimated completion in FY 2014. The benefits of this plan include producing a Class A biosolids product which can be more widely disposed of at reduced costs; reduction in the carbon footprint of the existing lime stabilization process; and, the on-site production of an estimated 10MW of power that can be utilized at Blue Plains. An interim method of financing this project has been used in the Financial Plan to mitigate the impact on customers' rates and to better match the financing costs with the benefits that will be received over the life of these facilities

Other long-term upgrade projects now under construction include:

- Nitrification-Denitrification Facilities Upgrade - to upgrade the process and/or replace equipment that is at the end of its useful life.
- Raw Wastewater Pump Station 1 - Upgrade to the Raw Wastewater Pump Station to replace equipment that is at the end of its useful life, and improve reliability.
- Process Control System – will provide automated monitoring and control for the nitrification-denitrification process that will improve treatment, control and optimize chemical and power costs, and increase reliability of the facilities.
- Biological Sludge Thickening Facilities- will upgrade the existing dissolved air floatation thickening units to restore integrity to this system and reduce sludge processing and chemical costs through improved efficiency.

## **COMBINED SEWER OVERFLOW**

The lifetime budget for the Combined Sewer Service Overflow (CSO) Service Area is \$2.7 billion, which includes the twenty-year Clean Rivers Project (aka CSO/LTCP). The benefits of this plan are significant. When fully implemented, combined sewer overflows will be reduced by a projected 96 percent (98 percent on the Anacostia River), resulting in improved water quality. There was a net decrease of about \$23 million in this service area resulting from a transfer of funds to a variety of Land-use Projects offset by the addition of necessary combined sewer projects scheduled to begin in FY 2018 as part of the continued ramp-up of the Sewer Facility Rehabilitation Plan. The disbursements, however, increased primarily as a result of the addition of FY 2019 (\$83.5 million) and the dropping of FY 2009 (\$30.9 million) within the ten year plan.

As was noted last year there are additional risks and contingencies associated with the 20-year LTCP program that exist and need to be evaluated over time. Given the long time frame of this project and the uncertainties associated with tunneling projects, we are continually monitoring the costs and risks with the expectation of updating the budget projections when certain milestones have been reached. One major milestone will occur in the spring of FY 2011 with the awarding of the first construction contract for the Blue Plains Tunnel Project. As a result, we are elevating the Congressional Authority Request to mitigate any unknown risks on this project -neither the Lifetime Budget nor the Disbursements have been adjusted at this time.

## **STORMWATER**

The lifetime budget for the Stormwater Service Area is \$62 million, an increase of \$3.2 million from last year primarily due to the funding of FY 2019 in the current ten year plan. Over the past few years, extensive dialogue among stormwater task force members resulted in a better definition of roles, responsibilities and funding sources for the activities required to enhance DC stormwater management. The DC Department of the Environment (DDOE) entered into agreements with various offices to provide services in support of the District's MS4 permit in accordance with funding availability from the Enterprise Fund. DC Water provides for the maintenance and replacement of certain public facilities that convey stormwater runoff to the Anacostia and Potomac Rivers, Rock Creek, and other receiving streams within certain areas of the District of Columbia, specifically the areas of the District served by

combined sewers. Various other agencies have responsibility for a variety of other stormwater activities. Discussion of other matters, such as the turnover of stormwater pumping facility maintenance and planned capital replacement of infrastructure in areas managed by the District under the MS4 permit continues. DDOE maintains the central responsibility for managing stormwater activities under the MS4 permit and has worked to coordinate with all agencies, the activities and funding mechanisms necessary to ensure full compliance.

While DC Water has the Clean Rivers Project to address these issues within the combined sewer areas, DC Water's staff continues to participate in the MS4 task force and to monitor the impact of other MS4 NPDES requirements on DC Water and its ratepayers. Significant progress has been made throughout the District. Since 2001, DC Water collected the MS4 stormwater fees on behalf of the District, and acted as the Stormwater Administrator until the creation of DDOE and the transfer of duties in early 2007. DC Water continues to collect those fees on behalf of the District and transfer them to DDOE quarterly. In FY 2009, we worked closely with DDOE to share our impervious surface area database. Along with DC Water, DDOE believes that this new rate structure can help to equitably allocate costs of services provided to the cost causers and influence future behavior through education.

## **SANITARY SEWER**

A majority of the sewers in the DC Water system were constructed more than one hundred years ago and are still in operation. Aging infrastructure is a national issue and can impact the condition and performance of the system. DC Water is responsible for wastewater collection and transmission in the District of Columbia, including operation and maintenance of the sanitary sewer system. DC Water's sanitary sewer system includes approximately 600 miles of large interceptor sewers and smaller gravity collection sewers. DC Water is also responsible for sewer lateral connections from the sewer mains to the property lines of residential, government, and commercial properties. In addition, DC Water is responsible for the 50 mile long Potomac Interceptor System under an agreement with the participating jurisdictions. This provides conveyance of wastewater from areas in Virginia and Maryland to Blue Plains. The existing sanitary sewer system in the District of Columbia dates back to 1810, and includes a variety of materials such as brick and concrete, vitrified clay, reinforced concrete, ductile iron, plastic, steel, brick, cast iron, cast in place concrete, and even fiberglass.

During FY 2009, DC Water completed a Sewer System Assessment and the Water Facility Plan ("Study"). This document culminated a five year effort involving sewer inspection and condition assessment, development of a sewer GIS and database, hydraulic monitoring and modeling to assess system capacity and the development of prioritized activities for system improvement. This Study identified a significant increase in funding needed for specific sewer infrastructure improvements. As recommended by the Study, the current CIP includes funds for an ongoing, annual sewer inspection program, which may identify the need for additional work.

### **Key Findings of the 2009 Sewer Facilities Plan:**

- Generally speaking, major sewer pipe infrastructure can meet current and future population needs; however, continued investment in upgrades to major infrastructure elements is needed.

- 88% of the sewers inspected had some defects, 60% of which could be addressed using localized repair and the remaining require, mainly, lining.
- 94% of the manholes inspected were found to have one or more defects
- The number and severity of pipe defects indicates an expected increase in problems in pipes greater than 75 years old. Older pipes can be in good condition (and younger ones can be in poor condition), but at the 75 year mark, DC Water can assume that more extensive and frequent inspection is needed.
- There are approximately 210 miles of sewers in stream valleys and about 12.3 miles of these sewers were found to need some type of repair.
- There are about 316,000 linear feet of sewers with some portion under buildings; of those inspected, a preliminary list has been developed, and approximately 7,000 linear feet of sewers have been found to have multiple and/or significant defects, warranting rehabilitation or replacement.

Key Recommendation of 2009 Sewer Facilities Plan- continue a two-pronged, parallel approach to the CIP program:

- Implement identified projects resulting from ongoing system condition and needs assessment, and an increase in the continued annual sewer pipe renewal program.
- Based on a 20-year planning outlook, this will require a \$1.2 billion increase (2008 dollars) in capital spending to address currently identified projects (\$536 million) and a sewer pipe renewal program (\$664 million).

The lifetime budget in this area has increased by \$134.8 million from last year's estimate and the proposed ten-year CIP has been increased by just over \$40 million. Both of these amounts are expected to continue to increase in future years to reflect the ramping-up of this program through FY 2015 as recommended in the facility plan. There is approximately \$232 million related to above referenced - - and already identified - - projects in the lifetime budget for this service area. The remaining amounts (about \$300 million) will be included in future requests as they are analyzed and prioritized with all other funding needed for all service areas.

## **WATER**

The lifetime budget for the Water Service Area (including Meter Replacement / AMR installation) is \$1.4 billion, an increase of \$197.3 million from last year's CIP. This is primarily driven by the continuing ramping-up through FY 2015 of the Water Facility Plan that was completed in FY 2009 to achieve the replacement of one percent of the small diameter water main infrastructure per year.

Major water projects include construction of new storage facilities; water main replacements, rehabilitations and extensions; lead service replacements; fire hydrant replacements; and valve replacements.

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

## **WASHINGTON AQUEDUCT**

The Washington Aqueduct (Aqueduct), managed by the U.S. Army Corps of Engineers, provides water, in wholesale, to DC Water and its partners in Northern Virginia, Arlington County and Falls Church. DC Water purchases approximately 75 percent of the water produced by the Aqueduct's two treatment facilities, the Dalecarlia and McMillan treatment plants, and thus is responsible for nearly 75 percent of the Aqueduct's operating and capital costs. Under federal legislation and a memorandum of understanding enacted in 1997, DC Water and its Northern Virginia partners have a much greater role in oversight of the Aqueduct's operations and its capital improvement program.

The proposed lifetime budget for DC Water's share of Washington Aqueduct projects totals \$203.1 million or \$16.5 million more than last year's 10-year plan of \$186.6 million. This increase reflects the prioritized need for increased funding for infrastructure improvements over the next ten years.

## **CAPITAL EQUIPMENT**

DC Water's Capital Equipment budget totals approximately \$103.9 million for FY 2010 – FY 2019 plan, an increase of approximately \$5.3 million compared to the last ten-year plan. Approximately sixty percent of spending in the capital equipment area is on major information technology projects, including the document management system (budget of \$4 million) and the asset management system (budget of \$7 million). DC Water continues its commitment to scheduled replacement of its vehicle fleet with a ten year budget of \$11.9 million, representing more than ten percent of the ten-year plan. Finally, maintenance of large equipment totals \$9.4 million, or nine percent of the ten-year plan. Other equipment including pumps, valves, meters and hydrants necessary for maintenance (including that of the District's public fire system) totals \$11.1 million.

The revised FY 2011 budget at \$17.5 million is \$4.2 million more than the currently approved budget. This variance is primarily attributable to increases in budgets for Information Technology projects.

## **CIP DEVELOPMENT AND APPROVAL PROCESS**

DC Water's capital budget review process begins each year in the spring, as part of both our capital and operating budget review process. This process includes a review of major accomplishments, priorities, status of major projects and emerging regulatory and related issues impacting the capital program. Projections of changes in project lifetime budgets are also included. The review process involves the DC Water departments with responsibility for managing the operations of DC Water Services, the capital projects as well as finance and budget staff and executive management. The CIP is integrated into DC Water's ten-year financial plan; because of its size, it is the primary driver of DC Water's projected rate increases over the current 10 year planning period.

This review process lasts over several months and culminates with the presentation of the updated CIP to DC Water's Board of Directors' Water Quality & Water Services, Retail Services Finance & Budget and Retail Rates Committees in October. The

Committees complete their review from October through December. The operating budgets, capital improvement program, and ten-year financial plan are then forwarded to the full Board for its consideration in late winter; usually January. This year, the Board delayed final review and adoption of a new budget until February due to the extraordinary regional economic challenges and rigorous re-investment requirements necessary to maintain safe, reliable services.

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

### **DISBURSEMENTS AND PROJECT LIFETIME BUDGETS**

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

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

### **CAPITAL AUTHORITY**

As part of DC Water's enabling legislation, Congressional appropriation authority is required before any capital design or construction contract can be entered into. The FY 2012 request totals \$752.5 million, and reflects the following:

- Remaining authority from prior years' appropriations;
- Projected commitments in FY 2011 and FY 2012;
- Planned FY 2013 and FY 2014 commitments, to ensure adequate authority exists, in the event that any projects are accelerated.
- Risk allowance associated with the start of construction for the Blue Plains Tunnel

Due to the timing of the Congressional appropriations process, authority requests must be made well in advance of commitment execution. Including projected FY 2013 and FY 2014 commitments (a 24-month 'look ahead') allows us adequate flexibility to continue with contract commitments in the event that the U.S Congress delays budget approval and allows us to quickly accelerate or reprioritize projects into earlier years as approved by the Board. While this gives us flexibility to reprioritize projects, it should be noted that such changes and execution of any contract still require General Manager's approval, with major projects and contracts requiring Board approval.

## **MAJOR ASSUMPTIONS**

**Inflation:** All project costs are typically inflated at three percent annually to the mid-point of construction.

**Contingency:** DC Water capital projects include project contingencies ranging from five to fifteen percent, based on the size of the project.

**Priority** – DC Water engages in and prioritizes capital projects based on specific criteria. A project comprises of one or more jobs which, in turn, have individual priorities. The Priority mentioned on the capital project-sheets (listed in different sections of this book) is the one that has the largest budgeted dollars associated with it. The following is a list of definitions of the priorities shown on the individual project sheets:

### 1A. Court Ordered, Stipulated Agreements, Etc.

These are the projects that are undertaken to comply with court orders, stipulated agreements, regulatory issues, and the National Pollutant Discharge Elimination Permit (NPDES).

### 2A. Health Safety

These are projects that are required to eliminate or mitigate impact on public health or safety. These projects are also required to ensure that there is no failure to comply with DC Water's NPDES permit requirements.

### 2B. Board Policy, DC Water's commitment to outside agencies

These are projects that are undertaken to comply with a policy that the Board may adopt as a result of its commitment to outside Agencies.



### 2C. Potential Failure/Ability to continue meeting permit requirement

These are projects that are undertaken to construct or rehabilitate Facilities or Equipment that is in danger of failing, and that such failure may potentially endanger DC Water's ability to continue meeting permit requirements.

### 2D. High Profile, Good Neighbor Policy

These are projects that are undertaken to remediate concerns expressed by Citizens or Public Officials.

### 3A. Good Engineering, High pay back, Mission / Function

This category includes projects that are needed for rehabilitation and upgrading of facilities and infrastructure required for DC Water to fulfill its mission and function, as well as projects needed to resolve operational issues and inefficiencies. This category also recognizes cost savings in operation and maintenance.

### 3B. Good Engineering, Low, M&F over long term

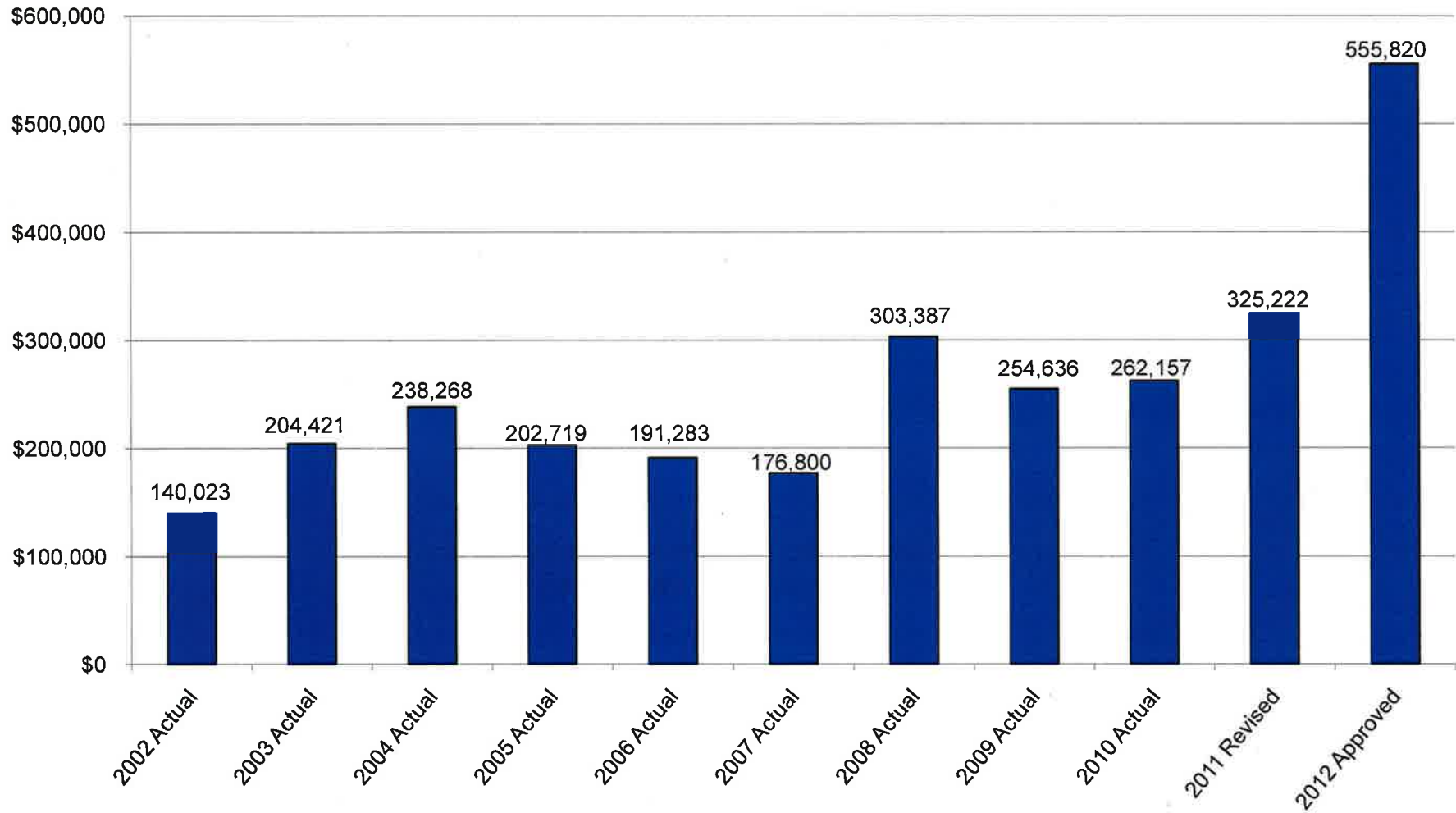
This category includes projects that are needed for rehabilitation and upgrading of facilities and infrastructure, but have a lower priority than projects in 3A above, yet help DC Water to fulfill its mission over the long term.

## **CAPITALIZATION POLICY**

DC Water's capitalization policy determines how expenditures will be recognized and accounted for. Because we also match the financing to the projected useful life of the item, it also determines how projects will be financed. The following guidelines are used to categorize items as capital, capital equipment or operating (maintenance):

- Maintenance related items – are routine, cost under \$5,000, and do not extend the life of the item more than 3 years.
- Capital Equipment – has a life of at least 3 years, a cost exceeding \$5,000 and is financed with short-term debt or cash.
- Capital Project – has a long life (average of 30 years), a minimum cost of \$500,000, and is financed with 30 year bonds.

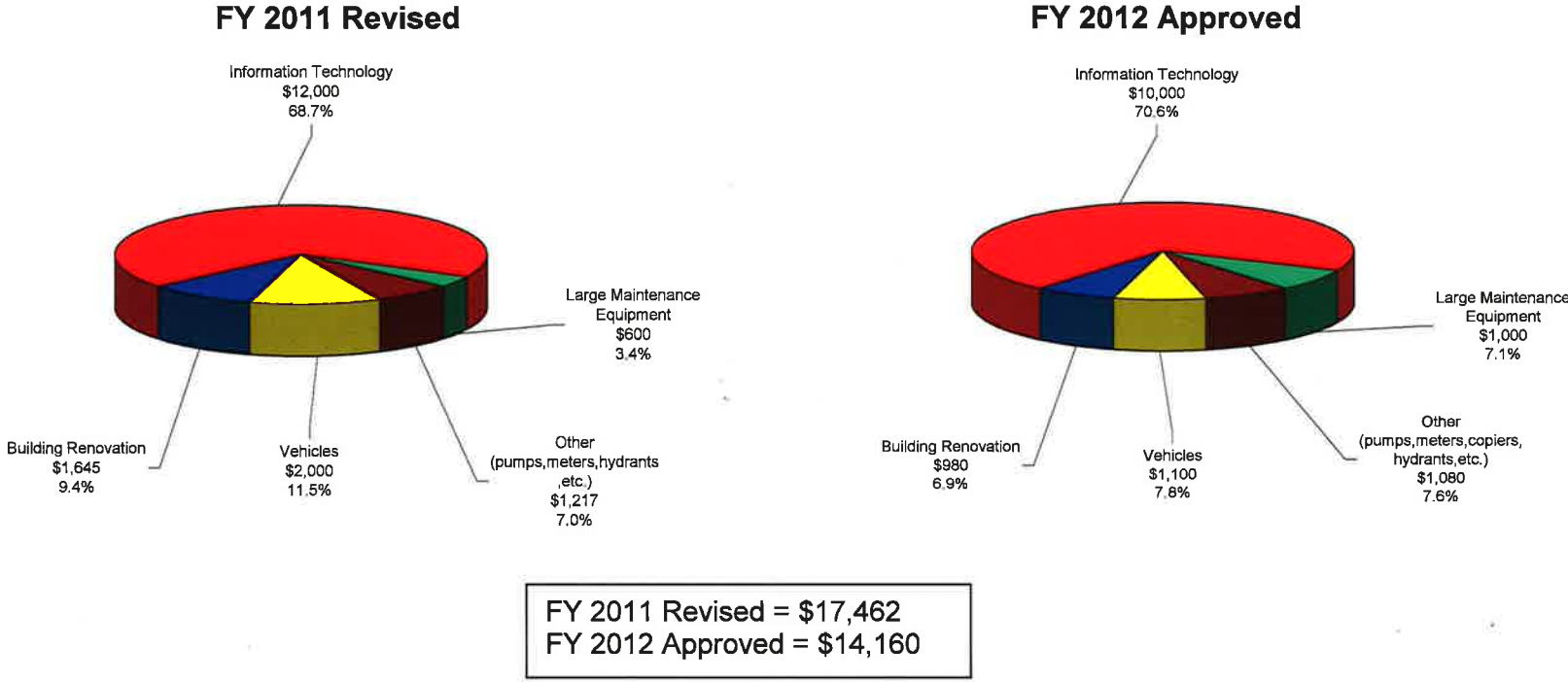
**Historical and Projected Capital Spending  
FY 2002 - FY 2012  
(\$ in 000's)**



**FY 2010 - FY 2019 PROJECTED CAPITAL IMPROVEMENT PLAN (CIP) - DISBURSEMENTS BASIS (\$ in 000's)**

	FY 2010 Actuals	FY 2011 Revised	FY 2012 Approved	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Total FY '10 -'19
<b>Wastewater Treatment</b>											
Liquid Processing Projects	\$24,815	\$12,660	\$37,447	\$21,959	\$10,032	\$3,720	\$5,429	\$11,932	\$6,398	\$5,356	\$139,748
Plantwide Projects	16,540	22,894	19,478	11,882	6,458	4,277	3,901	3,823	12,924	6,982	109,160
Solids Processing Projects	35,420	45,849	152,259	142,664	40,388	6,917	7,224	1,271	67	-	432,061
Enhanced Nitrogen Removal Facilities (formerly BTN - Total Nitrogen Program)	25,789	51,725	126,810	149,198	117,548	75,240	112,442	55,534	5,425	1,923	721,635
<b>Sub-total</b>	<b>102,564</b>	<b>133,129</b>	<b>335,993</b>	<b>325,703</b>	<b>174,426</b>	<b>90,154</b>	<b>128,997</b>	<b>72,561</b>	<b>24,815</b>	<b>14,260</b>	<b>\$1,402,604</b>
<b>Sanitary Sewer</b>											
Sanitary Collection Sewers	367	1,293	3,534	6,949	12,070	5,249	4,144	6,027	7,675	8,205	55,513
Sanitary On-Going Projects	9,521	10,281	12,902	8,257	7,657	7,809	8,037	8,267	8,530	9,007	90,267
Sanitary Pumping Facilities	1,143	681	557	684	711	39	-	-	-	-	3,814
Sanitary Sewer Projects Program Management	4,020	7,328	4,326	3,927	6,657	6,774	6,347	6,594	6,556	6,491	59,018
Sanitary Interceptor/Trunk Force Sewers	4,343	14,413	23,081	20,520	33,721	30,515	22,386	22,086	34,427	22,551	228,043
<b>Sub-total</b>	<b>19,394</b>	<b>33,996</b>	<b>44,400</b>	<b>40,336</b>	<b>60,815</b>	<b>50,386</b>	<b>40,914</b>	<b>42,974</b>	<b>57,188</b>	<b>46,253</b>	<b>436,655</b>
<b>Combined Sewer Overflow / Long Term Control Plan</b>											
CSO Program Management	1,272	3,481	1,883	1,905	2,307	1,851	1,562	1,680	2,294	2,783	21,018
Combined Sewer Projects:Nine Minimum Controls	33,452	24,847	5,775	2,165	291	7	-	-	-	-	66,537
Combined Sewer Projects:Others	938	3,822	4,915	10,067	14,838	13,661	19,782	15,448	13,405	10,467	107,343
Clean Rivers Project (aka Long-Term Control Plan)											
Anacostia Tunnel	18,930	42,752	79,578	116,188	100,501	127,541	148,478	143,022	56,722	56,071	889,783
Potomac Tunnel	367	753	547	-	-	1,618	5,385	5,500	9,207	12,711	36,088
Rock Creek Tunnel	154	430	316	-	-	-	243	811	838	1,486	4,278
<b>Sub-total</b>	<b>55,113</b>	<b>76,085</b>	<b>93,014</b>	<b>130,325</b>	<b>117,937</b>	<b>144,678</b>	<b>175,450</b>	<b>166,462</b>	<b>82,465</b>	<b>83,518</b>	<b>1,125,047</b>
<b>Stormwater</b>											
Stormwater Local Drainage	-	11	92	47	42	63	82	92	95	98	623
Stormwater On-Going Program	1,193	841	686	485	493	494	575	523	542	562	6,393
Stormwater Pumping Facilities	-	-	-	-	-	-	-	-	-	-	-
DDOT Stormwater Program	-	35	8	9	9	19	17	9	10	10	127
Stormwater Research and Program Management	380	1,157	266	201	243	195	165	172	234	285	3,298
Stormwater Trunk/Force Sewers	1,341	1,446	2,974	3,603	1,987	47	-	-	-	-	11,398
<b>Sub-total</b>	<b>2,914</b>	<b>3,491</b>	<b>4,027</b>	<b>4,345</b>	<b>2,775</b>	<b>818</b>	<b>839</b>	<b>796</b>	<b>880</b>	<b>955</b>	<b>21,839</b>
<b>Water</b>											
Water Distribution Systems	29,606	26,301	24,172	31,041	32,964	31,058	33,214	40,712	38,244	36,896	324,207
Water On-Going Projects	8,608	6,260	8,273	6,238	6,398	6,530	6,760	8,437	7,269	7,668	72,441
Water Pumping Facilities	1,742	3,270	8,748	7,141	2,936	752	1,188	3,401	7,464	-	36,642
DDOT Water Projects	10,402	2,298	2,412	7,110	6,033	4,871	5,149	5,388	6,006	6,090	55,758
Water Storage Facilities	1,119	2,577	1,250	4,815	10,534	9,224	1,838	2,680	4,335	3,359	41,731
Water Projects Program Management	3,981	3,963	3,779	3,170	3,187	3,890	3,854	3,856	3,905	3,930	37,516
Water Lead Program	4,540	3,323	2,320	2,593	2,902	2,926	2,906	2,816	3,006	21	27,354
Meter Replacement /AMR Installation	1,063	2,619	2,802	1,366	1,395	1,419	1,443	1,676	1,708	1,732	17,223
<b>Sub-total</b>	<b>61,061</b>	<b>50,610</b>	<b>53,755</b>	<b>63,474</b>	<b>66,349</b>	<b>60,671</b>	<b>56,351</b>	<b>68,967</b>	<b>71,938</b>	<b>59,697</b>	<b>612,873</b>
<b>Washington Aqueduct</b>	<b>12,110</b>	<b>10,449</b>	<b>10,470</b>	<b>10,654</b>	<b>10,801</b>	<b>11,076</b>	<b>11,340</b>	<b>11,649</b>	<b>11,244</b>	<b>11,023</b>	<b>110,816</b>
<b>Capital Equipment</b>	<b>9,001</b>	<b>17,462</b>	<b>14,160</b>	<b>14,949</b>	<b>9,019</b>	<b>8,199</b>	<b>7,640</b>	<b>7,568</b>	<b>8,509</b>	<b>7,399</b>	<b>103,906</b>
<b>Total FY 2012 DC Water CIP</b>	<b>\$262,157</b>	<b>\$325,222</b>	<b>\$555,820</b>	<b>\$589,786</b>	<b>\$442,122</b>	<b>\$365,982</b>	<b>\$421,531</b>	<b>\$370,976</b>	<b>\$257,039</b>	<b>\$223,104</b>	<b>\$3,813,740</b>

**CAPITAL EQUIPMENT DISBURSEMENTS BY MAJOR EXPENDITURE CATEGORIES**  
**FY 2011 Revised vs. FY 2012 Approved**  
**(\$ in 000's)**



**FY 2010 - FY 2019 CAPITAL EQUIPMENT BUDGET  
DISBURSEMENTS BASIS  
(\$ in 000's)**

Equipment Type	FY 2010 Actuals	FY 2011 Revised	FY 2012 Approved	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY '10 - FY '19 Total	Project Sheet Ref.
<b><u>Wastewater Treatment</u></b>												
Safety Equipment	\$6	\$15	\$16	\$17	\$18	\$19	\$20	\$21	\$22	\$23	\$175	EB5
General Equipment	7	16	16	16	16	16	16	16	16	16	151	EB5
Lab Equipment	10	24	25	26	27	29	30	32	33	35	272	EB5
Metering & Recording Devices	4	9	9	10	10	11	12	12	13	13	103	EB5
<b>Total</b>	<b>\$27</b>	<b>\$64</b>	<b>\$67</b>	<b>\$69</b>	<b>\$72</b>	<b>\$74</b>	<b>\$77</b>	<b>\$80</b>	<b>\$84</b>	<b>\$87</b>	<b>\$701</b>	
<b><u>Water Services</u></b>												
Water Service Replacement	\$96	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$2,436	EA2
System Valve Replacements	108	225	225	225	225	225	225	225	225	225	2,133	EW1
Fire Hydrant Replacements	216	300	300	300	300	300	300	300	300	300	2,916	EX8
<b>Total</b>	<b>\$420</b>	<b>\$785</b>	<b>\$785</b>	<b>\$785</b>	<b>\$785</b>	<b>\$785</b>	<b>\$785</b>	<b>\$785</b>	<b>\$785</b>	<b>\$785</b>	<b>\$7,485</b>	
<b><u>Sewer Services</u></b>												
Sewer Pipes/Fittings	\$15	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$285	EA4
Sewer Inspection Equipment	-	-	-	-	40	-	-	-	-	-	40	EA4
Manhole Covers/Frames	17	33	33	33	33	33	33	33	33	33	314	EA4
Regulator and Gate Rehabilitation	5	10	10	10	10	10	10	10	10	10	95	EA4
Sewer Cleaning and Repair Equipmer	28	55	55	55	55	55	55	55	55	55	523	EA4
Portable Pumps	15	15	15	75	20	20	20	20	75	20	295	EA4
Flow Meters/Sensor Replacements	26	25	25	50	75	75	75	100	100	100	651	EA4
Catch Basin Tops/Frames/Covers	31	60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	571	EA4
Safety Equipment ( <i>shoring</i> )	-	20	-	-	10	-	-	-	-	10	40	EA4
100 W Emergency Generator & Load Center	-	120	-	-	-	-	-	-	-	\$0	120	ES4
<b>Total</b>	<b>\$137</b>	<b>\$368</b>	<b>\$228</b>	<b>\$313</b>	<b>\$333</b>	<b>\$283</b>	<b>\$283</b>	<b>\$308</b>	<b>\$363</b>	<b>\$318</b>	<b>\$2,934</b>	
<b><u>Fleet Management</u></b>												
Vehicles	\$1,063	\$2,000	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$11,863	EB6
<b>Total</b>	<b>\$1,063</b>	<b>\$2,000</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$11,863</b>	
<b><u>Safety and Security</u></b>												
Modular Hazardous Mat. Storage Bldg	\$6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6	EO0
<b>Total</b>	<b>\$6</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6</b>	

**FY 2010 - FY 2019 CAPITAL EQUIPMENT BUDGET  
DISBURSEMENTS BASIS  
(\$ in 000's)**

Equipment Type	FY 2010 Actuals	FY 2011 Revised	FY 2012 Approved	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY '10 - FY '19 Total	Project Sheet Ref.
<b>Facilities</b>												
HVAC at Various Locations	\$225	\$225	\$225	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,725	EF3
Photocopier Purchase	100	175	200	700	100	100	200	100	700	100	2,475	EF5
WASA-wide fire suppress/detection	25	25	25	25	25	25	25	25	25	25	250	EF7
Elevator -various locations	-	-	-	300	-	-	-	-	-	300	600	EF8
Plumbing at Various Locations	36	50	50	25	25	50	25	25	25	50	361	EX6
Furniture and Fixtures	143	885	200	200	200	200	200	200	200	200	2,628	EX6
Facilities Improvements	143	200	200	200	200	200	200	200	200	200	1,943	EX6
Rollup Doors	36	60	50	50	50	120	75	75	75	150	741	EX6
WASA-wide Fencing	18	25	30	32	34	37	40	41	43	45	345	EX6
<b>Total</b>	<b>\$725</b>	<b>\$1,645</b>	<b>\$980</b>	<b>\$1,682</b>	<b>\$784</b>	<b>\$882</b>	<b>\$915</b>	<b>\$816</b>	<b>\$1,418</b>	<b>\$1,220</b>	<b>\$11,067</b>	
<b>Information Technology</b>												
Desktop Replacements	\$592	\$576	\$576	\$576	\$562	\$565	\$550	\$559	\$559	\$559	\$5,674	EA6
Cable Renewal	133	150	175	175	175	175	175	175	175	175	1,683	EA7
Telephone System Renewal/Replacer	308	500	300	331	100	100	100	100	100	100	2,039	EA8
Software Applications/Licenses	88	217	200	130	130	130	130	130	130	130	1,415	EB1
Messaging (Email ) Services	6	300	100	25	50	225	10	10	50	50	826	EB2
Windows 2003 Migration/ Upgrade	23	247	30	30	30	30	30	30	30	30	510	EB3
Radios	76	430	1,000	475	30	30	30	30	30	30	2,161	EB4
Redundant Data Center	173	60	300	500	60	60	500	200	60	60	1,973	EB8
Network System Renewal	600	752	750	663	600	765	600	600	600	600	6,530	EC4
Audio Visual System - IT	9	50	60	30	60	25	30	60	60	60	444	EC6
Interactive Voice Response	6	98	75	75	75	75	75	75	75	75	704	EC7
EMAP Phases I and II	20	-	-	-	-	-	-	-	-	-	20	ED1
SQL Upgrade	110	255	10	10	10	10	10	10	10	10	445	EG1
Enterprise File System Archiving	54	200	110	100	150	10	10	150	10	10	804	EG2
Network Storage System Renewal	158	125	425	425	525	125	125	125	125	125	2,283	EG3
ERP System	63	300	1,000	1,800	-	-	-	-	-	-	3,163	EG4
Succession Planning	6	50	-	-	-	-	-	-	-	-	56	EH2
AMR Enhancements	184	900	100	100	100	100	200	100	100	100	1,984	EM5
E Contract/Procurement Mgt System	13	100	200	50	50	50	50	50	-	-	563	EP3
Network Systems Security	9	300	100	50	30	50	30	50	30	50	699	ET1
Intranet	27	464	150	75	75	75	75	75	75	75	1,166	ET2
Handheld Inventory	53	150	100	50	50	50	50	50	50	50	653	ET5
Enterprise Backup Solution	71	383	300	100	100	450	100	100	450	100	2,154	ET7
Video Conferencing	1	20	50	70	200	10	10	10	200	10	581	ET8
Field Services Mgmt System (Automat	500	350	300	500	50	50	50	50	50	50	1,950	ET9
Web-Site Development	110	250	200	275	75	75	75	75	75	75	1,285	EX7
Financial Management System	159	592	100	100	-	-	-	-	-	-	951	EZ1

**FY 2010 - FY 2019 CAPITAL EQUIPMENT BUDGET  
DISBURSEMENTS BASIS  
(\$ in 000's)**

<b>Equipment Type</b>	<b>FY 2010 Actuals</b>	<b>FY 2011 Revised</b>	<b>FY 2012 Approved</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 '10 - FY '19 Total</b>	<b>Project Sheet Ref.</b>
Customer Information & Billing System	\$128	\$237	\$150	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$515	EZ2
Payroll/HR System	92	52	30	30	30	30	30	30	30	30	384	EZ4
Document Management System	356	788	618	713	493	100	100	300	100	100	3,668	EZ8
Asset Management System (Maximo +GIS)	1,400	1,533	1,350	1,578	835	85	85	85	85	85	7,121	EZ9
Fleet Management System-	-	200	50	-	-	-	-	-	-	-	250	EZ9
Automated Security - Visitor Access S	13	-	-	-	-	-	-	-	-	-	13	EY3
Web EOC	6	-	-	-	-	-	-	-	-	-	6	EY4
Oracle Upgrade	5	-	150	120	-	200	-	-	200	-	675	EY5
AutoCAD	3	7	7	18	-	-	-	-	-	-	35	EO1
AutoCAD Lite	3	6	6	26	-	-	-	-	-	-	41	EO2
CIP Planner	64	150	-	-	-	-	-	-	-	-	214	EO3
Sewer and Water Gem	44	-	-	-	-	-	-	-	-	-	44	EO4
IBM Watson Research	19	-	250	250	-	-	-	-	-	-	519	EO5
Optimization- Pilot: Daily Fleet Operat	38	150	-	-	-	-	-	-	-	-	188	EO6
Water and Sewer SCADA	13	300	300	200	150	300	150	150	300	150	2,013	EO7
Board e-book	55	25	-	-	-	-	-	-	-	-	80	EO8
Permits Relocation	13	105	-	-	-	-	-	-	-	-	118	EO9
Energy Management	-	200	150	200	-	-	-	-	-	-	550	EQ1
MAXIMO SCADA Integration	-	100	150	150	-	-	-	-	-	-	400	EK1
CS-Leak Detection	-	100	50	-	-	-	-	-	-	-	150	EK2
Safety System-	-	100	-	-	-	-	-	-	-	-	100	EK3
Performance Dashboard	-	50	-	-	-	-	-	-	-	-	50	EK4
Civil 3D	-	14	14	-	150	125	100	100	-	-	503	EK5
SS-Jet Cleaning	-	14	14	-	-	-	-	-	-	-	28	EK6
DETS-Scanner/Printer	-	50	-	-	-	-	-	-	-	-	50	EK7
<b>Total</b>	<b>\$5,804</b>	<b>\$12,000</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$4,945</b>	<b>\$4,075</b>	<b>\$3,480</b>	<b>\$3,479</b>	<b>\$3,759</b>	<b>\$2,889</b>	<b>\$60,431</b>	
<b><u>Maintenance Services</u></b>												
Major Pump Rebuild/Replacement	\$495	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,195	EC1
Large Electric Motors	300	200	200	200	200	200	200	200	200	200	2,100	EC2
High Priority Rehab Program	-	-	-	-	-	-	-	-	-	-	-	EC3
Centrifuge Rebuild / Replace	-	-	400	400	400	400	400	400	400	400	3,200	EM4
<b>Total</b>	<b>\$795</b>	<b>\$500</b>	<b>\$900</b>	<b>\$900</b>	<b>\$900</b>	<b>\$900</b>	<b>\$900</b>	<b>\$900</b>	<b>\$900</b>	<b>\$900</b>	<b>\$8,495</b>	
<b><u>Sewer and Water Pumping</u></b>												
Major Pump Rebuild/Replacement	\$0	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$900	EI1
Large Electric Motors	25	-	-	-	-	-	-	-	-	-	25	EI2
<b>Total</b>	<b>\$25</b>	<b>\$100</b>	<b>\$100</b>	<b>\$100</b>	<b>\$100</b>	<b>\$100</b>	<b>\$100</b>	<b>\$100</b>	<b>\$100</b>	<b>\$100</b>	<b>\$925</b>	
<b>Total Capital Equipment</b>	<b>\$9,001</b>	<b>\$17,462</b>	<b>\$14,160</b>	<b>\$14,949</b>	<b>\$9,019</b>	<b>\$8,199</b>	<b>\$7,640</b>	<b>\$7,568</b>	<b>\$8,509</b>	<b>\$7,399</b>	<b>\$103,906</b>	

FY 2010 - FY 2019 Capital Improvement Plan

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

	FY 2011 Approved	FY 2011 Revised / FY 2012 Approved	Variance
<b><u>Wastewater Treatment</u></b>			
Liquid Processing Projects	588,541	612,749	24,208
Plantwide Projects	339,356	337,671	(1,685)
Solids Processing Projects	689,665	688,806	(859)
Blue Plains Total Nitrogen Removal (BTN)	977,333	1,024,855	47,522
<b>Sub-total</b>	<b>2,594,895</b>	<b>2,664,081</b>	<b>69,186</b>
<b><u>Sanitary Sewer</u></b>			
Sanitary Collection Sewers	115,686	133,906	18,220
Sanitary On-Going Projects	129,867	142,067	12,200
Sanitary Pumping Facilities	25,898	25,898	-
Sanitary Sewer Projects Program Management	100,235	103,150	2,915
Sanitary Interceptor/Trunk Force Sewers	328,671	430,144	101,473
<b>Sub-total</b>	<b>700,357</b>	<b>835,165</b>	<b>134,808</b>
<b><u>Combined Sewer Overflow</u></b>			
CSO Program Management	55,239	55,239	-
Combined Sewer Projects: Nine Minimum Controls	215,387	215,387	-
Combined Sewer Projects: Others	263,276	240,013	(23,263)
Long-Term Control Plan- Total			
Anacostia Tunnel	1,673,325	1,672,282	(1,043)
Potomac Tunnel	418,700	418,700	-
Rock Creek Tunnel	70,342	70,342	-
<b>Sub-total</b>	<b>2,696,269</b>	<b>2,671,963</b>	<b>(24,306)</b>
<b><u>Stormwater</u></b>			
Stormwater Extensions/Local Drainage	15,799	17,999	2,200
Stormwater On-Going Program	8,863	9,658	795
Stormwater Pumping Facilities	0	0	-
DDOT Stormwater Program	4,846	5,066	220
Stormwater Projects Program Management	10,630	10,630	-
Stormwater Trunk/Force Sewers	18,605	18,605	-
<b>Sub-total</b>	<b>58,743</b>	<b>61,958</b>	<b>3,215</b>



FY 2010 - FY 2019 Capital Improvement Plan

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

	FY 2011 Approved	FY 2011 Revised / FY 2012 Approved	Variance
<b><u>Water</u></b>			
Water Distribution Systems	618,425	666,933	48,508
Water Lead Program	200,000	191,000	(9,000)
Water On-Going Projects	68,432	112,121	43,689
Water Pumping Facilities	133,342	150,149	16,807
DDOT Water Projects	39,222	95,892	56,670
Water Storage Facilities	49,562	71,862	22,300
Water Projects Program Management	51,107	51,107	-
Meter Replacement /AMR Installation	42,833	61,151	18,318
<b>Sub-total</b>	<b>1,202,923</b>	<b>1,400,215</b>	<b>197,292</b>
<b>Washington Aqueduct</b>	<b>186,634</b>	<b>203,138</b>	<b>16,504</b>
<b>Capital Equipment</b>	<b>98,546</b>	<b>103,906</b>	<b>5,360</b>
<b>Total WASA CIP Lifetime (see notes)</b>	<b>7,538,367</b>	<b>7,940,426</b>	<b>402,059</b>

Notes:

1 Lifetime budgets shown here represent total budgets for projects that are active during the current 10-year CIP. Lifetime budgets include historical spending prior to the beginning of the current 10-year plan, spending during the 10-year plan, and projected spending beyond the current 10-year plan. Projects completed in FY 2010 will be dropped from the CIP next year.

