



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

## OPERATING BUDGETS

REVISED FY **2012** APPROVED FY **2013**

Adopted January 5, 2012

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

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

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

### BUDGET IN SYNC:

ENVIRONMENT,  
INNOVATION,  
SERVICE and  
ACCOUNTABILITY





## **DC WATER's VISION**

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

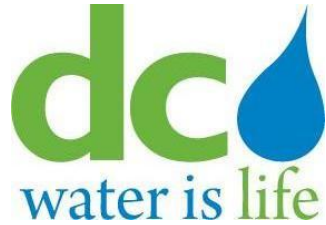
## **DC WATER's MISSION**

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 WASA Board of Directors on July 3, 2008)*

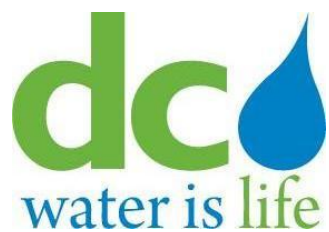


## DC WATER'S CRITICAL SUCCESS FACTORS

“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 WASA Board of Directors on July 3, 2008)



## **BOARD OF DIRECTORS**

(As of January 5, 2012)

### **District of Columbia**

William M. Walker, Chairman

Allen Lew, Principal  
F. Alexis H. Roberson, Principal  
Alan J. Roth, Principal  
Alethia N. Nancoo, Principal  
Adam Clampitt, Principal

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

### **Fairfax County**

Anthony H. Griffin, Principal  
James Patteson, Alternate

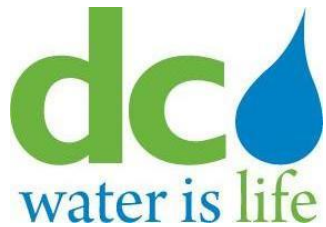
### **Montgomery County**

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

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

Bradford Seamon, Principal  
Carla Reid, Principal  
Samuel Wynkoop, Alternate  
Dawn Hawkins-Nixon, Alternate

Linda R. Manley, Board Secretary



## **ACKNOWLEDGEMENTS**

### **PRINCIPAL STAFF MEMBERS**

#### **General Manager**

George S. Hawkins

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

Christopher Carew, Chief of Staff

Randy E. Hayman, General Counsel

Alan Heymann, External Affairs, Chief

Omer Siddiqui, Chief Information Officer

David L. Cross, Organizational Development, Director

Linda R. Manley, Board Secretary

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

Olu Adebo, Chief Financial Officer

Yvette Downs, Finance and Budget, Director

John Madrid, Controller

Robert Hunt, Treasury and Debt, Manager

Tanya L. DeLeon, Risk Management, Manager

#### **Operations**

Walter M. Bailey, Assistant General Manager, Wastewater Treatment

Aklile Tesfaye, Wastewater Treatment, Director

Anthony Mack, Maintenance Services, Acting Director

Leonard Benson, Chief Engineer/Deputy General Manager

David McLaughlin, Engineering and Technical Services, Director

Carlton Ray, Clean Rivers, Director

Brian McDermott, Permits, Acting Director

Charles Kiely, Assistant General Manager, Consumer Services

Cuthbert Braveboy, Sewer Services, Director

Chuck Sweeney, Utilities Services Water, Director

Lauren Preston, Customer Service, Director

#### **Support Services**

Katrina Wiggins, Assistant General Manager, Support Services

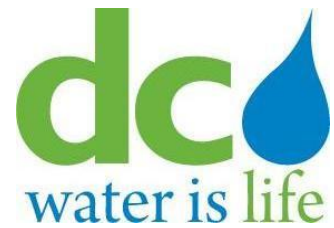
Steven Caldwell, Facilities and Security Management, Director

O.Z. Fuller, Fleet Management, Director

Arthur R. Green, Human Capital Management, Director

Rosalind R. Inge, Procurement, Director

Ayodele McClenney, Occupational Safety and Health, Director



## ACKNOWLEDGEMENTS

### Finance and Budget Department

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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, 2011**

*Linda C. Danson Jeffrey R. Emswiler*

President

Executive Director

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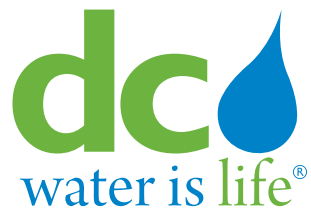
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

## **OPERATING BUDGETS**

REVISED FY **2012** APPROVED FY **2013**

**SECTION I**

**BUDGET IN BRIEF**



DC Water  
**BUDGET IN BRIEF**

Revised FY 2012 Approved FY 2013  
Adopted January 5, 2012

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

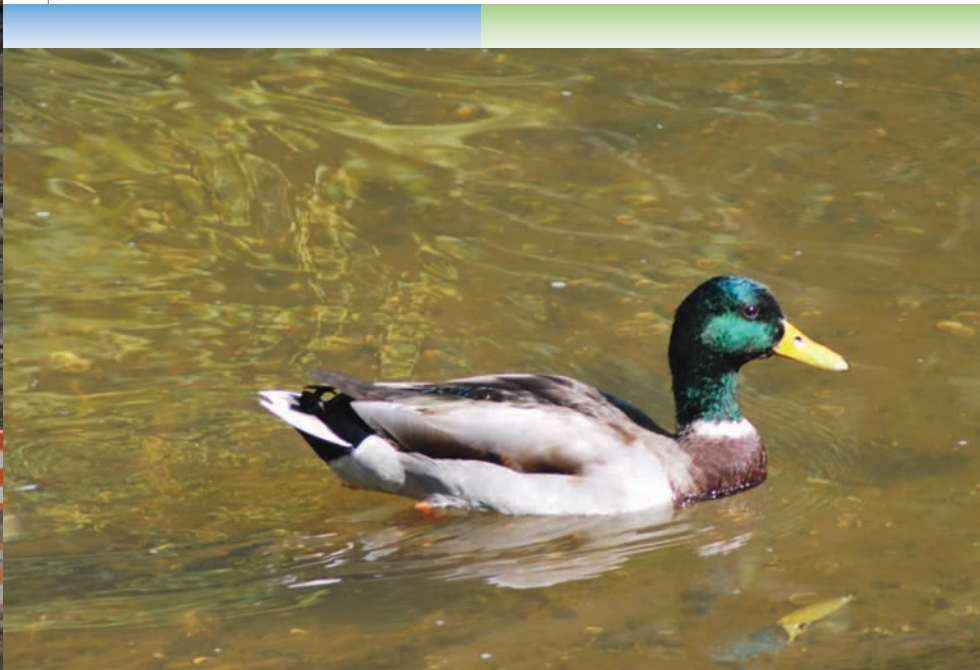
**George S. Hawkins**, *General Manager*

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

**BUDGET IN SYNC**

ENVIRONMENT  
INNOVATION  
SERVICE and  
ACCOUNTABILITY

District of Columbia Water and Sewer Authority



### Mission

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

### Vision

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

### Values

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

1	A MESSAGE FROM THE GENERAL MANAGER
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## dc 2011 BUDGET PRESENTATION AWARD



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





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

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

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

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

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

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

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

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

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

George S. Hawkins  
January 2012



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

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

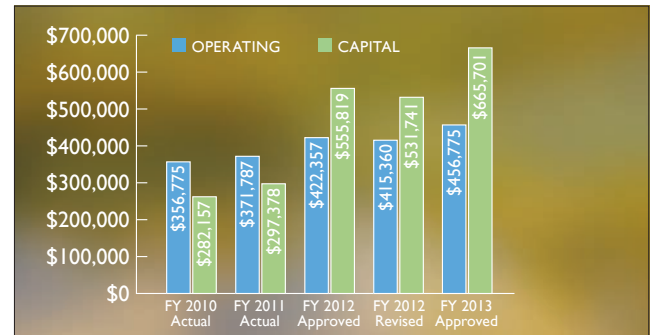
Our revised FY 2012 Operating Budget totals \$415.4 million. The approved FY 2013 Operating Budget totals \$456.8 million, which represents a \$41.4 million increase, or 10.0 percent over the previous year. The primary drivers of the budget increase are debt service costs of the DC Water Capital Improvement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

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

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

Olu Adebo, February 2012

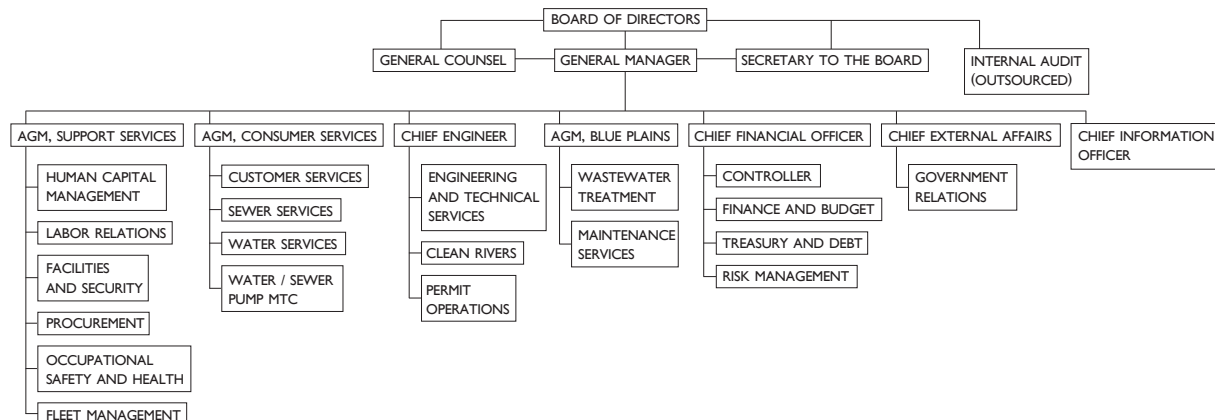
### OPERATING AND CAPITAL BUDGET SUMMARY



## dc BOARD OF DIRECTORS / ORGANIZATIONAL STRUCTURE

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

**DC Water Financial Information**

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

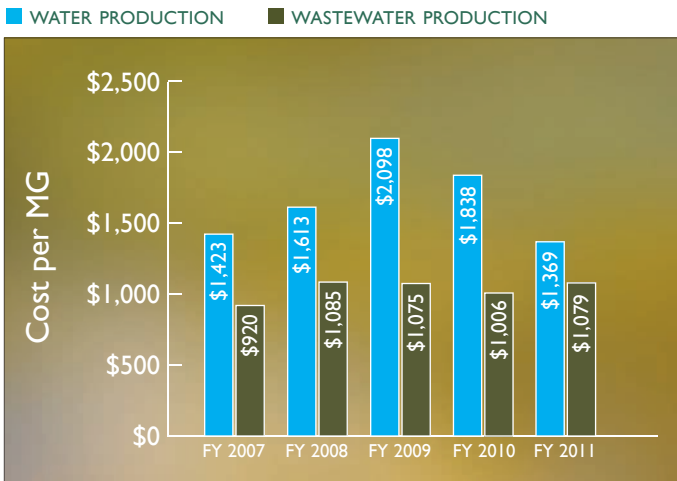
**DC WATER SERVICE AREA**



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

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
FY 2009	\$1,760	\$1,967
FY 2010	\$1,771	\$2,128

DC WATER OPERATING EFFICIENCY RESULTS



FY 2011 OPERATING PERFORMANCE DASHBOARD

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

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



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

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

*Note: 1 Ccf = 748 gallons*

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

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

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

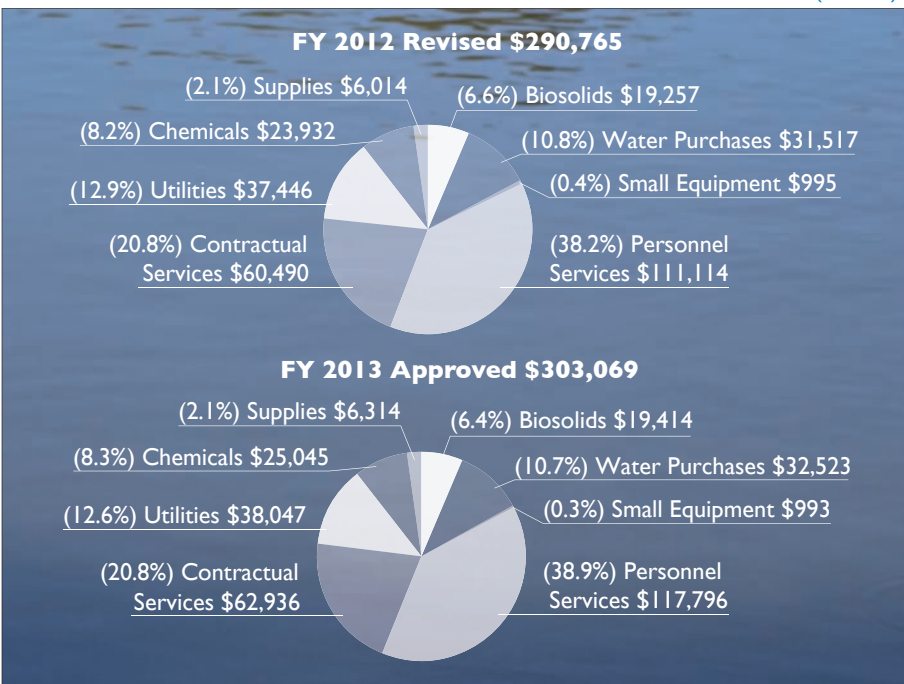
**Innovation:** The Authority continues to connect with its customers in new and innovative ways and has allocated resources to continue ongoing process improvements. In FY 2011, DC Water upgraded the technology in its Customer Service office and in the field, including a new call recording system to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

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

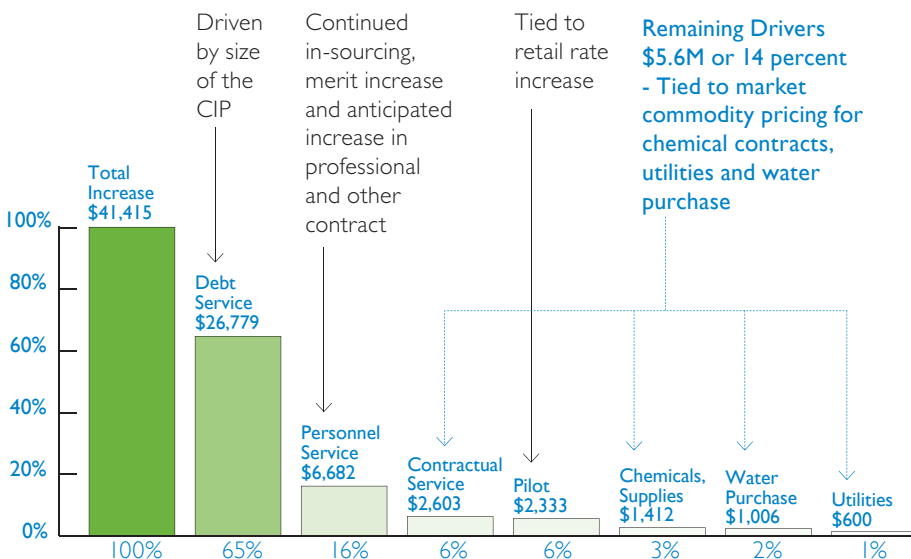
FUNDING SOURCES AND USES FOR OPERATING BUDGETS

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

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



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



Operations

Management's Top Budget Priorities

Budget Prioritization

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

Technique / Approach

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

Management's Top Operating Initiatives

Water system Initiatives

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

Wastewater System Initiatives

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

Other Management Initiatives

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

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

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



**Regional Demographics**

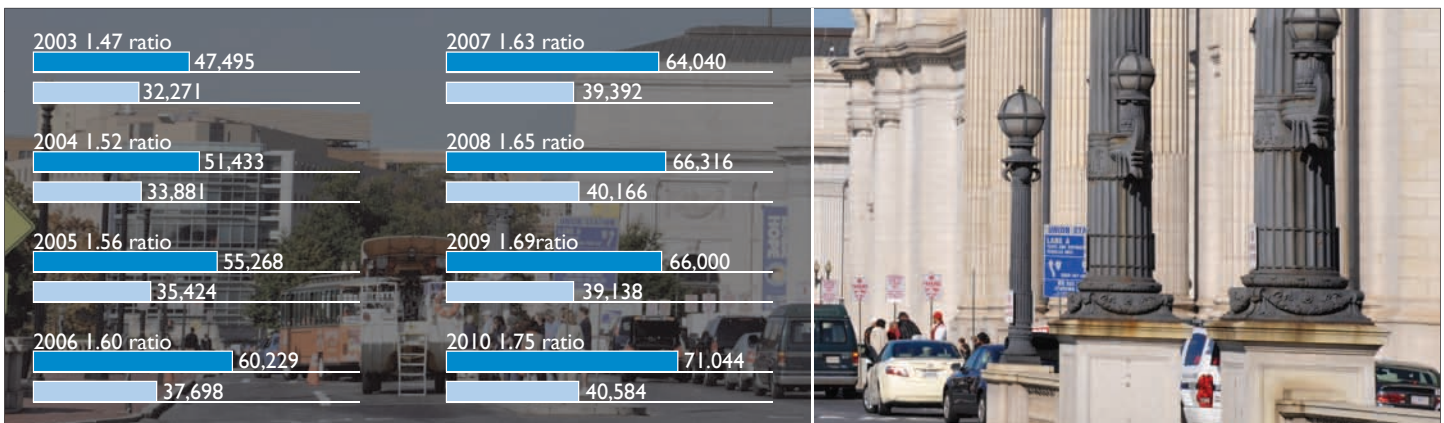
At DC Water, identifying and understanding customer requirements are a strategic component of our planning process. Therefore, we must be sensitive to the local economy in terms of socio-political and macro-economic trends. DC Water's retail customers include 'Residential, Commercial and Multifamily',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

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

**Key Economic Indicators**

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

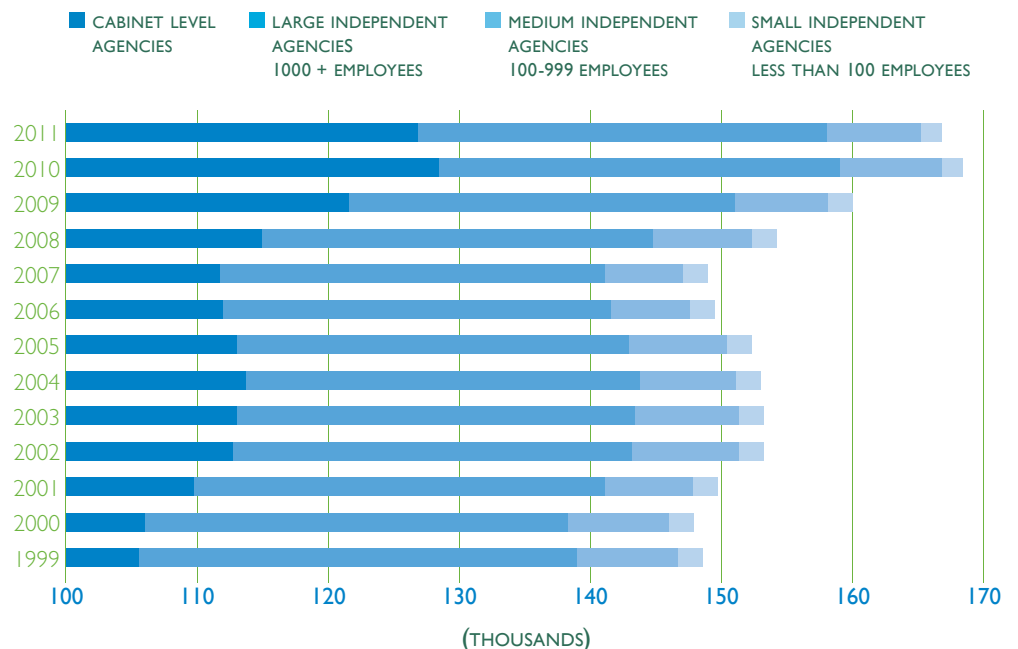
**DC PER CAPITA INCOME IS HIGHER THAN U.S. AVERAGE**



**Employment within the District of Columbia**

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

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



### Area Characteristics

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



### Average Temperature:

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

### Diverse Customer Base

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

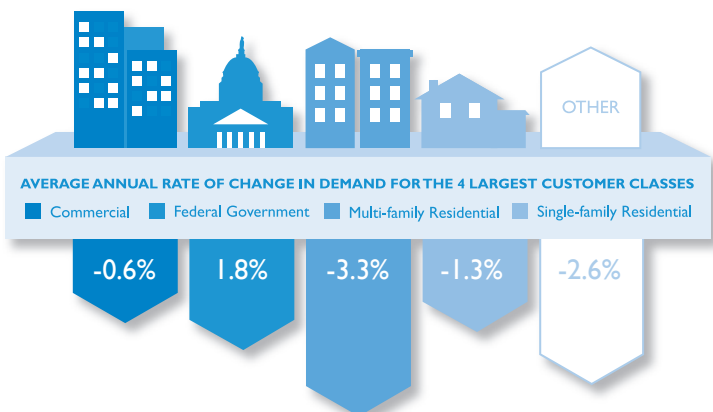
### Water Consumption Trends

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

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

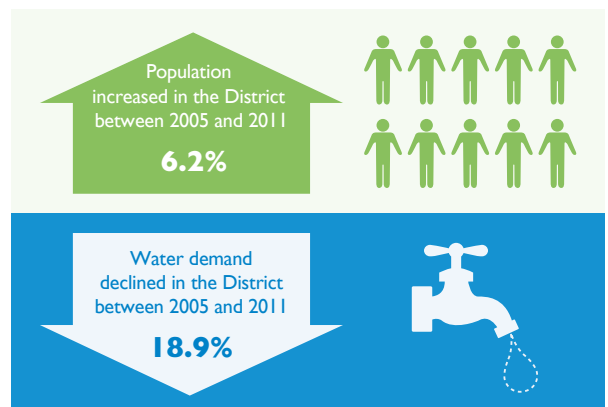
### DC WATER LONG-TERM WATER DEMAND SHOWS A DECLINE RELATIVELY CONSISTENT WITH THE ASSUMPTION

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



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

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



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

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

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

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



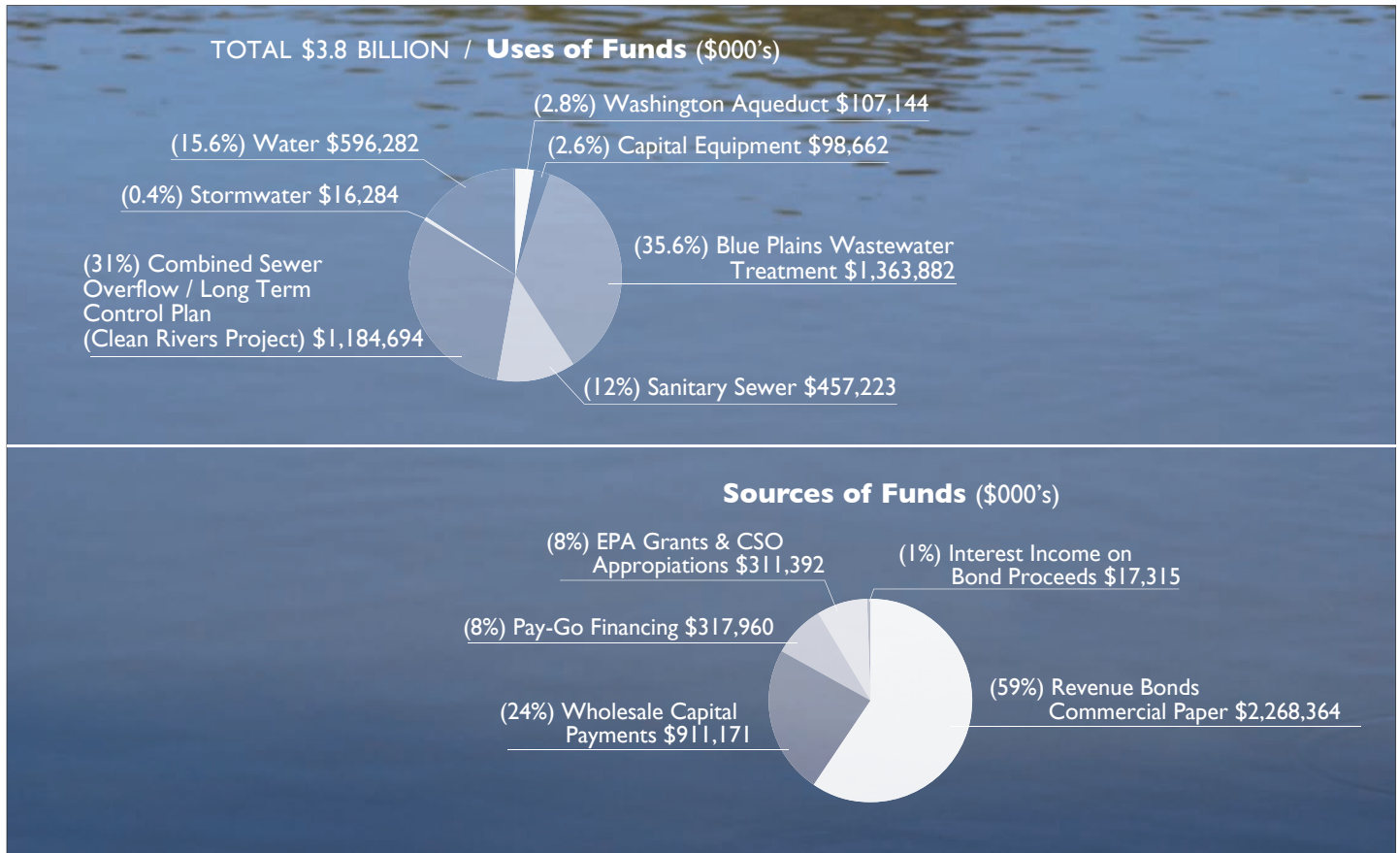
**FY 2011 – FY 2020 CAPITAL IMPROVEMENT PROGRAM (\$000's)**

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

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

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

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



MEASURE OF PRIORITY (\$000's)

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

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

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

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

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

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

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

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

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

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

**Clean Rivers Project**

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

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

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

**Operation Clean Air Making Headway**

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

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

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



**Overview**

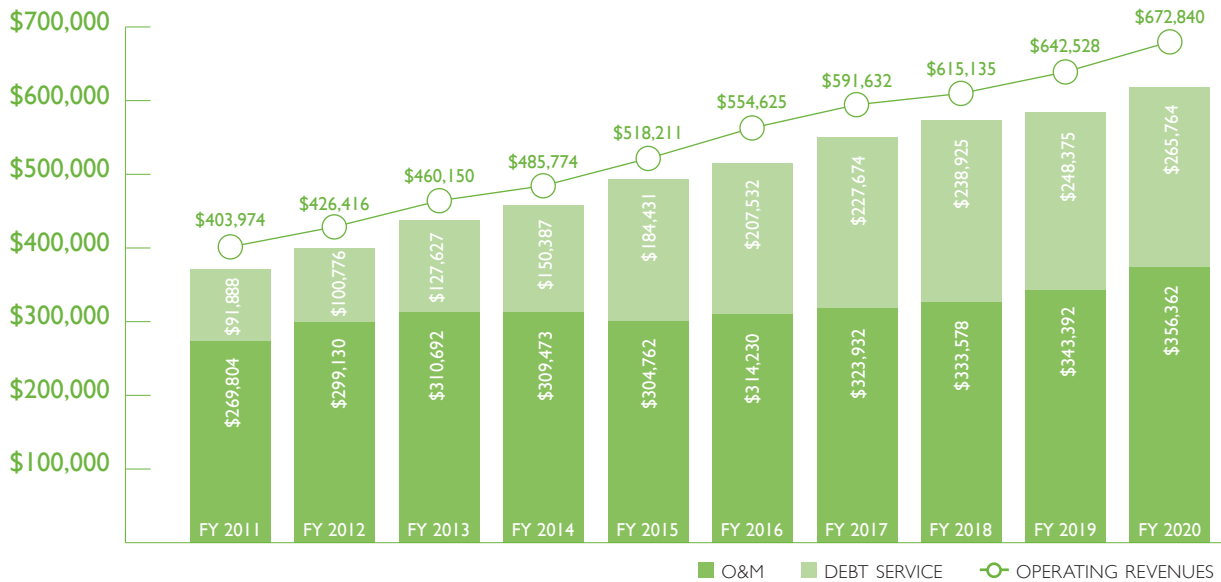
DC Water has a ten year financial plan which provides a strong financial framework to support implementation of the Board strategic plan, policies, priorities and guidance in several key financial areas. This financial plan serves as one of management’s key tools to monitor progress in meeting financial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

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

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

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

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



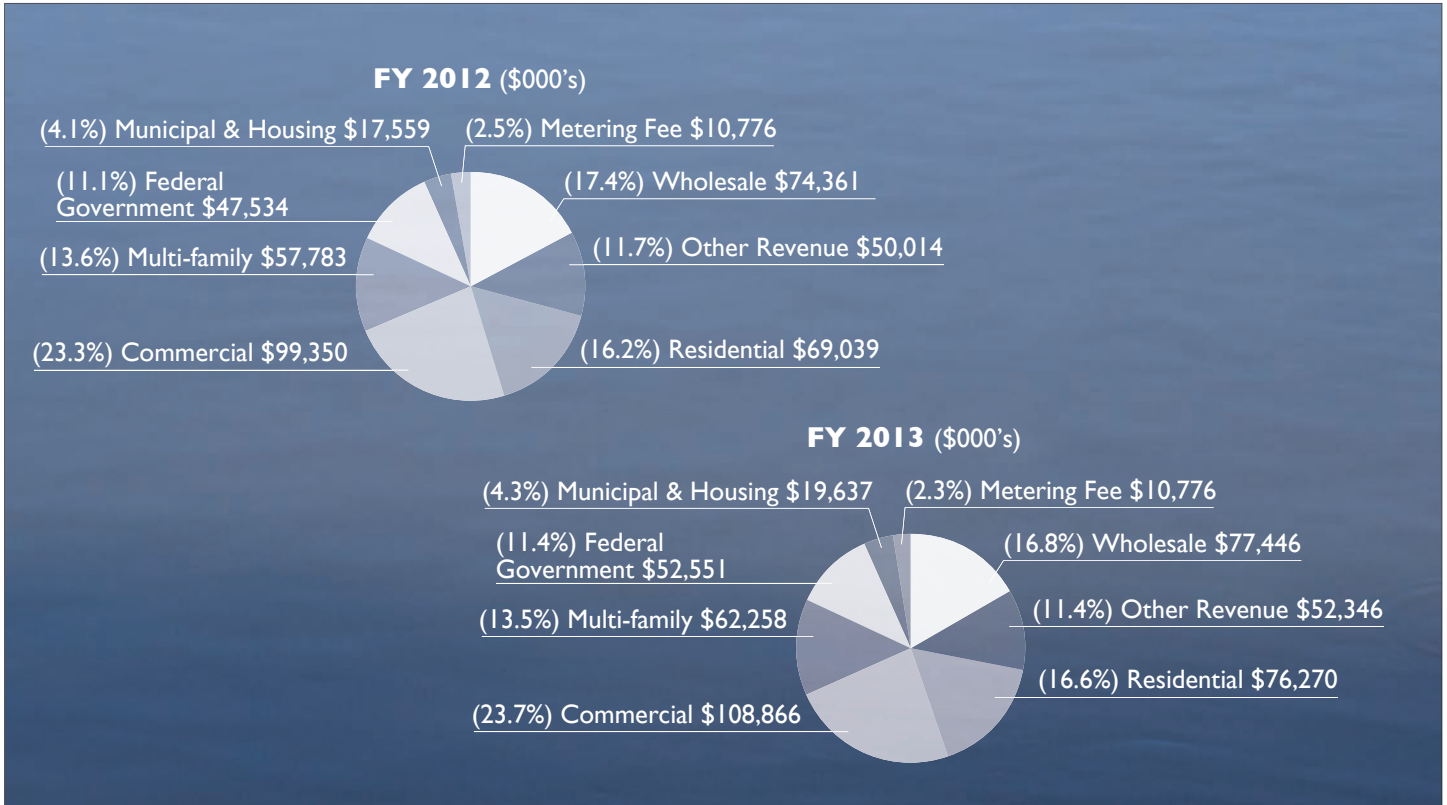
**Projected Debt Service Coverage Levels**

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

... FINANCIAL PLAN continued

**FY 2012 and FY 2013 Operating Revenues**

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



**Proposed Retail Rate and Fee Changes**

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

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

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

## Water and Sewer Rates

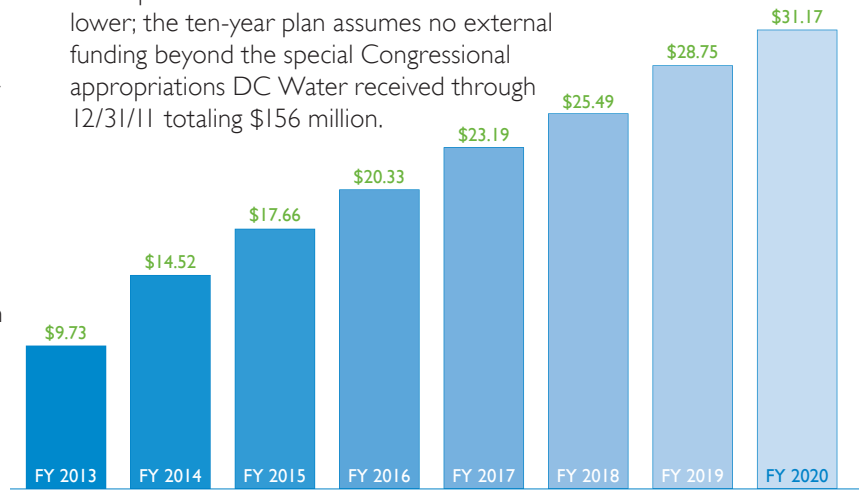
The proposed water and sewer rate increases included in the Ten Year Financial Plan are driven by the following factors:

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

### Clean Rivers Impervious Area Charge

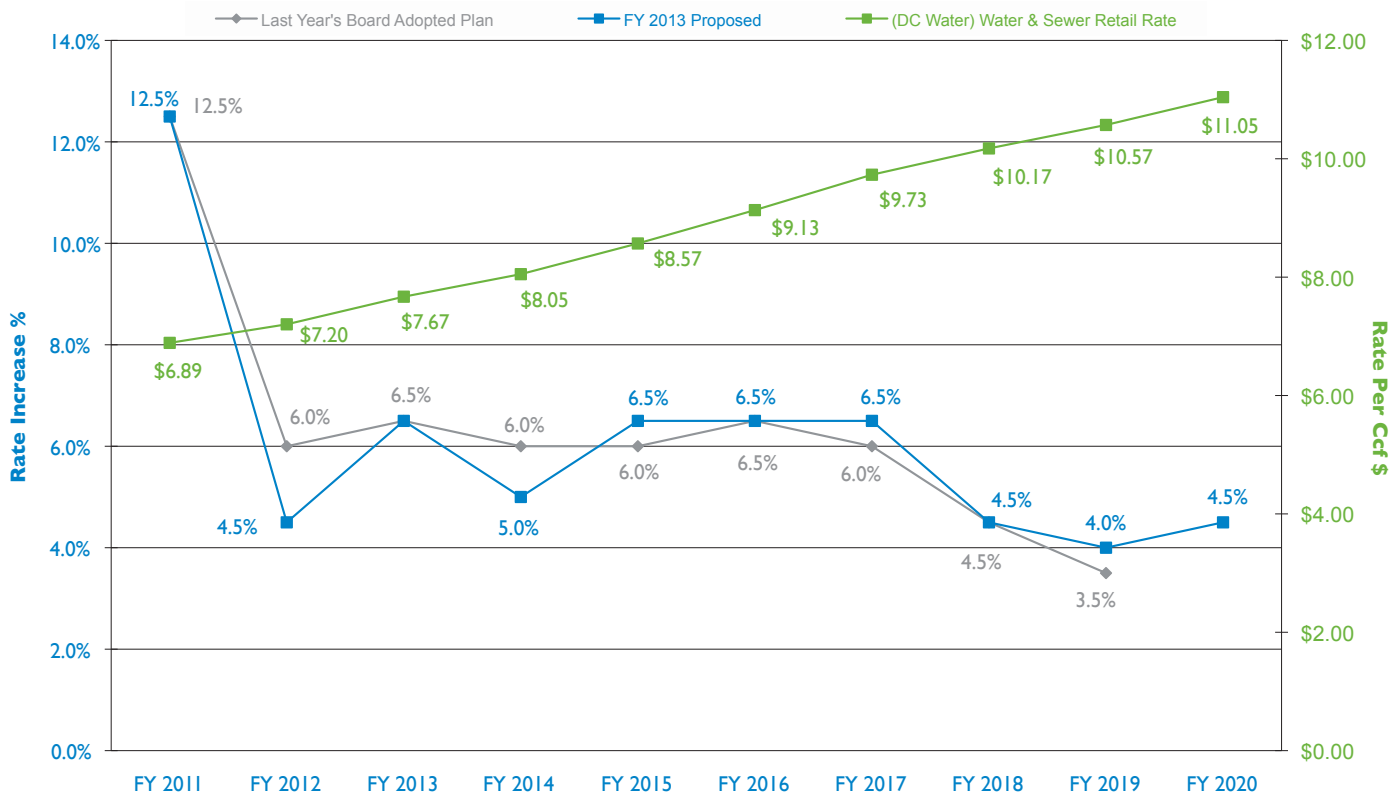
The Impervious Area Charge (IAC) is a separate sewer service fee established in FY 2009 to recover the cost of implementing the CSO-Long Term Control Program (Clean Rivers Project). The FY 2013 proposed monthly IAC is \$9.73 per ERU (Equivalent Residential Unit) with monthly rates projected to range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

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



### CLEAN RIVERS ERU / Month

### WATER AND SEWER RATES



. . . FINANCIAL PLAN continued

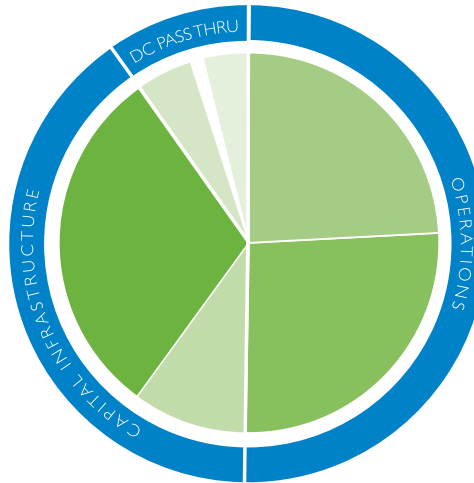
**Right of Way and PILOT Fees**

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

**Customer Affordability**

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

**WHERE DOES YOUR MONEY GO?**



**OPERATIONS**

- \$0.22 Water
- \$0.27 Sewer

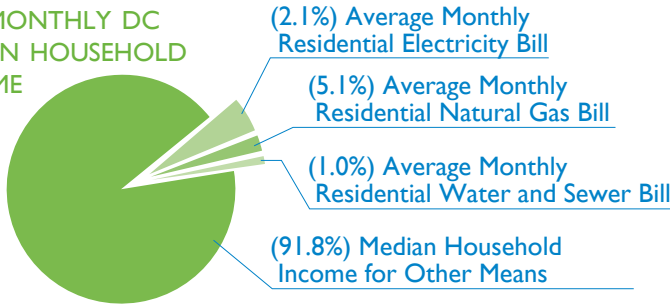
**CAPITAL INFRASTRUCTURE PROJECTS**

- \$0.13 Clean Rivers
- \$0.28 All Other Capital Projects

**DC PASS-THRU**

- \$0.05 PILOT
- \$0.01 ROW
- \$0.04 Stormwater

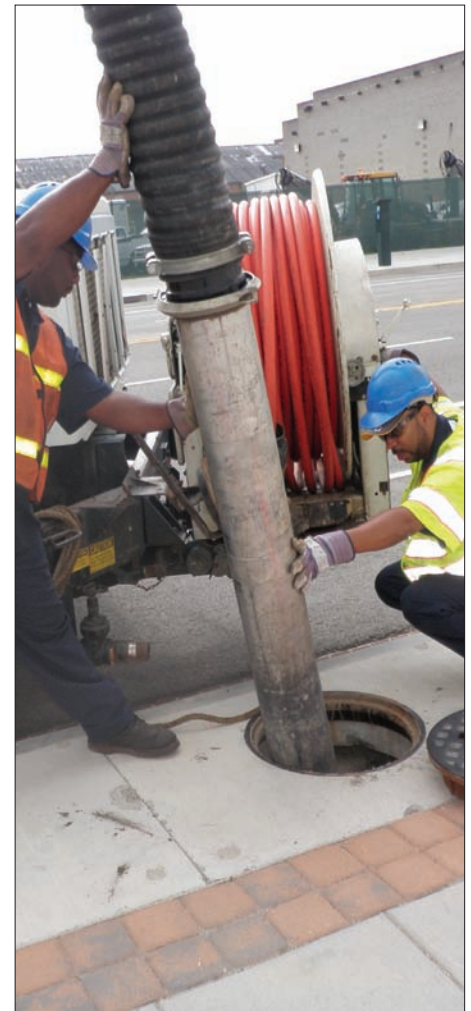
**2011 MONTHLY DC MEDIAN HOUSEHOLD INCOME**



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

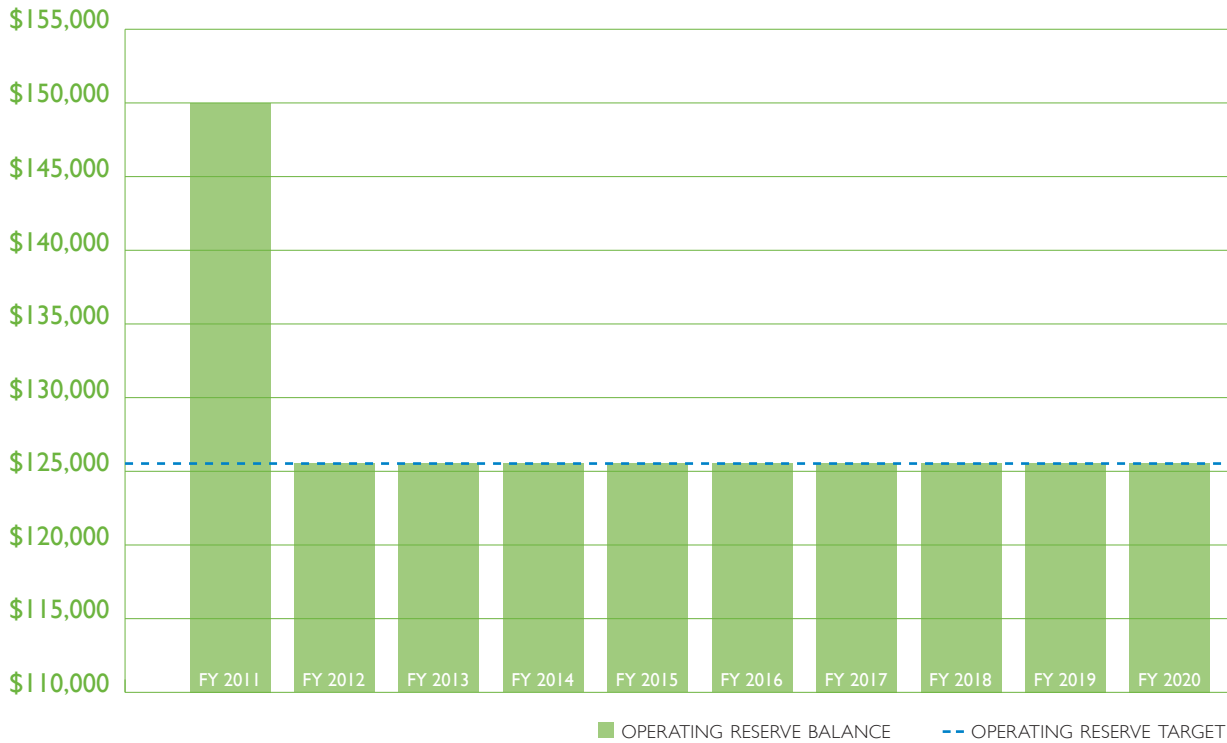
Even with this favorable affordability index, there are many low income residents in DC for whom the average water/sewer bill would consume greater than 4 percent of their monthly household income. Recognizing this, DC Water provides programs to assist customers most in need. Through the Customer Assistance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

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



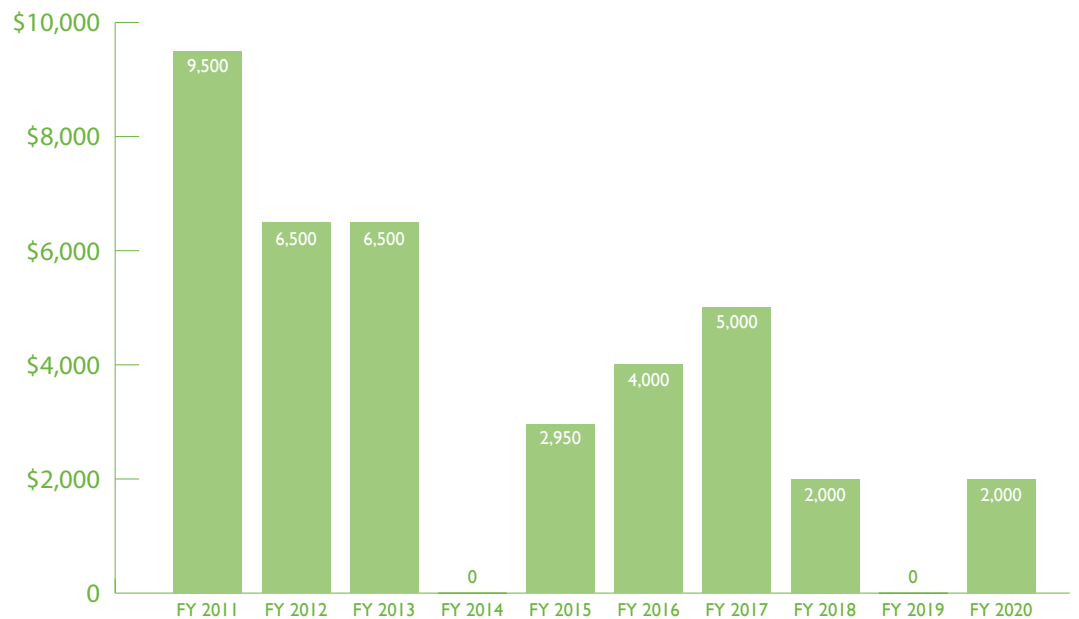
### Operating Reserves

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



### Rate Stabilization Fund

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



... FINANCIAL PLAN continued

**Debt Management**

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

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

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

**Capital Financing Plan**

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

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

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

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

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

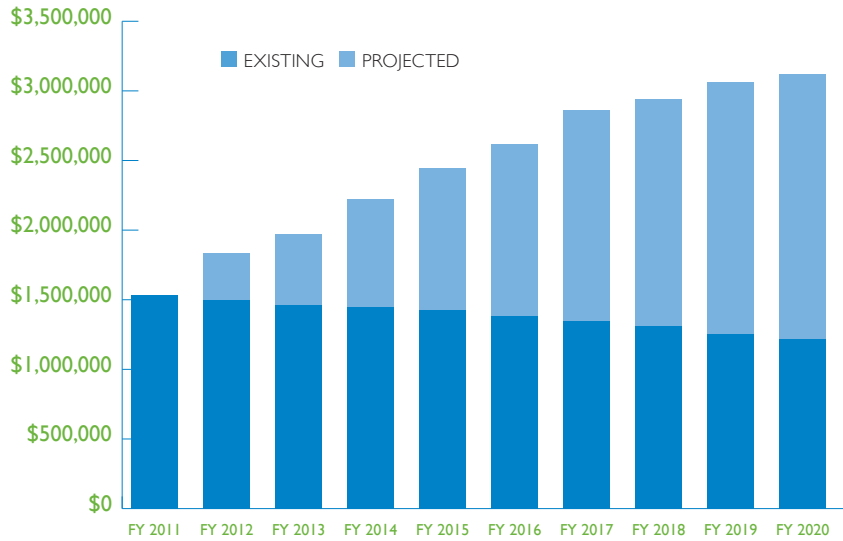
**Long Term Financing** – The current capital financing program provides plans to issue bonds every twelve to eighteen months. Bond issuances are used to finance capital projects and described in further detail in the Capital, Financing, Cash and Debt section of the full budget book.

Senior Lien Bond Ratings:

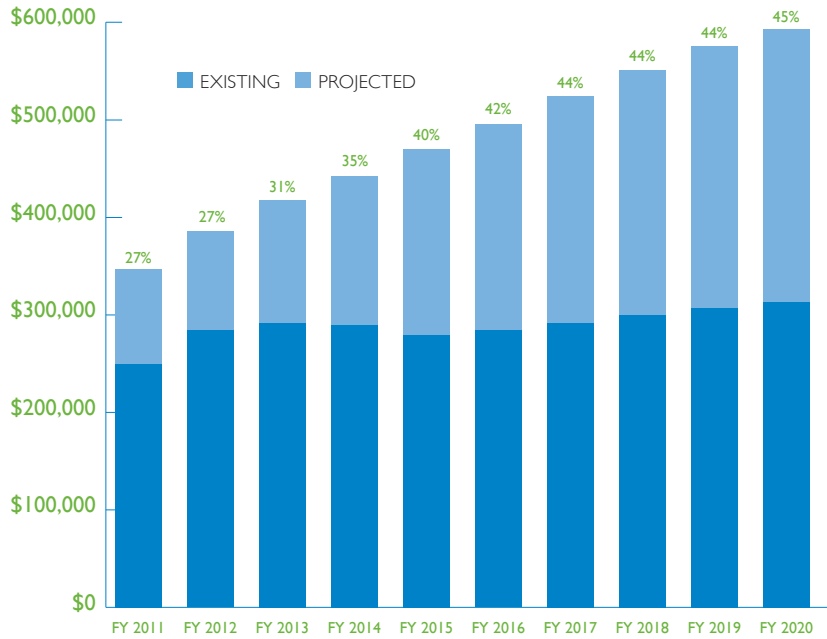
Moody's	Aa2	Stable Outlook
Standard & Poor's	AA+	Stable Outlook
Fitch Ratings	AA	Stable Outlook



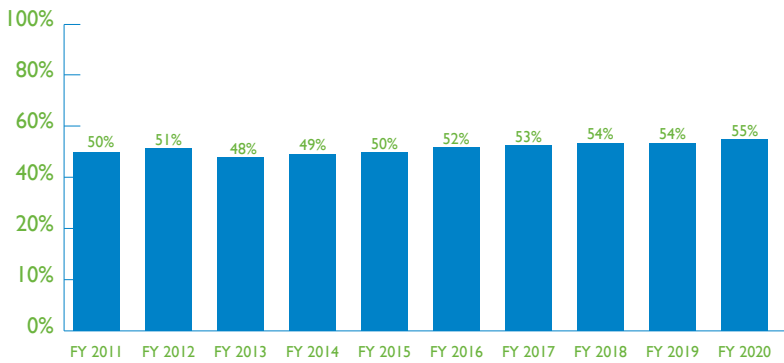
**EXISTING DEBT OUTSTANDING AND PROJECTED**  
Based on FY 2011-FY 2020 Capital Improvement Plan (in \$000's)



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



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





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

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

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

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

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

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

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

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



### Customer Service

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

### Engineering and Technical Services

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

### External Affairs

2011 Hermes Creative Awards  
– *Hermes Awards*

2010 MarCom Awards  
– *MarCom Awards*

### Finance

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

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

### General Manager

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

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

### Human Resources

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

### Information Technology

2011 CIO 100 Award  
– *CIO Magazine*

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

### Wastewater Treatment

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

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

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



[dcwater.com](http://dcwater.com) | water is life





DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

## **OPERATING BUDGETS**

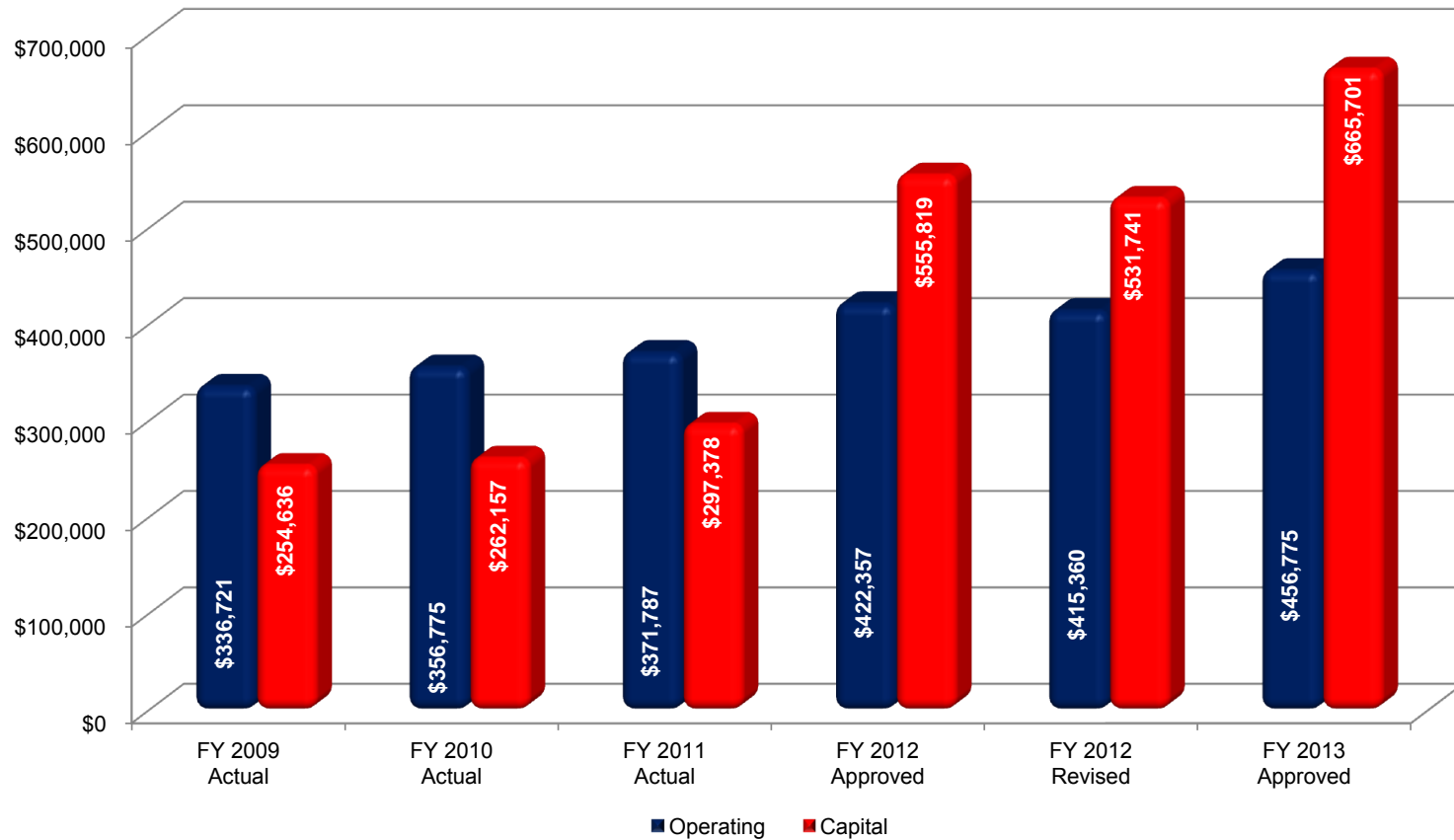
REVISED FY **2012** APPROVED FY **2013**

**SECTION II**

**OVERVIEW**

# OPERATING AND CAPITAL BUDGETS ENSURE SERVICE NEEDS AND STRATEGIC OBJECTIVES ARE MET

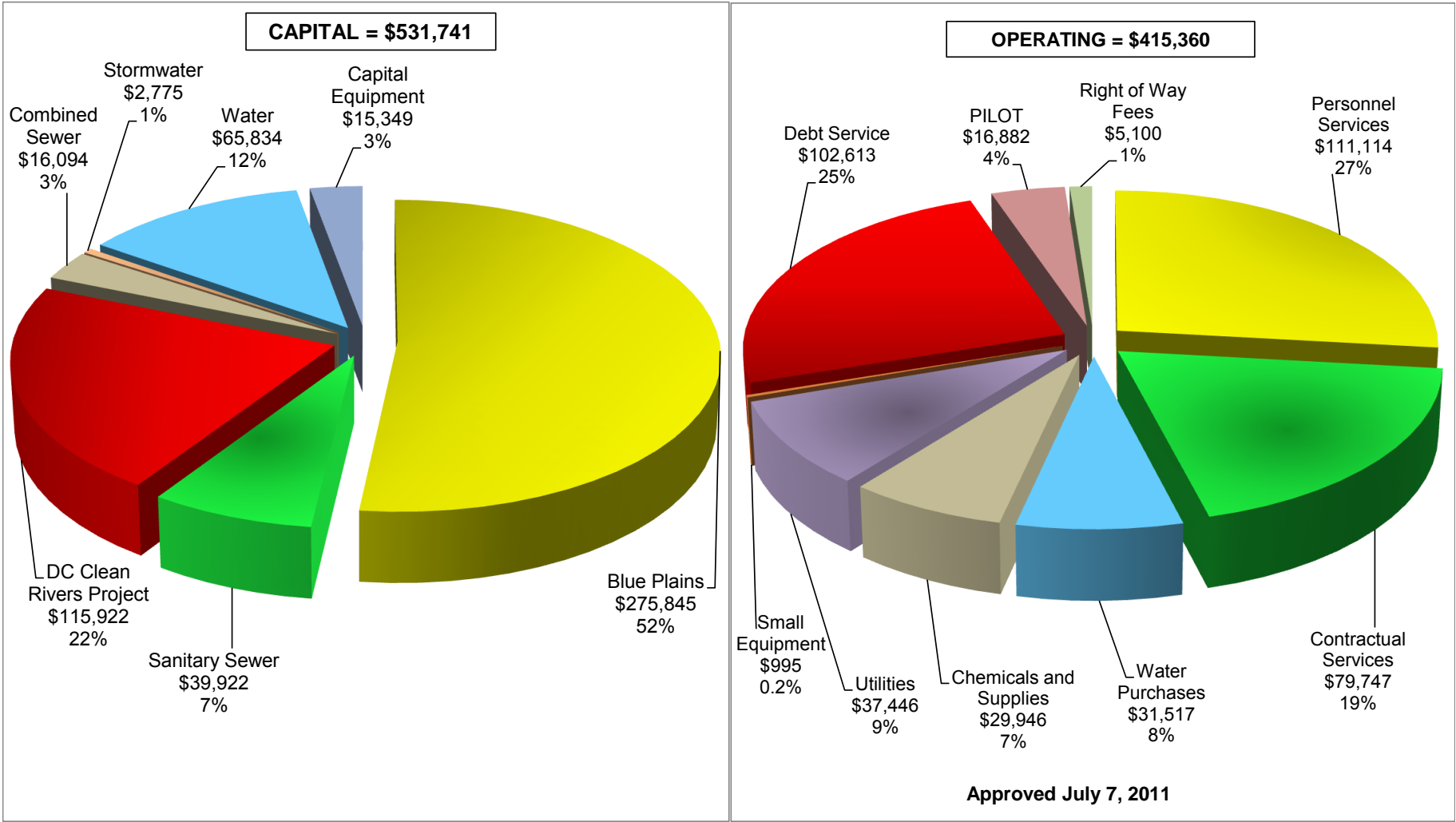
Operating and Capital Expenditures  
FY 2009 - FY 2013  
(\$000's)



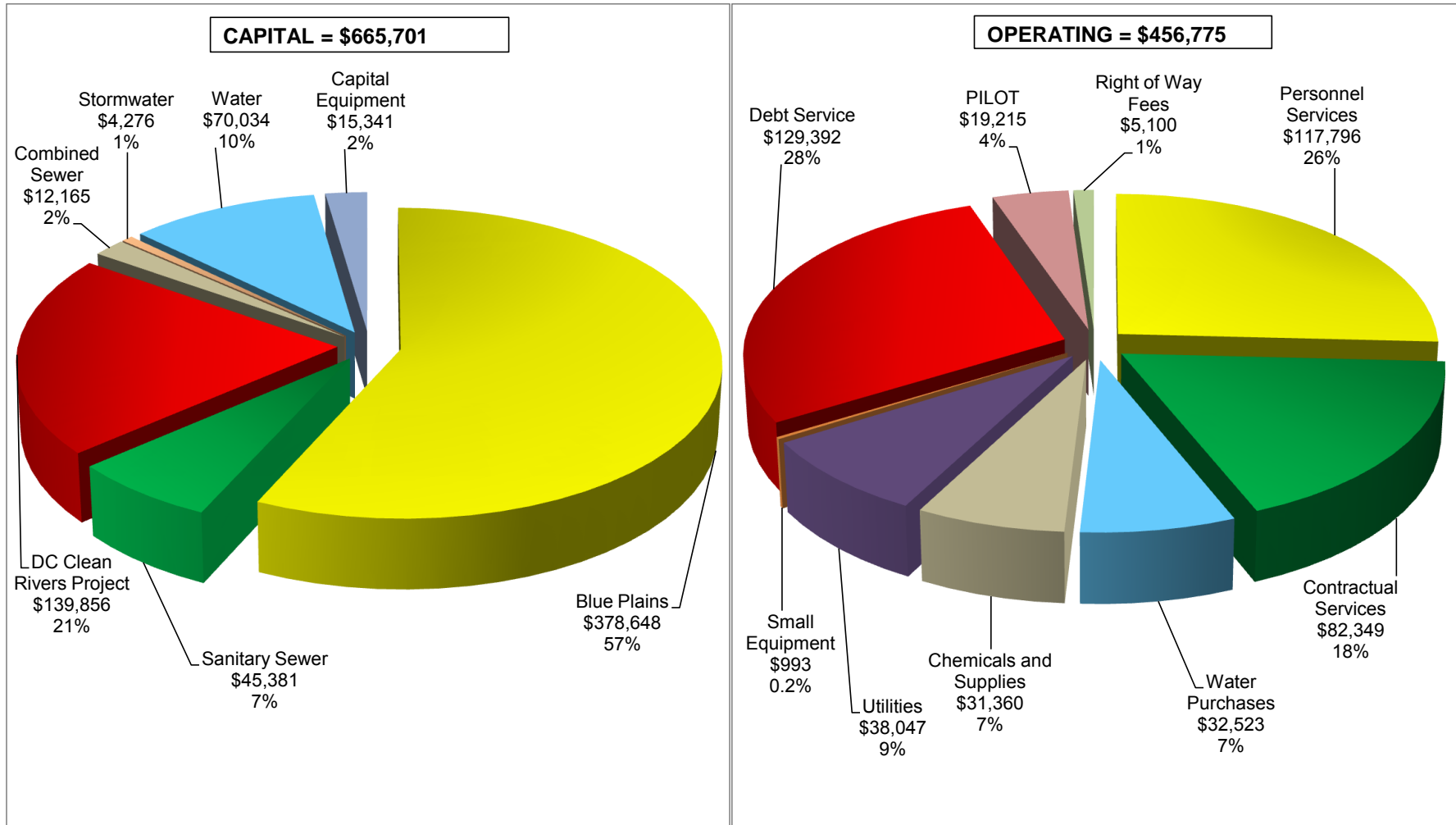
**Comparative Expenditures**  
(\$000's)

	<b>FY 2010 ACTUAL</b>	<b>FY 2011 ACTUAL</b>	<b>FY 2012 APPROVED</b>	<b>FY 2012 REVISED</b>	<b>FY 2013 APPROVED</b>
<b><u>CAPITAL (Cash Disbursements Basis)</u></b>					
Blue Plains	102,564	125,879	335,993	275,845	378,648
Sanitary Sewer	19,394	24,494	44,400	39,922	45,381
Combined Sewer	35,662	36,457	12,574	16,094	12,165
Combined Sewer Overflow Long Term Control Plan	19,451	41,415	80,441	115,922	139,856
Stormwater	2,914	2,160	4,027	2,775	4,276
Water	73,171	56,388	64,225	65,834	70,034
Capital Equipment	9,001	10,585	14,160	15,349	15,341
<b>Total Capital</b>	<b>262,157</b>	<b>297,378</b>	<b>555,820</b>	<b>531,741</b>	<b>665,701</b>
<b><u>OPERATING</u></b>					
Personnel Services	98,192	103,145	113,354	111,114	117,796
Contractual Services	69,498	71,067	78,826	79,747	82,349
Water Purchases	27,587	27,170	33,000	31,517	32,523
Chemicals and Supplies	26,724	26,412	29,946	29,947	31,360
Utilities	29,929	29,429	37,447	37,446	38,047
Small Equipment	858	694	995	995	993
<b>Total O&amp;M</b>	<b>252,787</b>	<b>257,917</b>	<b>293,569</b>	<b>290,765</b>	<b>303,068</b>
Debt Service	83,514	91,888	105,387	102,613	129,392
Payment in Lieu of Taxes	15,374	16,882	18,301	16,882	19,215
Right of Way Fees	5,100	5,100	5,100	5,100	5,100
Subtotal Operating	356,775	371,787	422,357	415,360	456,775
Personnel Services charged to Capital Projects	(9,982)	(9,906)	(16,000)	(14,000)	(16,690)
<b>Total Operating</b>	<b>346,793</b>	<b>361,881</b>	<b>406,357</b>	<b>401,360</b>	<b>440,085</b>

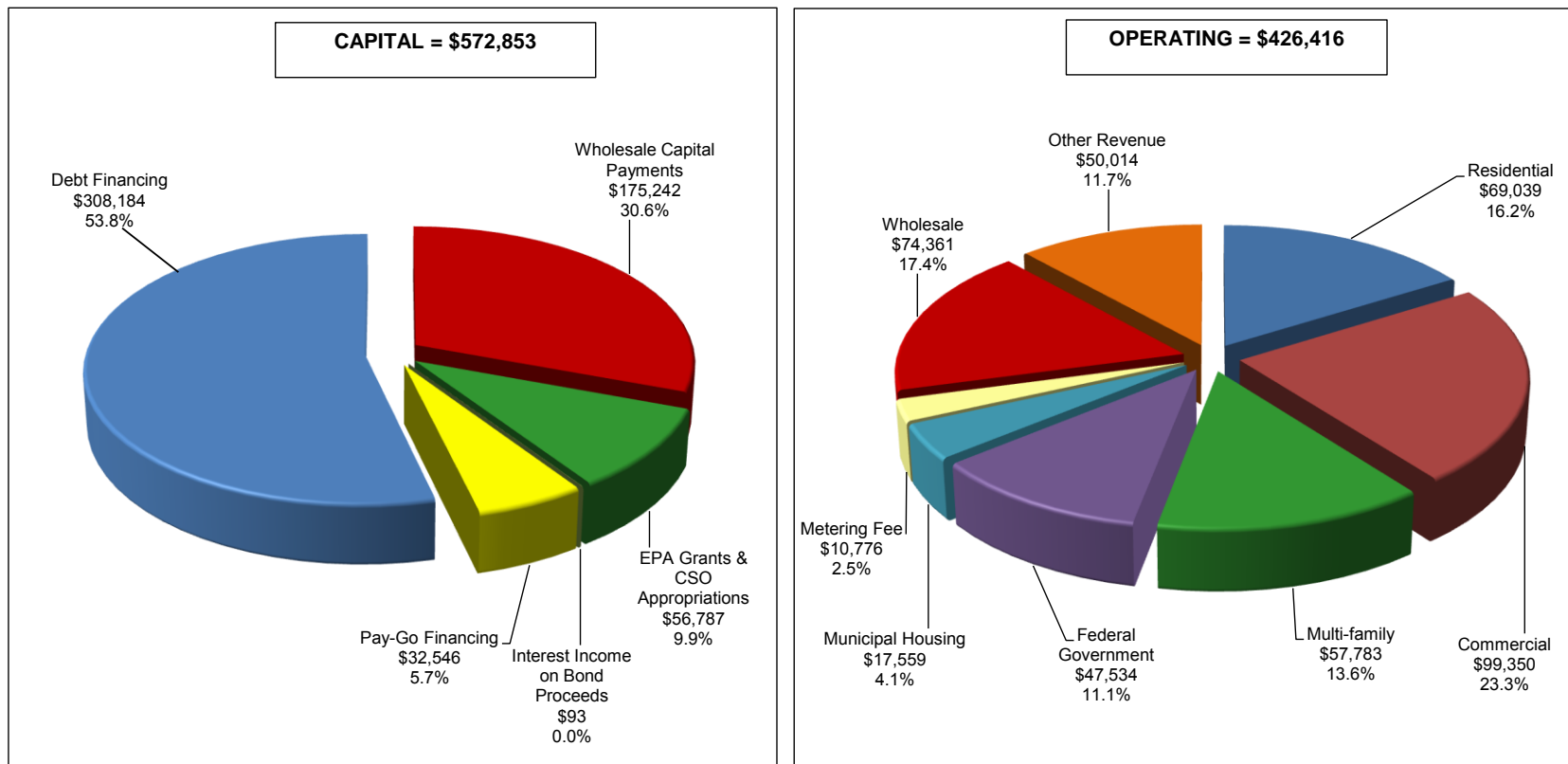
# FY 2012 Revised Budgets (\$000's)



## FY 2013 Approved Budgets (\$000's)

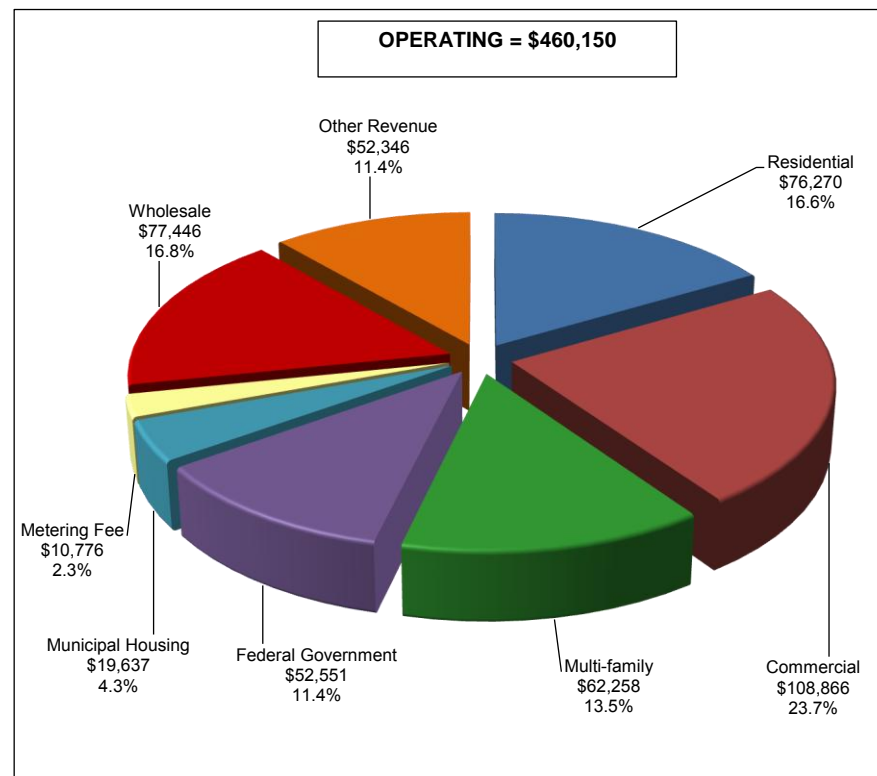
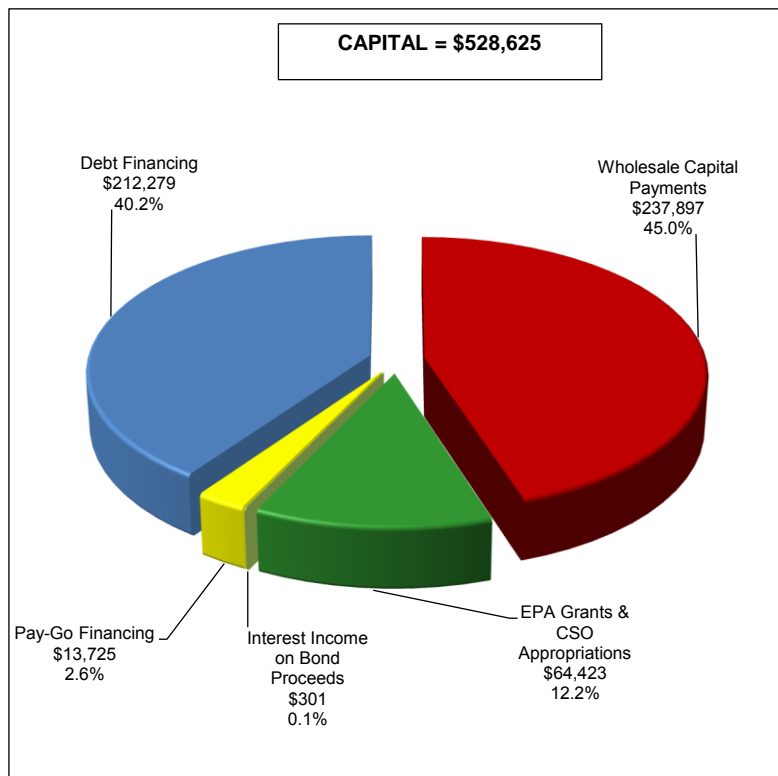


## FY 2012 Revised Revenues (\$000's)





## FY 2013 Approved Revenues (\$000's)



## CASH FLOW SUMMARY

(\$000's)


	FY 2011 Actual	FY 2012 Approved Budget	FY 2012 Revised Budget	FY 2013 Approved Budget
<b>OPERATING BUDGET</b>				
<b>Operating Receipts:</b>				
Residential, Commercial & Multi-Family	\$ 197,965	\$ 199,746	\$ 205,040	\$ 215,961
Federal	42,306	41,482	41,482	42,854
Municipal	7,717	8,908	9,000	9,489
D.C. Housing Authority	4,910	6,659	6,048	6,376
Groundwater	-	5	5	5
Metering Fee	9,763	10,776	10,776	10,776
Payment in Lieu of Taxes / Right of Way Fee	22,273	23,401	22,508	24,315
Clean Rivers IAC Revenue	15,665	30,503	29,690	44,896
<i>Subtotal Retail</i>	\$ 300,599	\$ 321,480	\$ 324,549	\$ 354,672
<i>Wholesale</i>	69,261	71,439	74,361	77,446
<i>Other Operating Receipts (1)</i>	33,741	19,101	27,250	27,775
<b>Total Operating Receipts</b>	\$ 403,601	\$ 412,021	\$ 426,160	\$ 459,893
<b>Operating Disbursements</b>				
Personnel Services	92,736	97,354	97,114	101,106
Contractual Services	72,690	78,826	79,746	82,350
Chemicals & Supplies	27,744	29,946	29,946	31,359
Utilities & Rent	27,940	37,447	37,447	38,047
Water Purchases	27,014	33,000	31,517	32,523
Small Equipment	1,062	995	995	993
<i>Subtotal Operations &amp; Maintenance</i>	\$ 249,186	\$ 277,568	\$ 276,765	\$ 286,378
Payment in Lieu of Taxes / Right of Way Fee	20,618	23,401	22,365	24,314
Debt Service	91,888	103,667	100,776	127,627
<b>Total Operating Disbursements</b>	\$ 361,692	\$ 404,636	\$ 399,906	\$ 438,319
<b>Operating Surplus</b>	\$ 41,909	\$ 7,385	\$ 26,254	\$ 21,574
<b>CAPITAL BUDGET</b> <i>(See Section VI for more details)</i>				
Sources of Capital Funds	\$ 422,580	\$ 428,376	\$ 572,435	\$ 528,625
Uses of Capital Funds	297,380	555,819	531,741	665,701
<b>Capital Results</b>	\$ 125,200	\$ (127,443)	\$ 40,694	\$ (137,076)
<b>CASH RESERVES:</b>				
<b>Beginning O&amp;M Reserve Balance (Net of Rate Stabilization Fund)</b>	\$ 131,996	\$ 125,500	\$ 149,617	\$ 125,500
Operating Surplus	41,909	7,385	26,254	21,574
Wholesale Customer Refunds/Payments for Prior Years	(3,860)	(796)	(5,250)	(3,000)
Transfer to Rate Stabilization Fund	(9,500)	(2,000)	(12,250)	-
Transfer to DC PILOT Fund	(10,000)	-	-	-
Interest Earned from Bond Reserve	1,669	(1,000)	(999)	(5,105)
Pay-As-You-Go Capital Financing	372	201	256	256
<b>Ending O&amp;M Reserve Balance (Net of Rate Stabilization Fund)</b>	\$ 150,035	\$ 125,500	\$ 125,500	\$ 125,500
<b>Rate Stabilization Fund</b>	\$ 16,700	\$ 10,200	\$ 22,450	\$ 15,950
<b>DC PILOT Reserve Fund</b>	\$ 10,000	\$ -	\$ 10,000	\$ 10,000

## Budget Summary




Description	Unit of Measurement	FY 2012 Revised Budget	FY 2013 Approved Budget	Increase/ (Decrease)
Operating Budget	\$000's	\$415,360	<b>\$456,775</b>	\$41,415
Ten-Year CIP (Cash Disbursements)	\$billion	\$3.8	<b>\$3.8</b>	\$0
Retail Water & Sewer Rates	Ccf	\$7.20	<b>\$7.67</b>	\$0.47
Monthly Clean Rivers IAC	ERU	\$6.64	<b>\$9.73</b>	\$3.09
PILOT Fee	Ccf	\$0.49	<b>\$0.52</b>	\$0.03
ROW Fee	Ccf	\$0.15	<b>\$0.16</b>	\$0.01
Wholesale Operating Revenues	\$000's	\$74,361	<b>\$77,446</b>	\$3,085

## FY 2013 Proposed Retail Rates & Fees

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-  FY 2013 combined Water and Sewer rate increase of \$0.47 per Ccf or {\$0.63 per 1,000 gallons}
- Water rate increase of \$0.21 per Ccf to \$3.45 per Ccf {increase of \$0.28 to \$4.61 per 1,000 gallons}
  - Sewer rate increase of \$0.26 per Ccf to \$4.22 per Ccf {increase of \$0.35 to \$5.64 per 1,000 gallons}

***About \$0.01  
per gallon of water***

-  FY 2013 monthly Clean Rivers Impervious Area Charge increase of \$3.09 to \$9.73 per ERU to recover the costs of the DC Clean Rivers Project
-  FY 2013 PILOT fee increase of \$0.03 per Ccf to \$0.52 per Ccf {increase of \$0.04 to \$0.70 per 1,000 gallons}
-  FY 2013 ROW increase of \$0.01 per Ccf to \$0.16 per Ccf {increase of \$0.01 to \$0.21 per 1,000 gallons} to recover full cost of District charge per current MOU

## DC WATER HISTORY & GOVERNANCE

The District of Columbia Water and Sewer Authority (DC Water) was created in April 1996 and began operating October 1, 1996 under and pursuant to an act of The Council of the District of Columbia and an act of the United States Congress. Previously, the Water and Sewer Utility Administration, a division of the District's Department of Public Works, performed DC Water's operations. In the aftermath of the District's financial crisis in the 1990s, Congress created an independent utility agency governed by a Board of Directors consisting of eleven principal and eleven alternate members. Six Board members represent the District of Columbia, and are appointed by the Mayor with the advice and consent of the DC Council. The other five members represent Montgomery and Prince George's Counties in Maryland and Fairfax County in Virginia. In addition, the Mayor appoints the five principal and five alternate members who represent the surrounding jurisdictions based on submissions from those jurisdictions. All members serve four-year terms. The existence of a quorum and an affirmative vote of a majority of the members present, who are permitted to participate in the matter under consideration, shall be required to approve any Board action; except, that 7 affirmative votes shall be required for approval of the Authority's budget and 8 affirmative votes shall be required for the selection or relieving of the General Manager. All Board members participate in decisions directly affecting the general management of joint-use facilities (such as projects at the Blue Plains Advanced Wastewater Treatment Plant), and only the District of Columbia members participate in decisions for those matters that affect only District ratepayers. Rate-setting authority resides solely with the Board of Directors, and is a non-joint use matter.

At its inception, DC Water faced a cash shortage and projected multi-million dollar deficit. The newly established utility was also burdened with a barely functional fleet, poorly maintained infrastructure, an antiquated billing system, and a number of operating weaknesses. Through the leadership of an active Board of Directors and strong management staff; a line of credit was obtained, municipal bonds were issued and new strategic goals, business processes and technologies were developed. DC Water made tremendous strides in its prudent financial management and cutting-edge technology, customer service improvements, extensive capital investment, environmental stewardship and peer-reviewed research. DC Water's credit rating has gone from no credit to AA.

Over the years, DC Water has developed strong partnerships with the District government, Congress, suburban jurisdictions, federal regulators and environmental advocates. The Authority continues to strengthen its existing partnerships while reaching out to establish new relationships. DC Water's organizational success has been acknowledged through many awards as well as positive financial results and audits over the years. Since 1996, the Authority has met its mission of providing clean drinking water to residents of the District of Columbia and wastewater conveyance and treatment services to both residents of the District and wholesale customers in Maryland and Virginia.

At DC Water, the focus of technology initiatives is on improving both the quality of services provided to customers and organizational effectiveness. DC Water was one of the first utilities to automate its meter reading program (AMR) which has been heralded as a best practice in the industry. The new automated meters use radio frequency and cell phone technology to send daily water usage information from the meter to DC Water. In addition, a powerful application was developed in-house called the High Use Notification Application (HUNA). This tool analyzes daily water consumption and provides monthly and yearly averages on an account. It also allows customers access to daily meter readings via the web and has advanced features which alert customers of metering anomalies.

## **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, 2011) and a proposed budget for the next fiscal year (e.g., beginning October 1, 2012). Concurrent with the operating budget process, DC Water'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 Sewerage Services, DC Retail Water and Sewer Rates and Finance and 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.

After adoption by the Board of Directors, DC Water 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 DC Water. The District then includes DC Water's budgets as an enterprise fund in the fiscal year budget it sends to the U.S. Congress for approval. Any increases to DC Water's approved budget must receive approval from the U.S. Congress.

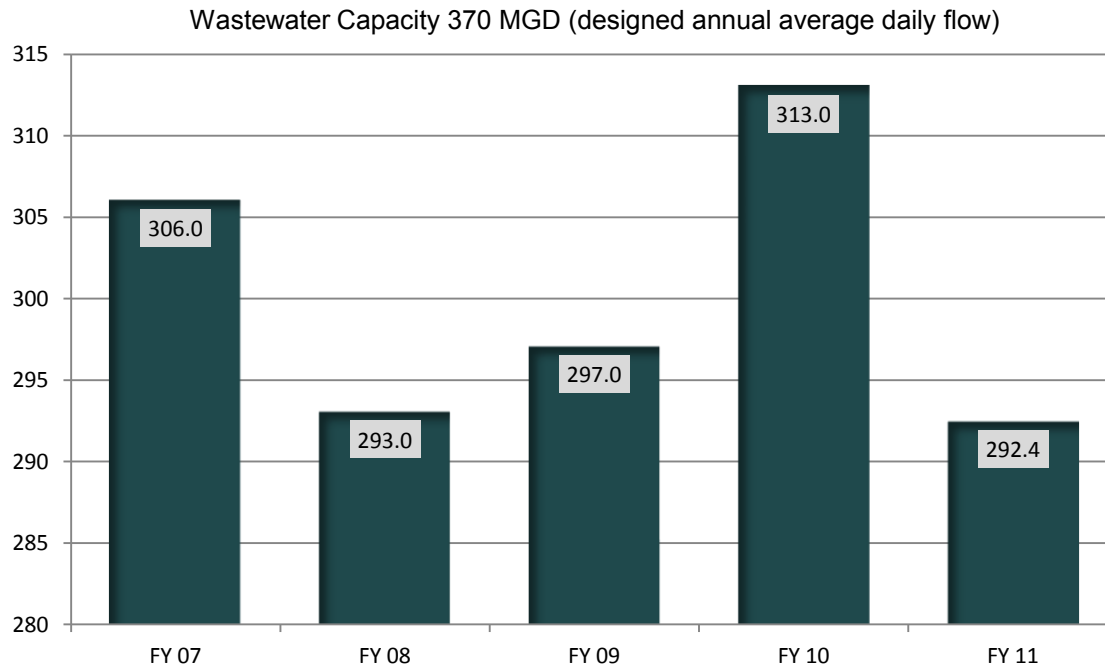
### **Budgetary Control**

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 that DC Water complies with its authorized budget levels.

## 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 FY 2002 - FY2011

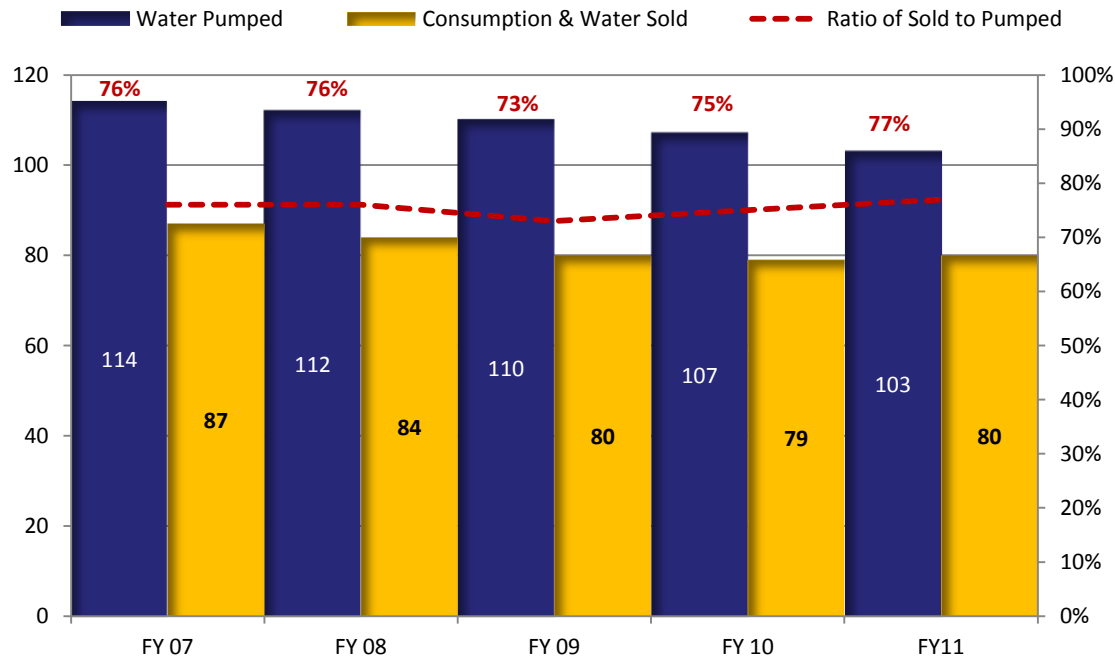


Note: In FY 2010 two historical snow storms are included in the system capacity

## 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 FY 2007 – FY 2011**



Infrastructure Index Leakage (ILI) :	
FY 2007	– 11.10
FY 2008	– 9.57
FY 2009	– 8.84
FY 2010	– 7.54
FY 2011	– 7.22



## **REGIONAL DEMOGRAPHICS AND CUSTOMER DEMAND**

Strong financial planning requires careful monitoring and analysis of various trends and factors that may influence the 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*

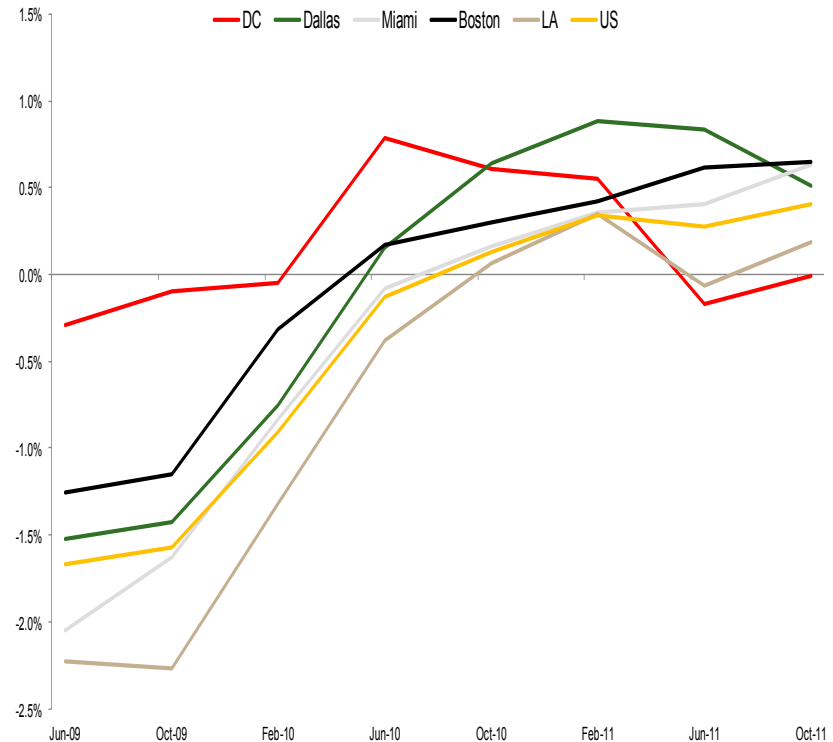
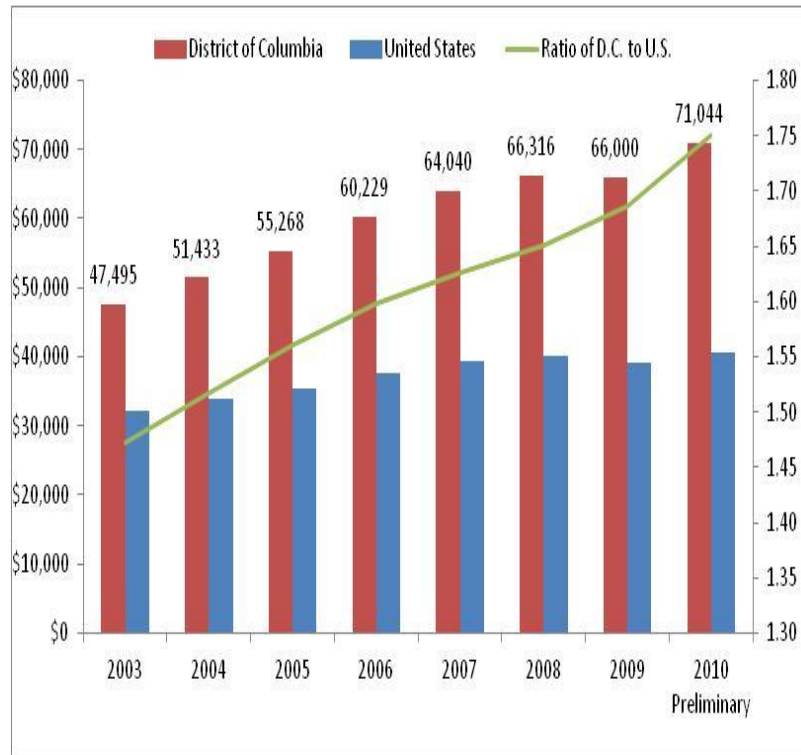
Despite a sluggish national economy, DC Water's service area has weathered the national recession well. The regional income remains stable and unemployment rates remain one of the lowest among America's large metropolitan areas (although the unemployment rate for the District of Columbia remains above 10 percent). Also, regional per capita incomes remain higher than the U.S. average. Office vacancy rates are declining, which experts believe are favorable economic indicators. Also, a major local employer, the federal government, remains relatively stable for this employment sector. Select demographic charts following support the generally positive outlook for the Washington Metropolitan region and its economy.

As the largest job center in the DC Metropolitan region, DC can be impacted by economic declines. However, impacts are tempered by the relatively stable federal employment enjoyed by the nation's capital.

# REGIONAL DEMOGRAPHICS AND CUSTOMER DEMAND, cont.

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

DC Employment Rate Trends Higher than Nation



Source: US Census Bureau

Source: Bureau of Labor Statistics

- The scale on the left side of the chart shows personal income per capita which applies to the columns in each year for DC and the U.S. The scale on the right side of the chart shows the ratio of DC income to U.S. income which is reflected by the line in the chart

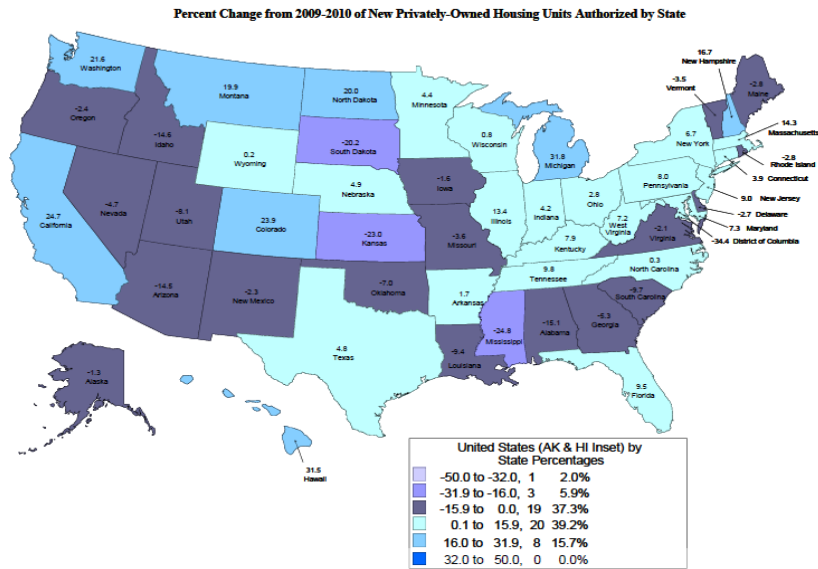
- Percentages represent the change from the previous quarter

# REGIONAL DEMOGRAPHICS AND CUSTOMER DEMAND, cont.

Low commercial office vacancy rates and uneven growth in housing permits throughout the region provide mixed signs for the regional economy

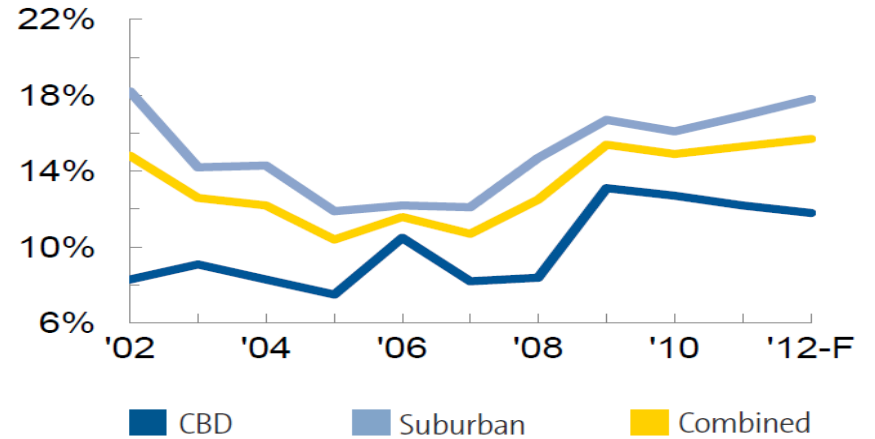
**2009 – 2010**  
**DC Growth in Housing-Permit Issuance Higher than U.S.**

**DC Office Vacancy Rates Lower than region Average of 17%**



Source: US Census Bureau

## Vacancy Rate



- Central Business District: Washington Suburban: MD and VA.

Source: Grubb & Ellis

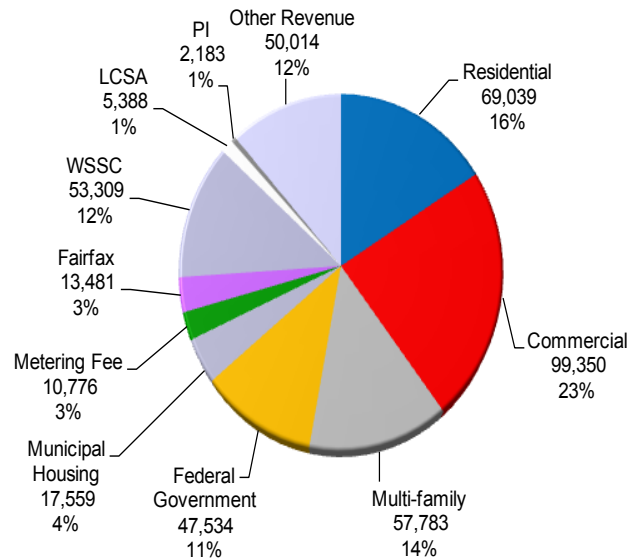
- DC performance is driven by federal government growth and associated industries, supporting regional growth and diversification
- The region's residential housing and office markets have weathered the economic climate relatively well compared to neighboring states

## REGIONAL DEMOGRAPHICS AND CUSTOMER DEMAND, cont.

The regional economic indicators are positive according to the George Mason Center for Regional Analysis, with general job growth throughout the region, strong incomes, and unemployment below the national level. These factors coupled with stable consumption and the financial strength of some of the major AAA rated customers helps to ensure the financial success of DC Water.

### The DC Water service area includes highly-rated customers

- ❑ Approximately 28% of the projected FY 2012 Cash Receipts came from “AAA” rated entities and are received in advance of service:
  - Federal Government
  - Fairfax County
  - Washington Suburban Sanitary Commission(WSSC)
  - Loudon County Sanitation Authority (LCSA)
  - Potomac Interceptor
- ❑ An additional 4% of revenues come from the District of Columbia which is rated “AA”

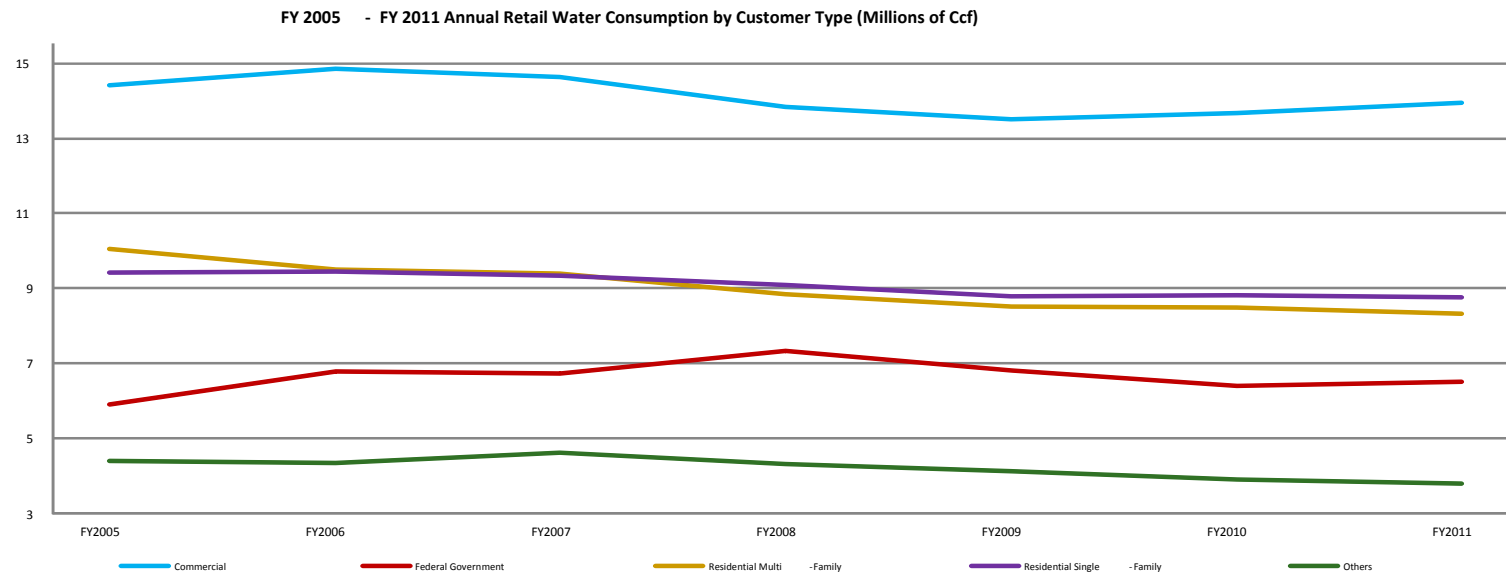


### Media reports reference the service area’s economic strength

- ❑ “Metro D.C. clocked the highest level of housing appreciation ... DC households boast the nation's second highest real household income...” The Atlantic, June 6, 2011
- ❑ “...the Greater D.C. area is much more than a government town. It is a center for high-tech and media, software and biotech...it has large concentrations of scientists and engineers, software developers and mathematicians... The Greater D.C. metro is an economic powerhouse... And make no mistake about it; Greater D.C. is a talent magnet.” New York Times, June 2, 2011
- ❑ “While many other cities have seen residents move elsewhere in search of work opportunities, D.C. has been growing, due in no small measure to the jobs added by the Federal government.” Bloomberg Businessweek, October 28, 2010
- ❑ “At 5.9%, Washington’s unemployment rate is easily the lowest among America’s large metropolitan areas” “Employment in the metro area has risen by about 84,000 over the past year – roughly 6% of America’s job growth in a region with just 2% of its population.” The Economist, April 14, 2011 (note: the unemployment rate reference is to the Washington metropolitan area)

## 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 - 2011 actual is close to the longer term experience, averaging annual aggregate demand decline of 1.2 percent. The FY 2011 – FY 2020 Financial Plan assumes a one percent consumption decline in FY 2012 and onward in all classes. We believe that this conservative estimate is in line with the financial policies and assures revenue sufficient for the Authority.

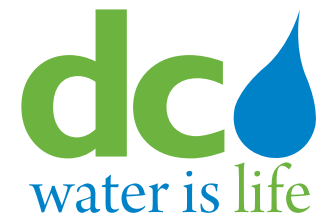


Water demand shows a decline relatively consistent with historic 1% decline assumption

- FY 2005 – FY 2011 usage shows an average annual rate of change in aggregate demand of -1.2%
- Consumption increased slightly in FY 2011 by 0.1%
- FY 2005 – FY 2011 average annual rate of change in demand for the 4 largest customer classes: Commercial: -0.6%; Federal Government: 1.8%; Multi-Family: -3.3%; and Single Family: -1.3%

## FY 2013 Budget Calendar

Month	Event
May 18	<b>General Manager's Budget Kickoff Meeting</b> <b>Distribute budget manual and other preparation materials</b>
June 8	<b>Revised FY 2012 &amp; Proposed FY 2013 Operating Budget Submission due to Budget Office</b>
June 8	<b>CIP draft submitted for initial review</b>
June 20 – June 30	<b>Budget Staff Review of Departmental submissions</b>
June 21 – 22	<b>CIP Program area meetings with Chief Financial Officer/Finance and Budget</b>
July 7	<b>Revised Budget Proposal Delivered to Full Board for Action</b>
July – August	<b>Begin Preliminary 10-year Financial Plan update</b> <b>Chief Financial Officer's Budget review</b>
August	<b>Operating and Capital Budget Review with General Manager/Chief of Staff</b> <b>FY 2013 Final Budget Decision Process Completed</b>
September – October	<b>Budget Preparation and Production</b>
October 6	<b>General Manager's Proposal to the Board for Proposed FY 2013 Budget</b>
October 27	<b>Submit Proposed FY 2013 Budget to Joint Committees</b>
October – December	<b>Board Committees Conduct In-depth Review of Budget Proposal</b>
December 2011	<b>Committees forward Recommendations to full Board for Deliberation/Action</b>
January 2012	▪ <b>Board Adoption</b>
February/March 2012	▪ <b>Submission to the District of Columbia</b>
June 2012	▪ <b>District submits budget for Congressional Review</b>



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

# OPERATING BUDGETS

REVISED FY **2012** APPROVED FY **2013**

**SECTION III**

**FINANCIAL PLAN**

# THE DC WATER TEN-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

SERVING THE PUBLIC • PROTECTING THE ENVIRONMENT [WWW.DCWASA.COM](http://WWW.DCWASA.COM)



# FY 2011 – FY 2020 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 2011, DC Water met or exceeded the goals set by Board policy and the FY 2011 - 2019 ten-year plan. This budget includes DC Water’s thirteenth comprehensive ten-year financial plan, covering FY 2011 –2020.

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 sets rates so that each customer is charged for the actual cost to provide each service, rate increases are implemented transparently and predictably, utilizing all available options to mitigate future customer impacts. Since proposed future rate increases are primary 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 2011 – 2020 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 2011 DC Water’s rate stabilization fund totaled \$16.7 million.

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

In FY 2004 and again in 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.

In October 2011 the Board amended the Statement of Investment Policy to include the following:

- a. Changed the rating requirement for Federal Agency Obligations from AAA and a maximum 100% allocation of the portfolio to AA from two rating agencies with a maximum 80% allocation.
- b. Added to Authorized Investments – FDIC insured Certificates of Deposit thru placement services including the Certificate of Deposit Account Registry Service (CDARS).
- c. Added to the eligible Collateralization of Bank Deposits to include a Letter of Credit issued by A Federal Home Loan Bank the amount of which shall be 102% of the deposits held.

## **Major Financial Accomplishments**

The FY 2011– FY 2020 financial plan and Board policy sets out several financial and organizational goals to be accomplished in FY 2012. During FY 2011, DC Water met or exceeded the financial goals set out by the Board and the FY 2011 – FY 2020 financial plan. Senior debt service coverage, reserve levels, and budget performance met or surpassed Board policies, as discussed in more detail below.

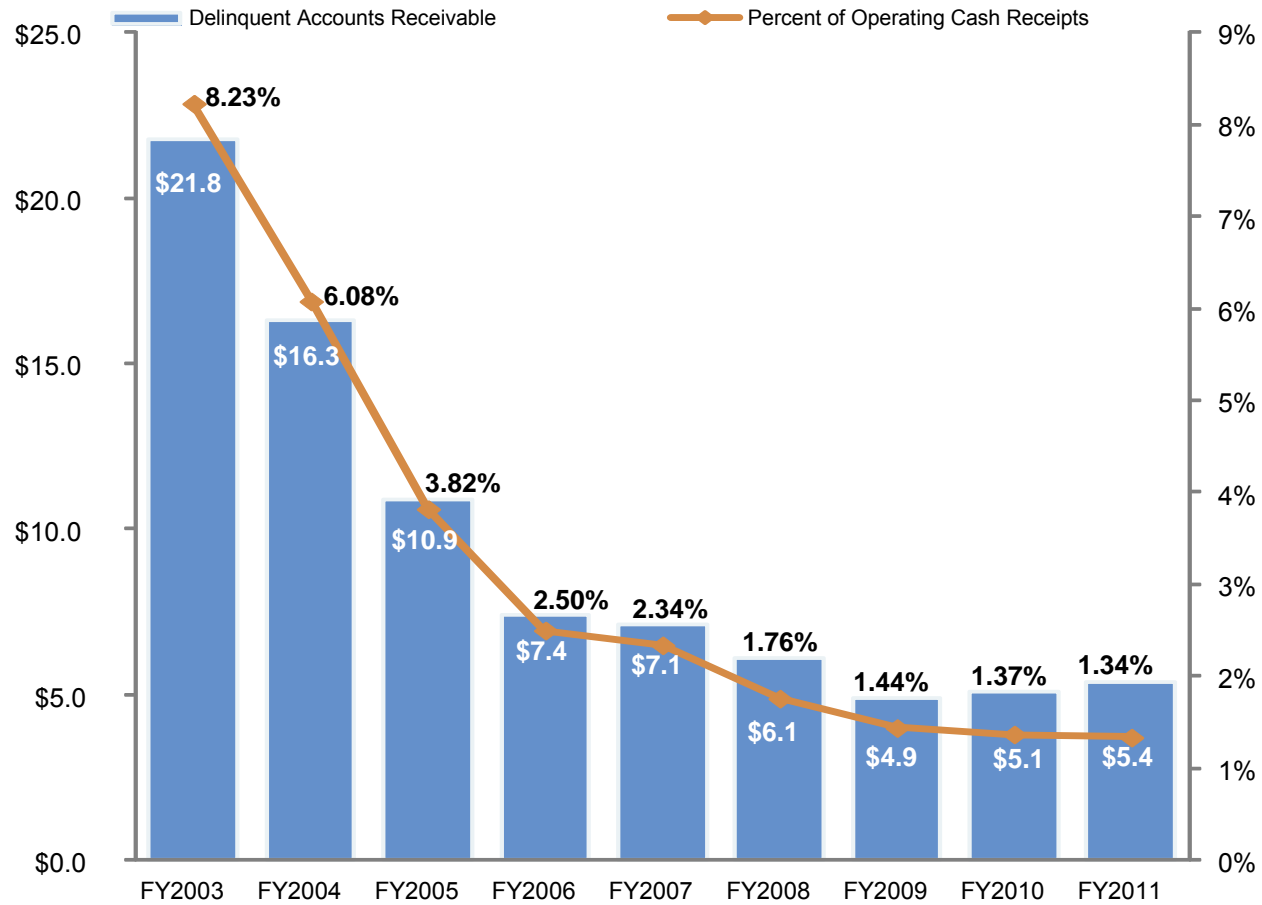
- ★ DC Water Board policy requires senior debt service coverage of at least 140 percent; greater than the indenture requirement of 120 percent. **DC Water's senior debt service coverage in FY 2011 was at 321 percent**, while maintaining the Board's rate setting and financial policies. Although the senior debt service coverage is expected to decline to 174 percent by FY 2020 as capital spending and related debt issuance increase; the coverage is still well above the Board requirement of 140 percent. 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 2011 was at 182 percent. DC Water is required to have 100 percent coverage of subordinate debt service. Combined debt service coverage was at 145 percent in FY 2011.
- ★ **DC Water utilized \$9.5 million of the rate stabilization fund in FY 2011**, but due to better than expected financial performance which resulted in an operating cash surplus. A transfer of \$9.5 million was made to the fund. The Rate Stabilization Fund, ending balance for FY 2011 was \$16.7 million.
- ★ **DC Water continued its strong operating budget performance in FY 2011.** For FY 2011, cash receipts exceeded the financial plan by \$4.9 million, or 1.2 percent; operating expenditures were \$31.6 million, or 7.8 percent, less than the Board-revised budget. During FY 2011, 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 debt successfully issued October 2010.
- ★ 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), also known as the DC Clean Rivers Project. In FY 2011, a 6-tiered rate structure was successfully implemented for all residential retail customers to better reflect the impacts of various size residential properties. The twenty-year CSO LTCP, whose terms are outlined in a 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 12.5 percent in FY 2011 to recover increased revenue requirements of \$24.6 million. Even with this change, an additional \$9.5 million in revenues was required and available due to the existence of the rate stabilization fund. As noted earlier, this fund helps to mitigate rate shock and reduces needed retail rate increases. In addition, the Board approved a retail water and sewer rate increase of 4.5

## ***Major Financial Accomplishments. Cont.***

percent effective October 1, 2011 as well as an increase in the Right of Way fee (PILOT fees remain same as in FY 2011) 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 \$6.5 million from the rate stabilization is anticipated in FY 2012, avoiding an additional retail rate increase of approximately 2.5 percent.

- ★ For the eleventh consecutive year, DC Water received the Government Finance Officers' Award for Distinguished Budget Presentation for its FY 2012 budget submission. DC Water also received its fifteenth unqualified audit opinion for the fiscal year ended September 30, 2011 and received the fifteenth GFOA Certificate of Achievement for Excellence in Financial Reporting.
- ★ In FY 2011 we successfully renewed all of our insurance policies at essentially the same coverage and terms at 7 percent higher costs than previous year. There were improvements in coverage amid increases in property values, payroll and revenue.
- ★ DC Water completed its seventh year of the rolling owner-controlled insurance program (ROCIP) and 2<sup>nd</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 2011, 65 projects, and 393 contractors were enrolled in the ROCIP I program, and 40 projects and 200 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 rival high levels of performance achieved by investor-owned Water utilities. Delinquent accounts receivable represents less than 2 percent of Total Operating Cash Receipts 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.
  - 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 S.P.L.A.S.H together provide approximately \$1.5 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.**



- Graph represents Delinquent Accounts Receivable as percent of Total Operating Cash Receipts (includes Retail, Wholesale and Other)



### ***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 2010. To follow-up on certain recommendations, a year-long review of rate strategies and policies was undertaken which resulted in several actions:
  - A new Rate Setting Policy was adopted January 6, 2011
  - New engineering review fees and wastehauler fees were established and implemented on October 1, 2011
  - A review of fixed and variable rates was discussed which indicates that DC Water currently has a greater proportion of variable revenues than other similarly sized utilities. However, the current projections indicate that the ratio of fixed versus variable revenue will begin to approach the median range over the 10-year planning period.
  - An analysis' of customer demand and peaking impacts indicated that additional customer class may be appropriate for future consideration. Therefore, the FY 2012 Cost of Service Study will consider the segmentation of additional customers other than the residential and non-residential customers that currently exist for DC Water retail customers
  
- ★ In addition, a FY 2010 Cost of Service Study was conducted by RFC and SOA Financial on Potomac Interceptor (PI) customer rates to:
  - Determine costs of providing service to the PI Customers for FY 2007 – FY 2010 and “true-up” with payments
  - Estimate costs of services and PI Customer flows for FY 2011 through FY 2013
  - 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 2011– FY 2020 Financial Plan

In FY 2011 a Fire Protection Cost of Study was conducted by Amawalk Consulting Group, LLC to determine the appropriate level of cost recovery required from the District of Columbia for services. Final recommendations will be the subject of negotiations between DC Water and the District Government in FY 2012.

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

Compliant?	Description	Legal Covenant	Performance Target	FY2011 Projection Performance	FY2012 & 13 Targets
<input checked="" type="checkbox"/>	Senior Debt Service Coverage	120%	140%	321%	278% & 232%
<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 \$140.2 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 54 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 reliable 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 \$9.5 million of the RSF, leaving a remaining balance of \$16.7 million. Full Utilization of RSF in FY 2020	Projected at \$22.45 million at end of FY 2012.

## Future Goals and Financial Assumptions

The proposed FY 2011 – FY 2020 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 disbursements of, \$1.0 billion over the ten-year planning period for Clean Rivers Project (CSO Long-Term Control Plan) exclusive of the nine-minimum controls program.
- ★ 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, valve operations and fire hydrant maintenance
  - Energy management pilot activities from quick wins list
  - Organizational development and Process improvement to enhance the Team Blue activities initiated in FY 2011
- ★ 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
  - Creation of cross-functional teams for safety and asset management

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

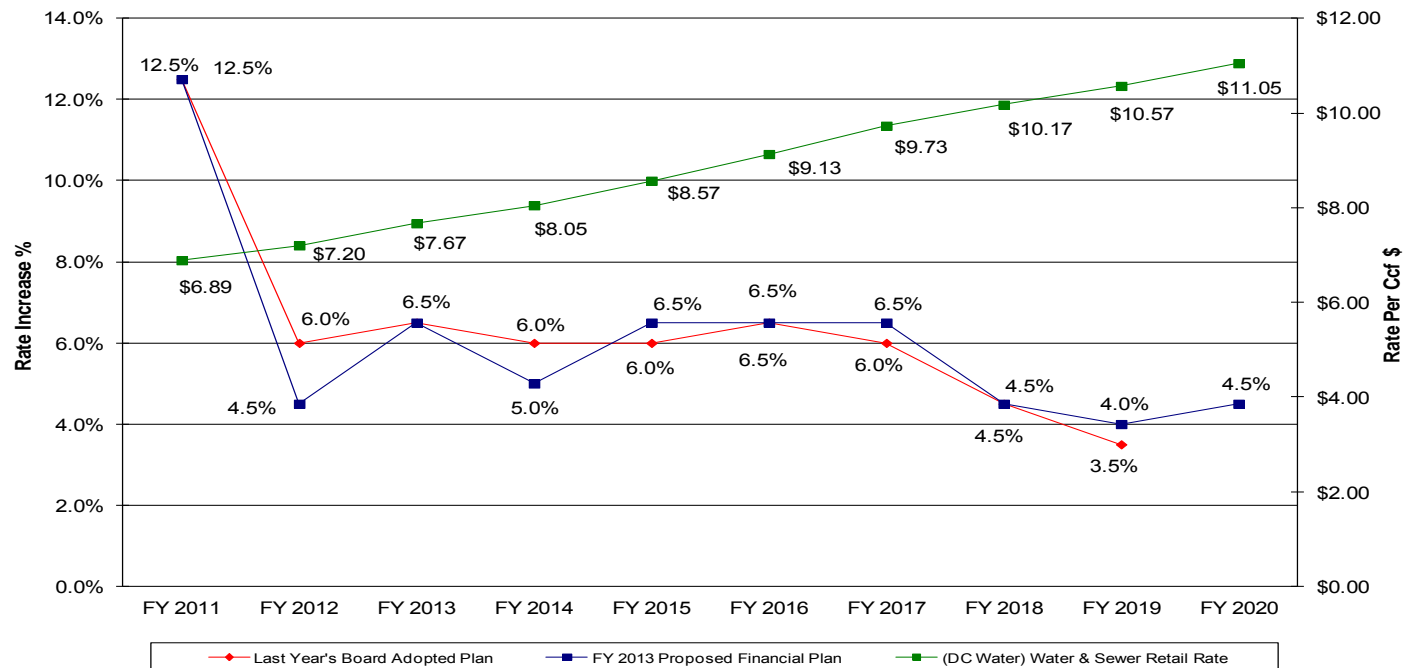
## **Future Goals and Financial Assumptions, cont.**

- ★ Operating and maintenance expenses are projected to grow at an average annual rate of 3.0 percent, due to primary projected inflation
- ★ Personnel services is projected to increase to accommodate additional headcount for in-sourcing initiatives to support the capital program
- ★ 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 existing memorandum of understanding with the District
- ★ The right-of-way payment to the District of Columbia stays level at \$5.1 million although the existing MOU expires in FY 2013. However we have assumed it will be renewed at the same level
- ★ Debt Service:
  - Interest on Variable debt assumed to be 1.5 percent in FY 2012 and 3.25 percent in FY 2013
  - Interest on Fixed debt assumed to be 5.5 percent in FY 2012 and 6.5 percent in FY 2013
  - Utilize action of the commercial paper program for interim financing between bond issuance, capital equipment and Washington Aqueduct is assumed
- ★ Biosolids Management Project – Digester
  - Financing assumed to be rate neutral during most of the construction period
  - Estimated average annual operating savings of \$28.8 million from digester implementation beginning in FY 2014
- ★ Miscellaneous Fees and Changes:
  - Management proposes new Pretreatment Fees to cover the cost of implementing new regulations which will be effective October 1, 2012. A list of the fees can be found in Section IV

## Future Goals and Financial Assumptions, cont.

Due to these ongoing and new initiatives, from FY 2011– FY 2020 DC Water’s water and sewer volumetric retail rates are projected to increase by \$0.31 to \$0.56 per 100 cubic feet as shown in the chart below. Cumulative rate increases would total 61.0 percent over the ten-year period compared to 66.5 percent projected in last year’s ten-year plan.