2 These budgets do not include inhouse labor costs, estimated to be in the \$8 to \$9 million range, annually, and are applicable to, primarily, the time charged to capital projects by employees in the Departments of Engineering and Technical Services, Sewer Services, and Water Services.

**Fiscal Year 2012 Capital Authority Request  
(\$ 000's)**

**Fiscal Year 2012  
\*Capital Authority Request**

**Service Areas**

<b>Blue Plains Wastewater Treatment</b>	<b><sup>1</sup></b>	<b>\$72,035</b>
<b>Sanitary Sewer System</b>		<b>56,798</b>
<b>Combined Sewer Overflow</b>	<b><sup>1</sup></b>	<b>513,853</b>
<b>Stormwater</b>		<b>1,343</b>
<b>Water System</b>		<b>78,279</b>
<b>Washington Aqueduct (DC Water share)</b>		<b>17,672</b>
<b>Capital Equipment</b>		<b><u>12,500</u></b>
	<b>Total</b>	<b><u>\$752,480</u></b>

\* The authority request includes a 24 month look-ahead, i.e., it also takes into account projected commitments for FY 2013 and FY 2014.

<sup>1</sup> Includes Special Risk Allowance of \$20 million, and \$122 million for Total Nitrogen (BTN) and Long Term Control Plan (LTCP) projects, respectively, although not part of their Lifetime budgets.



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

## **OPERATING BUDGETS**

REVISED FY **2011** APPROVED FY **2012**

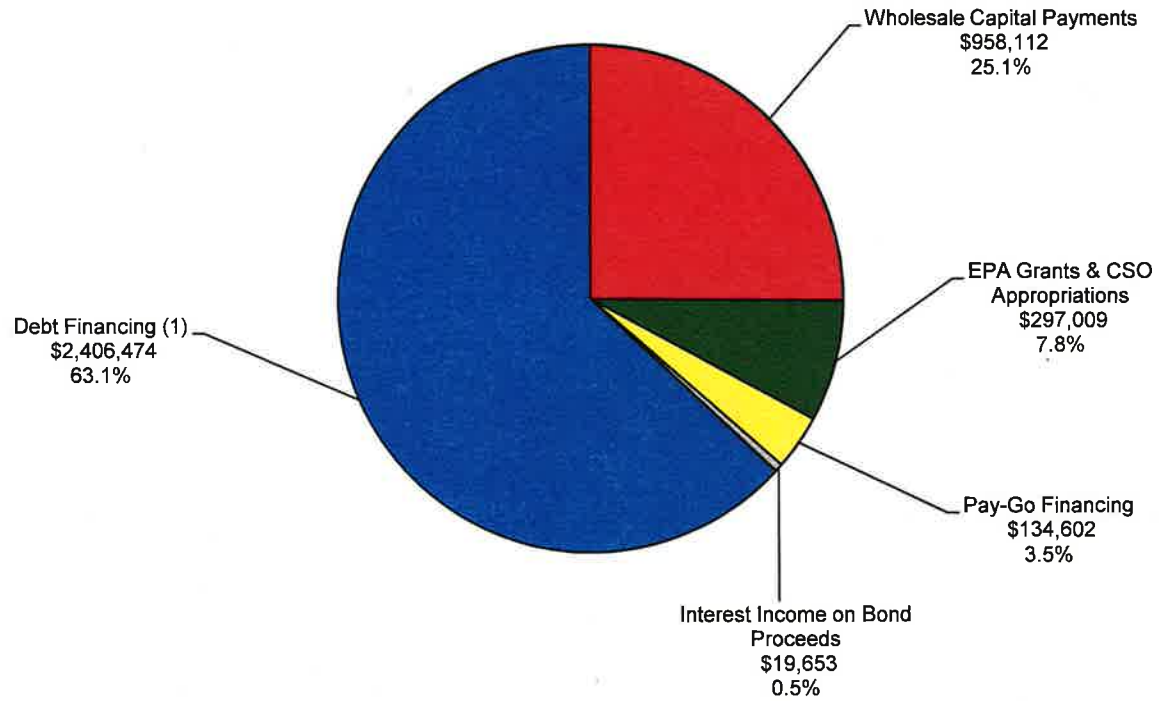


### **SECTION VI**

## **Capital Financing, Cash and Debt**



**CAPITAL IMPROVEMENT PROGRAM  
FY 2010 - FY 2019  
Sources of Funds  
(In \$000's)**



(1) Debt financing refers to the borrowing of funds through long-term revenue bonds, commercial paper and other short-term notes

**CAPITAL IMPROVEMENT PROGRAM**  
**FY 2010 - FY 2012**  
**SOURCES & USES**  
*(In \$000's)*

<b>SOURCES</b>	<b>FY 2010 Actual</b>	<b>FY 2011 Approved Budget</b>	<b>FY 2011 Revised Budget</b>	<b>FY 2012 Approved Budget</b>
Commercial Paper / New Debt Proceeds (1)	\$ 131,151	\$ 175,026	\$ 166,496	\$ 249,432
Capital Equipment Financing (2)	-	13,288	8,000	13,970
Pay-Go Financing (3)	14,752	1,793	2,465	3,791
EPA Grants	17,062	31,040	33,445	34,355
CSO Appropriations (4)	16,211	17,488	25,108	37,405
Wholesale Customer Capital Payments	82,931	143,610	89,421	216,651
Interest Income	50	1,414	286	215
<b>TOTAL SOURCES</b>	<b>\$ 262,157</b>	<b>\$ 383,659</b>	<b>\$ 325,222</b>	<b>\$ 555,819</b>
<b>USES</b>				
Water Projects	59,998	\$ 50,562	\$ 47,991	\$ 50,953
Blue Plains Projects	102,564	204,079	133,129	335,993
Sanitary Sewer Projects	19,394	47,584	33,996	44,400
Combined Sewer & LTCP Projects	55,113	53,128	76,085	93,014
Stormwater Projects	2,914	3,600	3,491	4,027
Washington Aqueduct	12,110	7,920	10,449	10,470
Capital Equipment	9,001	13,288	17,462	14,160
Meter Replacement AMR	1,063	3,498	2,619	2,802
<b>TOTAL USES</b>	<b>\$ 262,157</b>	<b>\$ 383,659</b>	<b>\$ 325,222</b>	<b>\$ 555,819</b>

(1) Issued \$300M Public Utility Subordinate Lien Revenue Bonds Series 2010A (Federally Taxable - Issuer Subsidy - Build America Bonds) in 1st Quarter FY 2011

(2) Use commercial paper to finance portions of the capital equipment in FY 2011 - FY 2012

(3) Pay-go financing is cash available in excess of operating requirements and other restricted uses.

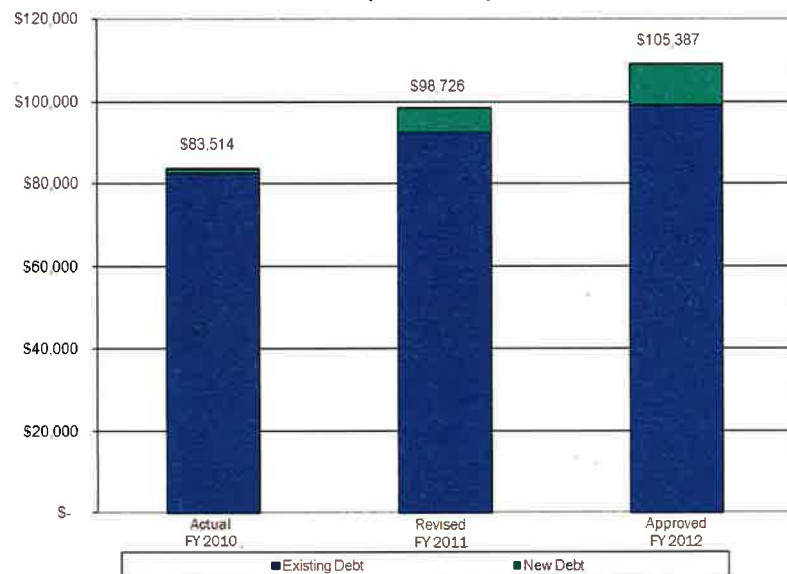
(4) Reflects spend down portion of received FY 2003 - FY 2010 congressional appropriations for the CSO LTCP

**CASH RESERVES SUMMARY**  
(In \$000's)

	<u>FY 2010 Actual</u>	<u>FY 2011 Approved Budget</u>	<u>FY 2011 Revised Budget</u>	<u>FY 2012 Approved Budget</u>
Beginning O&M Reserve Balance (Net of Rate Stabilization Fund)	\$ 131,298	\$ 125,500	\$ 131,996	\$ 125,500
Operating Surplus	31,344	(526)	77	7,385
Wholesale Customer Refunds/Payments for Prior Years	752	(53)	(5,053)	(796)
Transfer to Rate Stabilization Fund	(16,100)	-	(1,000)	(2,000)
Prior Year Right of Way Payment	-	-	-	-
Prior Year Federal Billing Reconciliation	(839)	1,669	1,669	(1,000)
Prepayment of Aqueduct Treasury Loans	293	703	277	201
Pay-As-You-Go Capital Financing	<u>(14,752)</u>	<u>(1,793)</u>	<u>(2,465)</u>	<u>(3,791)</u>
Ending O&M Reserve Balance (Net of Rate Stabilization Fund)	\$ 131,996	\$ 125,500	\$ 125,500	\$ 125,500
 Rate Stabilization Fund	 \$ 16,700	 \$ -	 \$ 8,200	 \$ 10,200

## DEBT MANAGEMENT FY 2010 – FY 2012

### DEBT SERVICE FY 2010 – FY 2012 (In \$000's)



	REVISED FY 2011			APPROVED FY 2012		
	Principal	Interest	Total	Principal	Interest	Total
<b>Existing Debt</b>						
Series 1998 - Senior	10,500	12,868	23,368	11,080	12,290	23,370
Series 2003 - Subordinate	-	8,890	8,890	-	8,890	8,890
Series 2007A - Subordinate	-	11,351	11,351	-	11,351	11,351
Series 2008A - Subordinate	5,585	14,249	19,834	5,745	13,998	19,743
Series 2009A - Senior	2,020	16,123	18,143	2,485	16,062	18,547
Series 2010A - Subordinate	-	9,862	9,862	-	7,552	7,552
District of Columbia GO Bonds	245	48	293	-	-	-
Jennings Randolph	318	488	805	328	477	805
Little Seneca	39	9	48	41	7	47
<b>Subtotal</b>	<b>18,706</b>	<b>73,888</b>	<b>92,594</b>	<b>19,679</b>	<b>70,628</b>	<b>90,307</b>
<b>Projected New Debt</b>						
Commercial Paper	-	5,250	5,250	-	6,875	6,875
Capital Equipment	-	882	882	-	3,221	3,221
Bonds	-	-	-	-	4,984	4,984
<b>Subtotal</b>	<b>-</b>	<b>6,132</b>	<b>6,132</b>	<b>-</b>	<b>15,080</b>	<b>15,080</b>
<b>Total Debt</b>	<b>18,706</b>	<b>80,020</b>	<b>98,726</b>	<b>19,679</b>	<b>85,709</b>	<b>105,387</b>

### DEBT SERVICE

- FY 2011 revised debt service is \$15.2 million higher than FY 2010 actual due to issuance of new debt and increased fees for commercial paper.
- FY 2012 proposed debt service is \$6.7 million higher than FY 2011 revised primarily due to full year of debt service on Series 2010A bonds.

### CAPITAL FINANCING PLAN

DC Water's comprehensive capital financing plan contains two key goals: 1) minimize cost of capital and 2) increase operational flexibility through:

- Interim financing
- Permanent bond financing
- PAYGO financing
- Federal grants

### INTEREST RATE ASSUMPTIONS

#### Ten-Year Plan:

- Variable rate
  - 1.75% (FY 2011) and 3.25% (FY 2012) plus fees
- Fixed rate
  - 3.61% (FY 2011) net of subsidy and 6.5% (FY 2012) plus fees

#### Appropriation:

- Variable rate
  - 3.25% (FY 2011 and FY 2012) plus fees
- Fixed rate
  - 3.61% (FY 2011) net of subsidy and 6.5% (FY 2012) plus fees

### SENIOR BOND RATINGS

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

**DEBT OUTSTANDING  
AS OF SEPTEMBER 30, 2010  
(In \$000's)**

	<b>INTEREST RATES</b>	<b>FINAL MATURITY</b>	<b>AMOUNT OUTSTANDING</b>
<b>SENIOR DEBT</b>			
Public Utility Revenue Bonds, Series 1998	5.50% - 6.00%	2028	239,270
Public Utility Revenue Bonds, Series 2009A	3.00% - 6.00%	2039	<u>300,000</u>
<b>SUBTOTAL SENIOR DEBT</b>			<b>\$ 539,270</b>
<b>SUBORDINATE DEBT</b>			
Public Utility Subordinated Lien Revenue Bonds, Series 2003	5.0% - 5.25%	2033	176,220
Public Utility Subordinated Lien Revenue Bonds, Series 2007A	4.75% - 5.50%	2042	218,715
Public Utility Subordinated Lien Taxable Revenue Bonds, Series 2008A	4.00% - 5.00%	2034	290,000
Notes Payable to the Federal Government for Jennings Randolph Reservoir	3.25%	2041	14,922
Notes Payable to WSSC for Little Seneca Reservoir	5.98% - 6.60%	2014	142
District of Columbia General Obligation Bonds	4.55% - 6.75%	2012	1,490
Commercial Paper, Series A-1 (taxable)	2.45% - 12.00%	2013	<u>29,200</u>
<b>SUBTOTAL SUBORDINATE DEBT</b>			<b>730,689</b>
<b>TOTAL DEBT OUTSTANDING</b>			<b>\$ <u>1,269,959</u></b>



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

**PUBLIC UTILITY REVENUE BONDS (Senior Lien):** Senior lien debt issued under DC Water's Master Trust Indenture; Series 1998 fixed rate debt, insured and rated Aaa/AAA/AAA. Series 2009A fixed rate debt issued without bond insurance and rated Aa2/AA/AA.

**PUBLIC UTILITY REVENUE BONDS (Subordinated Lien):** Subordinate lien debt issued under DC Water's Master Trust Indenture; Series 2003, Series 2007A and Series 2008A. Each series is issued as fixed rate debt, insured and rated Aaa/AAA/AAA. Series 2010A Build America Bonds issued as fixed rate debt (includes Federal subsidy) is rated Aa3/AA-/AA-.

**REFUNDING (Subordinated Lien):** Two subordinate series have been refunded to date: 1) Series 2004 originally issued as auction rate securities and refunded by issuing Series 2008A, and 2) Series 2007B originally issued as taxable auction rate securities for improvements to the Washington Aqueduct was refunded by issuing Series A-1 taxable commercial paper in FY 2008. Each new issuance is evaluated to determine the most cost effective way of reducing the amount of taxable commercial paper.

**DISTRICT GENERAL OBLIGATION BONDS:** Bonds payable to the District of Columbia government are considered subordinate under the Master Indenture of Trust. In March 1998, certain terms for payment of the general obligations bonds were outlined in a MOU with DC Water and the District; in particular, three provisions: (1) DC Water would establish a debt service reserve equal to 10 percent of the subsequent fiscal year's general obligation debt service, (2) on each September 1<sup>st</sup>, commencing September 1, 1999, DC Water will prepay the debt service due for the subsequent fiscal year, (e.g., in September 2010, DC Water prepaid FY 2011 debt service); and (3) DC Water will annually establish rates sufficient to provide at least 100 percent debt service coverage of DC Water's share of District general obligation bonds, in accordance with the Master Indenture of Trust.

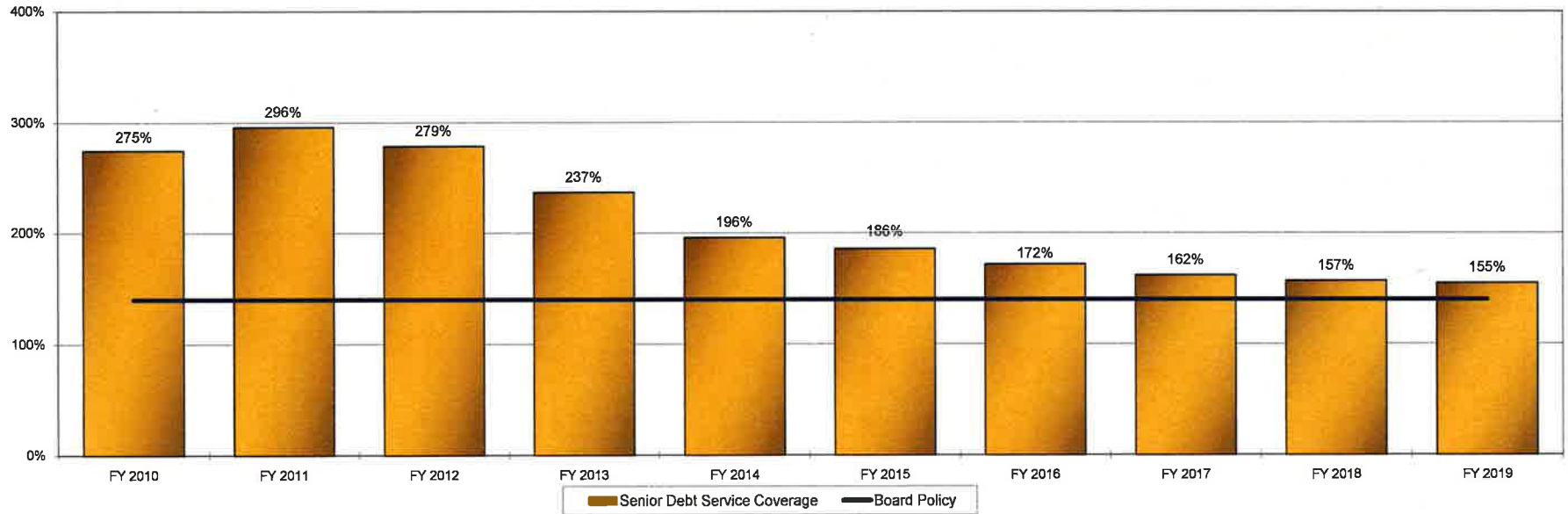
**NOTES FOR JENNINGS RANDOLPH RESERVOIR:** Notes payable to the Federal government for improvements to the Jennings Randolph Reservoir, a backup water supply facility for the Authority are considered subordinate debt under the Master Indenture of Trust. DC Water's share of operating and capital cost is 30 percent.

**NOTES FOR LITTLE SENECA RESERVOIR:** Notes payable to Washington Suburban Sanitary Commission (WSSC) are considered subordinate debt under the Master Indenture of Trust. The notes were issued by WSSC for construction of the Little Seneca Dam and Lake for backup and peak-day water supply for the Authority. DC Water's share of operating and capital costs is 40 percent.

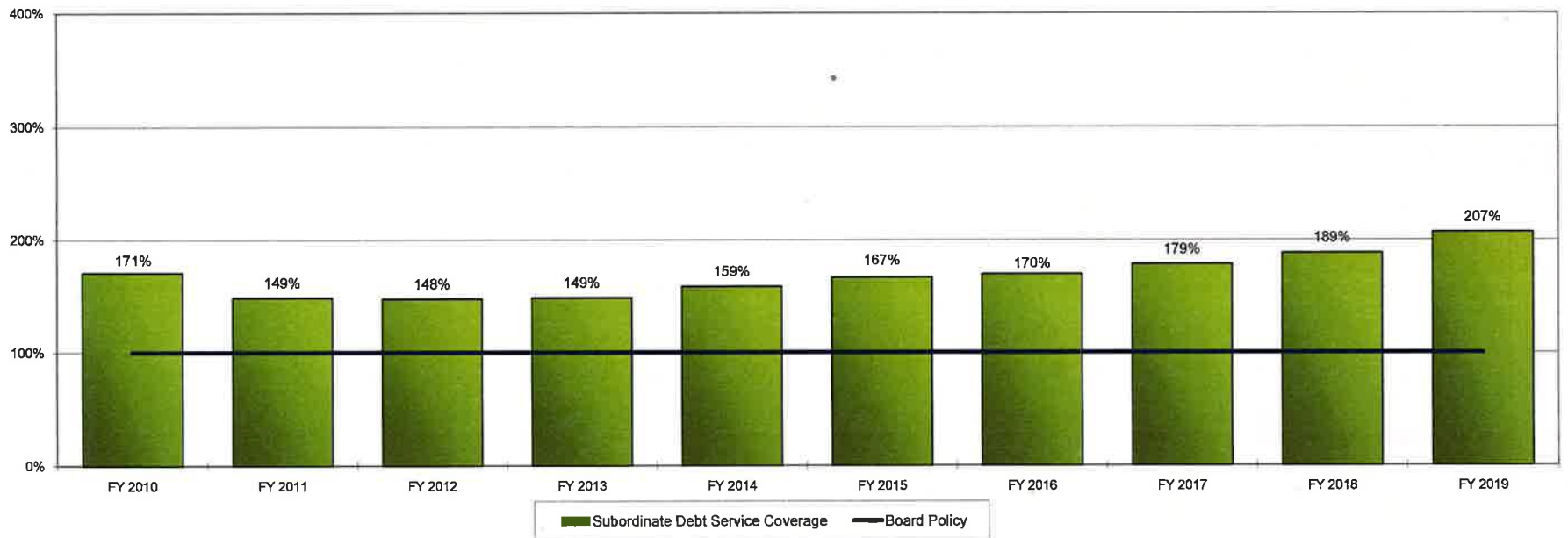
**COMMERCIAL PAPER:** Notes issued are considered subordinate debt under the Master Indenture of Trust. As described in Section III, the Board approved the commercial paper program in early FY 2002. Proceeds from the sale of the notes are used for interim bond financing, short-term financing for capital equipment and certain taxable costs for the Washington Aqueduct. DC Water's commercial paper program is issued in increments with maturities less than 270 days. Normal market conditions carries significantly lower interest rates than long-term debt.

In December 2009, DC Water received notice from WestLB (then current LOC provider) that they would not exercise the option to extend effective July 2010. On June 1, 2010, DC Water successfully secured two new LOC providers; JP Morgan Chase Bank, National Association and US Bank, National Association. The new commercial paper program was increased from \$100 to \$225 million which includes three notes: (1) Series A Note (tax-exempt) aggregate principal amount not to exceed \$100 million, (2) Series B Note (tax-exempt) aggregate principal amount not to exceed \$50 million, and (3) Series C Note (taxable) aggregate principal amount not to exceed \$75 million. Unless the LOC is extended, it will expire May 31, 2013.

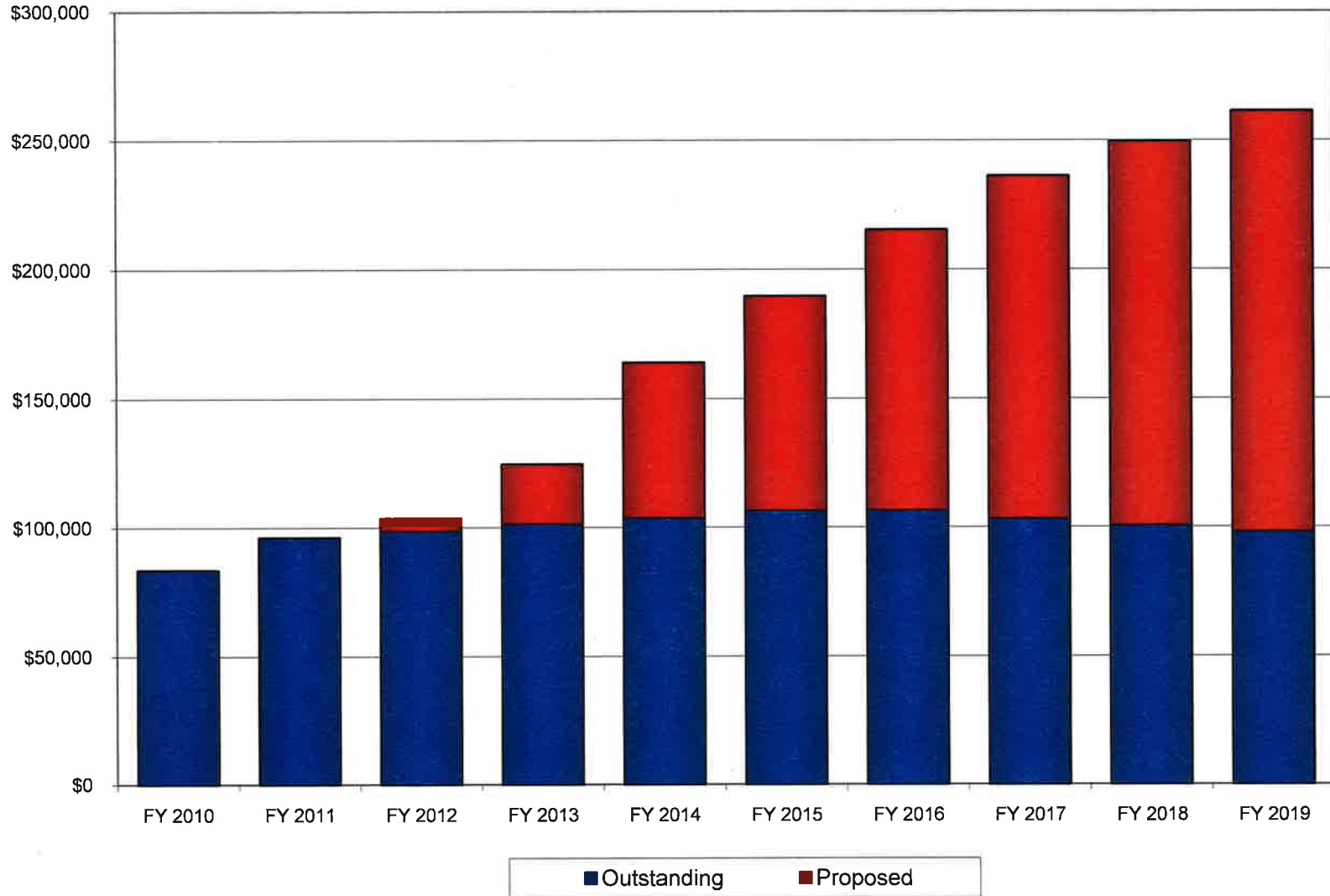
**SENIOR DEBT SERVICE COVERAGE**  
Financial Plan FY 2010 - FY 2019



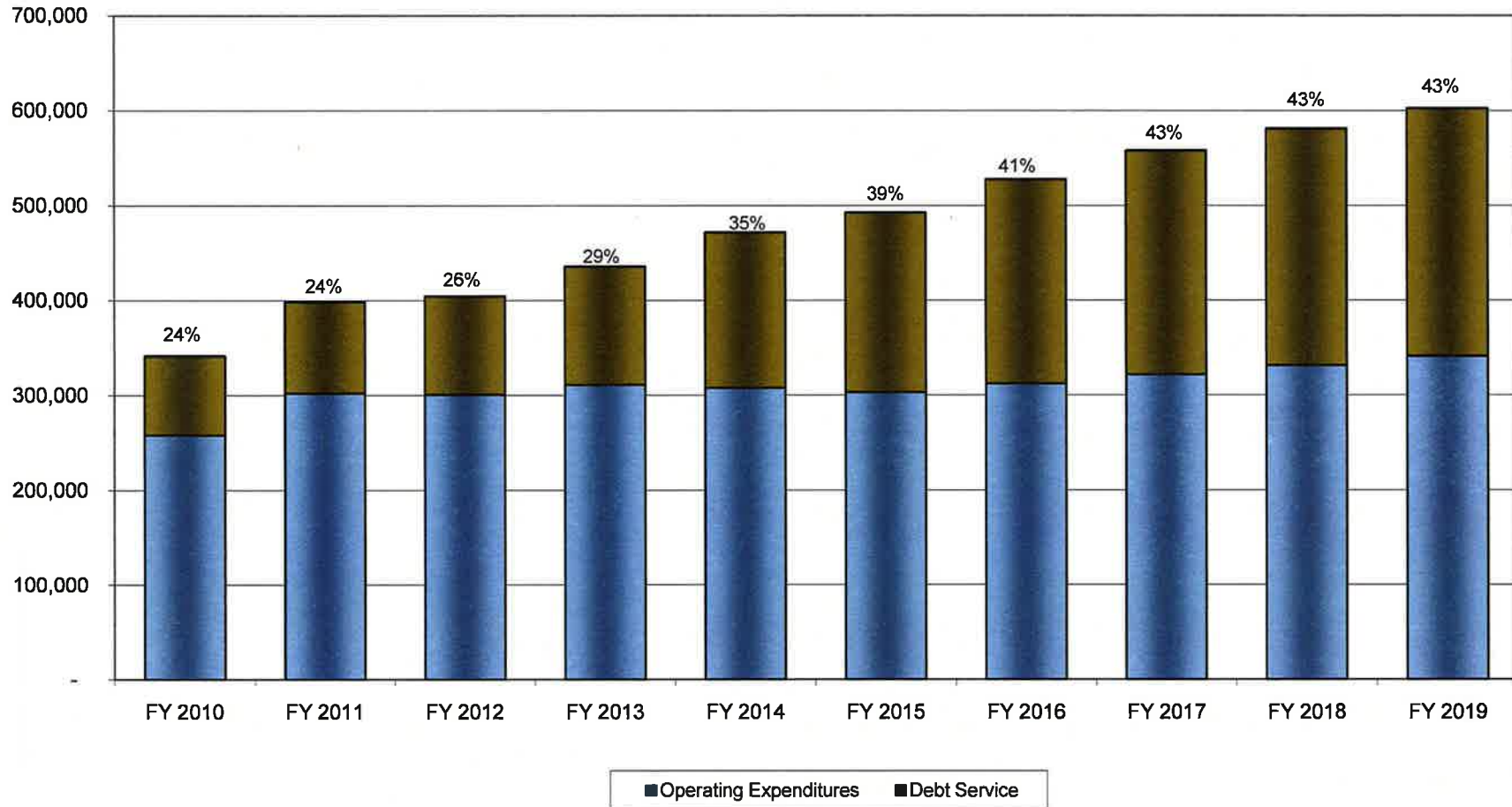
**SUBORDINATE DEBT SERVICE COVERAGE**  
Financial Plan FY 2010 - FY 2019



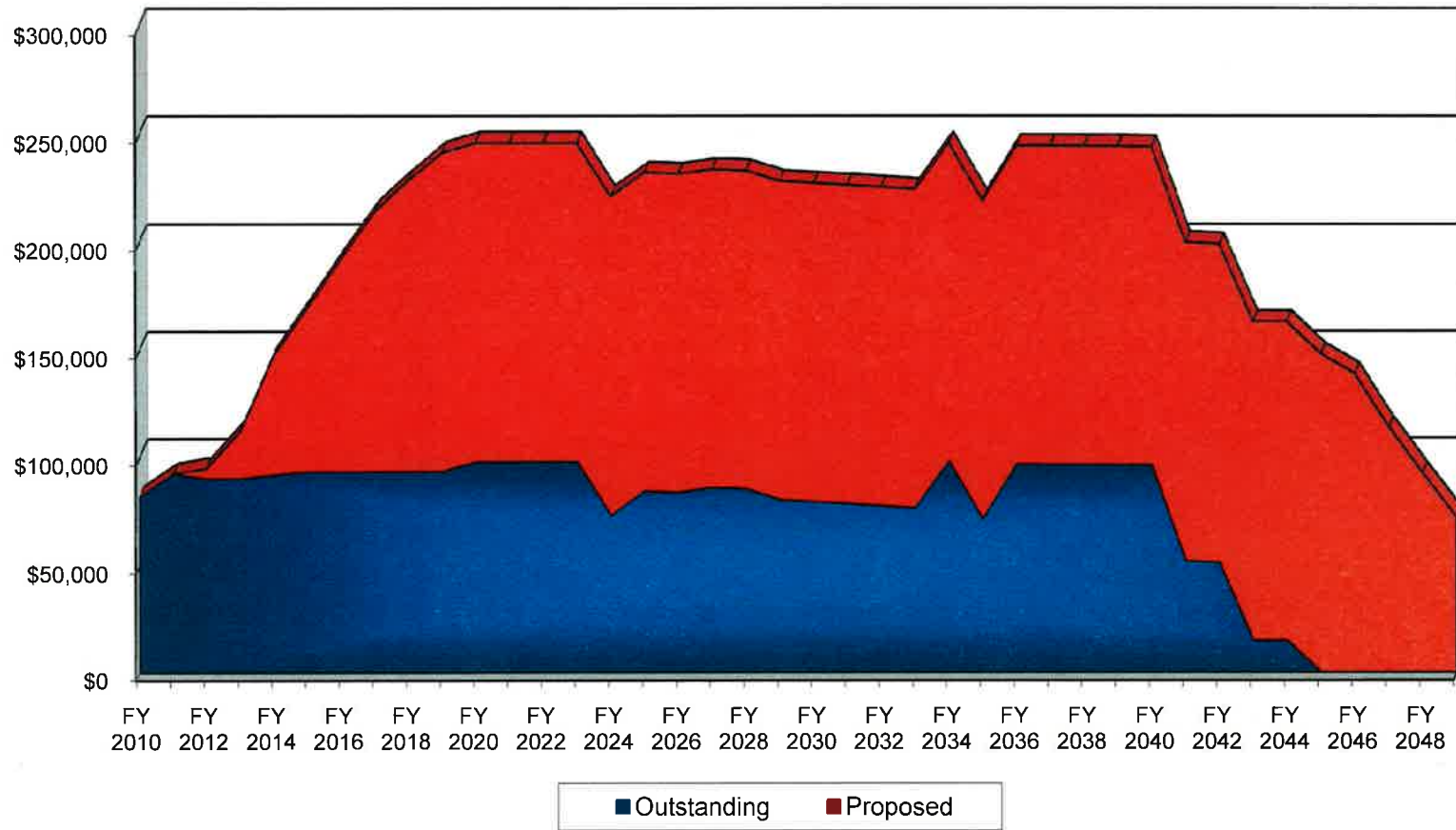
**OUTSTANDING & PROPOSED DEBT SERVICE**  
Financial Plan FY 2010 - FY 2019  
(In \$000's)



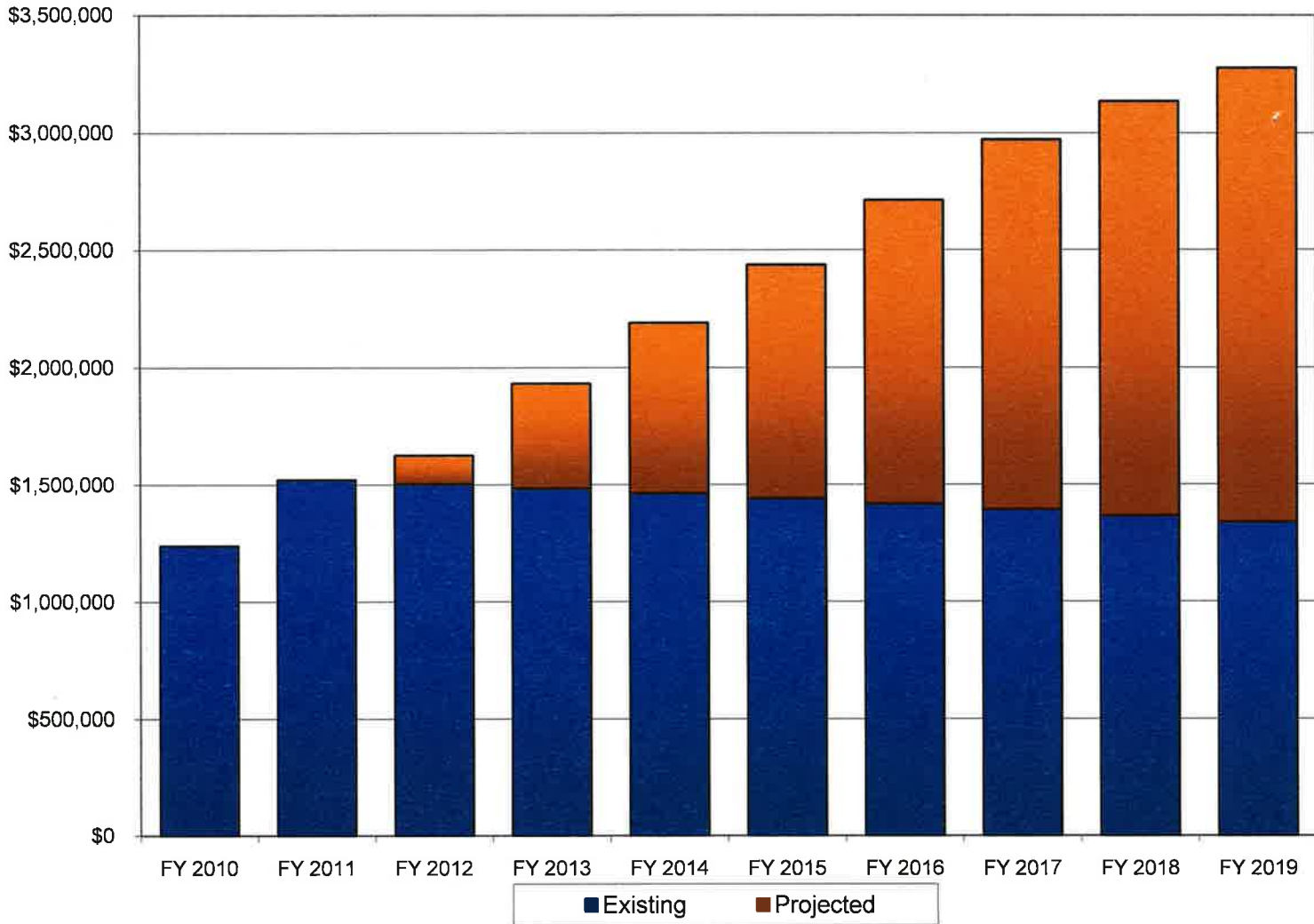
**DEBT SERVICE AS PERCENTAGE OF TOTAL OPERATING EXPENDITURES**  
**Financial Plan FY 2010 - FY 2019**  
**(In \$000's)**



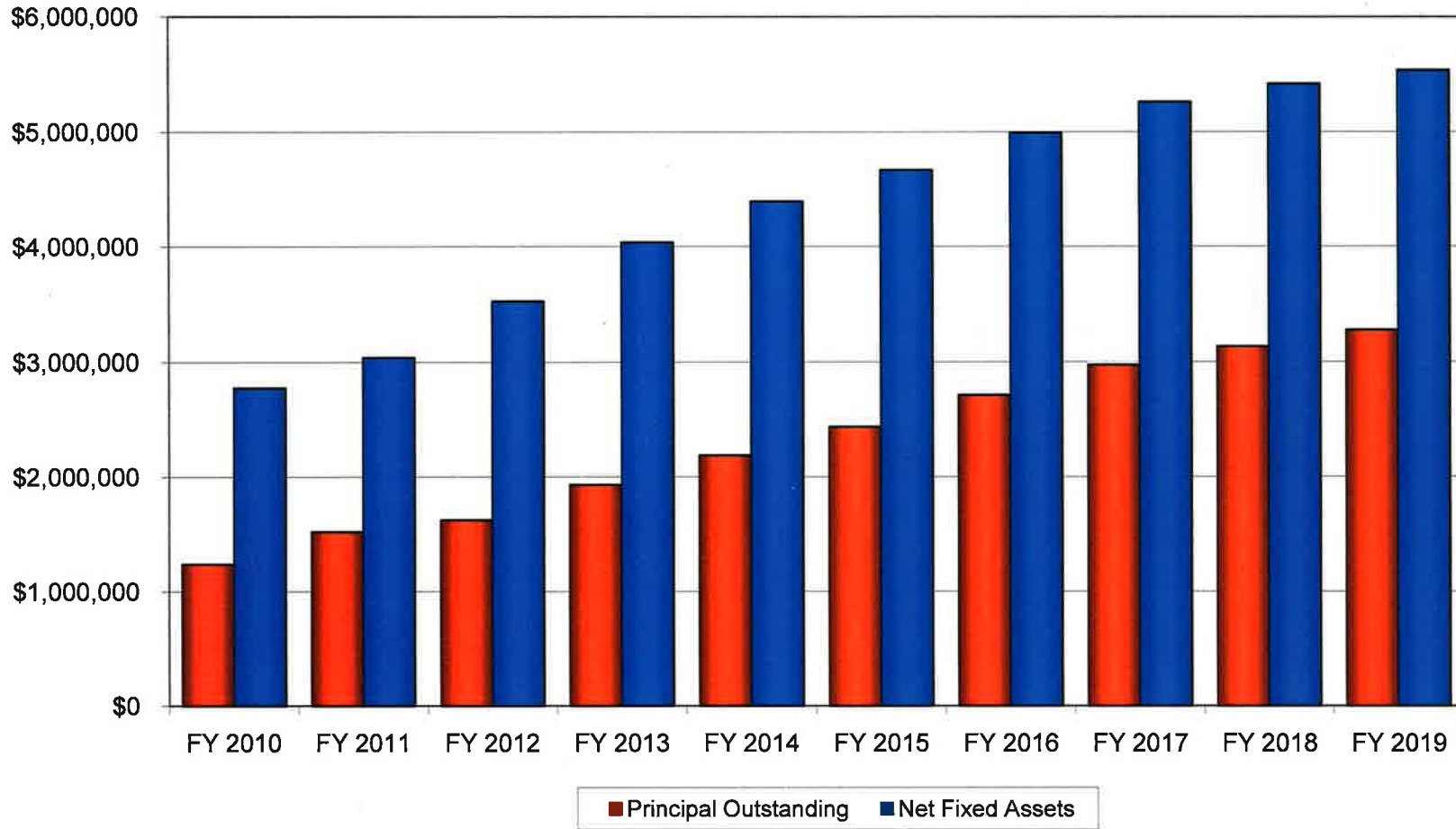
**OUTSTANDING & PROPOSED DEBT SERVICE**  
 FY 2010 - FY 2048  
 (In \$000's)



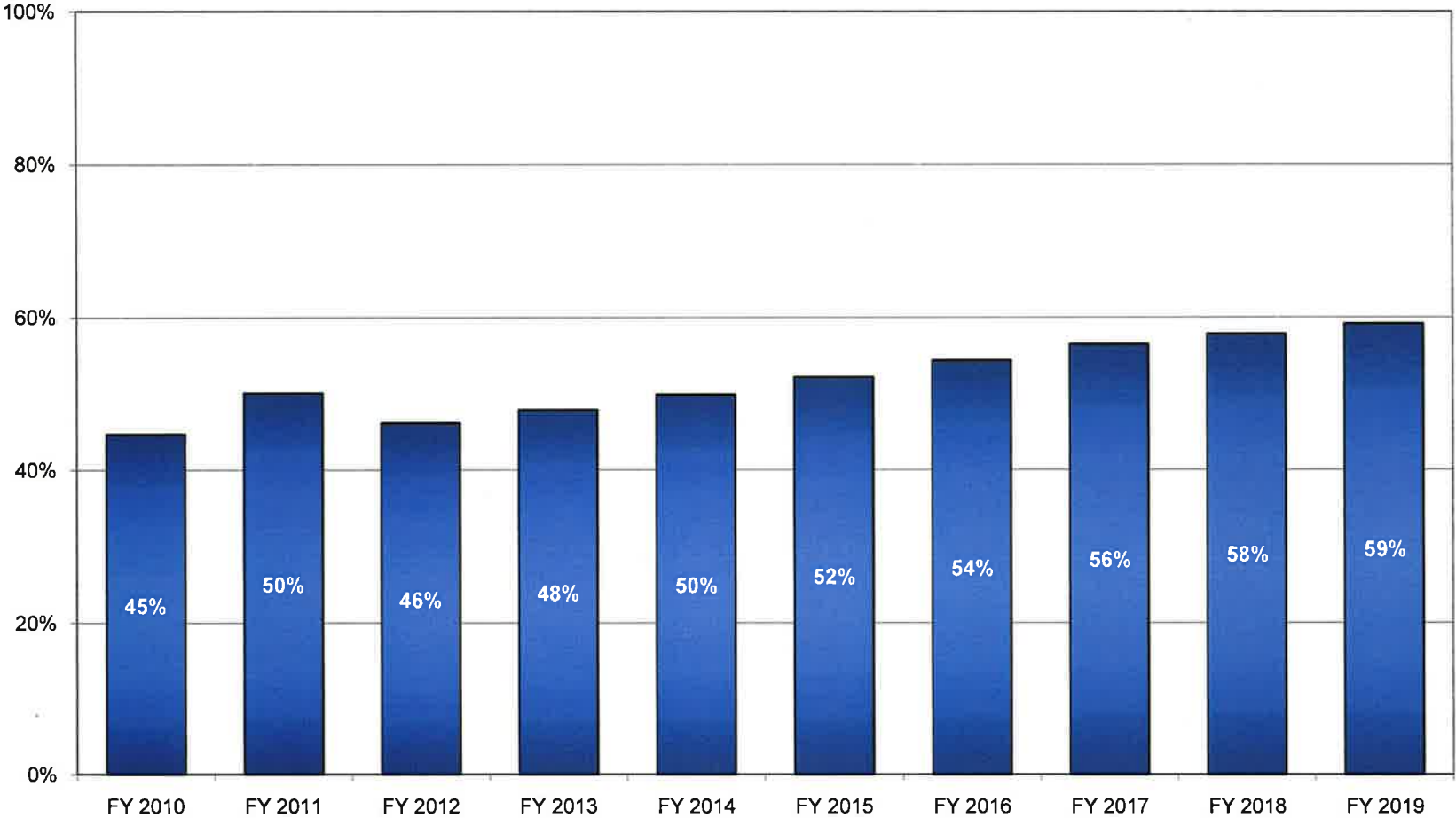
**OUTSTANDING PRINCIPAL**  
**Existing and Projected**  
**Financial Plan FY 2010 - FY 2019**  
**(In \$000's)**



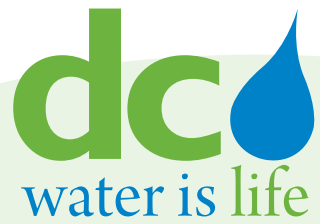
**TOTAL PRINCIPAL OUTSTANDING VS. PROJECTED NET FIXED ASSETS**  
**FY 2010 - FY 2019**  
**(In \$000's)**



**DEBT TO NET FIXED ASSETS RATIO  
FY 2010 - FY 2019**







DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

## **OPERATING BUDGETS**

REVISED FY **2011** APPROVED FY **2012**

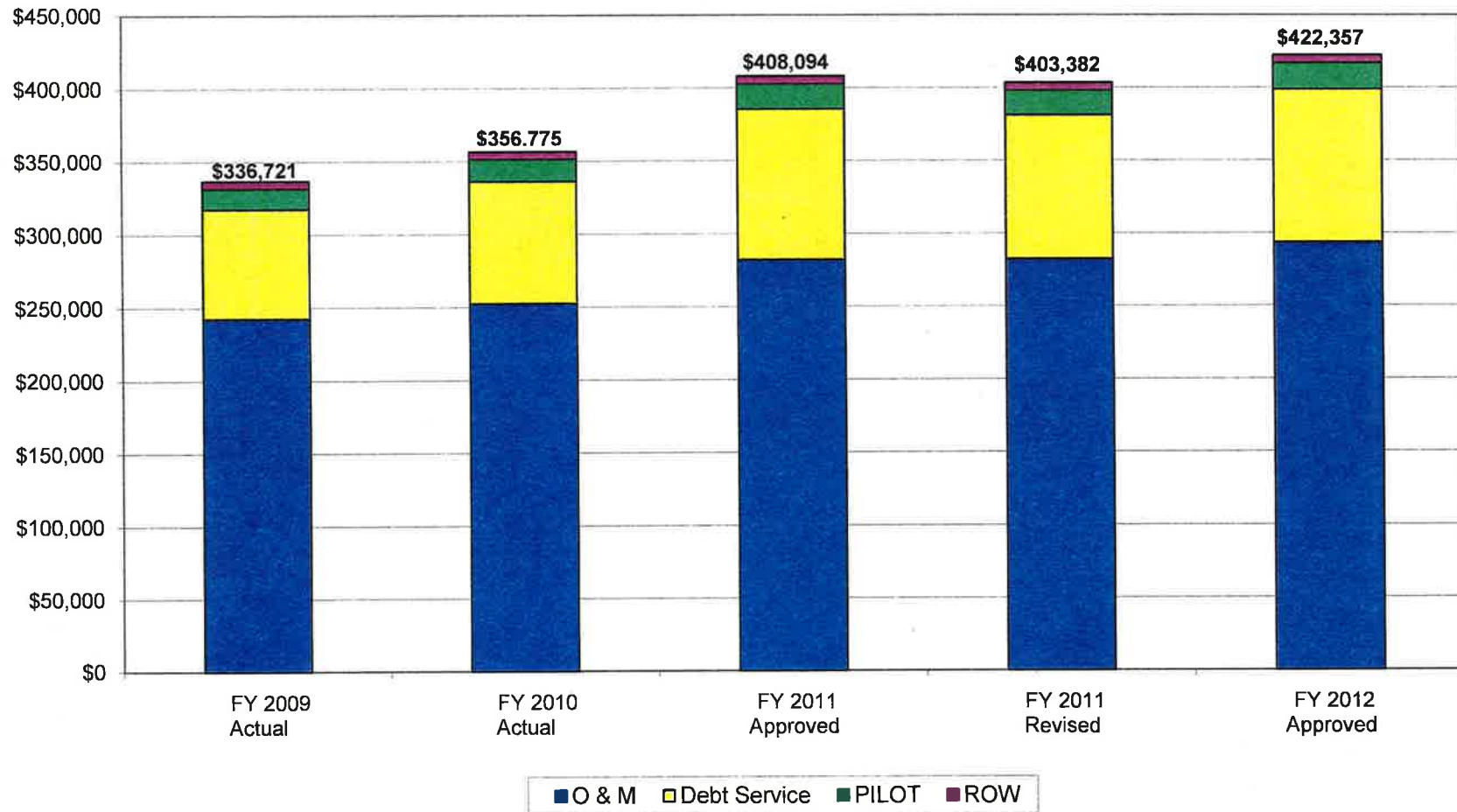


### **SECTION VII**

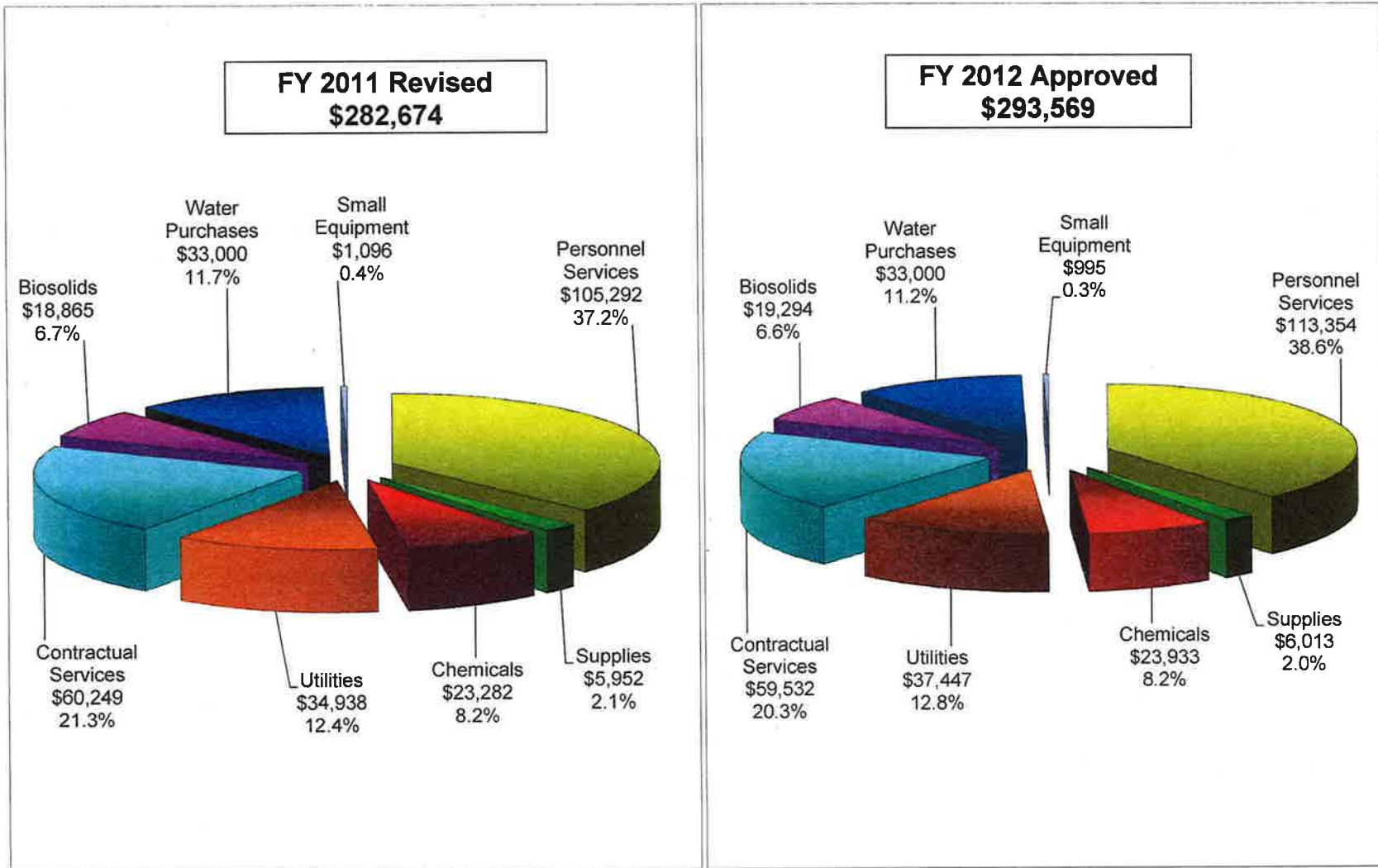
## **Departmental Summaries**



## Comparative Operating Expenditure Budgets FY 2009 - FY 2012 (\$000's)



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



**Comparative Operating Expenditure Budgets**

(\$000's)

	<b><u>FY 2009 ACTUAL</u></b>	<b><u>FY 2010 ACTUAL</u></b>	<b><u>FY 2011 APPROVED</u></b>	<b><u>FY 2011 REVISED</u></b>	<b><u>FY 2012 APPROVED</u></b>
<b><u>OPERATING</u></b>					
Personnel Services	91,757	98,192	104,422	105,292	113,354
Contractual Services	64,513	69,498	76,801	79,114	78,826
Water Purchases	25,371	27,587	33,872	33,000	33,000
Chemicals and Supplies	27,781	26,724	30,080	29,234	29,946
Utilities	32,813	29,929	36,225	34,938	37,447
Small Equipment	526	858	974	1,095	995
Lead Abatement Program	-	-	-	-	-
<b>Subtotal O &amp; M Expenditures</b>	<b><u>242,761</u></b>	<b><u>252,787</u></b>	<b><u>282,374</u></b>	<b><u>282,674</u></b>	<b><u>293,569</u></b>
Debt Service	74,777	83,514	103,354	98,726	105,387
Payment in Lieu of Taxes	14,083	15,374	17,265	16,882	18,301
Right of Way Fees	5,100	5,100	5,100	5,100	5,100
<b>Total Operating Expenditures</b>	<b><u>336,721</u></b>	<b><u>356,775</u></b>	<b><u>408,094</u></b>	<b><u>403,382</u></b>	<b><u>422,357</u></b>
 Personnel Services charged to Capital Projects	 (9,509)	 (9,982)	 (10,000)	 (11,000)	 (16,000)
<b>Total Net Operating Expenditures</b>	<b><u><u>327,212</u></u></b>	<b><u><u>346,793</u></u></b>	<b><u><u>398,094</u></u></b>	<b><u><u>392,382</u></u></b>	<b><u><u>406,357</u></u></b>

**Comparative Operating Expenditures by Department**

(\$000's)

	<b>FY 2009 ACTUAL</b>	<b>FY 2010 ACTUAL</b>	<b>FY 2011 APPROVED</b>	<b>FY 2011 REVISED</b>	<b>FY 2012 Approved</b>
<b>O</b>					
<b>p</b>					
<b>e</b>					
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<b>i</b>					
<b>o</b>					
<b>n</b>					
<b>s</b>					
Wastewater Treatment	78,990	76,181	82,776	81,309	85,359
Water Services	47,175	51,300	58,307	57,750	58,846
Sewer Services	17,021	18,296	20,854	20,024	20,484
Maintenance Services	22,603	19,029	19,739	20,082	20,590
Water & Sewer Pumping Services	847	4,025	4,715	4,719	4,837
Engineering and Technical Services	14,051	14,556	16,806	16,417	19,363
Long Term Control Plan (Clean Rivers)	-	201	583	1,005	1,499
Permits	-	89	704	811	971
Customer Service	13,182	13,689	15,342	16,054	16,356
Lead Abatement Program	-	-	-	-	-
Subtotal Operations	<u>193,869</u>	<u>197,366</u>	<u>219,828</u>	<u>218,170</u>	<u>228,302</u>
<b>A</b>					
<b>d</b>					
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<b>n</b>					
General Manager	1,884	2,127	3,715	4,360	4,405
Office of the Secretary	419	370	594	595	624
Internal Audit	444	649	790	820	815
Finance and Budget	6,230	6,775	7,631	8,024	7,773
Risk Management	3,895	5,381	6,444	6,445	6,208
General Counsel	5,560	7,959	5,523	5,876	6,041
Public Affairs	1,372	1,101	1,771	1,843	1,868
Information Technology	6,996	7,855	9,817	10,021	9,827
Assistant General Manager - Support Services	199	273	414	295	322
Human Resources	4,092	4,099	4,936	4,904	4,994
Facilities Management	6,108	6,449	6,517	6,694	6,877
Procurement & Materiel Management	3,167	3,140	4,217	4,120	4,311
Safety and Security	4,901	5,142	5,961	6,190	6,743
Fleet Management	3,625	4,102	4,214	4,318	4,459
Subtotal Administration	<u>48,892</u>	<u>55,421</u>	<u>62,546</u>	<u>64,504</u>	<u>65,267</u>
<b>Subtotal O &amp; M Expenditures</b>	<u>242,761</u>	<u>252,787</u>	<u>282,374</u>	<u>282,674</u>	<u>293,569</u>
Debt Service	74,777	83,514	103,354	98,726	105,387
Payment in Lieu of Taxes	14,083	15,374	17,265	16,882	18,301
Right of Way	5,100	5,100	5,100	5,100	5,100
<b>Total Operating Expenditures</b>	<u>336,721</u>	<u>356,775</u>	<u>408,093</u>	<u>403,382</u>	<u>422,357</u>
Personnel Services charged to Capital Projects	(9,509)	(9,982)	(10,000)	(11,000)	(16,000)
<b>Total Net Operating Expenditures</b>	<u>327,212</u>	<u>346,793</u>	<u>398,094</u>	<u>392,382</u>	<u>406,357</u>

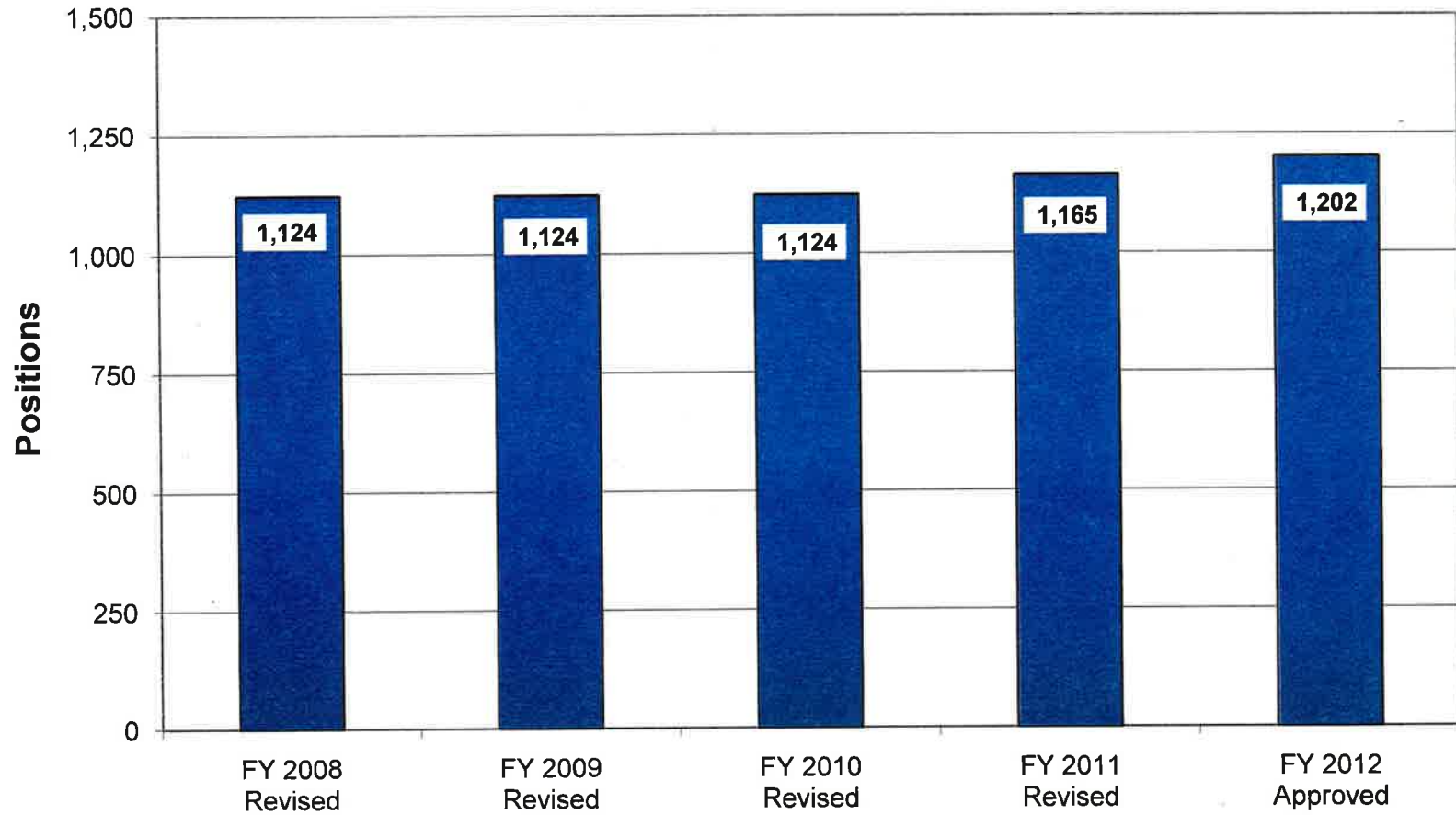
**Comparative Operating Expenditures by Department by Category  
FY 2011 Revised Budget  
(\$000's)**

	Auth Pos	Pay	Fringe	Overtime	Total PS	Supplies	Chemicals	Utilities	Contract	BioSolids	Water Purchases	Small Equipment	Total NPS	TOTAL Dept.
<b>O</b> Wastewater Treatment	121	8,109	2,047	956	11,112	574	23,000	23,555	4,028	18,865	-	175	70,197	81,309
<b>p</b> Water Services	178	10,691	2,689	1,080	14,461	910	90	4,635	4,501	-	33,000	153	43,289	57,750
<b>e</b> Sewer Services	159	9,815	2,466	900	13,182	433	191	3,051	3,117	-	-	50	6,842	20,024
<b>r</b> Maintenance Services	139	9,002	2,261	800	12,063	2,313	-	118	5,395	-	-	193	8,018	20,082
<b>a</b> Water & Sewer Pumping Services	33	2,035	513	200	2,748	486	-	13	1,379	-	-	93	1,971	4,719
<b>t</b> Engineering and Tech. Services	140	11,284	2,846	550	14,681	108	-	213	1,396	-	-	19	1,736	16,417
<b>i</b> Long Term Control Plan (Clean Rivers)	10	697	177	10	884	20	-	2	99	-	-	-	121	1,005
<b>o</b> Permits	5	309	79	1	389	15	-	274	133	-	-	-	422	811
<b>n</b> Customer Service	124	7,765	1,956	250	9,971	186	-	1,762	4,079	-	-	56	6,083	16,054
<b>s</b>														
Subtotal Operations	909	59,709	15,035	4,747	79,491	5,045	23,282	33,622	24,127	18,865	33,000	738	138,679	218,170
<b>A</b> General Manager	14	1,615	411	15	2,041	12	-	30	2,277	-	-	-	2,319	4,360
<b>d</b> Office of the Secretary	2	188	48	4	239	18	-	6	332	-	-	1	356	595
<b>m</b> Internal Audit	-	-	-	-	-	-	-	7	813	-	-	-	820	820
<b>i</b> Finance and Budget	45	3,961	1,003	30	4,993	16	-	66	2,944	-	-	4	3,030	8,024
<b>n</b> Risk Management	4	248	63	1	312	4	-	5	6,124	-	-	-	6,133	6,445
<b>i</b> General Counsel	14	1,294	319	2	1,615	15	-	17	4,229	-	-	-	4,261	5,876
<b>s</b> Public Affairs	10	869	221	2	1,092	18	-	20	713	-	-	-	751	1,843
<b>t</b> Information Technology	24	1,712	435	25	2,172	199	-	125	7,377	-	-	147	7,848	10,021
<b>r</b> AGM - Support Services	2	219	56	1	276	1	-	8	11	-	-	-	20	295
<b>a</b> Human Resources	24	2,200	559	5	2,765	35	-	31	2,072	-	-	2	2,140	4,904
<b>t</b> Facilities Management	59	3,611	909	150	4,670	459	-	105	1,397	-	-	63	2,024	6,694
<b>i</b> Procurement and Materiel Mgt	38	2,768	699	30	3,497	39	-	58	515	-	-	10	623	4,120
<b>o</b> Safety and Security	14	1,145	291	2	1,438	83	-	31	4,602	-	-	35	4,752	6,190
<b>n</b> Fleet Management	6	550	140	1	691	9	-	809	2,714	-	-	95	3,627	4,318
Subtotal Administration	256	20,381	5,152	268	25,801	908	-	1,316	36,122	-	-	357	38,703	64,504
<b>Subtotal O &amp; M Expenditures</b>	<u>1,165</u>	<u>80,090</u>	<u>20,188</u>	<u>5,015</u>	<u>105,292</u>	<u>5,952</u>	<u>23,282</u>	<u>34,938</u>	<u>60,249</u>	<u>18,865</u>	<u>33,000</u>	<u>1,095</u>	<u>177,381</u>	<u>282,674</u>
Debt Service														98,726
Payment in Lieu of Taxes														16,882
Right of Way														5,100
<b>Total Operating Expenditures</b>														403,382
Personnel Services charged to Capital Projects														(11,000)
<b>Total Net Operating Expenditures</b>														<u>392,382</u>

**Comparative Operating Expenditures by Department by Category  
FY 2012 Approved Budget  
(\$000's)**

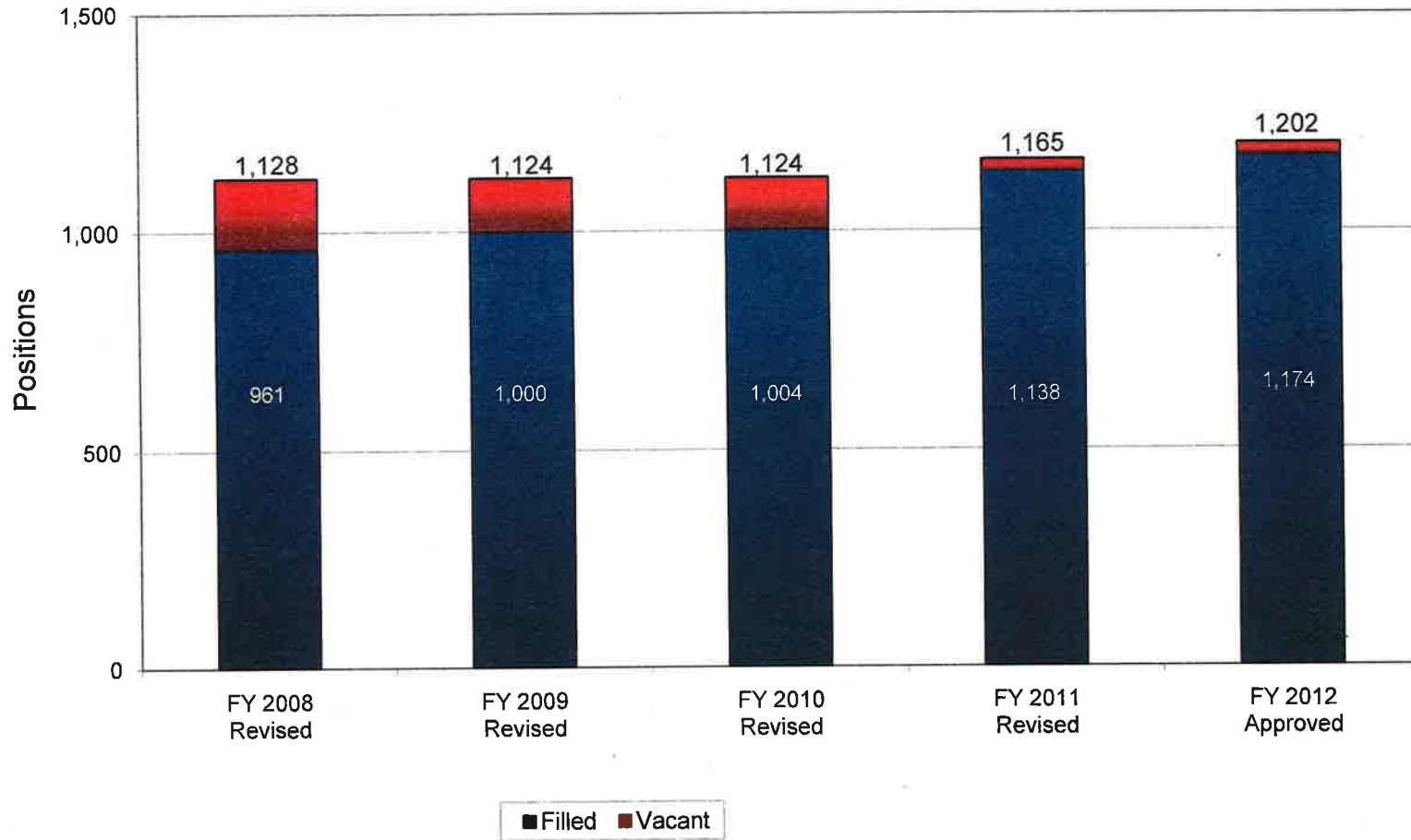
	Auth Pos	Pay	Fringe	Overtime	Total PS	Supplies	Chemicals	Utilities	Contract	BioSolids	Water Purchases	Small Equipment	Total NPS	TOTAL Dept.
<b>O</b> Wastewater Treatment	121	8,321	2,343	956	11,620	575	23,652	25,849	4,262	19,294	-	108	73,739	85,359
<b>p</b> Water Services	184	11,328	3,190	1,080	15,598	930	90	4,487	4,589	-	33,000	152	43,247	58,846
<b>e</b> Sewer Services	159	9,784	2,755	900	13,439	439	191	3,297	3,068	-	-	50	7,045	20,484
<b>r</b> Maintenance Services	139	9,029	2,543	800	12,372	2,342	-	118	5,565	-	-	193	8,218	20,590
<b>a</b> Water & Sewer Pumping Services	33	2,136	602	200	2,938	491	-	13	1,298	-	-	96	1,899	4,837
<b>t</b> Engineering and Tech. Services	167	13,301	3,746	550	17,597	108	-	214	1,425	-	-	19	1,765	19,363
<b>i</b> Long Term Control Plan (Clean Rivers)	10	1,073	302	10	1,385	10	-	5	99	-	-	-	114	1,499
<b>o</b> Permits	5	466	131	1	599	20	-	296	56	-	-	-	372	971
<b>n</b> Customer Service	124	7,816	2,201	250	10,267	181	-	1,768	4,099	-	-	41	6,088	16,356
<b>s</b> AGM - Consumer Services														
<b>Subtotal Operations</b>	<b>942</b>	<b>63,254</b>	<b>17,814</b>	<b>4,747</b>	<b>85,815</b>	<b>5,097</b>	<b>23,933</b>	<b>36,045</b>	<b>24,461</b>	<b>19,294</b>	<b>33,000</b>	<b>659</b>	<b>142,487</b>	<b>228,302</b>
<b>A</b> General Manager	16	1,836	517	15	2,369	12	-	30	1,994	-	-	-	2,037	4,405
<b>d</b> Office of the Secretary	2	188	53	4	244	18	-	6	356	-	-	1	380	624
<b>m</b> Internal Audit	-	-	-	-	-	-	-	7	809	-	-	-	815	815
<b>i</b> Finance and Budget	46	4,218	1,188	30	5,436	16	-	66	2,251	-	-	4	2,337	7,773
<b>n</b> Risk Management	4	325	91	1	417	4	-	5	5,782	-	-	-	5,791	6,208
<b>i</b> General Counsel	14	1,270	358	2	1,630	15	-	17	4,379	-	-	-	4,411	6,041
<b>s</b> Public Affairs	10	869	245	2	1,116	18	-	22	713	-	-	-	752	1,868
<b>t</b> Information Technology	24	1,783	502	25	2,311	199	-	125	7,045	-	-	147	7,516	9,827
<b>r</b> AGM - Support Services	2	235	66	1	302	1	-	8	11	-	-	-	20	322
<b>a</b> Human Resources	24	2,223	626	5	2,854	35	-	31	2,072	-	-	2	2,140	4,994
<b>t</b> Facilities Management	60	3,634	1,023	150	4,807	465	-	105	1,427	-	-	73	2,070	6,877
<b>i</b> Procurement and Materiel Mgt	38	2,952	831	30	3,813	39	-	58	390	-	-	10	497	4,311
<b>o</b> Safety and Security	14	1,195	336	2	1,533	83	-	31	5,070	-	-	25	5,209	6,743
<b>n</b> Fleet Management	6	550	155	1	706	11	-	894	2,773	-	-	75	3,754	4,459
<b>Subtotal Administration</b>	<b>260</b>	<b>21,279</b>	<b>5,993</b>	<b>268</b>	<b>27,539</b>	<b>917</b>	<b>-</b>	<b>1,403</b>	<b>35,072</b>	<b>-</b>	<b>-</b>	<b>337</b>	<b>37,728</b>	<b>65,267</b>
<b>Subtotal O &amp; M Expenditures</b>	<b>1,202</b>	<b>84,533</b>	<b>23,807</b>	<b>5,015</b>	<b>113,354</b>	<b>6,013</b>	<b>23,933</b>	<b>37,447</b>	<b>59,532</b>	<b>19,294</b>	<b>33,000</b>	<b>995</b>	<b>180,215</b>	<b>293,569</b>
Debt Service														105,387
Payment in Lieu of Taxes														18,301
Right of Way														5,100
<b>Total Operating Expenditures</b>														<b>422,357</b>
Personnel Services charged to Capital Projects														(16,000)
<b>Total Net Operating Expenditures</b>														<b>406,357</b>

### Authorized Positions FY 2008 - FY 2012





### Filled vs. Vacant Positions FY 2008 - FY 2012

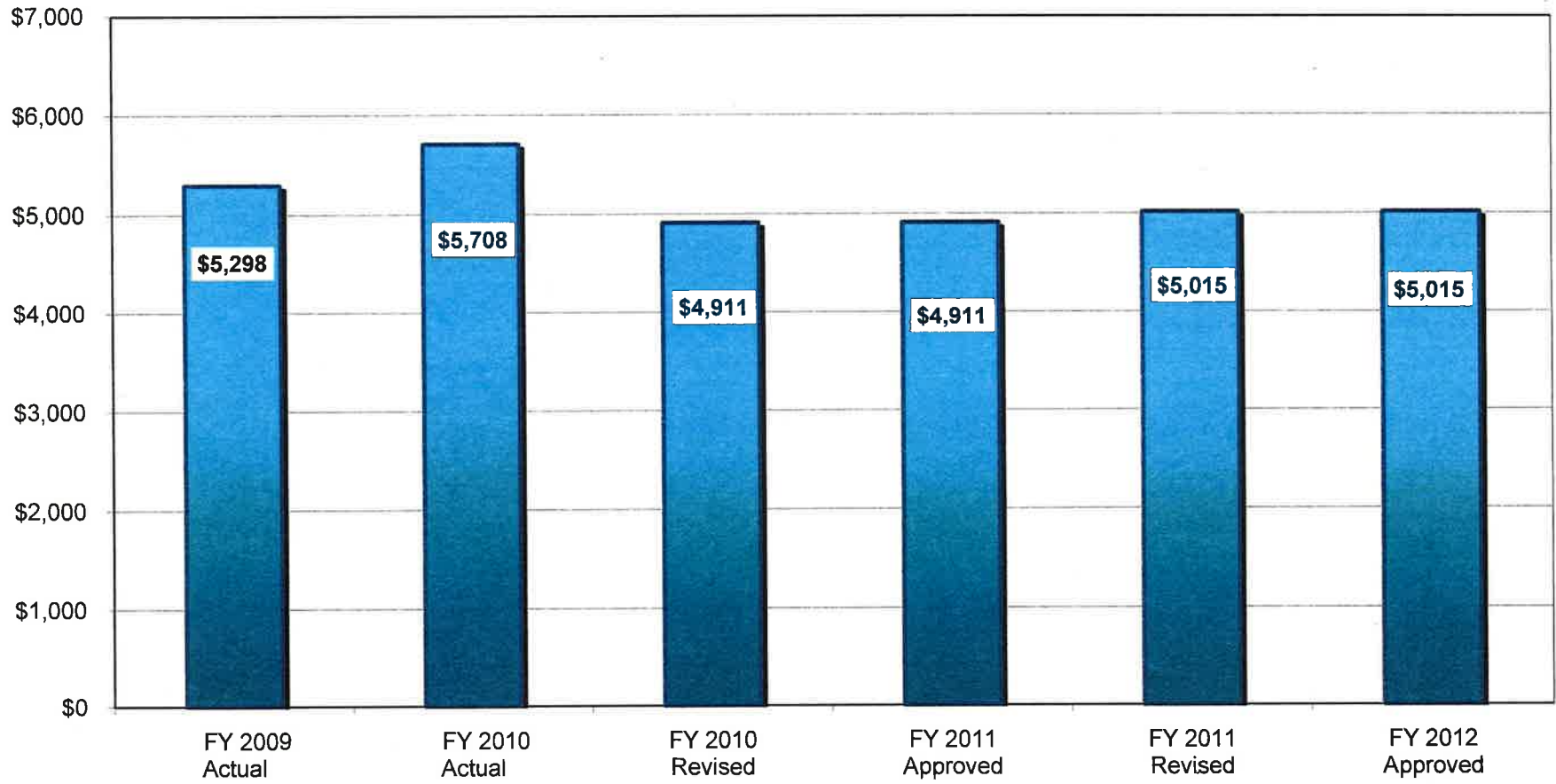


\* Filled count represents year-end actual except for FY 2011 and FY 2012 which are budgeted filled numbers

### FY 2011 Revised and FY 2012 Approved Positions

	Fiscal Year 2009			FY 2009	Fiscal Year 2010			FY 2010	Fiscal Year 2011		Fiscal Year 2012
	Average	Average		Year-End	Average	Average	Year-End	Authorized	Revised	Approved	
	Authorized	Filled	Vacant	Filled	Authorized	Filled	Vacant	Filled			
Operations											
Wastewater Treatment	125	109	16	107	125	108	17	107	125	121	121
Water Services	170	152	18	156	172	158	14	153	172	178	184
Sewer Services	159	147	12	149	159	153	6	154	159	159	159
Maintenance Services	144	136	8	126	139	127	12	127	139	139	139
Water / Sewer Pump Maintenance	33	28	5	29	33	28	5	25	33	33	33
Engineering and Technical Services	122	108	14	110	127	105	22	103	144	140	167
Long Term Control Plan (Clean Rivers)	-	-	-	-	4	1	3	2	10	10	10
Permits	-	-	-	-	3	-	3	-	3	5	5
Customer Service	124	111	14	113	123	115	9	114	124	124	124
<b>Subtotal</b>	<b>877</b>	<b>791</b>	<b>86</b>	<b>790</b>	<b>885</b>	<b>794</b>	<b>91</b>	<b>785</b>	<b>909</b>	<b>909</b>	<b>942</b>
Administration											
General Manager	9	7	2	6	10	8	2	9	14	14	16
Secretary to the Board of Directors	2	2	-	2	2	2	-	2	2	2	2
Internal Audit	4	2	2	1	-	-	-	-	-	-	-
Finance and Budget	43	38	5	41	43	41	2	42	44	45	46
Risk Management	3	3	-	3	3	3	-	3	4	4	4
General Counsel	14	8	6	10	14	12	3	14	14	14	14
Public Affairs	8	8	-	8	9	8	1	10	11	10	10
Information Technology	24	12	12	12	18	15	3	12	24	24	24
Asst. Gen. Mgr. - Support Services	3	2	1	2	2	1	1	1	2	2	2
Human Resources	23	22	1	21	23	22	1	20	24	24	24
Facilities Management	57	55	2	56	58	56	2	56	59	59	60
Procurement and Materiel Management	38	32	6	33	38	32	6	33	38	38	38
Safety and Security	13	10	3	10	13	11	2	11	14	14	14
Fleet Management	6	5	1	5	6	6	0	6	6	6	6
<b>Subtotal</b>	<b>247</b>	<b>205</b>	<b>42</b>	<b>210</b>	<b>239</b>	<b>216</b>	<b>24</b>	<b>219</b>	<b>256</b>	<b>256</b>	<b>260</b>
<b>Total Positions</b>	<b>1,124</b>	<b>997</b>	<b>127</b>	<b>1,000</b>	<b>1,124</b>	<b>1,010</b>	<b>114</b>	<b>1,004</b>	<b>1,165</b>	<b>1,165</b>	<b>1,202</b>

**Overtime  
FY 2009 - FY 2012  
(\$000's)**



**OVERTIME BY DEPARTMENT**  
**FY 2009 - FY 2012**  
**(\$000's)**

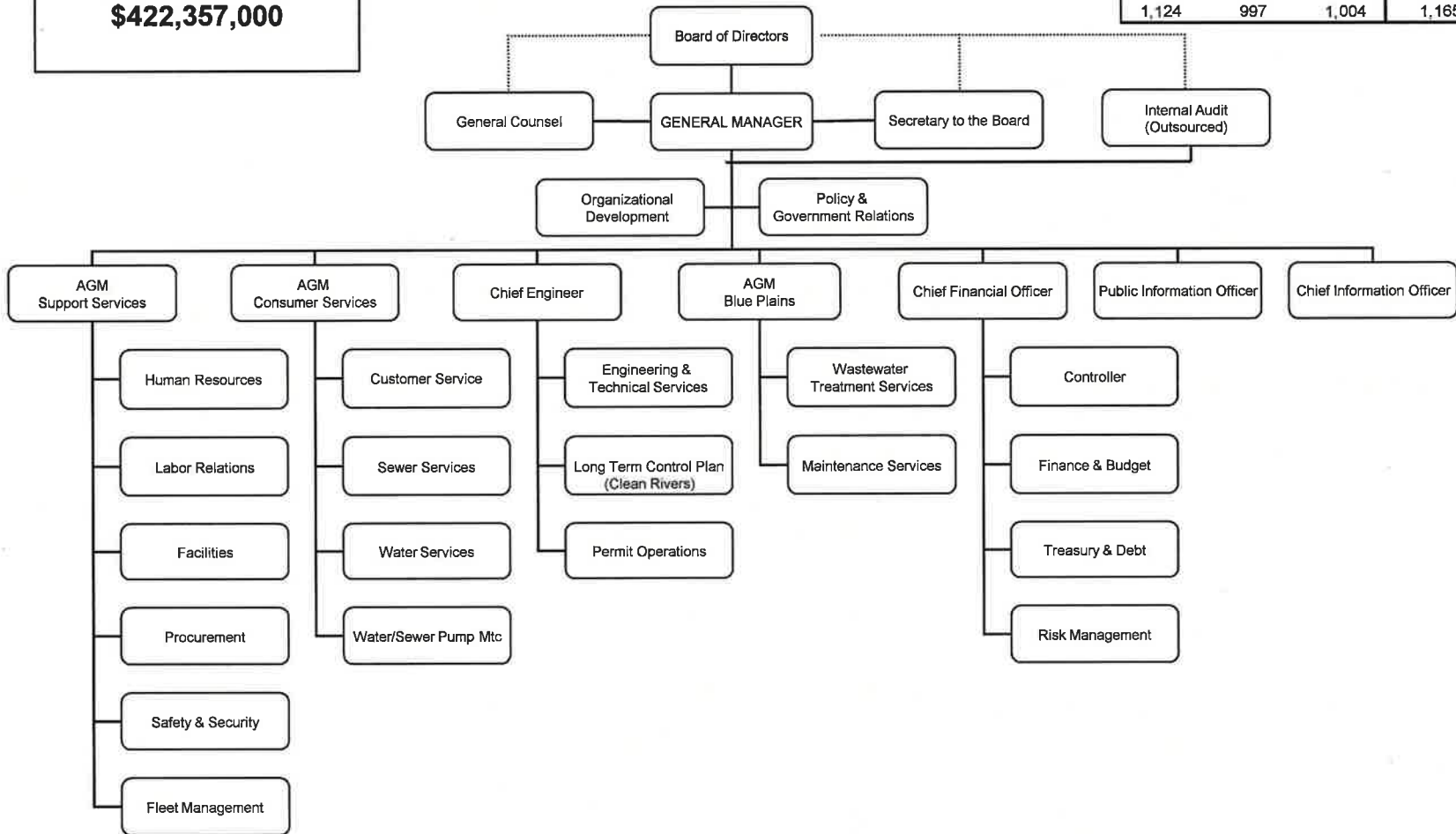
<b>Department</b>	<b>FY 2009 Actual</b>	<b>FY 2010 Actual</b>	<b>FY 2010 Revised</b>	<b>FY 2011 Approved</b>	<b>FY 2011 Revised</b>	<b>FY 2012 Approved</b>
Wastewater Treatment	968	1,111	956	956	956	956
Water Services	1,309	1,396	1,000	1,000	1,080	1,080
Sewer Services	814	1,116	900	900	900	900
Maintenance Services	1,099	973	800	800	800	800
Water / Sewer Pump Maintenance	52	112	200	200	200	200
Engineering and Technical Services	520	435	500	500	550	550
Long-Term Control Plan (Clean Rivers)	-	1	1	1	10	10
Permits	-	-	1	1	1	1
Customer Service	315	223	260	260	250	250
General Manager	13	4	20	20	15	15
Secretary to the Board of Directors	4	4	4	4	4	4
Internal Audit	0	-	-	-	-	-
Finance and Budget	15	21	35	35	30	30
Risk Management	0	0	1	1	1	1
General Counsel	5	6	2	2	2	2
Public Affairs	1	1	2	2	2	2
Information Technology	28	28	25	25	25	25
Assistant General Manager - Support Services	1	1	1	1	1	1
Human Resources	9	3	10	10	5	5
Facilities Management	130	251	150	150	150	150
Procurement and Materiel Management	13	19	40	40	30	30
Safety and Security	1	1	2	2	2	2
Fleet Management	1	1	1	1	1	1
<b>Total</b>	<b>5,298</b>	<b>5,708</b>	<b>4,911</b>	<b>4,911</b>	<b>5,015</b>	<b>5,015</b>

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### D.C. Water Organization Chart

**FY 2012  
Operating Budget  
\$422,357,000**

POSITIONS				
FY 2010			FY 2011	FY 2012
Authorized	Average Positions Filled	Year-End Positions Filled		
1,124	997	1,004	1,165	1,202



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**FY 2012 Budget  
\$85,359,000**

**ASST. GEN. MGR.  
Blue Plains**

**WASTEWATER  
TREATMENT  
2 - Positions**

<b>POSITIONS</b>				
<b>CURRENT</b>			<b>FY 2010</b>	<b>FY 2011</b>
<b>Authorized</b>	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
125	108	107	121	121

**Administrative  
Support  
2 - Positions**

**Process Engineering  
and Control  
14 - Positions**

**FUNCTIONS**

- Wastewater and biosolids treatment process control support
- Plant automation support
- Planning and process optimization

**Wastewater  
Treatment  
Plant Operations  
83 - Positions**

**FUNCTIONS**

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

**Biosolids  
Management  
7 - Positions**

**FUNCTIONS**

- Biosolids storage, loading, hauling and utilization/disposal

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

**FUNCTIONS**

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



## WASTEWATER TREATMENT

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

**BUDGET OVERVIEW:** The FY 2011 revised budget decreases by approximately \$1.5 million over the FY 2011 approved budget due to reduction in funding for utilities (electricity) and chemicals, both tied to trends in unit pricing. Additionally, three new FTEs were added due to increases in WWT capital improvement program and seven FTEs abolished due to discontinuation of the operator trainee program. The FY 2012 approved budget increases by \$4.4 million over the FY 2011 revised budget due to anticipated increases in chemicals, utilities (electricity) and personnel services costs.