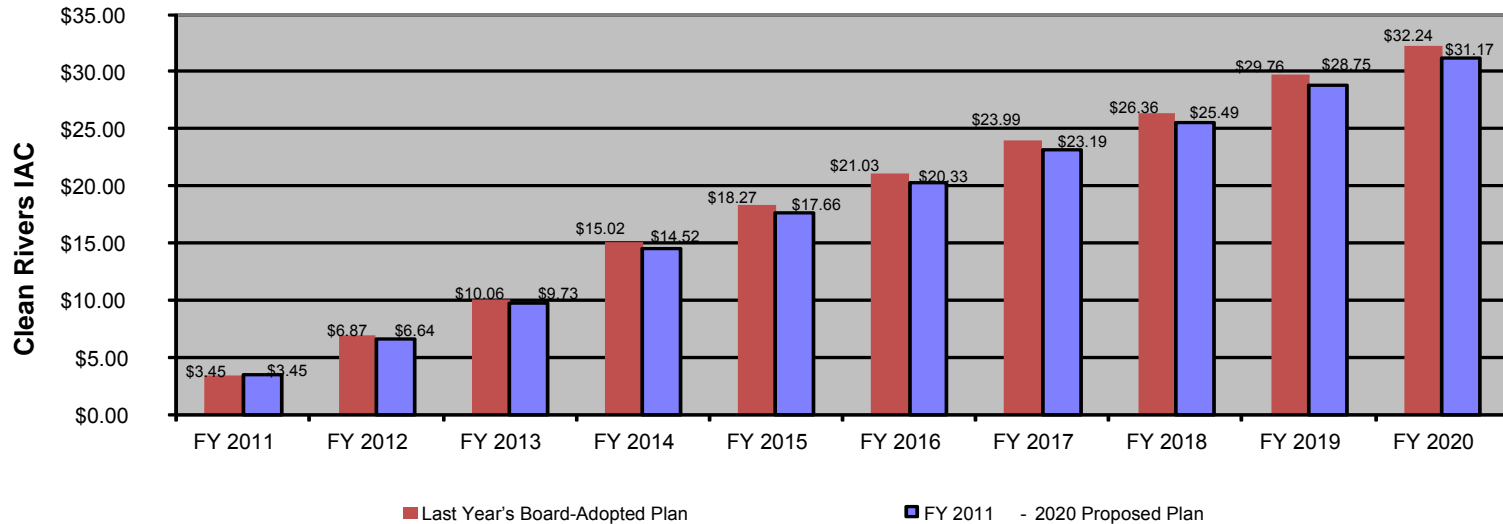
**Projected Retail Rate Increases  
FY 2011 – FY 2020**



The proposed retail water and sewer combined rate for FY 2013 is \$7.67 per Ccf (\$3.45 per Ccf water and \$4.22 per Ccf sewer); an increase of \$0.47 per Ccf, {\$0.63 per 1,000 gallons}. In addition, the proposed increase in the combined Right-of-Way and Pilot fees is \$0.04 per Ccf or 6.3 percent, {\$0.05 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 2013 is \$9.73 per ERU (Equivalent Residential Unit); an increase of \$3.09 over the proposed FY 2012 charge.

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

**Projected Monthly Clean Rivers Impervious Surface Area Charge Increases  
FY 2011 – FY 2020**



- 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 Clean Rivers Project (CSO LTCP) and the nine-minimum control program.
- The annual Clean Rivers Project IAC costs for the average Tier 2 residential customer (700 – 2,000 sq ft of Impervious Area) is projected to increase from \$9.73 per month in FY 2013 to \$31.17 per month in FY 2020.

## Future Goals and Financial Assumptions, cont.

The proposed rate and fee adjustments included in the FY 2011 – 2020 financial plan are driven by the following trends and initiatives:

- ★ Retail Water consumption decline of 1 percent annually over the ten-year period. Increasing debt service expenditures, driven by DC Water's \$3.8 billion capital improvement program (cash disbursements basis), which increases on average by 12.8 percent over the ten-year planning period
- ★ Internal improvement programs – Operating budget savings at Blue Plains beginning in FY 2014 due to the operation of the digester project. The anticipated reduction in operating costs is approximately \$13.8 million in FY 2014.
- ★ Operation and maintenance increase on average of 3.0 percent annually over ten year period
  - Increasing operating expenditures, driven primarily by increases in chemical cost, electricity and personnel
  - Continuation of In-Sourcing Proposals for in-house planning & design and valve operations
  - Enhanced service to the development community through improved permitting operations

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 the Environment, Office of Energy, administers this program for the Authority and several other utilities in the area. For FY 2011, \$1,380,207 in discount benefits was provided to more than 6,000 customers. Our customer donation program, SPLASH, provided an additional \$100,030 in payments on water bills for customers who needed additional help.

## Revenues

The Revised FY 2012 operating receipts projection totals \$426.4 million, an increase of \$14.2 million over the approved FY 2012 receipts and the FY 2013 approved operating receipts total \$460.1 million, an increase of \$33.7 million over the Revised FY 2012 receipts.

<b>COMPARISON OF FY 2012 AND APPROVED FY 2013 OPERATING RECEIPTS</b> (\$000's)
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	FY 2012 Approved	FY 2012 Revised	Percent Change	FY 2013 Proposed	Percentage Change
Residential	67,794	69,039	1.8%	76,270	10.5%
Commercial	95,265	99,350	4.3%	108,866	9.6%
Multi-family	57,983	57,783	-0.3%	62,258	7.7%
<b>Sub-Total Residential, Commercial and Multi-family</b>	221,042	226,172	2.3%	247,394	9.4%
Federal Government(1)	48,010	47,534	-1.0%	52,551	10.6%
District Government	11,196	11,131	-0.6%	12,677	13.9%
D.C. Housing Authority	7,056	6,428	-8.9%	6,960	8.3%
Transfer from Rate Stabilization Fund	-	6,500		6,500	0.0%
Metering Fee	10,776	10,776	0.0%	10,776	0.0%
<b>Total Retail</b>	298,080	308,541	3.5%	336,858	9.2%
IMA Wastewater Charges	64,009	66,790	4.3%	69,818	4.5%
Potomac Interceptor Wastewater Charges	7,430	7,571	1.9%	7,628	0.8%
<b>Total Wholesale</b>	71,439	74,361	4.1%	77,446	4.1%
Other Misc Revenue	19,302	21,006	8.8%	21,531	2.5%
Right of Way	5,100	5,100	0.0%	5,100	0.0%
PILOT Fee	18,301	17,408	-4.9%	19,214	10.4%
<b>Total Other</b>	42,702	43,514	1.9%	45,846	5.4%
<b>Total Operating Cash Receipts</b>	412,222	426,416	3.4%	460,150	7.9%

### ***FY 2012 Revised Operating Receipt compared to FY 2012 Approved:***

- ***Residential, commercial and multi-family receipts*** are projected to increase by approximately \$5.1 million, or 2.3 percent over the Board approved FY 2012 level, due to revised assumptions regarding FY 2012 consumption for these categories,



### ***FY 2012 Revised Operating Receipt compared to FY 2012 Approved cont'd***

coupled with an additional number of equivalent residential units above the level anticipated in the approved FY 2012 assumptions.

- ***Federal revenues*** are projected to decrease by \$0.5 million or 1.0 percent reflecting the Congressional approval level for the FY 2012 federal bill.
- ***Municipal & D.C. Housing Authority Receipts*** are projected to decrease by \$0.7 million (or 3.8 percent) primarily due to revised conservation assumptions for this category.
- ***Rate Stabilization Fund Utilization*** – The ten-year plan and near-term revenue projections assume utilization of \$6.5 million in FY 2012. 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.
- ***Customer Metering Fee*** – This fee 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 16" meters (typically used for large commercial customers). No revenue change is anticipated in this category.
- ***Wholesale receipts*** are projected to increase by \$2.9 million, or 4.1 percent, reflecting higher budgeted costs at Blue Plains due primarily to personnel, electricity and chemicals price increases.
- ***Other revenues*** in FY 2012 are projected to increase by \$1.8 million, mainly due to an increase in engineering review fees and revised wastehauler fees beginning October 1, 2011.
- ***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 2012, these fees will decrease by approximately \$0.9 million to remain at the FY 2011 approved level.

The proposed FY 2013 receipts projection totals \$460.2 million, approximately \$33.7 million, or 7.9 percent, higher than the revised FY 2012 projections. This increase is due primarily to:

- **Residential, Commercial & Multi-Family** - FY 2013 projections reflect an increase of \$21.2 million, or 9.4 percent from FY 2012 Revised due primarily to proposed retail rate increases of 6.5 percent (water and sewer volumetric rates) and \$3.09 monthly ERU fee for the Clean Rivers IAC (see Section IV- Rate and Revenues for detail on all rate and fee proposals)
  - One percent decrease in consumption has been assumed due to conservation
- **Federal revenues** – Proposed FY 2013 federal revenues are projected to increase of \$5 million or 10.6 percent over Revised FY 2012. 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 2013 billing was prepared in April 2011), 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, the proposed FY 2013, federal revenues reflect the final billing sent to the federal government in April 2011 net of the adjustment for the prior year (FY 2010) reconciliation
- **Municipal & D.C. Housing Authority Receipts** are projected to increase \$2.1 million (or 11.8 percent) due to a combination of the proposed retail rate increase and continued conservation
- Projected use of \$6.5 million in **rate stabilization fund** in FY 2013 and full utilization of fund balances by FY 2020
- **Customer Metering Fee** – This fee 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 16” meters (typically used for large commercial customers). No revenue change is anticipated in this category
- **Wholesale receipts** - 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 2012 wholesale revenues are projected at \$74.4 million and increase of \$2.9 million over FY 2012 Approved Budget. In FY 2013 wholesale revenues are projected to increase by \$3.1 million to \$77.4 million
- **Other revenues** - FY 2013 are projected to increase by \$0.5 million, (or 2.6 percent) reflecting higher interest earnings from successful management of DC Water investments

- ***Right-of-Way and Payment In Lieu of Taxes (PILOT) Pass-Through Fees*** – Although the current PILOT/ROW requirement is scheduled to expire in FY 2013, it is anticipated that the existing pass-through fees will be reinstated. Therefore, the Board will be considering an increase in the proposed PILOT receipts of \$1.8 million (or 10.4 percent). The ROW receipts are anticipated to remain stable.

Other major assumptions underlying the revenue projections contained in the FY 2011- 2020 financial plan include:

- From FY 2011– FY 2020, one percent reduction in water sales is assumed for all customer categories, based on historical trends in consumption levels and a review of the regional economic forecast and employment trends.
- Three percent average revenue increase between FY 2012 and 2020 from wholesale customers, in line with operating and maintenance expense increases for joint use facilities.
- Based on the current interest rate environment, interest projections are conservatively assumed at 0.38 percent and 0.79 percent earnings rate in FY 2012 and FY 2013 respectively on operating funds. Interest rate for FY 2014 and FY 2015 is assumed to be 3.0 and 4.0 percent respectively. Beyond FY 2015 interest rates are assumed at 5.0 percent.
- The majority of other non-operating revenues, totaling \$21.0 million in FY 2012, 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 - \$0.2 million
  - ★ Reimbursement from the Stormwater Enterprise Fund for services provided to DDOE million under their MS4 permit - \$1.1 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)
  - ★ Reimbursement from the District for the Fire Protection Services fee of \$6.2 million
  - ★ Other miscellaneous fees and charges, including service line replacements, developer-related fees, and the new Engineering Review and wastehauler fees - \$9.5 million

# Long-Term Planning: 10-Year Financial Plan

DISTRICT OF COLUMBIA WATER & SEWER AUTHORITY  
FY 2011 - 2020 FINANCIAL PLAN  
(In 000's)

OPERATING	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Retail*	300,599	324,549	354,672	388,824	420,300	450,482	482,549	505,885	532,324	557,097
Wholesale*	69,261	74,361	77,446	72,521	67,091	69,008	70,929	72,955	75,036	77,810
Other	24,614	21,006	21,531	24,429	27,870	31,135	33,154	34,296	35,168	35,933
RSF	9,500	6,500	6,500	-	2,950	4,000	5,000	2,000	-	2,000
<b>Operating Receipts (1)</b>	<b>\$ 403,974</b>	<b>\$ 426,416</b>	<b>\$ 460,150</b>	<b>\$ 485,774</b>	<b>\$ 518,211</b>	<b>\$ 554,625</b>	<b>\$ 591,632</b>	<b>\$ 615,135</b>	<b>\$ 642,528</b>	<b>\$ 672,840</b>
<b>Operating Expenses</b>	<b>(269,804)</b>	<b>(299,130)</b>	<b>(310,692)</b>	<b>(309,473)</b>	<b>(304,762)</b>	<b>(314,230)</b>	<b>(323,932)</b>	<b>(333,578)</b>	<b>(343,392)</b>	<b>(356,362)</b>
<b>Debt Service</b>	<b>\$ (91,888)</b>	<b>\$ (100,776)</b>	<b>\$ (127,627)</b>	<b>\$ (150,387)</b>	<b>\$ (184,431)</b>	<b>\$ (207,532)</b>	<b>\$ (227,674)</b>	<b>\$ (238,925)</b>	<b>\$ (248,375)</b>	<b>\$ (265,764)</b>
<b>Net Revenues After Debt Service</b>	<b>\$ 42,282</b>	<b>\$ 26,511</b>	<b>\$ 21,830</b>	<b>\$ 25,914</b>	<b>\$ 29,018</b>	<b>\$ 32,862</b>	<b>\$ 40,026</b>	<b>\$ 42,633</b>	<b>\$ 50,762</b>	<b>\$ 50,714</b>
<b>Operating Reserve-Beg Balance</b>	<b>131,996</b>	<b>150,035</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	(2,192)	(6,250)	(8,105)	(2,791)	-	-	-	-	-	-
Transfers To RSF	(9,500)	(12,250)								
Transfers To DC PILOT Fund	(10,000)									
Pay-Go Financing	(2,551)	(32,546)	(13,725)	(23,123)	(29,018)	(32,862)	(40,026)	(42,633)	(50,762)	(50,714)
<b>Operating Reserve - Ending Balance</b>	<b>\$ 150,035</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>\$ (22,450)</b>	<b>\$ (15,950)</b>	<b>\$ (15,950)</b>	<b>\$ (13,000)</b>	<b>\$ (9,000)</b>	<b>\$ (4,000)</b>	<b>\$ (2,000)</b>	<b>\$ (2,000)</b>	<b>\$ -</b>
<b>Senior Debt Service Coverage</b>	<b>321%</b>	<b>278%</b>	<b>232%</b>	<b>220%</b>	<b>201%</b>	<b>189%</b>	<b>183%</b>	<b>178%</b>	<b>177%</b>	<b>174%</b>
<b>Combined Debt Service Coverage</b>	<b>145%</b>	<b>130%</b>	<b>130%</b>	<b>132%</b>	<b>130%</b>	<b>129%</b>	<b>131%</b>	<b>131%</b>	<b>133%</b>	<b>131%</b>
<b>Actual/Projected Water/Sewer Rate Increases</b>	<b>12.5%</b>	<b>4.5%</b>	<b>6.5%</b>	<b>5.0%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>4.5%</b>	<b>4.0%</b>	<b>4.5%</b>
<b>*Operating Receipts \$ Increase/Decrease</b>										
Retail	38,366	23,950	30,123	34,152	31,475	30,182	32,066	23,336	26,439	24,773
Wholesale	1,790	5,100	3,086	(4,926)	(5,429)	1,916	1,921	2,025	2,081	2,774
<b>*Operating Receipts % Increase/Decrease</b>										
Retail	14.6%	8.0%	9.3%	9.6% <sup>(3)</sup>	8.1% <sup>(3)</sup>	7.2%	7.1%	4.8%	5.2%	4.7%
Wholesale	2.7%	7.4%	4.1%	-6.4%	-7.5%	2.9%	2.8%	2.9%	2.9%	3.7%

(1) Includes interest earnings on senior lien revenue bonds' debt service reserve fund  
(2) FY 2011 Rate Stabilization Fund utilization brought the total fund balance to \$16.7 million  
(3) Savings anticipated from implementation of new biosolids management beginning in FY 2014

## 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 12.8 percent. All other operating expenses are projected to grow at an average annual rate of 3.0 percent. The following chart provides detail comparison of the FY 2012 and FY 2013 operating budgets.

<b>COMPARISON OF FY 2012 &amp; FY 2013 OPERATING BUDGETS</b> <b>(\$000's)</b>
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	FY 2012 APPROVED	FY 2012 REVISED	Percent Change	FY 2013 APPROVED	Percent Change
Personnel Services	113,354	111,114	-2.0%	117,796	6.0%
Contractual Services	78,826	79,747	1.2%	82,350	3.3%
Water Purchases	33,000	31,517	-4.5%	32,523	3.2%
Chemicals & Supplies	29,946	29,947	0.0%	31,360	4.7%
Utilities	37,447	37,446	0.0%	38,047	1.6%
Small Equipment	995	995	0.0%	993	-0.2%
<b>Subtotal Operations &amp; Maintenance</b>	<b>293,569</b>	<b>290,765</b>	<b>-1.0%</b>	<b>303,069</b>	<b>4.2%</b>
Debt Service	105,387	102,613	-2.6%	129,392	26.1%
PILOT	18,301	16,882	-7.8%	19,215	13.8%
Right Of Way Fee	5,100	5,100	0.0%	5,100	0.0%
<b>Subtotal Debt Service &amp; PILOT / ROW</b>	<b>128,788</b>	<b>124,595</b>	<b>-3.3%</b>	<b>153,707</b>	<b>23.4%</b>
<b>TOTAL OPERATING</b>	<b>422,357</b>	<b>415,360</b>	<b>-1.7%</b>	<b>456,775</b>	<b>10.0%</b>
Less Personnel Services Charged to Capital Projects	(16,000)	(14,000)	-12.5%	(16,690)	19.2%
<b>Total Net Operating</b>	<b>406,357</b>	<b>401,360</b>	<b>-1.2%</b>	<b>440,085</b>	<b>9.6%</b>

## ***Operating Expenditures, Cont.***

The revised FY 2012 budget totals \$415.4 million, which is \$7 million or 1.7 percent lower than the Board-approved FY 2012 budget. While the total operations and maintenance expenditures reduced by approximately \$2.8 million or 1 percent, debt services and PILOT costs were reduced by \$2.8 million or 2.6 percent and \$1.4 million 7.8 percent, respectively. A description of the assumptions and major issues/changes in each major expenditure category follows.

- ***Personnel service expenditures*** are \$2.2 million or 2.0 percent lower than the approved FY 2012 budget. The decrease is attributable to higher than previously anticipated vacancy rates. Additionally, fringe benefits were also adjusted based on current market rates.
- ***Contractual service expenditures*** increased by \$0.9 million, or 1.2 percent, over the approved FY 2012 budget due primarily to funding for various contractual services throughout the organization. Funding was also added to support implementation of the low impact development (LID) and energy “quick-wins” projects.
- ***Water purchase expenditures*** decreased by approximately \$1.5 million or 4.5 percent over the approved FY 2012 budget. This directly relates to lower than anticipated operating costs from the Washington Aqueduct’s (WAD).
- ***Chemicals and supplies expenditures*** have relatively no change between the approved FY 2012 and revised FY 2012 budgets.
- ***Utilities expenditures*** are at the same level as the approved FY 2012 budget. The electricity budget, at \$29.2 million or 10 percent of the revised FY 2012 operations and maintenance budget continues to be the largest portion of the Authority’s utilities budget. During FY 2011, 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 were successful in purchasing electricity for an estimated average cost of \$87.87 per megawatt hour from the wholesale market compared to an estimated average cost of \$154.77 per megawatt hour had we purchased electricity through PEPCO Standard Offer Service (SOS). This represented an estimated savings of \$17.5 million.

DC Water completed its energy audit of all major facilities in December 2010. The energy audit confirmed that as a result of a number of improvements, there has been a reduction in electrical energy usage of approximately 5% from 2007 to 2009. Examples of improvements and enhancement to processes include fine bubble diffusers and new smaller mixer motors at Blue Plains and variable frequency drive (VFD) installations at Blue Plains and at water and sewer pumping stations. The audit also estimates additional energy savings of approximately 3.9% with implementation of several recommended “Quick-Wins” initiatives, development and deployment of an energy management dashboard, enhancement of standard operating procedures and HVAC

### ***Operating Expenditures, Cont.***

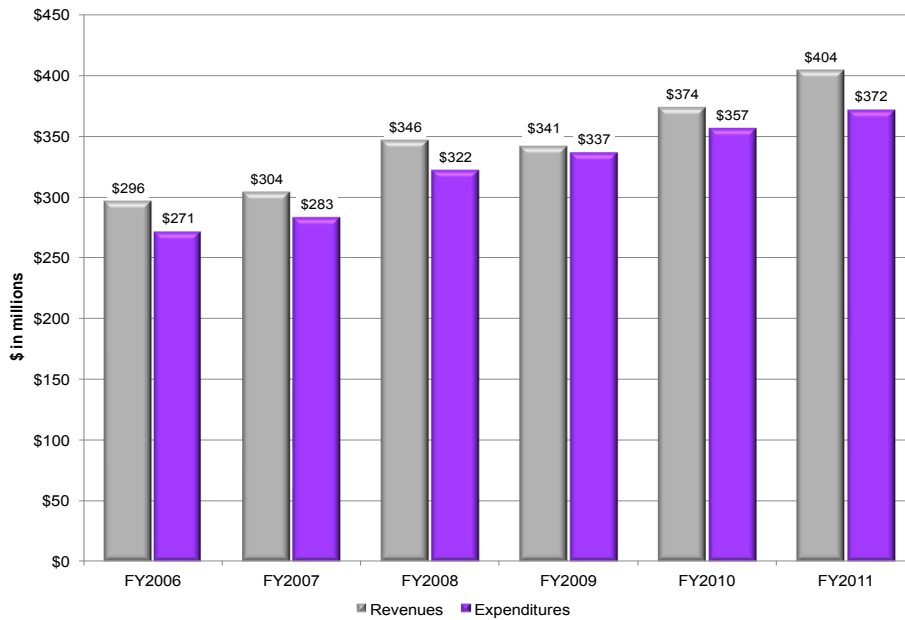
Optimization at Blue Plains, plus continued incorporation of energy efficiency standards into capital projects. During FY 2011, DC Water completed approximately \$305,000 of energy “Quick-Wins” initiatives that focused mainly on Blue Plains operating areas and a portion of the Central Operating Building. As a part of the Biosolids Management Program, DC Water intends to complete the Design/Build/Operate contract award for the Combined Heat and Power (CHP) project in early 2012. When operational in 2014, this facility will supply the process steam needed to fuel the CAMBI digestion process. Its primary fuel will be biogas generated from the waste stream with supplement natural gas supply. CHP will be capable of generating ten net megawatts of renewable electricity for use at Blue Plains.

The approved 2013 budget totals \$456.8 million, which is approximately 10 percent increase over the revised FY 2012 budget. This increase is primarily due to increasing debt service costs associated with DC Water’s capital improvement program. The FY 2013 operations and maintenance budget (net of debt service, PILOT/ROW fee) increases by 4.2 percent, due primarily to projected increases in personnel services, chemicals and supplies, contractual services, water purchases and utilities (driven by electricity) costs. Specific information regarding each department is included in Section VIII.

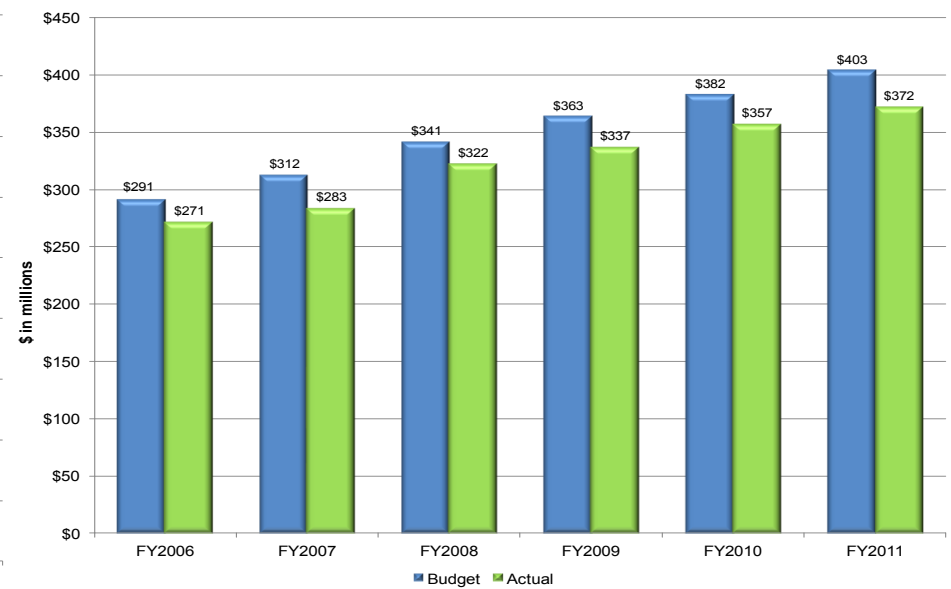
## Solid Financial Performance with Revenues Consistently Exceeding Expenses

- FY 2011 Operating cash receipts increased by \$30 million to \$404 million or 8.0 percent
- FY 2011 Operating expenses increased by \$15 million to \$372 million, or 4.2 percent
- FY 2011 Budget to actual results showed both revenues exceeding and expenses below budget

Revenue vs. Expenditures



Expenditure Budget to Actual Results



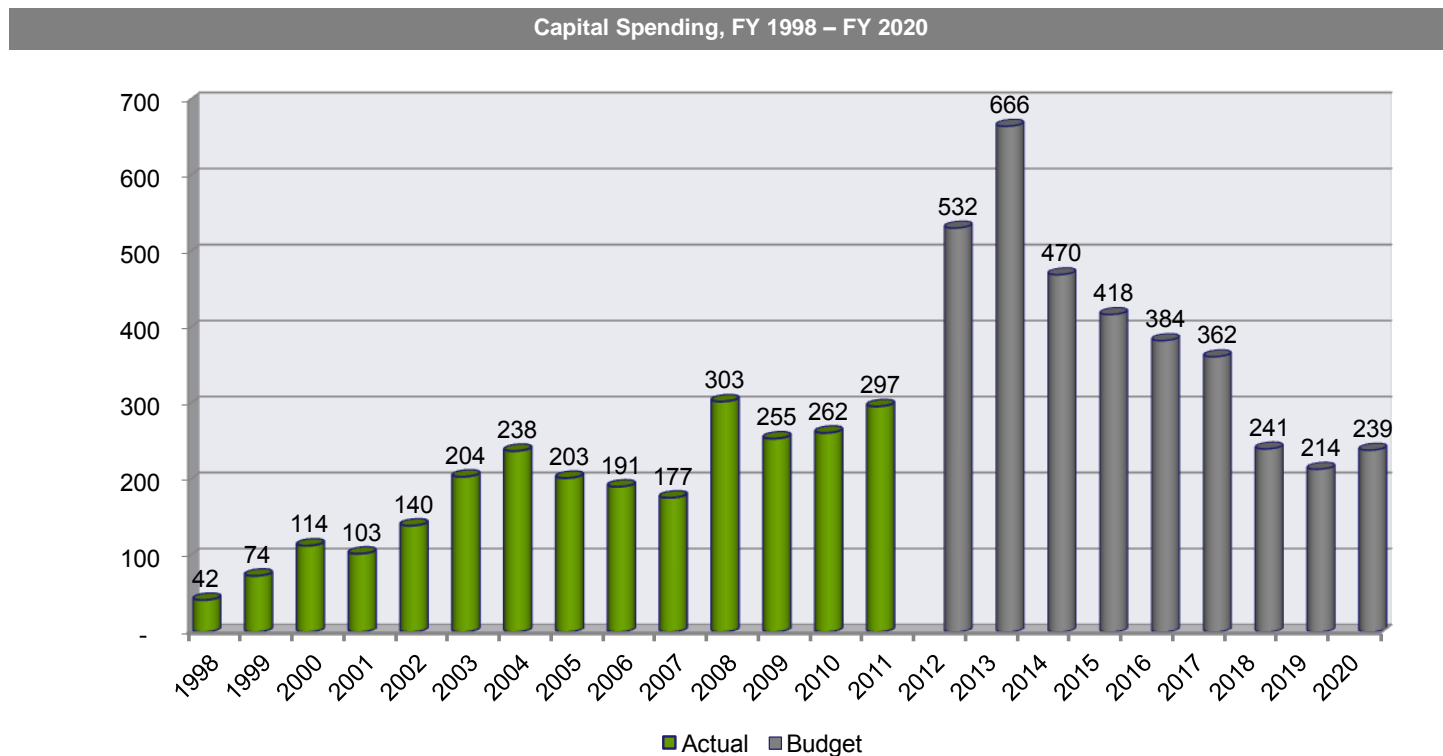


# The \$3.8 Billion 10-Year CIP Protects Our Assets While Leveraging Long-Term Debt

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

The FY 2011 – FY 2020 financial plan anticipates capital disbursements of \$3.8 billion. Over the last 14 years, \$2.6 billion have been invested on DC Water system averaging approximately \$186 million per year. Annual spending ranges from \$214 million to nearly \$666 million as shown in the chart below (or approximately \$392 million per year from FY 2012 – FY 2020). 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 earlier in this section, 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 PAYGO.



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

Additional details on each financing source are described below.

	<b>FY2011 - 2020 PLAN</b>	<b>Percent</b>
	<b>TOTAL</b>	<b>of Total</b>
EPA Grants / CSO Appropriations	\$ 311,392,159	8.1%
Wholesale Capital Payments	911,171,363	23.8%
Revenue Bonds / Commercial Paper	2,268,364,406	59.3%
Pay-Go Financing	317,960,295	8.3%
Interest Income on Bond Proceeds	17,314,561	0.5%
<b>TOTAL SOURCES</b>	<b>\$ 3,826,202,784</b>	<b>100.0%</b>

**EPA Grants** - DC Water currently plans to finance 8.1 percent of its 10-Year CIP through 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 \$153.6 million in Congressional appropriations for the Clean Rivers Project (aka CSO LTCP) as of September 30, 2011.

- **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. DC Water anticipates 23.8 percent of its capital funding will come from wholesale customers.
- **Revenue Bonds/ Commercial Paper** – Currently debt financing represent only 59.3 percent of the funding in the ten-year capital program.

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

- ***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 8 percent of total funding for the FY 2011 - 2020 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 2012 & FY 2013 Debt Issuance Plans & Debt Service Assumptions***

Based on current capital project spending, we plan to: 1) issue approximately \$300 million in new bonds in second quarter of FY 2012. For the purpose of financial planning we have assumed fixed rate, tax-exempt bonds at 5.50 percent. Similarly for the remainder of the 10-year plan we have assumed issuing long term bonds at 6.5 percent, 2) issue commercial paper for interim financing beginning the second quarter of FY 2012 and, 3) issue commercial paper for capital equipment in the fourth quarter of 2012. The ten-year plan assumes a variable interest rate of 1.50 percent in FY 2012 based on 5 year average for short term debt. The remaining years in the ten-year plan assume 3.25 percent based on the 10 year maximum for short term debt. The variable rate debt also includes ongoing fiscal charges for the LOC, broker-dealers, ratings, etc.

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. In order to yield the best possible interest rate savings, our debt portfolio is evaluated on a regular basis.

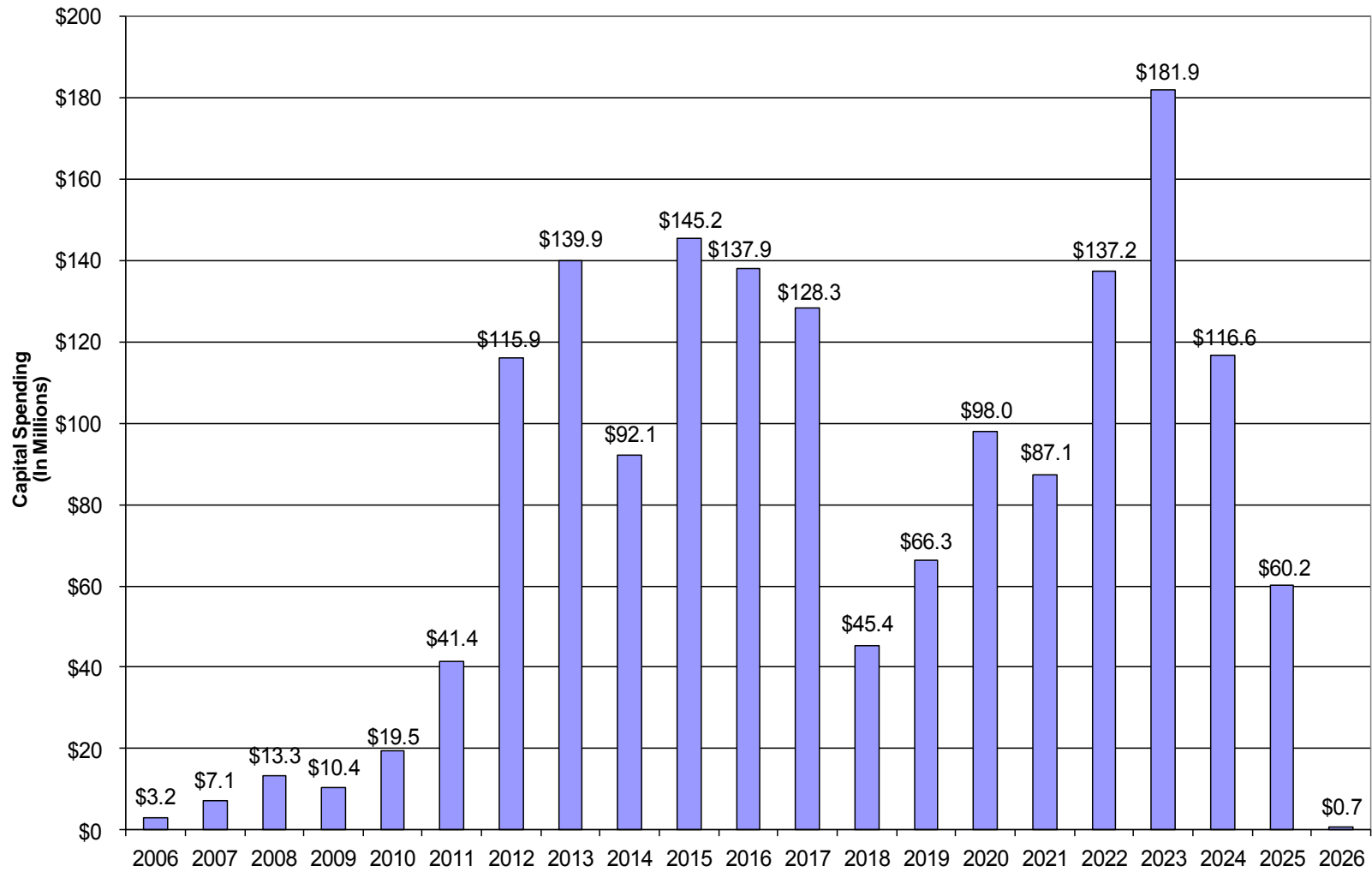
### ***DC Clean Rivers Project (CSO LTCP)***

In December 2004, the Board reached agreement with the federal government on the proposed CSO LTCP and entered into a related consent decree. Lifetime 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 \$1.0 billion of projected CSO LTCP disbursements. Projected spending by fiscal year for the Clean Rivers Project is shown in the next chart.

In FY 2011 DC Water received federal funding of \$11.5 million for the Combined Sewer Overflow Long term Control Plan. However, as the project spending increases over the years, so does the projected impervious area rate. If additional federal assistance is provided, the Clean Rivers IAC would increase at a slower pace than this ten-year plan proposal assumes. As noted earlier, this plan assumes jurisdictional contributions to the Clean Rivers Project under the IMA of 7.1 percent beginning in FY 2011. Please see section IV for more details on the Clean Rivers IAC.

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

**CSO LTCP Spending by Year**



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

## **Cash Position & Reserves**

Cash balances totaled \$238.1 million at the end of FY 2011. As detailed below, this includes \$16.7 million for rate stabilization and \$61.3 million for the unspent balance of the special Congressional appropriations DC Water received through FY 2011 for the CSO LTCP, net of reimbursements to date. Over the next ten years, cash balances are projected to meet 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:

<b>FY 2011 YEAR-END CASH</b>	
<b>(\$000's)</b>	
<b>BOARD-ADOPTED OPERATING RESERVES (120 Days of O&amp;M)</b>	
60 Day Operating Reserve (Indenture Required)	\$ 40,704
Renewal & Replacement Reserve (Indenture Required)	35,000
District of Columbia General Obligation Reserve	29
Undesignated Reserve	<u>49,767</u>
<b>TOTAL OPERATING RESERVE</b>	<b>\$ 125,500</b>
<b>OTHER RESERVES</b>	
Rate Stabilization Fund Reserve	\$ 16,700
DC Insurance Reserve	1,000
DC PILOT	<u>10,000</u>
<b>TOTAL OTHER RESERVES</b>	<b>\$ 27,700</b>
<b>TOTAL RESERVES</b>	<b>\$ 153,200</b>
Cash in Excess of Reserves	23,536
CSO Appropriations	<u>61,333</u>
<b>TOTAL CASH POSITION <sup>(1)</sup></b>	<b>\$ 238,069</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 \$40.7 million in FY 2011.

*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 2011.

*Undesignated Reserve* - After allocating portions of the operating and maintenance reserve to the reserves listed above, the amount that remains (approximately \$49.8 million projected for FY 2011) 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 2011. 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 \$22.45 million available at the end of FY 2012. The fund is projected to be utilized between FY 2013 through FY 2020 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.



## Public Hearing Coming Up!

Contact DC Water with your comments

Public Hearing

Wednesday, May 11, 2011, 6:30 p.m.

Metropolitan Washington Council of Governments

777 North Capitol Street, NE

- ✓ E-mail: [info@dcwater.com](mailto:info@dcwater.com)
- ✓ Fax: (202) 787-2795
- ✓ Mail to: Board Secretary  
5000 Overlook Ave., SW.  
Washington, DC 20032



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

# OPERATING BUDGETS

REVISED FY **2012** APPROVED FY **2013**

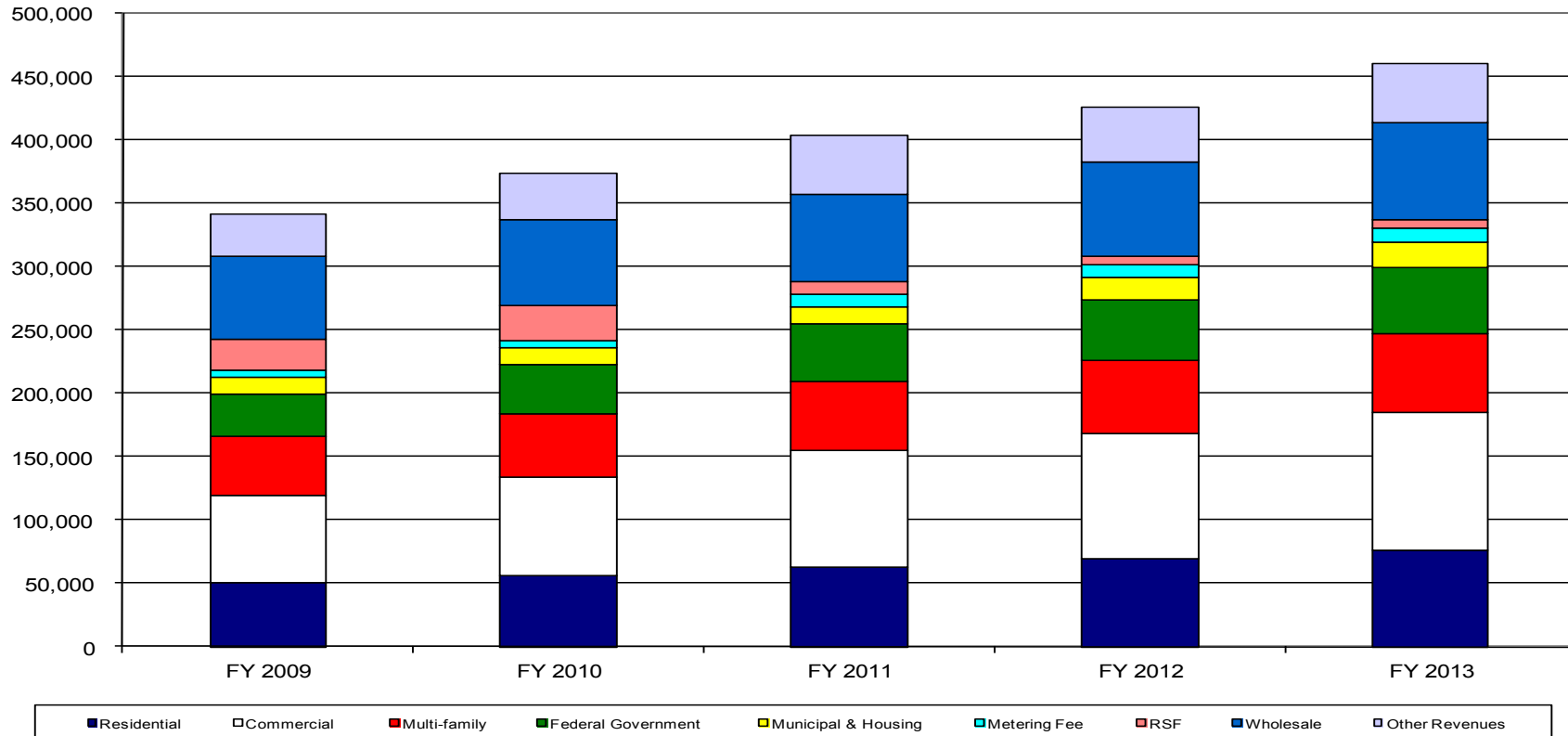
## SECTION IV

## RATES AND REVENUES

## DC WATER REVENUE RECEIPTS

In order to provide continuous delivery of water and wastewater services, DC Water must ensure a reliable and predictable revenue stream that cover operating and maintenance (O&M) costs and meet or exceed all Board and other financial requirements. 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 Revenue Receipts  
(\$000's)**





# DC WATER REVENUE RECEIPTS, cont.

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

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Revised	FY 2013 Approved
Residential	50,435	55,579	63,049	69,039	76,270
Commercial	69,152	78,865	92,472	99,350	108,866
Multi-family	46,539	49,447	54,167	57,783	62,258
<b>Sub-Total Residential, Commercial and Multi-family</b>	166,125	183,891	209,688	226,172	247,394
Federal Government (1)	33,299	38,607	44,854	47,534	52,551
District Government	6,947	8,157	8,903	11,131	12,677
D.C. Housing Authority	6,153	5,860	5,118	6,428	6,960
Transfer from Rate Stabilization Fund	25,000	28,000	9,500	6,500	6,500
Metering Fee	5,471	5,327	9,764	10,776	10,776
<b>Total Retail</b>	242,995	269,842	287,827	308,541	336,858
IMA Wastewater Charges	59,584	60,990	61,712	66,790	69,818
Potomac Interceptor Wastewater Charges	6,096	6,481	7,549	7,571	7,628
<b>Total Wholesale</b>	65,680	67,471	69,261	74,361	77,446
District Stormwater Revenue (2)	592	1,279	648	1,100	1,100
Misc. Rev. (e.g. water tap installation, fire hydrant usage, etc.)	11,141	12,974	22,320	18,898	18,898
Washington Aqueduct Debt Service Revenue for Falls Church & Arlington	477	422	313	217	206
Interest Income (including interest on Bond Debt Service Reserve Fund)	1,922	1,159	1,332	791	1,328
Right-of-Way Fee	4,954	5,085	5,167	5,100	5,100
PILOT Fee	13,676	15,305	17,106	17,408	19,214
<b>Total Other</b>	32,761	36,225	46,886	43,514	45,846
<b>Total Operating Cash Receipts</b>	341,437	373,538	403,974	426,416	460,150

- (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's share of District stormwater permit compliance activities, and will not be funded through DC Water's retail rates or other DC Water revenue sources. See Section III for further explanation.

## DC WATER REVENUE RECEIPTS, cont.

### CUSTOMER CATEGORIES AND ACCOUNTS

As of September 30, 2011, DC Water had 125,652 active, metered water and wastewater accounts. In addition, there are 9,045 separate accounts that are billed only for impervious surface. DC Water's customers are classified as retail (residential and non-residential) 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 groups: residential, multi-family, commercial, federal, DC Municipal and Housing Authority.

***Residential, commercial and multi-family receipts are projected to increase in FY 2012 by approximately \$16.5 Million, or 7.9 percent, over the FY 2011 level due to:***

- Board-approved volumetric retail rate increase of 4.5 percent effective October 1, 2011
- Board-approved Clean Rivers Project IAC rate change from \$3.45 to \$6.64 per ERU per month
- One percent decrease in consumption due to conservation
- In FY 2011 DC Water's collections on its retail receivables was strong, with accounts receivable over 90 days at \$5.5 million as of September 30, 2011. DC Water will continue its aggressive collection efforts
- Expansion of the customer assistance program, which reduces projected revenues by approximately \$2.1 million

***Residential and multi-family customers:***

- In FY 2012 residential customers include 103,857 accounts that comprise 16 percent of the total operating revenues. Given the large number of individual account holders who are in residential, it is unlikely that any one customer will have a major impact on the DC Water cash receipts.
- Multi-family customers house 4 or more units within one building with a central meter. In FY 2012 there are 7,391 accounts that comprise 14 percent of the total operating revenues.

The commercial group of customers includes a number of nationally-recognized universities and regional hospitals, national associations, lobbying firms, major law firms and hotels. This group has 11,730 accounts and will comprise 23 percent of the projected FY 2012 operating revenues. In FY 2013, they will comprise 24 percent of the fiscal year operating revenue.

FY 2013 projections for Residential, Multi-Family and Commercial customers reflect an increase of \$21.2 million, or 9.4 percent from FY 2012 revised due primarily to proposed retail rate increases of 6.5 percent (water and sewer volumetric rates) and \$3.09 monthly

ERU fee for the Clean Rivers IAC. As in the FY 2012 revised budget, a one percent decrease in consumption has been assumed due to conservation.

**The Federal customers' revised FY 2012 receipts are projected to total \$47.5 million; an increase of \$2.7 million, or 6.0 percent over FY 2011.** In FY 2013 federal revenues are projected to be \$52.6 million or 10.6 percent increase over FY 2012. The projected federal revenues will rise by \$5.0 million in FY 2013 due to estimated rate and consumption assumptions provided under the federal billing policies. 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 2012 billing was prepared in April 2010), 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 2012 estimated vs. actual consumption and rate increases will be included in the FY 2015 billing, prepared in April 2013). 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 2012 federal revenues reflect the final billing sent to the federal government in April 2010 net of the adjustment for the prior year (FY 2009) reconciliation. 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.

**Municipal & D.C. Housing Authority** – FY 2012 receipts from the District of Columbia government and the District of Columbia Housing Authority are projected at \$17.6 million, an increase of \$3.5 million or 25.2 percent. In FY 2013, receipts from these organizations are projected to total \$19.6 million, an increase of \$2.1 million, or 11.8 percent, due to the proposed combined retail rate increase and continued conservation.

- The municipal customer group includes 607 accounts under the authority of the District of Columbia government. This includes offices and facilities for various government agencies and activities such as education, regulatory affairs and general government operations. This group will comprise 3 percent of the FY 2012 operating budget and 3 percent of the FY 2013 proposed budget.
- The D.C. Housing Authority has multiple accounts that include public housing at various facilities throughout the District of Columbia. Their annual billings make up only 2 percent of the FY 2012 cash receipts and 2 percent of the FY 2013 proposed cash receipts.

**Wholesale customer revenue - FY 2012 revenues are projected at \$74.4 million, an increase of \$5.1 million over FY 2011.** In FY 2013, wholesale revenues are projected to increase by \$3.1 million to \$77.4 million. DC Water provides wholesale wastewater treatment services to User Jurisdictions at the Blue Plains Plant. 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

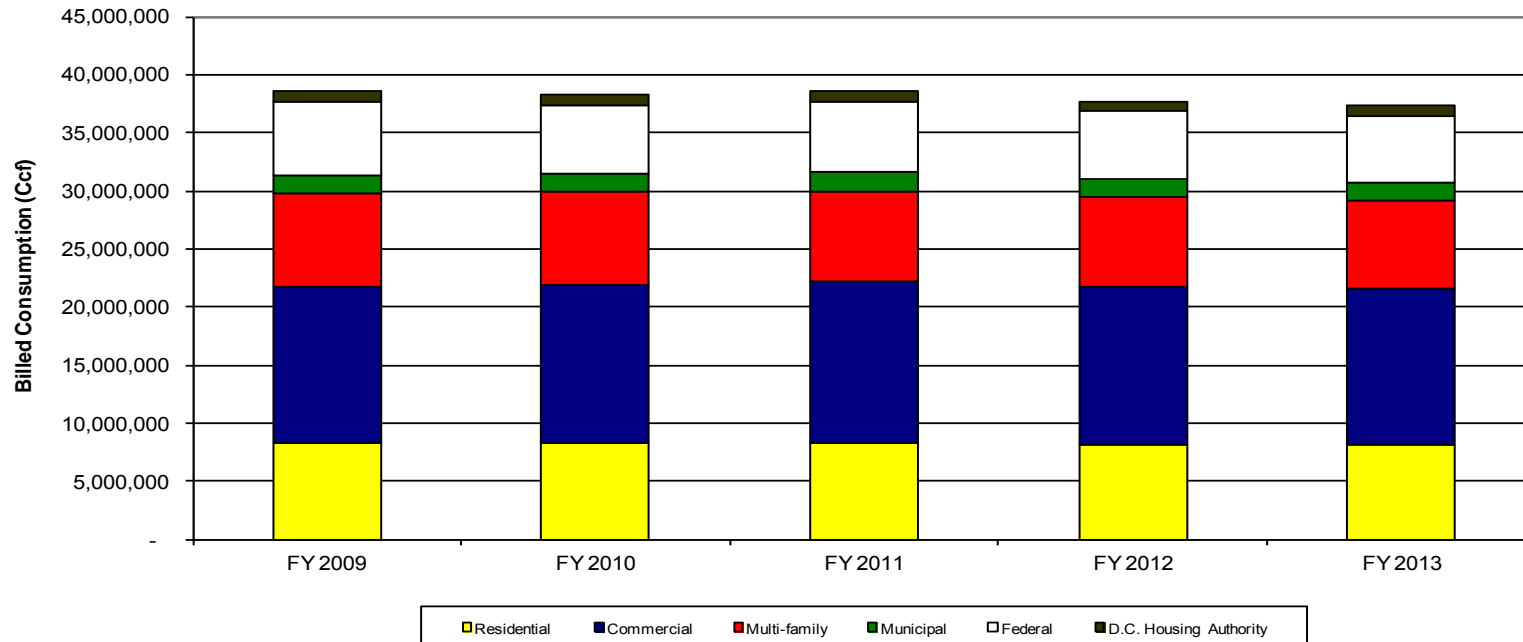
based on actual costs of operating and maintaining the plant and the collection facilities, prorated to each User Jurisdiction based on its respective actual share of wastewater flows. The User Jurisdiction's share of capital costs is based on each User Jurisdiction's share of capacity allocations in 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 17 percent in FY 2012. 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 (MWAA), 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 metered consumption. Therefore, variations in consumption have a direct impact upon DC Water retail rates. The consumption for DC retail customers declined by 1 percent in FY 2010 and less than 0.5 percent in FY 2011. 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 1 percent decline in FY 2012 and beyond.

**Historical and Projected Billed Consumption (Ccf)**



## DC WATER CASH RECEIPTS, cont.

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

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Projected	FY 2013 Projected
Residential	8,300,625	8,318,424	8,270,107	8,151,000	8,069,000
Commercial (1)	13,425,781	13,576,563	13,877,861	13,649,000	13,513,000
Multi-family	8,011,934	7,991,418	7,831,967	7,636,000	7,560,000
Municipal (2)	1,541,454	1,585,385	1,652,379	1,583,000	1,568,000
Federal	6,301,792	5,908,875	5,997,204	5,838,000	5,780,000
D.C. Housing Authority	<u>1,072,888</u>	<u>939,533</u>	<u>907,516</u>	<u>840,000</u>	<u>832,000</u>
	38,654,474	38,320,198	38,537,034	37,697,000	37,322,000

(1) Reflects consumption at Commercial facilities and selected facilities at Howard University and Soldiers' Home. From October 1, 2011 Howard University accounts have been transferred to Commercial and are no longer exempt from paying water.

(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 2012 RATE & FEE CHANGES

Effective October 2011, the Board increased rates and fees as follows:

- Water and Sewer volumetric rate increased by \$0.31 per Ccf from \$6.89 to \$7.20 per Ccf, {\$0.41 per 1,000 gallons}.
  - Water rate increase of \$0.14 per Ccf ,{\$0.19 per 1,000 gallons} from \$3.10 per Ccf to \$3.24 per Ccf ,{\$4.33 per 1,000 gallons}
  - Sewer rate increase of \$0.17 per Ccf ,{\$0.22 per 1,000 gallons} from \$3.79 per Ccf to \$3.96 per Ccf ,{\$5.29 per 1,000 gallons}
- Monthly Clean Rivers Impervious Area Surface Charge increased by \$3.19 from \$3.45 per ERU to \$6.64 per ERU
- Clean Rivers Impervious Area Surface Charge (IAC) six-tier residential rate structure is shown in the table below.

<b>Tiers</b>	<b>Residential Impervious Area Range</b>	<b>ERU</b>
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

- Right-of-Way fee – This fee increased to recover the full cost of the Right-of-Way fee charged to DC Water by the District of Columbia.
  - Increase of \$0.01 per Ccf in the Right-of-Way fee {\$0.01 per 1,000 gallons} to \$0.15 per Ccf {\$0.20 per 1,000 gallons} whereas PILOT remains the same at \$0.49 per Ccf {\$0.65 per 1000 gallons}
- These changes increased the typical residential customer’s total monthly bill by \$5.33 or 8.8 percent.

## RECENT & PROPOSED RATE & FEE CHANGES

### PROPOSED FY 2013 RATE & FEE CHANGES

The Board has proposed the following rates and fee increases for rate making, to be, effective October 2012:

- Water and Sewer volumetric rate to be increased by \$0.47 per Ccf from \$7.20 to \$7.67 per Ccf, {\$0.63 per 1,000 gallons}.
  - Water rate increase of \$0.21 per Ccf {\$0.28 per 1,000 gallons} from \$3.24 per Ccf to \$3.45 per Ccf,{\$4.61 per 1,000 gallons}
  - Sewer rate increase of \$0.26 per Ccf {\$0.35 per 1,000 gallons} from \$3.96 per Ccf to \$4.22 per Ccf,{\$5.64 per 1,000 gallons}
- Monthly Clean Rivers Impervious Area Charge (IAC) increase of \$3.09 from \$6.64 per ERU to \$9.73 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 \$0.04 in the PILOT and Right of Way fees, {\$0.05 per 1,000 gallons}, \$0.03 increase in PILOT per Ccf {\$0.04 per 1,000 gallons} to \$0.52 per Ccf {\$0.70 per 1,000 gallons} \$0.01 increase in Right-of-Way fee per Ccf {\$0.01 per 1,000 gallons} to \$0.16 per Ccf {\$0.21 per 1,000 gallons}
- Clean Rivers Impervious Only Accounts
  - With the Clean Rivers Impervious Surface Area Charge implemented in 2009 more than 9,000 properties were identified as having impervious surfaces without a metered water service. Examples include parking lots and garages. A policy was adopted to bill these Impervious Only properties with less than twenty-five Equivalent Residential Units (ERU) on a semi-annual basis to reduce transaction costs for DC Water. The recent and projected Clean Rivers Impervious Area Charge rate adjustments may make the total “please pay” amount on a semi-annual bill a hardship to pay all at once for customers exceeding three ERUs. To make this bill easier to pay, management has proposed to change the billing frequency for all customers with three or more ERUs to monthly. This will not change the overall revenue or customer cost of the Clean Rivers Impervious Area Charge.
- Pretreatment Fees
  - In April 2011, the DC Water Retail Water and Sewer Rates Committee received staff’s proposal for a series of changes to the miscellaneous fees and charges including adoption of new pretreatment fees to recover the cost of implementing pending regulation of industrial users. While the Committee subsequently adopted most



## RECENT & PROPOSED RATE & FEE CHANGES

### PROPOSED FY 2013 RATE & FEE CHANGES

of the fee proposals with some modifications, the new pretreatment fees were postponed based on public comments received. The pretreatment group provides permitting, sampling and inspections for designated Industrial Users of the wastewater system. Currently, no charge is assessed for these services.

<b>Classification</b>	<b>New Permit Fee</b>
Industrial User Permitting fee:	
Permit Initial Fee	\$2,000.00
Permit Renewal Fee	\$600.00
Industrial User Annual Compliance fees:	
Significant or Non-Significant Categorical Industrial User	
1 outfall	\$2,500.00
2 or more outfalls	\$3,500.00
Significant Non-Categorical Industrial User	
1 outfall	\$2,500.00
2 or more outfalls	\$3,500.00
Non-Significant Non-Categorical Industrial User	
1 outfall	\$550.00
2 or more outfalls	\$700.00

## RECENT & PROPOSED RATE & FEE CHANGES

### PROPOSED FY 2013 RATE & FEE CHANGES

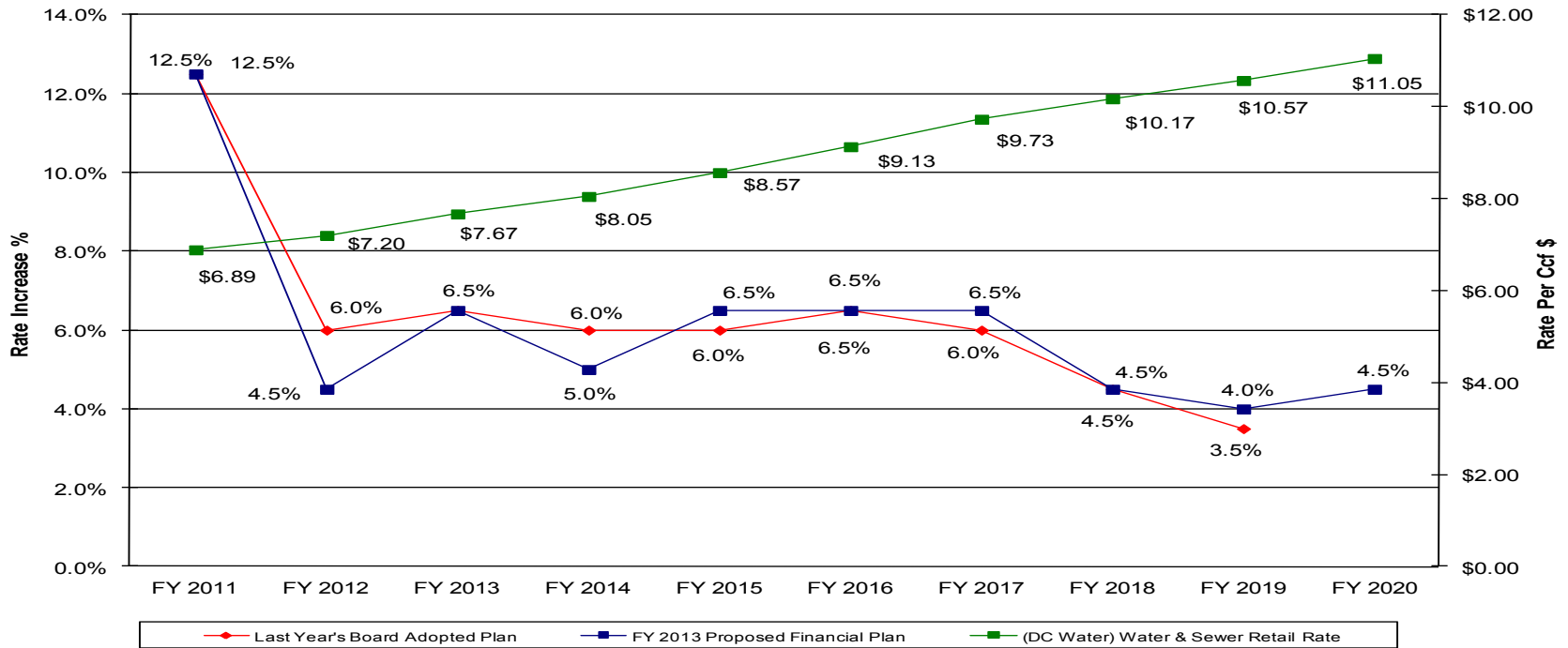
The ten-year projected water and sewer rate increases under this year's plan total 61.0 percent driven primarily by capital spending for DC Water's \$3.8 billion capital improvement program. *This is down from the, 66.5 percent, ten-year projection in the FY 2010 – FY 2019 Financial Plan.*

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, and various water and sewer infrastructure improvements.