	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	125	125	121	121
Average number of positions filled	108			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	11,557	11,280	11,112	11,953
Overtime	1,111	956	956	956
<b>Non-Personnel Services:</b>				
Chemicals & Supplies	22,140	24,628	23,575	24,227
Utilities	20,787	24,810	23,555	25,849
Contractual Services, etc.	4,076	3,784	4,028	4,262
Biosolids	17,522	18,212	18,865	19,294
Small Equipment	99	62	175	108
<b>Total Non-Personnel Services</b>	<b>64,624</b>	<b>71,496</b>	<b>70,197</b>	<b>73,739</b>
<b>Total Operations</b>	<b>76,181</b>	<b>82,776</b>	<b>81,309</b>	<b>85,692</b>
<b>Capital Equipment</b>	<b>27</b>	<b>30</b>	<b>64</b>	<b>67</b>

Targeted Performance Measures	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Proposed
Achieve NACWA Award Status	Platinum	Gold	Gold	Gold
Compliance with disposal of biosolids regulations (100%)	100 % Compliance	100 % Compliance	100 % Compliance	100 % Compliance
Inspection and Sampling of Pretreatment Permittees (100%)	100 % Complete	100 % Complete	100 % Complete	100 % Complete
Obtain 90% acceptable results on discharge monitoring report quality assurance samples	95% Acceptable results	90% Acceptable results	90% Acceptable results	90% Acceptable results

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

## WASTEWATER TREATMENT

### OVERVIEW

#### FY 2011 Major Recommended Activities and Changes

- Maintain full compliance with the National Pollutant Discharge Elimination Systems (NPDES) permit
- Continue to minimize Plant and biosolids odor
- Continue implementation of operator cross training and Duty Station Incentive Programs
- Continue implementation of High Priority Rehabilitation Program to ensure critical process equipment remains in service
- Continue operation of treatment facilities during construction of the following Capital Improvement Program (CIP) projects:
  - Process Control Computer System (PCCS) – partially operational since FY 2005
  - Biological Sludge Thickening – scheduled for completion in 2012
  - Digester Demolition and Site Preparation – scheduled for completion in 2011
- Continue to conduct wastewater treatment process research and development in various areas including:
  - Optimization of chemical phosphorus removal
  - Biosolids product quality improvement
  - Biodegradability of organic nitrogen
  - Process model development of wastewater treatment process
  - Continue to work with surrounding jurisdictions (Maryland and Virginia) on regulatory requirements for biosolids and land applications

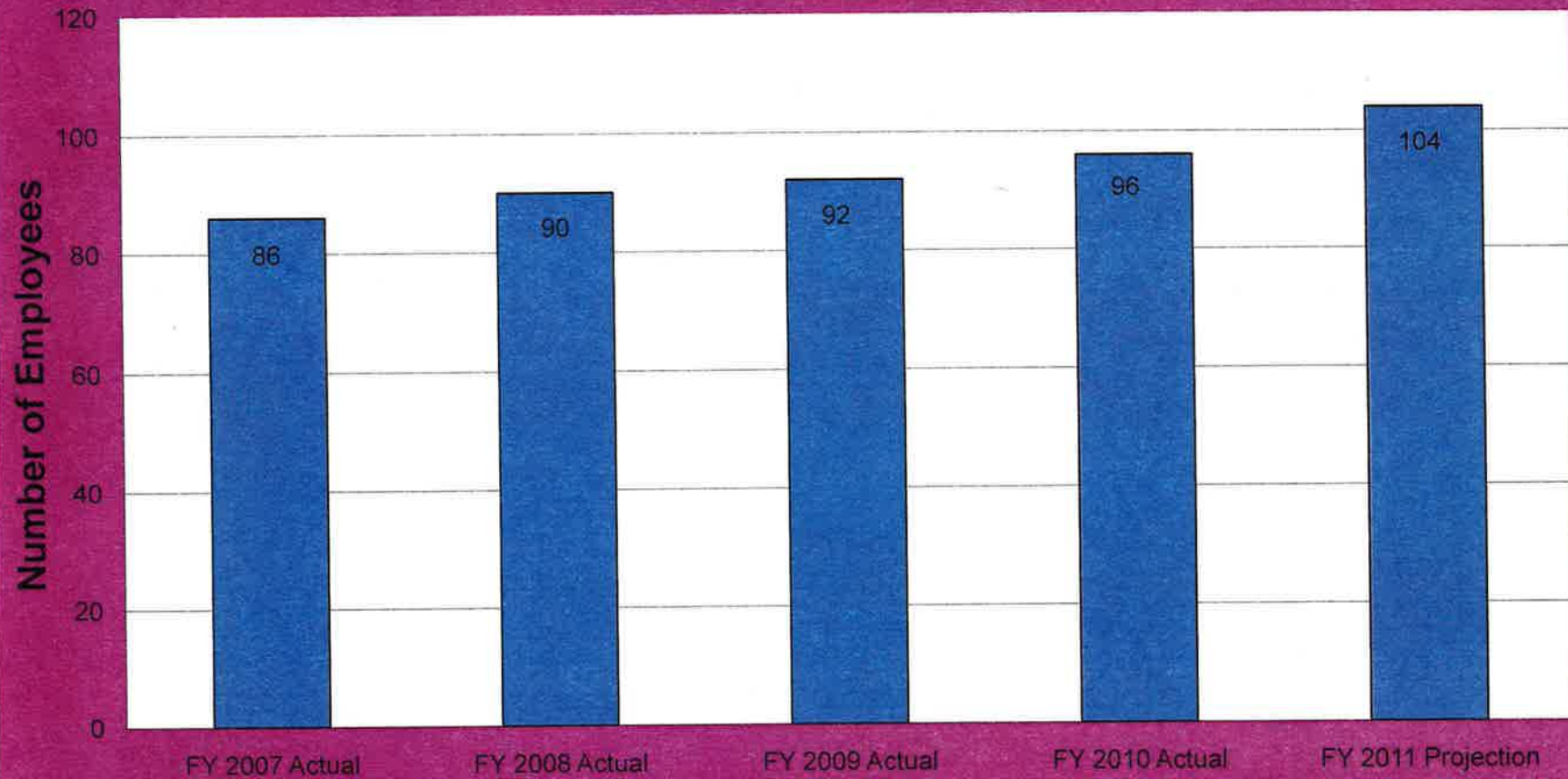
#### FY 2012 Major Recommended Activities and Changes

- Continue to implement the IIP recommendations to improve Plant efficiency and effectiveness
- Continue to conduct wastewater treatment process research and development
- Recruit and train additional operators prior to the start of the new Blue Plains Total Nitrogen (BTN), Biosolids Management (BSM), and Tunnel Dewatering Projects scheduled for commissioning in 2014.

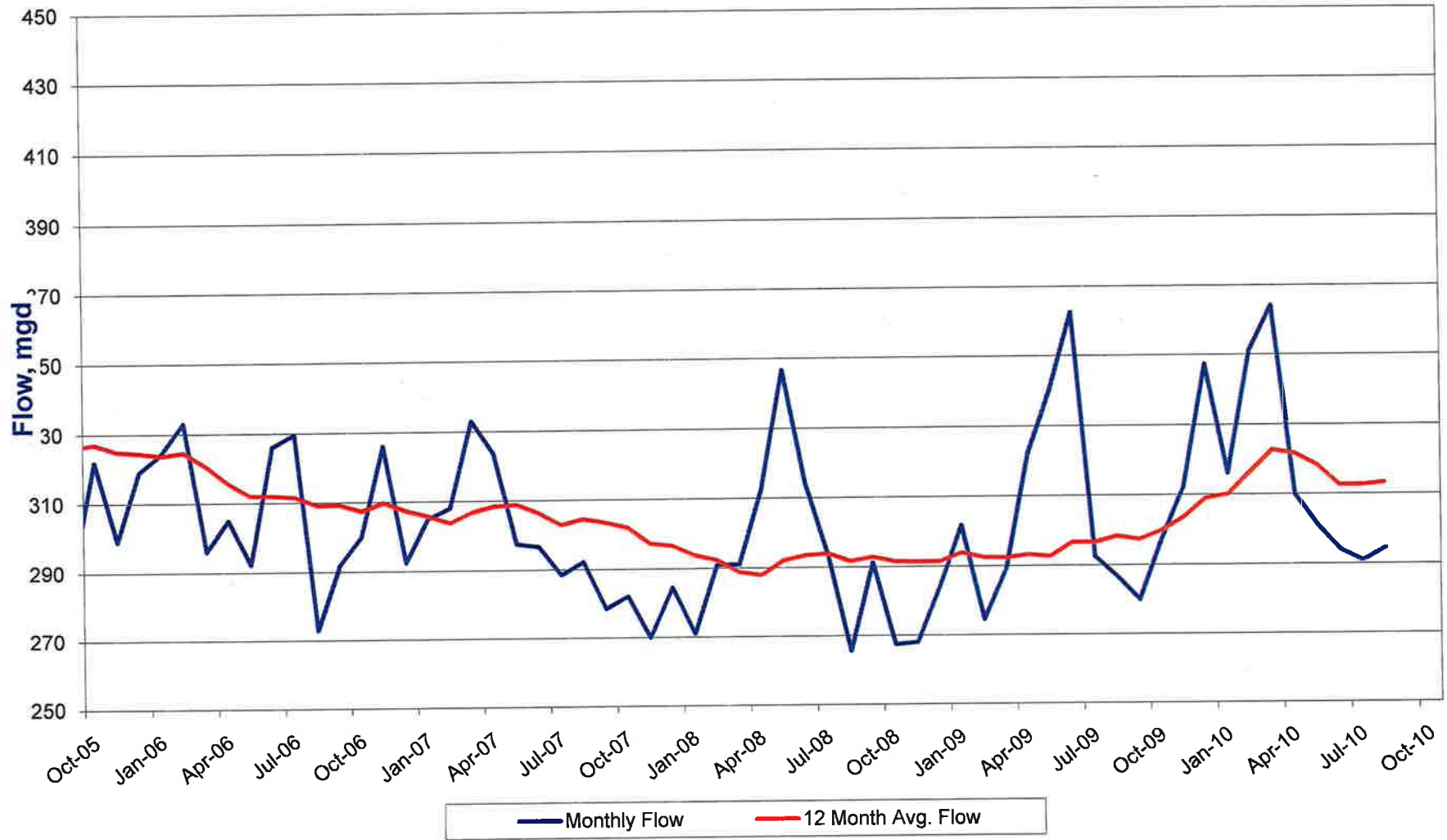
#### Impact of Capital Projects on FY 2011 and FY 2012 Operating Expenditures

- Fine bubble aeration and mixing equipment in the nitrification process will enhance aeration process efficiency and reduce energy consumption

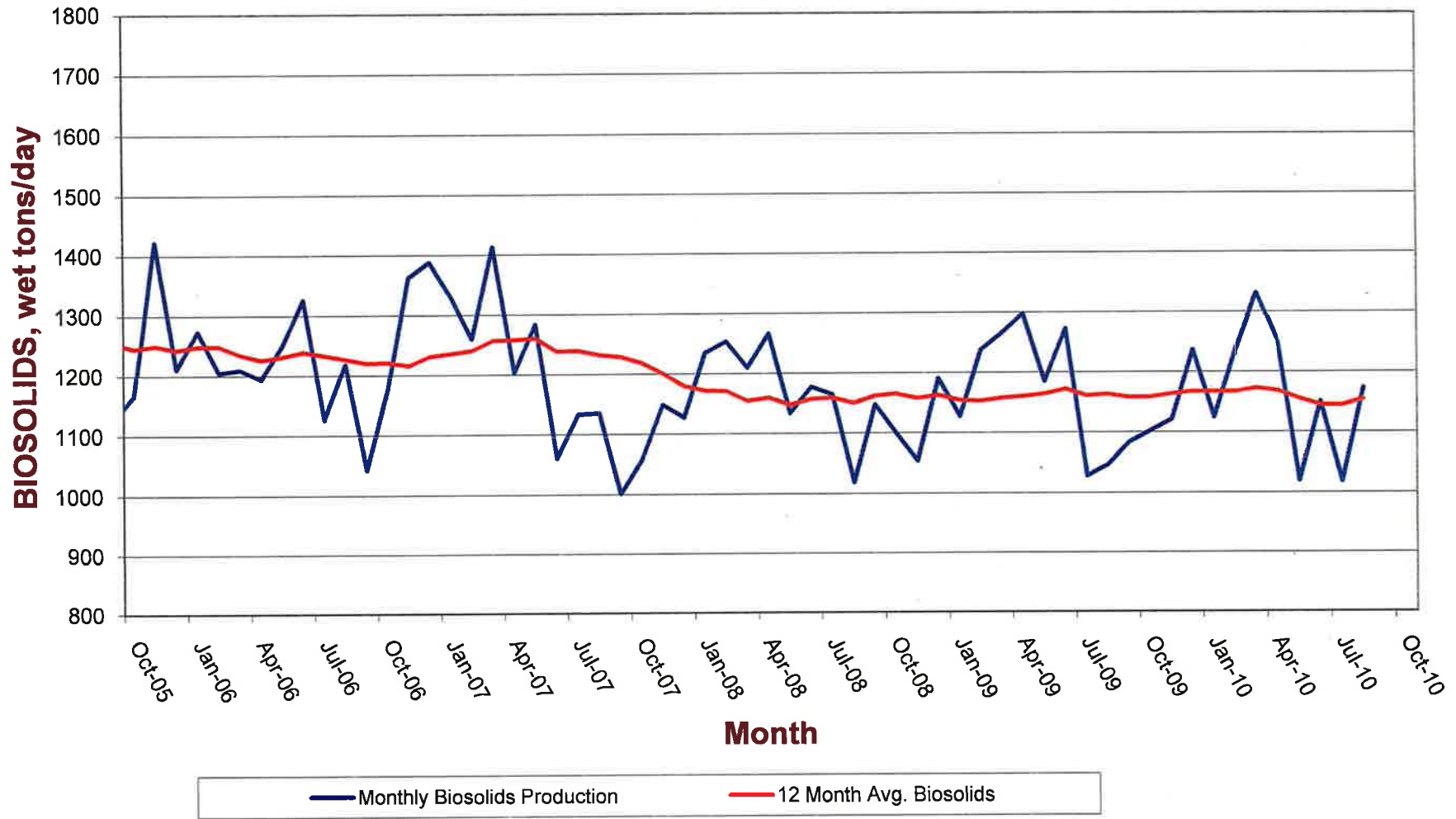
## Wastewater Treatment Certified Operators FY 2007 - FY 2011



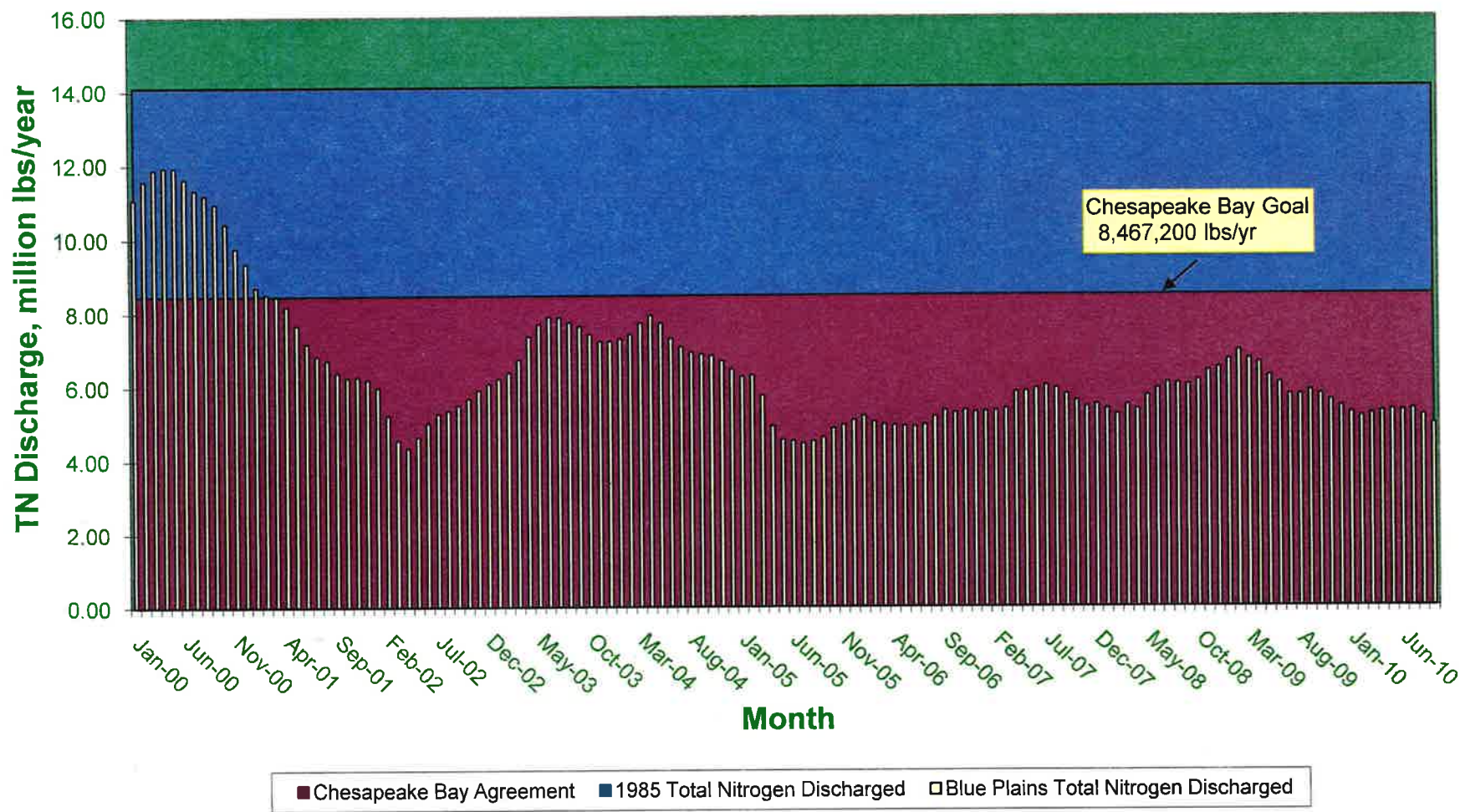
## BLE PLAINS WASTEWATER TREATMENT PLANT PLANT EFFLUENT FLOW OCTOBER 2005 - OCTOBER 2010



## BLUE PLAINS WASTEWATER TREATMENT PLANT BIOSOLIDS PRODUCTION OCTOBER 2005 - OCTOBER 2010



## BLUE PLAINS WASTEWATER TREATMENT PLANT ANNUAL TOTAL NITROGEN LOAD DECEMBER 1999 - AUGUST 2010



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**FY 2012 Budget  
\$58,846,000**

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

**WATER  
SERVICES  
3 - Positions**

			<u>POSITIONS</u>	
			<u>CURRENT</u>	
<u>Authorized</u>	<u>Average Positions Filled</u>	<u>Year-End Positions Filled</u>	<u>FY 2011</u>	<u>FY 2012</u>
173	163	163	178	184

**Productivity Unit  
2 – Positions**

**Pumping  
Operations  
13 – Positions**

**Systems Repair  
59 - Positions**

**Fire Hydrant &  
Service  
Replacement  
Program  
17 - Positions**

**Investigation, Valve  
and Flushing  
Operations  
65 - Positions**

**Technical  
Support  
Services  
11 - Positions**

**Water Quality  
14 – Positions**

**FUNCTIONS**

- Operate and maintain pumping stations & water storage facilities
- Monitor and maintain appropriate pressure in the distribution system
- Coordinate pumping operations with the Washington Aqueduct Treatment Plant
- Perform preventive maintenance on pumping operations assets
- Perform field sampling of water storage facilities

**FUNCTIONS**

- Repair and replace water main service lines
- Replace valves and hydrants
- Taps Abandonment
- Support lead replacement program
- Assist Investigation as first responder during emergencies
- Manage ordering of materials and inventory
- Administer Public Space Restoration Program and associated contracts

**FUNCTIONS**

- Develop and administer comprehensive fire hydrant program
- Inspect, exercise and perform preventative maintenance on all the hydrants in the system
- Monitor and track inventory level of fire hydrants and fire hydrant parts
- Respond to all fire hydrant inquiries
- Establish/maintain interaction & communications with DC FEMS
- Respond to all fires equal to or greater than a 2 Alarm fire.
- Manage Lead Service Program and associated contracts

**FUNCTIONS**

- Inspect, exercise and perform preventative maintenance on the 40,000 system valves
- Perform minor valve leak repairs
- Administer the Flushing Program
- Provide support for CIP projects
- Respond to and perform investigations of customer complaints
- Inspect construction projects
- Manage the Valve Coordination Control program
- Test valve shutdown plans for construction of CIP projects
- Perform fire flow tests
- Perform scheduled and emergency shuts

**FUNCTIONS**

- Establish and administer a comprehensive asset management program for both water and sewer systems
- Provide business process evaluation and direct process improvement efforts both within the Department and across Departments
- Evaluate engineering design and construction documents
- Maintain quality control of all asset inventory data
- Update asset inventory data & perform QA/QC analysis
- Manage and direct CIP Budget
- Support departmental safety efforts

**FUNCTIONS**

- Monitor the Environmental Protection Agency (EPA) compliance
- Control and monitor corrosion in the water distribution system
- Monitor chlorination treatment
- Administer lead and copper program
- Direct flushing activities
- Manage water conservation outreach program
- Administer an effective cross connection program
- Respond to customer complaints and resolve water quality issues
- Conduct routine water quality analysis and issue public notifications when necessary
- Prepare and publish Annual Consumer Confidence report



## WATER SERVICES

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

**BUDGET OVERVIEW:** The revised FY 2011 operating budget is approximately \$0.4 million lower, compared to the approved FY 2011 operating budget. This change is mainly due to decreased funding in contractual services and water purchases. Although funding for personnel services increased because of the addition of 6 new positions, that increase was more than offset by the savings in non-personnel services. The change of approximately \$1.1 million in the approved FY 2012 operating budget is mainly related to increased funding for anticipated personnel services costs due to the addition of 6 more positions with the aim of gradually converting some contractual services to in-house operations.

	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	172	173	178	184
Average number of positions filled	158			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	14,421	14,075	14,461	16,051
Overtime	1,396	1,000	1,080	1,080
<b>Non-personnel Services:</b>				
Chemicals and Supplies	1,009	1,028	1,000	1,020
Utilities	3,308	4,538	4,635	4,487
Contractual Services, etc.	4,780	4,623	4,501	4,589
Water Purchases	27,587	33,872	33,000	33,000
Small Equipment	194	172	153	152
<b>Total Non-Personnel Services</b>	<b>36,878</b>	<b>44,232</b>	<b>43,289</b>	<b>43,247</b>
<b>Total Operations &amp; Maintenance</b>	<b>51,300</b>	<b>58,307</b>	<b>57,750</b>	<b>59,299</b>
<b>Capital Equipment</b>	<b>420</b>	<b>785</b>	<b>785</b>	<b>785</b>

Targeted Performance Measures	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Proposed
Maintain full compliance with Safe Drinking Water Act standards for positive coliform results (less than 5%)	<5%	<5%	<5%	<5%
Flush at least 50% of the 1,300 miles of pipe in the distribution system annually	50%	50%	50%	50%
Exercise 18,000 - 23,000 valves annually	25,000	25,000	25,000	25,000
Maintain a 99% fire hydrant operational rate	99%	99%	99%	99%
Respond to 95% of all emergency service orders in less than 45 minutes	97%	97%	97%	97%
Repair 90% of reported main leaks within 10 days	90%	90%	90%	90%

## WATER SERVICES

### OVERVIEW

#### FY 2011 Major Recommended Activities and Changes

- Transfer the valve operations support for CIP construction projects from contractor support to in-house crews – Phase I.
- Continue with the Valve Exercise Program
  - Exercise all critical valves annually and all non-critical valves every three years
  - Capture valve characteristics and on-time operational information
- Reclassify field job descriptions to merge similar functions and establish three job categories for all field operations
  - Create a pool of workers to undertake multiple tasks
  - Establish skills set and develop a training plan
  - Create progression opportunities for employees - career path based on skill levels
- Upgrade the Fire Hydrant Program
  - Perform regular preventive maintenance on all public fire hydrants – each fire hydrant will be inspected at least once a year
  - Emergency Repairs – all faulty fire hydrants will be repaired or determined for replacement within five work days
  - Capital Improvement – forty percent of the fire hydrants are scheduled to be replaced over a six (6) year period
  - Retrofit remaining Mueller and Kennedy fire hydrants with 4" nozzle to 4-1/2" National Standard Threads (NST)
- Water Quality operations will focus on:
  - Regulatory Compliance
  - On-line water security monitoring
  - Reservoir profile analysis
  - Distribution monitoring with a focus on public health, taste, odor and clarity of the water
  - Cross Connection program
- The Asset Management Program will:
  - Adopt operations to reflect the electronic flow of information from the field
  - Review staffing requirements needed to support the use of handheld equipment in the field
  - Develop standard operating procedures and implement training on the modules
  - Establish a centralized contracting organization within Consumer Services
- The Pumping Division will undertake or continue with the following initiatives:
  - Initiate a certification and training program for all existing operators and facilities inspectors
  - Continue with Cleaning and Disinfection program for all water storage facilities
  - Develop standard operating procedures and provide training for new and existing modules

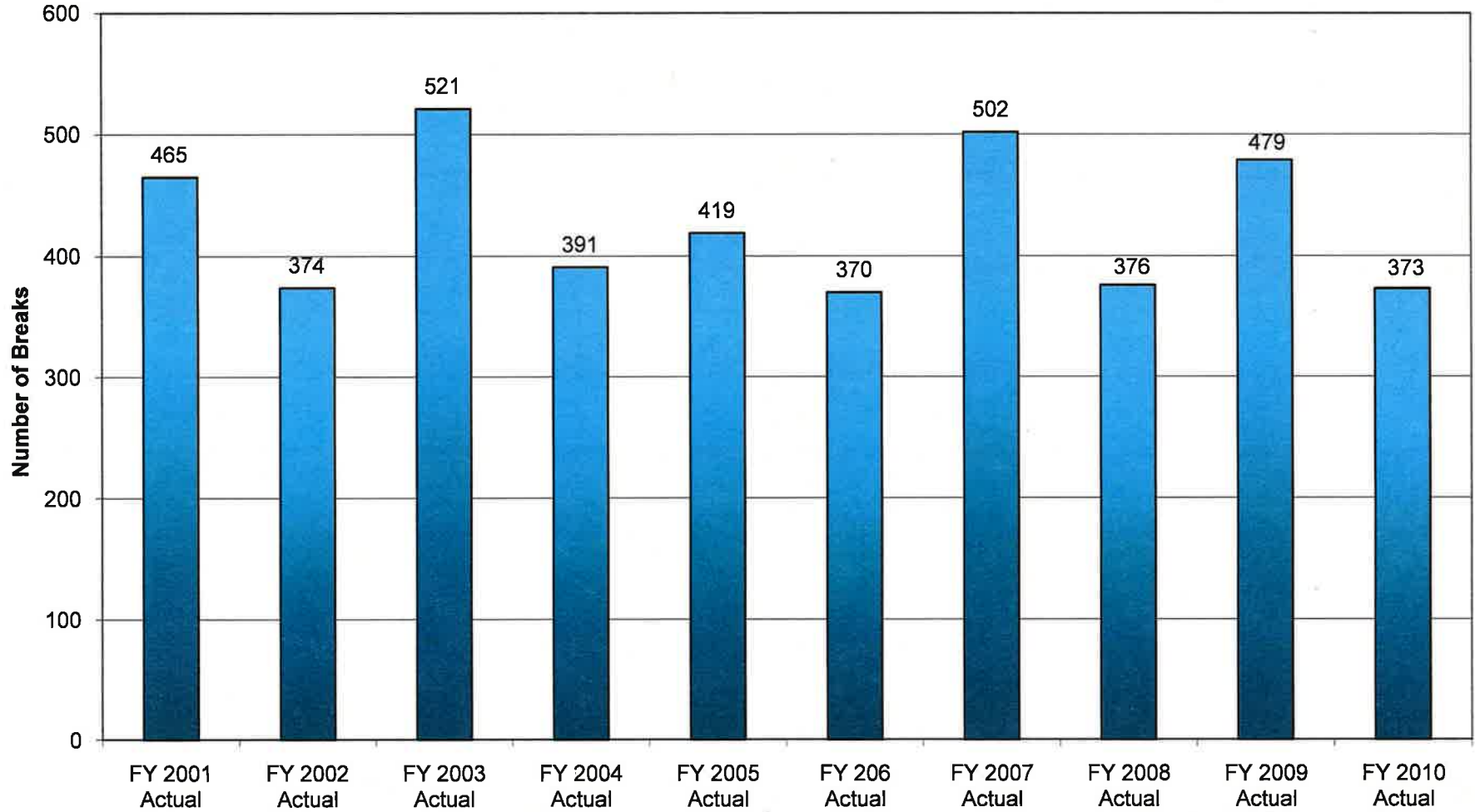
#### FY 2012 Major Recommended Activities and Changes

- Transfer all the valve operations support for CIP construction projects from contractor support to in-house crews – Phase II.
- Continue reorganization of department and realignment of crew structures
- Continue training and certification programs
- Implement job scheduling that minimizes construction related impacts to community
- Assess the strengths/weaknesses of the data collected electronically from the field

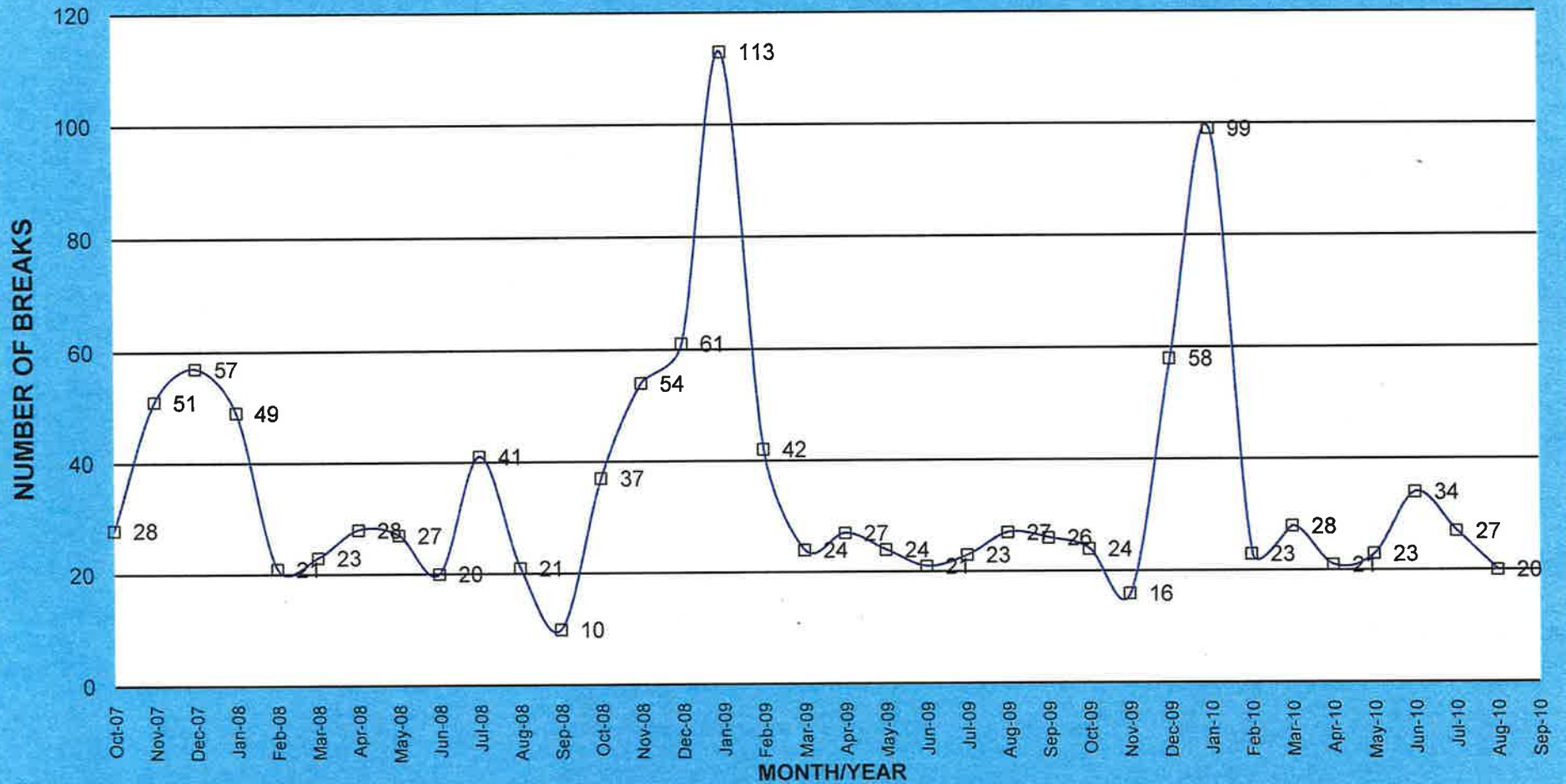
#### Impact of Capital Projects on FY 2011 and FY 2012 Operating Expenditures

Capital projects in the Water Service area are designed to maintain safe, adequate and reliable potable water supply to customers and for fire protection. Categories of projects include the rehabilitation and replacement of water mains, storage facilities, pumping stations, and water service line and meter replacements. Some of these projects do have a direct or indirect impact on operating expenditures. For example, replacements of fire hydrants would reduce the number of service calls, water main breaks would require repaving and emergency repairs, etc.

# HISTORICAL WATER MAIN BREAKS FY 2001 - FY 2010



### HISTORICAL MONTHLY MAIN BREAKS October 2007 - September 2010



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**ASSISTANT  
GENERAL  
MANAGER  
Consumer Services**

			POSITIONS	
CURRENT			FY 2011	FY 2012
Authorized	Average Positions Filled	Year-End Positions Filled		
159	153	154	159	159

**FY 2012 Budget  
\$20,484,000**

**SEWER SERVICES  
5 - Positions**

**Sewage Pumping  
36 - Positions**

**Inspection & Maintenance  
68 - Positions**

**Construction & Repair  
46 Positions**

**Potomac Interceptor  
4 - Positions**

**FUNCTIONS**

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

**FUNCTIONS**

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

**FUNCTIONS**

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

**FUNCTIONS**

- Operate & Maintain Potomac Interceptor (PI) Sewer
- Operate and maintain PI Flow Meters
- Perform Manhole Inspection
- Operate and Maintain related Odor control facilities and manholes
- Right-of-Way maintenance and Surveillance

## SEWER SERVICES

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

**BUDGET OVERVIEW:** The revised FY 2011 budget decreased by approximately \$0.8 million primarily due to an increase in personnel services costs offset by decrease in anticipated contractual services cost. The approved FY 2012 budget increased by \$0.5 million primarily due to increased cost in personnel services and utilities.

	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	154	159	159	159
Average number of positions filled	153			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	13,028	13,002	13,182	13,439
Overtime	1,116	900	900	900
<b>Non-Personnel Services:</b>				
Chemicals & Supplies	509	624	624	630
Utilities	2,825	3,383	3,051	3,297
Contractual Services, etc.	1,929	3,795	3,117	3,068
Small Equipment	33	50	50	50
Total Non-Personnel Services	5,296	7,852	6,842	7,045
<b>Total Operations &amp; Maintenance</b>	18,323	20,854	20,024	20,484
<b>Capital Equipment/Projects:</b>	138	253	382	242

Targeted Performance Measures	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Proposed
Catch basins cleaned annually	27,700	27,500	27,500	27,500
Laterals investigated/relieved annually	2,100	2,000	2,000	2,000
Floatable debris tonnage removed from rivers	440	400	400	400
Sewer laterals repaired/replaced annually	356	350	350	350
Sewer main and lining footage repaired/replaced annually	1,100	1,000	1,000	1,000
Number of inspections completed on Potomac Interceptor meters	402	400	400	400

## SEWER SERVICES

### OVERVIEW

#### FY 2011 Major Recommended Activities and Changes

- Implementation of the Sonar Inspection Project along the Potomac Interceptor
- Support MS4 Permit as required. Secure independent contract to clean water quality catch basins in the District.
- Continue implementation of Potomac Interceptor Interim Odor Control
- Work with the Department of Engineering & Technical Services (DETS) on detailed design and permitting requirements for the Potomac Interceptor Long-Term Odor Abatement Program sites
- Begin design phase for the rehabilitation of several outfall sewers and control structures
- Administer construction contract for sewer main rehabilitation – relining contract
- Expand testing of alternative means to controlling Fat, Oil, and Grease (FOG) and Roots in Collection System
- Begin construction to separate the combined sewers areas
- Start detailed design for Control structure renovation recommended in the Sewer Assessment Plan
- Work with DETS on rehabilitation of Potomac Interceptor structures
- Continue working with DETS on the final phase for rehabilitation of 5,300-foot segment of the Potomac Interceptor
- Administer construction contract to reduce backlog of defective sewer laterals
- Continue cleaning retrofitted catch basins and catch basins on Federal Highways

#### FY 2012 Major Recommended Activities and Changes

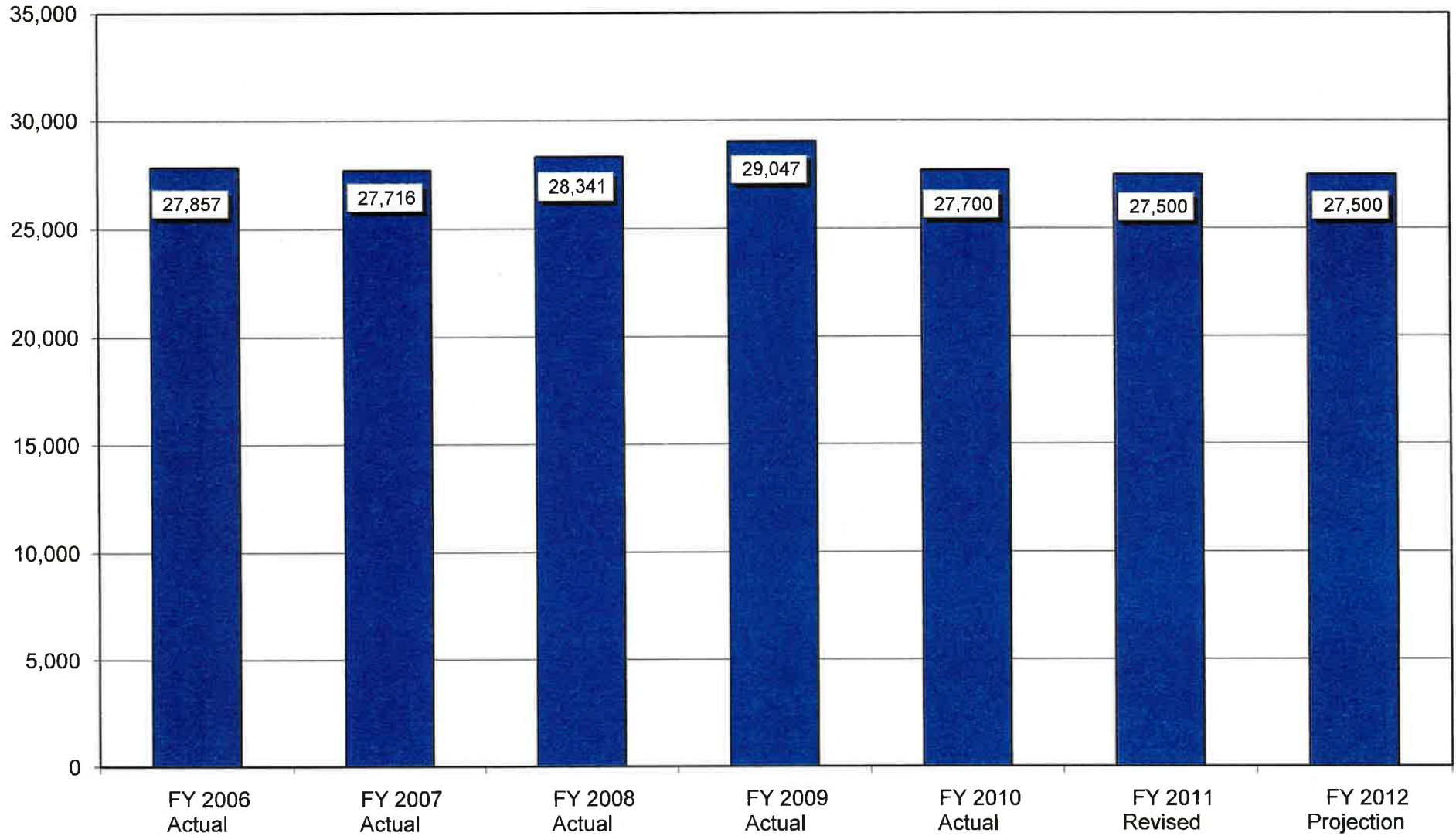
- Continue implementation of the Sonar Inspection Project along the Potomac Interceptor Pipeline
- Work with DETS on implementation of construction for the rehabilitation of Potomac Interceptor Structures
- Coordinate rehabilitation of outfall sewer with the operation of Main and O Street Pumping Stations
- Continue working with DETS to rehabilitate Upper Potomac Interceptor Sewer segment that is currently out of service
- Rehabilitation of critical easement access roadways along Potomac Interceptor
- Work with DETS on construction phase for rehabilitation of the 1,800 foot and 5,300-foot segment of the Potomac Interceptor in Virginia
- Work with DETS to finalize Statement of Work for critical access road improvements on the Potomac Interceptor
- Continue the implementation of an asset management strategy and system for water and sewer infrastructure in conjunction with Department of Water Services

#### Impact of Capital Projects on FY 2010 and FY 2011 Operating Expenditures

- As pumping stations are rehabilitated, there is a potential requirement for additional screenings that will increase costs associated with disposal of debris.
- The rehabilitated pumping stations will have odor scrubbers that utilize carbon canisters. The canisters useful life is less than a year, thus the department of Sewer Services will potential face increasing cost for chemicals.
- The FOG management program is intended to reduce odors, sewer backups, corrosion in pipes and excessive wear on pumps.



## FY 2006 - FY 2012 Catch Basins Cleaned





**Assistant General  
Manager  
Blue Plains**

			<u>POSITIONS</u>	
<u>CURRENT</u>			FY 2011	FY 2012
Authorized	Average Positions Filled	Year-End Positions Filled		
139	127	127	139	139

**FY 2012 Budget  
\$20,590,000**

**MAINTENANCE  
SERVICES**

**Electrical  
Maintenance  
40- Positions**

**Mechanical  
Maintenance  
65- Positions**

**Maintenance  
Management  
12 - Positions**

**Instrumentation  
22 - Positions**

**FUNCTIONS**

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

**FUNCTIONS**

- Maintain mechanical process systems and equipment for the Blue Plains Advanced Wastewater Treatment Plant
- Plan, schedule, and perform condition monitoring for all process equipment

**FUNCTIONS**

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

**FUNCTIONS**

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

## MAINTENANCE SERVICES

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

**BUDGET OVERVIEW:** The FY 2011 revised budget increases by approximately \$0.34 million over the FY 2011 approved budget due to increase in contractual services. The FY 2012 approved budget increases by approximately \$0.51 million over the FY 2011 revised budget due to anticipated increase in personnel services.

	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	139	139	139	139
Average number of positions filled	127			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	12,035	12,133	12,063	12,372
Overtime	973	800	800	800
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	1,574	2,277	2,313	2,342
Utilities	88	123	118	118
Contractual Services, etc.	5,161	5,013	5,395	5,565
Small Equipment	172	193	193	193
Total Non-Personnel Services	6,994	7,606	8,018	8,218
<b>Total Operations &amp; Maintenance</b>	19,029	19,739	20,082	20,590
<b>Capital Equipment</b>	795	500	500	900
<b>Targeted Performance Measures</b>				
	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Proposed
Critical Equipment Availability (97%)	98%	98%	98%	98%

## MAINTENANCE SERVICES

### OVERVIEW

#### FY 2011 Major Recommended Activities and Changes

- Continue maintenance on the Solids Processing Building to further improve reliability
- Continue the High Priority Rehabilitation Program
- Continue to support the Process Computer Control System (PCCS)
- Continue equipment reliability program (predictive maintenance/condition monitoring) to improve equipment reliability
- Continue critical spare parts inventory for process equipment
- Continue major critical equipment maintenance initiative in Preliminary Treatment
- Continue unit shelf replacement (spares) program
- Implement lubrication technician program within the equipment reliability group
- Continue to provide High Voltage, Predictive Maintenance, and Crane Maintenance support for Water & Sewer Pumping Maintenance (outside Blue Plains)

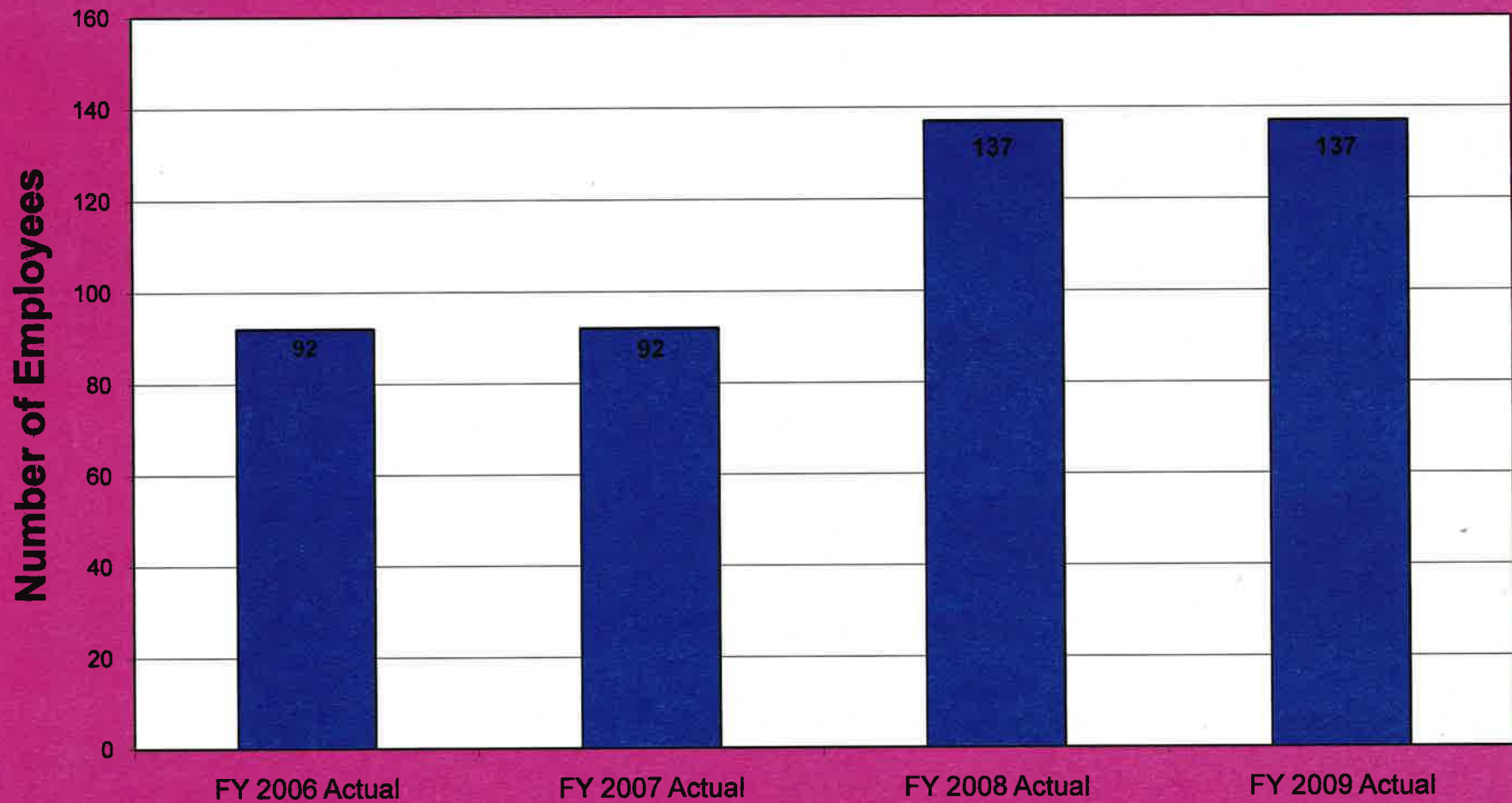
#### FY 2012 Major Recommended Activities and Changes

- Continue maintenance on the Solids Processing Building to further improve reliability
- Continue the High Priority Rehabilitation Program
- Continue to support the PCCS
- Continue equipment reliability program (predictive maintenance/condition monitoring)
- Continue critical spare parts inventory for process equipment
- Continue major critical equipment maintenance initiative in Preliminary Treatment
- Continue unit shelf replacement (spares) program
- Continue lubrication technician program within the equipment reliability group
- Continue to provide High Voltage, Predictive Maintenance, and Crane Maintenance support for Water & Sewer Pumping Maintenance (outside Blue Plains)

#### Impact of Capital Projects on FY 2011 and FY 2012 Operating Expenditures

- PCCS maintenance and field instrument maintenance for the automated filter controls in the Nitrification/Denitrification Project would improve nitrogen removal in the treatment process and also reduce energy consumption in Blue Plains

# MAINTENANCE OPERATOR CERTIFICATION



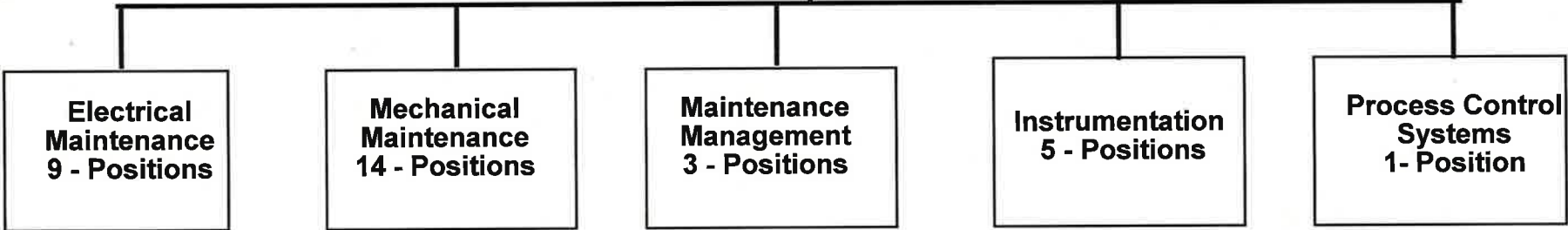


**FY 2012 Budget  
\$4,837,000**

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

			<u>POSITIONS</u>	
<u>CURRENT</u>			FY 2011	FY 2012
Authorized	Average Positions Filled	Year-End Positions Filled		
33	28	25	33	33

**WATER/SEWER  
PUMPING  
MAINTENANCE  
1- Position**



**FUNCTIONS**

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

**FUNCTIONS**

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

**FUNCTIONS**

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

**FUNCTIONS**

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

**FUNCTIONS**

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

## WATER/SEWER PUMPING MAINTENANCE

**MISSION:** To economically maintain DC Water's process equipment and facilities external to Blue Plains, ensuring that the operational and customer service objectives of the Authority are achieved.

**BUDGET OVERVIEW:** The revised FY 2011 operating budget is relatively flat compared to the FY 2011 approved budget. The approved FY 2012 operating budget increases by \$0.2 million due to projected increases in compensation.

	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	33	33	33	33
Average number of positions filled	28			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	2,312	2,918	2,748	2,938
Overtime	112	200	200	200
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	549	272	486	491
Utilities	-	19	13	13
Contractual Services, etc.	1,078	1,409	1,379	1,298
Small Equipment	86	96	93	96
<b>Total Non-Personnel Services</b>	1,713	1,796	1,971	1,899
<b>Total Operations &amp; Maintenance</b>	4,025	4,715	4,719	4,837
<b>Capital Equipment</b>	25	100	100	100
<b>Targeted Performance Measures</b>				
	<b>FY 2010 Actual</b>	<b>FY 2011 Approved</b>	<b>FY 2011 Revised</b>	<b>FY 2012 Proposed</b>
Critical Equipment Availability (97%)	97%	98%	98%	98%

## WATER/SEWER PUMPING MAINTENANCE

### OVERVIEW

#### FY 2011 Major Recommended Activities and Changes

- Continue maintenance on the pump stations and storage facilities
- Continue maintenance training and certification program
- Continue the High Priority Rehabilitation Program DC Water-wide
- Support the SCADA project
- Continue predictive maintenance program / condition monitoring program to improve equipment reliability
- Continue to establish critical spare parts inventory for process equipment
- Support Water & Sewer Pumping Stations Upgrades – operational in FY 2011
- Support SCADA System - partially operational since FY 2005
- Continue Emergency Generator Critical Services Program
- 

#### FY 2012 Major Recommended Activities and Changes

- Continue maintenance on the System pump stations and storage facilities
- Continue maintenance training and certification program
- Continue the High Priority Rehabilitation Program DC Water-wide
- Support the SCADA project
- Continue predictive maintenance program / condition monitoring program to improve equipment reliability
- Continue to establish critical spare parts inventory for process equipment
- Support Water & Sewer Pumping Stations Upgrades – operational in FY 2010
- Support SCADA System - partially operational since FY 2005
- Continue Emergency Generator Critical Services Program
- Repair multiple large pump/motor units at Water Services
- Repair multiple large pump/motor rotating elements at Sewer Services
- Repair multiple process systems in Water and Sewer pumping stations

#### Impact of Capital Projects on FY 2010 and FY 2011 Operating Expenditures

- PCCS maintenance and field instrument maintenance for air controls in the Nitrification/Denitrification project would improve nitrogen removal in the treatment process and also reduce energy consumption in Blue Plains.



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**CHIEF ENGINEER**

**ENGINEERING and TECHNICAL SERVICES  
5 - Positions**

			<u>POSITIONS</u>	
			<u>CURRENT</u>	
Authorized	Average Positions Filled	Year-End Positions Filled	FY 2011	FY 2012
125	105	103	140	167

**FY 2012 Budget  
\$19,363,000**

**Program Management Branch  
7 - Positions**

**FUNCTIONS**

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

**Planning and Design Branch  
72 - Positions**

**FUNCTIONS**

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

**Engineering Management Services Branch  
21 - Positions**

**FUNCTIONS**

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

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

**FUNCTIONS**

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

**Blue Plains Project Branch  
8 - Positions**

**FUNCTIONS**

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

## ENGINEERING AND TECHNICAL SERVICES

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

**BUDGET OVERVIEW:** The FY 2011 revised budget decreases by approximately \$0.39 million from the FY 2011 approved budget due to reduction of 10 FTEs and increase vacancy rate projection. The FY 2012 approved budget increases by \$2.9 million over the FY 2011 revised budget due to the addition of 27 FTEs to support the increased capital improvement program.

	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	127	147	140	167
Average number of positions filled	105			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	12,962	15,147	14,681	17,597
Overtime	435	500	550	550
<b>Non-Personnel Services:</b>				
Chemical and Supplies	76	105	108	108
Utilities	144	203	213	214
Contractual Services, etc.	1,371	1,333	1,396	1,425
Small Equipment	2	16	19	19
<b>Total Non-Personnel Services</b>	<b>1,594</b>	<b>1,656</b>	<b>1,736</b>	<b>1,765</b>
<b>Total Operations &amp; Maintenance</b>	<b>14,556</b>	<b>16,802</b>	<b>16,417</b>	<b>19,363</b>
<b>Capital Equipment</b>	<b>147</b>	<b>-</b>	<b>727</b>	<b>477</b>

Targeted Performance Measures	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Proposed
Percentage of contracts with error/omission changes less than 5% of original contract amount	92%	95%	95%	95%
Use 100% of Clean Water Act grant funds	100%	100%	100%	100%
Use 100% of Safe Drinking Water Act grant funds	100%	100%	100%	100%

## ENGINEERING & TECHNICAL SERVICES

### OVERVIEW

#### FY 2011 Major Recommended Activities and Changes

- Lead, manage timely, and ensure in-budget implementation of the Capital Improvement Program (CIP)
- Continue High Priority Rehabilitation Program for Blue Plains and pumping facilities
- Continue development and update of Standard Operating Procedures (SOP's)
- Continue implementation of Total Nitrogen (TN) project at Blue Plains
- Continue design of Biosolids Management Plan projects
- Implement in-house management of the Geographic Information System (GIS)
- Continue implementation of increased design capability in-house
- Ensure EPA Fair Share Objectives are met or exceeded
- Ensure all grant funding is obligated in accordance with grant requirements
- Meet all required ARRA (Stimulus) project requirements

#### FY 2012 Major Recommended Activities and Changes

- Continue to lead, manage timely, and ensure in-budget implementation of the CIP
- Maintain as-built and mapping system with in-house staff
- Continue implementation of the projects resulting from the sewer system condition assessment program
- Continue implementation of TN project at Blue Plains
- Continue implementation of Biosolids Management Plan projects
- Continue to develop in-house design capability
- Begin to grow in-house construction management capability

#### Impact of Capital Projects on FY 2011 and FY 2012 Operating Expenditures

- Additional staffing to support the \$3.8 billion CIP for FY 2010 - 2019

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**CHIEF ENGINEER**

**CSO LONG TERM CONTROL PLAN (CLEAN RIVERS)  
2 - Positions**

**CSO Planning and Design Branch  
4 - Position**

**CSO Construction Branch  
4 - Position**

			<b>POSITIONS</b>	
<b>CURRENT</b>			FY 2011	FY 2012
Authorized	Average Positions Filled	Year-End Positions Filled		
4	1	2	10	10

**FY 2012 Budget  
\$1,499,000**

**FUNCTIONS**

- Management and oversight of the planning and design phase of the \$2.6 billion, 20 year, Clean Rivers Project
- Oversee the program consultants' management of design contracts, consent decree driven schedules, budgets and program planning
- Ensure adherence to all design related consent decree milestones
- Oversee and guide value engineering efforts to improve the quality and cost effectiveness of designs
- Coordinate the interaction between the CSO LTCP Department and other departments within DC Water
- Review, oversee and ensure compliance with quality assurance/quality control procedures
- Develop risk mitigation strategies for all Clean Rivers projects, with emphasis on bringing quality projects online, on time and within budget

**FUNCTIONS**

- Manage and oversee the construction phase of the 20 year, Clean Rivers Projects
- Ensure adherence to all construction related consent decree requirements
- Guide constructability review efforts
- Identify and mitigate potential sources of project delay and scope growth
- Develop risk mitigation strategies for all Clean Rivers Projects
- Inspect tunnel construction and other CSO abatement facilities
- Review, oversee and ensure compliance with quality assurance/quality control procedures

## CSO LONG TERM CONTROL PLAN

**MISSION:** To develop, design, construct and implement the Authority's 20 year Clean Rivers Project (CSO LTCP) that includes Federally enforceable consent decree driven milestones.

**BUDGET OVERVIEW:** The FY 2011 revised budget increases by \$0.42 million over the FY 2011 approved budget due to increase in personnel services costs from lower anticipated vacancy rate and contractual services. The FY 2012 approved budget also increases by approximately \$0.49 million over the FY 2011 revised budget due to anticipated increase in personnel services

	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	4	10	10	10
Average number of positions filled	1			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	200	519	884	1,385
Overtime	1	1	10	10
<b>Non-Personnel Services:</b>				
Chemical and Supplies	-	5	20	10
Utilities	-			
Contractual Services, etc.	2	59	99	99
Small Equipment	-		2	5
<b>Total Non-Personnel Services</b>	2	64	121	114
<b>Total Operations &amp; Maintenance</b>	202	583	1,005	1,499
<b>Capital Equipment</b>				
<b>Targeted Performance Measures</b>				
	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Proposed
Meet all CSO LTCP consent decree milestones	100%	100%	100%	100%

## CSO LONG TERM CONTROL PLAN

### OVERVIEW

#### FY 2011 Major Recommended Activities and Changes

- Continue design and implementation of the 20 year Clean Rivers Project (CSO LTCP)
- Complete procurement of engineering and construction services for the Blue Plains tunnel through design-build service delivery
- Continue design of the Blue Plains tunnel that is approximately 4 miles long and 23 feet inside diameter. The tunnel will extend from Blue Plains Wastewater Treatment Facility to the Main Street Pumping Station near the Washington Nationals Stadium
- Complete design for new CSO 19 outfall structure near RFK stadium to handle excess flow from the new North East Boundary Tunnel
- Begin design of Poplar Point pump station replacement project
- Begin design of CSO control facilities at M Street near the Navy Yard area and Southside of the Anacostia River
- Complete construction of the Blue Plains Tunnel site preparation contract

#### FY 2012 Major Recommended Activities and Changes

- Continue design and implementation of the 20 year Clean Rivers Project
- Complete construction of the Blue Plains Tunnel Site Preparation project at the Blue Plains facility
- Begin procurement process for securing engineering and construction services for the Anacostia River Tunnel through design-build service delivery
- Complete design and begin construction of CSO control facilities at M Street near the Navy Yard area and Southside of the Anacostia River
- Develop Anacostia River Tunnel design report for use by design-build team
- Begin design of Main Pumping Station CSO diversion facilities
- Continue construction of the Blue Plains tunnel that is approximately 4 miles long and 23 feet inside diameter

#### Impact of Capital Projects on FY 2011 and FY 2012 Operating Expenditures

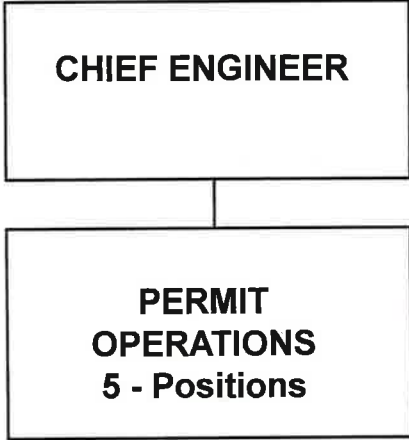
- Additional staffing to support implementation of the Clean Rivers Project.



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**FY 2012 Budget  
\$971,000**



			<u>POSITIONS</u>	
<u>CURRENT</u>			FY 2011	FY 2012
Authorized	Average Positions Filled	Year-End Positions Filled		
3	0	0	5	5

**FUNCTIONS**

- Manage DC Water’s permit functions
- Perform engineering review of major development projects from conception to construction
- Coordinate with DCRA, DDOT and DDOE in support of the District’s permit operations
- Collaborate with DETS on modifications to the Authority’s design standards
- Review and approve water and sewer availability certificates
- Coordinate construction with DETS Water and Sewer Construction Branch
- Initiate Maximo Records and GIS as-designed files

## PERMIT OPERATIONS

**MISSION:** To manage DC Water's development and permit services

**BUDGET OVERVIEW:** The FY 2011 revised budget increases by approximately \$0.11 million over the FY 2011 approved budget primary due to increase in rental occupancy to relocate the department. The FY 2012 approved budget increases by approximately \$0.16 million over the FY 2011 revised budget primarily due to anticipated increase in personnel services.

	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	3	3	5	5
Average number of positions filled	-			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	-	399	389	599
Overtime	-	1	1	1
<b>Non-Personnel Services:</b>				
Chemical and Supplies	-	5	15	20
Utilities	-	100	274	296
Contractual Services, etc.	89	200	133	56
Small Equipment	-	-	-	-
<b>Total Non-Personnel Services</b>	89	305	422	372
<b>Total Operations &amp; Maintenance</b>	89	704	811	971
<b>Capital Equipment</b>		-	-	-
<b>Targeted Performance Measures</b>				
	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Proposed
Process all permit applications in accordance with the service level agreement timeframe (85%)	N/A	85%	85%	85%

## PERMIT OPERATIONS

### OVERVIEW

#### FY 2011 Major Recommended Activities and Changes

- Implement development plan for permit operations
- Staff department as recommended in staffing plan
- Move into the Department of Consumer and Regulatory Affairs (DCRA) Headquarters
- Develop budget for FY 2012 and FY 2013
- Meet goals for review cycle times, as defined in standard procedures
- Continue to provide permit services throughout transition

#### FY 2012 Major Recommended Activities and Changes

- Continue development of staff
- Continue development of standard procedures
- Meet goals for review cycle times, as defined in standard procedures

#### Impact of Capital Projects on FY 2011 and FY 2012 Operating Expenditures

- Increase in the FY 2010 – FY 2019 CIP will result in increase staff time to review and process needed permit applications

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

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

POSITIONS				
CURRENT			FY 2011	FY 2012
Authorized	Average Positions Filled	Year-End Positions Filled		
123	115	114	124	124

**FY 2012 Budget  
\$16,356,000**

**Customer Care  
44 - Positions**

**FUNCTIONS**

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

**Credit and  
Collections  
12 - Positions**

**FUNCTIONS**

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

**Billing Services  
and Control  
18 - Positions**

**FUNCTIONS**

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

**Meter and  
Field  
Services  
43 - Positions**

**FUNCTIONS**

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

## CUSTOMER SERVICE

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

**BUDGET OVERVIEW:** The FY 2011 revised budget increased by approximately \$0.7 million over the FY 2011 approved budget due to projected increases in personnel cost because the department intends to fill all its vacant positions. In addition a transfer of one position (Assistant General Manager) was added to the department. The FY 2012 approved budget increases by \$0.3 million due to projected increases in compensation for a fully staffed department.

	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	123	123	124	124
Average number of positions filled	115			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	8,791	9,410	9,971	10,267
Overtime	223	260	250	250
<b>Non-personnel Services:</b>				
Chemicals and Supplies	143	183	186	181
Utilities	1,203	1,776	1,762	1,768
Contractual Services, etc.	3,555	3,917	4,079	4,099
Small Equipment	7	56	56	41
<b>Total Non-Personnel Services</b>	4,908	5,932	6,083	6,088
<b>Total Operations &amp; Maintenance</b>	13,699	15,342	16,054	16,356
<b>Capital Equipment</b>	318	210	1,335	375

Targeted Performance Measures	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Proposed
Calls answered within 40 seconds	85%	85%	85%	85%
Percentage of AMR Meters Read	92%	99%	99%	99%
Reduce Retail 90-day receivable balance (not including IAC)	4.1 Million	\$5.5 Million	\$5.5 Million	\$5.5 Million
Top 100 Accounts Billed as Scheduled	98%	98%	98%	98%

## CUSTOMER SERVICE

### OVERVIEW

#### FY 2011 Major Recommended Activities and Changes

- Increase staff performing large meter inspections and replacement.
- Add service order scheduling software to deploy computers in field service trucks.
- Implement green credit program with the District Department of Energy (DDOE)
- Develop needs requirements for Customer Information System (CIS) replacement/upgrade decision
- Conduct Call center call routing/ Voice over Internet Protocol (VOIP) upgrade needs analysis.
- Negotiate combining job classifications for greater flexibility in assignments

#### FY 2012 Major Recommended Activities and Changes

- Create inventory and replacement projection for Meter Transmittal Units (MTUs) with more than 10 years of service.
- Coordinate customer service relocation because of lease expiration
- Continue CIS replacement or upgrade



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**BOARD  
OF  
DIRECTORS**

**GENERAL  
MANAGER'S  
OFFICE  
10 - Positions**

**FY 2012 Budget  
\$4,405,000**

			<u>POSITIONS</u>	
<u>CURRENT</u>			FY 2011	FY 2012
Authorized	Average Positions Filled	Year-End Positions Filled		
10	8	9	14	16

**Organizational  
Development  
3 - Positions**

**Policy &  
Government Relations  
3 - Positions**

**FUNCTIONS**

- Identify opportunities for, and support implementation of, cost-reducing measures
- Support development and implementation of performance measures to improve operational efficiencies
- Support organizational development objectives as needed with metrics and other performance management tools

**FUNCTIONS**

- Track and strategically influence relevant policy proposals
- Pursue state and federal government funding opportunities
- Establish and enhance working relationship elected and appointed officials

## GENERAL MANAGER

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

**BUDGET OVERVIEW:** Increases of approximately \$0.4 million in the revised FY 2011 operating budget compared to the approved FY 2011 operating budget is mainly related to funding for projected personnel services and contractual services costs. The approved FY 2012 operating budget increased by approximately \$0.05 million due primarily funding for projected personnel services costs.

	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	10	12	14	16
Average number of positions filled	8			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	1,602	1,851	2,041	2,442
Overtime	4	20	15	15
<b>Non-Personnel Services:</b>				
Chemicals and Supplies (Gen. Office Supplies)	7	15	12	12
Utilities	234	30	30	30
Contractual Services, etc.	283	1,819	1,977	1,994
Small Equipment	-	-	-	-
<b>Total Non-Personnel Services</b>	524	1,864	2,019	2,037
<b>Total Operations &amp; Maintenance</b>	2,127	3,715	4,060	4,479
<b>Capital Equipment</b>				
<b>Targeted Performance Measures</b>				
	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Proposed
Implement all policies and directives of the Board of Directors				

## GENERAL MANAGER

### OVERVIEW

#### FY 2011 Major Recommended Activities and Changes

- Establishment of a proactive, goal-oriented and innovative policy and government affairs program to protect and advance the agency's mission, and establish DC Water as a preeminent regional and national voice in the water and wastewater utility industry.
- Establishment of a function to design, develop and coordinate organizational development and related processes to maintain and improve the Authority's effectiveness and performance, and enhance the workplace, by facilitating collaborative problem-solving, conflict resolution, and management of change within and between departments.
- Strengthen the existing process improvement and performance management functions in order to ensure: 1) organizational goals are aligned to the general manager's goals, and are realized in an efficient and effective manner; 2) opportunities to reduce costs are identified and realized; 3) metrics and performance measures are developed to improve operational efficiencies; and 4) support, as needed, is provided to the newly established organizational development functions.
- Manage the implementation of action items generated by the Team Blue Project and supporting initiatives.

#### FY 2012 Major Recommended Activities and Changes

- No major changes anticipated.

#### Impact of Capital Projects on FY 2010 and FY 2011 Operating Expenditures

- Not applicable.

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**BOARD  
OF  
DIRECTORS**

<u>POSITIONS</u>				
<u>CURRENT</u>			FY 2011	FY 2012
Authorized	Average Positions Filled	Year-End Positions Filled		
2	2	2	2	2

**FY 2012 Budget  
\$624,000**

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

**GENERAL  
MANAGER**

**FUNCTIONS**

- Manage logistics for Board of Directors and Committee meetings, Public Hearings, Workshops, Strategic Planning Process and all other business activities of the Board
- Manage and oversee the day-to-day operations of the Board of Directors
- Coordinate logistics for Board’s strategic planning process
- Maintain custodian of all books, records and official documents of the Board
- Administer the subpoena process for the Authority
- Provide Notary Service for the Authority

**OFFICE OF THE SECRETARY**

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

**BUDGET OVERVIEW:** There is relatively no change between the FY 2011 revised and FY 2011 approved budgets. The FY 2012 approved budget increased slightly over the FY 2011 revised budget due to projected personnel service costs and funding to support a strategic planning session for Board members.

	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	2	2	2	2
Average number of positions filled	2			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	230	238	239	244
Overtime	4			
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	10	18	18	18
Utilities	3	5	6	6
Contractual Services, etc.	128	333	332	356
Small Equipment	-	1	1	1
<b>Total Non-Personnel Services</b>	141	357	356	380
<b>Total Operations &amp; Maintenance</b>	370	593	595	624
<b>Capital Equipment</b>	55	-	25	-

Targeted Performance Measures	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Proposed
Provide timely and accurate Board and Committee agendas, reports and minutes	100%	100%	100%	100%
Follow-up and complete Board actions	100%	100%	100%	100%

## OFFICE OF THE SECRETARY

### **OVERVIEW**

#### FY 2011 Major Recommended Activities and Changes

- Coordinate logistics for Board's Strategic Planning Session
- Assist Board Committees in monitoring Committee Work Plan performance measures and governance initiatives
- Continue to coordinate the process to fill the expired and/or vacant Board appointments
- Continue to effectively monitor follow-up requests from the Board and Committees to ensure timely responses
- Continue to enhance data dissemination process for the Board, DC Water employees, the general public, and stakeholders by use of state-of-the-art technology that supports the Board's strategic plan

#### FY 2012 Major Recommended Activities and Changes

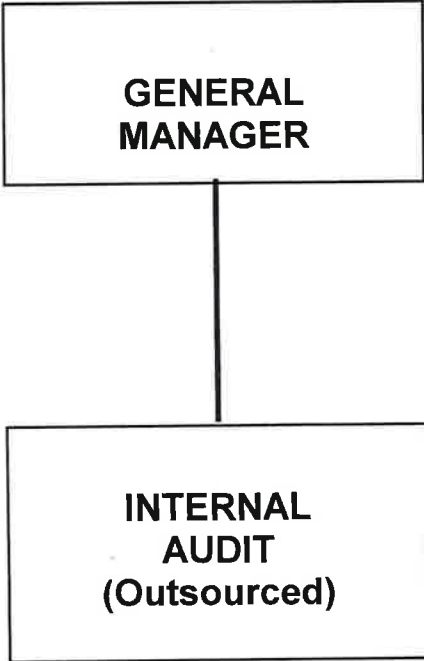
- No major changes anticipated



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**FY 2012 Budget  
\$815,000**



<u>POSITIONS</u>				
CURRENT			FY 2011	FY 2012
Authorized	Average Positions Filled	Year-End Positions Filled		
0	0	0	0	0

**FUNCTIONS**

- Oversight:
- Conduct periodical audits
  - Conduct audits requested by the Board of Directors and/or the General Manager
  - Review of corporate governance

**FUNCTIONS**

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

**FUNCTIONS**

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

## INTERNAL AUDIT

**MISSION:** The mission of internal audit is to provide independent, objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of DC Water. It assists the organization in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's risk management, control, and governance processes.

**BUDGET OVERVIEW:** The FY 2011 revised is relatively flat compared to the FY 2011 approved budget. There is no significant change between the revised FY 2011 and approved FY 2012 budgets primarily due to the Internal Audit Outsourced contractual agreement.

	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	-	-	-	-
Average number of positions filled	-			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	-	-	-	-
Overtime	-			
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	-	-	-	-
Utilities	5	1	7	7
Contractual Services, etc.	644	789	813	809
Small Equipment	-	-	-	-
Total Non-Personnel Services	649	790	820	815
<b>Total Operations &amp; Maintenance</b>	649	790	820	6
<b>Capital Equipment</b>		-	-	-
<b>Targeted Performance Measures</b>				
	FY 2010 Actual	FY 2011 Approved Budget	FY 2011 Revised Budget	FY 2012 Proposed
Internal Audit Work Plan	7	7	7	7

## INTERNAL AUDIT

### **OVERVIEW**

#### FY 2011 Major Recommended Activities and Changes

- Board Approved Audit Plan

#### FY 2012 Major Recommended Activities and Changes

- No Major Changes Anticipated

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**CHIEF FINANCIAL OFFICER**

**FINANCE AND BUDGET  
2 - Positions**

**FY 2012 Budget  
\$7,773,000**

			<u>POSITIONS</u>	
<u>CURRENT</u>			FY 2011	FY 2012
Authorized	Average Positions Filled	Year-End Positions Filled		
44	41	42	45	46

**Office of the Controller  
24 - Positions**

**Treasury and Debt  
7 - Positions**

**Finance and Budget  
13 - Positions**

**FUNCTIONS**

*Manage accounting and financial reporting functions of the organization to include:*

- Prepare Comprehensive Annual Financial Report (CAFR)
  - Record and report financial transactions
  - Maintain financial records and an effective internal control structure
  - Establish accounting and reporting policies
- Coordinate annual audit
- Vendor payment operations
- Payroll operations
- Grants and county billing operations
- Financial aspects of Inter-Municipal Agreement (IMA)
- Asset management process

**FUNCTIONS**

*Manage and oversee Treasury and Debt function of the organization to include:*

- Debt portfolio
- Investment portfolio
- Banking services operations
- Financial security and risk assessment
- Liquidity risks
- Business Office - Cashiering

**FUNCTIONS**

*Manage the budget and financial planning activities of the organization to include:*

- Short and long-range financial planning
- Prepare and monitor operating and capital budgets
- Committee reporting process
- Revenue forecasting and monitoring process
- Rate-setting processes
- Financial relationship with the Washington Aqueduct
- Assistance on special projects, e.g. federal billing issues

## FINANCE AND BUDGET

**MISSION:** Manage all of DC Water's financial activities to maintain sound financial condition; and, to ensure performance that meets the expectations of the Board, stakeholders and the broader financial community.

**BUDGET OVERVIEW:** The revised FY 2011 operating budget is approximately \$0.4 million higher compared to approved FY 2011 operating budget. This increase is related to new funding for 'Energy Audits - Quick Wins.' Although the FY 2012 approved operating budget compared to the FY 2011 revised operating budget reflects a decrease of \$0.08 million, this budget does provide funding for anticipated personnel services increases.

	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	43	45	45	46
Average number of positions filled	41			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	4,811	4,964	4,993	5,605
Overtime	21	35	30	30
<b>Non-Personnel Services:</b>				
Chemical and Supplies	15	20	16	16
Utilities	56	72	66	66
Contractual Services, etc.	1,893	2,570	2,944	2,251
Small Equipment	-	4	4	4
Total Non-Personnel Services	1,963	2,667	3,030	2,337
<b>Total Operations &amp; Maintenance</b>	6,775	7,631	8,024	7,942
<b>Capital Equipment</b>	251	644	644	130

Targeted Performance Measures	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
Manage Authority's financial operations to ensure revenue is within 99% of projections and expenditures are within budget.	Revenue - 99% Expenditures - 93%	Revenue - 99% Expenditures - 93%	Revenue - 99% Expenditures - 93%	Revenue - 99% Expenditures - 93%
Comply with the Board's investment policy and strategy.	18	50 basis points	20 basis points	20 basis points
Benchmarks: Short-Term Funds - ML 3 months US T-Bill Index and Core Funds - ML 1 - 3 year.	46			
Manage Authority's financial operations to ensure 140% senior debt service coverage.	275%	140%	140%	140%
Meet or exceed the 120 day operating and maintenance expense with the objective of maintaining at least \$125.5 million in operating reserves as set by Board policy.	131.2 million	125.5 million	125.5 million	125.5million
Issue Comprehensive Annual Financial Report (CAFR) in February.	February	February	February	February
Pay 97% of all undisputed invoices within 30 days.	92%	97%	97%	97%

## FINANCE & BUDGET

### OVERVIEW

#### FY 2011 Major Recommended Activities and Changes

##### **Office of the Controller:**

- Internal Control Improvements
  - Control Activities Documentation
  - Internal Control Monitoring
  - Internal Control Framework Integration
- Financial System Upgrade
- Accounts Payable (AP) Transition to ACH
- Study/develop efficiencies of paperless environment in AP
- Payroll
  - Implement employee debit card
  - Time & Attendance & Self-Service Training
- Grants / IMA
  - 2010 operating settlement for wholesale customer cost
  - Develop work plan for implementation of automated Grants Management System

##### **Finance and Budget:**

###### Ensure operational efficiency:

- Ongoing financial management of critical programs
  - Incorporate new performance measures into resource allocation process
  - Continue monitoring of key financial performance targets
- Continue Water Balance monitoring
- Implement multi-tier residential IAC structure and develop incentive program

###### Review revenues and rate structure for opportunities to improve:

- Rates
  - Review proposal for alternate rate structures including enhanced revenue stability
  - Investigate feasibility for revisions to miscellaneous fee schedule as suggested by Cost of Service study
  - Continue to monitor economic conditions and affordability
- Continue to monitor consumption trends and regional economic indicators
- Continue review of PILOT with DCFO, if appropriate

Aggressively pursue billing dispute with Howard University / Soldiers Home



**Treasury / Debt**

- Administer post compliance program for all outstanding debt including Build America Bonds (BABs).
- Continue to evaluate investment portfolio strategy, performance and reporting alternatives.
- Continue pilot program to ACH accounts payable payments. Implement if appropriate.
- Monitor contracted vendors. Draft RFP for Financial Advisory Services (current contract expires November, 2011)

**FY 2012 Major Recommended Activities and Changes**

- Revise and update reporting and budgeting process
- Look for revenue generating activities
- New bond issuance

**Impact of Capital Projects on FY 2011 and FY 2012 Operating Expenditures**

- There is \$644,000 and \$130,000 in the FY 2011 and FY 2012 operating budgets respectively for Financial Management and Payroll/HR Systems update. This involves re-engineering of on-line forms, and updates and enhancements to the systems that would result in operating efficiencies and overall costs savings.
- Additionally, there are other miscellaneous IT projects that would either directly or indirectly impact this department's operating expenditures.



**CHIEF FINANCIAL OFFICER**

**RISK MANAGEMENT  
4 - Positions**

**FY 2012 Budget  
\$6,208,000**

<u>POSITIONS</u>				
CURRENT			FY 2011	FY 2012
Authorized	Average Positions Filled	Year-End Positions Filled		
3	3	3	4	4

**Risk Management**

- Administer all aspects of insurance and risk management, including: securing companywide insurance policies, managing insurance claims and loss control, maintaining databases of loses/claims and insurance procedures, and assisting senior management with enterprise risk management.
- Ensure compliance with legislation, industry practice and market requirements
- Monitor the receipt of insurance binders, policies and endorsements. Manages the safekeeping of original insurance policies.
- Organize underwriting data requests, complete insurance applications and create underwriting submissions for all major Authority insurance renewals

**Claims Management**

- Manage all claims, including workers compensation and tort claims for Authority Operations
- Manage all claims, including workers compensation and tort claims for Authority's Rolling Owner Controlled Insurance Program ROCIP
- Ensure adequate insurance reserve levels
- Coordinate communication and investigation activities between the Departments and the insurance administrator
- Manage subrogation and negotiate settlements
- Conduct internal investigations for general liability claims

**Loss Prevention/Risk Mitigation**

- Identify and evaluate risks
- Perform ongoing risk assessments of operations
- Assist with the coordination and facilitation of addressing loss prevention recommendations from DC Water's insurance carrier
- Perform loss analysis and issue reports to management
- Identify trends and work with our third party administrator, DC Water's Safety and others to create solutions for improvement on a consistent basis.

## RISK MANAGEMENT

**MISSION:** To manage and coordinate all risk management programs to reduce and cost effectively transfer the Authority's financial risk, protect its assets and reduce financial loss.

**BUDGET OVERVIEW:** The FY 2011 revised budget is at the same level of the FY 2011 approved budget. The FY 2012 approved budget decreased by approximately \$0.2 million for increased cost of contractual services.