The public outreach and comment process for the FY 2013 rate proposal will occur between February and June 2012. If approved, these changes will increase the typical residential customer's monthly bill by \$6.50 or 9.9 percent as shown on page IV-13.

# RECENT & PROPOSED RATE & FEE CHANGES, cont.

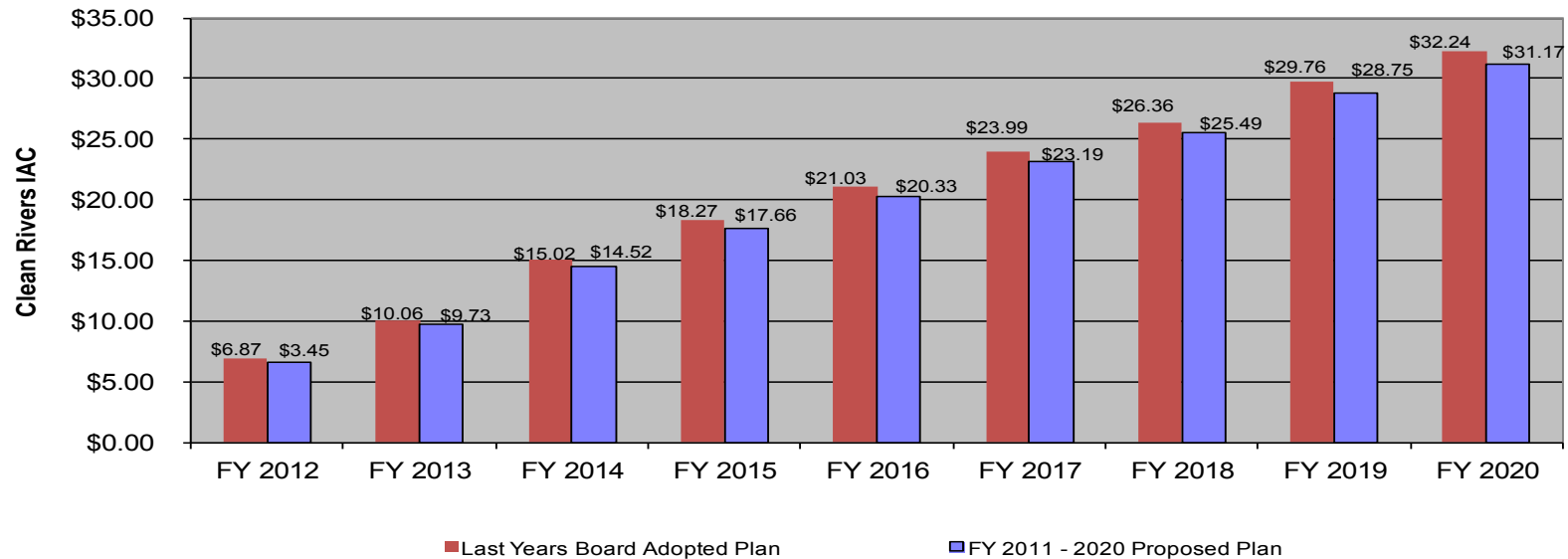
PROJECTED RETAIL WATER & SEWER RATE CHANGES  
FY 2011 – FY 2020



- 1) In FY 2013 proposed water and sewer rate increase of \$0.47 per Ccf, (\$0.63 per 1,000 gallons)
  - Combined water and sewer rate increases from \$7.20 to \$7.67 per Ccf
- 2) Rate increases ranging from 4.0 percent to 12.5 percent

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

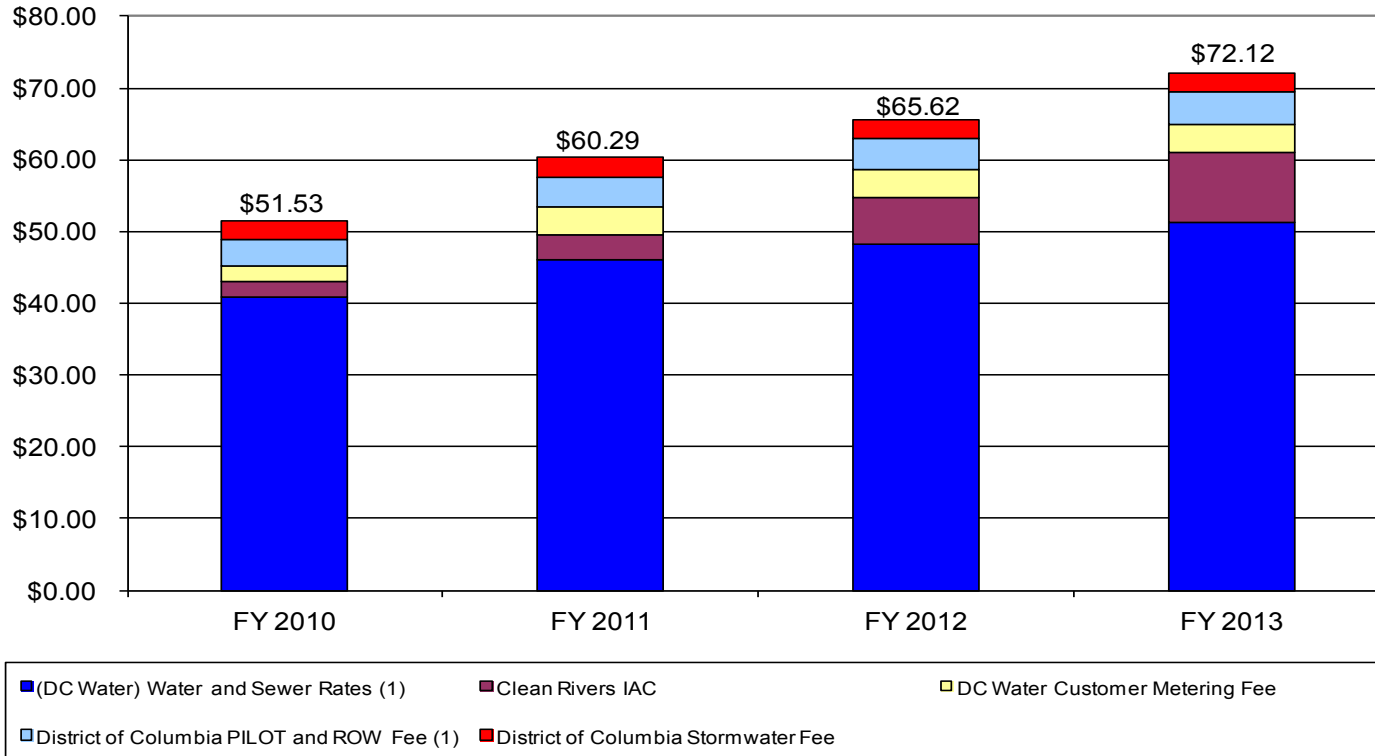
### PROJECTED MONTHLY CLEAN RIVERS IMPERVIOUS SURFACE AREA CHARGE (IAC) CHANGES FY 2011 – FY 2020



- 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 controls program.
- The annual Clean Rivers Project IAC costs for the average Tier 2 residential customer (700 – 2,000 sq ft of impervious area) is projected to increase from \$116.71 in FY 2013 to \$374.02 in FY 2020.

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

*AVERAGE RESIDENTIAL CUSTOMER MONTHLY BILL  
FY 2010 – FY 2013*



- 1) Assumes average monthly consumption of 6.69 Ccf, or 5,004 gallons
  - FY 2013 cost per gallon is \$0.01 (water and sewer rates only)

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

### AVERAGE RESIDENTIAL CUSTOMER MONTHLY BILL FY 2010 – FY 2013

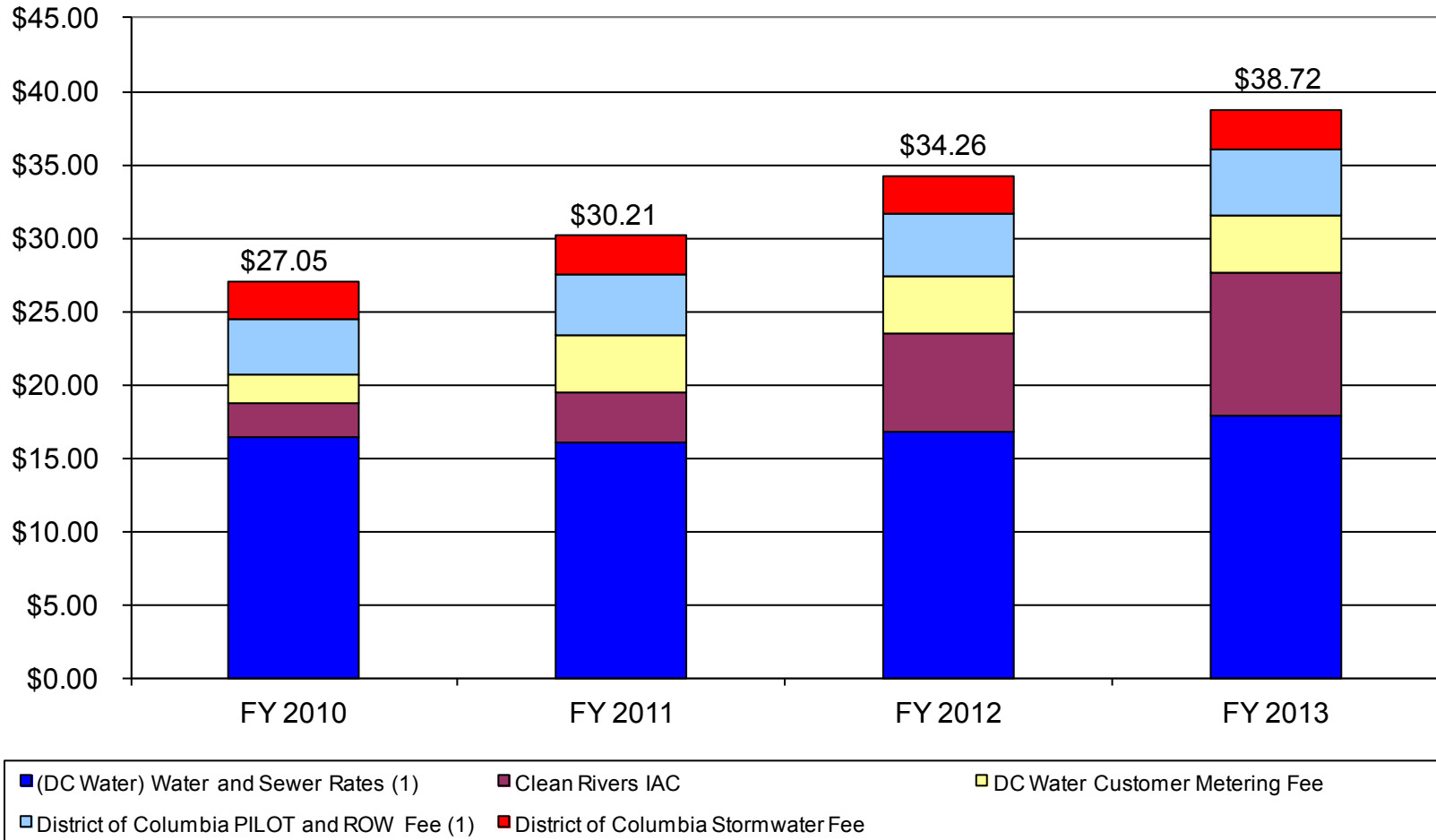
	Units	FY 2010	FY 2011	FY 2012	FY 2013
DC Water Retail Rates (1)	Ccf	\$ 40.94	\$ 46.09	\$ 48.17	\$ 51.31
DC Water Clean Rivers IAC	ERU	2.20	3.45	6.64	9.73
DC Water Customer Metering Fee		2.01	3.86	3.86	3.86
<b>Subtotal DC Water Rates &amp; Charges</b>		<b>\$ 45.15</b>	<b>\$ 53.40</b>	<b>\$ 58.67</b>	<b>\$ 64.90</b>
Increase / Decrease		\$ 4.37	\$ 8.25	\$ 5.27	\$ 6.23
District of Columbia PILOT (1)	Ccf	\$ 2.87	\$ 3.28	\$ 3.28	\$ 3.48
District of Columbia Right of Way Fee (1)	Ccf	0.94	0.94	1.00	1.07
District of Columbia PILOT/ROW Fee		3.81	4.22	4.28	4.55
District of Columbia Stormwater Fee (2)	ERU	2.57	2.67	2.67	2.67
<b>Subtotal District of Columbia Charges</b>		<b>\$ 6.38</b>	<b>\$ 6.89</b>	<b>\$ 6.95</b>	<b>\$ 7.22</b>
<b>Total Amount Appearing on DC Water Bill</b>		<b>\$ 51.53</b>	<b>\$ 60.29</b>	<b>\$ 65.62</b>	<b>\$ 72.12</b>
Increase / Decrease Over Prior Year		\$ 4.70	\$ 8.76	\$ 5.33	\$ 6.50
<b>Percent Increase in Total Bill</b>		<b>10.0%</b>	<b>17.0%</b>	<b>8.8%</b>	<b>9.9%</b>

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

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

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

*AVERAGE CAP CUSTOMER MONTHLY BILL  
FY 2010 – FY 2013*



1) Assumes average monthly consumption of 6.69 Ccf, or 5,004 gallons  
 – FY 2013 cost per gallon is \$0.01 (water and sewer rates only)

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

### AVERAGE CAP CUSTOMER MONTHLY BILL FY 2010 – FY 2013

	Units	FY 2010	FY 2011	FY 2012	FY 2013
DC Water Retail Rates (1)	Ccf	40.94	46.09	48.17	51.31
DC Water Clean Rivers IAC	ERU	2.20	3.45	6.64	9.73
DC Water Customer Metering Fee		2.01	3.86	3.86	3.86
<b>Subtotal DC Water Rates &amp; Charges</b>		<b>\$ 45.15</b>	<b>\$ 53.40</b>	<b>\$ 58.67</b>	<b>\$ 64.90</b>
Increase / Decrease		\$ 4.37	\$ 8.25	\$ 5.27	\$ 6.23
District of Columbia PILOT (1)	Ccf	\$ 2.87	\$ 3.28	\$ 3.28	\$ 3.48
District of Columbia Right of Way Fee (1)	Ccf	\$ 0.94	\$ 0.94	\$ 1.00	\$ 1.07
District of Columbia Stormwater Fee (3)	ERU	2.57	2.67	2.67	2.67
<b>Subtotal District of Columbia Charges</b>		<b>\$ 6.38</b>	<b>\$ 6.89</b>	<b>\$ 6.95</b>	<b>\$ 7.22</b>
<b>Total Amount</b>		<b>\$ 51.53</b>	<b>\$ 60.29</b>	<b>\$ 65.62</b>	<b>\$ 72.12</b>
Less: CAP Discount (4 Ccf per month) (1), (2)		(24.48)	(30.08)	(31.36)	(33.40)
<b>Total Amount Appearing on DC Water Bill</b>		<b>\$ 27.05</b>	<b>\$ 30.21</b>	<b>\$ 34.26</b>	<b>\$ 38.72</b>
Increase / Decrease Over Prior Year		\$ 2.66	\$ 3.16	\$ 4.05	\$ 4.46
<b>CAP Customer Discount as a Percent of Total Bill</b>		<b>-47.5%</b>	<b>-49.9%</b>	<b>-47.8%</b>	<b>-46.3%</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 the Environment stormwater fee of \$2.67 effective November 1, 2010

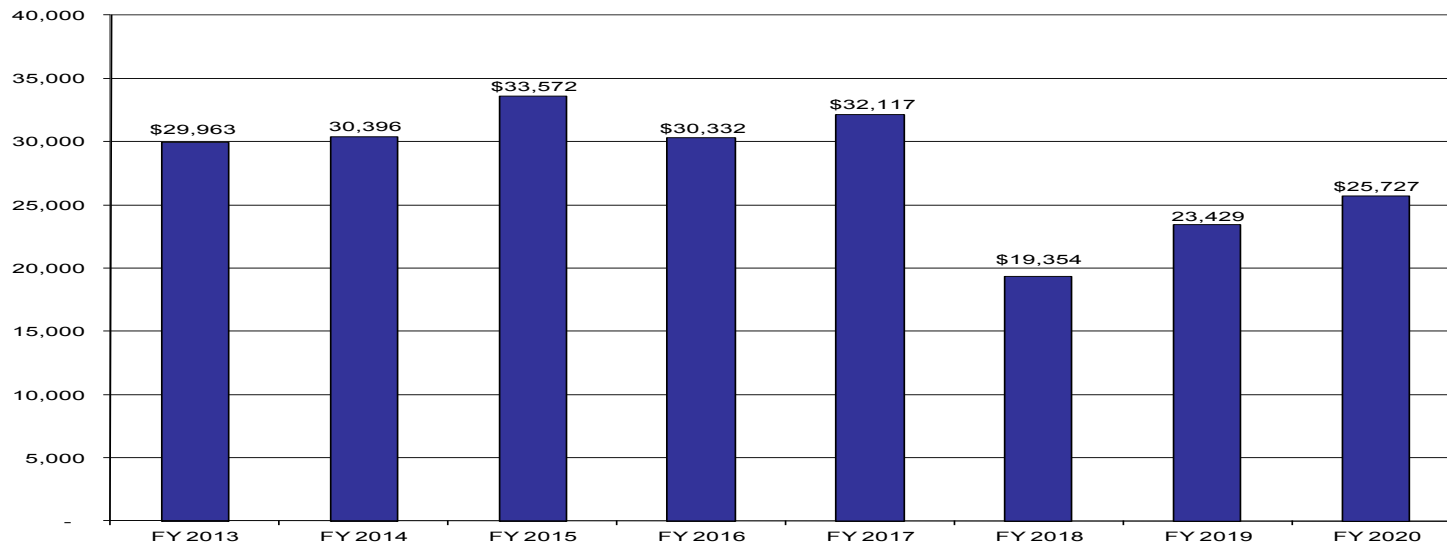


# WHY RATE INCREASES ARE NEEDED

## FY 2011 – FY 2020 FINANCIAL PLAN

- As shown in the chart below, incremental increases in retail revenues are projected to range from \$19.4 million to \$33.6 million in FY 2013 – FY 2020, due to:
  - Average annual debt service increase of 12.8 percent
  - Average annual O/M increase of 3.0 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, which 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 2013 – FY 2020  
(\$000's)*



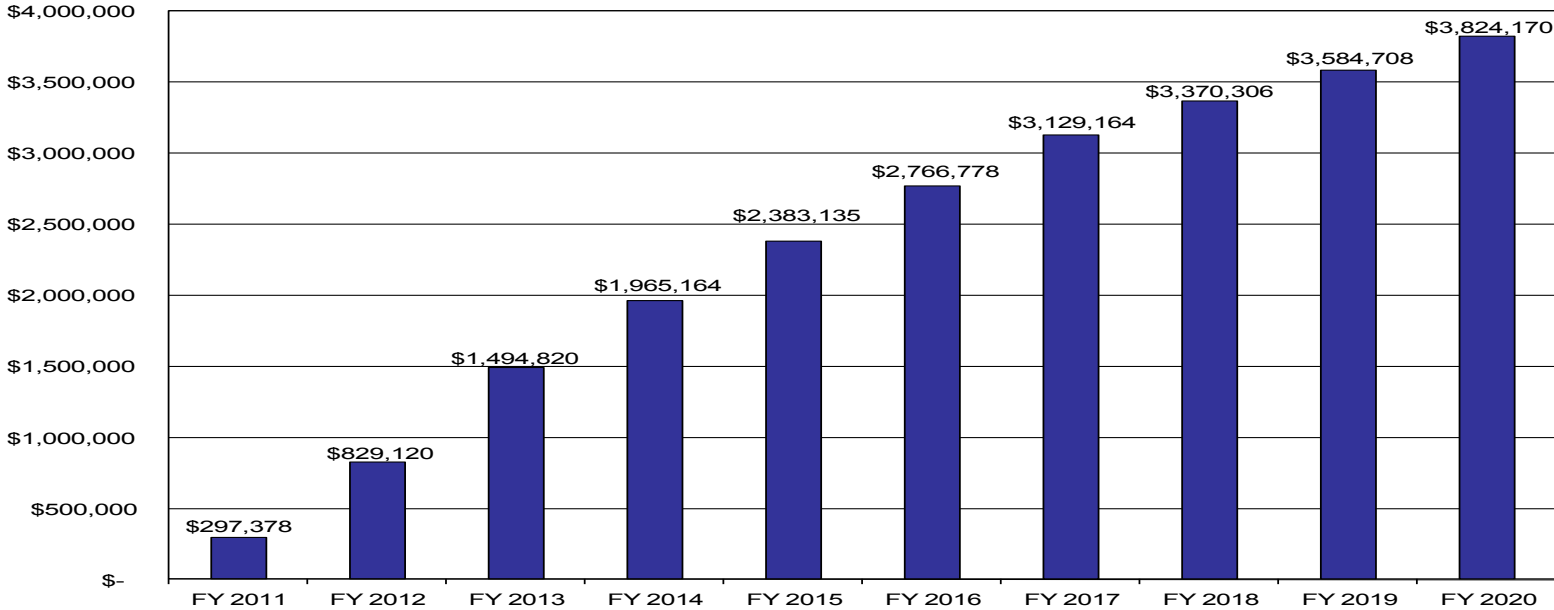
## **WHY RATE INCREASES ARE NEEDED, cont.**

- These costs would be recovered through:
  - Proposed water and sewer rate increases ranging from 4.0 percent to 12.5 percent
  - Proposed Clean Rivers Impervious Surface Area Charge revenues ranging from \$6.64 to \$31.17 per ERU per month.
  - Proposed DC PILOT & ROW fee increases ranging from 4.0 percent to 12.5 percent in accordance with the current MOU
  - Utilization of the Board-authorized Rate Stabilization Fund (RSF) to offset retail rate increases

# 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 2011 – FY 2020  
(\$000's)



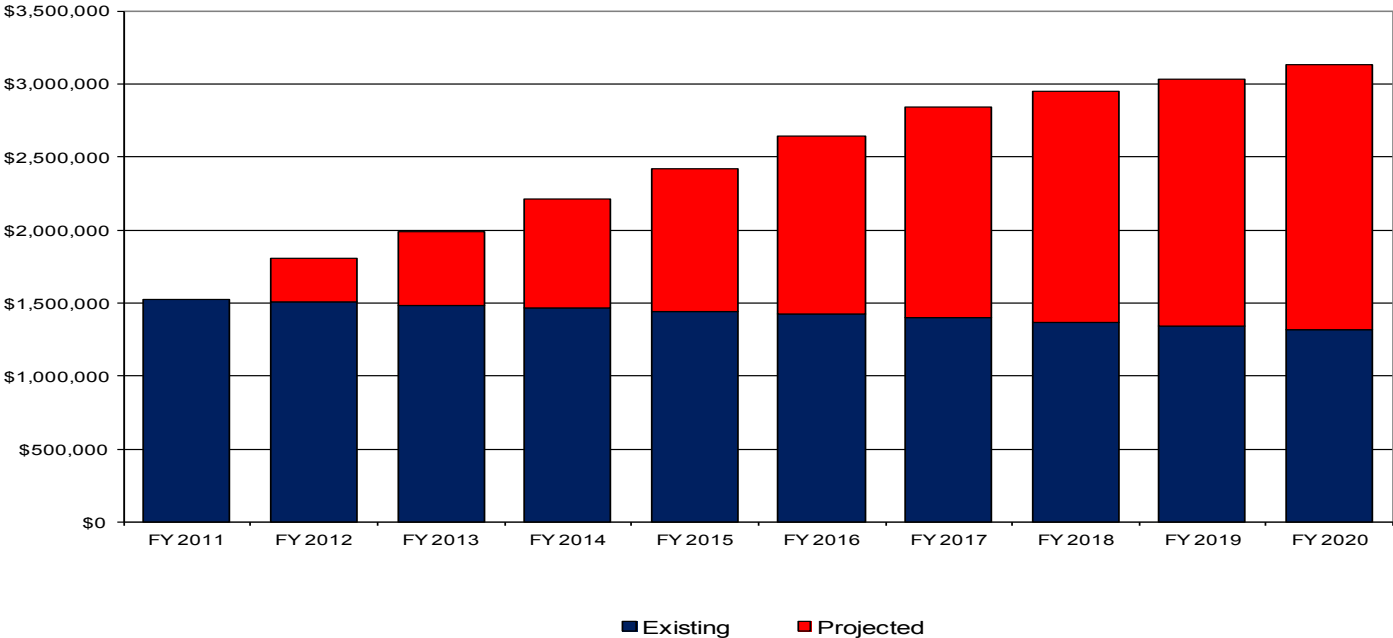
- DC Water’s ten-year capital improvement program totals \$3.8 billion, with annual spending ranging from \$214 million to \$666 million.

## **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 disbursements of the Clean Rivers Project (CSO LTCP), totaling nearly \$1.0 billion exclusive of nine minimum controls.
- Water and sewer infrastructure continues to drive the ten-year Capital Improvement Plan from FY 2011 through FY 2020.

# WHY RATE INCREASES ARE NEEDED, cont.

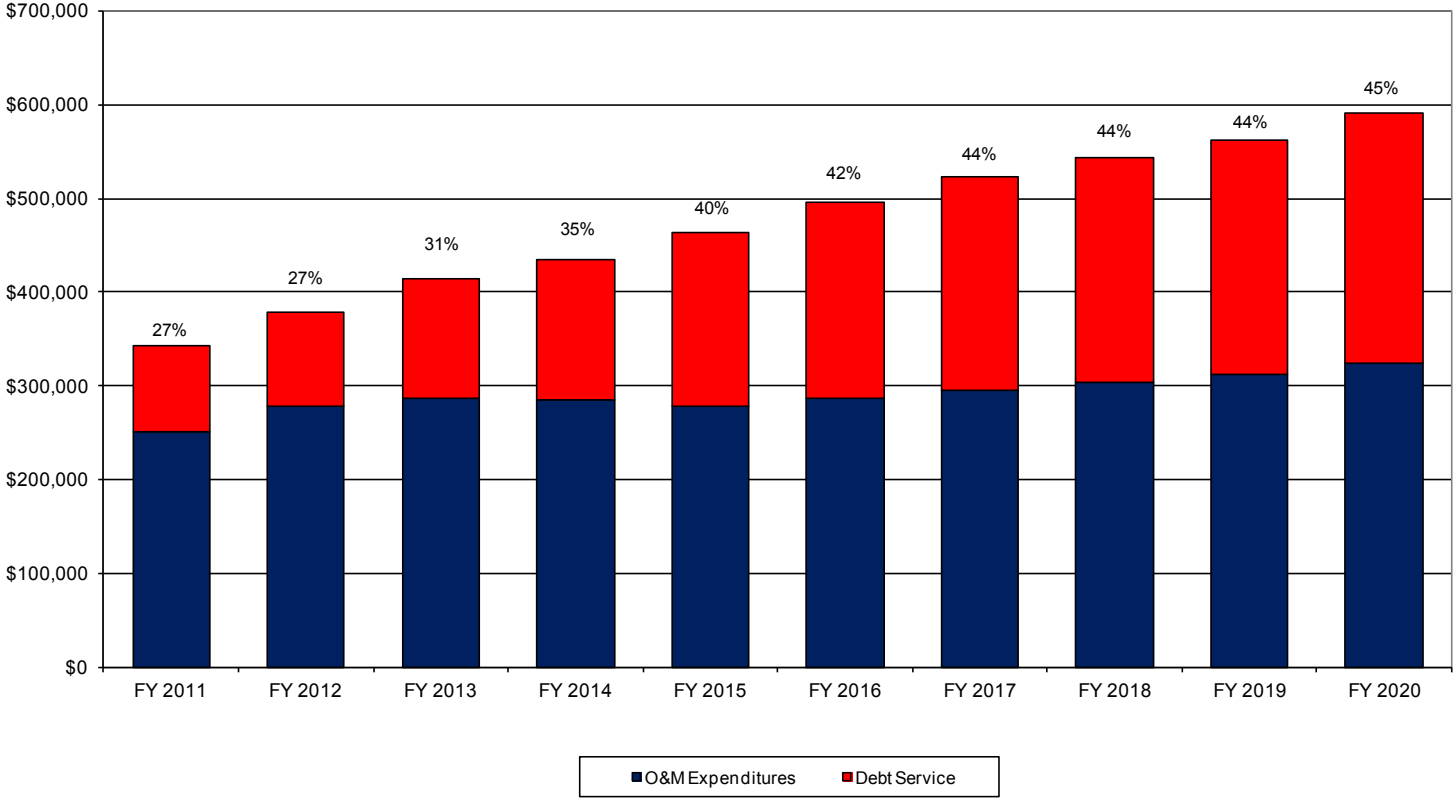
*NEW & EXISTING DEBT OUTSTANDING  
FY 2011 – FY 2020  
(\$000's)*



- The largest source of funding for DC Water’s capital program is debt.
- Over the next ten years, DC Water will issue approximately \$1.9 billion in new debt (which includes the funding of reserves and costs of issuance), increasing total debt outstanding from \$1.5 billion at the end of FY 2011 to almost \$3.1 billion at the end of FY 2020.

# WHY RATE INCREASES ARE NEEDED, cont.

DEBT SERVICE AS PERCENT OF TOTAL OPERATING & MAINTENANCE EXPENDITURES  
FY 2011 – FY 2020  
(\$000's)



## WHY RATE INCREASES ARE NEEDED, cont.

### OPERATING & DEBT SERVICE EXPENDITURES FY 2011 – FY 2020

Over the ten-year period, total expenditures increase on average by 6.1 percent annually.

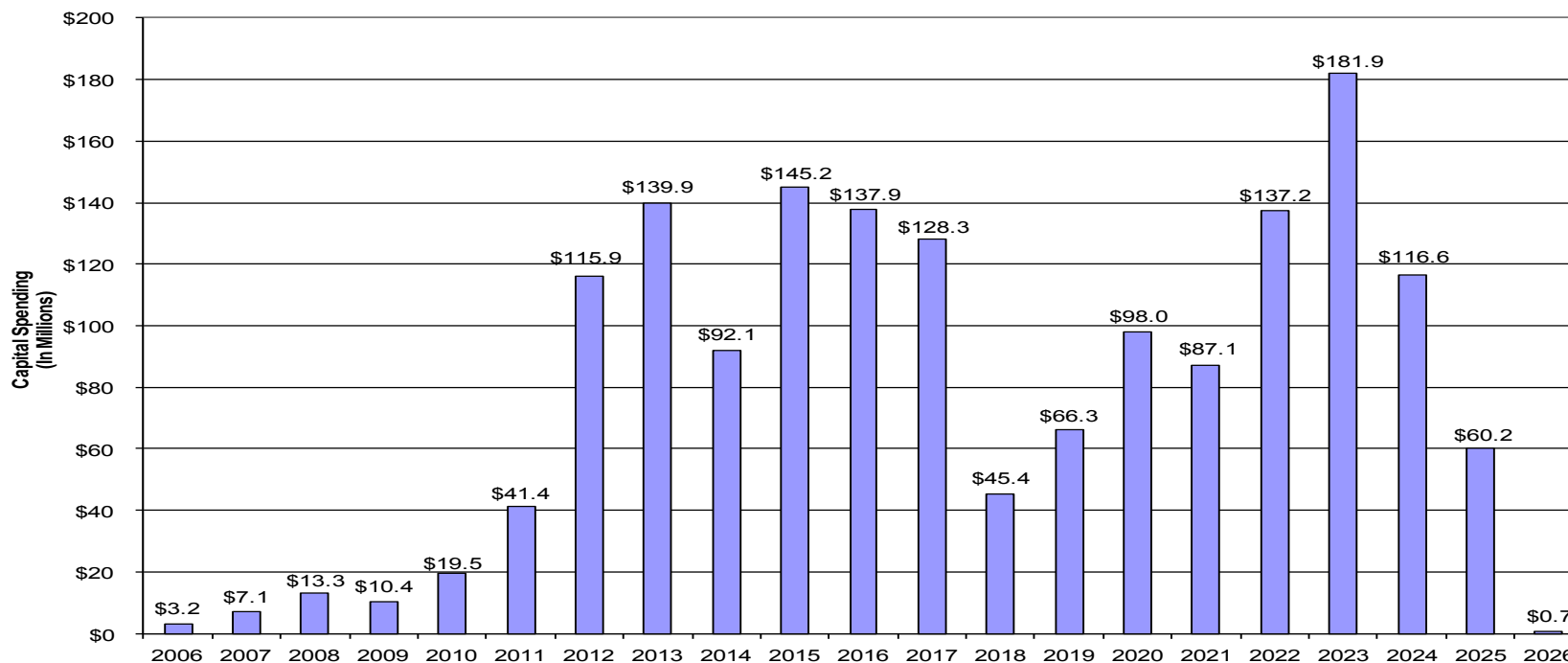
***DC Water's proposed rate increases are primarily required to fund increasing debt service costs.***

- Operations and maintenance expenditures (excluding the payment in lieu of taxes and right-of-way fee) increase on average by only 3.0 percent annually.
- Debt service expenditures grow at an annual average rate of 12.8 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 Clean Rivers Project (CSO-LTCP) 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 September 30, 2011, \$153.6 million has been received through federal appropriations. Lifetime 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 \$1.0 billion of projected Clean Rivers Project disbursements.

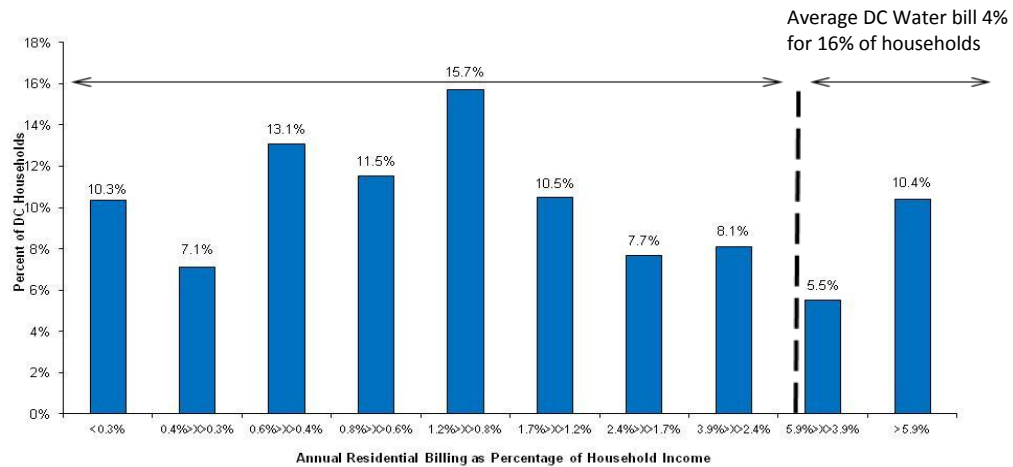


## AFFORDABILITY OF RETAIL RATES

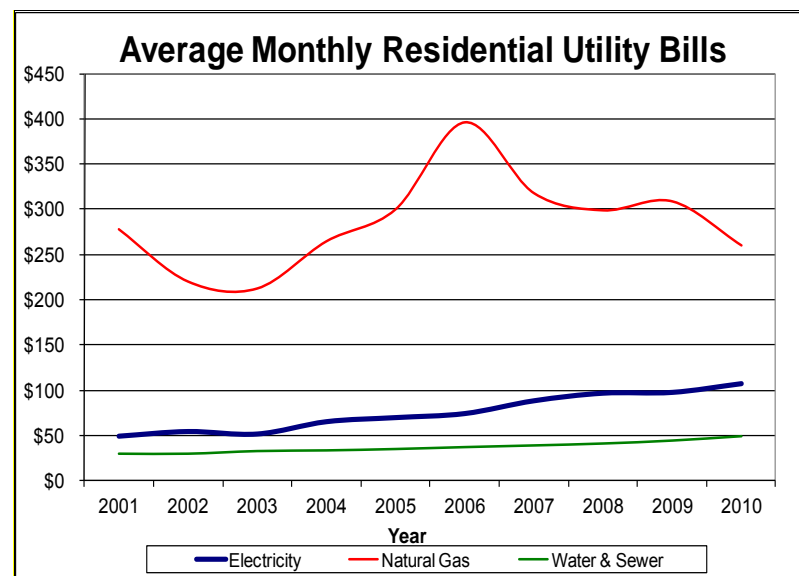
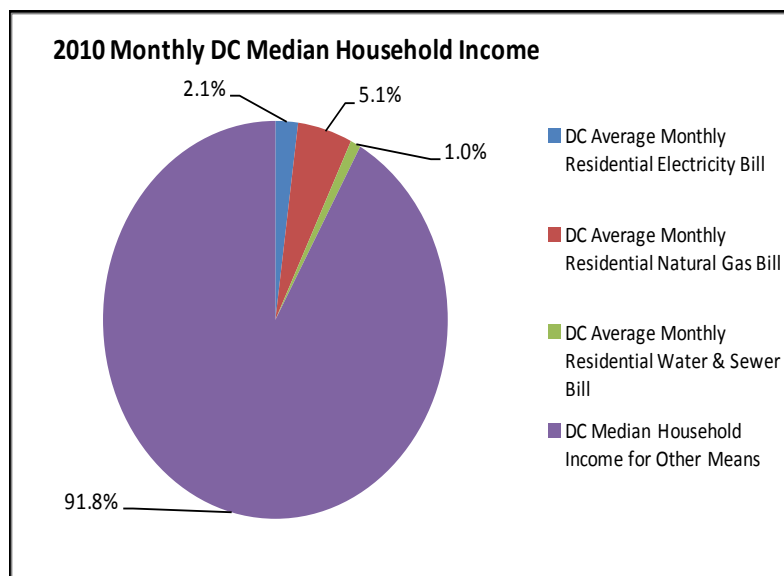
### DC WATER CHARGES ARE STILL AFFORDABLE AND COMPETITIVE WITH OTHER MAJOR CITIES

- **Median household income:** The average DC Water charges are less than 4% of income for 84% of the households in the District of Columbia. US EPA guidelines suggest that charges greater than 4% of median household income are typically viewed as a strain on household budgets (2% water + 2% sewer)
- **Typical DC Water residential bill as a percentage of income is about average when compared to other utilities of similar size.**
- **Customer Assistance programs are in place to help eligible low income customers with their water/sewer bills.**

Most Residents Pay Less Than 4% of Income



## AFFORDABILITY, cont.



### Observation:

- DC Water's average monthly residential water & sewer bill is about 1.0 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 733 kWh of electricity per month.

#### Sources:

Electricity and Gas: DC Public Service Commission

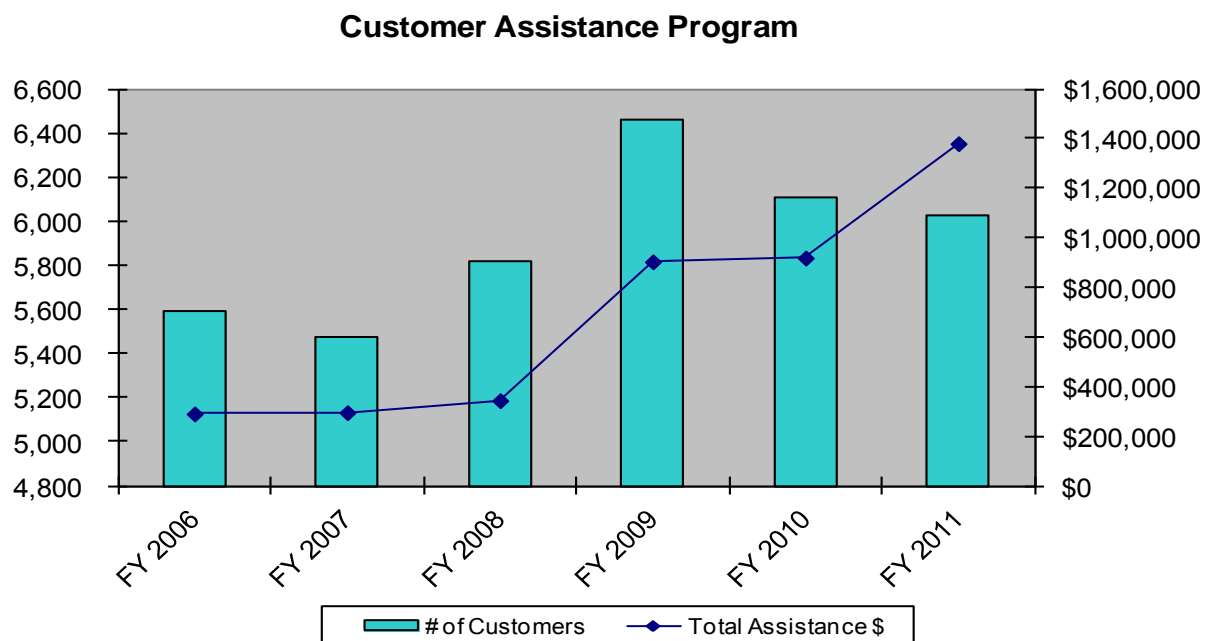
Water and Sewer: DC Water Assuming 6.69 Ccf, or 5,004 gallons consumption

Median HH Income: US Census Bureau

## AFFORDABILITY, cont.

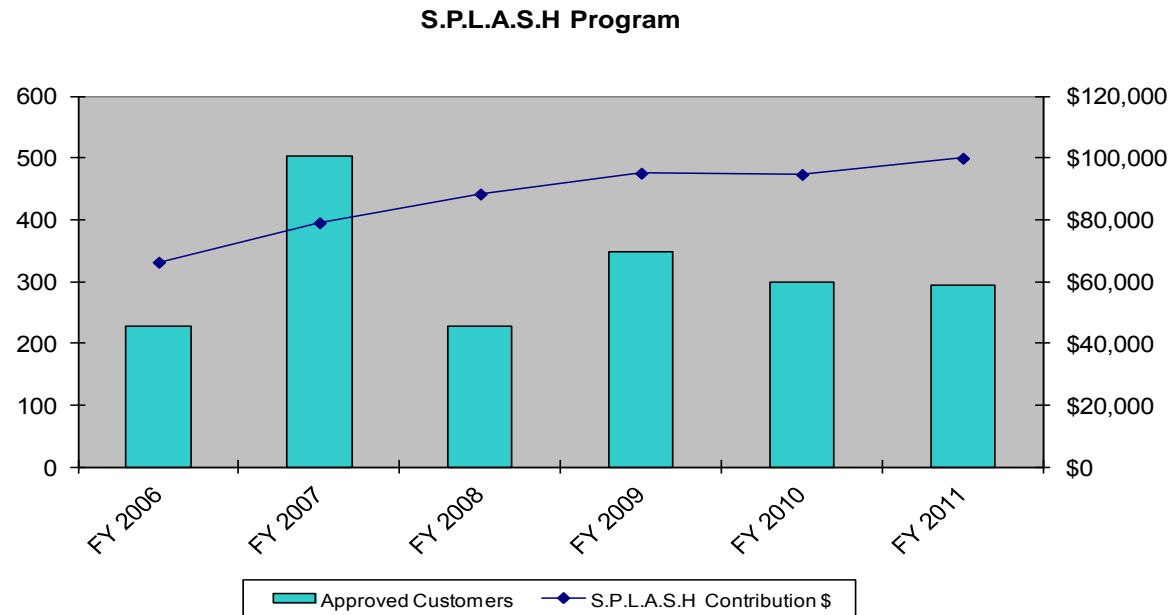
DC Water sponsors two programs to assist low income customers in paying their water bills:

- **Customer Assistance Program (“CAP”)**: The Authority implemented the CAP in 2000 providing a discount of 4 Ccf per months 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 associated with the PILOT/ROW fee in addition to the current discount provided on water and sewer services.



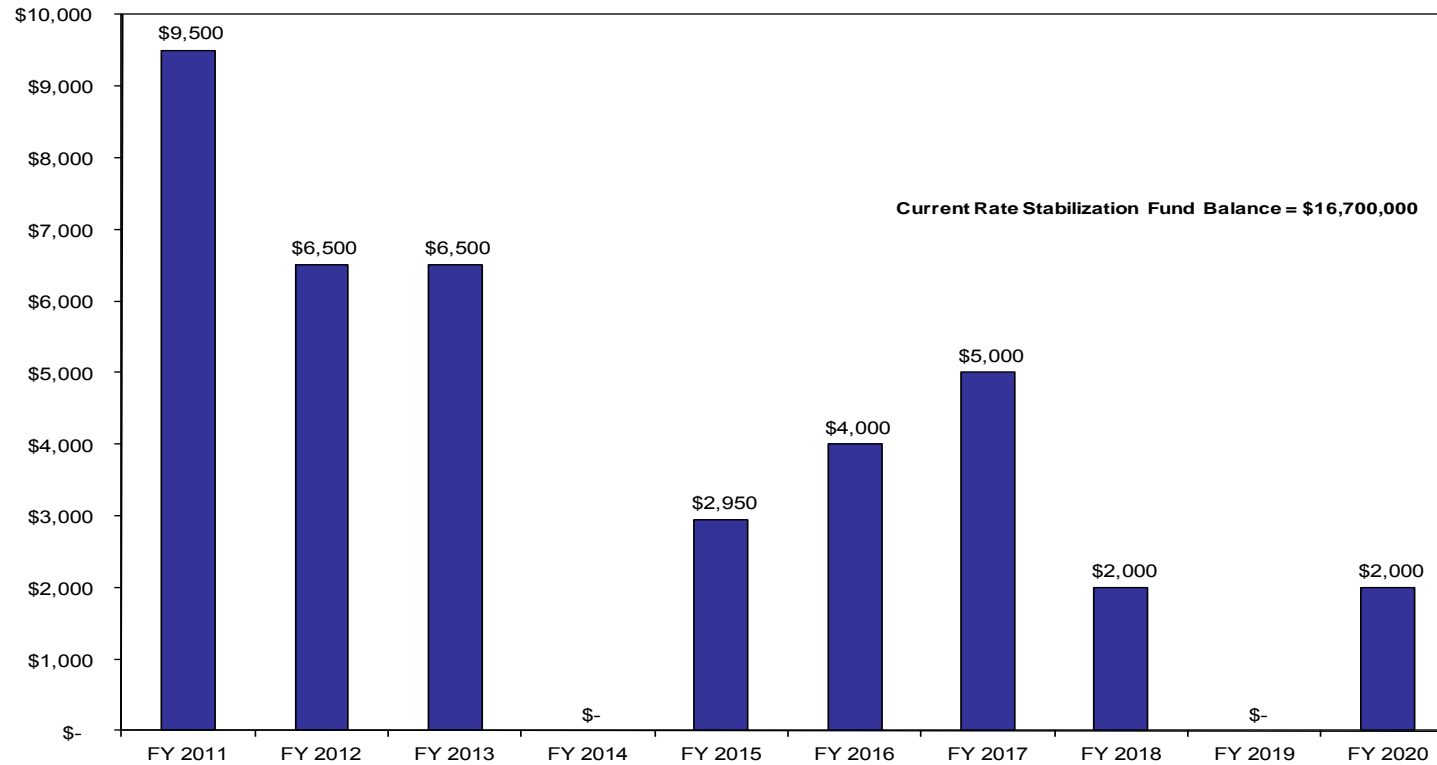
## AFFORDABILITY, cont.

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



## AFFORDABILITY, cont.

### RATE STABILIZATION FUND USAGE FY 2011 – FY 2020 (\$000's)



- At the end of FY 2011, DC Water's rate stabilization fund (RSF) balance was \$16.7 million. The proposal calls for use of \$6.5 million in FY 2012. RSF will be fully utilized by FY 2020.

## **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 75 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 2010 and DC Water customer bills are near the median of all similarly sized utilities.

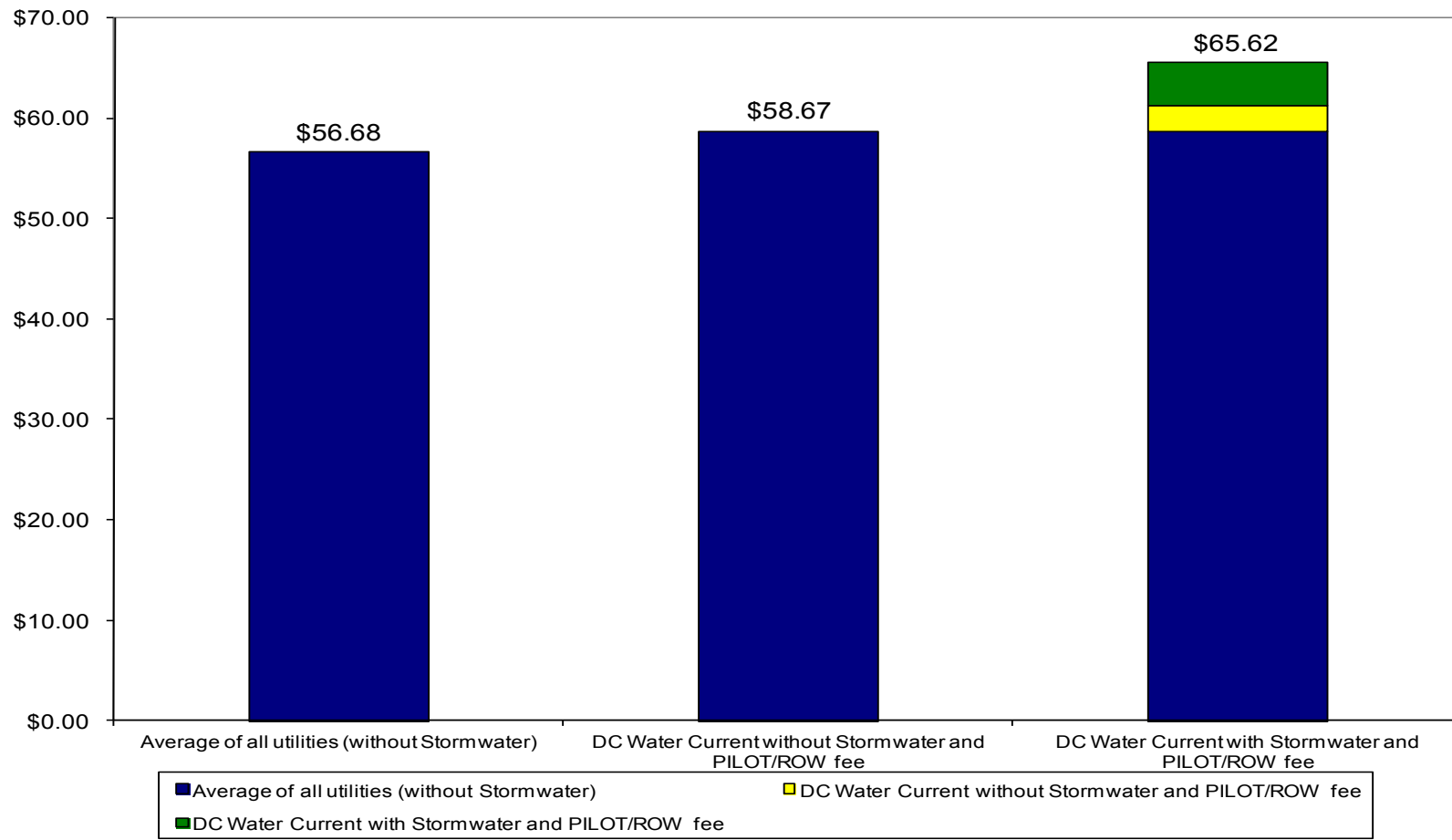
The following charts provide DC Water combined water and sewer rates compared to: large CSO communities average residential water bills, other similar large jurisdictions and other regional jurisdictions. There remains distinct differences between DC Water and other comparable utilities. Some differences 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 DC Clean Rivers Project)

# AFFORDABILITY, cont.

## DC WATER'S RETAIL RATES ARE COMPARABLE TO OTHER UTILITIES

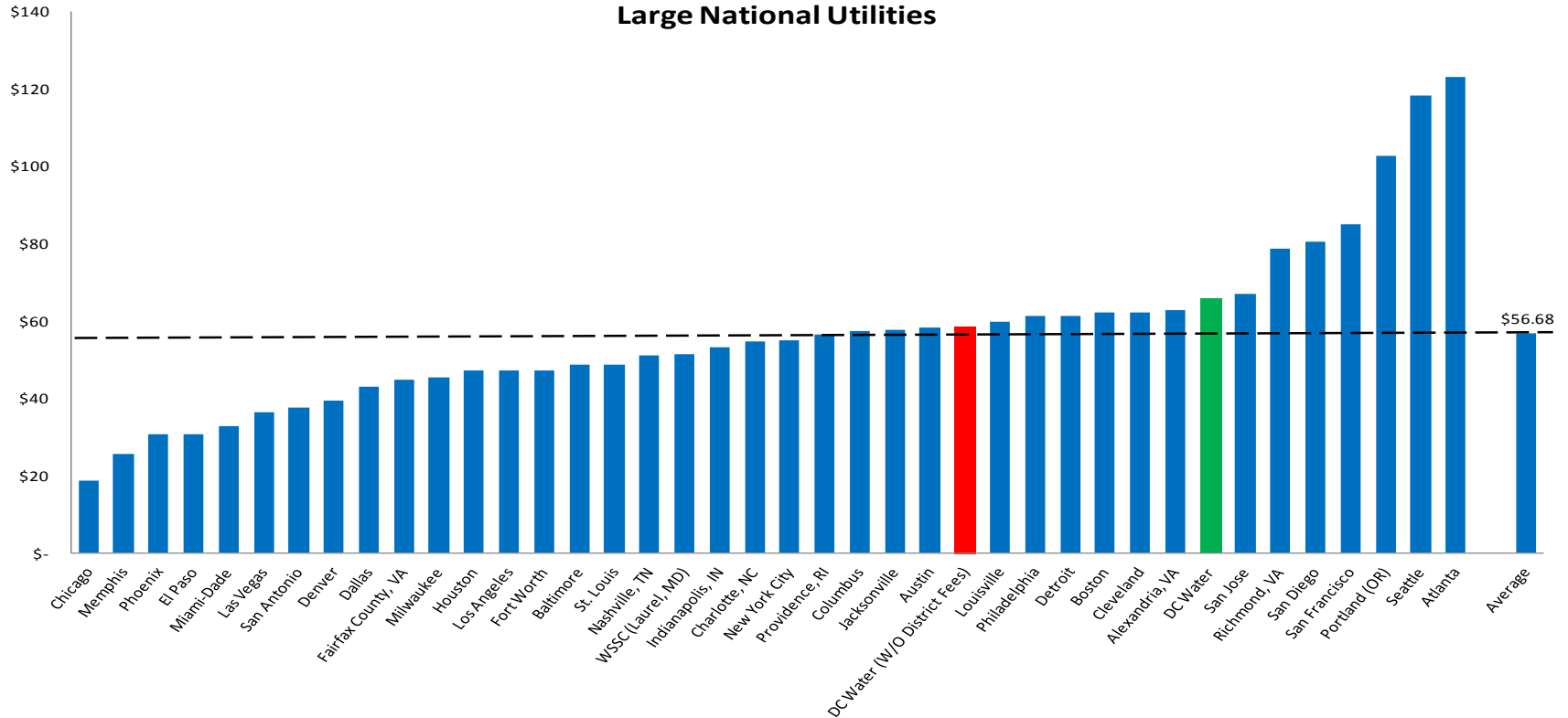
*DC Water's Current FY 2012 & Proposed FY 2013 Monthly Residential Bill  
vs.  
Average Monthly Bill of Other Utilities in Effect Fall 2011*



# AFFORDABILITY, cont.

*DC Water Retail Rates Compared to Other Large Utilities  
(Based on Rates in effect Fall 2011)*

## Single Family Residential (SFR) Monthly Bill - Large National Utilities



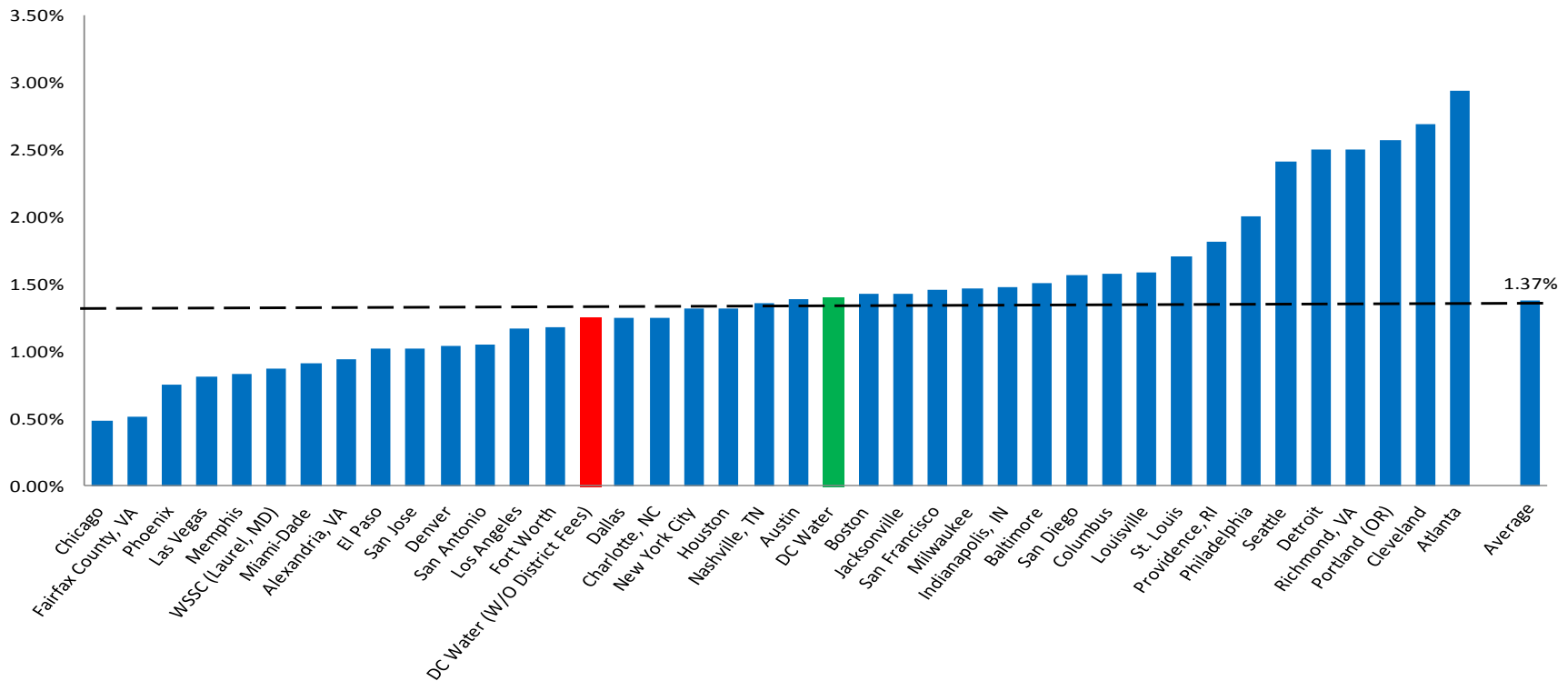
- (1) Assumes average residential consumption of 6.69 Ccf, or 5,004 gallons, per month. Ccf = hundred cubic feet, or 748 gallons.
- (2) Reflects DC Water's rate and fee changes in FY 2012.