	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	3	4	4	4
Average number of positions filled	3			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	312	313	312	417
Overtime	0	1	1	1
<b>Non-personnel Services:</b>				
Chemicals and Supplies	3	9	4	4
Utilities	5	6	5	5
Contractual Services, etc.	5,062	6,116	6,124	5,782
Small Equipment	-		-	-
<b>Total Non-Personnel Services</b>	5,070	6,131	6,133	5,791
<b>Total Operations &amp; Maintenance</b>	5,381	6,444	6,445	6,208
<b>Capital Equipment</b>		-	-	-
<b>Targeted Performance Measures</b>				
Targeted Performance Measures	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Proposed
Reduction of workers compensation costs by 10%	10%	5%	5%	5%
Meet workers compensation filing requirements within 14 days	14	14	14	14

## RISK MANAGEMENT

### OVERVIEW

#### FY 2011 Major Recommended Activities and Changes

- Continue to improve methods for capturing operational and ROCIP claims data in order to better evaluate claims trends, opportunities for cost recovery and ensure accurate and timely Medicaid/Medicare reporting. Consider purchasing a commercial Risk Management Information System (RMIS) for the purpose of managing DC Water's claims data and enabling better risk information sharing among departments.
- Continued management of ROCIP I program for capital projects (Capital).
- ROCIP II program renewal and continued project and claims management/oversight (Capital).
- Utilize the services of a DC Water's or an independent claims representative to immediately respond to customer losses, assess damages to customer and DC Water's property and manage our subrogation program (Customer & Community Service).
- Continue pursuing recovery from 3<sup>rd</sup> parties that damage DC Water property. This includes our vehicles and utilities (Finance & Budget).
- Continue our campaign to educate and encourage customers to protect the sewer system, which would prevent sewer back ups and flooding.

#### FY 2012 Major Recommended Activities and Changes

- Expand utilization of the RMIS for the purpose of capturing operational claims, litigation, fleet and property data to allow trending of data by exposure bases and help facilitate insurance renewal data-gathering (Organizational Effectiveness).
- Expand utilization of the RMIS for the purpose of capturing ROCIP general liability and workers compensation claims data to allow trending of data by exposure bases.
- Explore additional insurance and loss control options (ROCIP) to address new and upcoming capital projects (tunneling & digester).

#### Impact of Capital Projects on FY 2009 and FY 2010 Operating Expenditures

- Increased Risk Management Staff for management and oversight of the ROCIP I and II programs.

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**FY 2012 Budget  
\$6,041,000**

**GENERAL  
MANAGER**

**GENERAL  
COUNSEL  
14 - Positions**

**Litigation**

**Administrative  
Law**

<b>POSITIONS</b>				
<b>CURRENT</b>			<b>FY 2010</b>	<b>FY 2011</b>
<b>Authorized</b>	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
14	12	14	14	14

**FUNCTIONS**

- Appellate
- Bankruptcy
- Contract
- Construction
- Environmental
- Procurement
- Tort
- Receivership
- Employment
- Foreclosure

**FUNCTIONS**

- Board of Directors support
- Contract review and advise
- Clean Water Act compliance
- Clean Air Act compliance
- Construction claims
- Safe Drinking Water Act compliance
- Employment law matters
- Intra-governmental and Inter-jurisdictional agreements
- Legislation review and support
- Municipal law matters
- Pretreatment enforcement support
- Procurement protests, claims, and internal appeals
- Real property matters
- Regulatory compliance support
- Draft and review Authority Policies

## GENERAL COUNSEL

**MISSION:** To support the Authority's mission by providing legal advice and services to the Board of Directors, the General Manager and the Authority's departments.

**BUDGET OVERVIEW:** The revised FY 2011 operating budget increases by approximately \$0.4 million over the approved FY 2011 budget due to projected litigation services. The approved FY 2012 operating budget increases by \$0.2 million due to projected cost of litigation services.

	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	14	14	14	14
Average number of positions filled	12			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	1,314	1,584	1,615	1,630
Overtime	6	2	2	2
<b>Non-personnel Services:</b>				
Chemicals and Supplies	7	20	15	15
Utilities	15	19	17	17
Contractual Services, etc.	6,623	3,900	4,229	4,379
Small Equipment	-			
Total Non-Personnel Services	6,645	3,939	4,261	4,411
<b>Total Operations &amp; Maintenance</b>	7,959	5,523	5,876	6,041
<b>Capital Equipment</b>		-	-	-
<b>Targeted Performance Measures</b>				
Hours of employee time spent on direct work	1,850	1,800	1,800	1,800
1,400				

## GENERAL COUNSEL

### OVERVIEW

#### FY 2011 Major Recommended Activities and Changes

- Increase in-house litigation to reduce reliance on outside counsel
- Increase compliance support
- Management of major litigation

#### FY 2012 Major Recommended Activities and Changes

- In-house Litigation
- Increase compliance monitoring
- Management of major litigation

#### Impact of Capital Projects on FY 2011 and FY 2012 Operating Expenditures

- Increase in environmental and compliance mandates
- Support in obtaining construction permits and required approvals



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**GENERAL  
MANAGER**

**PUBLIC  
AFFAIRS  
10 - Positions**

<b>POSITIONS</b>				
<b>CURRENT</b>			<b>FY 2011</b>	<b>FY 2012</b>
<b>Authorized</b>	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
9	8	10	10	10

**FY 2012 Budget  
\$1,868,000**

**Communications**

**Production**

**Community  
Outreach**

**FUNCTIONS**

**FUNCTIONS**

**FUNCTIONS**

- Prepare speeches, editorials, special reports and stakeholder presentations
- Produce articles for community and weekly newspapers
- Produce press releases
- Produce newsletters and brochures materials, DC Water exhibits, etc.
- Provide editing/design support for other departmental communications projects
- Produce special high-profile project communications materials and exhibits
- Respond to local/national media inquiries
- Manage website content
- Produce live and archived webcasts board meetings

- Facilitate communications training for employees (e.g. media, speakers bureau, focus group)
- Manage the production of the Annual Report, Water Quality Report and marketing materials
- Produce Public Service Announcements, Commercials and Videos
- Budget and financial planning to include:  
Short and long-range financial planning  
Prepare and monitor operating budget  
Revenue forecasting and monitoring process
- Manage Speakers Bureau
- Issues management

- Partner on specific project/programs with neighborhood commissions, business, civic and environmental groups and organizations, and schools
- Prepare exhibits
- Develop and coordinate community service and customer outreach activities
- Coordinate stakeholder presentations and community Plant tours
- Conduct Sewer Science and other public school programs

## PUBLIC AFFAIRS

**MISSION:** To provide information about DC Water services and programs and to raise awareness about DC Water efforts and achievements to improve the quality of life in the region by protecting the environment in which it operates and supporting the community it serves.

**BUDGET OVERVIEW:** The revised FY 2011 budget increased by approximately \$0.2 million from the FY 2011 approved budget due to an increase in two additional FTEs. The approved FY 2012 budget increased slightly, primarily due to projected increases in personnel services cost.

	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	9	9	10	10
Average number of positions filled	8			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	723	973	1,092	1,116
Overtime	1	2	2	2
<b>Non-Personnel Services:</b>				
Chemical and Supplies	12	30	18	18
Utilities	16	16	20	22
Contractual Services, etc.	350	752	713	713
Small Equipment	-		-	-
<b>Total Non-Personnel Services</b>	<b>378</b>	<b>798</b>	<b>751</b>	<b>752</b>
<b>Total Operations &amp; Maintenance</b>	<b>1,101</b>	<b>1,771</b>	<b>1,843</b>	<b>1,868</b>
<b>Capital Equipment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Targeted Performance Measures</b>				
	<b>FY 2010 Actual</b>	<b>FY 2011 Approved</b>	<b>FY 2011 Revised</b>	<b>FY 2012 Proposed</b>
Publication of Dc Water's Annual Report-1	1	1	1	1
Publication of "What's on Tap" customer newsletter-10	10	10	10	10
Publication of "CSO Update"-2	2	2	2	2
Publication of Employee Focus newsletter-12	12	12	12	12
Publication of CCR (water quality report)-1	1	1	1	1
Special event orchestration/coordination-2	7	2	10	10
Senior speech and presentation development-8	8	8	8	8
Community meetings/outreach re: lead, rates, CSO/CIP projects, etc.-65	119	65	65	65

## PUBLIC AFFAIRS

### **OVERVIEW**

#### FY 2011 Major Recommended Activities and Changes

- Expand the department's community and stakeholder communications and outreach/education programs, with emphasis on infrastructure improvements, water pollution control activities, drinking water quality, and activities to improve the quality of life in the communities served
- On-going website restructuring and content editing and management
- Emphasis on educating the media and the public about our environmental stewardship
- Enhance our social media strategies
- Expand our use of communications technology for "live" Internet broadcasts of board meetings and on-line chats
- Water Quality Outreach

#### FY 2012 Major Recommended Activities and Changes

- No major changes anticipated

#### Impact of Capital Projects on FY 2010 and FY 2011 Operating Expenditures

- Increased community outreach and awareness for the Clean Rivers Project (CSO-LTCP)
- Additional campaign initiatives for Water Quality Catch basin awareness

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**GENERAL  
MANAGER**

			POSITIONS	
CURRENT			FY 2011	FY 2012
Authorized	Average Positions Filled	Year-End Positions Filled		
18	15	12	24	24

**FY 2012 Budget  
\$9,827,000**

**INFORMATION  
TECHNOLOGY  
Office of the  
Chief Information Officer  
4 - positions**

**E-Business  
6 - positions**

**Project  
Management  
Office  
1 - position**

**Systems and  
Operations  
7 - positions**

**SCADA  
3 - positions**

**Enterprise  
Document  
Management  
2 - position**

**Geographic  
Information  
System  
1 - Position**

**FUNCTIONS**

- Integrate and provide product support for the financial, payroll, maintenance and customer information and billing, AMR, IVR, AM systems
- Design and maintain DC Water's website to allow customer e-business access
- Database administration
- Develop and support DC Water's intranet

**FUNCTIONS**

- Ensure successful project implementations
- Manage project prioritization process
- Support project planning, management, and implementation
- Business Process Improvement
- Develop and provide standards for System Architecture/Integration
- Independent Verification and Validation (IVAV)

**FUNCTIONS**

- Manage daily operations of central and remote systems sites
- Maintain DC Water's technology standards
- Manage the Solutions Center (help desk)
- Install, operate, maintain and support new and existing Network, Data Center, telecommunication infrastructure and equipment
- Implement and support radio systems

**FUNCTIONS**

- Project Management/Implement upgrade Distribution & Collection (D&C) SCADA system
- Provide support for SCADA and other D&C related automated system
- Maintain and Supports PCs hardware and Software
- Manage/support SCADA Communication and Control Networks including PLC Programming
- Provide development and Programming Support to end-users
- Responsible for configuration and Change Management

**FUNCTIONS**

- Provide enterprise content, document, and record Management system support
- Business process integration
- Application development
- System administration

**FUNCTIONS**

- Provide GIS/IAB support
- System administration
- Application development

## INFORMATION TECHNOLOGY

**MISSION:** To ensure that the Authority's mission is supported by state-of-the-art technology with an infrastructure capable of accommodating all traffic and connectivity demands, and a computing environment that encourages development of efficient business.

**BUDGET OVERVIEW:** The FY 2011 revised budget increased \$0.20 million over the FY 2011 approved budget primarily due to an increase in contractual services cost. The FY 2012 approved budget is lower than the FY 2011 revised budget primarily due to a reduction in cost of contractual services.

	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	12	24	24	24
Average number of positions filled	15			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	1,795	2,305	2,172	2,311
Overtime	28	25	25	25
<b>Non-personnel Services:</b>				
Chemicals and Supplies	189	199	199	199
Utilities	146	152	125	125
Contractual Services, etc.	5,591	7,015	7,377	7,045
Small Equipment	133	147	147	147
<b>Total Non-Personnel Services</b>	<b>6,060</b>	<b>7,512</b>	<b>7,848</b>	<b>7,516</b>
<b>Total Operations &amp; Maintenance</b>	<b>7,855</b>	<b>9,817</b>	<b>10,021</b>	<b>9,827</b>
<b>Capital Equipment</b>	<b>4,961</b>	<b>7,800</b>	<b>8,655</b>	<b>8,754</b>

Targeted Performance Measures	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Proposed
98% Network uptime during peak hours	99.8%	NA	99.8%	99.8%
95% Network uptime during non-peak hours	99.8%	NA	99.8%	99.8%
96% of all high priority tickets completed within 4 hours	96.0%	NA	96.0%	96.0%

# INFORMATION TECHNOLOGY

## OVERVIEW

### FY 2011 Major Recommended Activities and Changes

- Continue integration of engineering and Plant related technologies with enterprise IT functions and systems
- Continue implementation of handheld inventory system (RFID)
- Begin Business Requirements Specification process for Customer Information System (CIS)
- Begin concept design (High level business requirements) for Route Optimization
- Begin Portfolio Management for CIP (Implementation)
- Begin WFS Upgrade (Phase II)
- Begin implementation of the Board of Directors (BOD) E-Book
- Begin implementation of Enterprise Archiving Solution
- Begin implementation of Safety Incident Management System
- Begin implementation of Fleet Management System
- Begin implementation of Energy Management System
- Begin implementation of Performance Improvement Dashboard
- Continue implementation of the following key projects:
  - Asset management system (TEAMS-MAXIMO) – Enhancements and integration with other systems
  - Document management system
  - Enterprise Backup system-Redundant Data Center
  - Supervisory Control And Data Acquisition (SCADA) system-upgrade/enhancements
  - AMR Upgrade
  - Web Site Phase III
  - Intranet-SharePoint
- Continue to ensure IT infrastructure reliability and upgrades consistent with Authority Technology lifecycle and capacity Management Planning:
  - Network System Renewal
  - Network Storage System Renewal
  - Enterprise Backup System
  - Oracle/SQL Upgrade
  - Network System Security Upgrade
  - Desktop replacements
  - Assessment – Radio System- Plant Wide
- Continue Implementation of Business Process Improvements and technology solution for:
  - Telephone System (VOIP) enhancements-(Safety and Customer Service)
  - Permitting process Phase III
  - Telecommunications integration, networking, and audio visual support
  - Field Service Management



### FY 2011 Major Recommended Activities and Changes (continued)

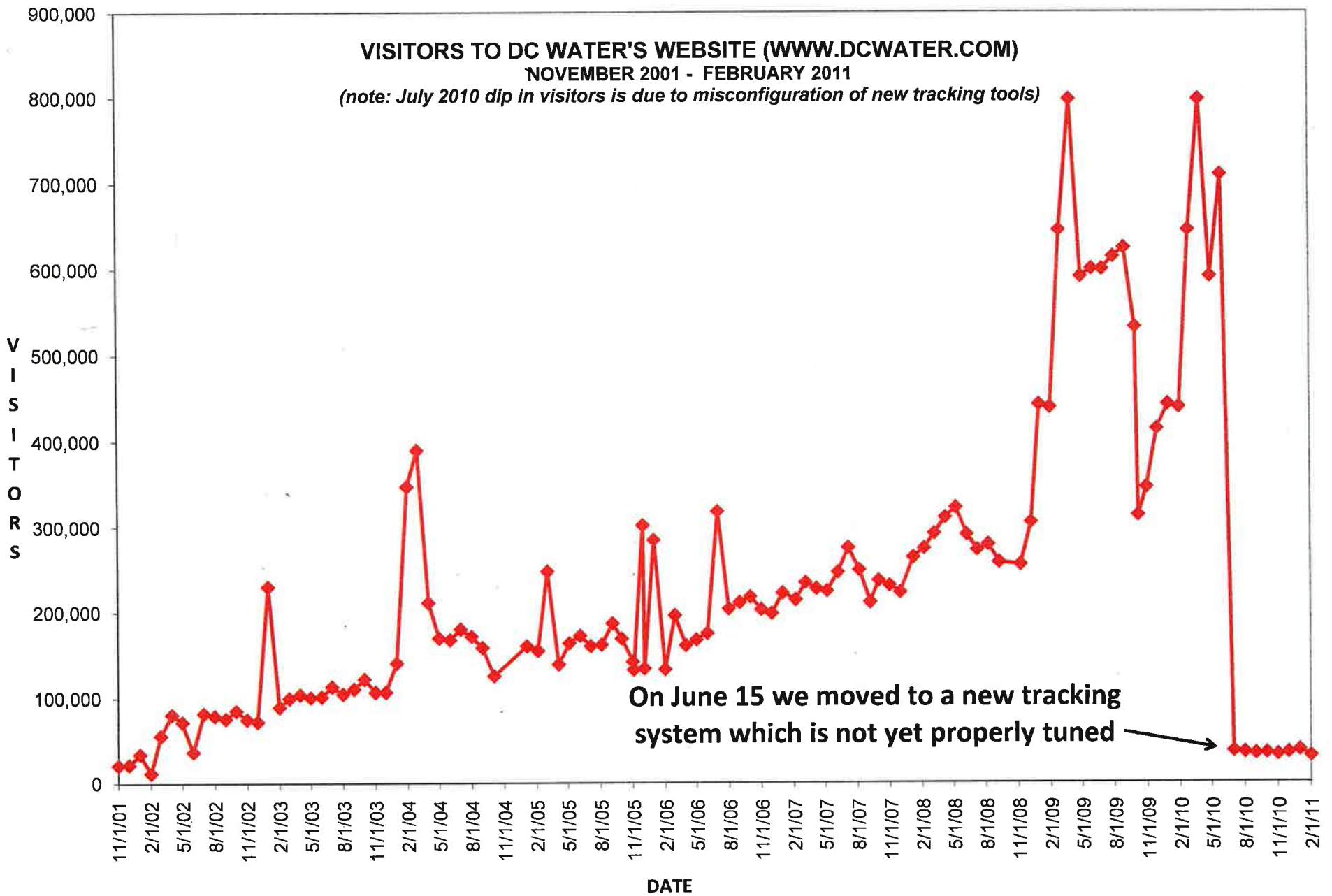
- Assume additional operation support of the following key systems:
  - Supervisory Control And Data Acquisition (SCADA) system
  - Safety Incident Management System
  - BOD Dashboard
  - Fleet System
  - Telephone System
  - Information Security
  - Website/Intranet
  - Enterprise Integration Architect

### FY 2012 Major Recommended Activities and Changes

- Continue integration of engineering and plant related technologies with enterprise IT functions and systems
- Begin implementation of new Customer Information System
- Begin implementation of Meter Management-(TEAMS)
- IT Asset Management (TEAMS)
- Assume operation support of the following key projects:
  - Asset management system(TEAMS MAXIMO-GIS) GIS- Addition Application Development, Maximo Upgrade, Enterprise Integration
  - Enterprise Document Management System
  - Redundant Data Center
  - Field Service Management
  - CIP Portfolio Management System
  - Energy Management Information System
- Continue to ensure IT infrastructure reliability and upgrades consistent with Authority Technology Life-cycle and capacity Management Planning:
  - Network infrastructure
  - SCADA communication & Control Systems
  - Redundant Data Center
  - Telephone system
  - Personal computers
  - Field Service Management system
  - Radio System-Plant Wide

### Impact of Capital Projects on FY 2011 and FY 2012 Operating Expenditures

- Assumption of IT Operational support for, Cyber security, CIP portfolio Management, Energy Management Information system, BOD Dashboard, BOD E-Book, GIS/Document Management, and SCADA integration, Telephone System, IAB, Safety Incident Management System, Fleet Management System, DCWater.com, Intranet(PipelineBlue.com) and SCADA.
- Additional operating maintenance costs for software and hardware purchases



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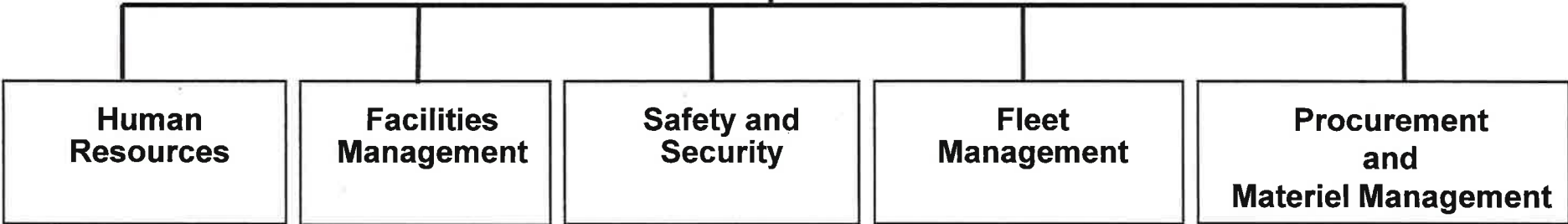


**GENERAL  
MANAGER**

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

<b>POSITIONS</b>				
<b>CURRENT</b>			<b>FY 2011</b>	<b>FY 2012</b>
<b>Authorized</b>	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
2	1	1	2	2

**FY 2012 Budget  
\$322,000**



**FUNCTIONS**

- Develop and direct the strategic objectives of the Authority's support services divisions
- Oversee and direct the Departments of Human Resources, Facilities Management, Safety and Security, Fleet Management, and Procurement

## ASSISTANT GENERAL MANAGER - SUPPORT SERVICES

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

**BUDGET OVERVIEW:** The revised FY 2011 operating budget is approximately \$0.1 million less than the approved budget. This change is related to a projected reduction in personnel services costs. The approved FY 2012 operating budget is \$0.27 million more than the revised FY 2011 operating budget due to funding for anticipated personnel services costs increases.

	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	2	2	2	2
Average number of positions filled	1			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	258	334	276	302
Overtime	1	1	1	1
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	-	1	1	1
Utilities	5	7	8	8
Contractual Services, etc.	10	72	11	11
Small Equipment	-	-		
<b>Total Non-Personnel Services</b>	15	80	20	20
<b>Total Operations &amp; Maintenance</b>	273	414	295	322
<b>Capital Equipment</b>	-	-	-	-

Targeted Performance Measures	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Proposed
<b>Planning Meetings with directors of supporting departments:</b>				
Facilities Management	4	4	4	4
Fleet Management	4	4	4	4
Human Resources	4	4	4	4
Procurement Services	4	4	4	4
Safety & Security	4	4	4	4

## ASSISTANT GENERAL MANAGER – SUPPORT SERVICES

### OVERVIEW

#### FY 2011 Major Recommended Activities and Changes

- Develop and direct the strategic objectives of the Authority's support services division
- Design and Implement Safety Program – Emergency Response Plan
- Facilitate the Joint Labor Management Union Compensation/Classification Project
- Develop management reports that will facilitate overall efficiency and effectiveness in support services departments
- Continue to utilize administrative techniques that will enhance sustainable efficiency in the Fleet Management, Safety and Security, Human Resources, Facilities Management, and Procurement and Materiel Management departments

#### FY 2012 Major Recommended Activities and Changes

- No major changes anticipated

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**ASSISTANT  
GENERAL  
MANAGER  
Support Services**

**HUMAN  
RESOURCES  
5 - Positions**

**FY 2012 Budget  
\$4,994,000**

			<u>POSITIONS</u>	
<u>CURRENT</u>			FY 2011	FY 2012
Authorized	Average Positions Filled	Year-End Positions Filled		
23	22	20	24	24

**Employment  
4- Positions**

**Compensation  
4 - Positions**

**Benefits  
3 - Positions**

**Labor Relations  
5 - Positions**

**Training  
3 - Positions**

**FUNCTIONS**

- Recruitment and hiring
- Employee Relations
- Employment forecasting and planning
- Unemployment compensation
- Skills assessment and testing

**FUNCTIONS**

- Compensation Program
- Job Evaluation Program
- Pay Incentive Programs
- Performance management
- Records management

**FUNCTIONS**

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

**FUNCTIONS**

- Labor Relations
- Employee counseling
- Employee grievances and complaints
- Affirmative Action Program
- EEO complaint investigation and responses
- Disciplinary actions
- Arbitration

**FUNCTIONS**

- Management training
- Employee training
- Internship Program
- Education reimbursement
- Succession Planning and Knowledge Capture
- Employee Recognition Awards



## HUMAN RESOURCES

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

**BUDGET OVERVIEW:** There is relatively no change between the FY 2011 revised and FY 2011 approved budgets. The FY 2012 approved budget increases slightly over the FY 2011 revised budget due to anticipated increase in personnel services.

	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	23	24	24	24
Average number of positions filled	22			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	2,577	2,782	2,765	2,854
Overtime	3	10	5	5
<b>Non-personnel Services:</b>				
Chemicals and Supplies	20	35	35	35
Utilities	43	32	31	31
Contractual Services, etc.	1,458	2,084	2,072	2,072
Small Equipment	-	2	2	2
<b>Total Non-Personnel Services</b>	<b>1,522</b>	<b>2,153</b>	<b>2,140</b>	<b>2,140</b>
<b>Total Operations &amp; Maintenance</b>	<b>4,099</b>	<b>4,937</b>	<b>4,904</b>	<b>4,994</b>
<b>Capital Equipment</b>	<b>6</b>	<b>30</b>	<b>50</b>	<b>-</b>

Targeted Performance Measures	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Proposed
90 days from job posting to hire	111	120	120	120
10 days to initiate disciplinary action	8.5	7	7	7
14-days, new hire benefit set-up	N/A	14	14	14
22.5 Avg number training hours per FTE	15.6	22.5	22.5	22.5
Comparison DC Water Employees Compensation (100%) vs Market 50th-%tile	106.8% (6.8% above market)	100%	100%	100%

## HUMAN RESOURCES

### OVERVIEW

#### FY 2011 Major Recommended Activities and Changes

- Continue design and update health benefit plan changes
- Implement Succession Planning Program for Key Executive and Critical Failure positions
- Implement an Executive Development Program for Succession Planning feeder groups
- Continue Management Development and Intermediate Supervisory Skills Development Program
- Support the Safety & Security Department with implementation of all mandatory training
- Support the Authority's Performance Measurement initiatives – ensure top management and technical talent in place for all key positions and achieve local & national reputation as an employer of choice
- Facilitate the Joint Labor Management Union Compensation/Classification Project
- Begin negotiations with five DC Water Unions for new Collective Bargaining Agreement (CBA)

#### FY 2012 Major Recommended Activities and Changes

- Continue to support the Safety & Security Department with implementation of all mandatory training
- No other major changes anticipated

## FY 2011 AND FY 2012 TRAINING PLAN

### TRAINING OVERVIEW

During FY 2010, the Enterprise continued to offer training programs and classes that provided the knowledge and skills that are essential for employees to complete their jobs in a competent manner while meeting customer expectations. The budgeted amount for training remained unchanged from the previous year at approximately \$2 million or approximately \$1,900 per employee. Each employee attended approximately 11 hours of training during the fiscal year. This training included regulatory, safety, technical, basic and interpersonal skills, and literacy classes. All training supported the Enterprise's safety succession planning and literacy programs as well as new equipment and technology requirements.

Categories of training classes offered at the Authority are as follows:

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

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

**Outside Training** – classes and programs that support individual employee training and development needs and requirements, not implemented by the Enterprise's training personnel. This is an effective means of providing highly specialized or special focus training to individuals or a small group of employees. The Enterprise's education reimbursement program is included in this category.

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

## **FY 2010 ACCOMPLISHMENTS**

In FY 2010, the Enterprise offered core training classes and programs to support its mission and the Strategic Plan. Programs and classes focused on safety, leadership and supervision, customer service, computer literacy and communication. To ensure the well-being of the general workforce, the Enterprise also continued to offer effective 2-way communication classes at all employee levels to improve knowledge sharing throughout the organization.

As part of the succession planning program, the Enterprise continued to conduct knowledge capture workshops to ensure the retention of tacit knowledge of employees holding key positions. Workshops were held in the Support Services Division and the departments of Sewer, Maintenance and Water Services and Human Resources. This information will be retained for use in the event incumbent employees retires and when job descriptions and standard operating procedures are revised. Executive staff members also attended executive-level training programs at the University of North Carolina and Harvard Kennedy School of Government.

To ensure a qualified pool of candidates for hard-to-fill jobs, the Enterprise completed its two-year Wastewater Treatment Operator Trainee Program. The trainees received their Association of Boards of Certification (ABC) level II certifications are now qualified to work independently as certified wastewater treatment operators. The Enterprise also completed a pilot Engineering Management Training Program to ensure availability of a diverse pool of candidates, prepared to move into supervisory positions.

Executive staff, directors, managers, and supervisors received training on all hazards response action planning, suspicious activity reporting, avoiding retaliation claims, and safety and management/supervisory development programs. Leadership employees were also trained on the recruitment processes to explain the concept of full-life-cycle recruiting and its importance to the hiring process.

In FY 2010, the Enterprise continued the Safe Driving Program to reduce the Enterprise's liability for preventable accidents and to ensure that employees who drive vehicles as a primary job responsibility learn best practices. New classes on the operations of heavy equipment, such as the backhoe, were offered to prepare employees for license examinations, which enhances their future promotional opportunities.

The Enterprise continued its self-managed career development program in FY 2010. Supervisors and managers attended workshops and completed online assessments to gain understanding of how to manage employee career development

and the necessity for effective coaching and mentoring. Employees attended orientation sessions, completed online assessments, one-on-one counseling sessions and workshops to provide insight into their individual skills and abilities. The Authority's web-site was also updated to reflect new organizational changes and our new logo.

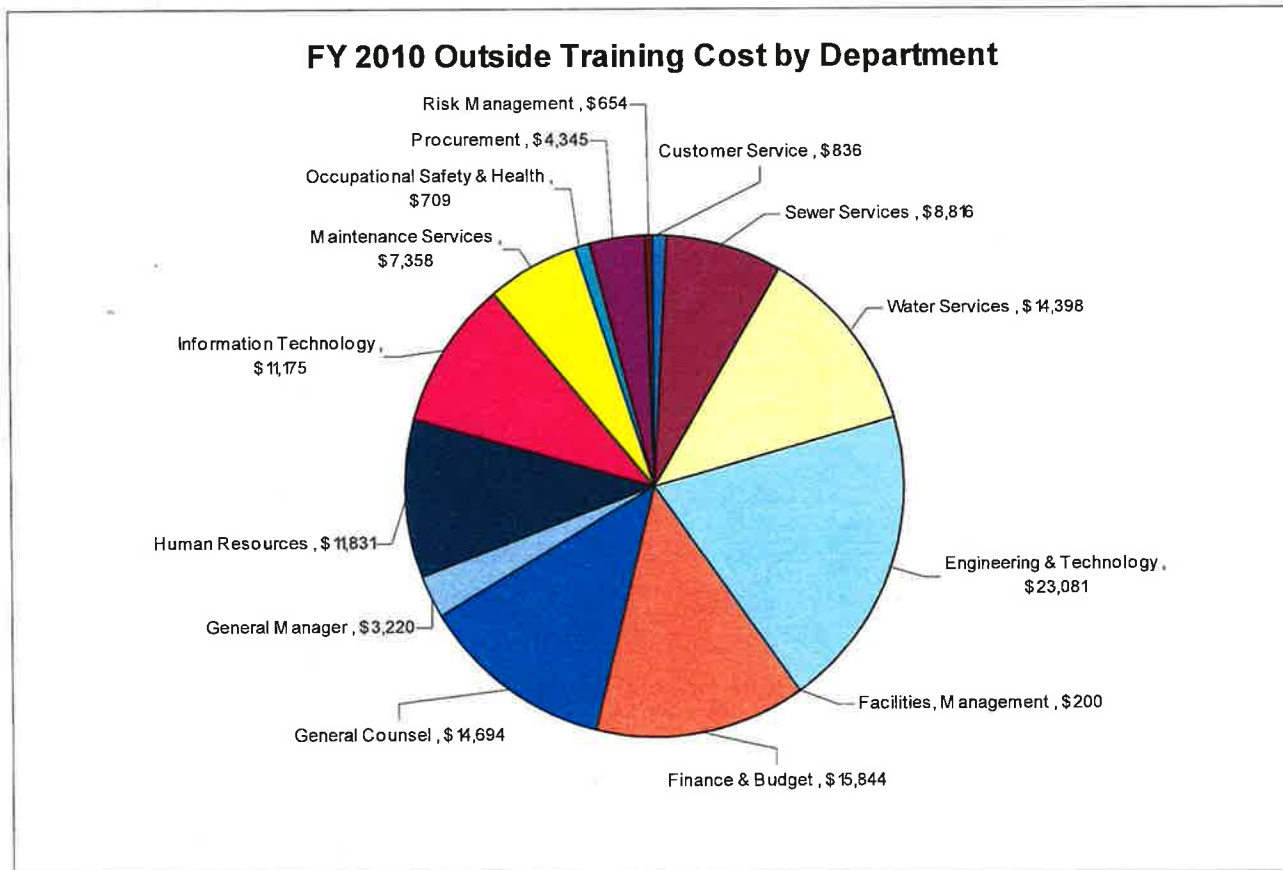
Other professional development training classes offered to employees included grammar and business writing, introductory and intermediate Spanish, workforce diversity, equal employment opportunity, supervisory skills for non-supervisors, communicating with difficult people, customer service, and ethics in the workplace. Employees also learned basic skills and competencies for Microsoft Office software such as Outlook. This was done in collaboration with the Information Technology Department to ensure that all employees had immediate access to information via the internet and the intranet.

Specialized classes were also provided for departments with unique skill needs. In the operations departments, employees attended classes on fire alarm systems, MAXIMO maintenance management system (version 7 upgrade), actuators, basic plumbing, and Rotary Lobe Sludge Pumps. To ensure maximum efficiency of its workforce, the Department of Wastewater Treatment continued to offer duty station training for wastewater treatment operators. Employees completed self-study and classroom training on 60 duty stations to become competent in all three process areas. Employees who completed training on two additional process areas and/or received a higher level certification were eligible for premium pay incentives.

In support of the Enterprise's comprehensive safety program, 69 safety training classes were offered to meet regulatory and job-specific needs. Employees attended classes on CPR/First-Aid with emphasis on using the Automated External Defibrillator (AED), work zone safety/traffic control, OSHA 10-hour Construction Program, confined space, mobile crane operations, forklift certification, excavation and trenching, and blood borne pathogens. Mandatory training classes for newly hired and promoted managers and supervisors in the operations departments on CDL operations and driver safety were also held.

The Enterprise continued to offer training opportunities to employees with unique skill needs via external training resources. In FY 2010, a total of \$117,161 was spent for 170 employees to attend outside training at an average cost of \$689 per employee. Classes attended by employees included CADD Microsystems, underground construction technology, inventory management techniques, labor law and arbitration, equal employment opportunity, wet weather partnerships.

The graph below provides a breakdown of outside training by department.



To support employees' educational and career goals, the Enterprise continued to offer the education reimbursement program and WASA Reads, its literacy program. The education reimbursement program offers assistance to employees who are pursuing college degrees or professional license or certifications. In FY 2010, the Enterprise provided \$24,200 in education reimbursement expenses. A significant number of employees are pursuing advanced degrees as part of their career development efforts. The WASA Reads program provides basic skills training in reading, writing and arithmetic,

and computer literacy. The program also includes a 10-week mathematics preparation course to assist employees who aspire to become supervisors with the skills test for promotions.

The Enterprise's FY 2010 Summer Internship Program consisted of 57 interns from 41 different colleges and universities. Students from local colleges and universities and as far away as Louisiana, North Carolina, New Hampshire, Argentina, Brazil, Thailand, Nigeria, and China participated in the program. The interns completed specialized projects that related to their academic choices, participated in teambuilding and diversity training classes, and performed community service activities at the Capital Area Food Bank and the Boys and Girls Club of Washington. Interns also visited the Environmental Protection Agency and observed environmental issues that impact the Potomac River and the Chesapeake Bay. A total of 34 students continued in the year-round program. These students will conduct independent research and are expected to work on complex technical projects.

### **FY 2011 and FY 2012 Training Budgets**

The revised FY 2011 and approved FY 2012 training budgets are summarized in the table below:

(\$ in 000's)

Training Type	FY 2011		FY 2012	
	Budget	Percent of Total Budget (%)	Budget	Percent of Total Budget (%)
Outside Training	868	63	868	63
In-House Training	243	17	243	17
Contractual Training	275	20	275	20
<b>Total</b>	<b>1,386</b>	<b>100</b>	<b>1,386</b>	<b>100</b>

In FY 2011, training will continue to center on regulatory and safety, technical, Authority policy, skills improvement courses and programs, and basic skills classes. Regulatory and safety training will focus on OSHA and the District of Columbia Regulatory Agency mandated requirements, Homeland Security Emergency Response initiatives and the Center for Disease Control pandemic emergency efforts.

Training on the Authority's policies will be offered routinely as new policies and procedures are developed and existing ones updated. Mandatory skills improvement training will continue to be offered to address performance improvement, new business initiatives, and compliance with federal, state, and local mandates. Executive and senior staff will receive

training on succession management, executive development and performance measures and will participate in workshops on emergency response procedures. Managers and supervisors will participate in knowledge capture workshops, basic supervisory skills, intermediate supervisory skills, management development classes, leadership training, and refresher training on the Authority's policies and procedures as new policies and procedures are revised or developed. These classes will be offered in addition to basic skills classes to address career development and other work needs.



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**ASSISTANT  
GENERAL  
MANAGER  
Support Services**

			<u>POSITIONS</u>	
<u>CURRENT</u>			FY 2011	FY 2012
Authorized	Average Positions Filled	Year-End Positions Filled		
58	56	56	59	60

**FY 2012 Budget  
\$ 6,743,000**

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

**Office Services  
2 - Positions**

**Facilities  
Operations  
38 - Positions**

**Mechanical  
Services  
12 - Positions**

**FUNCTIONS**

**FUNCTIONS**

**FUNCTIONS**

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

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

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

## FACILITIES MANAGEMENT

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

**BUDGET OVERVIEW:** The FY 2011 revised budget increased by approximately \$0.2 million from the FY 2011 approved budget due to an increase in personnel services. The FY 2012 approved budget increased by \$0.2 million over the revised budget due to an increase in cost of personnel services.

	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	56	59	59	60
Average number of positions filled	56			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	4,667	4,442	4,670	4,807
Overtime	251	150	150	150
<b>Non-Personnel Services:</b>				
Chemical and Supplies	399	459	459	465
Utilities	74	109	105	105
Contractual Services, etc.	1,254	1,444	1,397	1,427
Small Equipment	55	63	63	73
<b>Total Non-Personnel Services</b>	1,782	2,075	2,024	2,070
<b>Total Operations &amp; Maintenance</b>	6,449	6,517	6,694	6,877
<b>Capital Equipment</b>	725	700	1,645	980
<b>Targeted Performance Measures</b>				
	<b>FY 2010 Actual</b>	<b>FY 2011 Approved</b>	<b>FY 2011 Revised</b>	<b>FY 2012 Proposed</b>
Annual Facilities - MAXIMO work orders closed	3,059	2,500	2,500	3,000

## FACILITIES MANAGEMENT

### OVERVIEW

#### FY 2011 Major Recommended Activities and Changes

- CMF Atrium Window repairs/replacement; Mansard Roof modifications over Atrium; 1<sup>st</sup> Floor vinyl tile replacement
- CMF HVAC existing boiler upgrades
- CMF Air Handler Replacement
- IT Data Center expansion to include HVAC
- 125 O St. Complex, Fleet, Asbestos Abatement
- Relocation of HVAC/Plumbing Shops to support Long Term Master Plan
- CMF Chiller Upgrades and Redundancy
- Building Assessments
- CMF ADA Bathroom Renovations
- Fleet bathroom renovations
- VAV upgrades, floor 3-4, COF
- GC Office Remodeling
- Boat House and dock completions
- COF Exterior window and wall wash and “Gray water” entrance feature
- DWT Facility Support

#### FY 2012 Major Recommended Activities and Changes

- Term Services Contract – Rollup doors
- Bryant Street Gutter Repairs
- 125 O St Complex, F Building - Window repairs; O St. Pumping Station Window Repairs; and Landscaping
- COF, Remodel 4<sup>th</sup> Floor Offices
- Design Engineering Services
- DWT Facility Support
- Ongoing Building Assessments, DCWATER - wide
- Building Information Management PM program
- Blue Plains “Gray Water” entrance feature

#### Impact of Capital Projects on FY 2011 and FY 2012 Operating Expenditures

- Increased follow-up maintenance during construction, primarily cleaning of streets, roads, interiors will increase some maintenance costs
- Continued improvement of CMF systems and building will reduce overall maintenance efforts, improve space usage and public image
- Continued improvement of 125 O St. systems and buildings will reduce overall maintenance, improve space usage, improve public image

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**ASSISTANT  
GENERAL  
MANAGER  
Support Services**

<u>POSITIONS</u>				
<u>CURRENT</u>			FY 2011	FY 2012
Authorized	Average Positions Filled	Year-End Positions Filled		
38	32	33	38	38

**FY 2012 Budget  
\$4,311,000**

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

**Goods & Services  
12 - Positions**

**Construction & A/E  
Contracting  
4 - Positions**

**Contract Support  
4 - Positions**

**Logistics  
16 - Positions**

**FUNCTIONS**

- Manage DC Water's procurement process, including:
  - vendor bid listing
  - publicize and solicit proposals
  - negotiate contracts
  - award and administer contracts
- Manage DC Water's Cooperative Program contracts
- Manage DC Water's purchase and travel card programs
- Manage the post-award administration of the contract, including:
  - negotiation of changes
  - resolution of claims and disputes

**FUNCTIONS**

- Manage the procurement planning, formation, publicizing and award of construction and A/E contracts
- Manage the post-award administration of the contract, including:
  - negotiation of changes
  - resolution of claims and disputes

**FUNCTIONS**

- Implement/manage DC Water's LBE/LSBE program
- Manage contract compliance program
- Maintain the department's web page
- Maintain Procurement Manual
- Develop training and departmental Standard Operating Procedures

**FUNCTIONS**

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

## PROCUREMENT SERVICES

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

**BUDGET OVERVIEW:** The revised FY 2011 operating budget is approximately \$0.1 million less than the approved FY 2011 operating budget due to lower projected personnel costs. The approved FY 2012 operating budget increases by \$0.3 million mainly for projected personnel services cost.