## AFFORDABILITY, cont.

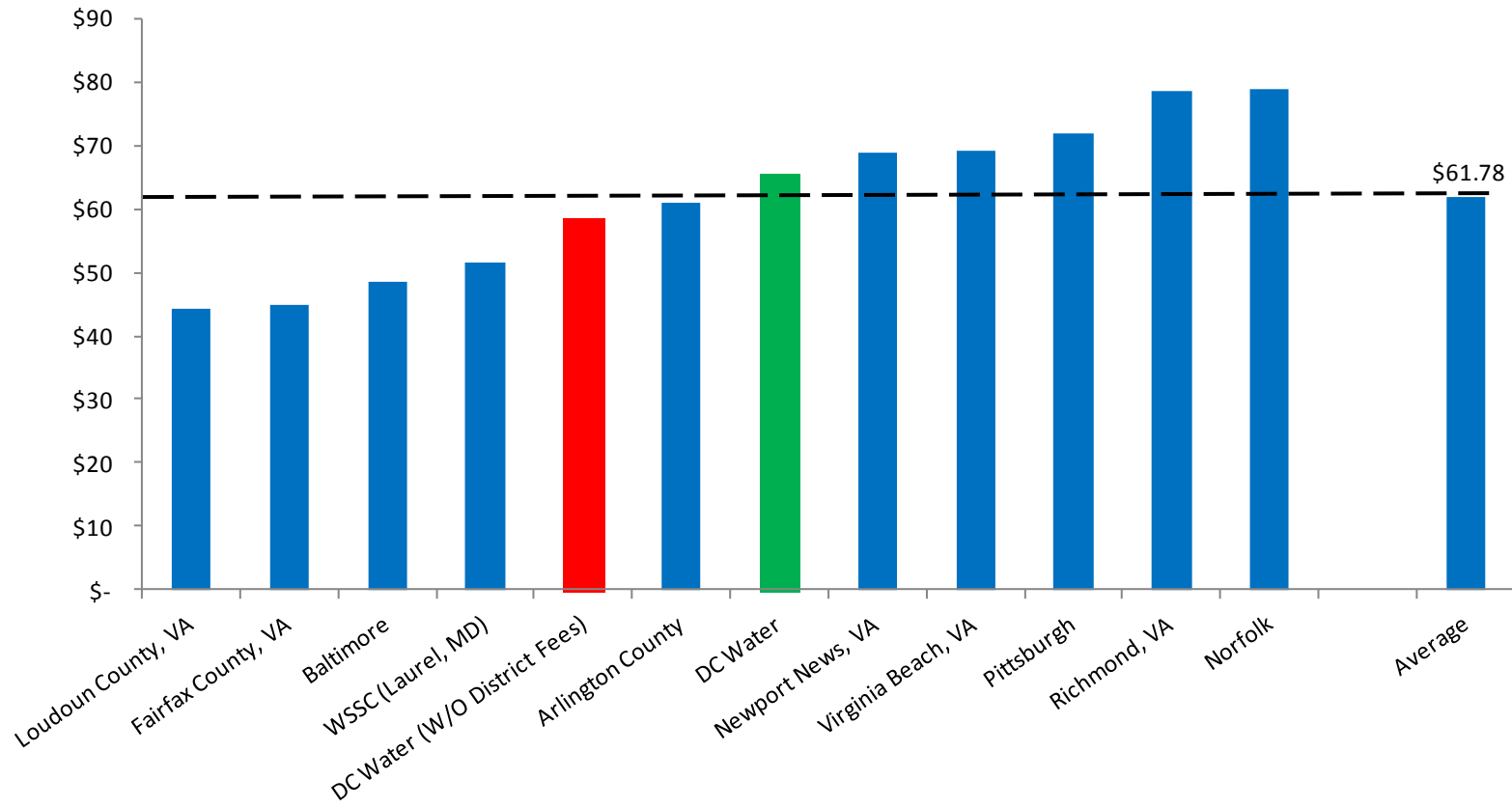
In the chart below DC Water current charges rank at the median for bill comparison purposes for water and wastewater services compared to a select group of large, regional and CSO utilities, but well within US EPA guidance of 4 percent.

**Single Family Residential (SFR) Monthly Bill as %  
of Median Household Income - Large National Utilities  
(Based on Rates in effect Fall 2011)**



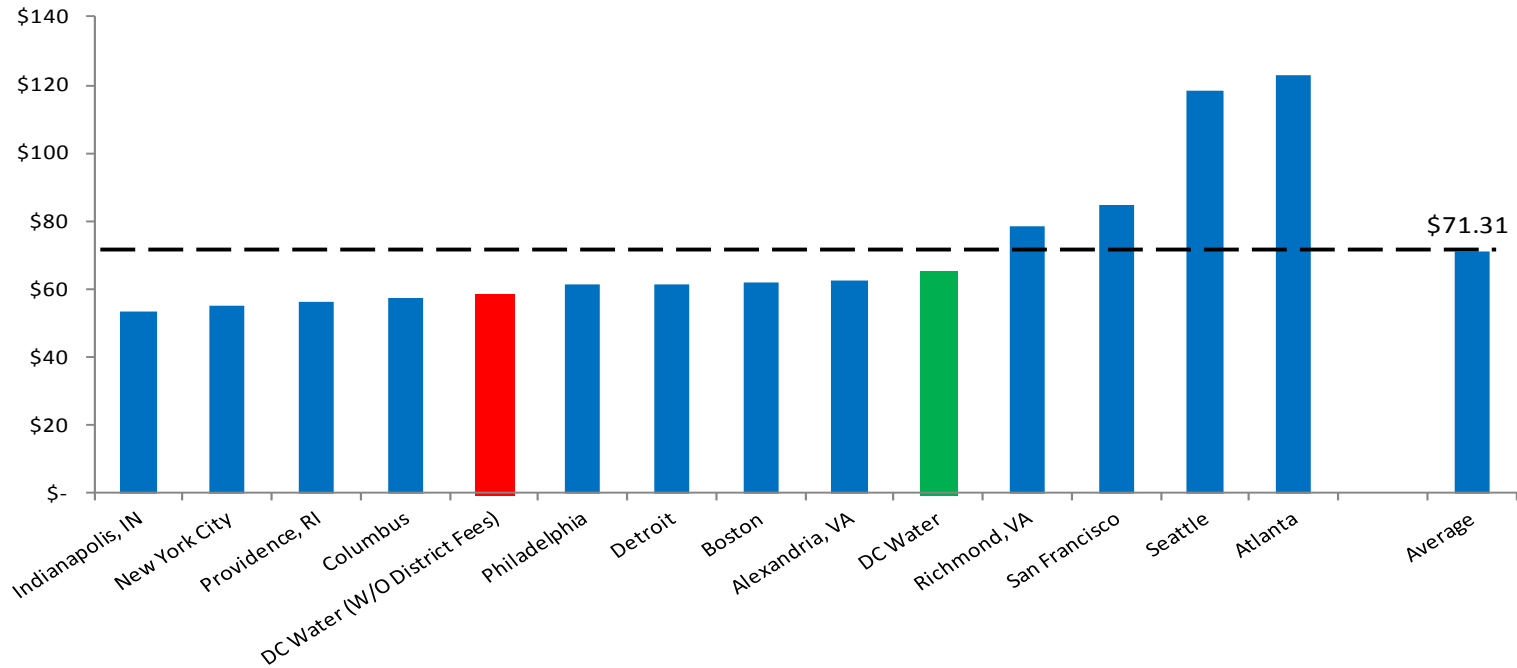
## AFFORDABILITY, cont.

*DC Water Retail Rates Compared to Regional Utilities  
(Based on Rates in effect Fall 2011)*



## AFFORDABILITY, cont.

*DC Water Compared to CSO Communities  
(Based on Rates in effect Fall 2011)*

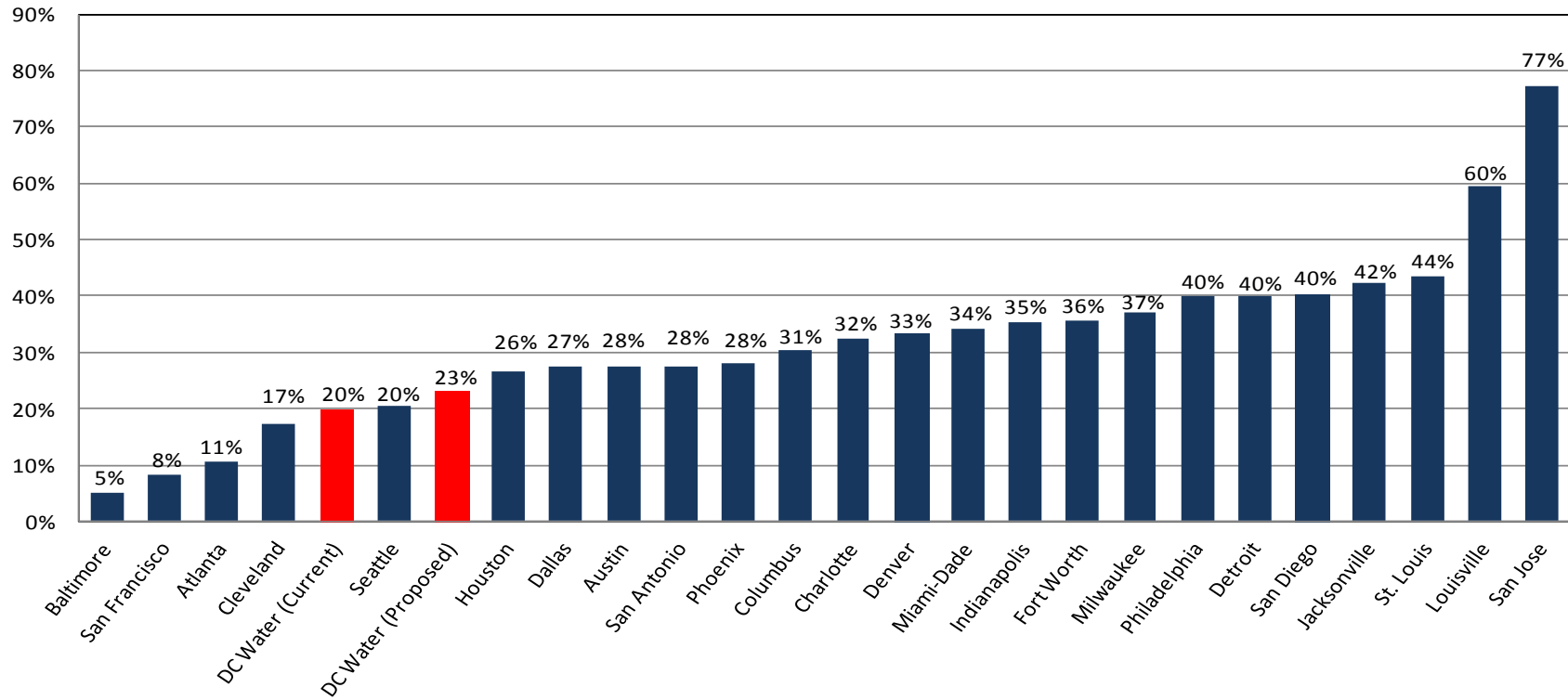


- Most CSO communities have implemented double digit rate increases to recover CSO-LTCP costs.
- Increases do not reflect other available dedicated taxes or state funding potentially available to some agencies.
- Chart reflects SFR monthly bill utilities with CSO programs without offsets to user charges.

## AFFORDABILITY, cont.

Fixed charges are a small component of the DC Water monthly bill and is less than median for large utilities. This provides the customer more opportunities to impact monthly bills through water conservation.

**Fixed Charge as % of Total Single-Family Residential Bills in Large Cities  
(Based on Rates in effect Fall 2011)**



- 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. Sewer charges include stormwater charges in those cities where separate stormwater fees are assessed. Some cities use property tax revenue or other revenues to pay for the part of the cost of water, wastewater, or stormwater services.
- DC Water rate schedule was effective October 1, 2011. Whereas, charges for all cities reflect rate schedules in effect on October 1, 2011.
- DC Water PILOT and ROW fees are split between variable water charges and variable sewer charges.
- DC Water charges include the stormwater charges of the District.
- CSO/Stormwater charges may cover the cost of CSO abatement facilities in those cities with combined sewers; such charges can also cover the cost of stormwater-related facilities and services.



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

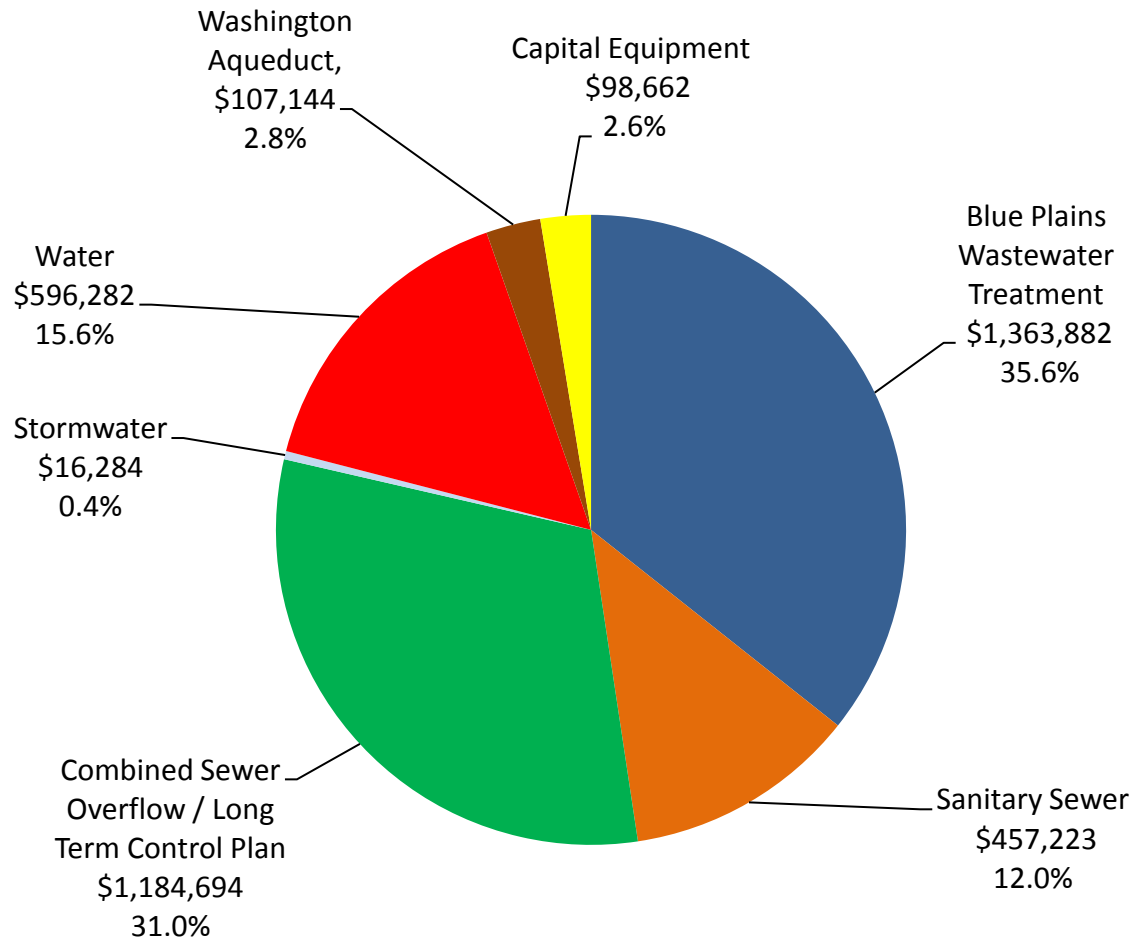
## **OPERATING BUDGETS**

REVISED FY **2012** APPROVED FY **2013**

**SECTION V**

**CAPITAL PROGRAMS**

**FY 2011 - FY 2020 Capital Improvement Program  
(\$ in 000's)**



**Total \$3.8 Billion (Cash Disbursements)**

## **FY 2011 – FY 2020 CAPITAL IMPROVEMENT PROGRAM OVERVIEW**

District of Columbia Water and Sewer Authority's ("DC Water") ten-year capital improvement program (CIP) totals \$3.8 billion (on a cash disbursements basis), approximately the same amount as the last two years, while the lifetime budget has increased modestly in this proposal by \$78.9 million to a total of \$8 billion. The Congressional capital authority request is \$606.1 million and total disbursements have remained relatively constant, although there has been a shift in disbursements among the Service Areas. The Wastewater Treatment Area disbursements decreased by \$36.4 million over the ten-year period primarily as a result of favorable construction bids for the Enhanced Nitrogen Removal Facilities Project (ENRF), (specifically Project E9), offset by an increase in the New Digestion Facilities (Project XA) related to the final dewatering aspect of this project. This decrease along with some nominal decreases in the Water, Stormwater, Capital Equipment and Washington Aqueduct areas were offset by increases in the Sanitary Sewer and CSO/Clean Rivers Project (aka CSO/LTCP) areas. These latter increases are mainly the result of the replacement of FY 2010 actual with FY 2020 projected disbursements. There is approximately \$1 billion in projects which have been identified as prudent asset re-investments for DC Water, but have been deferred outside of the current ten-year planning period. Some of these projects may be introduced in the out years during future planning periods.

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

### **WASTEWATER TREATMENT**

Although the lifetime budget for the Wastewater Treatment Service Area remains relatively the same at \$2.7 billion, there were some notable changes in both the Solids Processing Projects as well as the Enhanced Nitrogen Removal Facilities. With regards to the former, as indicated above, the New Digestion Facilities experienced an increase in the Lifetime Budget of \$34.1 million related to the final dewatering portion of this project. Also, as referenced above, we experienced some favorable bids for two construction contracts for Project E9 (Nitrogen Removal Facilities) allowing for a decrease in the Lifetime Budget of \$54 million.

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.
- Dual Purpose Rehabilitation (Project BG) – The project rehabilitates the sedimentation basins that were constructed approximately 20 years ago to provide sedimentation of flows from either the secondary reactors or the nitrification reactors or various combinations. The design, which is currently underway, will revise the operating conditions to dedicate four (4) basins to service the secondary treatment process and dedicate four (4) basins to service the enhanced nitrogen removal process. The design and construction will be combined with Project BI, Secondary Treatment Facilities Upgrade, ENR-N.

## **COMBINED SEWER OVERFLOW**

The lifetime budget for the Combined Sewer Service Overflow (CSO) Service Area is \$2.6 billion, which includes the twenty-year DC Clean Rivers Project (CSO Long Term Control Plan). 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. To date, overflows have already been reduced by nearly 40 percent due to various minimum control activities.

During Fiscal Year 2011, one of the largest contracts since the Authority was created was awarded under the DC Clean Rivers Project for construction of the Blue Plains Tunnel. This first major contract will support the reduction of sewer overflows as well as the enhanced nitrogen removal processes required by the recent permit limitations for the Blue Plains Wastewater Treatment Plant. The contract is underway and the program is currently within budget. As has been noted over the past few years there are additional risks and contingencies associated with the twenty-year DC Clean Rivers Project 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.

## **STORMWATER**

The lifetime budget for the Stormwater Service Area is \$59 million, a decrease of \$3 million from last year primarily due to the cancellation of certain projects in this area. 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 twenty-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 \$20 million from last years estimate and the proposed ten-year CIP has also been increased by just over \$22 million as a result of the adding of FY 2020 and the dropping of FY 2010. 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. During FY 2011 preliminary agreement was reached with our wholesale customers for the sharing of costs of certain projects that heretofore have been the sole responsibility of District of Columbia ratepayers. These costs are approximately \$177 million of which about \$60 million would now be the responsibility of the wholesale customers. Also, there are approximately 180 million in sanitary collection sewer projects identified in the 10-year Capital Improvement Plan that transmit some flow from our wholesale customers. These are project in planning or design exclusive of projects already under construction. D.C. Water has implemented a new hydrodynamic model to determine the wholesale customer's share of these projects. Accordingly, we have reached a preliminary agreement that their share of these projects totals approximately \$60 million; pending this agreement this portion

was previously identified in the CIP as assigned to the District of Columbia ratepayers as a placeholder. The suburban share of these projects is consistent with the 1985 IMA as well as the proposed new 2012 IMA.

## **WATER**

The lifetime budget for the Water Service Area (including Meter Replacement / AMR installation) is \$1.5 billion, an increase of \$52.4 million from last year's CIP, even though the spending within the 10-year CIP timeframe show a slight decrease. 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; 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 a little less than 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 remains at \$203.1 million. The budget reflects the prioritized need for infrastructure improvements over the next ten years.

## **CAPITAL EQUIPMENT**

DC Water's Capital Equipment budget totals approximately \$98.6 million for the FY 2011 – FY 2020 plan, a decrease of approximately \$5.9 million compared to the last ten-year plan. Approximately fifty-five percent of spending in the capital equipment area is on major information technology projects, including the document management system (\$3.2 million) and the asset management system (\$6.2 million). DC Water continues its commitment to scheduled replacement of its vehicle fleet with a ten year budget of \$12.2 million, representing more than twelve percent of the ten-year plan. Finally, maintenance of large equipment totals

\$9.8 million or about ten 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 \$11.6 million.

The revised FY 2012 budget at \$15.3 million is \$1.2 million more than the currently approved budget. This variance is primarily attributable to increases in budgets for Fleet Management and Maintenance Services.

### **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' Environmental Quality & Sewerage Services, Water Quality and Water Services, Finance and Budget and DC Retail Water and Sewer 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.

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.

## **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 2013 request totals \$606.1 million, and reflects the following:

- Remaining authority from prior years' appropriations;
- Projected commitments in FY 2012 and FY 2013;
- Planned FY 2014 and FY 2015 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 2014 and FY 2015 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.

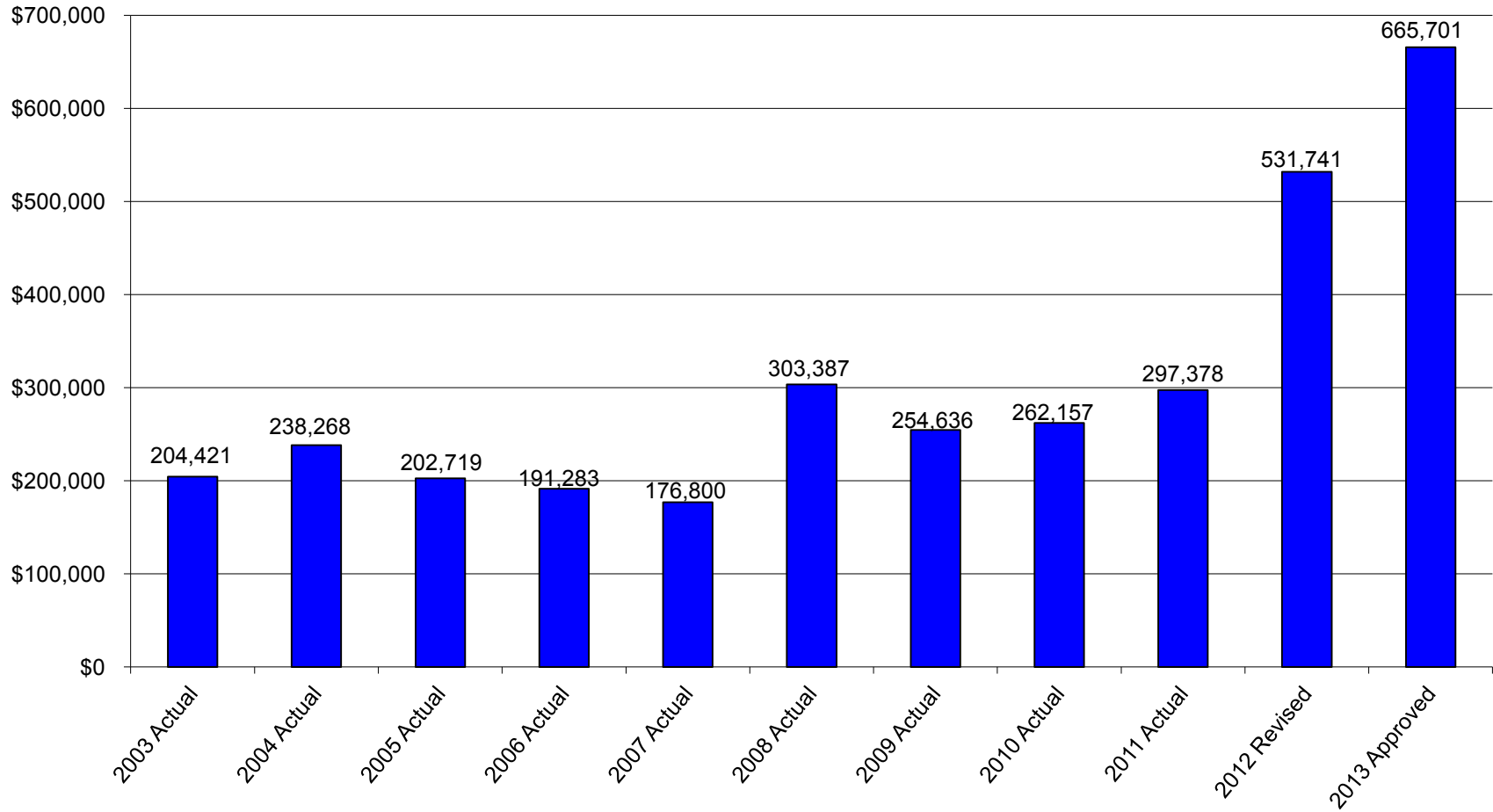
**Contingency:** DC Water capital projects include project contingencies ranging from five to fifteen percent, based on the size of the project.

## **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 2003 - FY 2013  
(\$ in 000's)**

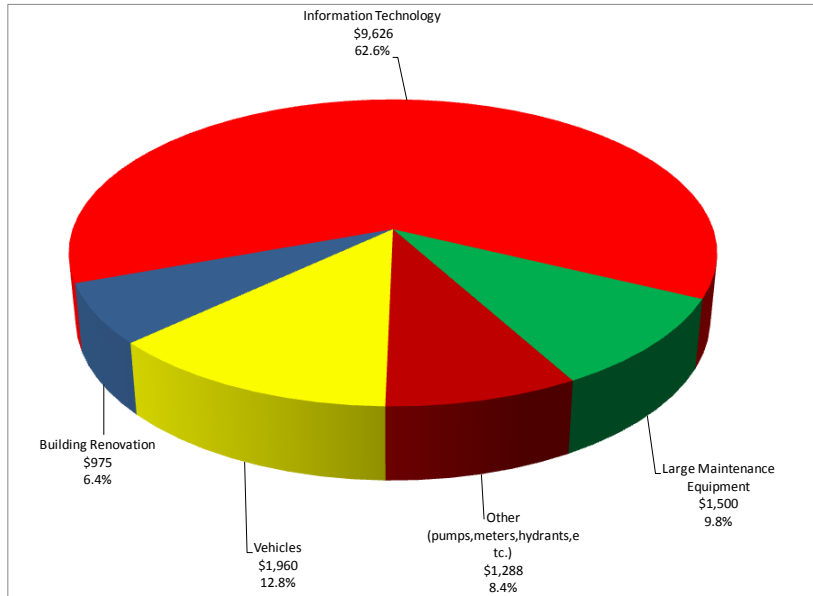


**FY 2011 - FY 2020 PROJECTED CAPITAL IMPROVEMENT PLAN (CIP) - DISBURSEMENTS BASIS (\$ in 000's)**

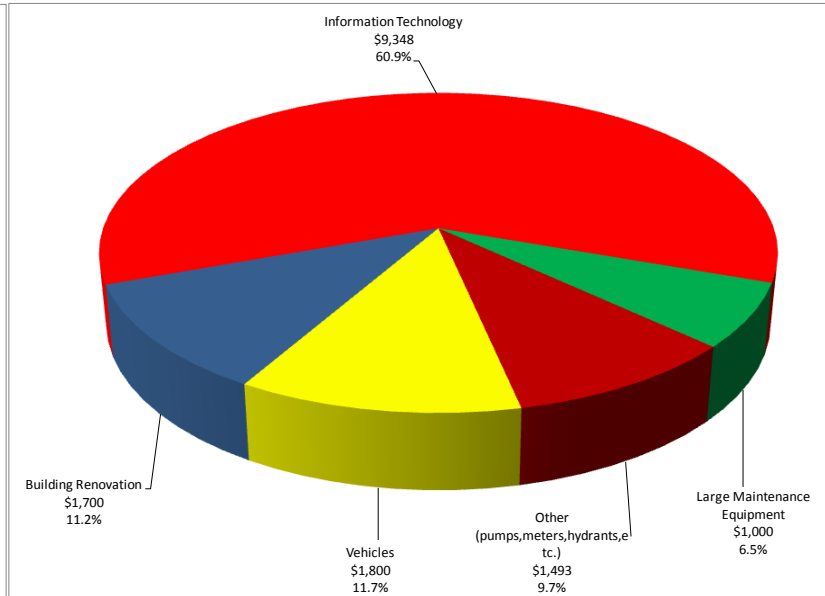
	FY 2011 Actuals	FY 2012 Revised	FY 2013 Approved	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Total FY '11 -'20
<b>Wastewater Treatment</b>											
Liquid Processing Projects	\$11,080	\$23,263	\$35,371	\$18,756	\$7,578	\$5,010	\$12,074	\$8,300	\$7,428	\$992	\$129,851
Plantwide Projects	17,067	18,018	18,645	13,788	5,992	3,204	3,894	12,140	6,741	1,468	100,957
Solids Processing Projects	48,822	119,294	194,973	71,080	15,734	6,467	2,851	355	1	-	459,576
Enhanced Nitrogen Removal Facilities (formerly BTN - Total Nitrogen Program)	48,910	115,269	129,660	105,690	81,495	89,399	77,104	21,430	2,652	1,890	673,498
<b>Sub-total</b>	<b>125,879</b>	<b>275,844</b>	<b>378,649</b>	<b>209,313</b>	<b>110,799</b>	<b>104,080</b>	<b>95,923</b>	<b>42,224</b>	<b>16,822</b>	<b>4,350</b>	<b>1,363,882</b>
<b>Sanitary Sewer</b>											
Sanitary Collection Sewers	1,674	2,140	6,174	11,611	8,873	3,924	5,690	7,268	7,766	7,725	62,844
Sanitary On-Going Projects	7,171	16,081	15,694	6,795	7,075	7,659	7,865	8,138	8,590	9,229	94,298
Sanitary Pumping Facilities	424	659	636	696	37	-	-	-	-	-	2,452
Sanitary Sewer Projects Program Management	3,488	6,880	4,454	6,189	6,821	6,630	6,748	7,790	6,633	5,160	60,794
Sanitary Interceptor/Trunk Force Sewers	11,737	14,162	18,422	31,488	41,529	26,354	20,983	32,732	21,431	17,997	236,834
<b>Sub-total</b>	<b>24,494</b>	<b>39,922</b>	<b>45,381</b>	<b>56,779</b>	<b>64,335</b>	<b>44,567</b>	<b>41,286</b>	<b>55,928</b>	<b>44,419</b>	<b>40,110</b>	<b>457,223</b>
<b>Combined Sewer Overflow / Long Term Control Plan</b>											
CSO Program Management	1,089	1,590	1,533	2,272	1,840	1,555	1,593	2,181	2,645	2,105	18,402
Combined Sewer Projects:Nine Minimum Controls	35,368	6,971	2,021	309	12	4	-	-	-	-	44,685
Combined Sewer Projects:Others	-	7,533	8,611	17,071	16,186	18,109	12,030	9,550	9,644	12,476	111,210
D.C. Clean Rivers Project (aka Long-Term Control Plan)											
Anacostia Tunnel	39,744	114,366	138,668	91,726	143,635	132,510	122,307	36,237	53,200	83,986	956,379
Potomac Tunnel	1,086	1,270	961	309	1,533	5,132	5,233	8,412	11,639	12,028	47,603
Rock Creek Tunnel	584	286	227	71	-	232	771	800	1,417	2,026	6,414
<b>Sub-total</b>	<b>77,872</b>	<b>132,016</b>	<b>152,021</b>	<b>111,758</b>	<b>163,206</b>	<b>157,542</b>	<b>141,934</b>	<b>57,180</b>	<b>78,545</b>	<b>112,621</b>	<b>1,184,694</b>
<b>Stormwater</b>											
Stormwater Local Drainage	-	17	104	69	65	83	92	95	98	93	715
Stormwater On-Going Program	105	731	452	468	464	512	465	483	522	199	4,400
Stormwater Pumping Facilities	-	-	-	-	-	-	-	-	-	-	-
DDOT Stormwater Program	-	2	8	9	19	18	18	10	10	-	93
Stormwater Research and Program Management	836	499	250	238	193	163	162	222	270	214	3,047
Stormwater Trunk/Force Sewers	1,219	1,527	3,462	1,762	60	-	-	-	-	-	8,029
<b>Sub-total</b>	<b>2,160</b>	<b>2,775</b>	<b>4,276</b>	<b>2,545</b>	<b>801</b>	<b>775</b>	<b>737</b>	<b>810</b>	<b>900</b>	<b>506</b>	<b>16,284</b>
<b>Water</b>											
Water Distribution Systems	21,542	23,024	28,404	31,809	29,435	29,239	33,925	33,316	32,933	42,819	306,448
Water On-Going Projects	8,811	8,239	6,681	5,994	6,188	6,364	7,508	6,548	7,159	6,851	70,343
Water Pumping Facilities	1,778	5,327	6,273	7,921	3,375	1,373	3,168	7,062	-	84	36,361
DDOT Water Projects	3,740	4,002	5,613	6,583	4,616	4,906	5,126	5,730	5,808	7,857	53,982
Water Storage Facilities	1,275	2,083	4,221	7,860	5,748	6,946	4,264	4,122	3,192	1,997	41,710
Water Projects Program Management	4,357	4,109	4,081	3,242	3,870	3,672	3,669	3,726	3,748	2,175	36,649
Water Lead Program	2,611	4,801	2,372	2,077	2,246	2,414	2,528	2,627	-	-	21,676
Meter Replacement /AMR Installation	2,784	2,876	1,790	1,332	3,166	3,205	3,385	3,330	3,774	3,472	29,114
<b>Sub-total</b>	<b>46,898</b>	<b>54,461</b>	<b>59,436</b>	<b>66,820</b>	<b>58,643</b>	<b>58,121</b>	<b>63,572</b>	<b>66,461</b>	<b>56,614</b>	<b>65,255</b>	<b>596,282</b>
<b>Washington Aqueduct</b>	<b>9,490</b>	<b>11,373</b>	<b>10,598</b>	<b>10,744</b>	<b>11,016</b>	<b>11,280</b>	<b>11,588</b>	<b>10,891</b>	<b>10,323</b>	<b>9,842</b>	<b>107,144</b>
<b>Capital Equipment</b>	<b>10,585</b>	<b>15,349</b>	<b>15,341</b>	<b>12,384</b>	<b>9,173</b>	<b>7,278</b>	<b>7,348</b>	<b>7,648</b>	<b>6,778</b>	<b>6,778</b>	<b>98,662</b>
<b>Total FY 2013 DC Water CIP</b>	<b>\$297,378</b>	<b>\$531,741</b>	<b>\$665,701</b>	<b>\$470,343</b>	<b>\$417,972</b>	<b>\$383,644</b>	<b>\$362,387</b>	<b>\$241,142</b>	<b>\$214,401</b>	<b>\$239,462</b>	<b>\$3,824,170</b>

**CAPITAL EQUIPMENT DISBURSEMENTS BY MAJOR EXPENDITURE CATEGORIES**  
**FY 2012 Revised vs. FY 2013 Approved**  
 (\$ in 000's)

**FY 2012 Revised**



**FY 2013 Approved**



FY 2012 Revised = \$15,349  
 FY 2013 Approved = \$15,341



**FY 2011 - FY 2020 CAPITAL EQUIPMENT BUDGET**  
**DISBURSEMENTS BASIS**  
**(\$ 000's)**

Equipment Type	FY 2011	FY 2012 Revised	FY 2013 Approved	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Total FY '11 -'20	Project Sheet Ref.
<b><u>Wastewater Treatment</u></b>												
Wastewater Maximo	\$503	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$503	ED8
Lab Equipment for new Laboratory	-	285	275	-	-	-	-	-	-	0	560	ED9
<b>Total</b>	<b>\$503</b>	<b>\$285</b>	<b>\$275</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,063</b>	
<b><u>Water Services</u></b>												
Water Service Replacement	\$168	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$2,508	EA2
System Valve Replacements	137	225	225	225	225	225	225	225	225	225	2,162	EW1
Fire Hydrant Replacements	214	290	300	300	300	300	300	300	300	300	2,904	EX8
<b>Total</b>	<b>\$519</b>	<b>\$775</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>\$7,574</b>	
<b><u>Sewer Services</u></b>												
Sewer Pipes/Fittings	\$20	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$290	EA4
Sewer Inspection Equipment	-	-	-	40	-	-	-	-	-	-	40	EA4
Manhole Covers/Frames	22	33	33	33	33	33	33	33	33	33	319	EA4
Regulator and Gate Rehabilitation	7	10	10	10	10	10	10	10	10	10	97	EA4
Sewer Cleaning and Repair Equipment	36	55	55	55	55	55	55	55	55	55	531	EA4
Portable Pumps	10	15	75	20	20	20	20	20	20	20	240	EA4
Flow Meters/Sensor Replacements	16	25	50	75	75	75	75	100	100	100	691	EA4
Catch Basin Tops/Frames/Covers	39	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	579	EA4
Safety Equipment ( <i>shoring</i> )	13	-	-	10	-	-	-	-	10	\$10	43	EA4
100 W Emergency Generator & Load Center	79	-	-	-	-	-	-	-	-	-	79	ES4
TV for Jet Machine	-	-	60	-	-	-	-	-	-	-	60	EG5
Skimmer boat dock piles	-	-	60	-	-	-	-	-	-	-	60	EG6
<b>Total</b>	<b>\$242</b>	<b>\$228</b>	<b>\$433</b>	<b>\$333</b>	<b>\$283</b>	<b>\$283</b>	<b>\$283</b>	<b>\$308</b>	<b>\$318</b>	<b>\$318</b>	<b>\$3,029</b>	
<b><u>Fleet Management</u></b>												
Vehicles	\$789	\$1,960	\$1,800	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$12,249	EB6
<b>Total</b>	<b>\$789</b>	<b>\$1,960</b>	<b>\$1,800</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$1,100</b>	<b>\$12,249</b>	
<b><u>Facilities and Security</u></b>												
HVAC at Various Locations	\$169	\$225	\$250	\$160	\$160	\$160	\$160	\$160	\$160	\$160	\$1,764	EF3
Photocopier Purchase	34	100	300	90	90	90	90	90	90	90	1,064	EF5
Authority-wide fire suppress/detection	2	125	125	100	100	100	100	100	100	100	952	EF7
Elevator -various locations	-	-	300	50	50	50	50	50	50	50	650	EF8
Plumbing at Various Locations	51	50	50	10	10	10	10	10	10	10	221	EX6

**FY 2011 - FY 2020 CAPITAL EQUIPMENT BUDGET**  
**DISBURSEMENTS BASIS**  
**(\$ 000's)**

Equipment Type	FY 2011	FY 2012 Revised	FY 2013 Approved	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Total FY '11 -'20	Project
												Sheet
												Ref.
Furniture and Fixtures	895	200	200	150	150	150	150	150	150	150	2,345	EX6
Facilities Improvements	202	200	250	250	250	250	250	250	250	250	2,402	EX6
Signage	-	-	25	-	-	-	-	-	-	-	25	EX6
Rollup Doors	61	50	100	50	50	50	50	50	50	50	561	EX6
Authority-wide Fencing	25	25	50	25	25	25	25	25	25	25	275	EX6
Roofing	-	-	50	-	-	-	-	-	-	-	50	EG7
Security- Miscellaneous	-	-	-	15	15	15	15	15	15	15	105	EG8
<b>Total</b>	<b>\$1,440</b>	<b>975</b>	<b>1,700</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>\$10,415</b>	
<b>Information Technology</b>												
Desktop Replacements	\$709	\$500	\$500	\$500	\$565	\$500	\$500	\$500	\$500	\$500	\$5,274	EA6
Cable Renewal	60	160	160	160	175	175	175	175	175	175	1,590	EA7
Telephone System Renewal/Replacement	286	300	100	100	300	100	100	300	100	100	1,786	EA8
Software Applications/Licenses	233	150	150	150	150	150	150	150	150	150	1,583	EB1
Messaging (Email ) Services	-	50	50	50	200	50	50	200	50	50	750	EB2
Windows 2003 Migration/ Upgrade	63	30	30	30	30	30	30	30	30	30	333	EB3
Radios	46	900	575	316	30	30	30	30	30	30	2,017	EB4
Redundant Data Center	210	200	200	200	210	450	200	60	60	60	1,850	EB8
Network System Renewal	817	400	400	400	700	400	400	700	400	400	5,017	EC4
Audio Visual System - IT	36	10	10	50	25	30	60	60	60	60	401	EC6
Interactive Voice Response	1	75	75	75	75	75	75	75	75	75	676	EC7
SQL Upgrade	2	85	10	10	10	10	10	10	10	10	167	EG1
Enterprise File System Archiving	123	143	100	150	10	10	150	10	10	10	716	EG2
Network Storage System Renewal	-	200	300	525	375	125	125	125	125	125	2,025	EG3
ERP System	-	500	1,500	700	-	-	-	-	-	-	2,700	EG4
AMR Enhancements	363	250	100	100	100	100	100	100	100	100	1,413	EM5
E Contract/Procurement Mgt System	-	200	200	200	50	50	50	-	-	-	750	EP3
Network Systems Security	178	100	50	30	50	30	50	30	50	50	618	ET1
Intranet	224	225	150	75	100	75	75	75	75	75	1,149	ET2
Handheld Inventory	102	100	50	50	50	50	50	50	50	50	602	ET5
Enterprise Backup Solution	9	100	100	300	250	100	100	100	100	100	1,259	ET7
Video Conferencing	-	10	10	30	10	10	10	10	10	10	110	ET8
Field Services Mgmt System (Automated Dispa	319	275	275	225	125	50	50	50	50	50	1,469	ET9
Web-Site Development	82	175	175	150	75	75	75	75	75	75	1,032	EX7
Financial Management System	493	190	150	200	-	-	-	-	-	-	1,033	EZ1
Customer Information & Billing System	-	350	100	87	-	-	-	-	-	-	537	EZ2
Payroll/HR System	21	30	30	30	30	30	30	30	30	30	291	EZ4
Document Management System	534	575	600	550	275	100	300	100	100	100	3,234	EZ8
Asset Management System (Maximo +GIS)	1,239	1,350	1,578	1,578	85	85	85	85	85	85	6,255	EZ9
Fleet Management System	177	50	-	50	100	-	-	-	-	-	377	EZ9

**FY 2011 - FY 2020 CAPITAL EQUIPMENT BUDGET**  
**DISBURSEMENTS BASIS**  
**(\$ 000's)**

Equipment Type	FY 2011	FY 2012 Revised	FY 2013 Approved	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Total FY '11 -'20	Project
												Sheet Ref.
Oracle Upgrade	-	70	70	70	100	70	-	100	-	-	480	EY5
AutoCAD	22	-	-	-	-	-	-	-	-	-	22	EO1
AutoCAD Lite	19	-	-	-	-	-	-	-	-	-	19	EO2
CIP Planner	80	-	-	-	-	-	-	-	-	-	80	EO3
IBM Watson Research	-	250	250	-	-	-	-	-	-	-	500	EO5
Optimization- Pilot: Daily Fleet Operations	-	150	-	100	-	-	-	-	-	-	250	EO6
Water and Sewer SCADA	105	375	200	150	100	150	150	300	150	150	1,830	EO7
Board e-book	3	-	-	-	-	-	-	-	-	-	3	EO8
Permits Relocation	70	60	-	-	-	-	-	-	-	-	130	EO9
Energy Management	73	150	150	-	-	-	-	-	-	-	373	EQ1
MAXIMO SCADA Integration	41	150	150	-	-	-	-	-	-	-	341	EK1
CS-Leak Detection	-	100	50	-	-	-	-	-	-	-	150	EK2
Safety System	-	100	100	-	-	-	-	-	-	-	200	EK3
Performance Dashboard	-	150	275	375	100	-	-	-	-	-	900	EK4
Civil 3D	-	-	-	-	-	100	100	25	25	25	275	EK5
Valve Identification Program	-	150	150	200	50	-	-	-	-	-	550	EG9
SCADA upgrade- Phase II	-	100	100	150	300	-	-	-	-	-	650	EH3
Unified Communication	-	-	75	150	300	-	-	-	-	-	525	EH4
Budget Tool	-	88	-	-	-	-	-	-	-	-	88	EH5
Time & Attendance Clocks	-	50	50	-	-	-	-	-	-	-	100	EH6
<b>Total</b>	<b>\$6,740</b>	<b>\$9,626</b>	<b>\$9,348</b>	<b>\$8,266</b>	<b>\$5,105</b>	<b>\$3,210</b>	<b>\$3,280</b>	<b>\$3,555</b>	<b>\$2,675</b>	<b>\$2,675</b>	<b>\$54,480</b>	
		9,626	9,348	8,266	5,105	3,210	3,280	3,555	2,675	2675		
<b><u>Maintenance Services</u></b>												
Major Pump Rebuild/Replacement	\$129	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$2,829	EC1
Large Electric Motors	215	200	200	200	200	200	200	200	200	200	2,015	EC2
High Priority Rehab Program	-	500	-	-	-	-	-	-	-	-	500	EC3
Centrifuge Rebuild / Replace	-	400	400	400	400	400	400	400	400	400	3,600	EM4
<b>Total</b>	<b>\$345</b>	<b>\$1,400</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>\$8,945</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	8	-	-	-	-	-	-	-	-	-	8	EI2
<b>Total</b>	<b>\$8</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>\$908</b>	
<b>Total Capital Equipment</b>	<b>\$10,585</b>	<b>\$15,349</b>	<b>\$15,341</b>	<b>\$12,384</b>	<b>\$9,173</b>	<b>\$7,278</b>	<b>\$7,348</b>	<b>\$7,648</b>	<b>\$6,778</b>	<b>\$6,778</b>	<b>\$98,662</b>	10585

FY 2011 - FY 2020 Capital Improvement Plan

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

	<b>FY 2012 Approved</b>	<b>FY 2012 Revised / FY 2013 Approved</b>	<b>Variance</b>
<b><u>Wastewater Treatment</u></b>			
Liquid Processing Projects	612,749	622,106	9,357
Plantwide Projects	337,671	345,887	8,216
Solids Processing Projects	688,806	719,537	30,731
Enhanced Nitrogen Removal Facilities <i>(formerly BTN - Total Nitrogen Program)</i>	1,024,855	988,778	(36,077)
<b>Sub-total</b>	<b>2,664,081</b>	<b>2,676,308</b>	<b>12,227</b>
<b><u>Sanitary Sewer</u></b>			
Sanitary Collection Sewers	133,906	133,906	0
Sanitary On-Going Projects	142,067	159,677	17,610
Sanitary Pumping Facilities	25,898	25,898	-
Sanitary Sewer Projects Program Management	103,150	103,135	(15)
Sanitary Interceptor/Trunk Force Sewers	430,144	432,583	2,439
<b>Sub-total</b>	<b>835,165</b>	<b>855,199</b>	<b>20,034</b>
<b><u>Combined Sewer Overflow</u></b>			
CSO Program Management	55,239	55,239	-
Combined Sewer Projects: Nine Minimum Controls	215,387	213,888	(1,499)
Combined Sewer Projects: Others	240,013	244,844	4,831
Clean Rivers Project <i>(aka Long-Term Control Plan)</i>			
Anacostia Tunnel	1,672,282	1,672,282	-
Potomac Tunnel	418,700	418,700	-
Rock Creek Tunnel	70,342	70,342	-
<b>Sub-total</b>	<b>2,671,963</b>	<b>2,675,295</b>	<b>3,332</b>
<b><u>Stormwater</u></b>			
Stormwater Extensions/Local Drainage	17,999	17,999	0
Stormwater On-Going Program	9,658	9,658	0
Stormwater Pumping Facilities	0	0	-
DDOT Stormwater Program	5,066	4,720	(346)
Stormwater Projects Program Management	10,630	10,630	-
Stormwater Trunk/Force Sewers	18,605	15,504	(3,101)
<b>Sub-total</b>	<b>61,958</b>	<b>58,511</b>	<b>(3,447)</b>

**FY 2011 - FY 2020 Capital Improvement Plan**

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

	<u>FY 2012 Approved</u>	<u>FY 2012 Revised / FY 2013 Approved</u>	<u>Variance</u>
<b><u>Water</u></b>			
Water Distribution Systems	666,933	695,720	28,787
Water Lead Program	191,000	191,040	40
Water On-Going Projects	112,121	117,541	5,420
Water Pumping Facilities	150,149	161,372	11,223
DDOT Water Projects	95,892	91,538	(4,354)
Water Storage Facilities	71,862	74,311	2,449
Water Projects Program Management	51,107	47,559	(3,548)
Meter Replacement /AMR Installation	61,151	73,534	12,383
<b>Sub-total</b>	<b><u>1,400,215</u></b>	<b><u>1,452,615</u></b>	<b><u>52,400</u></b>
<b>Washington Aqueduct</b>	<b>203,138</b>	<b>203,138</b>	<b>0</b>
<b>Capital Equipment</b>	<b>103,906</b>	<b>98,307</b>	<b>(5,599)</b>
<b>Total DC Water CIP Lifetime (see notes)</b>	<b><u><u>7,940,426</u></u></b>	<b><u><u>8,019,373</u></u></b>	<b><u><u>78,947</u></u></b>

Notes:

1 Lifetime budgets shown here represent total budgets for projects that are active during the current ten-year CIP. Lifetime budgets include historical spending prior to the beginning of the current ten-year plan, spending during the ten-year plan, and projected spending beyond the current ten-year plan. Projects completed in FY 2011 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 2013 Capital Authority Request  
(\$ 000's)**

**Fiscal Year 2013  
\*Capital Authority Request**

**Service Areas**

Blue Plains Wastewater Treatment <sup>1</sup>	\$277,007
Sanitary Sewer System	88,795
Combined Sewer Overflow <sup>1</sup>	124,734
Stormwater	2,683
Water System	91,894
Washington Aqueduct (DC Water share)	10,848
Capital Equipment	<u>10,129</u>
<b>Total</b>	<b><u>\$606,090</u></b>

\* The authority request includes a 24 month look-ahead, i.e., it also takes into account projected commitments for FY 2014 and FY 2015.

<sup>1</sup> Includes Special Risk Allowance of \$20 million, and \$122 million for Enhanced Nitrogen Removal (formerly Total Nitrogen - "BTN"), and Clean Rivers (*aka* Long Term Control Plan - "LTCP") Programs, respectively, although not part of their Lifetime Budgets.



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

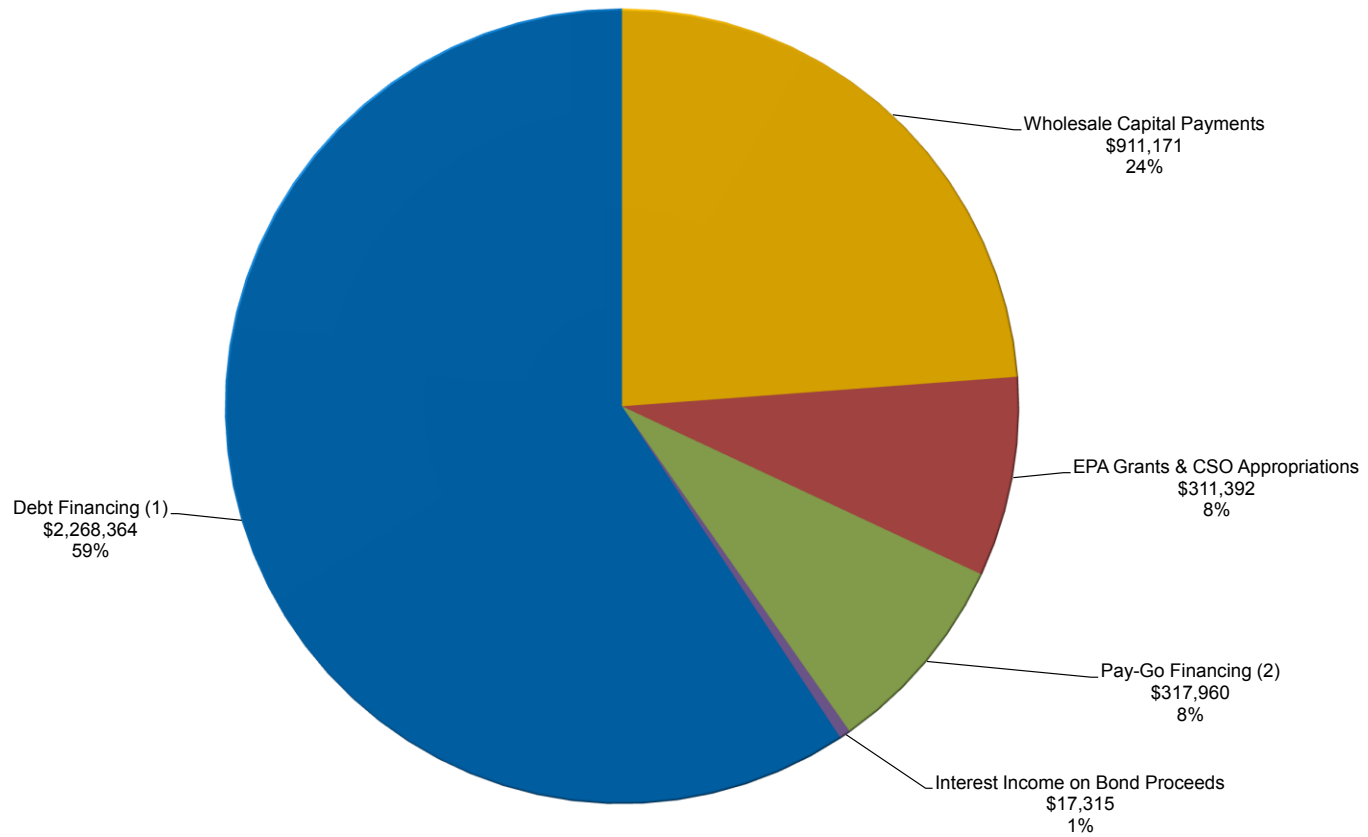
## **OPERATING BUDGETS**

REVISED FY **2012** APPROVED FY **2013**

### **SECTION VI**

## **CAPITAL, FINANCING, CASH AND DEBT**

**CAPITAL IMPROVEMENT PROGRAM  
FY 2011 - FY 2020  
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

(2) Pay-go financing is any funds available after funding the greater of 120 days or \$125.5 million in operating and maintenance reserve, approximately \$125.5 million in FY 2012. These transfers reduce the amount of new debt issuance.



**CAPITAL IMPROVEMENT PROGRAM  
FY 2011 - FY 2013  
SOURCES & USES  
(\$000's)**

<b>SOURCES</b>	<b>FY 2011 Actual</b>	<b>FY 2012 Approved Budget</b>	<b>FY 2012 Revised Budget</b>	<b>FY 2013 Approved Budget</b>
Beginning Balance	\$ 7,433	\$ 127,658	\$ 132,635	\$ 173,747
Commercial Paper / New Debt Proceeds <sup>(1)</sup>	286,722	121,989	300,000	200,000
Capital Equipment <sup>(2)</sup>	6,000	13,970	8,184	12,279
Pay-Go Financing <sup>(3)</sup>	2,551	3,791	32,546	13,725
EPA Grants	16,009	34,355	25,455	34,423
CSO Appropriations <sup>(4)</sup>	28,259	37,405	31,332	30,000
Wholesale Customer Capital Payments	82,005	216,651	175,242	237,897
Interest Income	1,033	215	93	301
<b>Total Sources</b>	<b>\$ 430,013</b>	<b>\$ 556,035</b>	<b>\$ 705,488</b>	<b>\$ 702,372</b>
<b>USES</b>				
Water Projects	\$ 44,114	\$ 50,953	\$ 51,585	57,646
Blue Plains Projects	125,879	335,993	275,845	378,648
Sanitary Sewer Projects	24,494	44,400	39,922	45,381
Combined Sewer & LTCP Projects	77,872	93,014	132,016	152,021
Stormwater Projects	2,160	4,027	2,775	4,276
Washington Aqueduct	9,490	10,470	11,373	10,598
Capital Equipment	10,585	14,160	15,349	15,341
Meter Replacement AMR	2,784	2,802	2,876	1,790
<b>Total Uses</b>	<b>\$ 297,378</b>	<b>\$ 555,819</b>	<b>\$ 531,741</b>	<b>\$ 665,701</b>
<b>Sources Minus Uses</b>	<b>\$ 132,635</b>	<b>\$ 216</b>	<b>\$ 173,747</b>	<b>\$ 36,671</b>

(1) Use commercial paper for interim financing prior to issuing bonds in FY 2012 and FY 2013

(2) Use short term notes to finance the capital equipment in FY2012 and FY 2013

(3) Pay-go financing is cash available after meeting the six month operating reserve requirement, which totals \$125.5 million in FY 2011

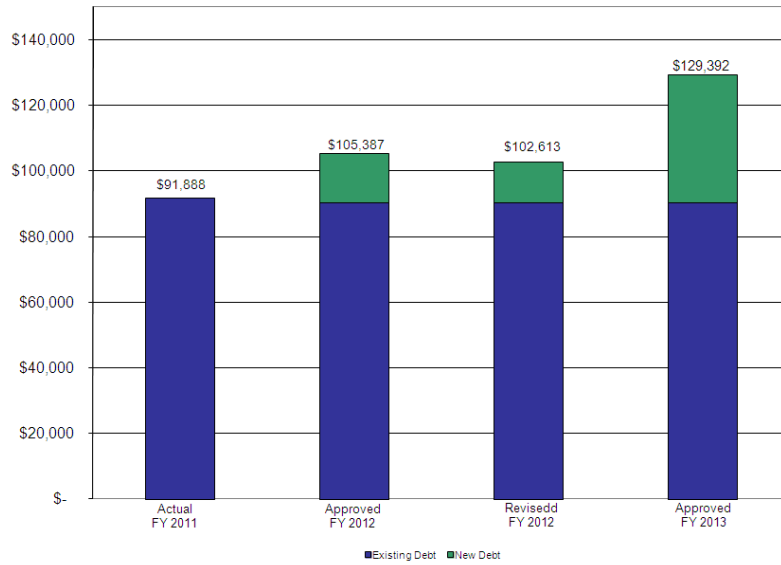
(4) Reflects spend down of a portion of already-received FY 2003 - FY 2011 Congressional appropriations for the CSO LTCP.