	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions		38	38	38
Average number of positions filled				
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	2,756	3,582	3,497	3,813
Overtime	19	40	30	30
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	38	59	39	39
Utilities	48	61	58	58
Contractual Services, etc.	274	499	515	390
Small Equipment	24	15	10	10
<b>Total Non-Personnel Services</b>	<b>384</b>	<b>635</b>	<b>623</b>	<b>497</b>
<b>Total Operations &amp; Maintenance</b>	<b>3,140</b>	<b>4,217</b>	<b>4,120</b>	<b>4,311</b>
<b>Capital Equipment</b>	<b>13</b>	<b>100</b>	<b>100</b>	<b>200</b>

Targeted Performance Measures	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Proposed
Award 50% of DC Water's actual operating discretionary spending to Local Small Business Enterprises	37%	50%	50%	50%
Issue Purchase Orders within 5 calendar days	90%	90%	90%	90%
Issue and award Request for Quotation (RFQ) \$100,000 or less within 10 calendar days	90%	90%	90%	90%
Issue Invitation for Bid (IFB) and award contracts within 90 calendar days	85%	90%	90%	90%
Issue Requests for Proposal (RFP) and award contracts within 180 days	80%	90%	90%	90%

## PROCUREMENT

### OVERVIEW

#### FY 2011 Major Recommended Activities and Changes

- Begin automation of procurement functions
- Develop an automated inventory management system
- Complete the development of a standard operating procedures (Desk Manual)
- Develop templates for different methods of procurement

#### FY 2012 Major Recommended Activities and Changes

- Continue and complete automation procurement functions
- Continue and complete automation of the Inventory Management System

#### Impact of Capital Projects on FY 2010 and FY 2011 Operating Expenditures

- Increase in Procurement Regulation issues



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**ASSISTANT  
GENERAL  
MANAGER**

			<u>POSITIONS</u>	
<u>CURRENT</u>			FY 2011	FY 2012
Authorized	Average Positions Filled	Year-End Positions Filled		
13	11	11	14	14

**FY 2012 Budget  
\$6,743,000**

**SAFETY AND SECURITY**

**Emergency Response  
and Planning Program  
1 - Positions**

**Security Program  
6 - Positions**

**Occupational Safety and  
Health Program  
6 - Positions**

**Environmental Safety  
Program  
1 - Position**

**Functions**

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

**Functions**

- Provide overall security measures and guidance for all DC Water facilities
- Develop and promote a Security Awareness Program for all levels of the organization
- Provide oversight of the guard services contract
- Develop and implement a security inspection program for all DC Water facilities and conduct random inspections of jobsites to promote worker security and safety
- Develop and implement a Comprehensive Security Program, develop security systems standards, and end-user managed security system installation projects.

**Functions**

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

**Functions**

- Ensure DC Water's compliance with environmental safety regulations
- Provide oversight and guidance of DC Water's Hazardous Waste Program
- Generate and provide required safety reports to regulatory agencies
- Provide oversight and management of aboveground and underground storage tanks

## SAFETY AND SECURITY

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

**BUDGET OVERVIEW:** The FY 2011 revised budget increases by approximately \$0.23 million over the FY 2011 approved budget due to increase in contractual services to support a security operations command center, and additional security services to accommodate increases in capital projects construction activities in Blue Plains. The FY 2012 approved budget increases by \$0.53 million over the FY 2011 revised budget due to increase in contractual services for the security operations command center, coupled with funding for anticipated personnel services cost increases.

	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	13	14	14	14
Average number of positions filled	11			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	1,201	1,496	1,438	1,533
Overtime	1	2	2	2
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	17	78	83	83
Utilities	12	20	31	31
Contractual Services, etc.	3,912	4,346	4,602	5,070
Small Equipment	0	20	35	25
<b>Total Non-Personnel Services</b>	<b>3,941</b>	<b>4,464</b>	<b>4,752</b>	<b>5,209</b>
<b>Total Operations &amp; Maintenance</b>	<b>5,142</b>	<b>5,962</b>	<b>6,190</b>	<b>6,743</b>
<b>Capital Equipment</b>	<b>19</b>	<b>-</b>	<b>100</b>	<b>-</b>

<b>Targeted Performance Measures</b>	<b>FY 2010 Actual</b>	<b>FY 2011 Approved</b>	<b>FY 2011 Revised</b>	<b>FY 2012 Proposed</b>
Reportable accidents per hours worked (Reduce 10%) Target = 9.0	7.6	6.6	6.6	6.6
Lost time due to non-fatal accidents. Target = 2.7	4.3	3.9	2.7	2.7
No of time work stopped due to unplanned unsafe conditions. Target = 0	1.0	0.0	0.0	0.0
No of formally raised safety related employee concerns (reduce 20%)	16	11	9	9
No. of Workplace Violence Incidents	3	NA	NA	NA
% of investigations closed out in 45 days. Target = 100%	100%	100%	100%	100%
No. of Vehicle Accidents (Prev). Target = 15	23	15	12	10

## SAFETY AND SECURITY

### **OVERVIEW**

#### FY 2011 Major Recommended Activities and Changes

##### Safety

- Continue refinement of the Union Management Safety Committee Program
- Continue implementation and tracking initiatives related to the Safety Hotline established in FY 2010
- Finalize and implement DC Water-wide Emergency Response Plan
- Ongoing development of management reporting of DC Water safety performance and benchmarking against national peers and obtain compliance with the nationally recognized National Incident Management System (NIMS)
- Continue to provide support to the Office of Risk Management in the oversight of the newly negotiated Rolling Owner Controlled Insurance Program for DC Water contractors

##### Security

- Implement the Comprehensive Physical Security Program with improved services and activities to serve the Authority
- Re-establish a security operation center on the Blue Plains Advanced Wastewater Treatment Plant to serve DC Water-wide
- Readdress the FY 2007 Vulnerability Analysis of the DC Water sewer system and outsource homeland security assessments for Integrated Security Plan and critical water/sewer infrastructure
- Complete the automated security systems identified within the Water and Sewer Services Departments
- Establish and implement a plan of action for the effective management, oversight and maintenance of existing and new security systems

#### FY 2012 Major Recommended Activities and Changes

##### Safety

- Continue comprehensive approaches to integrate safety programs into the overall DC Water safety risk profile
- Continue NIMS certification compliance and emergency response planning and training
- Continue implementation of Safety and Health policies and procedures to ensure DC Water's safety and accident statistics are within the national Occupational Safety and Health Act (OSHA) trends

##### Security

- Continue comprehensive approaches to integrate security programs into the overall DC Water safety risk profile
- Automate security systems at key DC Water facilities with an overall monitoring station and operation center established at the Blue Plains AWWTP

#### Impact of Capital Projects on FY2011 and FY2012 Operating Expenditures

- The addition of safety and security components into various capital projects in the CIP would require additional design reviews, safety inspections and increased security needs during projects construction

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**ASSISTANT  
GENERAL  
MANAGER  
Support Services**

**FLEET  
MANAGEMENT  
3 - Positions**

**Maintenance  
2 - Positions**

**Acquisition  
1 - Position**

**FY 2012 Budget  
\$4,459,000**

<u>POSITIONS</u>				
<u>CURRENT</u>			FY 2011	FY 2012
Authorized	Average Positions Filled	Year-End Positions Filled		
6	6	6	6	6

**FUNCTIONS**

- Preventive and repair maintenance
- Management of vehicles, equipment, and parts
- Manage fleet maintenance contractor and vendors
- Provide fuel service and technical support
- Fleet Rightsizing – Process Improvements
- Manage the intra-DC Water loaner pool program
- Contract monitoring
- Budget Management

**FUNCTIONS**

- Acquisition/Disposition of vehicles/equipment
- Inventory control
- Integration and up-fitting of vehicles
- Monitor fuel usage
- Performance Measurements - % of uptime/availability

## FLEET MANAGEMENT

**MISSION:** To provide safe, reliable and cost effective vehicles and equipment to the Authority for use by all departments in performance of their missions.

**BUDGET OVERVIEW:** The FY 2011 revised budget increased by approximately \$0.1 million from the FY 2011 approved budget due to increases in fuel and small equipment. The FY 2012 approved budget increased by \$0.14 million over the FY 2011 revised budget primarily due to cost of fuel and contractual services.

	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	6	6	6	6
Average number of positions filled	6			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	640	671	691	706
Overtime	1	1	1	1
<b>Non-personnel Services:</b>				
Chemicals and Supplies	7	9	9	11
Utilities	913	744	809	894
Contractual Services, etc.	2,490	2,715	2,714	2,773
Small Equipment	52	75	95	75
Total Non-Personnel Services	3,462	3,543	3,627	3,754
<b>Total Operations &amp; Maintenance</b>	4,102	4,214	4,318	4,459
<b>Capital Equipment</b>	1,101	2,000	2,350	1,150
<b>Targeted Performance Measures</b>				
	FY 2010 Actual	FY 2011 Approved	FY 2011 Revised	FY 2012 Proposed
Preventive maintenance completed on schedule	95%	96%	96%	96%
Vehicles available for use	96%	96%	96%	96%

## FLEET MANAGEMENT

### OVERVIEW

#### FY 2011 Major Recommended Activities and Changes

- Purchase Electric vehicles
- Purchase industry approved Fleet Information Management System (FIMS)
- Purchase Dynamometer to eliminate the need to road test vehicles
- Continue to purchase fuel efficient Vehicle/ equipment
- Continue to review DC Water vehicle operators driving records' "W" Endorsement program
- Continue the Vehicle Appearance Program
- Continue to reduce fuel consumption
- Continue the "right sizing" program

#### FY 2012 Major Recommended Activities and Changes

- Continue to purchase alternative fuel vehicles
- Continue to purchase Electric vehicles
- Continue to review DC Water vehicle operators driving records' "W" Endorsement program
- Continue the Vehicle Appearance Program
- Continue to reduce fuel consumption
- Continue the "right sizing" program

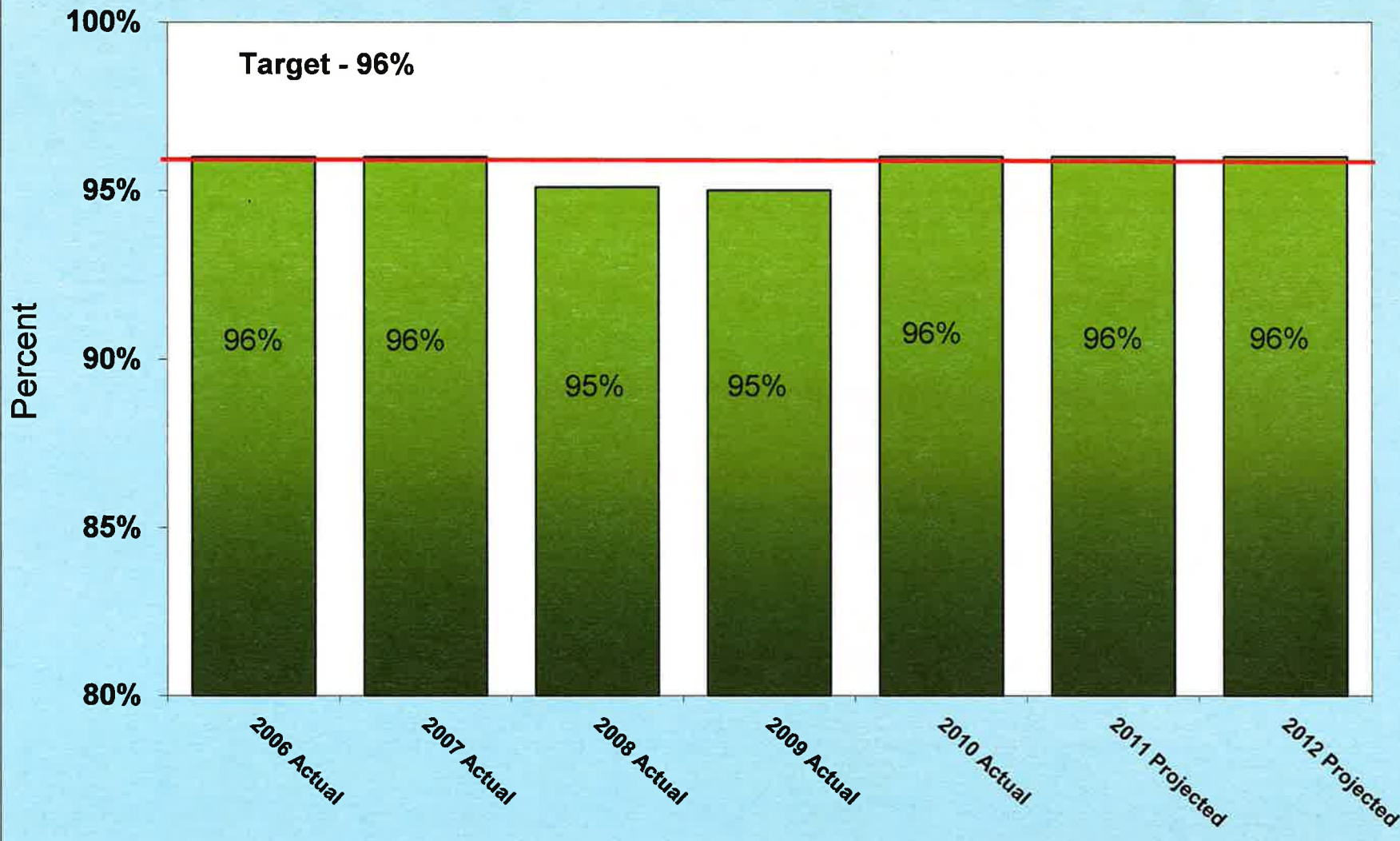
#### Impact of Capital Projects on FY 2011 and FY 2012 Operating Expenditures

- Provide reliable and accurate information of our rolling stock and fleet assets
- Deliver trusted across the enterprise, enabling Fleet to understand total cost of ownership
- Govern, audit and trace information
- Comply with the US Department of Energy Alternative Fuel program
- Reduce fuel usage
- Reduce the carbon footprint





## Vehicle In-Service Percentage FY 2006 - FY 2012





DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

## **OPERATING BUDGETS**

REVISED FY **2011** APPROVED FY **2012**



### **SECTION VIII**

## **Glossary, Acronyms and Resolutions**



## GLOSSARY

**ACCRUAL BASIS:** The method of accounting under which revenues are recorded when they are earned (whether or not cash is received at that time) and expenditures are recorded when goods and services are received (whether or not cash disbursements are made at that time).

**A/E CONTRACT:** Architectural and Engineering Contracts

**AERATION:** The process that forces compressed air into wastewater. The oxygen keeps the microorganisms alive and sets off a chain reaction; live, eat, and work. Oxygen is an essential ingredient in "activating" sludge.

**AMERICAN RECOVERY AND REINVESTMENT ACT:** Is an economic stimulus package enacted by the 111<sup>th</sup> United States Congress in February 2009. The stimulus was intended to create jobs and promote investment and consumer spending during the recession.

**ANAEROBIC DIGESTION:** A biological process that uses microorganisms to reduce the volume of biosolids.

**APPROPRIATION:** An authorization by Congress, which permits officials to incur obligations and expend Authority resources. Appropriations are usually made for fixed amounts, which extend for a fiscal year. Appropriations for capital improvement projects, however, extend until completion, usually beyond the current fiscal year.

**ARBITRAGE:** The simultaneous purchase and selling of an asset in order to profit from a differential in the price. This usually takes place on different exchanges or marketplaces. Also known as a "riskless profit".

**ASSETS:** Property with monetary value owned by the Authority.

**AUDIT:** An independent systematic examination of resource utilization concluding in a written report. It is a test of management's internal accounting records. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements.

**AUTOMATED METER READING (AMR):** System that automatically read customers' meters using radio frequencies, allowing for more accurate and frequent meter readings and transfer of data to a central database for billing and analysis.

**BALANCED BUDGET:** A budget in which the income equals expenditure.

**BIOCHEMICAL OXYGEN DEMAND (BOD):** An indicator of the amount of biodegradable contaminants in wastewater.

**BIOSOLIDS:** Sludge that has been treated to reduce pathogens, organics, and odors, forming a reusable agricultural product.

**BLUE PLAINS ADVANCED WASTEWATER TREATMENT PLANT:** Located in Washington, DC, Blue Plains is the world's largest advanced wastewater treatment plant, and has a permitted capacity of 370 million gallons per day.

**BOARD OF DIRECTORS:** DC Water's governing board (the Board), which includes 11 primary members, six members from the District of Columbia, two members each from Montgomery and Prince George's Counties in Maryland, and one member from Fairfax County, Virginia.

**BOND:** An obligation issued by DC Water promising to pay a specified sum of money (called principal or face value) at a specified future date (called the maturity date) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically issued to fund specific capital improvement expenditures.

**BUDGET:** A plan of financial operations including an estimate of proposed expenditures and revenues for a fiscal period. The budget establishes funding levels for continuing service programs, operation and maintenance of public facilities, and principal and interest payments on bonded indebtedness. Recurring replacement of capital outlay and minor new capital outlay items are included.

**CAPACITY MANAGEMENT OPERATION and MAINTENANCE (CMOM):** A standard framework for municipal sewer collection systems to identify and incorporate widely-accepted wastewater industry practices to meet regulatory compliance.

**CAPITAL BUDGET:** A plan for investment in long-term assets such as buildings, plant, and equipment. DC Water's capital budget includes project schedules and funding needed to acquire, improve or construct properties or facilities to enhance water and sewer services to our customers.

**CAPITAL EQUIPMENT:** A capital asset with a useful life of at least 3 years, a cost exceeding \$5,000 and is financed with short-term debt or cash. Examples include rolling stock and computer equipment.

**CAPITAL IMPROVEMENT PROGRAM (CIP):** A plan, which identifies the nature, schedule and cost of long-term improvements to DC Water's infrastructure.

**CERIDIAN:** DC Water's fully integrated payroll and personnel system designed to accommodate a variety of pay, leave, and work rules and to provide a comprehensive set of human resource applications.

**CHLORAMINATION:** The process of adding chloramines to drinking water. Chloramine, a form of chlorine and ammonia, is used as a disinfectant by the Washington Aqueduct.

**CLEAN WATER ACT (CWA):** Act passed by the U.S. Congress in 1972 to control water pollution.

**CLEAN RIVERS PROJECT:** New name for the COMBINED SEWER OVERFLOW LONG TERM CONTROL PLAN (CSO LTCP), which is a program that encompasses projects designed to reduce overflows into the local waterways by 98%.

**COMBINED SEWER OVERFLOWS (CSO):** Discharge of untreated wastewater (a mixture of storm water and sanitary waste) directly to waterways during periods of significant rainfall.

**COMBINED SEWER OVERFLOW LONG-TERM CONTROL PLAN (CSO LTCP):** This Program encompasses projects designed to reduce overflows into the local waterways by 98%, and is now known as the Clean Rivers Project.

**COMBINED SEWER SYSTEM LONG-TERM CONTROL PLAN (CSS LTCP):** Final plan submitted by DC Water in July 2002 and approved by EPA in March 2005 to control Combined Sewer Overflow (CSO's) to the Districts waterways.

**COMMERCIAL PAPER:** Short-term (less than 270 days) notes issued by DC Water to provide interim financing of its capital improvement program. Commercial paper typically carries lower interest rates than long-term debt and is issued on a subordinate basis.

**CUSTOMER INFORMATION SYSTEM (CIS):** System which DC Water utilizes for customer billing and information and other related services.

**DEBT RATING:** An independent opinion, based on a comprehensive quantitative and qualitative evaluation, of a company's financial position, operating performance, business profile and management. Specifically, the debt rating reflects a company's ability to meet its obligations to repay interest and principal on outstanding obligations to investors. DC Water's bond ratings provided by Moody's Investors Service, Standard & Poor's and Fitch Ratings are Aa3, AA-, AA-, respectively.

**DEBT SERVICE:** Amount of money necessary to pay principal and interest on senior outstanding notes and bonds in any given fiscal year.

**DEBT SERVICE COVERAGE:** Requirement of DC Water's master trust indenture and Board policy that provides that annual revenue available to pay debt service must exceed annual debt service by a certain percentage. DC Water's master trust indenture requires 120 percent senior debt service coverage; DC Water Board policy requires 140 percent senior debt service coverage.

**EGG SHAPED DIGESTER FACILITY (EDF):** A new advanced digestion facility capable of anaerobically digesting all biosolids generated at the Blue Plains AWTP

**EFFLUENT:** Treated wastewater discharged from the Blue Plains Advanced Wastewater Treatment Plant.

**ENABLING ACT:** Legislation which established DC Water and defined its purpose and authority. DC Water's enabling legislation was initially enacted in 1996.

**ENCUMBRANCES:** Obligations in the form of purchase orders, contracts or salary commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid or when an actual liability is released.

**ENHANCED NITROGEN REMOVAL FACILITY:** This Program Area represents the new name for the Total Nitrogen Program (BTN) which includes projects for new facilities and upgrades to existing facilities needed at Blue Plains to meet the total nitrogen discharge limit that has been included in DC Water's 2010 NPDES permit.

**ENTERPRISE FUND:** A fund established to finance and account for the acquisition, operation, and maintenance of governmental facilities and services, which are entirely or predominantly self-supporting by user charges. This type of fund uses the accrual basis of accounting. DC Water is responsible for two enterprise funds:

- 1) Water and Sewer Enterprise Fund
- 2) The District of Columbia Stormwater Enterprise Fund

**ENVIRONMENTAL PROTECTION AGENCY (EPA):** Federal agency responsible for environmental regulations and enforcement.

**EXPENDITURES:** Payment for goods and services received.

**FABRIDAM:** A dynamic weir (or dam) that inflates and deflates depending on the structure set point. Set points vary from structure to structure.

**FISCAL YEAR:** The twelve-month period used by DC Water which begins October 1 and ends September 30 of the following calendar year.

**FIXED ASSET:** Long-lived property owned by an entity that is used by an entity in the production of its income. Tangible fixed assets include real estate, plant, and equipment.

**GENERAL OBLIGATION DEBT:** This is money that DC Water still owes the District of Columbia for bond issuance prior to the enabling act that created DC Water

**IMPERVIOUS AREA CHARGE:** DC Water uses information contained in the District of Columbia's GIS plainmetric database, which includes tax and property records to determine impervious surface areas. (All surfaces are classified as either pervious or impervious). An impervious charge is billed to DC Water customers based on Equivalent Residential Unit (ERU) This is the amount of impervious surface area measured in square feet based on a statistical median for a single family residential property.

**IMPERVIOUS SURFACE:** an area that impedes the percolation of water into the subsoil and impedes plant growth. Impervious surfaces include but are not limited to the following: roofprints, footprints of patios, driveways, private streets, other paved areas, tennis courts, and swimming pools, and any path or walkway that is covered by impervious material.

**INFRASTRUCTURE:** DC Water's facilities, services, and installations needed for its functioning, such as its water, sewer and customer delivery systems.

**INTER-MUNICIPAL AGREEMENT OF 1985 (IMA):** This agreement outlines the operating and financial responsibilities for wholesale wastewater treatment services at Blue Plains. Signatories to the IMA include the District of Columbia, Montgomery and Prince George's Counties in Maryland, Fairfax County, Virginia, and the Washington Suburban Sanitary Commission.

**INTERCEPTORS:** The large pipes that convey wastewater from the collection system to DC Water's wastewater treatment plant, Blue Plains.

**INTERNAL IMPROVEMENT PLAN (IIP):** Operational improvement plans for various operating departments across DC Water that will result in improved service and cost savings to DC Water's customers. Proposed improvements are a function of new capital projects, investments in technology, and new business processes. IIP's have been developed for the Departments of Wastewater Treatment, Maintenance Services, and Customer Service, and are in process for the Departments of Water and Sewer Services.

**INVERTED BLOCK RATE STRUCTURES:** Is a schedule of rates applicable to blocks of increasing usage in which the usage in each succeeding block is charged at a higher unit rate than in the previous blocks. Generally, each successive block rate may be applicable to a greater volume of water delivery than the preceding block(s).

**JOINT USE SEWERAGE FACILITIES:** A list of specific facilities identified in the DC Official Code, Section #34-2202.01(4).

**LOW IMPACT DEVELOPMENT (LID):** Integrates ecological and environmental considerations into all phases of urban planning, design and construction in order to avoid encroaching on environmentally fragile or valuable lands, and to decrease runoff volumes and peak flow impacts.

**LOCAL SMALL DISADVANTAGED BUSINESS ENTERPRISE (LSDBE):** Business entities that are encouraged to do business in the District through supportive legislation, business development programs, and agency and public/private contract compliance.

**MASTER FACILITIES PLAN:** A twenty-year plan that outlines proposed capital improvements across DC Water. This plan is updated every three to five years.

**MUNICIPAL SEPARATE STORM SEWER SYSTEM (MS4):** A regulatory program for controlling stormwater pollution.

**NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM (NPDES):** A permit issued by the EPA that governs effluent discharges into various rivers and waterways by Blue Plains and DC Water's sewer system.

**NITRIFICATION:** An aerobic process in which bacteria changes the ammonia and organic nitrogen in wastewater into oxidized nitrogen.

**NINE MINIMUM CONTROLS (NMC):** Nine EPA-designated activities that DC Water must undertake to reduce CSO while implementing its LTCP.

**OPERATING RESERVE:** Reserve established by the Board of Directors equivalent to approximately 180 days' operating and maintenance expenses.

**OPERATING BUDGET:** The budget that encompasses the day-to-day activities for the Authority. The operating budget includes employee salaries, supplies, and other non-personnel items related to current activities. The operating budget also includes other costs including debt service and payment in lieu of taxes/right of way fees.

**OPERATIONS & MAINTENANCE (O&M):** The activities related to the performance of routine, preventive, and predictive, actions aimed at preventing DC Water's equipment and infrastructure from failure or decline, with the goal of increasing efficiency, reliability, and safety.

**OUTFALL:** The place or structure where effluent is discharged into receiving waters.

**PAYMENT IN LIEU of TAXES (PILOT):** Amounts which DC Water pays each fiscal year to the District and institutions in which its facilities are located. Consistent with the provisions of DC Water's Enabling Act, these payments are to be based on services received and certified from the District of Columbia.

**PLANT RESIDUALS:** In 2003, the EPA issued a revised NPDES permit to the Washington Aqueduct (WAD) and entered into a Federal Facilities Compliance Agreement (the federal agency equivalent of an Administrative Order) requiring WAD, to have in operation, by Dec 31, 2009, a new process, which dewateres the residuals on site and trucks them off-site for disposal.

**POTOMAC INTERCEPTOR:** Fifty-mile interceptor that carries wastewater from Loudoun and Fairfax Counties in Virginia and Montgomery County in Maryland to Blue Plains.

**PRIMARY TREATMENT:** A wastewater treatment process that allows those substances in wastewater that readily settles or floats to be separated from the water being treated.

**PRINCIPAL:** The total amount of money being borrowed or lent

**PROCESS COMPUTER CONTROL SYSTEM (PCCS):** Electronically monitors and controls all treatment processes and facilities.

**RATE STABILIZATION FUND:** A fund established by the Board of Directors, which is used to implement rate increases on a gradual and predictable basis.

**RESERVES:** An accounting entry that properly reflects contingent liabilities.

**REVENUE:** An increase in (sources of) fund financial resources other than from inter-fund transfers and debt issue proceeds. Revenues should be classified by fund and source.

**REVENUE BONDS:** Bonds payable from specific source of revenue and which do not pledge the full faith and credit of the issuer.



**RIGHT-OF-WAY FEE (ROW):** A permit fee that the District of Columbia Government charges the Authority for water and sewer conduits that it occupies within the District of Columbia.

**SAFE DRINKING WATER ACT (SDWA):** Act passed by the U.S. Congress (most recently amended in 1996) to control drinking water quality.

**SECONDARY TREATMENT:** Usually following primary treatment, secondary treatment employs microorganisms to reduce the level of biochemical oxygen demand (BOD) in wastewater.

**SENIOR DEBT:** Debt whose terms in the event of bankruptcy require it to be repaid before subordinated debt receives any payment.

**SLUDGE:** Solid residue from wastewater treatment.

**SUPPLEMENTAL ENVIRONMENTAL PROJECT (SEP):** A project DC Water is funding as part of its nine minimum control (NMC) CSO consent order.

**SUBORDINATED DEBT:** Debt over which senior debt takes priority. In the event of bankruptcy, subordinated debtholders receive payment only after senior debt claims are paid in full.

**SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA):** Equipment and computer technology used to monitor and control the water distribution and wastewater conveyance systems.

**WASHINGTON AQUEDUCT:** A division of the U.S. Army Corps of Engineers which owns and operates the water treatment facilities for DC Water and Arlington and Falls Church, Virginia. DC Water purchases treated drinking water on a wholesale basis from the Washington Aqueduct, and is responsible for approximately 76 percent of the Aqueduct's costs.

## ACRONYMS

<b>ADA:</b> AMERICANS WITH DISABILITY ACT	<b>CSP:</b> COMPREHENSIVE SAFETY PROGRAM
<b>AMSA:</b> ASSOCIATION OF METROPOLITAN SEWERAGE AGENCIES	<b>CSRS:</b> CIVIL SERVICE RETIREMENT SYSTEM
<b>AMR:</b> AUTOMATIC METER READING	<b>CWA:</b> CLEAN WATER ACT
<b>ANC:</b> ADVISORY NEIGHBORHOOD COMMISSION	<b>CWSFR:</b> CLEAN WATER STATE REVOLVING FUND
<b>BAB's:</b> BUILD AMERICA BONDS	<b>DDOE:</b> DISTRICT DEPARTMENT OF ENVIRONMENT
<b>BOD:</b> BIOCHEMICAL OXYGEN DEMAND	<b>DETS:</b> DEPARTMENT OF ENGINEERING AND TECHNICAL SERVICES
<b>CAFR:</b> COMPREHENSIVE ANNUAL FINANCIAL REPORT	<b>DRBCP:</b> DISASTER RECOVERY AND BUSINESS CONTINUITY PLAN
<b>CAP:</b> CUSTOMER ASSISTED PROGRAM	<b>DSS:</b> DEPARTMENT OF SEWER SERVICES
<b>CHP:</b> COMBINED HEATING POWER	<b>DWS:</b> DEPARTMENT OF WATER SERVICES
<b>CIP:</b> CAPITAL IMPROVEMENT PROGRAM	<b>DWWT:</b> DEPARTMENT OF WASTEWATER TREATMENT
<b>CIS:</b> CUSTOMER INFORMATION SYSTEM	<b>EBU:</b> EQUIVALENT BILLING UNIT
<b>CMOM:</b> CAPACITY MANAGEMENT OPERATION and MAINTENANCE	<b>EDF:</b> EGG SHAPED DIGESTER FACILITY
<b>COBRA:</b> THE CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT OF 1985	<b>EDMC:</b> ENGINEERING DOCUMENT MANAGEMENT AND CONTROL
<b>COF:</b> CENTRAL OPERATIONS FACILITY	<b>EEOC:</b> EQUAL EMPLOYMENT OPPORTUNITY COMMISSION
<b>COG:</b> COUNCIL OF GOVERNMENT	<b>EMA:</b> EMERGENCY MANAGEMENT AGENCY
<b>COTR:</b> CONTRACTING OFFICER TECHNICAL REPRESENTATIVES	<b>EOC:</b> EMERGENCY OPERATIONS CENTER
<b>CSO:</b> COMBINED SEWER OVERFLOWS	

**CSO LTCP:** COMBINED SEWER OVERFLOW LONG-TERM CONTROL PLAN

**CSS LTCP:** COMBINED SEWER SYSTEM LONG-TERM CONTROL PLAN

**ERU:** EQUIVALENT RESIDENTIAL UNIT

**ESF:** EMERGENCY SUPPORT FUNCTION

**GFOA:** GOVERNMENT FINANCE OFFICERS ASSOCIATION

**GIS:** GEOGRAPHICAL INFORMATION SYSTEM

**HPRP:** HIGH PRIORITY REHABILITATION PROGRAM

**HUNA:** HIGH USAGE NOTIFICATION APPLICATION

**IAC:** IMPERVIOUS AREA CHARGE

**IFB:** INVITATION FOR BID

**IMA:** INTER-MUNICIPAL AGREEMENT

**IIP:** INTERNAL IMPROVEMENT PLAN

**IVR:** INTERACTIVE VOICE RESPONSE

**JUDD:** JOINT UTILITY DISCOUNT DAY

**LID:** LOW IMPACT DEVELOPMENT

**LSDBE:** LOCAL SMALL DISADVANTAGED BUSINESS ENTERPRISE

**EPA:** ENVIRONMENTAL PROTECTION AGENCY

**ERDMS:** ENTERPRISE RECORDS AND DOCUMENT MANAGEMENT SYSTEM

**NMC:** NINE MINIMUM CONTROLS

**NPDES:** NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

**OCIP:** OWNER CONTROLLED INSURANCE PROGRAM

**O&M:** OPERATIONS & MAINTENANCE

**PCCS:** PROCESS COMPUTER CONTROL SYSTEM

**PILOT:** PAYMENT IN LIEU OF TAXES

**PM:** PREVENTIVE MAINTENANCE

**PPM:** PARTS PER MILLION

**PSA:** PUBLIC SERVICE ANNOUNCEMENT

**PBS:** PUBLIC BROADCASTING SERVICE

**PDMS:** PAYABLES DOCUMENT MANAGEMENT SYSTEMS

**RFQ:** REQUEST FOR QUOTATION

**RFP:** REQUEST FOR PROPOSAL

**ROCIP:** ROLLING OWNER CONTROLLED INSURANCE PROGRAM

**LSR:** LEAD SERVICE REPLACEMENT

**LTCP:** LONG TERM CONTROL PLAN

**MBE:** MINORITY BUSINESS ENTERPRISE

**MGD:** MILLION GALLONS PER DAY

**MOU:** MEMORANDUM OF UNDERSTANDING

**MS4:** MUNICIPAL SEPARATE STORM SEWER SYSTEM

**SPLASH:** SERVING PEOPLE BY LENDING A SUPPORTING HAND

**SSO:** SANITARY SEWER OVERFLOW

**TEAMS:** TOTAL ENTERPRISE ASSET MANAGEMENT SYSTEM

**TMDL:** TOTAL MAXIMUM DAILY POLLUTANT LOADS

**ULSD:** ULTRA LOW SULFUR DIESEL

**VEP:** VALVE EXERCISE PROGRAM

**VIT:** VEHICLE INFORMATION TRANSMITTER

**WBE:** WOMEN BUSINESS ENTERPRISE

**WSSC:** WASHINGTON SUBURBAN SANITARY COMMISSION

**WAD:** WASHINGTON AQUEDUCT

**RSF:** RATE STABILIZATION FUND

**SCADA:** SUPERVISORY CONTROL AND DATA ACQUISITION

**SDWA:** SAFE DRINKING WATER ACT

**SEP:** SUPPLEMENTAL ENVIRONMENTAL PROJECT

**SOX:** SARBANES OXLEY ACT

**Presented and Adopted: January 6, 2011**  
**Subject: Approval of Fiscal Year 2011 Revised Operating Budget**

**#11-04**  
**RESOLUTION**  
**OF THE**  
**BOARD OF DIRECTORS**  
**OF THE**  
**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The Board of Directors (the "Board") of the District of Columbia Water and Sewer Authority, (the "Authority") at its meeting on January 6, 2011, upon consideration of a joint-use matter, decided by a vote of ten (10) in favor and none (0) opposed, to take the following action with respect to the Fiscal Year 2011 Revised Operating Budget.

**WHEREAS**, on October 7, 2010 the General Manager presented a Revised Fiscal Year 2011 Operating Budget to the Board that totaled \$404,753,000, which is \$3.3 million lower than the FY 2011 budget approved by the Board in January 2010; and

**WHEREAS**, during the months of October and November 2010 the various committees of the Board, including, Environmental Quality and Sewerage Services, Water Quality and Water Services, Finance and Budget and DC Retail Water and Sewer Rates Committees, reviewed the budget proposals and discussed in detail the budget drivers, strategic budget decisions, budget assumptions, customer and operational impacts; and

**WHEREAS**, in December 2010, based on feedback from the committee meetings and updated financial assumptions, the General Manager further revised the Fiscal Year 2011 Operating Budget downwards to \$403,382,000; or \$4.4 million lower than the FY 2011 budget approved by the Board in January 2010; and

**WHEREAS**, on December 17, 2010, the Finance and Budget Committee recommended that the Board adopt a Revised FY 2011 Operating Budget that totals \$403,382,000.

**NOW THEREFORE BE IT RESOLVED THAT:**

The Board hereby approves and adopts the District of Columbia Water and Sewer Authority's Fiscal Year 2011 Revised Operating Budget totaling \$403,382,000 as further detailed in materials presented by the General Manager.

This resolution is effective immediately.

  
Secretary to the Board of Directors

**Presented and Adopted: February 3, 2011**  
**Subject: Approval of Fiscal Year 2012 Proposed Operating Budget**

**#11-21**  
**RESOLUTION**  
**OF THE**  
**BOARD OF DIRECTORS**  
**OF THE**  
**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The Board of Directors (the "Board") of the District of Columbia Water and Sewer Authority, (the "Authority") at its meeting on February 3, 2011, upon consideration of a joint-use matter, decided by a vote of nine (9) in favor and none (0) opposed, to take the following action with respect to the Fiscal Year 2012 Proposed Operating Budget:

**WHEREAS**, on October 7 2010, the General Manager presented the FY 2012 Proposed Operating Budget to the Board that totaled \$430,044,000; and

**WHEREAS**, during the months of October and November 2010 the various committees of the Board, including, Environmental Quality and Sewerage Services, Water Quality and Water Services, Finance and Budget and DC Retail Water and Sewer Rates Committees, reviewed the budget proposals and discussed in detail the budget drivers, strategic budget decisions, budget assumptions, customer and operational impacts; and

**WHEREAS**, in December 2010 and January 2011, based on feedback from the committee and Board meeting held on January 6, 2011 and updated financial assumptions, the General Manager further revised the Fiscal Year 2012 Operating Budget downwards to \$422,357,000; and

**WHEREAS**, on February 1, 2011, the Finance and Budget Committee recommended that the Board adopt a FY 2012 budget that totals \$422,357,000.

**NOW THEREFORE BE IT RESOLVED THAT:**

The Board hereby approves and adopts the District of Columbia Water and Sewer Authority's Fiscal Year 2012 Proposed Operating Budget totaling \$422,357,000 as further detailed in materials presented by the General Manager.

This resolution is effective immediately.

  
Secretary to the Board of Directors

**Presented and Adopted: February 3, 2011**  
**SUBJECT: Approval of Fiscal Year 2010-2019 Ten Year Financial Plan**

**#11-20**  
**RESOLUTION**  
**OF THE**  
**BOARD OF DIRECTORS**  
**OF THE**  
**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("DC Water") at its meeting held on February 3, 2011 upon consideration of a joint-use matter decided by a vote of nine (9) in favor and none (0) opposed, to take the following action with respect to the Fiscal Year 2010 – 2019 Financial Plan.

**WHEREAS**, prudent utility financial management requires a long-term financial plan that integrates common elements of the ten-year capital improvement program, future capital financing plans, projected operating and maintenance budgets, revenue requirements and projected rate increases to support long-term capital and operating needs; and

**WHEREAS**, the Board in Resolutions 09-86 and 11-10 has adopted a series of financial policies in the areas of capital financing, long-term financial planning, and rate-setting to assure the short-term and long-term financial health of the Authority; and

**WHEREAS**, adherence to these financial policies has allowed the DC Water to receive strong bond ratings that will reduce debt service costs over the ten-year planning period; and

**WHEREAS**, consistent with the Board policies, the General Manager has prepared a ten-year financial plan in conjunction with the proposed FY 2012 operating and capital budgets; and

**WHEREAS**, at the December meetings of the Retail Water and Sewer Rates and Finance and Budget Committees an updated proposed ten year financial plan was reviewed and discussed; and

**WHEREAS**, on December 15, 2010 and December 17, 2010, the Retail Water and Sewer Rates and Finance and Budget Committees met and recommended that the Board adopt a ten-year financial plan as recommended by the General Manager; and

**WHEREAS**, subsequent to those December 15, 2010 and December 17, 2010 committee meetings, additional information was provided to the Board with regard both to retail rates during the period covered by the ten-year financial plan and to the allocation of capital project costs during that period between the District of Columbia and suburban jurisdictions and entities; and

**WHEREAS**, on January 6, 2011 the Board approved resolution 11-11, but deferred action on the ten-year financial plan, referring the plan back to committees for consideration of additional information; and

**WHEREAS**, the revised ten-year financial plan is based on assumptions detailed in the proposed Fiscal Year 2012 Operating and Capital Budgets; and

**WHEREAS**, the ten-year financial plan is consistent with projections appearing in the attached Schedules B, C and D of this resolution; and

**WHEREAS**, on January 25, 2011 and February 1, 2011, the Retail Water and Sewer Rates and Finance and Budget Committees met and recommended that the Board adopt a ten-year financial plan.

**NOW THEREFORE BE IT RESOLVED THAT:**

1. The Board hereby accepts and approves the proposed Fiscal Year 2010-2019 Financial Plan that is supported by the attached Schedules A, B, C and D in the proposed Fiscal Year 2012 Operating and Capital Budgets.
2. Acceptance and approval of this Financial Plan at this time shall not be construed as an endorsement of the projected cost allocations between the District of Columbia and any suburban jurisdiction or entity found in the Fiscal Year FY 2012 Operating and Capital Budgets and accompanying materials with respect to any project described therein. Any such cost allocation shall be subject to further revision based on good engineering practice, sound accounting methods, IMA and other legal compliance or any future determinations that the Board of Directors may make.

This resolution is effective immediately.