**CASH RESERVES SUMMARY**  
**FY 2011 - FY 2013**  
(\$000's)

	<u>FY 2011 Actual</u>	<u>FY 2012 Approved Budget</u>	<u>FY 2012 Revised Budget</u>	<u>FY 2013 Approved Budget</u>
Beginning O&M Reserve Balance (Net of Rate Stabilization Fund)	\$ 131,996	\$ 125,500	\$ 150,035	\$ 125,500
Operating Surplus	41,910	7,385	26,255	21,574
Wholesale Customer Refunds/Payments for Prior Years	(3,861)	(796)	(5,250)	(3,000)
Transfer to Rate Stabilization Fund	(9,500)	(2,000)	(12,250)	-
Transfer to DC PILOT Fund	(10,000)	-	-	-
Prior Year Right of Way Payment	-	-	-	-
Prior Year Federal Billing Reconciliation	1,669	(1,000)	(1,000)	(5,105)
Interest Earned from Bond Proceeds	372	201	256	256
Prepayment of Aqueduct Treasury Loans	-	-	-	-
Pay-As-You-Go Capital Financing	<u>(2,551)</u>	<u>(3,791)</u>	<u>(32,546)</u>	<u>(13,725)</u>
Ending O&M Reserve Balance (Net of Rate Stabilization Fund)	\$ 150,035	\$ 125,500	\$ 125,500	\$ 125,500
Rate Stabilization Fund	\$ 16,700	\$ 10,200	\$ 22,450	\$ 15,950

# DEBT MANAGEMENT FY 2011 – FY 2013

## DEBT SERVICE (\$'000's)



## DEBT SERVICE

Debt service increased by \$26.8M in the approved FY 2013 budget due to a full year debt service on Series 2012A, a partial year debt service on Series 2013A and increased issuance in commercial paper for capital equipment

## 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

### Budget:

- Variable rate
  - 2.00% (FY 2012) and 3.25% (FY 2013) plus fees
- Fixed rate
  - 5.50% (FY 2012) and 6.50% (FY 2013) plus fees

### Ten-Year Plan:

- Variable rate
  - 1.50% (FY 2012) and 3.25% (FY 2013) plus fees
- Fixed rate
  - 5.50% (FY 2012) and 6.50% (FY 2013) plus fees

## SENIOR BOND RATINGS

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

	REVISED FY 2012					APPROVED FY 2013				
	Principal	Interest	BAB's Subsidy	Capitalized Interest	Total	Principal	Interest	BAB's Subsidy	Capitalized Interest	Total
<b>Existing Debt</b>										
Series 1998 - Senior	11,080	12,290	-	-	23,370	11,685	11,681	-	-	23,366
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	5,745	13,998	-	-	19,743	6,115	13,711	-	-	19,826
Series 2009A - Senior	2,485	16,062	-	-	18,547	2,575	15,963	-	-	18,538
Series 2010A - Subordinate	-	16,315	(5,710)	(3,052)	7,552	-	16,315	(5,710)	(3,052)	7,552
District of Columbia GO Bonds	-	-	-	-	-	-	-	-	-	-
Jennings Randolph	328	477	-	-	805	338	467	-	-	805
Little Seneca	41	7	-	-	47	41	4	-	-	45
<b>Subtotal</b>	<b>19,679</b>	<b>79,390</b>	<b>(5,710)</b>	<b>(3,052)</b>	<b>90,307</b>	<b>20,754</b>	<b>78,381</b>	<b>(5,710)</b>	<b>(3,052)</b>	<b>90,373</b>
<b>Projected New Debt</b>										
Commercial Paper	-	5,374	-	-	5,374	-	5,750	-	-	5,750
Capital Equipment	-	1,607	-	-	1,607	-	3,819	-	-	3,819
Series 2012A	1,008	4,317	-	-	5,325	4,140	17,161	-	-	21,301
Series 2013A	-	-	-	-	-	1,118	7,030	-	-	8,148
<b>Subtotal</b>	<b>1,008</b>	<b>11,299</b>	<b>-</b>	<b>-</b>	<b>12,307</b>	<b>5,258</b>	<b>33,761</b>	<b>-</b>	<b>-</b>	<b>39,019</b>
<b>Total Debt</b>	<b>20,687</b>	<b>90,689</b>	<b>(5,710)</b>	<b>(3,052)</b>	<b>102,613</b>	<b>26,012</b>	<b>112,142</b>	<b>(5,710)</b>	<b>(3,052)</b>	<b>129,392</b>

**DEBT OUTSTANDING  
AS OF SEPTEMBER 30, 2011  
(In \$000's)**

	INTEREST RATES	FINAL MATURITY	AMOUNT OUTSTANDING
<b>SENIOR DEBT</b>			
Public Utility Revenue Bonds, Series 1998	5.50% - 6.00%	2028	229,315
Public Utility Revenue Bonds, Series 2009A	3.00% - 6.00%	2039	<u>298,225</u>
<b>SUBTOTAL SENIOR DEBT</b>			<b>\$ 527,540</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 Revenue Refunding Bonds, Series 2008A	4.00% - 5.00%	2034	285,540
Public Utility Subordinated Lien Federally Taxable Issuer Subsidy Build America Bonds, Series 2010A	4.07% - 5.52%	2044	300,000
Notes Payable to the Federal Government for Jennings Randolph Reservoir	3.25%	2041	14,602
Notes Payable to WSSC for Little Seneca Reservoir	5.98% - 6.60%	2014	104
District of Columbia General Obligation Bonds	5.05% - 6.50%	2012	245
Commercial Paper, Series A (tax-exempt)	Maximum 12% per Annum	2012	0
Commercial Paper, Series B (tax-exempt)	Maximum 12% per Annum	2012	6,000
Commercial Paper, Series C (taxable)	Maximum 12% per Annum	2012	<u>29,200</u>
<b>SUBTOTAL SUBORDINATE DEBT</b>			<b>1,030,627</b>
<b>TOTAL DEBT OUTSTANDING</b>			<b>\$ <u>1,558,167</u></b>

**DEBT LIMIT:** DC Water is not subject to any legal debt limitations. However, prior to any new debt issuance, DC Water must meet an additional bonds test and certify revenue sufficiency.

**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 Aa3/AA/AA-.

**PUBLIC UTILITY REVENUE BONDS (Subordinated Lien):** Subordinate lien debt issued under DC Water's Master Trust Indenture; Series 2003, Series 2007A. Each series is issued as fixed rate debt, insured and rated Aaa/AAA/AAA.

**PUBLIC UTILITY REVENUE REFUNDING BONDS (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 fixed rate debt, insured and rated Aaa/AAA/AAA 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.

**PUBLIC UTILITY FEDERALLY TAXABLE ISSUER SUBSIDY BUILD AMERICA BONDS (Subordinated Lien):** Series 2010A Build America Bonds issued as fixed rate debt and rated Aa3/AA-/AA in October 2010. DC Water's utilized 35% federal subsidy to lower costs thru the Build America Bond program. The Authority achieved an all in true interest cost of 3.61% (net federal subsidy), which is the lowest yield DC Water has obtained on a long-term bond issue.

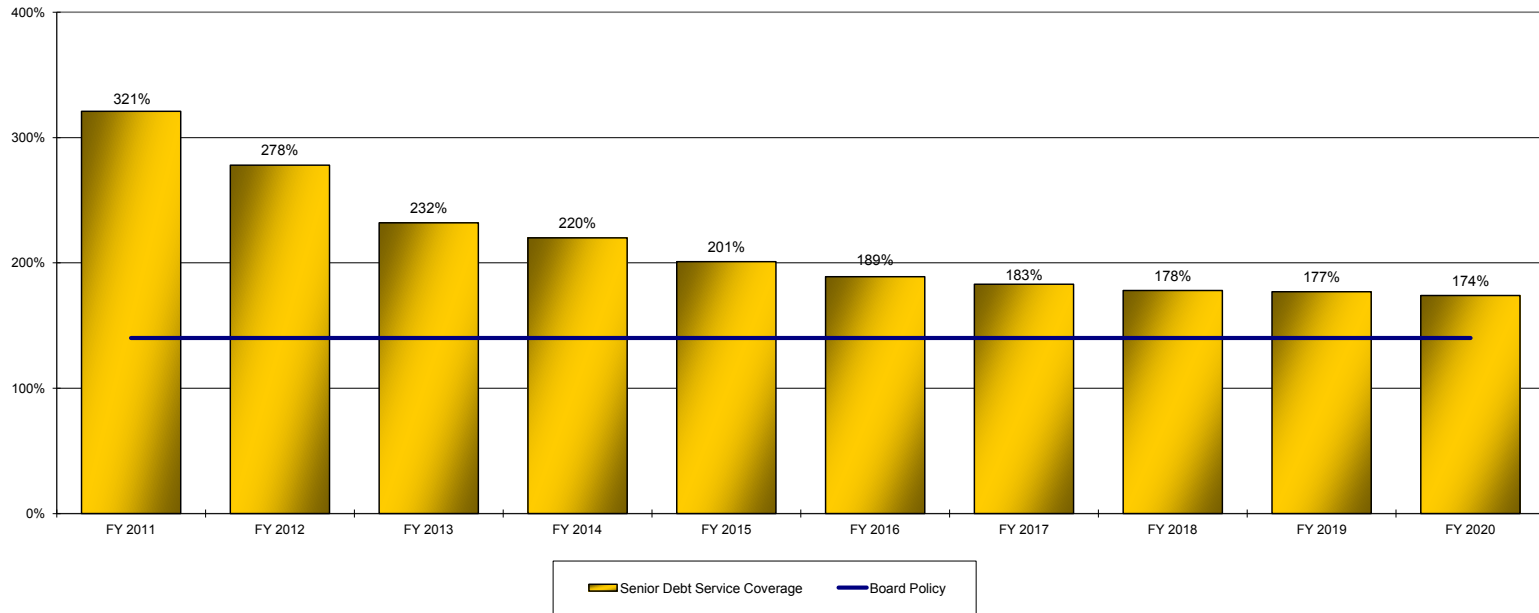
**DISTRICT GENERAL OBLIGATION BONDS:** Bonds payable to the District of Columbia government are considered subordinate under the Master Indenture of Trust. In March 1998, certain terms for payment of the general obligations bonds were outlined in a MOU with DC Water and the District; in particular, three 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 2011, DC Water prepaid FY 2012 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. DC Water prepaid the last debt service payment for the general obligation bonds in September 2011.

**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.

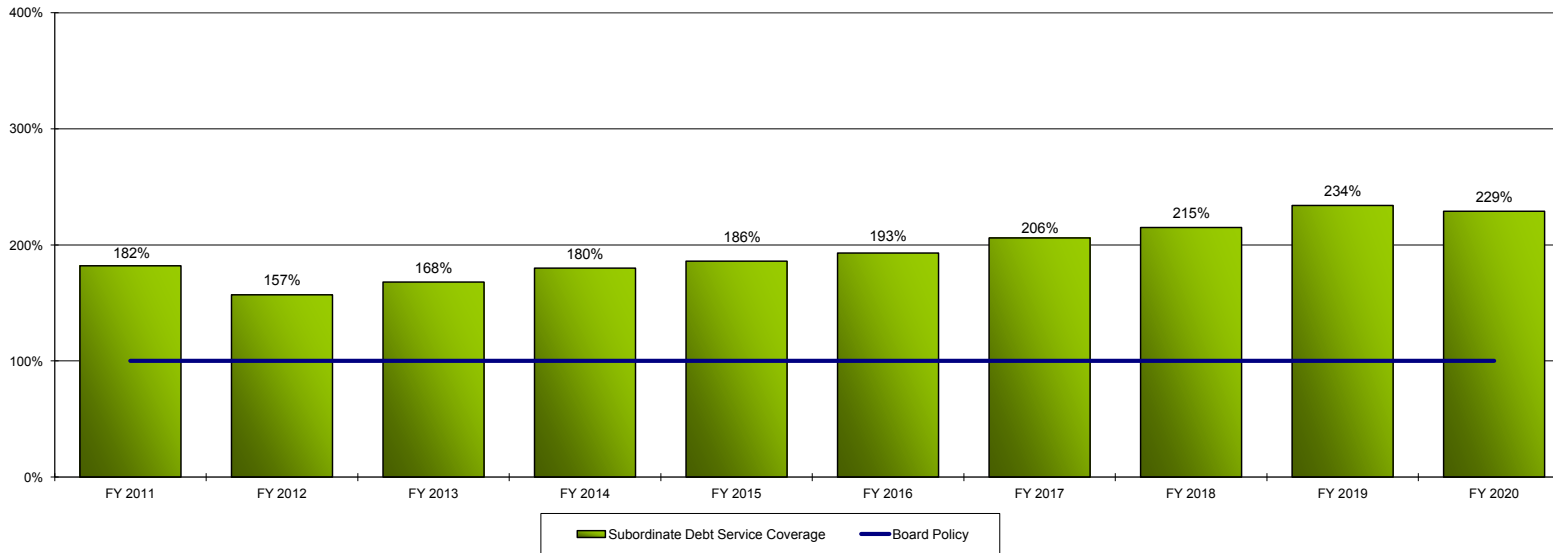
**NOTES FOR LITTLE SENECA RESERVOIR:** Notes payable to Washington Suburban Sanitary Commission (WSSC) are considered subordinate debt under the Master Indenture of Trust. The notes were issued by WSSC for construction of the Little Seneca Dam and Lake for backup and peak-day water supply for the Authority. 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 June 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.

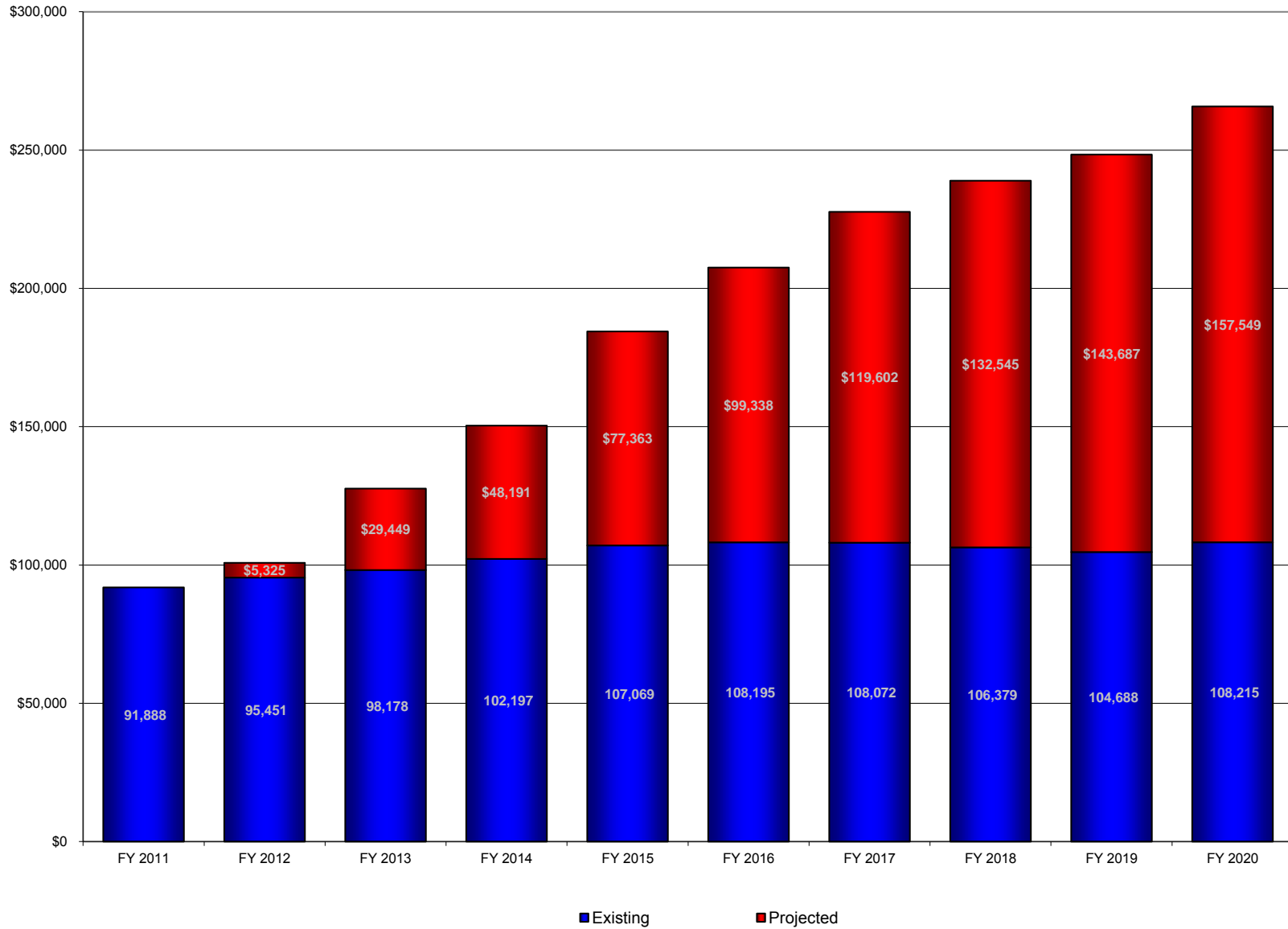
**SENIOR DEBT SERVICE COVERAGE**  
Financial Plan FY 2011 - FY 2020



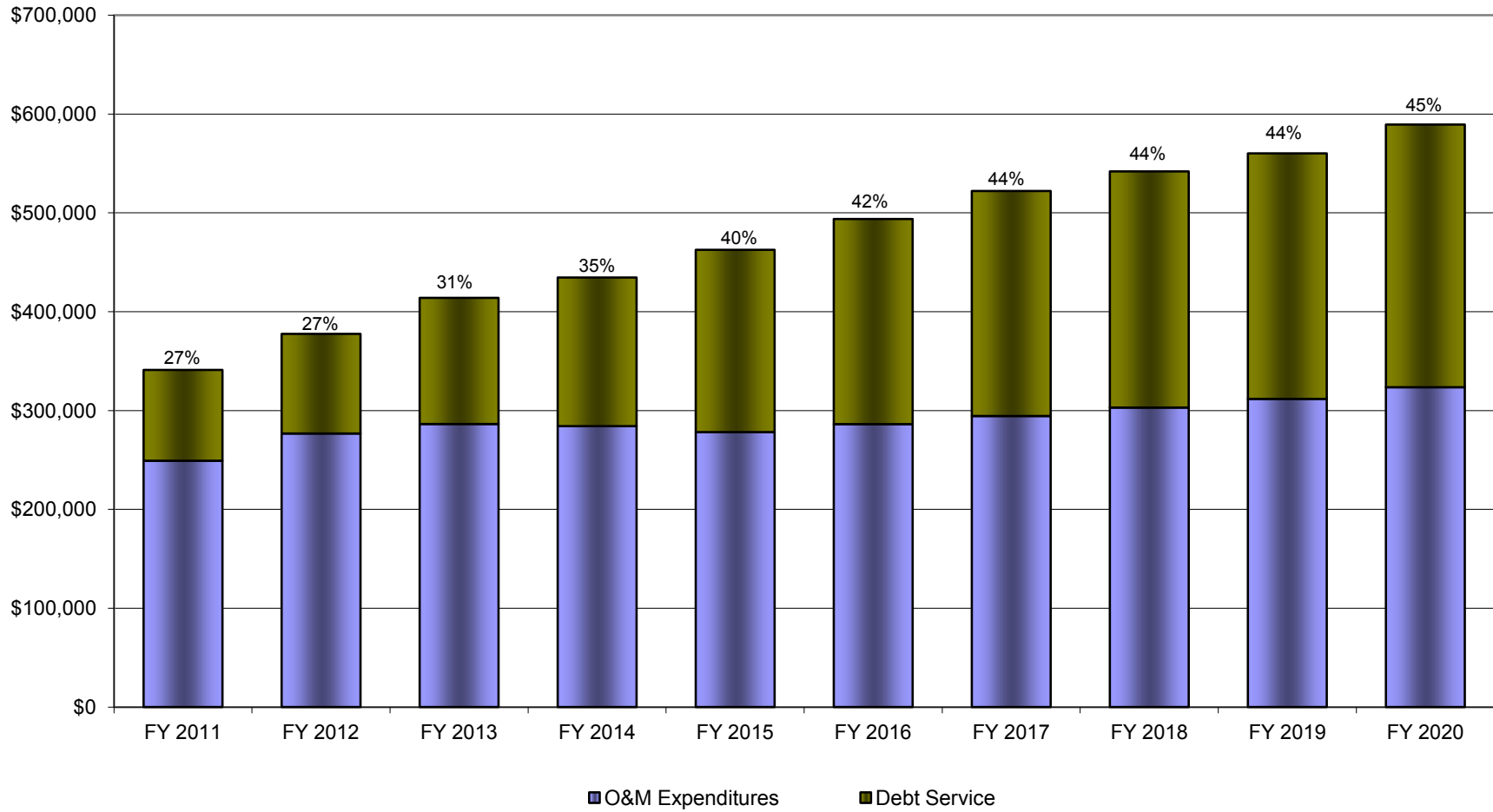
**SUBORDINATE DEBT SERVICE COVERAGE**  
Financial Plan FY 2011 - FY 2020



**EXISTING & PROJECTED DEBT SERVICE**  
**Financial Plan FY 2011 - FY 2020**  
(In \$000's)

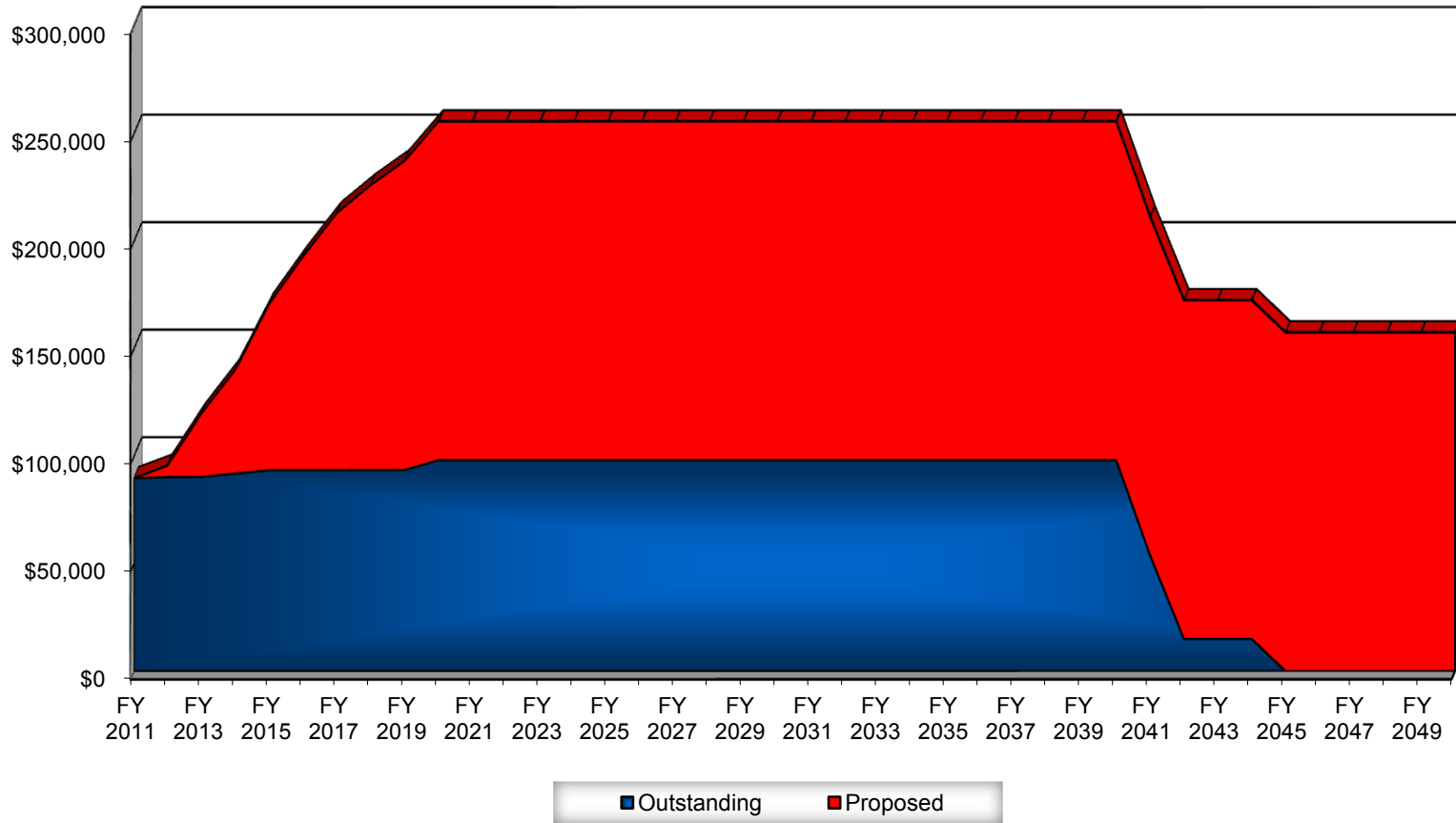


**DEBT SERVICE AS PERCENTAGE OF TOTAL OPERATING AND MAINTENANCE  
EXPENDITURES**  
**Financial Plan FY 2011 - FY 2020**  
(In \$000's)

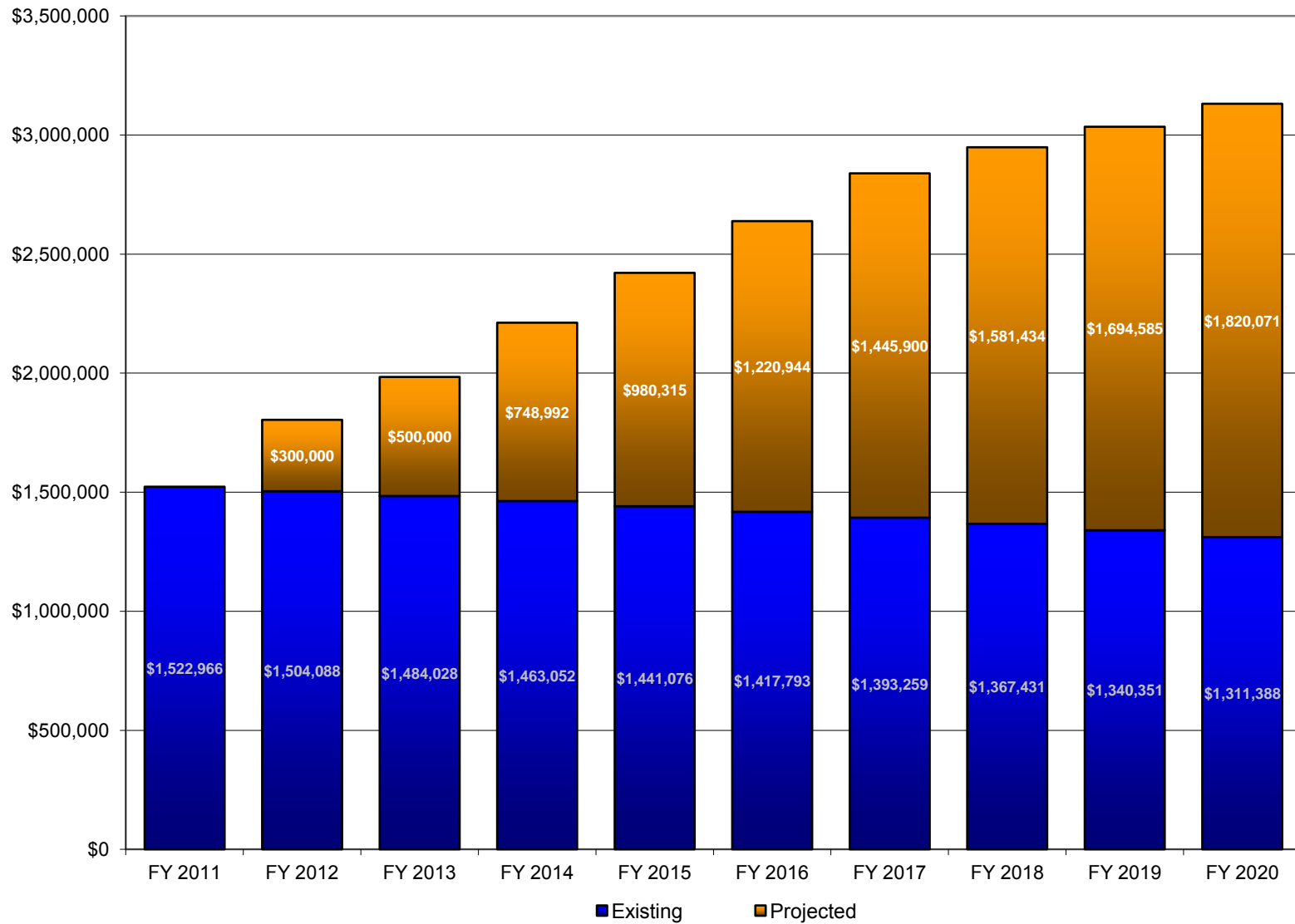




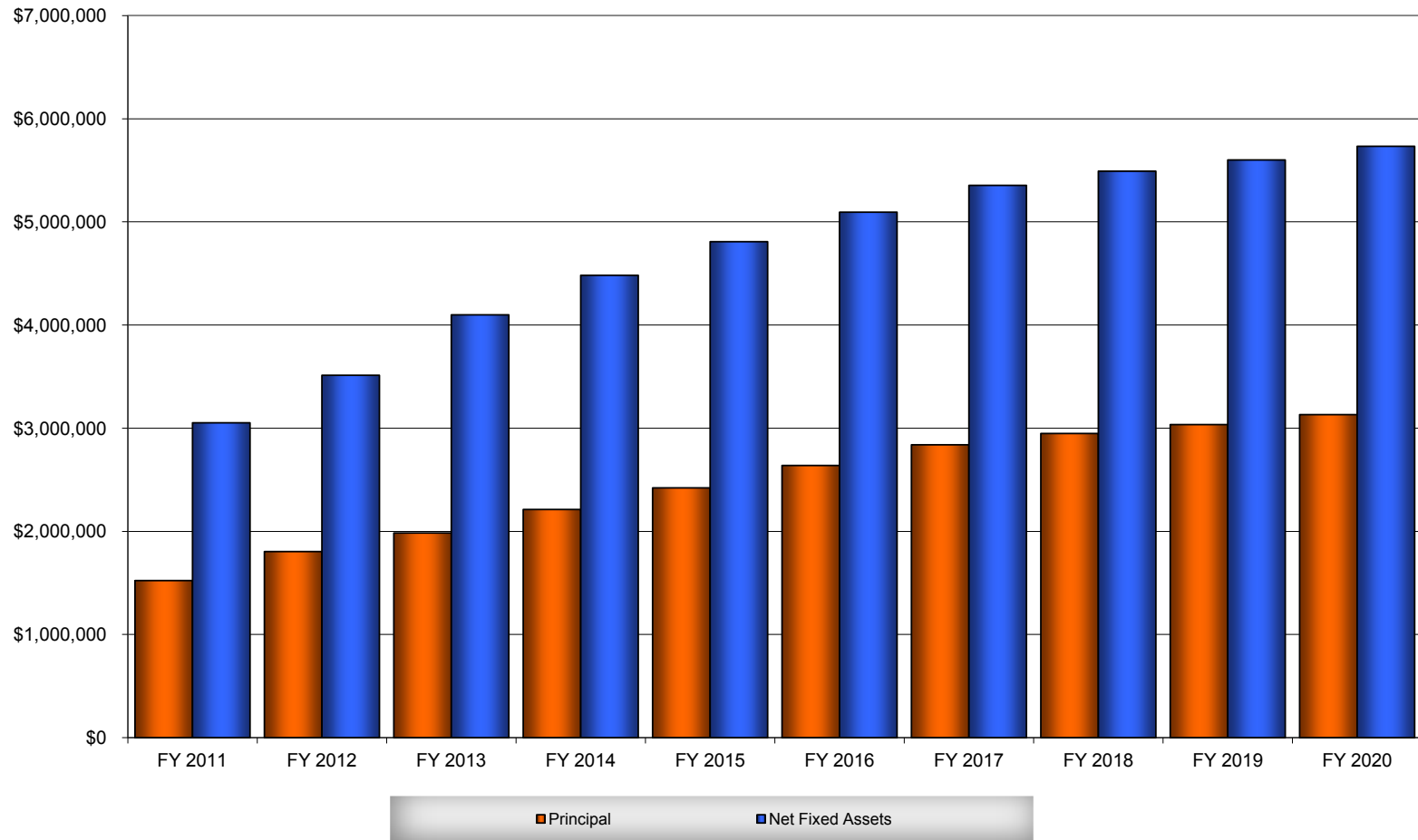
**OUTSTANDING & PROPOSED DEBT SERVICE**  
 FY 2011 - FY 2049  
 (In \$000's)



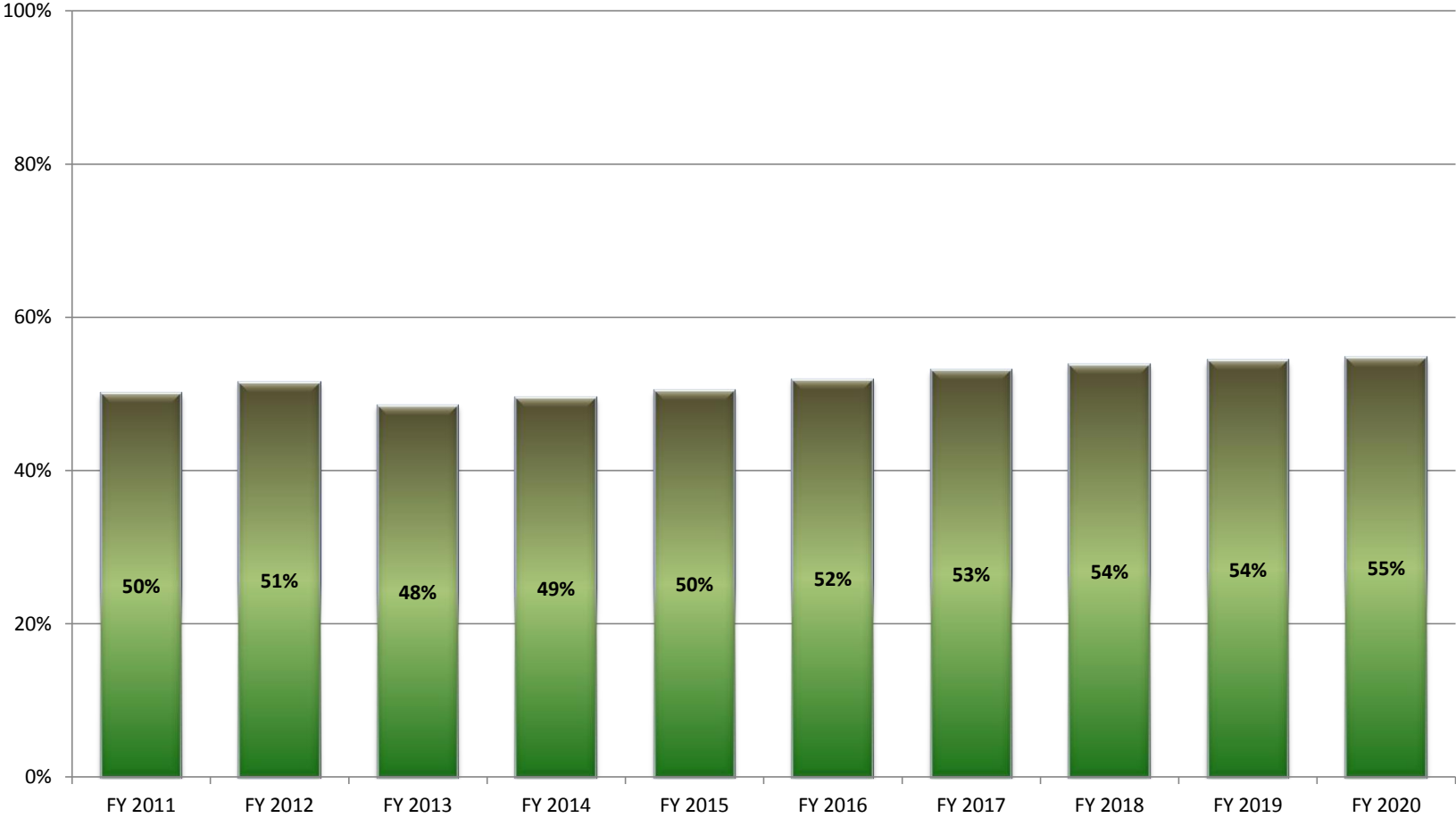
**OUTSTANDING PRINCIPAL**  
**Existing and Projected**  
**Financial Plan FY 2011 - FY 2020**  
**(In \$000's)**



**TOTAL PROJECTED PRINCIPAL and NET FIXED ASSETS**  
**FY 2011 - FY 2020**  
**(In \$000's)**



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





DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

## **OPERATING BUDGETS**

REVISED FY **2012** APPROVED FY **2013**

**SECTION VII**

**DEPARTMENTAL SUMMARIES**

## Introduction to DC Water's Operational and Administrative (Support) Departments

DC Water's organizational structure is a key tool for ensuring that the organizational mission is achieved. The structure consists of twenty-three departments that are defined primarily along functional roles and further grouped along service lines (Operational or Administrative) or reporting lines of authority.

**Service Lines:** Operational departments include: Water Services; Sewer collection and Wastewater treatment services (including maintenance of these facilities); Engineering and Technical Services; Clean Rivers; and Permits. These departments are responsible for the day-to-day operations of the DC Water's extensive infrastructure and facilities that provide direct services to our customers. Similarly, the Customer Services department is classified as an operating department because of the integrated nature of their work to operations (i.e., customer care, metering and billing) and also because they provide first-line customer care to our customers to include 24 hour emergency service.

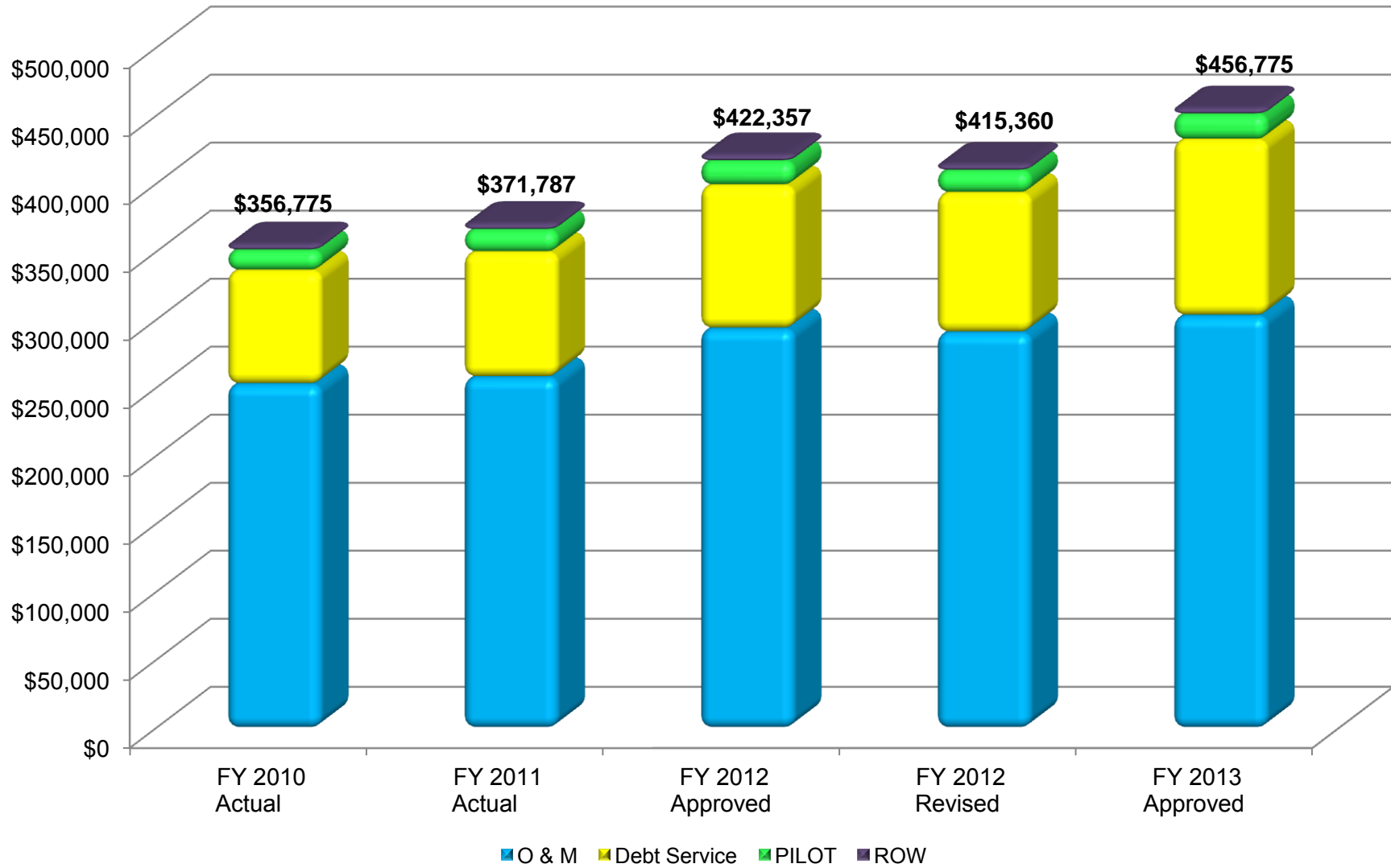
All other departments provide critical administrative and technical support to ensure the safe and reliable continuity of our vital services through short and long-term planning, asset management, leadership and all financial and human capital support requirements. An organizational chart can be found on page VII-14.

**Reporting Lines:** Departments are also grouped within cluster to ensure accountability and to enhance efficiency and delivery of various services. A member of the Executive Leadership Team heads each departmental cluster group and carries the accountability for service delivery and performance metrics of the departments within their cluster.

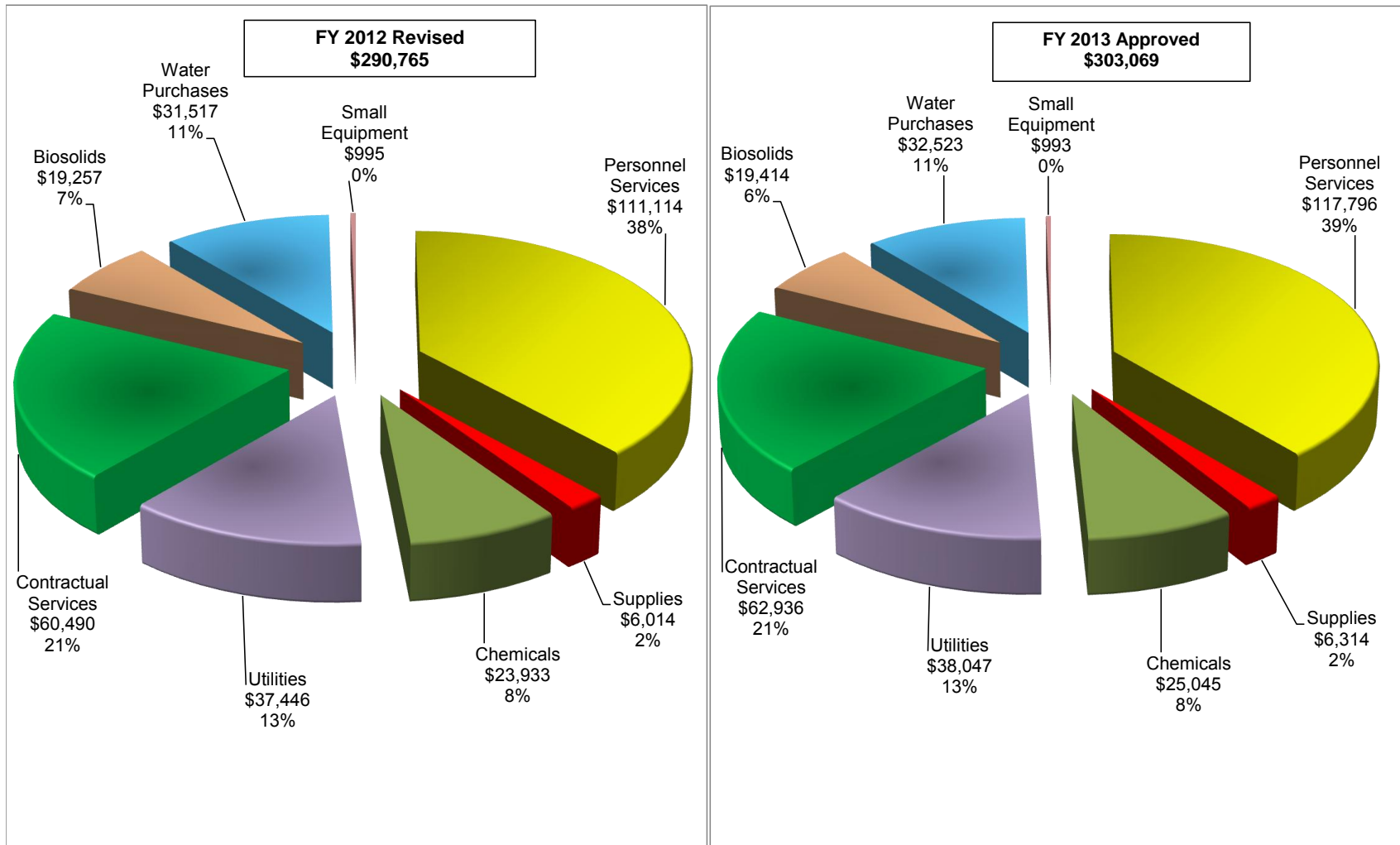
As DC Water strives in its mission to be a "best in world" organization, it also continues to make organizational changes and improvement to enhance efficiencies, improve processes and best utilize all assets with the goal to better serve the public and protect the environment. In FY 2011, this resulted in various changes, including:

- Expansion of the Office of Public Affairs to include the government relations function – a transfer from the General Manager's office; and the Authority's first-ever full time position dedicated to internal communications. The department was also renamed to "Office of External Affairs", to better reflect its expanded functions, and is now headed by the Chief of External Affairs.
- Reorganization and renaming of the Human Resources department to "Human Capital Management" to decentralize services to better support and enhance DC Water's staff's individual personal and professional lives, Benefits, career progression, leadership development, and training. The transition to Human Capital Management is representative of the desire to be progressive, responsive and adaptive to the needs of our evolving organization.
- Reorganization of the Facilities Management and Safety and Security departments into two separate departments, Facilities & Security Management and Occupational Safety and Health (OSH). Creating this standalone department (OSH) allows for a greater focus on the health and safety of DC Water's employees and customers. The restructuring transferred security functions to facilities management to better protect our facilities and assets.
- Renaming the Long Term Control Plan department to "Clean Rivers". The new name facilitates better understanding of the functional role of the department, the benefit of the department, and reinforces DC Water's commitment to environmental stewardship.

# Comparative Operating Expenditure Budgets FY 2010 - FY 2013 (\$000's)



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





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

	<u>FY 2010 ACTUAL</u>	<u>FY 2011 ACTUAL</u>	<u>FY 2012 APPROVED</u>	<u>FY 2012 REVISED</u>	<u>FY 2013 APPROVED</u>
<b><u>OPERATING</u></b>					
Personnel Services	98,192	103,145	113,354	111,114	117,796
Contractual Services	69,498	71,067	78,826	79,747	82,349
Water Purchases	27,587	27,170	33,000	31,517	32,523
Chemicals and Supplies	26,724	26,412	29,946	29,947	31,360
Utilities	29,929	29,429	37,447	37,446	38,047
Small Equipment	858	694	995	995	993
<b>Subtotal O &amp; M Expenditures</b>	<b><u>252,787</u></b>	<b><u>257,917</u></b>	<b><u>293,569</u></b>	<b><u>290,765</u></b>	<b><u>303,069</u></b>
Debt Service	83,514	91,888	105,387	102,613	129,392
Payment in Lieu of Taxes	15,374	16,882	18,301	16,882	19,215
Right of Way Fees	5,100	5,100	5,100	5,100	5,100
<b>Total Operating Expenditures</b>	<b><u>356,775</u></b>	<b><u>371,787</u></b>	<b><u>422,357</u></b>	<b><u>415,360</u></b>	<b><u>456,775</u></b>
Personnel Services charged to Capital Projects	(9,982)	(9,906)	(16,000)	(14,000)	(16,690)
<b>Total Net Operating Expenditures</b>	<b><u><u>346,793</u></u></b>	<b><u><u>361,881</u></u></b>	<b><u><u>406,357</u></u></b>	<b><u><u>401,360</u></u></b>	<b><u><u>440,085</u></u></b>

**Comparative Operating Expenditures by Department**  
(\$000's)

	<u>FY 2010 ACTUAL</u>	<u>FY 2011 ACTUAL</u>	<u>FY 2012 APPROVED</u>	<u>FY 2012 REVISED</u>	<u>FY 2013 APPROVED</u>	
<b>O</b>						
p	Wastewater Treatment	76,181	74,542	85,359	85,369	87,735
e	Water Services	51,300	51,073	58,846	57,631	61,207
r	Sewer Services	18,296	18,740	20,484	20,394	21,213
a	Maintenance Services	19,029	19,737	20,590	20,742	21,217
t	Water & Sewer Pumping Services	4,025	4,142	4,837	4,731	4,691
i	Engineering and Technical Services	14,556	15,423	19,363	17,101	19,829
o	Clean Rivers	201	331	1,499	1,477	1,394
n	Permit Operations	89	116	971	1,662	1,522
s	Customer Service	13,689	14,671	16,356	16,079	16,602
	Subtotal Operations	<u>197,366</u>	<u>198,774</u>	<u>228,302</u>	<u>225,186</u>	<u>235,409</u>
<b>A</b>						
d	General Manager	2,127	2,900	4,405	4,787	3,985
m	Office of the Board Secretary	370	367	624	618	598
i	Internal Audit	649	642	815	816	840
n	Finance and Budget	6,775	7,545	7,773	8,059	8,184
i	Risk Management	5,381	5,235	6,208	5,975	6,194
s	General Counsel	7,959	8,993	6,041	6,184	7,033
t	External Affairs	1,101	1,565	1,868	1,929	2,213
r	Information Technology	7,855	8,484	9,827	9,670	10,261
a	Assistant General Manager - Support Services	273	246	322	322	330
t	Human Capital Management	4,099	3,769	4,994	4,734	4,470
i	Facilities and Security Management	6,449	6,558	6,877	12,481	12,990
o	Procurement	3,140	3,561	4,311	4,138	4,362
n	Occupational Safety and Health	5,142	5,118	6,743	1,358	1,733
	Fleet Management	4,102	4,159	4,459	4,507	4,466
	Subtotal Administration	<u>55,421</u>	<u>59,142</u>	<u>65,267</u>	<u>65,579</u>	<u>67,659</u>
	<b>Subtotal O &amp; M Expenditures</b>	<u>252,787</u>	<u>257,917</u>	<u>293,569</u>	<u>290,765</u>	<u>303,069</u>
	Debt Service	83,514	91,888	105,387	102,613	129,392
	Payment in Lieu of Taxes	15,374	16,882	18,301	16,882	19,215
	Right of Way	5,100	5,100	5,100	5,100	5,100
	<b>Total Operating Expenditures</b>	<u>356,775</u>	<u>371,787</u>	<u>422,357</u>	<u>415,360</u>	<u>456,775</u>
	Personnel Services charged to Capital Projects	(9,982)	(9,906)	(16,000)	(14,000)	(16,690)
	<b>Total Net Operating Expenditures</b>	<u><u>346,793</u></u>	<u><u>361,881</u></u>	<u><u>406,357</u></u>	<u><u>401,360</u></u>	<u><u>440,085</u></u>

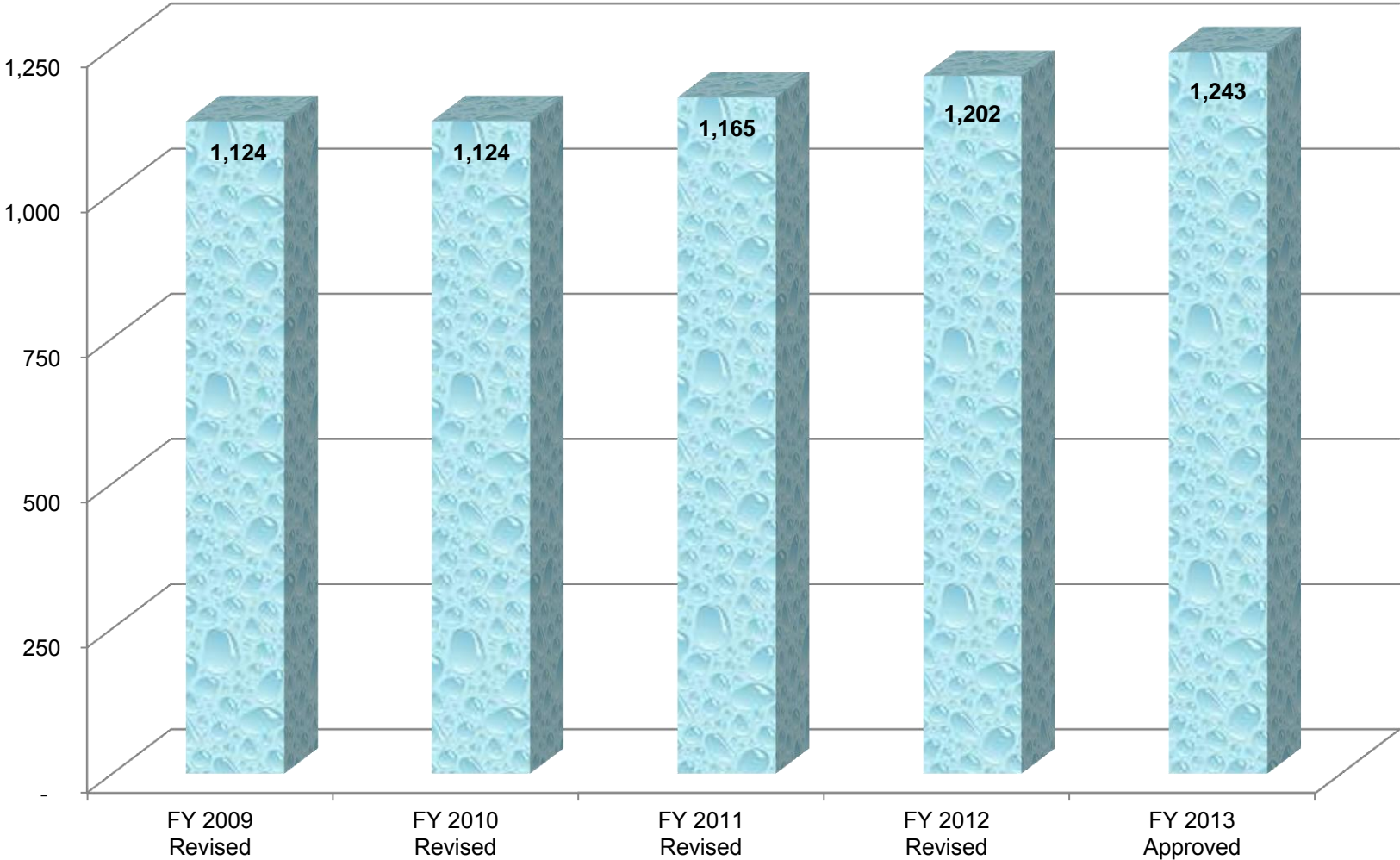
**Comparative Operating Expenditures by Department by Category  
FY 2012 Revised Budget  
(\$000's)**

	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	8,306	2,422	956	11,684	575	23,652	25,794	4,299	19,257	-	108	73,684	85,369
<b>p</b> Water Services	184	11,420	3,366	1,080	15,866	930	90	4,487	4,589	-	31,517	152	41,764	57,631
<b>e</b> Sewer Services	159	9,713	2,886	900	13,499	439	191	3,297	2,918	-	-	50	6,895	20,394
<b>r</b> Maintenance Services	139	9,041	2,683	800	12,524	2,342	-	118	5,565	-	-	193	8,218	20,742
<b>a</b> Water & Sewer Pumping Services	33	2,031	603	200	2,834	492	-	13	1,297	-	-	95	1,897	4,731
<b>t</b> Engineering and Tech. Services	156	11,411	3,376	548	15,335	108	-	214	1,425	-	-	19	1,766	17,101
<b>i</b> Clean Rivers	10	1,031	306	25	1,363	10	-	5	99	-	-	-	114	1,477
<b>o</b> Permit Operations	15	992	295	3	1,290	20	-	296	56	-	-	-	372	1,662
<b>n</b> Customer Service	124	7,517	2,233	240	9,990	181	-	1,768	4,099	-	-	41	6,089	16,079
<b>s</b>														
Subtotal Operations	941	61,464	18,170	4,752	84,386	5,098	23,933	35,992	24,346	19,257	31,517	658	140,800	225,186
<b>A</b> General Manager	17	1,725	512	13	2,250	12	-	30	2,494	-	-	-	2,537	4,787
<b>d</b> Office of the Board Secretary	2	180	53	4	237	18	-	6	356	-	-	1	381	618
<b>m</b> Internal Audit	-	-	-	-	-	-	-	7	810	-	-	-	816	816
<b>i</b> Finance and Budget	46	4,080	1,212	30	5,321	16	-	66	2,651	-	-	4	2,737	8,059
<b>n</b> Risk Management	4	295	88	1	384	4	-	5	5,582	-	-	-	5,591	5,975
<b>i</b> General Counsel	14	1,212	360	2	1,573	15	-	17	4,579	-	-	-	4,611	6,184
<b>s</b> External Affairs	11	905	269	2	1,176	18	-	22	713	-	-	-	753	1,929
<b>t</b> Information Technology	24	1,762	518	24	2,304	199	-	125	6,895	-	-	147	7,366	9,670
<b>r</b> AGM - Support Services	2	232	69	1	302	1	-	8	11	-	-	-	20	322
<b>a</b> Human Capital Management	23	1,996	593	5	2,594	35	-	31	2,072	-	-	2	2,140	4,734
<b>t</b> Facilities & Security Management	66	3,985	1,184	150	5,319	495	-	105	6,489	-	-	73	7,162	12,481
<b>i</b> Procurement	38	2,783	827	30	3,640	39	-	58	390	-	-	10	497	4,138
<b>o</b> Occupational Safety and Health	8	709	210	2	921	53	-	31	328	-	-	25	437	1,358
<b>n</b> Fleet Management	6	543	161	1	704	11	-	944	2,773	-	-	75	3,803	4,507
Subtotal Administration	261	20,407	6,056	265	26,728	917	-	1,454	36,144	-	-	337	38,851	65,579
<b>Subtotal O &amp; M Expenditures</b>	<u>1,202</u>	<u>81,871</u>	<u>24,226</u>	<u>5,017</u>	<u>111,114</u>	<u>6,014</u>	<u>23,933</u>	<u>37,446</u>	<u>60,490</u>	<u>19,257</u>	<u>31,517</u>	<u>995</u>	<u>179,651</u>	<u>290,765</u>
Debt Service														102,613
Payment in Lieu of Taxes														16,882
Right of Way														5,100
<b>Total Operating Expenditures</b>														415,360
Personnel Services charged to Capital Projects														(14,000)
<b>Total Net Operating Expenditures</b>														<u>401,360</u>