  
Secretary to the Board of Directors



Schedule A

DISTRICT OF COLUMBIA WATER & SEWER AUTHORITY  
 FY 2010 - 2019 FINANCIAL PLAN - Summary  
 (in 000's)

<b>OPERATING</b>	<b>FY 2010</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>
<i>Retail*</i>	262,233	295,356	321,480	350,997	387,880	417,802	447,853	478,109	501,297	525,884
<i>Wholesale*</i>	67,471	68,825	71,439	72,868	67,805	62,234	64,005	65,777	67,647	69,569
<i>Other</i>	<u>43,834</u>	<u>34,927</u>	<u>19,302</u>	<u>21,633</u>	<u>26,836</u>	<u>29,111</u>	<u>32,612</u>	<u>32,690</u>	<u>32,980</u>	<u>33,999</u>
<b>Operating Receipts (1)</b>	<b>\$ 373,538</b>	<b>\$ 399,108</b>	<b>\$ 412,221</b>	<b>\$ 445,498</b>	<b>\$ 482,521</b>	<b>\$ 509,147</b>	<b>\$ 544,470</b>	<b>\$ 576,576</b>	<b>\$ 601,924</b>	<b>\$ 629,452</b>
<b>Operating Expenses</b>	<b>\$(258,386)</b>	<b>\$(302,421)</b>	<b>\$(300,969)</b>	<b>\$(311,193)</b>	<b>\$(307,944)</b>	<b>\$(303,101)</b>	<b>\$(312,534)</b>	<b>\$(322,083)</b>	<b>\$(331,678)</b>	<b>\$(341,310)</b>
<b>Debt Service</b>	<b>\$( 83,514)</b>	<b>\$( 96,334)</b>	<b>\$(103,667)</b>	<b>\$(124,787)</b>	<b>\$(164,084)</b>	<b>\$(189,825)</b>	<b>\$(215,385)</b>	<b>\$(236,342)</b>	<b>\$(249,632)</b>	<b>\$(261,502)</b>
<b>Net Revenues After Debt Service</b>	<b>\$ 31,638</b>	<b>\$ 363</b>	<b>\$ 7,585</b>	<b>\$ 9,518</b>	<b>\$ 10,493</b>	<b>\$ 16,221</b>	<b>\$ 16,551</b>	<b>\$ 18,151</b>	<b>\$ 20,614</b>	<b>\$ 26,640</b>
<b>Operating Reserve-Beg Balance</b>	<b>131,298</b>	<b>131,996</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>
<b>Other Misc (Disbursements)/Receipts</b>										
<b>Wholesale/Federal True Up</b>	(87)	(3,384)	(1,795)	(4,599)	-	-	-	-	-	-
<b>Transfers To RSF</b>	(16,100)	(1,000)	(2,000)							
<b>Pay-Go Financing</b>	<u>(14,752)</u>	<u>(2,465)</u>	<u>(3,791)</u>	<u>(4,920)</u>	<u>(10,494)</u>	<u>(16,222)</u>	<u>(16,552)</u>	<u>(18,151)</u>	<u>(20,615)</u>	<u>(26,639)</u>
<b>Operating Reserve - Ending Balance</b>	<b>\$ 131,996</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>
<b>Rate Stabilization Fund Balance RSF (2)</b>	<b>\$ 16,700</b>	<b>\$ 8,200</b>	<b>\$ 10,200</b>	<b>\$ 7,200</b>	<b>\$ 5,200</b>	<b>\$ 5,200</b>	<b>\$ 3,000</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>
<b>Senior Debt Service Coverage</b>	<b>275%</b>	<b>296%</b>	<b>279%</b>	<b>237%</b>	<b>196%</b>	<b>186%</b>	<b>172%</b>	<b>162%</b>	<b>157%</b>	<b>155%</b>
<b>Combined Debt Service Coverage</b>	<b>136%</b>	<b>128%</b>	<b>126%</b>	<b>124%</b>	<b>122%</b>	<b>123%</b>	<b>121%</b>	<b>120%</b>	<b>121%</b>	<b>122%</b>
<b>Operating Receipts % Increase/Decrease*</b>										
<b>Retail</b>	<b>10.8%</b>	<b>12.6%</b>	<b>8.8%</b>	<b>9.2%</b>	<b>10.5%</b>	<b>7.7%</b>	<b>7.2%</b>	<b>6.8%</b>	<b>4.8%</b>	<b>4.9%</b>
<b>Wholesale</b>	<b>2.7%</b>	<b>2.0%</b>	<b>3.8%</b>	<b>2.0%</b>	<b>-6.9%</b>	<b>-8.2%</b>	<b>2.8%</b>	<b>2.8%</b>	<b>2.8%</b>	<b>2.8%</b>
<i>(1) Includes interest earnings on senior lien revenue bonds' debt service reserve fund</i>										
<i>(2) FY 2010 Rate Stabilization Fund utilization brought the total fund balance to \$16.7 million</i>										

Schedule B

District of Columbia Water and Sewer Authority  
FY 2010 - 2019 Capital Improvement Plan

Description	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
<b>BEGINNING BALANCE</b>	\$ 138,584,073	\$ 7,432,539	\$ 127,658,488	\$ 215,156	\$ 509,332	\$ 3,487,636	\$ 3,354,528	\$ 3,748,066	\$ 3,543,323	\$ 2,348,838	\$ 290,881,977
<b>SOURCES OF FUNDS:</b>											
Proceeds from Rev. Bonds	\$ -	\$ 211,722,441	\$ 121,989,081	\$ 326,494,772	\$ 279,010,868	\$ 268,362,250	\$ 299,845,244	\$ 283,465,826	\$ 187,907,030	\$ 168,835,886	\$ 2,147,633,398
Proceeds from Treasury Notes/Digesters Financing Option	-	75,000,000	-	-	-	-	-	-	-	-	\$ 75,000,000
Capital Equipment Financing (for 5 yrs @ 3.25%)	-	8,000,000	13,969,600	11,328,000	11,959,200	-	-	-	-	-	\$ 45,256,800
Transfer from Operations	14,752,394	2,465,452	3,790,831	4,920,073	10,493,600	16,222,114	16,552,228	18,151,108	20,614,648	26,639,276	\$ 134,601,723
EPA Grants /DC Reimbursement	17,060,978	33,445,000	34,355,000	23,335,000	22,900,000	11,000,000	11,052,000	12,570,000	22,805,000	11,000,000	\$ 199,522,978
CSO Grants	16,211,388	25,108,000	37,405,000	18,762,000	-	-	-	-	-	-	\$ 97,486,388
Wholesale Customer Capital Contributions	82,930,786	89,421,000	216,651,000	204,731,000	117,249,000	66,910,000	90,727,000	53,041,000	22,170,000	14,281,000	\$ 958,111,786
Interest Income	49,920	286,056	215,156	509,332	3,487,636	3,354,528	3,748,066	3,543,323	2,348,838	2,110,449	\$ 19,653,304
<b>Total Sources</b>	\$ 131,005,466	\$ 445,447,949	\$ 428,375,668	\$ 590,080,177	\$ 445,100,304	\$ 365,848,892	\$ 421,924,538	\$ 370,771,257	\$ 255,845,516	\$ 222,866,611	\$ 3,677,266,377
<b>USES OF FUNDS:</b>											
Water Projects	\$ 59,998,000	\$ 47,991,000	\$ 50,953,000	\$ 62,108,000	\$ 64,954,000	\$ 59,252,000	\$ 54,908,000	\$ 67,291,000	\$ 70,230,000	\$ 57,965,000	\$ 595,650,000
Blue Plains Projects	102,564,000	133,129,000	335,993,000	325,703,000	174,426,000	90,154,000	128,997,000	72,561,000	24,815,000	14,260,000	\$ 1,402,602,000
Sanitary Sewer Projects	19,394,000	33,996,000	44,400,000	40,336,000	60,815,000	50,386,000	40,914,000	42,974,000	57,188,000	46,253,000	\$ 436,656,000
Combined Sewer	35,662,000	32,150,000	12,573,000	14,137,000	17,436,000	15,519,000	21,344,000	17,128,000	15,699,000	13,250,000	\$ 194,898,000
Combined Sewer LTCP	19,451,000	43,935,000	80,441,000	116,188,000	100,501,000	129,159,000	154,106,000	149,333,000	66,767,000	70,268,000	\$ 930,149,000
Stormwater Projects	2,914,000	3,491,000	4,027,000	4,345,000	2,775,000	818,000	839,000	796,000	880,000	955,000	\$ 21,840,000
Washington Aqueduct Division Projects	12,110,000	10,449,000	10,470,000	10,654,000	10,801,000	11,076,000	11,340,000	11,649,000	11,244,000	11,023,000	\$ 110,816,000
Capital Equipment	9,001,000	17,462,000	14,160,000	14,949,000	9,019,000	8,199,000	7,640,000	7,568,000	8,509,000	7,399,000	\$ 103,906,000
Meter Replacement / AMR	1,063,000	2,619,000	2,802,000	1,366,000	1,395,000	1,419,000	1,443,000	1,676,000	1,708,000	1,732,000	\$ 17,223,000
Reimbursement for Prior Capital Expend.	-	-	-	-	-	-	-	-	-	-	\$ -
<b>Total Uses</b>	\$ 262,157,000	\$ 325,222,000	\$ 555,819,000	\$ 589,786,000	\$ 442,122,000	\$ 365,982,000	\$ 421,531,000	\$ 370,976,000	\$ 257,040,000	\$ 223,105,000	\$ 3,813,740,000
<b>SOURCES MINUS USES</b>	(131,151,534)	120,225,949	(127,443,332)	294,177	2,978,304	(133,108)	393,538	(204,743)	(1,194,484)	(238,389)	(136,473,623)
<b>ENDING BALANCE</b>	\$ 7,432,539	\$ 127,658,488	\$ 215,156	\$ 509,332	\$ 3,487,636	\$ 3,354,528	\$ 3,748,066	\$ 3,543,323	\$ 2,348,838	\$ 2,110,449	\$ 154,408,353

**District of Columbia Water & Sewer Authority  
FY 2010 - 2019 Projected Average Residential Monthly Bill**

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
	<b>Units</b>										
DC Water Retail Rates (1)	Ccf	\$ 40.94	\$ 46.09	\$ 48.84	\$ 51.99	\$ 55.10	\$ 58.41	\$ 62.18	\$ 65.89	\$ 68.87	\$ 71.24
DC Water IAC	ERU	2.20	3.45	6.87	10.06	15.02	18.27	21.03	23.99	26.36	29.76
DC Water Customer Metering Fee		2.01	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86
<b>Subtotal DC Water Rates &amp; Charges</b>		<b>\$ 45.15</b>	<b>\$ 53.40</b>	<b>\$ 59.57</b>	<b>\$ 65.91</b>	<b>\$ 73.98</b>	<b>\$ 80.54</b>	<b>\$ 87.07</b>	<b>\$ 93.74</b>	<b>\$ 99.09</b>	<b>\$ 104.86</b>
<b>Percent Increase in DC Water Portion of Bill</b>		<b>10.7%</b>	<b>18.3%</b>	<b>11.6%</b>	<b>10.6%</b>	<b>12.2%</b>	<b>8.9%</b>	<b>8.1%</b>	<b>7.7%</b>	<b>5.7%</b>	<b>5.8%</b>
District of Columbia PILOT (1)	Ccf	\$ 2.87	\$ 3.28	\$ 3.55	\$ 3.74	\$ 3.95	\$ 4.22	\$ 4.47	\$ 4.75	\$ 4.95	\$ 5.15
District of Columbia Right of Way Fee (1)	Ccf	0.94	0.94	1.00	1.08	1.14	1.20	1.27	1.34	1.41	1.47
District of Columbia PILOT/ROW Fee		3.81	4.22	4.55	4.82	5.09	5.42	5.75	6.09	6.36	6.62
District of Columbia Stormwater Fee (2)	ERU	2.57	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67
<b>Subtotal District of Columbia Charges</b>		<b>\$ 6.38</b>	<b>\$ 6.89</b>	<b>\$ 7.22</b>	<b>\$ 7.49</b>	<b>\$ 7.76</b>	<b>\$ 8.09</b>	<b>\$ 8.42</b>	<b>\$ 8.76</b>	<b>\$ 9.03</b>	<b>\$ 9.29</b>
<b>Total Amount Appearing on DC Water Bill</b>		<b>\$ 51.53</b>	<b>\$ 60.29</b>	<b>\$ 66.79</b>	<b>\$ 73.40</b>	<b>\$ 81.73</b>	<b>\$ 88.63</b>	<b>\$ 95.49</b>	<b>\$ 102.50</b>	<b>\$ 108.13</b>	<b>\$ 114.15</b>
Increase / Decrease Over Prior Year		\$ 4.70	\$ 8.76	\$ 6.50	\$ 6.61	\$ 8.33	\$ 6.90	\$ 6.86	\$ 7.01	\$ 5.63	\$ 6.02
<b>Percent Increase in Total Bill</b>		<b>10.0%</b>	<b>17.0%</b>	<b>10.8%</b>	<b>9.9%</b>	<b>11.3%</b>	<b>8.4%</b>	<b>7.7%</b>	<b>7.3%</b>	<b>5.5%</b>	<b>5.6%</b>

(1) Assumes average monthly consumption of 6.69 Ccf, or (5,004 gallons).

(2) District Department of Environment stormwater fee of \$2.67 effective November 1, 2010

***District of Columbia Water & Sewer Authority***  
**FY 2010 - 2019 Projected Retail Rates and Fee Changes**

	Units	Actual FY 2010	Actual FY 2011	Proposed FY 2012
DC Water Retail Rates Water	Ccf	\$ 2.51	\$ 3.10	\$ 3.29
DC Water Retail Rates Sewer	Ccf	<u>\$ 3.61</u>	<u>\$ 3.79</u>	<u>\$ 4.01</u>
DC Water IAC	ERU	\$ 2.20	\$ 3.45	\$ 6.87
DC Water Customer Metering Fee		\$ 2.01	\$ 3.86	\$ 3.86
District of Columbia PILOT	Ccf	\$ 0.43	\$ 0.49	\$ 0.53
District of Columbia Right of Way Fee	Ccf	<u>\$ 0.14</u>	<u>\$ 0.14</u>	<u>\$ 0.15</u>
District of Columbia Stormwater Fee	ERU	\$ 2.57	\$ 2.67	\$ 2.67

**Presented and Adopted: February 3, 2011**  
**Subject: Approval of Fiscal Year 2010-2019 Capital Improvement Program**

**#11-18**  
**RESOLUTION**  
**OF THE**  
**BOARD OF DIRECTORS**  
**OF THE**  
**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The Board of Directors (the "Board") of the District of Columbia Water and Sewer Authority, (the "Authority") at its meeting on February 3, 2011, upon consideration of a joint-use matter, decided by a vote of nine (9) in favor and none (0) opposed, to take the following action with respect to the Fiscal Year 2010–2019 Capital Improvement Program.

**WHEREAS**, the Board's financial policies require an annually updated Ten-Year Financial Plan, which includes a Ten-Year Capital Improvement Program; and

**WHEREAS**, on October 7, 2010, the General Manager presented to the Board a lifetime budget totaling \$7,940,426,000; and a related FY 2010-2019 Capital Improvement Program disbursement budget, which totaled \$3,813,740,000; and

**WHEREAS**, during the months of October and November 2010 the various committees of the Board, including, Environmental Quality and Sewerage Services, Water Quality and Water Services, Finance and Budget and DC Retail Water and Sewer Rates Committees, reviewed the budget proposals and discussed in detail the budget drivers, strategic budget decisions, budget assumptions, customer and operational impacts; and

**WHEREAS**, on December 16, 2010, the Environmental Quality and Operations, and the DC Retail Water and Sewer Rates Committees met and recommended that the Board adopt a proposed lifetime budget totaling \$7,940,426,000 and a related FY 2010–2019 Capital Improvement Program disbursement budget of \$3,813,740,000; and

**WHEREAS**, on December 17, 2010, the Finance and Budget Committee met and recommended that the Board adopt a proposed lifetime budget totaling \$7,940,426,000 and a FY 2010–2019 Capital Improvement Program disbursement budget of \$3,813,740,000.

**NOW THEREFORE, BE IT RESOLVED THAT:**

1. The Board hereby approves and adopts the District of Columbia Water and Sewer Authority's Fiscal Year 2010–2019 Capital Improvement Program (CIP) with a lifetime budget totaling \$7,940,426,000 (Attachment A) and disbursements budget of \$3,813,740,000 (Attachment B), and as further detailed in the General Manager's Proposed Fiscal Year 2012 Operating and Capital Budgets dated October 28, 2010 and accompanying materials.
2. The adoption of this CIP shall not be construed as an endorsement of the projected cost allocations between the District of Columbia and any suburban jurisdiction or entity found in the Fiscal Year FY 2012 Operating and Capital Budgets and accompanying materials with respect to any project described therein. Any such cost allocation shall be subject to further revision based on good engineering practice, sound accounting methods, IMA and other legal compliance or any future determinations that the Board of Directors may make.

This resolution is effective immediately.

  
Secretary to the Board of Directors

## FY 2010 - FY 2019 Capital Improvement Plan

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

	FY 2011 Approved	FY 2011 Revised / FY 2012 Proposed	Variance
<b>Wastewater Treatment</b>			
Liquid Processing Projects	588,541	612,749	24,208
Plantwide Projects	339,356	337,671	(1,685)
Solids Processing Projects	689,665	688,806	(859)
ENRF (Formerly BTN)	977,333	1,024,855	47,522
<b>Sub-total</b>	<b>2,594,895</b>	<b>2,664,081</b>	<b>69,186</b>
<b>Sanitary Sewer</b>			
Sanitary Collection Sewers	115,686	133,906	18,220
Sanitary On-Going Projects	129,867	142,067	12,200
Sanitary Pumping Facilities	25,898	25,898	0
Sanitary Sewer Projects Program Management	100,235	103,150	2,915
Sanitary Interceptor/Trunk Force Sewers	328,671	430,144	101,473
<b>Sub-total</b>	<b>700,367</b>	<b>835,165</b>	<b>134,808</b>
<b>Combined Sewer Overflow</b>			
CSO Program Management	55,239	55,239	-
Combined Sewer Projects: Nine Minimum Controls	215,387	215,387	0
Combined Sewer Projects: Others	263,276	240,013	(23,263)
Clean Rivers Project			
Anacostia Tunnel	1,673,325	1,672,282	(1,043)
Potomac Tunnel	418,700	418,700	-
Rock Creek Tunnel	70,342	70,342	-
<b>Sub-total</b>	<b>2,696,269</b>	<b>2,671,963</b>	<b>(24,306)</b>
<b>Stormwater</b>			
Stormwater Extensions/Local Drainage	15,799	17,999	2,200
Stormwater On-Going Program	8,863	9,658	795
Stormwater Pumping Facilities	0	0	0
DDOT Stormwater Program	4,846	5,066	220
Stormwater Projects Program Management	10,630	10,630	-
Stormwater Trunk/Force Sewers	18,605	18,605	0
<b>Sub-total</b>	<b>58,743</b>	<b>61,958</b>	<b>3,215</b>
<b>Water</b>			
Water Distribution Systems	618,425	666,933	48,508
Water Lead Program	200,000	191,000	(9,000)
Water On-Going Projects	68,432	112,121	43,689
Water Pumping Facilities	133,342	150,149	16,807
DDOT Water Projects	39,222	95,892	56,670
Water Storage Facilities	49,562	71,862	22,300
Water Projects Program Management	51,107	51,107	0
Meter Replacement /AMR Installation	42,833	61,151	18,318
<b>Sub-total</b>	<b>1,202,923</b>	<b>1,400,215</b>	<b>197,292</b>
<b>Washington Aqueduct</b>	<b>186,634</b>	<b>203,138</b>	<b>16,504</b>
<b>Capital Equipment</b>	<b>98,546</b>	<b>103,906</b>	<b>5,360</b>
<b>Total DC Water CIP Lifetime (see notes)</b>	<b>7,538,367</b>	<b>7,940,426</b>	<b>402,059</b>

## Notes:

1 Lifetime budgets shown here represent total budgets for projects that are active during the current 10-year CIP. Lifetime budgets include historical spending prior to the beginning of the current 10-year plan, spending during the 10-year plan, and projected spending beyond the current 10-year plan. Projects completed in FY 2010 will be dropped from the CIP next year.

2 These budgets do not include inhouse labor costs, estimated to be in the \$8 to \$9 million range, annually, and are applicable to, primarily, the time charged to capital projects by employees in the Departments of Engineering and Technical Services, Sewer Services, and Water Services.

**FY 2010 - FY 2019 PROJECTED CAPITAL IMPROVEMENT PLAN (CIP) - DISBURSEMENTS BASIS (\$ in 000's)**

	FY 2010 Actuals	FY 2011 Revised	FY 2012 Proposed	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Total FY '10 - '19
<b>Wastewater Treatment</b>											
Liquid Processing Projects	\$24,815	\$12,660	\$37,447	\$21,959	\$10,032	\$3,720	\$5,429	\$11,932	\$6,398	\$5,356	\$139,748
Plantwide Projects	16,540	22,894	19,478	11,882	6,458	4,277	3,901	3,823	12,924	6,982	109,160
Solids Processing Projects	35,420	45,849	152,259	142,664	40,388	6,917	7,224	1,271	67	-	432,061
ENRF (Formerly BTN)	25,789	51,725	126,810	149,198	117,548	75,240	112,442	55,534	5,425	1,923	721,635
<b>Sub-total</b>	<b>102,564</b>	<b>133,129</b>	<b>335,993</b>	<b>325,703</b>	<b>174,426</b>	<b>90,154</b>	<b>128,997</b>	<b>72,561</b>	<b>24,815</b>	<b>14,260</b>	<b>\$1,402,604</b>
<b>Sanitary Sewer</b>											
Sanitary Collection Sewers	367	1,293	3,534	6,949	12,070	5,249	4,144	6,027	7,675	8,205	55,513
Sanitary On-Going Projects	9,521	10,281	12,902	8,257	7,657	7,809	8,037	8,267	8,530	9,007	90,267
Sanitary Pumping Facilities	1,143	681	557	684	711	39	-	-	-	-	3,814
Sanitary Sewer Projects Program Management	4,020	7,328	4,326	3,927	6,657	6,774	6,347	6,594	6,556	6,491	59,018
Sanitary Interceptor/Trunk Force Sewers	4,343	14,413	23,081	20,520	33,721	30,515	22,386	22,086	34,427	22,551	228,043
<b>Sub-total</b>	<b>19,394</b>	<b>33,996</b>	<b>44,400</b>	<b>40,336</b>	<b>60,815</b>	<b>50,386</b>	<b>40,914</b>	<b>42,974</b>	<b>57,188</b>	<b>46,253</b>	<b>436,655</b>
<b>Combined Sewer Overflow / Long Term Control Plan</b>											
CSO Program Management	1,272	3,481	1,883	1,905	2,307	1,851	1,562	1,680	2,294	2,783	21,018
Combined Sewer Projects:Nine Minimum Controls	33,452	24,847	5,775	2,165	291	7	-	-	-	-	66,537
Combined Sewer Projects:Others	938	3,822	4,915	10,067	14,838	13,661	19,782	15,448	13,405	10,467	107,343
Clean Rivers Project											
Anacostia Tunnel	18,930	42,752	79,578	116,188	100,501	127,541	148,478	143,022	56,722	56,071	889,783
Potomac Tunnel	367	753	547	-	-	1,618	5,385	5,500	9,207	12,711	36,088
Rock Creek Tunnel	154	430	316	-	-	-	243	811	838	1,486	4,278
<b>Sub-total</b>	<b>55,113</b>	<b>76,085</b>	<b>93,014</b>	<b>130,325</b>	<b>117,937</b>	<b>144,678</b>	<b>175,450</b>	<b>166,462</b>	<b>82,465</b>	<b>83,518</b>	<b>1,125,047</b>
<b>Stormwater</b>											
Stormwater Local Drainage	-	11	92	47	42	63	82	92	95	98	623
Stormwater On-Going Program	1,193	841	686	485	493	494	575	523	542	562	6,393
Stormwater Pumping Facilities	-	-	-	-	-	-	-	-	-	-	-
DDOT Stormwater Program	-	35	8	9	9	19	17	9	10	10	127
Stormwater Research and Program Management	380	1,157	266	201	243	195	165	172	234	285	3,298
Stormwater Trunk/Force Sewers	1,341	1,446	2,974	3,603	1,987	47	-	-	-	-	11,398
<b>Sub-total</b>	<b>2,914</b>	<b>3,491</b>	<b>4,027</b>	<b>4,345</b>	<b>2,775</b>	<b>818</b>	<b>839</b>	<b>796</b>	<b>880</b>	<b>955</b>	<b>21,839</b>
<b>Water</b>											
Water Distribution Systems	29,606	26,301	24,172	31,041	32,964	31,058	33,214	40,712	38,244	36,896	324,207
Water On-Going Projects	8,608	6,260	8,273	6,238	6,398	6,530	6,760	8,437	7,269	7,668	72,441
Water Pumping Facilities	1,742	3,270	8,748	7,141	2,936	752	1,188	3,401	7,464	-	36,642
DDOT Water Projects	10,402	2,298	2,412	7,110	6,033	4,871	5,149	5,388	6,006	6,090	55,758
Water Storage Facilities	1,119	2,577	1,250	4,815	10,534	9,224	1,838	2,680	4,335	3,359	41,731
Water Projects Program Management	3,981	3,963	3,779	3,170	3,187	3,890	3,854	3,856	3,905	3,930	37,516
Water Lead Program	4,540	3,323	2,320	2,593	2,902	2,926	2,906	2,816	3,006	21	27,354
Meter Replacement /AMR Installation	1,053	2,619	2,802	1,366	1,395	1,419	1,443	1,676	1,708	1,732	17,223
<b>Sub-total</b>	<b>61,061</b>	<b>50,610</b>	<b>53,755</b>	<b>63,474</b>	<b>66,349</b>	<b>60,671</b>	<b>56,351</b>	<b>68,967</b>	<b>71,938</b>	<b>59,697</b>	<b>612,873</b>
Washington Aqueduct	12,110	10,449	10,470	10,654	10,801	11,076	11,340	11,649	11,244	11,023	110,816
Capital Equipment	9,001	17,462	14,160	14,949	9,019	8,199	7,640	7,568	8,509	7,399	103,906
<b>Total FY 2012 DC Water CIP</b>	<b>\$262,157</b>	<b>\$325,222</b>	<b>\$555,820</b>	<b>\$589,786</b>	<b>\$442,122</b>	<b>\$365,982</b>	<b>\$421,531</b>	<b>\$370,976</b>	<b>\$257,039</b>	<b>\$223,104</b>	<b>\$3,813,740</b>



**Presented and Adopted: February 3, 2011**  
**Subject: Approval of Fiscal Year 2012 Capital Authority Request**

**#11-19**  
**RESOLUTION**  
**OF THE**  
**BOARD OF DIRECTORS**  
**OF THE**  
**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The Board of Directors (the "Board") of the District of Columbia Water and Sewer Authority, (the "Authority") at its meeting on February 3, 2011, upon consideration of a joint-use matter, decided by a vote of nine (9) in favor and none (0) opposed, to take the following action with respect to the Fiscal Year 2012 Capital Authority request which is to be submitted to the United States Congress.

**WHEREAS**, on October 7, 2010, the General Manager presented to the Board the FY 2012 Proposed Capital Authority request that totaled \$752,480,000; and

**WHEREAS**, during the months of October and November 2010 the various committees of the Board, including, Environmental Quality and Sewerage Services, Water Quality and Water Services, Finance and Budget and DC Retail Water and Sewer Rates Committees, reviewed the budget proposals and discussed in detail the budget drivers, strategic budget decisions, budget assumptions, customer and operational impacts; and

**WHEREAS**, on December 16, 2010, the Environmental Quality and Operations, and the DC Retail Water and Sewer Rates Committees met and recommended that the Board adopt the Proposed FY 2012 Capital Authority Request of \$752,480,000; and

**WHEREAS**, on December 17, 2010, the Finance and Budget Committee met and recommended that the Board adopt the Proposed Capital Authority request of \$752,480,000; and

**WHEREAS**, the request is to be submitted to the United States Congress.

**NOW THEREFORE BE IT RESOLVED THAT:**

The Board hereby approves and adopts the District of Columbia Water and Sewer Authority's Fiscal Year 2012 Capital Authority request totaling \$752,480,000 which is to be submitted to the United States Congress as shown in Attachment A to this resolution.

This resolution is effective immediately.

  
Secretary to the Board of Directors

**Fiscal Year 2012 Capital Authority Request  
(\$ 000's)**

<u>Service Areas</u>	<u>Fiscal Year 2012 Capital Authority Request</u>
Blue Plains Wastewater Treatment	\$72,035
Sanitary Sewer System	56,798
Combined Sewer Overflow	513,853
Stormwater	1,343
Water System	78,279
Washington Aqueduct (DC Water share)	17,672
Capital Equipment	<u>12,500</u>
<b>Total</b>	<b><u>\$752,480</u></b>

**Presented and Adopted: January 6, 2011**

**SUBJECT: Intent to Reimburse Capital Expenditures with Proceeds  
of a Borrowing**

**#11-09  
RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority (the "Authority"), at the Board meeting held on January 6, 2011, upon consideration of a joint-use matter, decided by a vote of ten (10) in favor and none (0) opposed, to take the following action.

**WHEREAS**, the District of Columbia Water and Sewer Authority (the "Borrower") intends to acquire, construct and equip the items and projects set forth in Exhibit A hereto (collectively, the "Projects"); and

**WHEREAS**, plans for the Projects have advanced and the Borrower expects to advance its own funds to pay expenditures related to the Project (the "Expenditures") prior to incurring indebtedness and to receive reimbursement for such Expenditures from proceeds of tax-exempt bonds or notes or taxable debt, or both.

**NOW THEREFORE BE IT RESOLVED THAT:**

1. The Borrower intends to utilize the proceeds of tax-exempt bonds, taxable bonds or notes (the "Bonds") or other debt in an amount not currently expected to exceed \$260,000,000 to pay costs of the Projects. These costs include amounts heretofore unreimbursed pursuant to Resolution 10-06 of the Board adopted on January 7, 2010, plus amounts projected to be reimbursed during Fiscal Year 2011 and through January 2012.
2. The Borrower intends that the proceeds of the Bonds be used to reimburse the Borrower for Expenditures with respect to the Projects made on or after the date that is 60 days prior to the date of this Resolution. The Borrower reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Bonds or other debt.
3. Each Expenditure was or will be, unless otherwise supported by the opinion of bond counsel, either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Bonds, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a

grant to a party that is not related to or an agent of the Borrower so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the Borrower.

4. The Borrower intends to make a reimbursement allocation, which is a written allocation by the Borrower that evidences the Borrower's use of proceeds of the Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. The Borrower recognizes that exceptions are available for certain "preliminary expenditures," costs of issuance, certain de minimis amounts, expenditures by "small issuers" and expenditures for any construction, the completion of which is expected to require at least five years.
5. The Borrower intends that the adoption of this resolution confirm the "official intent" within the meaning of Treasury Regulations Section 1.150-2 promulgated under the Internal Revenue Code of 1986, as amended.

This resolution shall take effect immediately.

  
Secretary to the Board of Directors

## **EXHIBIT A — LIST OF PROJECTS**

**Blue Plains Advanced Wastewater Treatment Plant Rehabilitation**  
**Sanitary Sewer System Improvement Projects**  
**Combined Sewer System Improvement Projects**  
**Stormwater Sewer System Improvement Projects**  
**Water Pumping, Distribution & Storage Projects**  
**Metering & Capital Equipment**  
**Washington Aqueduct Projects**  
**Combined Sewer Overflow Long Term Control Plan (CSO LTCP) Projects**

**PRESENTED AND ADOPTED: February 3, 2011**  
**SUBJECT: Approval of 'Pay-As-You-Go' Capital Financing Policy**

**#11-22**  
**RESOLUTION**  
**OF THE**  
**BOARD OF DIRECTORS**  
**OF THE**  
**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("DC Water" or the "Authority"), at its meeting on February 3, 2011, upon consideration of a joint-use matter, decided by a vote of nine (9) in favor and none (0) opposed to take the following action with respect to the approval of the the 'Pay-As-You-Go' Capital Financing Policy ("paygo").

**WHEREAS**, The Enabling Legislation, Public Law 104-84, which established the District of Columbia Water and Sewer Authority permits the expenditure of excess revenues for capital projects in excess of budget; and

**WHEREAS**, the Board at its meeting on July 2, 2009, approved Resolution #09-86, revised Statement of Financial Policies which directs the use of operating cash in excess of any reserve requirements be used for capital financing (paygo) or repayment of higher cost debt; and

**WHEREAS**, the Board at its meeting on January 6, 2011, approved Resolution #11-10, Revised Rate Setting Policy, which directs that revenues in excess of costs will be utilized to mitigate future customer and rate impacts, including transferring some or all of such excess funds to the Rate Stabilization Fund; and

**WHEREAS**, taken together, these financial policies require the General Manager or his designees to continually monitor and evaluate DC Water's financial position and to utilize all available options for use of excess cash to mitigate customer impacts and annual rate increases. Such options may include paygo financing and/or rate stabilization fund transfer; and

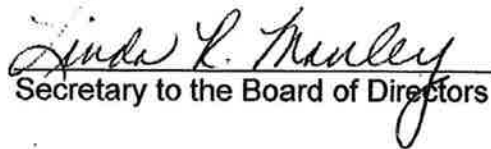
**WHEREAS**, the Board in resolution #10-76 provided specific guidance on the critical decision making for funding and draw down of funds in the Rate Stabilization Fund; and

**WHEREAS**, the Board desires to provide more specific guidance on the critical decision making of financing and use of excess cash for the capital program (paygo).

**NOW THEREFORE BE IT RESOLVED THAT:**

The Board hereby approves the attached 'Pay-As-You-Go' (Paygo) Capital Financing Policy.

This resolution shall take effect immediately.

  
Secretary to the Board of Directors



## **DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY (DC WATER)**

### **'Pay-As-You-Go' (Paygo) Capital Financing Policy**

This Paygo Policy is to provide more specific guidance from the DC Water Board of Directors on the critical decision making of financing and use of excess cash for the capital program.

#### **Definitions:**

'Paygo' financing shall mean any cash financing of capital projects.

'Excess cash' shall mean any cash balance greater than needed or its use restricted to meet DC Water's financial policy requirements as contained in the Statement of Financial Policies, including:

- Operating reserve
- Renewal and replacement reserve
- District of Columbia General Obligation Debt Reserve
- Any other reserves that may be established by DC Water
- Rate Stabilization Fund deposits

#### **Background:**

DC Water's Statement of Financial Policies directs that operating cash in excess be used for capital financing or for repayment of higher cost debt and that whenever possible, the least costly capital financing be used for capital projects. The Revised Rate Stabilization Fund provides additional guidance and direction from the Board regarding the decision processes for adjusting the balance of that reserve fund.

Taken together, the Board policies and decisions require DC Water to 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.

To implement these policies and determine the amount of paygo financing necessary:

1. The General Manager will include in the annual ten-year financial plan, developed as part of the annual operating budget process, a separate schedule showing projected annual cash balances and planned annual paygo financing of capital projects.
2. The planned annual paygo financing will be formally approved by the Board of Directors as part of its annual approval of the ten-year financial plan, operating and capital budgets.
3. At any time during the fiscal year, the General Manager may use paygo financing for capital projects, as approved by the Board of Directors.
4. During the fourth quarter of each fiscal year, the General Manager (or designee) will conduct an analysis of DC Water's financial performance.
5. The General Manager will report the results of this analysis and his recommendations, including updated projected annual cash balances and annual paygo financing, to the Finance and Budget Committee no later than its regularly scheduled meeting in July, for recommendation to the Board for action at its September meeting.

In October, the General Manager will report to the Board of Directors the actual usage of paygo financing for the just-completed fiscal year.

**Subject: Approval of Revised Rate Setting Policies**

**#11-10  
RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority, ("Authority"), at its meeting on January 6, 2011, upon consideration of a non-joint use matter decided by a vote of five (5) in favor and none (0) opposed to take the following action with respect to rate setting policies;

**WHEREAS**, on December 4, 1997, the Board approved Resolution #97-124 that established the Authority's rate setting policies; and

**WHEREAS**, during fiscal year 2010 the Retail Rates Committee ("Committee") embarked on a review of the Rate Setting Policy to ensure that the overall Authority objectives continue to be met; and

**WHEREAS**, the review included a comprehensive assessment of the various and sometimes competing objectives the Authority is seeking to accomplish in respect to different policy areas that affect rate setting; and

**WHEREAS**, the Committee sought to identify and prioritize the major objectives, while striving to achieve a reasonable balance between costs, cost allocations, customer impacts and other considerations in reaching rate decisions; and

**WHEREAS**, on December 15, 2010, upon consideration the Retail Rates Committee recommends that the Board adopt a revised rate setting policy, replacing Resolution #97-124;

**NOW THEREFORE BE IT RESOLVED THAT:**

It is the policy of the Board of Directors of DC Water in setting retail rates, including charges and fees, pursuant to its statutory authority to strive to achieve the following:

1. Rates that, together with other revenue sources, cover current costs and meet or exceed all bond and other financial requirements as well as goals set by the Board.
2. Rates that yield a reliable and predictable stream of revenues, taking into account trends in costs and in units of service.
3. Rates based on annually updated forecasts of operating and capital budgets.

4. Rate structures that are legally defensible, based on objective criteria, and transparently designed.
5. Rate structures that customers can understand and DC Water can implement efficiently and efficaciously.
6. Rate increases, if required, that are implemented transparently and predictably.

To the extent annual revenues exceed costs, the Board's policy will continue to utilize all available options to mitigate future customer impacts and annual rate increases, including transferring some or all of such excess funds to the Rate Stabilization Fund.

This resolution is effective immediately,

  
Secretary to the Board of Directors

**SUBJECT: Approval to Investigate Ways to Minimize Customer Impacts from Rate Increases**

**#11-12  
RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority, ("DC Water"), at its meeting on January 6, 2011, upon consideration of a non-joint use matter decided by a vote of five (5) in favor and none (0) opposed to take the following action with respect to input from the public comment process.

**WHEREAS**, DC Water has embarked on a historic capital improvement program that will cost an estimated \$3.8 billion dollars over the next ten years, in concert with an operating budget that exceeds \$400 million dollars each fiscal year;

**WHEREAS**, DC Water is largely funded to provide these services through the retail rates that are charged to customers, including residential, commercial and government accounts;

**WHEREAS**, DC Water's Ten Year Financial Plans project rate increases in the future to support required projects for many years;

**WHEREAS**, DC Water is aware that many of these accounts are held by customers on low and fixed incomes, or start-up and small businesses.

**NOW THEREFORE BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF DC WATER HEREBY DIRECTS THE GENERAL MANAGER TO:**

1. To investigate the full range of opportunities to develop new sources of revenue for DC Water;
2. To investigate any opportunities or options to expand programs designed to provide financial support to low income customers;
3. To investigate the potential for developing new rate classes or categories that will allow a varied scale of rate charges;

4. To investigate whether the current cost allocation methodologies provide accurate and equitable treatment of retail customers in the District of Columbia with respect to operating and capital costs of joint-use facilities;
5. To investigate whether environmental mandates that any level of government now imposes on DC Water, as well as consent decrees to which DC Water is a party, will unduly burden District of Columbia ratepayers and to pursue appropriate relief from Executive, Legislative, and Judicial Branches; and
6. The Board also hereby directs to the General Manager to report back to the Board, or the relevant Board Committee or Committees, on each of these topics at a suitable time, but in any event within one calendar year of this resolution.

This resolution is effective immediately,

  
Secretary to the Board of Directors

**Presented and Adopted: February 3, 2011**  
**SUBJECT: Proposed Water and Sewer Service Rates, Right-of- Way (ROW) and Payment in Lieu of Taxes (PILOT) Fee and Impervious Area Charge (IAC) for Fiscal Year 2012**

**#11-23**  
**RESOLUTION**  
**OF THE**  
**BOARD OF DIRECTORS**  
**OF THE**  
**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The District members of the Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("DC Water") at the Board meeting held on February 3, 2011 in a non-joint use matter, decided by a vote of four (4) in favor and none (0) opposed, to take the following action with respect to the proposed retail rates for water and sewer service, impervious area charge (IAC), the right of way occupancy fee pass through charge (ROW) and payment in lieu of taxes (PILOT) fee.

**WHEREAS**, the Board has adopted a rate-setting policy that calls for implementation of retail rate increases in a gradual and predictable manner, avoiding large one-time rate increases; and

**WHEREAS**, the Board has adopted a ten year financial plan that requires annual rate increases to generate sufficient revenues to pay for DC Water's projected operating and capital expenses and will assure compliance with Board policies regarding maintenance of senior debt coverage and cash reserves; and

**WHEREAS**, the Retail Water and Sewer Rates Committee met on December 15, 2010 and January 25, 2011 to consider the proposed rate and fee changes and cost drivers; and

**WHEREAS**, the Retail Water and Sewer Rates Committee recommended that the Board consider the proposed combined retail water and sewer rate increase of \$0.41 per Ccf (\$0.55 per 1,000 gallons) and publish for public comment; and

**WHEREAS**, the increase in water and sewer rates would result in a combined water and sewer rate that approximates \$7.30 per One Hundred Cubic Feet ("Ccf") or \$9.76 per 1,000 gallons of metered water and sewer use; and

**WHEREAS**, the Retail Rates Committee recommended that the Board consider for public comment a monthly increase in the impervious area charge of \$3.42 per Equivalent Residential Unit (ERU) to recover the \$2.6 billion costs of the Combined Sewer Overflow Long-Term Control Plan (Clean Rivers Project); and

**WHEREAS**, the Retail Rates Committee recommended that the Board consider for public comment an increase in the ROW / PILOT fee of \$0.05 per Ccf (\$0.06 per 1,000 gallons) to recover the full cost of this District of Columbia government charges, pending final negotiations and approval of a memorandum of understanding from the District of Columbia government; and

**WHEREAS**, the public comment and notification process of the proposed rate and fee increases will occur over the next several months and it is the intent of the Board to take final action on the proposed rate and fee increases at the conclusion of the notification and comment period; and

**WHEREAS**, this Resolution supersedes Resolution 11-11 approved by the Board on January 6, 2011; and

**WHEREAS**, adoption of these rates and fee changes would increase the monthly bill of the average residential customer using 6.69 Ccf (or 5,004 gallons) approximately \$6.50 per month or \$78.00 per year; and

**WHEREAS**, DC Water's retail revenue projections for Fiscal Year 2012 reflect an approximate \$26.1 million increase due to an increase of \$10.9 million from proposed retail water and sewer rate adjustments, an approximate \$1.5 million increase due to the proposed ROW / PILOT fee increase, and an approximate \$13.7 million increase due to the proposed IAC increase.

**NOW THEREFORE BE IT RESOLVED THAT:**

1. The Board finds that DC Water's projected expenditures require that it propose, for public comment, the approximate rate and fee increases described below:

**Water Service Rates**

- a. An increase in the rate for retail metered water service from \$3.10 per One Hundred Cubic Feet ("Ccf"), (\$4.14 per 1,000 gallons) to:
  - Residential customers: \$3.29 per Ccf (\$4.40 per 1,000 gallons), effective October 1, 2011
  - Non – residential customers: \$3.29 per Ccf (\$4.40 per 1,000 gallons), effective October 1, 2011

**Sewer Service Rates**

- b. An increase in the rate for retail sanitary sewer service from \$3.79 per One Hundred Cubic Feet ("Ccf"), (\$5.07 per 1,000 gallons) to:

- Residential customers: \$4.01 per Ccf (\$5.36 per 1,000 gallons), effective October 1, 2011
  - Non – residential customers: \$4.01 per Ccf (\$5.36 per 1,000 gallons), effective October 1, 2011
- c. An increase in the annual Clean Rivers Impervious Area Charge (IAC) from \$41.40 to \$82.44 per Equivalent Residential Unit (ERU). The charge per ERU will be billed monthly at:
- Residential customers: \$6.87 for each ERU, effective October 1, 2011
  - Non – residential customers: \$6.87 for each ERU, effective October 1, 2011

**Right of Way Occupancy Fee Pass Through Charge / PILOT Fee**

- d. An increase of \$0.05 per Ccf (\$0.06 per 1,000 gallons) in the ROW / PILOT fee from \$0.63 per Ccf to \$0.68 per Ccf, effective October 1, 2011, divided as follows:
- i. An increase in the District of Columbia Right of Way fee from \$0.14 per Ccf or (\$0.19 per 1,000 gallons) to:
    - Residential customers: \$0.15 per Ccf or (\$0.20 per 1,000 gallons).
    - Non – residential customers: \$0.15 per Ccf or (\$0.20 per 1,000 gallons).
  - ii. An increase in the Payment in Lieu of Taxes to the Office of the Chief Financial Officer (OCFO) of the District of Columbia from \$0.49 per Ccf or (\$0.65 per 1,000 gallons) to:
    - Residential customers: \$0.53 per Ccf or (\$0.71 per 1,000 gallons)
    - Non – residential customers: \$0.53 per Ccf or (\$0.71 per 1,000 gallons)
2. The General Manager is authorized to take all steps necessary in his judgment and as otherwise required, to initiate the public comment process and shall provide notice of the proposed rate adjustments in the manner provided by 21 DCMR, Chapter 40 and the District of Columbia's Administrative Procedures.

This resolution is effective immediately and amends Resolution 11-11.

  
Secretary to the Board of Directors