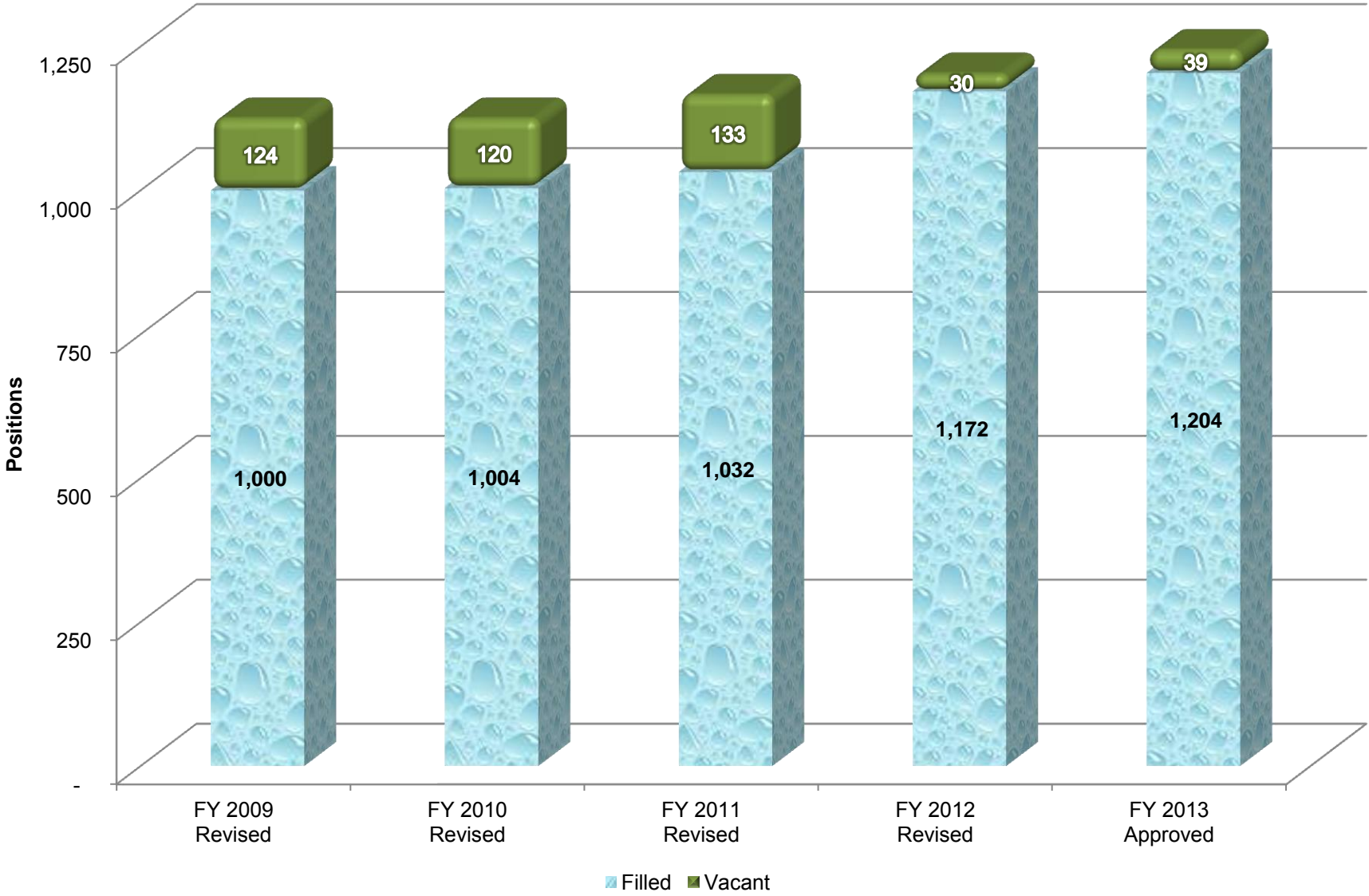
**Comparative Operating Expenditures by Department by Category  
FY 2013 Approved Budget  
(\$000's)**

	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	8,500	2,297	986	11,783	743	24,749	26,356	4,600	19,414	-	89	75,951	87,735
<b>p</b> Water Services	207	12,735	3,549	1,080	17,364	1,010	80	4,487	5,564	-	32,523	180	43,844	61,207
<b>e</b> Sewer Services	159	10,189	2,853	900	13,942	477	216	3,297	3,232	-	-	50	7,271	21,213
<b>r</b> Maintenance Services	139	9,353	2,614	800	12,767	2,352	-	122	5,783	-	-	193	8,451	21,217
<b>a</b> Water & Sewer Pumping Services	33	2,026	567	200	2,793	491	-	13	1,298	-	-	96	1,899	4,691
<b>t</b> Engineering and Tech. Services	170	13,552	3,779	680	18,011	116	-	223	1,461	-	-	19	1,818	19,829
<b>i</b> Clean Rivers	10	993	278	5	1,276	15	-	5	98	-	-	-	118	1,394
<b>o</b> Permit Operations	15	866	243	11	1,120	36	-	322	44	-	-	-	402	1,522
<b>n</b> Customer Service	125	7,940	2,223	240	10,403	189	-	1,808	4,151	-	-	51	6,199	16,602
<b>s</b>														
Subtotal Operations	979	66,153	18,403	4,902	89,458	5,429	25,045	36,632	26,230	19,414	32,523	678	145,952	235,410
<b>A</b> General Manager	15	1,759	492	10	2,261	12	-	28	1,684	-	-	-	1,724	3,985
<b>d</b> Office of the Board Secretary	2	185	52	4	241	18	-	5	333	-	-	1	357	598
<b>m</b> Internal Audit	-	-	-	-	-	-	-	2	838	-	-	-	840	840
<b>i</b> Finance and Budget	46	4,340	1,210	30	5,579	16	-	69	2,515	-	-	4	2,604	8,184
<b>n</b> Risk Management	4	339	95	1	435	5	-	5	5,749	-	-	-	5,759	6,194
<b>i</b> General Counsel	15	1,378	386	2	1,766	15	-	19	5,233	-	-	-	5,268	7,033
<b>s</b> External Affairs	12	1,110	311	2	1,423	15	-	24	748	-	-	3	790	2,213
<b>t</b> Information Technology	24	1,797	495	20	2,313	199	-	131	7,472	-	-	147	7,948	10,261
<b>r</b> AGM - Support Services	2	234	65	1	300	1	-	8	21	-	-	-	30	330
<b>a</b> Human Capital Management	23	2,011	563	5	2,580	36	-	31	1,822	-	-	2	1,891	4,470
<b>t</b> Facilities & Security Management	67	4,330	1,193	200	5,723	465	-	105	6,623	-	-	73	7,266	12,990
<b>i</b> Procurement	38	2,996	839	30	3,865	39	-	58	400	-	-	-	497	4,362
<b>o</b> Occupational Safety and Health	10	890	249	2	1,142	53	-	24	504	-	-	10	591	1,733
<b>n</b> Fleet Management	6	554	155	1	710	11	-	906	2,764	-	-	75	3,756	4,466
Subtotal Administration	264	21,924	6,106	308	28,338	885	-	1,415	36,707	-	-	315	39,321	67,659
<b>Subtotal O &amp; M Expenditures</b>	<u>1,243</u>	<u>88,077</u>	<u>24,509</u>	<u>5,210</u>	<u>117,796</u>	<u>6,314</u>	<u>25,045</u>	<u>38,047</u>	<u>62,937</u>	<u>19,414</u>	<u>32,523</u>	<u>993</u>	<u>185,272</u>	<u>303,069</u>
Debt Service														129,392
Payment in Lieu of Taxes														19,215
Right of Way														5,100
<b>Total Operating Expenditures</b>														456,775
Personnel Services charged to Capital Projects														(16,690)
<b>Total Net Operating Expenditures</b>														<u>440,085</u>

# Authorized Positions FY 2009 - FY 2013



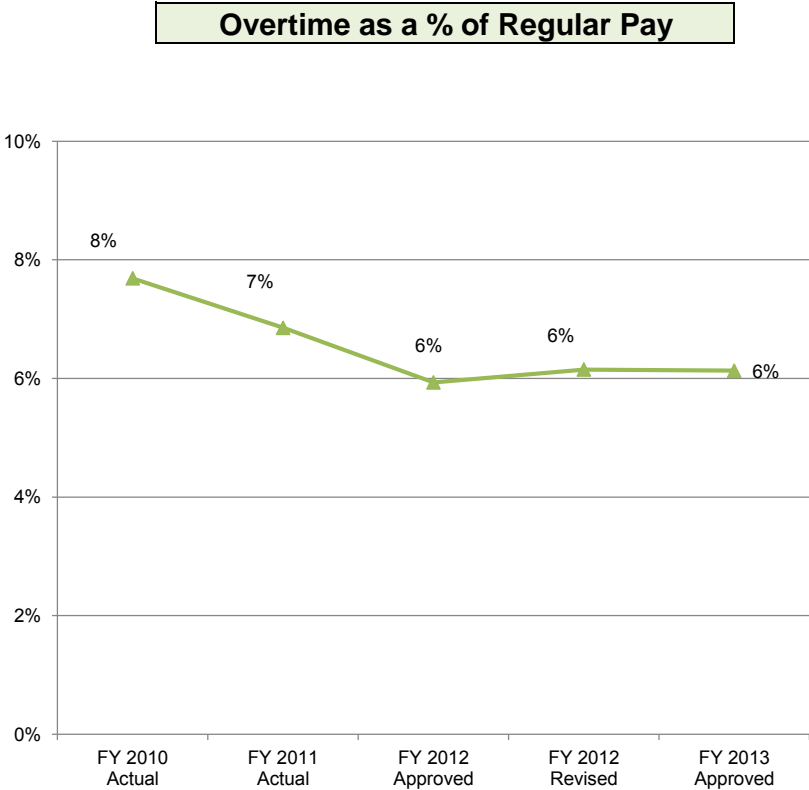
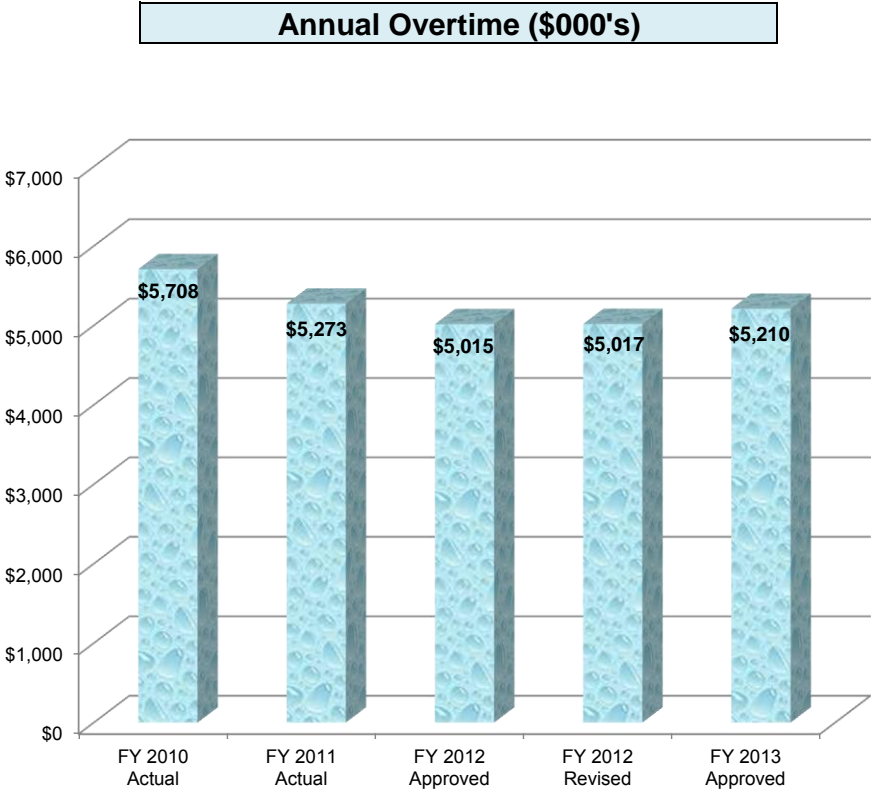
# Filled vs. Vacant Positions FY 2009 - FY 2013



## FY 2012 Revised and FY 2013 Approved Positions

	Fiscal Year 2010			FY 2010	Fiscal Year 2011			FY 2011	Fiscal Year 2012		Fiscal Year 2013
	Authorized	Average Filled	Average Vacant	Year-End Filled	Authorized	Average Filled	Average Vacant	Year-End Filled	Authorized	Revised	Approved
Operations	125	108	17	107	125	107	19	106	121	121	121
Water Services	172	158	14	153	172	160	12	159	184	184	207
Sewer Services	159	153	6	154	159	152	7	156	159	159	159
Maintenance Services	139	127	12	127	139	125	14	123	139	139	139
Water & Sewer Pumping Services	33	28	5	25	33	26	8	27	33	33	33
Engineering and Technical Services	127	105	22	103	144	110	34	117	167	156	170
Clean Rivers	4	1	3	2	10	2	8	3	10	10	10
Permit Operations	3	0	3	0	3	2	1	3	5	15	15
Customer Service	123	115	9	114	124	113	11	113	124	124	125
Subtotal	<b>885</b>	<b>794</b>	<b>91</b>	<b>785</b>	<b>909</b>	<b>798</b>	<b>111</b>	<b>807</b>	<b>942</b>	<b>941</b>	<b>979</b>
Administration	10	8	2	9	14	10	4	9	16	17	15
Office of the Board Secretary	2	2	0	2	2	2	0	2	2	2	2
Internal Audit	0	0	0	0	0	0	0	0	0	0	0
Finance and Budget	43	41	2	42	44	42	2	42	46	46	46
Risk Management	3	3	0	3	4	3	1	3	4	4	4
General Counsel	14	12	3	14	14	13	1	13	14	14	15
External Affairs	9	8	1	10	11	10	1	11	10	11	12
Information Technology	18	15	3	12	24	12	12	13	24	24	24
Asst. Gen. Mgr. - Support Services	2	1	1	1	2	1	1	2	2	2	2
Human Capital Management	23	22	1	20	24	21	3	21	24	23	23
Facilities and Security Management	58	56	2	56	59	56	3	56	60	66	67
Procurement	38	32	6	33	38	35	3	36	38	38	38
Occupational Safety and Health	13	11	2	11	14	11	3	11	14	8	10
Fleet Management	6	6	0	6	6	6	0	6	6	6	6
Subtotal	<b>239</b>	<b>216</b>	<b>24</b>	<b>219</b>	<b>256</b>	<b>222</b>	<b>34</b>	<b>225</b>	<b>260</b>	<b>261</b>	<b>264</b>
<b>Total Positions</b>	<b>1,124</b>	<b>1,010</b>	<b>114</b>	<b>1,004</b>	<b>1,165</b>	<b>1,020</b>	<b>145</b>	<b>1,032</b>	<b>1,202</b>	<b>1,202</b>	<b>1,243</b>

## Comparative Overtime FY 2010 - FY 2013





**OVERTIME BY DEPARTMENT  
FY 2010 - FY 2013  
(\$000's)**

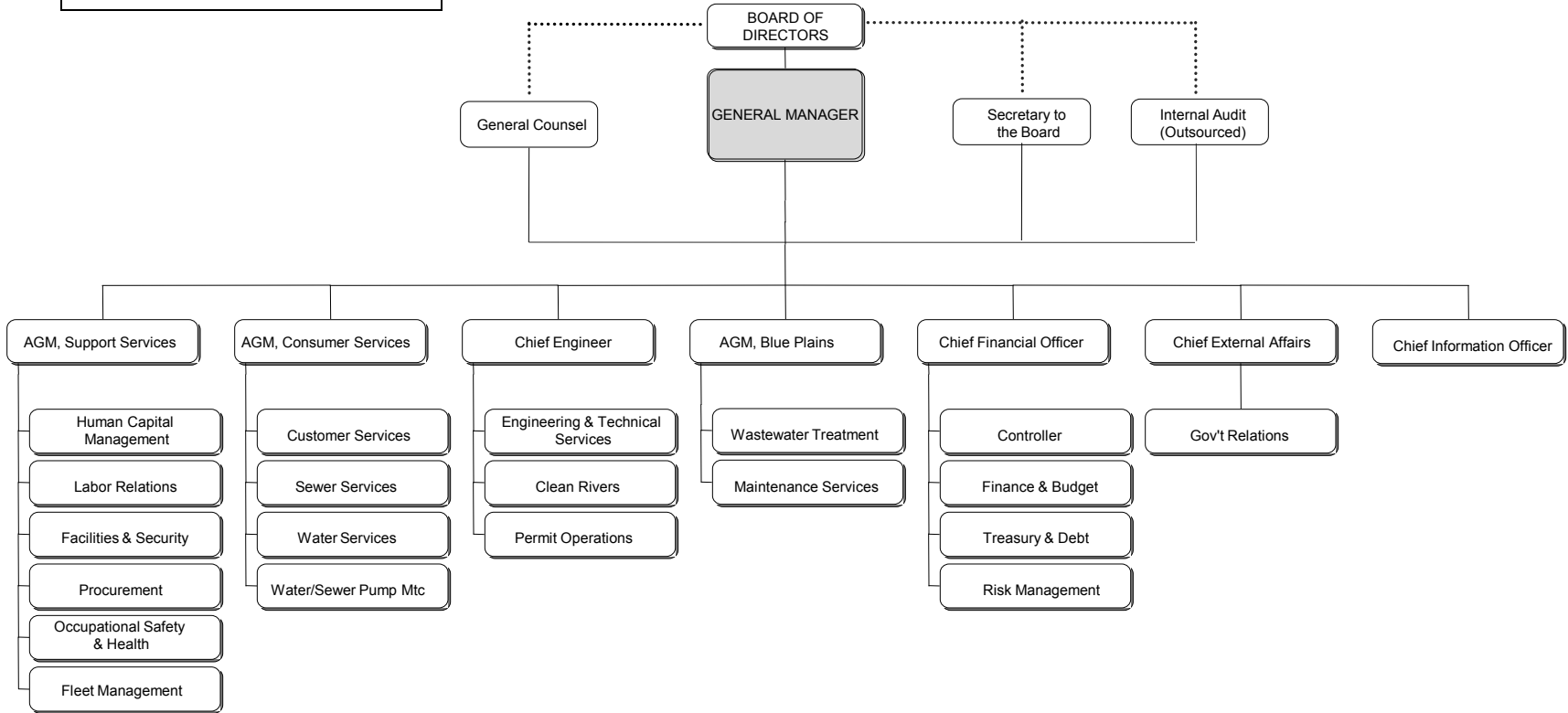
<b>Department</b>	<b>FY 2010 Actual</b>	<b>FY 2011 Actual</b>	<b>FY 2012 Approved</b>	<b>FY 2012 Revised</b>	<b>FY 2013 Approved</b>
Wastewater Treatment	1,111	1,010	956	956	986
Water Services	1,396	1,175	1,080	1,080	1,080
Sewer Services	1,116	901	900	900	900
Maintenance Services	973	883	800	800	800
Water / Sewer Pump Maintenance	112	113	200	200	200
Engineering and Technical Services	435	720	550	548	680
Clean Rivers	1	4	10	25	5
Permits	-	0	1	3	11
Customer Service	223	189	250	240	240
General Manager	4	2	15	13	10
Secretary to the Board of Directors	4	2	4	4	4
Internal Audit	-	-	-	-	-
Finance and Budget	21	28	30	30	30
Risk Management	0	0	1	1	1
General Counsel	6	1	2	2	2
External Affairs	1	3	2	2	2
Information Technology	28	16	25	24	20
Assistant General Manager - Support Services	1	1	1	1	1
Human Capital Management	3	3	5	5	5
Facilities and Security Management	251	204	150	150	200
Procurement and Materiel Management	19	18	30	30	30
Occupational Safety and Health	1	0	2	2	2
Fleet Management	1	1	1	1	1
<b>Total</b>	<b>5,708</b>	<b>5,273</b>	<b>5,015</b>	<b>5,017</b>	<b>5,210</b>



## D. C. Water & Sewer Authority Organization Chart

**FY 2013  
Operating Budget  
\$456,775,000**

POSITIONS				
FY 2011			FY 2012	FY 2013
Authorized	Average Positions Filled	Year-End Positions Filled		
1,165	1,010	1,032	1,202	1,243



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**Assistant General  
Manager  
Blue Plains**

<b>POSITIONS</b>				
<b>Authorized</b>	<b>CURRENT</b>		<b>FY 2012</b>	<b>FY 2013</b>
	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
121	107	106	121	121

**FY 2013 Budget  
\$87,735,000**

**WASTEWATER  
TREATMENT  
2 - Positions**

**Administrative  
Support  
3 - Positions**

**Process Engineering  
and Control  
14 - Positions**

**Wastewater  
Treatment  
Plant Operations  
83 - Positions**

**Biosolids  
Management  
6 - Positions**

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

**FUNCTIONS**

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

**FUNCTIONS**

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

**FUNCTIONS**

- Biosolids storage, loading, hauling and utilization/disposal

**FUNCTIONS**

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

## WASTEWATER TREATMENT

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

**BUDGET OVERVIEW:** The revised FY 2012 operating budget is slightly under the approved FY 2012 budget. The approved FY 2013 budget increased by \$2.37 million compared to the revised FY 2012 budget due to anticipated increases in chemicals, utilities (water usage), personnel services, and contractual services costs, including biosolids management.

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	125	121	121	121
Average number of positions filled	107			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	11,787	11,620	11,684	11,783
Overtime	1,010	956	956	986
<b>Non-Personnel Services:</b>				
Chemicals & Supplies	21,604	24,227	24,227	25,493
Utilities	19,985	25,849	25,794	26,356
Contractual Services, etc.	3,956	4,262	4,299	4,599
Biosolids	17,164	19,294	19,257	19,414
Small Equipment	46	108	108	89
<b>Total Non-Personnel Services</b>	<b>62,755</b>	<b>73,739</b>	<b>73,684</b>	<b>75,951</b>
<b>Total Operations</b>	<b>74,542</b>	<b>85,359</b>	<b>85,369</b>	<b>87,735</b>
<b>Capital Equipment</b>	<b>503</b>	<b>67</b>	<b>285</b>	<b>275</b>

Targeted Performance Measures	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
Achieve NACWA Award Status	Platinum	Platinum	Platinum	Platinum
Compliance with disposal of biosolids regulations (100%)	100 % Compliance	100 % Compliance	100 % Compliance	100 % Compliance
Inspection and Sampling of Pretreatment Permittees (100%)	100 % Complete	100 % Complete	100 % Complete	100 % Complete
Obtain 90% acceptable results on discharge monitoring report quality assurance samples	90% Acceptable results	90% Acceptable results	90% Acceptable results	90% Acceptable results

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

# WASTEWATER TREATMENT

## OVERVIEW

### FY 2012 Major Planned Activities and Changes

- Maintain full compliance with the National Pollutant Discharge Elimination Systems (NPDES) permit
- Continue to support implementation of CIP projects including Enhanced Nitrogen removal (ENR), Biosolids Management Program (BMP), and Long Term Control Plan (LTCP)
- Continue implementation of Safety and Operator Cross Training and Incentive Programs
- Continue implementation of High Priority Rehabilitation Program to ensure critical process equipment remains in service
- Implement an Asset Management Program to operate and maintain the facilities at Blue Plains at the desired level of service and the lowest life cycle cost
- Continue to work with surrounding jurisdictions (Maryland and Virginia) on regulatory requirements for biosolids and land applications
- Continue to conduct wastewater treatment process research and development in various areas including:
  - Biosolids product quality improvement
  - Biodegradability of organic nitrogen
  - Process model development of wastewater treatment process

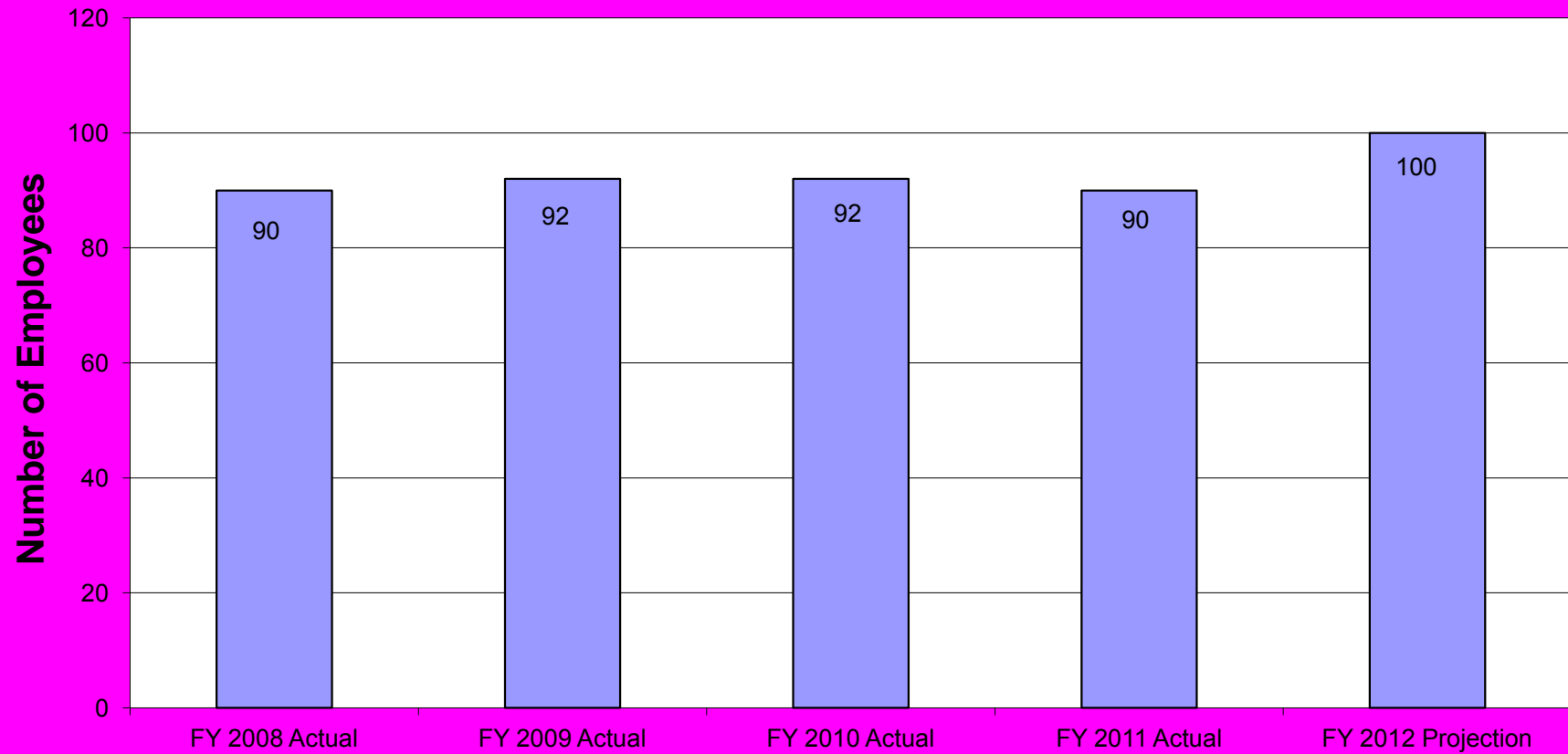
### FY 2013 Major Recommended Activities and Changes

- Continue to implement the Internal Improvement Plan (IIP) recommendations to improve Plant efficiency and effectiveness
- Continue to conduct wastewater treatment process research and development

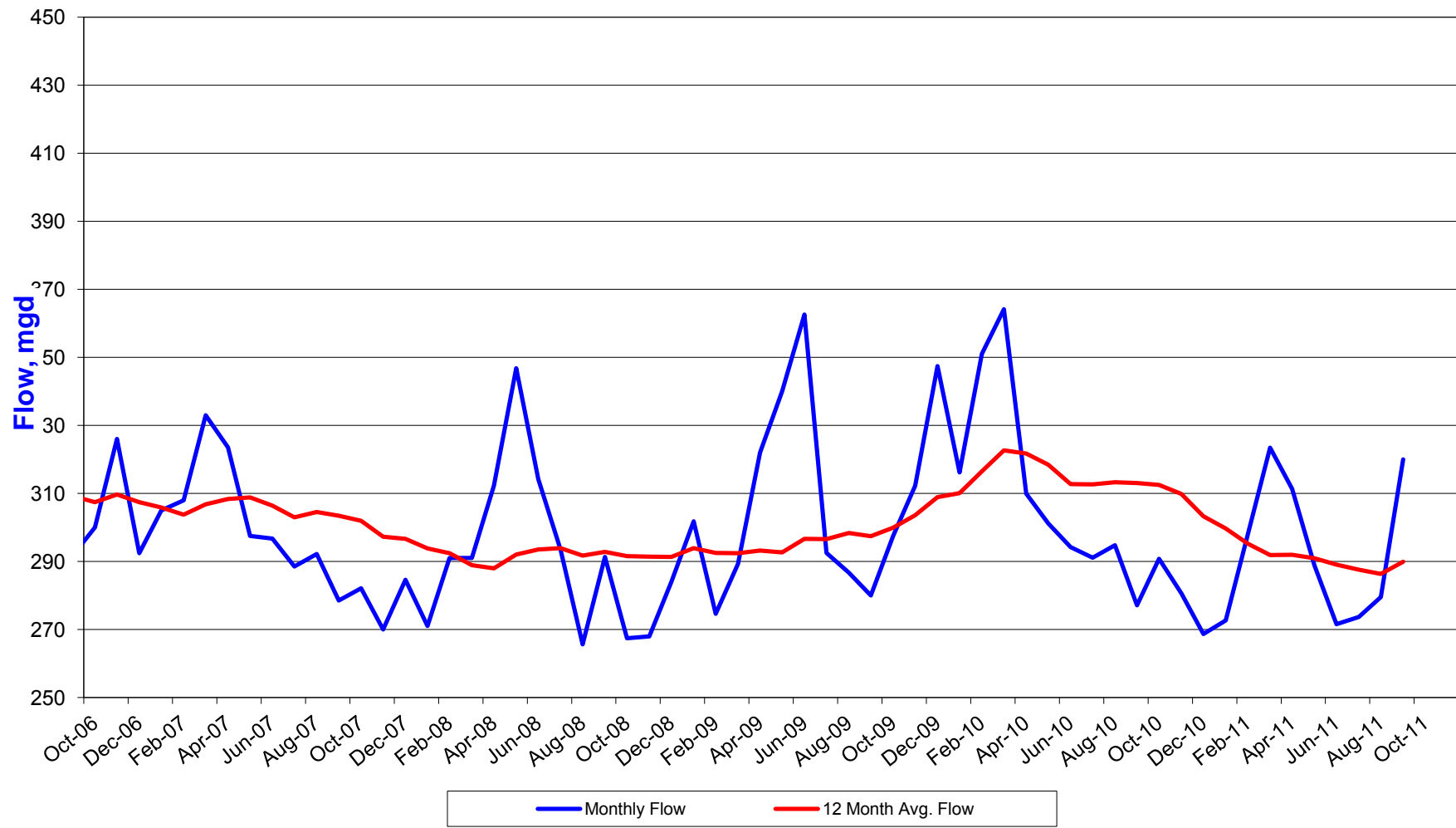
### Impact of Capital Projects on FY 2012 and FY 2013 Operating Expenditures

- The fine bubble aeration and mixing equipment upgrade in the BNR facilities will continue to enhance aeration process efficiency and reduce energy consumption

## Wastewater Treatment Certified Operators FY 2008 - FY 2012

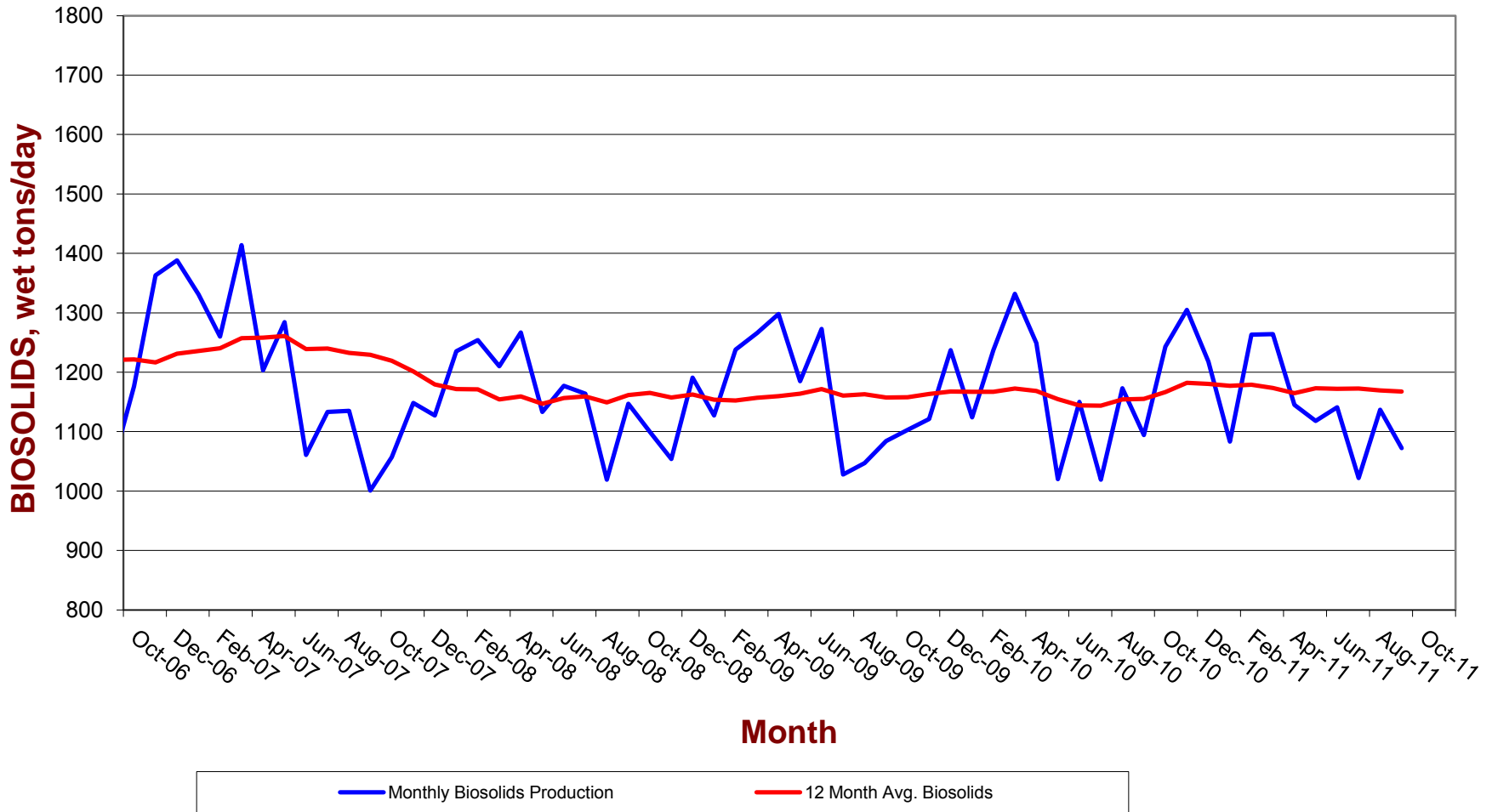


## BLUE PLAINS WASTEWATER TREATMENT PLANT EFFLUENT FLOW OCTOBER 2006 - OCTOBER 2011

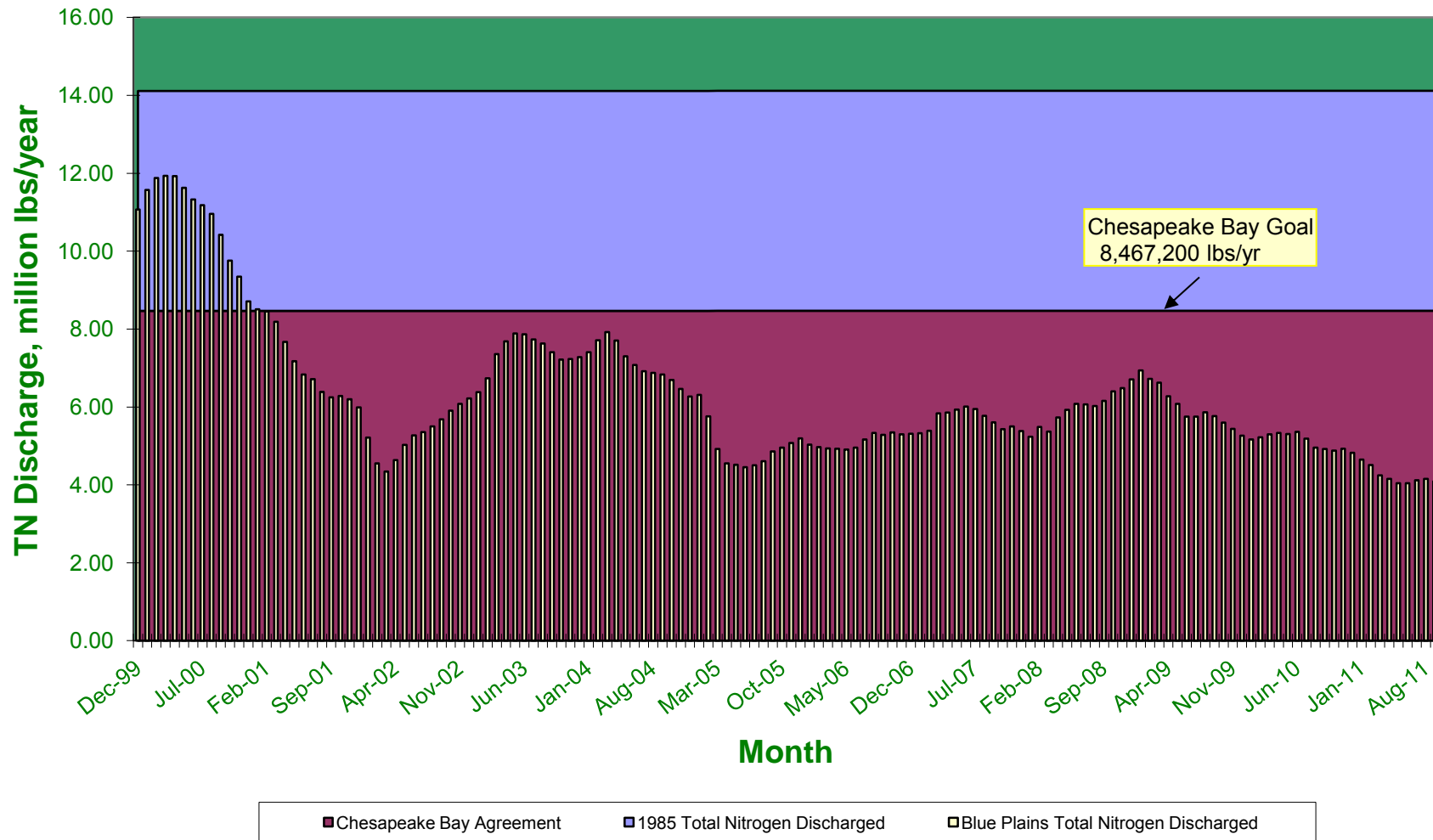




# BLUE PLAINS WASTEWATER TREATMENT PLANT BIOSOLIDS PRODUCTION OCTOBER 2006 - OCTOBER 2011



# BLUE PLAINS WASTEWATER TREATMENT PLANT ANNUAL TOTAL NITROGEN LOAD DECEMBER 1999 - AUGUST 2011



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**ASSISTANT GENERAL  
MANAGER  
CONSUMER  
SERVICES**

			POSITIONS	
Authorized	CURRENT		FY 2012	FY 2013
	Average Positions Filled	Year-End Positions Filled		
172	160	159	184	207

**FY 2013 Budget  
\$61,207,000**

**WATER  
SERVICES  
3 - Positions**

**Business Office  
2 – Positions**

**Pumping  
Operations  
13 – Positions**

**Systems Repair  
66 - Positions**

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

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

**Technical  
Support Services  
17 - Positions**

**Water Quality  
14 – Positions**

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

- 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
  - Support departmental safety efforts

- FUNCTIONS**
- Develop and administer comprehensive fire hydrant program
  - Manage fire hydrant contracts
  - Inspect, exercise and perform preventive 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
  - Support departmental safety efforts

- 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
  - Manage the Valve Coordination Control program
  - Test valve shutdown plans for construction of CIP projects
  - Perform scheduled and emergency shuts
  - Support departmental safety efforts

- FUNCTIONS**
- Establish and administer a comprehensive asset management program for both water and sewer systems
  - Perform as Contracting Officer's Technical Representative on all construction operations contracts
  - Evaluate engineering design and construction documents
  - Maintain quality control of Maximo data
  - Inspect construction projects
  - Update asset inventory data & perform QA/QC analysis
  - Manage and direct CIP Budget
  - Administer Public Space Restoration Program and associated contracts
  - Support departmental safety efforts
  - Provide business process evaluation and direct process improvement across departments

- 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
  - Issue public notifications when necessary
  - Prepare and publish Annual Consumer Confidence report
  - Support departmental safety efforts

## 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 2012 operating budget is approximately \$1.6 million lower compared to the approved FY 2012 operating budget. This change is mainly due to decreased funding in contractual services and water purchases. The \$3.6 million increase reflected in approved FY 2013 budget provides for 23 more positions in support of the department's continued effort to gradually transition current contractual services to in-house operations.

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	172	184	184	207
Average number of positions filled	160			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	15,225	15,598	15,866	17,364
Overtime	1,175	1,080	1,080	1,080
<b>Non-personnel Services:</b>				
Chemicals and Supplies	842	1,020	1,020	1,090
Utilities	3,741	4,487	4,487	4,487
Contractual Services, etc.	3,960	4,589	4,589	5,564
Water Purchases	27,170	33,000	31,517	32,523
Small Equipment	135	152	152	180
<b>Total Non-Personnel Services</b>	<b>35,848</b>	<b>43,247</b>	<b>41,764</b>	<b>43,844</b>
<b>Total Operations &amp; Maintenance</b>	<b>51,073</b>	<b>58,846</b>	<b>57,631</b>	<b>61,207</b>
<b>Capital Equipment</b>	<b>519</b>	<b>785</b>	<b>775</b>	<b>785</b>

Targeted Performance Measures	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
Maintain full compliance with Safe Drinking Water Act standards for positive coliform results (less than 5%)	0.45%	<5%	<5%	<5%
Flush at least 50% of the 1,300 miles of pipe in the distribution system annually	52%	50%	50%	50%
Exercise 18,000 - 23,000 valves annually	26,156	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	96%	97%	97%	97%
Repair 90% of reported main leaks within 10 days	81%	90%	90%	90%

## WATER SERVICES

### OVERVIEW

#### FY 2012 Major Planned Activities and Changes

- Transfer all of 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 field operations

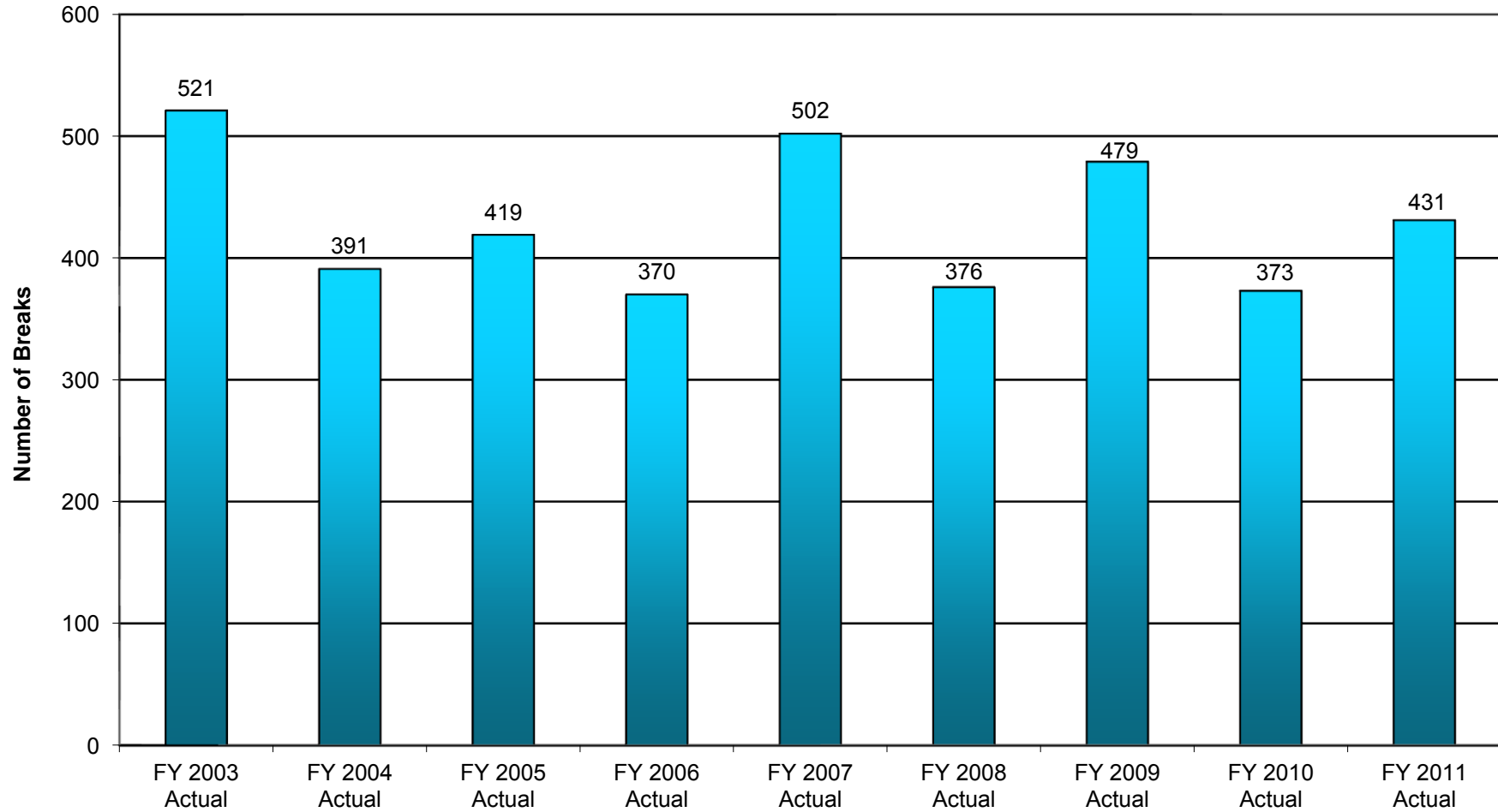
#### FY 2013 Major Recommended Activities and Changes

- Continue current contract routine for cleaning and disinfection of reservoirs and elevated storage tanks
- Award new three (3) year contracts to transfer all the valve operations support for CIP construction projects to in-house crews
- Work with Department of Engineering and Technical Services (DETS) to launch the following projects:
  - Hydraulic loop replacement at Bryant Street that is currently in construction and approximately 75% completed
  - Lead abatement and painting at Bryant Street
  - Fort Reno improvements contract which has been awarded and is about to start construction
  - New SCADA control room
- Institute an employee certification program for all the personnel in the Pumping Division
- Create a set of critical guidelines and control operating procedures for all facilities
- Continue recommended improvements to those reservoirs and tanks identified within EPA's Sanitary Survey
- Inspect, exercise and perform preventative maintenance on the 40,000 system valves
- Flush at least 50% of the water distribution system
- Additional Work-Order Activities:
  - Provide service line tap installations and inspection services for new system connections in conjunction with permit requests received by Permitting Department
  - Provide meter repair and location support to the Department of Customer Services Metering and Billing Divisions
  - Complete the repair and replacement of assets directly related to the Capital Improvement Program replacement projects; as part of Team Blue Asset Management Initiative
- Coordinate fire suppression needs with and for DC Fire and Emergency Management Services (DC Fire and EMS)
- Create a strategy for executing and managing construction contracts for the Fire Hydrant Upgrade Program
- Co-develop Public Space Restoration activities and permit requirements and costs with the District Department of Transportation (DDOT)
- Administer Flow Test program and improve response (turn around) time for flow test as well as flow test 1,500 fire hydrants per year

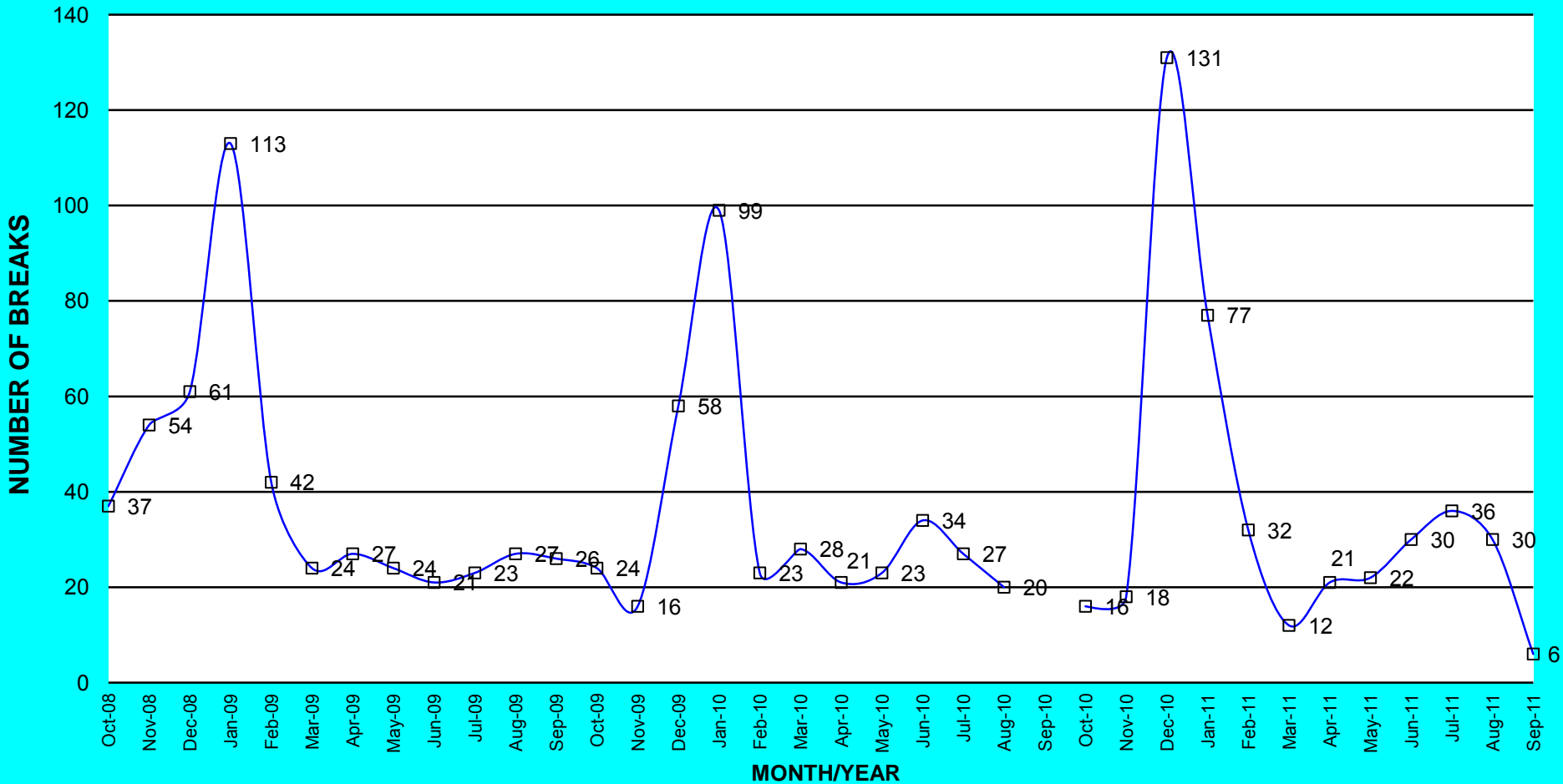
#### Impact of Capital Projects on FY 2012 and FY 2013 Operating Expenditures

- 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 2003 - FY 2011

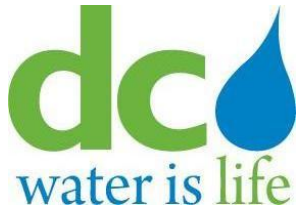


**HISTORICAL MONTHLY MAIN BREAKS**  
**October 2008 - September 2011**





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**ASSISTANT  
GENERAL  
MANAGER  
Consumer Services**

			POSITIONS	
CURRENT			FY 2012	FY 2013
Authorized	Average Positions Filled	Year-End Positions Filled		
159	152	156	159	159

**FY 2013 Budget  
\$21,213,000**

**SEWER SERVICES  
2 - Positions**

**Sewage Pumping  
35 - Positions**

**Inspection & Maintenance  
66 - Positions**

**Construction & Repair  
52 - Positions**

**Potomac Interceptor  
4 - Positions**

**FUNCTIONS**

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

**FUNCTIONS**

- Inspect public sewers
- Inspect sewer laterals
- Clean sewers and inlet /outlet structures
- Operate and maintain sewer regulator structures
- Clean catch basins
- Remove floatable debris
- Monitor & Control Operations

**FUNCTIONS**

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

**FUNCTIONS**

- Operate & 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 2012 budget decreased by approximately \$0.1 million compared to the approved FY 2012 budget primarily due to projected decrease in contractual services cost. The approved FY 2013 budget is higher than the revised FY 2012 budget by \$0.8 million due to anticipated increases in personnel services and contractual services costs.

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	159	159	159	159
Average number of positions filled	152			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	13,144	13,439	13,499	13,942
Overtime	901	900	900	900
<b>Non-Personnel Services:</b>				
Chemicals & Supplies	636	630	630	693
Utilities	3,024	3,297	3,297	3,297
Contractual Services, etc.	1,875	3,068	2,918	3,232
Small Equipment	60	50	50	50
<b>Total Non-Personnel Services</b>	<b>5,596</b>	<b>7,045</b>	<b>6,895</b>	<b>7,271</b>
<b>Total Operations &amp; Maintenance</b>	<b>18,740</b>	<b>20,484</b>	<b>20,394</b>	<b>21,213</b>
<b>Capital Equipment/Projects:</b>	<b>242</b>	<b>242</b>	<b>228</b>	<b>433</b>

Targeted Performance Measures	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
Catch basins cleaned annually	28,660	27,500	27,500	27,500
Laterals investigated/relieved annually	2,134	2,000	2,000	2,000
Floatable debris tonnage removed from rivers	440	400	400	400
Sewer laterals repaired/replaced annually	380	350	350	350
Sewer main and lining footage repaired/replaced annually	5,020	1,000	1,000	1,000
Number of inspections completed on Potomac Interceptor meters	421	400	400	400

## SEWER SERVICES

### OVERVIEW

#### FY 2012 Major Planned Activities and Changes

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

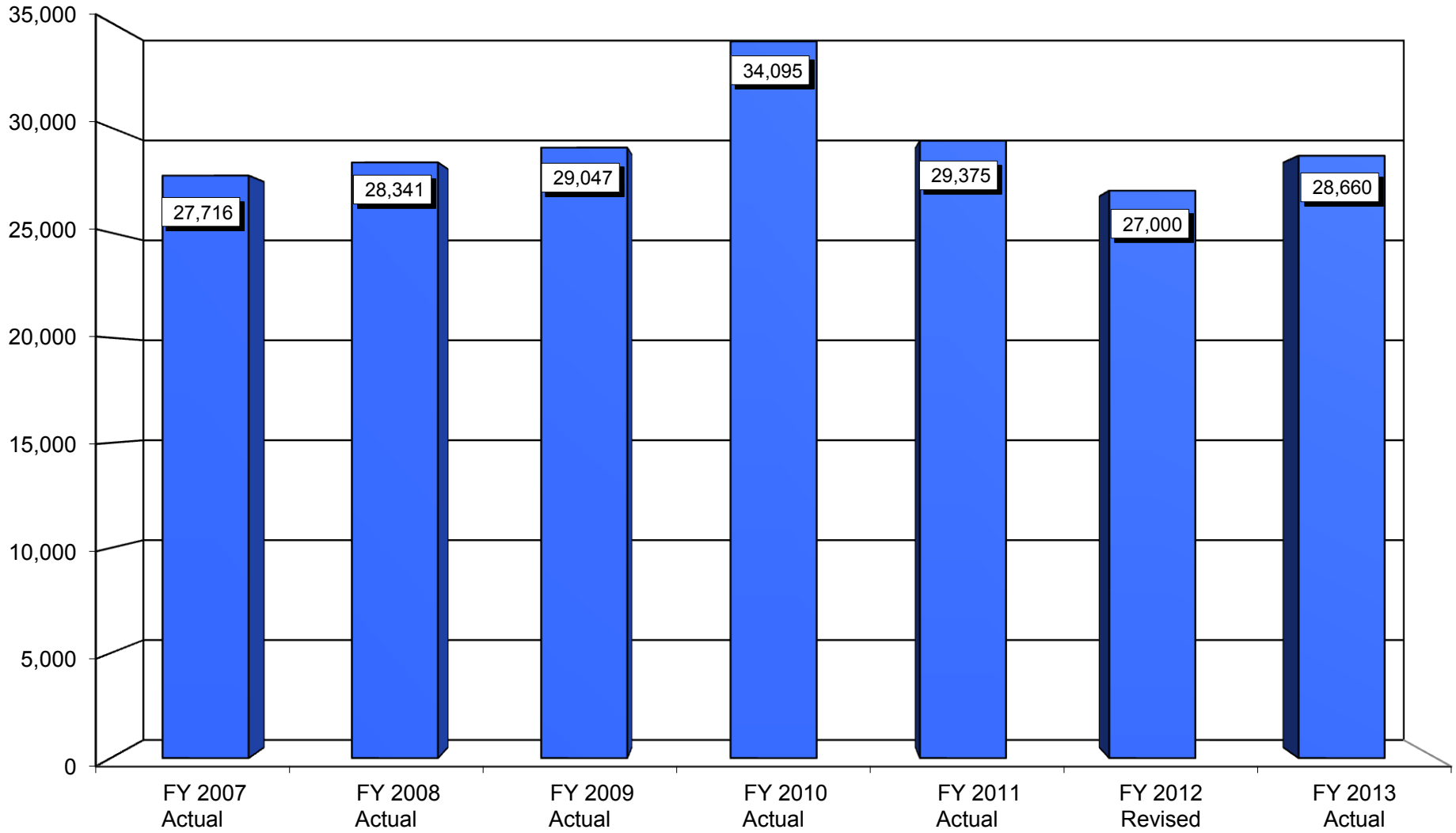
#### FY 2013 Major Recommended Activities and Changes

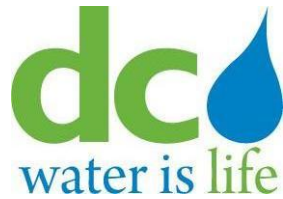
- Begin replacement of sewer laterals using trenchless technologies
- Implement Phase III Close Circuit Television (CCTV)/Sonar internal inspection of the PI
- Implement Interim Chemical Odor Control to reduce objectionable odors in Virginia on the PI
  - Start implementation of construction for the rehabilitation of various structures
  - Design Supervisory Control and Data Acquisition (SCADA) graphs for the PI Odor Control Facilities located in D.C. and Montgomery County, MD
  - Initiate operational maintenance (O&M) and safety training; and conduct environmental testing for control facilities located in D.C. and Montgomery County, MD
- Complete construction of the Potomac Interceptor Operation Clean Air for facilities located in Fairfax and Loudoun Counties, VA
- Start permitting for critical access roads improvements along the PI where storms have created erosion issues
- Implement PI yearly interim carbon/gel neutralizer odor control to reduce objectionable odors
- Begin Erosion Control Study for the Potomac Interceptor where significant erosion has occurred along the C&O Canal

#### Impact of Capital Projects on FY 2012 and FY 2013 Operating Expenditures

- As pumping stations are rehabilitated and service reliability is improved, there is a potential for additional cost due to the need for additional screenings and more frequent replacement of odor scrubbers
- The fats oil and grease (FOG) management program may potentially reduce odors, sewer backups, corrosion in pipes and excessive wear on pumps

## FY 2007 - FY 2013 Catch Basins Cleaned





**Assistant General  
Manager  
Blue Plains**

<b>POSITIONS</b>				
<b>CURRENT</b>			<b>FY 2012</b>	<b>FY 2013</b>
<b>Authorized</b>	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
139	125	123	139	139

**FY 2013 Budget  
\$21,217,000**

**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 all DC Water 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 at all DC Water facilities

**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
- Provide administrative support

**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 at the Blue Plains Plant, ensuring that the operational and customer service objectives of the Authority are achieved.

**BUDGET OVERVIEW:** The revised FY 2012 budget increased by approximately \$0.15 million over the approved FY 2012 budget due to projected personnel services (fringe benefits) adjustments. The approved FY 2013 budget is higher than the revised FY 2012 budget by \$0.48 million due to anticipated increases in personnel and contractual services costs.

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	139	139	139	139
Average number of positions filled	125			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	12,181	12,372	12,524	12,767
Overtime	883	800	800	800
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	1,798	2,342	2,342	2,352
Utilities	75	118	118	122
Contractual Services, etc.	5,572	5,565	5,565	5,783
Small Equipment	111	193	193	193
<b>Total Non-Personnel Services</b>	<b>7,556</b>	<b>8,218</b>	<b>8,218</b>	<b>8,451</b>
<b>Total Operations &amp; Maintenance</b>	<b>19,737</b>	<b>20,590</b>	<b>20,742</b>	<b>21,217</b>
<b>Capital Equipment</b>	<b>345</b>	<b>900</b>	<b>1,400</b>	<b>900</b>
<b>Targeted Performance Measures</b>	<b>FY 2011 Actual</b>	<b>FY 2012 Approved</b>	<b>FY 2012 Revised</b>	<b>FY 2013 Approved</b>
Critical Equipment Availability (97%)	98%	98%	98%	98%

## MAINTENANCE SERVICES

### OVERVIEW

#### FY 2012 Major Planned Activities and Changes

- Perform maintenance on the Solids Processing Building to further improve reliability
- Continue diver services program
- 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
- Perform major critical equipment maintenance initiative in Preliminary Treatment
- Continue unit shelf replacement (spares) program
- Continue lubrication technician program within the equipment reliability group
- Provide High Voltage, Predictive Maintenance, and Crane Maintenance support for Water & Sewer Pumping Maintenance (outside Blue Plains)

#### FY 2013 Major Recommended Activities and Changes

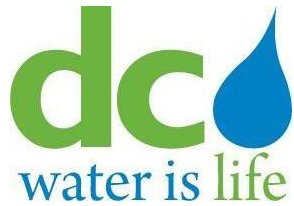
- Continue maintenance on the Solids Processing Building to further improve reliability
- Continue diver services program
- Continue the High Priority Rehabilitation Program
- Continue to support the PCCS
- Continue equipment reliability program (predictive maintenance/condition monitoring)
- Continue 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 2012 and FY 2013 Operating Expenditures

- Maintenance on PCCS and field instrument for automated filter controls in the Nitrification/Denitrification Project to improve nitrogen removal in the treatment process and also manage energy consumption in Blue Plains



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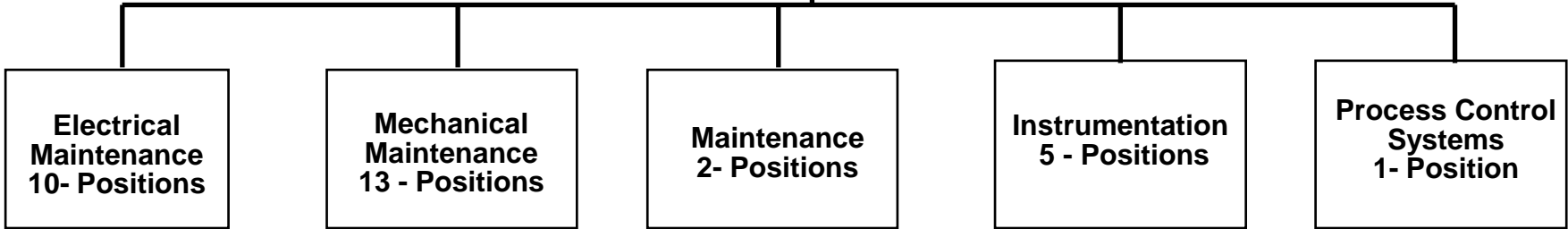


**ASSISTANT GENERAL  
MANAGER  
CONSUMER  
SERVICES**

			POSITIONS	
CURRENT			FY 2012	FY 2013
Authorized	Average Positions Filled	Year-End Positions Filled		
33	26	27	33	33

**FY 2013 Budget  
\$4,691,000**

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



**FUNCTIONS**

- Maintain electrical process control systems, equipment, and components for the Water and Sewer Services Departments
- 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 Water and Sewer Services Departments

**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 Water and Sewer Services departments

**FUNCTIONS**

- Maintain automated process control networking systems, flow, measurement, metering and recording equipment for the Water and Sewer Services departments

## 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 2012 operating budget is slightly under the approved FY 2012 budget by \$0.1 million. This difference is within the personnel services budget. The approved FY 2013 budget decreases by \$0.05 million based on current compensation projections.

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	33	33	33	33
Average number of positions filled	26			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	2,563	2,938	2,834	2,793
Overtime	113	200	200	200
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	354	491	492	491
Utilities	13	13	13	13
Contractual Services, etc.	1,168	1,298	1,297	1,298
Small Equipment	43	96	95	96
<b>Total Non-Personnel Services</b>	1,579	1,899	1,897	1,899
<b>Total Operations &amp; Maintenance</b>	4,142	4,837	4,731	4,691
<b>Capital Equipment</b>	8	100	100	100
<b>Targeted Performance Measures</b>	<b>FY 2011 Actual</b>	<b>FY 2012 Approved</b>	<b>FY 2012 Revised</b>	<b>FY 2013 Approved</b>
Critical Equipment Availability (98%)	98%	98%	98%	98%

## WATER/SEWER PUMPING MAINTENANCE

### OVERVIEW

#### FY 2012 Major Planned Activities and Changes

- Continue maintenance on the pumping station and storage facilities
- Continue maintenance training and employee certification program
- Continue the high priority rehabilitation program DC Water wide
- Work with Sewer Services in coordinating maintenance support for the Supervisory Control and Data Acquisition (SCADA) system
- 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
- Continue emergency generator critical services program

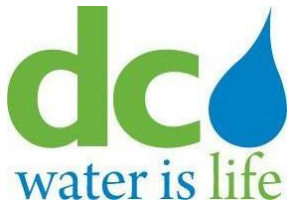
#### FY 2013 Major Recommended Activities and Changes

- Support Asset Management and Maintenance Project Team initiatives
- Support Materials Management Project Team's parts and logistical analysis initiative
- Support Water & Sewer remote hydraulic data reporting program
- Support upgrades and SCADA monitoring for all storm & sanitary pumping stations
- Continue maintenance on the pumping station and storage facilities
- Continue maintenance training and certification program
- Continue the High Priority Rehabilitation Program DC Water-wide
- Continue to work with Sewer Services in coordinating maintenance support for the SCADA system
- 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
- Continue emergency generator critical services program

#### Impact of Capital Projects on FY 2012 and FY 2013 Operating Expenditures

- Minimal impact to overtime and parts/material budgets; in the event emergency repair is required for major pumps and mechanical climber screens associated with critical capital equipment

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**CHIEF ENGINEER**

POSITIONS				
Authorized	CURRENT		FY 2012	FY 2013
	Average Positions Filled	Year-End Positions Filled		
144	110	117	156	170

**FY 2013 Budget  
\$19,829,000**

**ENGINEERING  
and TECHNICAL  
SERVICES  
6- Positions**

**Program  
Management  
Branch  
5- 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  
66 - 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  
64 - 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 revised FY 2012 budget decreased by approximately \$2.26 million below the approved FY 2012 budget due to projected increase in vacancy rate, coupled with 10 FTE's transferred to the Permits Department. The approved FY 2013 budget is higher than the revised FY 2012 budget by \$2.73 million due to the addition of 14 FTEs to support implementation of the increased capital improvement program.

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	144	167	156	170
Average number of positions filled	110			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	14,050	17,597	15,335	18,011
Overtime	720	550	549	680
<b>Non-Personnel Services:</b>				
Chemical and Supplies	84	108	108	116
Utilities	165	214	214	223
Contractual Services, etc.	1,121	1,425	1,425	1,461
Small Equipment	3	19	19	19
<b>Total Non-Personnel Services</b>	<b>1,373</b>	<b>1,765</b>	<b>1,766</b>	<b>1,818</b>
<b>Total Operations &amp; Maintenance</b>	<b>15,423</b>	<b>19,363</b>	<b>17,101</b>	<b>19,829</b>
<b>Capital Equipment</b>	<b>299</b>	<b>477</b>	<b>525</b>	<b>350</b>

Targeted Performance Measures	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
Percentage of KPI's Completed	80%	80%	80%	80%
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 2012 Major Planned 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 implementation of Total Nitrogen (TN) project at Blue Plains
- Continue implementation of Biosolids Management Plan projects
- Implement in-house management of 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
- Implement DETS Quality Manual
- Develop in-house survey capability
- Assist in the development of Asset Management Plan

#### FY 2013 Major Recommended Activities and Changes

- Continue to lead, manage timely, and ensure in-budget implementation of the CIP
- Maintain GIS with in-house staff, develop GIS applications
- 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 grow in-house design capability
- Continue to grow increased in-house construction management capability

#### Impact of Capital Projects on FY 2012 and FY 2013 Operating Expenditures

- Additional staffing to support implementation of the \$3.8 billion CIP for FY 2011 - 2020



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**FY 2013 Budget  
\$1,394,000**

**CHIEF ENGINEER**

**CLEAN RIVERS  
(CSO - LTCP)  
2 - Positions**

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

**DCCR Construction  
Branch  
4 - Position**

			<b>POSITIONS</b>	
<b>Authorized</b>	<b>CURRENT</b>		<b>FY 2012</b>	<b>FY 2013</b>
	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
10	2	3	10	10

**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 DCCR 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

## CLEAN RIVERS (CSO LTCP)

**MISSION:** To develop, design, construct and implement the Authority's 20 year Clean Rivers Project (aka Combined Sewer Overflow Long-Term Control Plan) that includes federally enforceable consent decree driven milestones.

**BUDGET OVERVIEW:** There is relatively no change between the approved FY 2012 and revised FY 2012 budgets. The approved FY 2013 budget is lower than the revised FY 2012 budget by \$0.084 million primarily due to anticipated vacancies in personnel services, coupled with reduced fringe benefits and overtime.

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	10	10	10	10
Average number of positions filled	2			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	235	1,385	1,363	1,276
Overtime	4	10	25	5
<b>Non-Personnel Services:</b>				
Chemical and Supplies	5	10	10	15
Utilities	-		5	5
Contractual Services, etc.	32	99	99	98
Small Equipment	-	5	-	-
Total Non-Personnel Services	37	114	114	118
<b>Total Operations &amp; Maintenance</b>	272	1,499	1,477	1,394
<b>Capital Equipment</b>				
<b>Targeted Performance Measures</b>	<b>FY 2011 Actual</b>	<b>FY 2012 Approved</b>	<b>FY 2012 Revised</b>	<b>FY 2013 Approved</b>
Meet all CSO LTCP consent decree milestones	100%	100%	100%	100%

## CLEAN RIVERS (CSO LTCP)

### OVERVIEW

#### FY 2012 Major Planned Activities and Changes

- Continue design and implementation of the 20-year DC Clean Rivers Project (CSO LTCP)
- Begin procurement of engineering and construction services for the Anacostia River Tunnel through design-build service delivery
- Continue construction 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
- Begin construction for new CSO 19 Outfall structure near RFK stadium to handle excess flow from the new North East Boundary Tunnel
- Continue design of Poplar Point Pump Station Replacement Project
- Begin construction of CSO control facilities at M Street near the Navy Yard area and Southside of the Anacostia River
- Continue site selection for Green Infrastructure demonstration projects
- Begin design of Main Pumping Station CSO diversion facilities

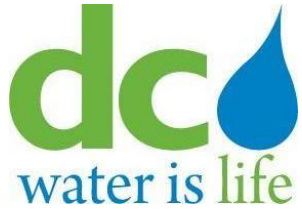
#### FY 2013 Major Recommended Activities and Changes

- Continue design and implementation of the 20-year DC Clean Rivers Project
- Complete procurement process for securing engineering and construction services for the Anacostia River Tunnel through design-build service delivery
- Complete construction of new CSO 19 Outfall structure near RFK stadium to handle excess flow from the new North East Boundary Tunnel
- Begin construction of Main Pumping Station CSO diversion facilities
- Continue construction of CSO at M Street near the Navy Yard area and Southside of the Anacostia River
- Continue construction of the Blue Plains tunnel that is approximately 4 miles long and 23 feet inside diameter
- Begin design of Green Infrastructure demonstration projects

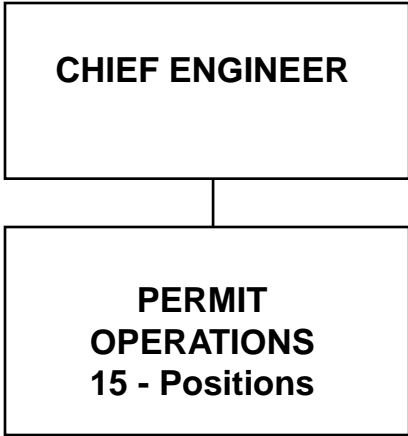
#### Impact of Capital Projects on FY 2012 and FY 2013 Operating Expenditures

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

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**FY 2013 Budget  
\$1,522,000**



			<b>POSITIONS</b>	
<b>CURRENT</b>			FY 2012	FY 2013
Authorized	Average Positions Filled	Year-End Positions Filled		
3	2	3	15	15

**FUNCTIONS**

- Manage DC Water’s permit functions
- Perform engineering review of major development projects from conception to construction
- Coordinate with various D.C. agencies (DCRA, DDOT and DDOE) in support of the District’s permit operations
- Collaborate with DETS on modifications to the design standards
- Review and approve plans, issue water and sewer availability certificates
- Update and/or create Premises for customer services
- Coordinate on construction issues with DETS Water and Sewer Construction Branch
- Estimate and collect fees for permit and inspection services
- Initiate MAXIMO records and inspection work orders
- Forward as-designed plans to GIS updating system

## PERMIT OPERATIONS

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

**BUDGET OVERVIEW:** The revised FY 2012 budget is higher than the approved FY 2012 budget by approximately \$0.7 million primarily due to 10 additional FTEs transferred from DETS. The approved FY 2013 budget is lower than the revised FY 2012 budget by approximately \$0.14 million primarily due to projected decreases in personnel services costs.

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	3	5	15	15
Average number of positions filled	2			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	107	599	1,290	1,120
Overtime	0	1	3	11
<b>Non-Personnel Services:</b>				
Chemical and Supplies	-	20	20	36
Utilities	-	296	296	322
Contractual Services, etc.	9	56	56	44
Small Equipment	-	-	-	-
<b>Total Non-Personnel Services</b>	9	372	372	402
<b>Total Operations &amp; Maintenance</b>	116	971	1,662	1,522
<b>Capital Equipment</b>	-	-		-
<b>Targeted Performance Measures</b>	<b>FY 2011 Actual</b>	<b>FY 2012 Approved</b>	<b>FY 2012 Revised</b>	<b>FY 2013 Approved</b>
Process all permit applications in accordance with the service level agreement timeframe (85%)	85%	85%	85%	85%

## PERMIT OPERATIONS

### OVERVIEW

#### FY 2012 Major Planned Activities and Changes

- Relocate to 1100 4<sup>th</sup> Street, SW Waterfront area to co-locate with the Department of Consumer and Regulatory Affairs (DCRA), District Department of Transportation (DDOT), Office of Planning (OP), Deputy Mayor for Planning and Economic Development (DMPED), and District Department of the Environment (DDOE)
- Institute new fee structure to better align with the actual work load and to generate revenues commensurate with costs
- Institute new management structure that eliminates the historical tiered review process
- Participate with DDOE in their new online initiative for reviewing building permits called ProjectDox to the extent practical. ProjectDox will expedite the building permit application process by allowing electronic submittal of building plans and supporting documentation. The ProjectDox system will eliminate the need for an applicant to submit multiple paper copies of project plans in conjunction with the building permit application.
- Actively seek participation of Permit Operations staff in the District's Certificate of Occupancy inspection/process to validate that customer service records are accurate, meters are installed and that backflow prevention is provided
- Provide DC Water representation at DMPED big project meetings
- Track and record all easement covenants in the District
- Institute a credit card payment system to issue receipts and take fees

#### FY 2013 Major Recommended Activities and Changes

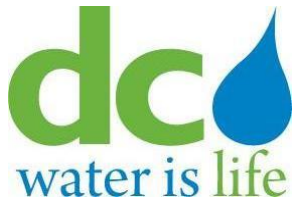
- Potential to take on the task of providing inspection/certification of service lateral construction in public and private spaces
- Add field inspection/validation of site plans during the project review process

#### Impact of Capital Projects on FY 2012 and FY 2013 Operating Expenditures

- No direct impact



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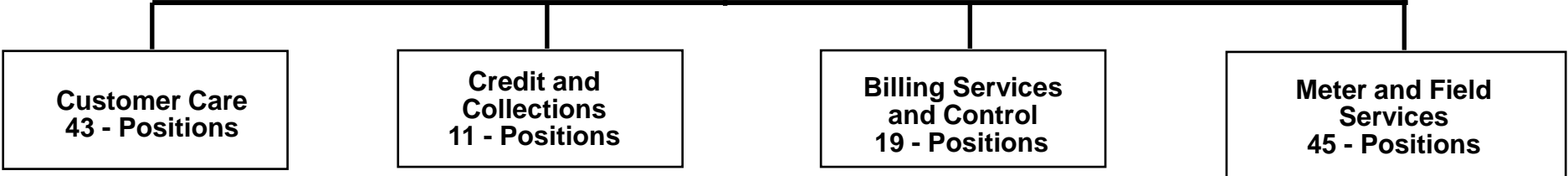


**ASSISTANT GENERAL  
MANAGER  
CONSUMER SERVICES**

			POSITIONS	
CURRENT			FY 2012	FY 2013
Authorized	Average Positions Filled	Year-End Positions Filled		
124	113	113	124	125

**FY 2013 Budget  
\$16,602,000**

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



**Customer Care  
43 - Positions**

**FUNCTIONS**

- Respond to customer calls, correspondence and internet requests
- Assist customers in Business Office

**Credit and Collections  
11 - 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  
19 - 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  
45 - 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 revised FY 2012 operating budget decreased by approximately \$0.27 million compared to the approved FY 2012 budget due to projected decreases in personnel costs associated with the department's vacancy rate for unfilled positions and planned reduction to overtime. The approved FY 2013 budget is higher than the revised FY 2012 budget by \$0.5 million due to adding one (1) new FTE to assist with revenue recovery efforts and increased personnel funding resulting from a full staffing complement.

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	124	124	124	125
Average number of positions filled	113			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	9,355	10,267	9,990	10,403
Overtime	189	250	240	240
<b>Non-personnel Services:</b>				
Chemicals and Supplies	120	181	181	189
Utilities	1,214	1,768	1,768	1,808
Contractual Services, etc.	3,924	4,099	4,099	4,151
Small Equipment	59	41	41	51
<b>Total Non-Personnel Services</b>	5,316	6,088	6,089	6,199
<b>Total Operations &amp; Maintenance</b>	14,671	16,356	16,079	16,602
<b>Capital Equipment</b>	364	375	775	325

Targeted Performance Measures	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
Calls answered within 40 seconds	87%	85%	85%	85%
Percentage of AMR Meters Read	92%	95%	95%	95%
Sustained Retail 90-day receivable balance (not including IAC)	\$4.97 Million	\$5.7 Million	\$5.7 Million	\$5.7 Million
Top 100 Accounts Billed as Scheduled	99%	98%	98%	98%

## CUSTOMER SERVICE

### OVERVIEW

#### FY 2012 Major Planned Activities and Changes

- Prepare for and implement Green Credit Program with District Department of Environment (DDOE)
- Prepare for a possible relocation or renegotiation of the lease for 810 First St. which expires October 31, 2012
- Complete assessment of replacement/renegotiation options for eCIS billing system; subsequent system upgrade and data conversion required if eCIS remains system of choice
- Assess large meter test program to determine if it should be made an ongoing program in future years
- Explore alternative self-service offerings, such as customer bill pay by text message

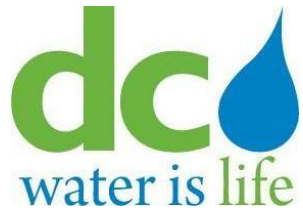
#### FY 2013 Major Recommended Activities and Changes

- Implement an inspector program to investigate services without meters or with malfunctioning meters to recover revenue
- Begin needs assessment of Automated Meter Reading (AMR) program for FY 2015 and beyond (current AMR devices had 20 year expected service life, and will be at 13 years of service life in FY 2013)
- Relocate if lease is not renewed at present location

#### Impact of Capital Projects on FY 2012 and FY 2013 Operating Expenditures

- As a result of periodic system shut-down while implementing the customer service information system upgrade or replacement, management anticipates a requirement for extended work hours to accommodate the increased need for manually processing customer billing and payments. Consequently, personnel services overtime and/or contractual temporary services budgets could be impacted accordingly.

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**BOARD  
OF  
DIRECTORS**

**OFFICE of the  
GENERAL  
MANAGER  
13 - Positions**

**Organizational  
Development  
2 - Positions**

**FY 2013 Budget  
\$3,985,000**

			<u>POSITIONS</u>	
Authorized	<u>CURRENT</u>		FY 2012	FY 2013
	Average Positions Filled	Year-End Positions Filled		
14	10	9	17	15

**FUNCTIONS**

The General Manager's Office provides overall operational and policy direction in support of the Board of Director's Strategic Plan

- Organize, plan and direct all operations of the Authority
- Organizational Development theory and best practices to ensure development and implementation of improvement processes to increase operational efficiencies

## GENERAL MANAGER

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

**BUDGET OVERVIEW:** The revised FY 2012 operating budget increased by approximately \$0.4 million compared to the approved FY 2012 operating budget mainly due to additional funding (\$0.6 million) for the 'Green LID in Rock Creek with DDOE' program, and the transfer out of the funding (\$0.2 million) for 'EPA Air Quality Testing and Auditing - Title V' to the Office of the General Counsel. The approved FY 2013 operating budget decreased by approximately \$0.8 million compared to the revised FY 2012 operating budget mainly due to reduced funding (\$0.5 million) for the 'Green LID in Rock Creek with DDOE' program and the 'Green Initiatives, Studies and Innovations' program (\$0.25 million).

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	14	16	17	15
Average number of positions filled	10			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	1,982	2,369	2,250	2,261
Overtime	2	15	13	10
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	16	12	12	12
Utilities	22	30	30	28
Contractual Services, etc.	881	1,994	2,494	1,684
Small Equipment	-	-	-	-
Total Non-Personnel Services	919	2,037	2,537	1,724
<b>Total Operations &amp; Maintenance</b>	2,900	4,405	4,787	3,985
<b>Capital Equipment</b>	-	-	-	-
<b>Targeted Performance Measures</b>				
	<b>FY 2011 Actual</b>	<b>FY 2012 Approved</b>	<b>FY 2012 Revised</b>	<b>FY 2013 Approved</b>
Implement all policies and directives of the Board of Directors.				

## GENERAL MANAGER

### OVERVIEW

#### FY 2012 Major Planned Activities and Changes

- The Office of the General Manager (OGM) supports the development and implementation of strategic objectives to advance the General Manager's vision for the organization: to establish for DC Water a work culture oriented toward a constant and systematic pursuit of superlative business practices supporting the enterprise's core mission.
- DC Water will incorporate and develop best practices in prioritized operational areas through an inclusive decision-making process and a culture of teamwork. The Team Blue Project, promotion of individual innovations, enhanced inter- and intra-departmental communications and other initiatives will support this objective. For FY 2012, improvements to the management of DC Water assets, and the safety program, have already been identified as strategic priorities.
- Support the Team Blue effort to create the best utility in the world, including improving employee work life and broadening employee involvement in work practice development. Creation and support of up to five additional Team Blue Project Teams.

#### FY 2013 Major Recommended Activities and Changes

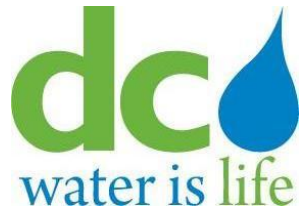
- Continue with all of the above

#### Impact of Capital Projects on FY 2012 and FY 2013 Operating Expenditures

- No direct impact



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**BOARD  
OF  
DIRECTORS**

<b>POSITIONS</b>				
<b>CURRENT</b>			<b>FY 2012</b>	<b>FY 2013</b>
<b>Authorized</b>	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
2	2	2	2	2

**FY 2013 Budget  
\$599,000**

**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 DC Water's strategic goals, providing executive level assistance in planning, coordinating and executing assignments, and ensuring that the Board's business and activities are effectively managed.

**BUDGET OVERVIEW:** The revised FY 2012 as compared to the approved FY 2012 operating budget, is relatively flat. The approved FY 2013 operating budget decreased by approximately \$0.02 million from the revised FY 2012 budget level mainly due to a reduction in contractual services funding to support a strategic planning session for Board members.

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 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>	227	244	237	241
Overtime	2	4	4	4
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	9	18	18	18
Utilities	4	6	6	6
Contractual Services, etc.	125	356	356	333
Small Equipment	2	1	1	1
<b>Total Non-Personnel Services</b>	<b>140</b>	<b>380</b>	<b>381</b>	<b>357</b>
<b>Total Operations &amp; Maintenance</b>	<b>367</b>	<b>624</b>	<b>618</b>	<b>599</b>
<b>Capital Equipment</b>	-	-	-	-

Targeted Performance Measures	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
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 2012 Major Planned Activities and Changes

- Draft and submit notices and agendas for all Board and Committee meetings and Public Hearings for publication in the DC Register as required by the Open Meetings Act of 2010
- Publish all Board and Committee meeting agendas, meeting material and meeting minutes on DC Water's website as required by the Open Meetings Act of 2010
- Coordinate logistics for Board's Strategic Planning Session
- Coordinate the process to fill the expired and/or vacant Board appointments
- Effectively monitor follow-up requests from the Board and Committees to ensure timely responses
- 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

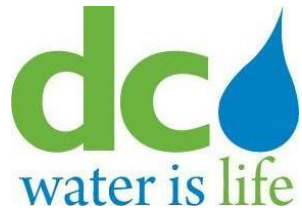
#### FY 2013 Major Recommended Activities and Changes

- Continue to draft and submit notices and agendas for all Board and Committee meetings and Public Hearings for publication in the DC Register as required by the Open Meetings Act of 2010
- Continue to publish all Board and Committee meeting agendas, meeting material and meeting minutes on DC Water's website as required by the Open Meetings Act of 2010
- Continue to coordinate logistics for the Board's Strategic Planning Session
- 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

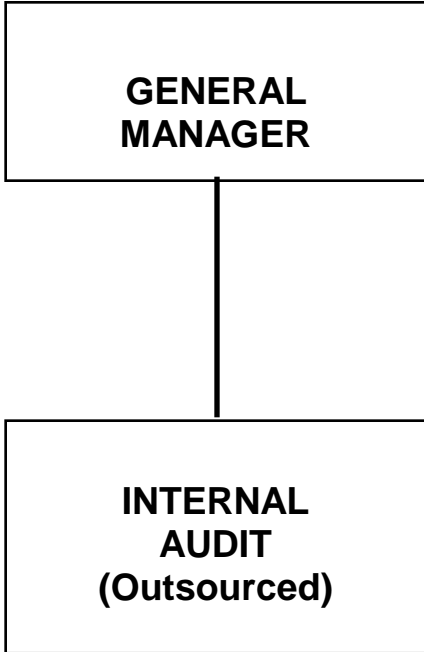
#### Impact of Capital Projects on FY 2012 and FY 2013 Operating Expenditures

- No direct impact

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**FY 2013 Budget  
\$840,000**



POSITIONS				
Authorized	CURRENT		FY 2011	FY 2012
	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 revised FY 2012 budget is relatively flat as compared to the approved FY 2012 budget. The approved FY 2013 budget is higher than the revised FY 2012 budget by \$0.02 million due to an increase in the Internal Audit outsourced contractual agreement.

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 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	4	7	7	2
Contractual Services, etc.	638	809	810	838
Small Equipment	-	-	-	-
Total Non-Personnel Services	642	815	816	840
<b>Total Operations &amp; Maintenance</b>	642	815	816	840
<b>Capital Equipment</b>	-	-		-
<b>Targeted Performance Measures</b>	<b>FY 2011 Actual</b>	<b>FY 2012 Approved</b>	<b>FY 2012 Revised</b>	<b>FY 2013 Approved</b>
Internal Audit Work Planned	12	11	11	11

## INTERNAL AUDIT

### OVERVIEW

#### FY 2012 Major Planned Activities and Changes

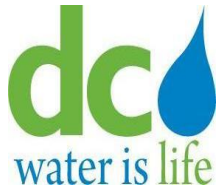
- Implement Board approved audit plan

#### FY 2013 Major Recommended Activities and Changes

- No major changes anticipated



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**CHIEF FINANCIAL OFFICER**

**FINANCE AND BUDGET  
2 - Positions**

			<u>POSITIONS</u>	
<u>CURRENT</u>			FY 2012	FY 2013
Authorized	Average Positions Filled	Year-End Positions Filled		
44	42	42	46	46

**FY 2013 Budget  
\$8,184,000**

**Office of the Controller  
23 - Positions**

**Treasury and Debt  
7 - Positions**

**Finance and Budget  
14 - 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 operations

**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
- Board Committees' 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 2012 operating budget increased by approximately \$0.3 million as compared to the approved FY 2012 operating budget mainly due to funding for 'Energy Audit - Quick Wins.' Although the approved FY 2013 operating budget is approximately \$0.1 million higher than the revised FY 2012 operating budget it does include and increased funding (\$0.04 million) for current personnel service costs projections. These costs are partially offset by reduced funding for contractual services (\$0.1 million)

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	44	46	46	46
Average number of positions filled	42			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	5,143	5,436	5,322	5,579
Overtime	28	30	30	30
<b>Non-Personnel Services:</b>				
Chemical and Supplies	183	16	16	16
Utilities	44	66	66	69
Contractual Services, etc.	2,175	2,251	2,651	2,515
Small Equipment	-	4	4	4
<b>Total Non-Personnel Services</b>	<b>2,402</b>	<b>2,337</b>	<b>2,737</b>	<b>2,604</b>
<b>Total Operations &amp; Maintenance</b>	<b>7,545</b>	<b>7,773</b>	<b>8,059</b>	<b>8,184</b>
<b>Capital Equipment</b>	<b>514</b>	<b>130</b>	<b>358</b>	<b>230</b>

Targeted Performance Measures	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
Manage DC Water's financial operations to ensure revenue is within 99% of projections and expenditures are within budget	Revenue - 99% Expenditures - 94%	Revenue - 99% Expenditures - 93%	Revenue - 99% Expenditures - 93%	Revenue - 99% Expenditures - 93%
Comply with the Board's investment policy and strategy				
Benchmarks: Short-Term Funds - ML 3 months	56 basis points	20 basis points	20 basis points	20 basis points
US T-Bill Index and Core Funds - ML 1 - 3 year	94 basis points	20 basis points	20 basis points	20 basis points
Manage DC Water's financial operations to ensure 140% senior debt service coverage	321%	268%	278%	232%
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	150.0 million	125.5 million	125.5 million	125.5 million
Issue Comprehensive Annual Financial Report (CAFR) in February	February (2012)	February (2013)	February (2013)	February (2014)
Pay 97% of all undisputed invoices within 30 days	93%	97%	97%	97%

## FINANCE & BUDGET

### OVERVIEW

#### FY 2012 Major Planned Activities and Changes

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

- Internal Control Improvements
  - Control Activities Documentation
  - Internal Control and Assessment Monitoring Program
  - Internal Control Framework Integration
  - Fraud Awareness Training
- Begin Financial and Procurement System Assessment and Augmentation Roadmap
- Accounts Payable (AP) Expansion from to ACH Live Pilot to Production
- Study/develop efficiencies of paperless environment in AP
- Payroll
  - Implement employee pay card program
  - Time & Attendance & Self-Service Training
- Grants/IMA
  - Complete FY 2011 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
  - Continue monitoring of key financial performance targets
  - Document business procedures for new budget processes
- Continue Water Balance monitoring
- Develop Clean Rivers and Impervious Area Charge (IAC) incentive program

Review revenues and rate structure for opportunities to improve rates:

- Complete FY 2012 Cost of Service Study
- Continue to monitor economic conditions and affordability
- Monitoring of consumption trends and regional economic indicators
- Review process of PILOT with DCFO, if appropriate

Aggressively pursue billing dispute with Soldier's Home

## FINANCE & BUDGET

### **Treasury/Debt**

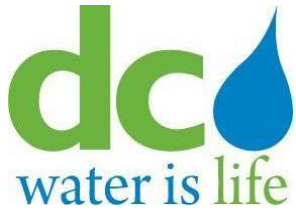
- Administer post compliance program for all outstanding debt including Build America Bonds (BABs)
- Continue to evaluate investment portfolio strategy, performance and reporting
- Issue new bonds / commercial paper in support of capital improvement program (Est. \$300M, June 2012)
- Develop Debt Policy Manual
- Reevaluate internal control procedures
- Continue pilot program to ACH accounts payable payments

### FY 2013 Major Recommended Activities and Changes

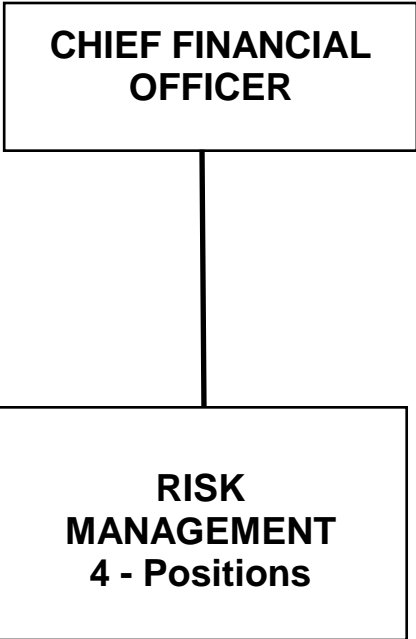
- Revise and update reporting and budgeting process
- Look for revenue generating activities
- New bond issuance
- Continue with FY 2012 major activities

### Impact of Capital Projects on FY 2012 and FY 2013 Operating Expenditures

- There is \$358,000 and \$230,000 in the FY 2012 and FY 2013 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



**FY 2013 Budget  
\$6,194,200**



POSITIONS				
Authorized	CURRENT		FY 2011	FY 2012
	Average Positions Filled	Year-End Positions Filled		
4	3	3	4	4

**Risk Management**

- Administer all aspects of insurance and risk management, including: securing company wide 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. Manage the safekeeping of original insurance policies
- Organize underwriting data requests, complete insurance applications and create underwriting submissions for all major DC Water insurance renewals

**Claims Management**

- Manage all claims, including workers compensation and tort claims for DC Water’s Operations
- Manage all claims, including workers compensation and tort claims for DC Water’s Rolling Owner Controlled Insurance Program (ROCIP)
- Ensure adequate insurance reserve levels
- Coordinate communication and investigation activities between various 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 Department 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 DC Water's financial risk, protect its assets and reduce financial loss.

**BUDGET OVERVIEW:** The revised FY 2012 budget is lower than the approved FY 2012 budget primarily due to reduction in both premiums and claims costs. The approved FY 2013 budget is higher than the revised FY 2012 budget by \$0.2 million due to higher projected premiums and claims costs.

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	4	4	4	4
Average number of positions filled	3			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	329	417	384	435
Overtime	0	1	1	1
<b>Non-personnel Services:</b>				
Chemicals and Supplies	4	4	4	5
Utilities	4	5	5	5
Contractual Services, etc.	4,899	5,782	5,582	5,749
Small Equipment	-	-	-	-
Total Non-Personnel Services	4,907	5,791	5,591	5,759
<b>Total Operations &amp; Maintenance</b>	5,235	6,208	5,975	6,194
<b>Capital Equipment</b>	-	-	-	-
<b>Targeted Performance Measures</b>				
	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
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 2012 Major Planned Activities and Changes

- Expand utilization of the DC Water's Safety Management Information systems by purchasing the Risk Management Information System (RMIS) module. This will enable better management of DC Water's claims data and promote improved risk information sharing among departments
- Further utilize the RMIS to capture operational safety, claims, litigation, fleet and property data to allow trending of data by exposure basis and help facilitate insurance renewal data-gathering
- Increased insurance and loss control services for the Rolling Owner Controlled Insurance Program (ROCIP) to ensure appropriate oversight for new and upcoming capital projects (tunneling & digester)
- Continue management of ROCIP I & II program for capital projects
- Increased recovery pursuit against 3<sup>rd</sup> parties that damage DC Water property. This includes our vehicles and utilities
- Devise an aggressive campaign to educate and encourage customers to protect the sewer system, which would prevent sewer back-ups and flooding

#### FY 2013 Major Recommended Activities and Changes

- Implement ROCIP III program renewal with continued ROCIP I & II project and claims management/oversight for capital projects
- 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

#### Impact of Capital Projects on FY 2012 and FY 2013 Operating Expenditures

- Increased Risk Management staff for better management and oversight of the ROCIP I and II programs
- ROCIP - increased traffic (construction contractors) at Blue Plains may impact or increase our accident exposures



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**GENERAL  
MANAGER**

**GENERAL  
COUNSEL  
15- Positions**

**FY 2013 Budget  
\$7,033,000**

			<b>POSITIONS</b>	
<b>CURRENT</b>			FY 2012	FY 2013
Authorized	Average Positions Filled	Year-End Positions Filled		
14	13	13	15	15

**Litigation**

**Administrative  
Law**

**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 DC Water's mission by providing legal advice and services to the Board of Directors, the General Manager and the DC Water's departments.

**BUDGET OVERVIEW:** The revised FY 2012 operating budget increased by approximately \$.014 million over the approved FY 2012 budget primarily due to higher contractual services. The approved FY 2013 operating budget is higher than the revised FY 2012 budget by \$0.85 million due to higher projected litigation services of \$0.65 million and higher personnel services costs of \$0.2 million due to the transfer of one FTE from the General Manager's Office.

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	14	14	14	15
Average number of positions filled	13			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	1,682	1,630	1,573	1,766
Overtime	1	2	2	2
<b>Non-personnel Services:</b>				
Chemicals and Supplies	5	15	15	15
Utilities	12	17	17	19
Contractual Services, etc.	7,295	4,379	4,579	5,233
Small Equipment				
Total Non-Personnel Services	7,312	4,411	4,611	5,268
<b>Total Operations &amp; Maintenance</b>	8,993	6,041	6,184	7,033
<b>Capital Equipment</b>	-	-	-	-
<b>Targeted Performance Measures</b>				
Hours of employee time spent on direct work	1,800	1,800	1,800	1,800
1,400				

## GENERAL COUNSEL

### OVERVIEW

#### FY 2012 Major Planned Activities and Changes

- Increase in compliance support
- Management of class action law suits
- Increase support in construction and easement issues
- Increase support in environmental permit issues

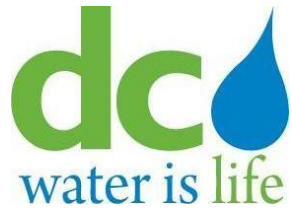
#### FY 2013 Major Recommended Activities and Changes

- Provide assistance in environmental compliance
- Increase in-house litigation
- Management of major litigation
- Provide support in management of consent decrees and the Clean Rivers Project

#### Impact of Capital Projects on FY 2012 and FY 2013 Operating Expenditures

- Provide support in environmental compliance issues
- Provide support in obtaining construction and operating permits

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**GENERAL  
MANAGER**

POSITIONS				
Authorized	CURRENT		FY 2011	FY 2012
	Average Positions Filled	Year-End Positions Filled		
11	10	11	11	12

**FY 2013 Budget  
\$2,213,000**

**EXTERNAL  
AFFAIRS  
Office of the Chief  
2 - Positions**

**Communication  
s  
3 - Positions**

**Production  
3 - Positions**

**Community  
Outreach  
3 - Positions**

**Government  
Relations  
1 - Position**

**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 of Board meetings

**FUNCTIONS**

- 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

**FUNCTIONS**

- 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

**FUNCTIONS**

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

## EXTERNAL AFFAIRS

**MISSION:** To provide information about DC Water services and programs and to raise awareness about DC Water's 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 change between the approved FY 2012 and the revised FY 2012 budgets is relatively flat. The approved FY 2013 budget is higher than the revised FY 2012 budget by \$0.24 million primarily due to increases in projected personnel costs.

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	11	10	11	12
Average number of positions filled	10			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	1,057	1,116	1,176	1,423
Overtime	3	2	2	2
<b>Non-Personnel Services:</b>				
Chemical and Supplies	47	18	18	15
Utilities	18	22	22	24
Contractual Services, etc.	443	713	713	748
Small Equipment	-	-	-	3
<b>Total Non-Personnel Services</b>	508	752	753	790
<b>Total Operations &amp; Maintenance</b>	1,565	1,868	1,929	2,213
<b>Capital Equipment</b>	-	-	-	-

Targeted Performance Measures	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
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 DC Clean Rivers Project Update -2	2	2	2	2
Publication of Employee Focus newsletter-6	7	12	6	6
Publication of CCR (water quality report)-1	1	1	1	1
Senior speech and presentation development-8	8	8	8	8
Community meetings/outreach re: lead, rates CSO/CIP projects, etc.-65	125	65	65	65

## EXTERNAL AFFAIRS

### OVERVIEW

#### FY 2012 Major Planned Activities and Changes

- Expand communications and marketing around tap water, with emphasis on partnerships with the business community and civic/neighborhood groups
- Expand DC Water's internal (employee) outreach, working closely with Human Capital Management, the Office the General Manager and other departments
- Enhance our social media strategies
- Ongoing rebranding efforts
- Continuing to expand and enhance our relationships with local media, community bloggers and trade press

#### FY 2013 Major Recommended Activities and Changes

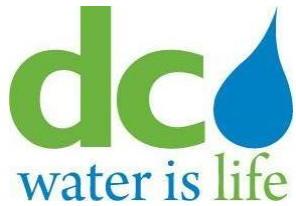
- No major changes anticipated

#### Impact of Capital Projects on FY 2012 and FY 2013 Operating Expenditures

- No direct impact



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**GENERAL  
MANAGER**

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

**FY 2013 Budget  
\$10,261,000**

POSITIONS				
CURRENT			FY 2012	FY 2013
Authorized	Average Positions Filled	Year-End Positions Filled		
24	12	13	24	24

**E-Business  
6 - positions**

**FUNCTIONS**

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

**Project  
Management  
Office  
1 - position**

**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)

**Systems and  
Operations  
10 - positions**

**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

**SCADA  
2 - positions**

**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 programmable logic controllers (PLC) 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

**Enterprise  
Document  
Management  
1 - position**

**FUNCTIONS**

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

**Geographic  
Information  
System  
1 - position**

**FUNCTIONS**

- Provide geographical information systems and impervious area billing support
- System administration
- Application development

## INFORMATION TECHNOLOGY

**MISSION:** To ensure that the DC Water'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 revised FY 2012 budget decreased by \$0.20 million compared to the approved FY 2012 budget primarily due to lower contractual services costs. The approved FY 2013 budget is higher than the revised FY 2012 budget primarily due to projected increases in contractual services costs.

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	24	24	24	24
Average number of positions filled	12			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	1,581	2,311	2,304	2,313
Overtime	16	25	24	20
<b>Non-personnel Services:</b>				
Chemicals and Supplies	187	199	199	199
Utilities	57	125	125	131
Contractual Services, etc.	6,524	7,045	6,895	7,472
Small Equipment	135	147	147	147
<b>Total Non-Personnel Services</b>	<b>6,903</b>	<b>7,516</b>	<b>7,366</b>	<b>7,948</b>
<b>Total Operations &amp; Maintenance</b>	<b>8,484</b>	<b>9,827</b>	<b>9,670</b>	<b>10,261</b>
<b>Capital Equipment</b>	<b>5,386</b>	<b>8,754</b>	<b>7,218</b>	<b>7,893</b>
<b>Targeted Performance Measures</b>				
	<b>FY 2011 Actual</b>	<b>FY 2012 Approved</b>	<b>FY 2012 Revised</b>	<b>FY 2013 Approved</b>
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 2012 Major Planned Activities and Changes

- Continue integration of engineering and plant related technologies with enterprise IT functions and systems
- Continue lifecycle implementation of handheld inventory system and assets Radio-frequency identification (RFID)
- Begin implementation of converged Blue Plains Radio system
- Begin implementation of Content Management System (CMS)
- Begin Business Requirements Specification process for Customer Information System (CIS)
- Begin implementation of Fleet Management System
- Continue to support business intelligence Route Optimization & meter-no-reads Pilot
- Continue DC Water Financial System (WFS) (Phase II) system enhancements
- Continue implementation of Enterprise Archiving Solution
- Continue implementation of the following key projects:
  - Asset management system (MAXIMO & Geographic Information System (GIS) )
  - Document Management System
  - Enterprise Backup system- Remote Datacenter (RDC)
  - Supervisory Control And Data Acquisition (SCADA) system
  - Web Site Enhancements
  - Energy Management Information System
- Continue to ensure IT infrastructure reliability and upgrades consistent with Authority Technology lifecycle:
  - Network System Renewal
  - Network Storage System Renewal
  - Enterprise Backup System
  - Oracle/SQL Upgrade
  - Network System Security Upgrade
  - Desktop replacements
- Continue Implementation of Business Process Improvements and technology solution for:
  - Unified Communications
  - Telecommunications integration, networking, and audio visual support
  - Field Service Management
- Assume additional *operation support* of the following key systems:
  - Asset management system (TEAMS-MAXIMO) and GIS - Addition Application Development, Asset Management & GIS Enterprise Integration (Reverse Integration), Field Service Management
  - Enterprise Document Management System
  - Supervisory Control And Data Acquisition (SCADA) system
  - Voice over Internet Protocol (VOIP) System Support
  - E-Biz: SharePoint Development

## INFORMATION TECHNOLOGY

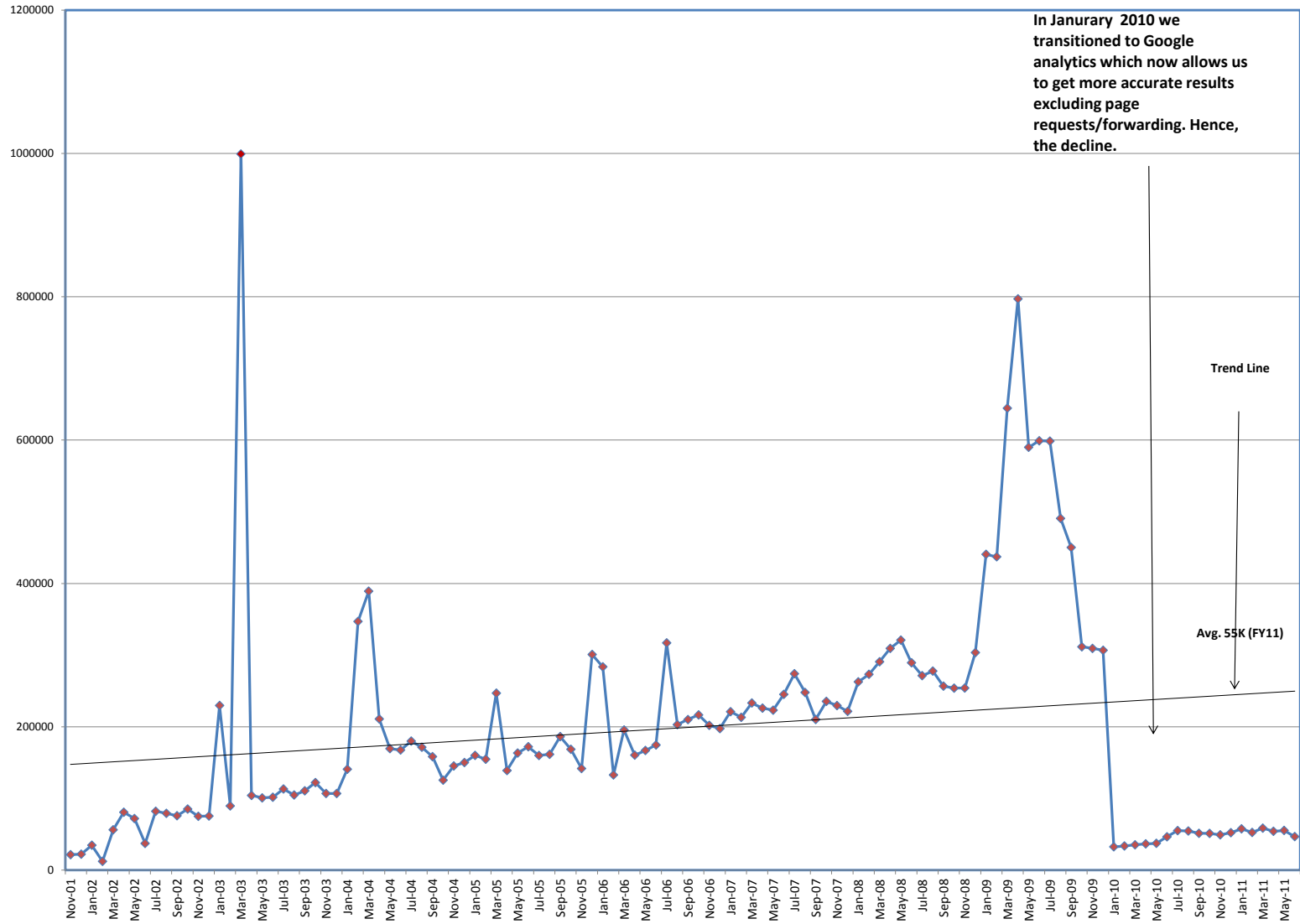
### FY 2013 Major Recommended Activities and Changes

- Continue with new Customer Information System (CIS) selection and development of implementation strategy
- Continue with system support & implementation of Asset Management system
- Assume operation support of the following key projects:
  - Enterprise Document Management
  - Redundant Data Center
  - Field Service Management
- Continue to ensure IT infrastructure reliability and upgrades consistent with Authority Technology Life-cycle:
  - Network infrastructure
  - SCADA communication & control systems
  - Redundant Data Center
  - Telephone system
  - Personal computers
  - Field Service Management system
  - Radio System-Plant Wide

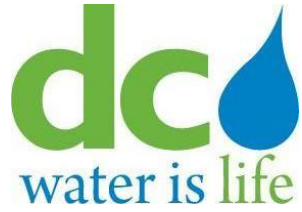
### Impact of Capital Projects on FY 2012 and FY 2013 Operating Expenditures

- Assumption of IT Operational support for, Cyber security, CIP portfolio Management, Business Optimization Dashboard (BOD), BOD E-Book, GIS/Document Management, and SCADA integration, Telephone System, Impervious Area Billing (IAB), Unified Communications, Field Services Management System
- Operating maintenance costs for software and hardware purchases

**VISITORS TO DC WATER'S WEBSITE (WWW.DCWATER.COM)  
NOVEMBER 2001 - JUNE 2011**



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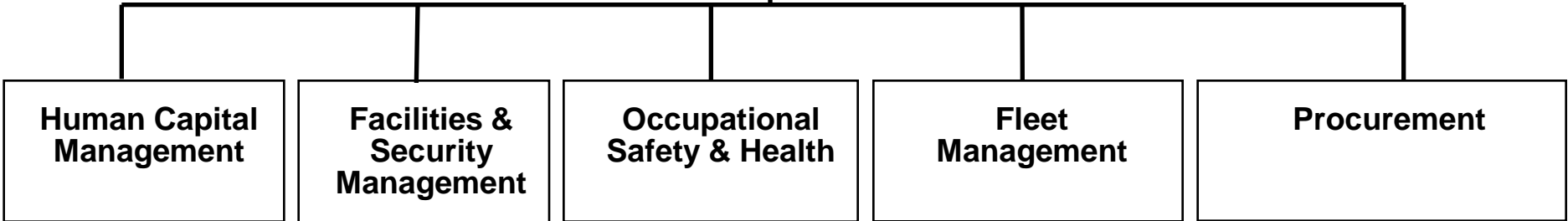


**FY 2013 Budget  
\$330,000**

**GENERAL  
MANAGER**

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

<b>POSITIONS</b>				
<b>CURRENT</b>			<b>FY 2012</b>	<b>FY 2013</b>
<b>Authorized</b>	<b>Average Positions Filled</b>	<b>Year-End Positions Filled</b>		
2	1	2	2	2



**FUNCTIONS**

- Develop and direct the strategic objectives of the Authority’s support services divisions
- Oversee and direct the Departments of Human Capital Management, Facilities & Security Management, Occupational Safety & Health, 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 Capital Management, Facilities and Security Management, Fleet Management, Occupational Safety and Health and Procurement and Materiel Management.

**BUDGET OVERVIEW:** The revised FY 2012 operating budget is consistent with the approved FY 2012 budget. The approved FY 2013 budget is \$0.08 million higher than the revised FY 2012 operating budget due to increases in funding for anticipated employee training and certification costs.

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	2	2	2	2
Average number of positions filled	1	2	2	2
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	238	302	302	300
Overtime	1	1	1	1
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	-	1	1	1
Utilities	5	8	8	8
Contractual Services, etc.	3	11	11	21
Small Equipment	-	-	-	-
<b>Total Non-Personnel Services</b>	8	20	20	30
<b>Total Operations &amp; Maintenance</b>	246	322	322	330
<b>Capital Equipment</b>	-	-		

Targeted Performance Measures	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
<b>Planning Meetings with directors of supporting departments:</b>				
Facilities Management    4	4	4	4	4
Fleet Management        4	4	4	4	4
Human Resources        4	4	4	4	4
Procurement Services    4	4	4	4	4
Safety & Security        4	4	4	4	4

## ASSISTANT GENERAL MANAGER – SUPPORT SERVICES

### OVERVIEW

#### FY 2012 Major Planned Activities and Changes

- Develop and direct the strategic objectives of DC Water's support services division
- Negotiate new compensation and working conditions collective bargaining agreements
- Design and implement a skills-based/performance based compensation structure
- Develop management reports that will facilitate overall efficiency and effectiveness in support services departments
- Utilize administrative techniques that will enhance sustainable efficiency in the Fleet Management, Occupational Safety and Health, Human Capital Management, Facilities and Security Management, and Procurement departments
- Train managers and supervisors on changes to the compensation and working conditions in the new Collective Bargaining Agreement including changes to 1) Discipline; 2) Official Time; and 3) Grievance/Arbitration Articles in new working conditions collective bargaining agreements

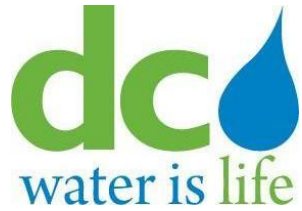
#### FY 2013 Major Recommended Activities and Changes

- Continue to utilize administrative techniques that will enhance sustainable efficiency in the Fleet Management, Occupational Safety and Health, Human Capital Management, Facilities and Security Management, and Procurement departments

#### Impact of Capital Projects on FY 2012 and FY 2013 Operating Expenditures

- No direct impact

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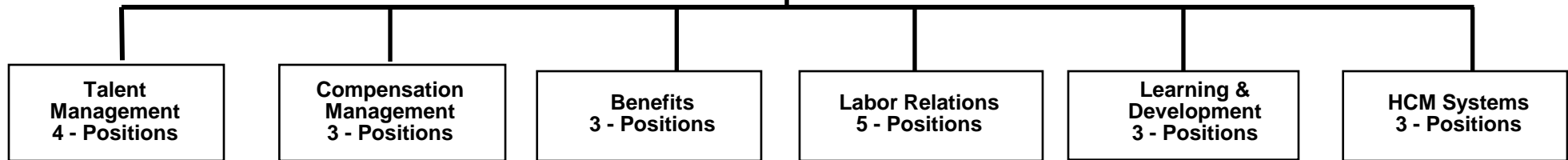


**ASSISTANT  
GENERAL  
MANAGER  
Support Services**

POSITIONS				
Authorized	CURRENT		FY 2012	FY 2013
	Average Positions Filled	Year-End Positions Filled		
24	21	21	23	23

**FY 2013 Budget  
\$4,470,000**

**HUMAN CAPITAL  
MANAGEMENT  
(HCM)  
2 - Positions**



**Talent Management  
4 - Positions**

**FUNCTIONS**

- Recruitment and hiring
- Employee Relations
- Employment forecasting and planning
- Unemployment compensation
- Skills assessment and testing

**Compensation Management  
3 - Positions**

**FUNCTIONS**

- Compensation Program
- Job Evaluation Program
- Pay Incentive Programs
- Performance management
- Market Analysis

**Benefits  
3 - Positions**

**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

**Labor Relations  
5 - Positions**

**FUNCTIONS**

- Labor Relations
- Employee counseling
- Employee grievances and complaints
- Affirmative Action Program
- EEO complaint investigation and responses
- Disciplinary actions
- Arbitration

**Learning & Development  
3 - Positions**

**FUNCTIONS**

- Management training
- Employee training
- Internship Program
- Education reimbursement
- Succession Planning and Knowledge Capture
- Employee Recognition Awards

**HCM Systems  
3 - Positions**

**FUNCTIONS**

- Data Integrity in all HCM systems
- Records management
- Coordination of security & configuration changes to all HCM systems
- Primary liaison between HCM and IT
- Conducts needs assessments & analysis for all of HCM branches.

## HUMAN CAPITAL MANAGEMENT

**MISSION:** To deliver high quality, innovative, valued and timely human capital management services that are responsive to the needs of DC Water employees and departments, in order to help facilitate them reaching their individual and organizational goals.

**BUDGET OVERVIEW:** The revised FY 2012 operating budget is slightly lower than the FY 2012 approved budget by \$0.2 million primarily due to lower projected personnel services costs. The approved FY 2013 budget is less than the revised FY 2012 budget by approximately \$0.25 million due to re-allocating specific contractual services budget items to the General Counsel and General Manager's Offices, for activities falling under their purview.

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	24	24	23	23
Average number of positions filled	21			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	2,381	2,854	2,594	2,580
Overtime	3	5	5	5
<b>Non-personnel Services:</b>				
Chemicals and Supplies	17	35	35	36
Utilities	22	31	31	31
Contractual Services, etc.	1,349	2,072	2,072	1,822
Small Equipment	-	2	2	2
<b>Total Non-Personnel Services</b>	1,388	2,140	2,140	1,891
<b>Total Operations &amp; Maintenance</b>	3,769	4,994	4,734	4,470
<b>Capital Equipment</b>	-	-	-	-
<b>Targeted Performance Measures</b>	<b>FY 2011 Actual</b>	<b>FY 2012 Approved</b>	<b>FY 2012 Revised</b>	<b>FY 2013 Approved</b>
120 days from job posting to hire	120	120	120	120
10 days to initiate disciplinary action	7	7	7	7
14-days, new hire benefit set-up	14	14	14	14
22.5 Average number training hours per	22.5	22.5	22.5	22.5
Comparison DC Water Employees	100%	100%	100%	100%

## HUMAN CAPITAL MANAGEMENT

### OVERVIEW

#### FY 2012 Major Planned Activities and Changes

- Implement three new Ceridian modules to support benefits administration. These modules include 1) Family Medical Leave Act (FMLA) Administration; 2) Consolidated Omnibus Reconciliation Act (COBRA) Administration (from Payflex to Ceridian); and 3) Third-Party Administration of Commuter Spending Program
- Investigate and review a more robust applicant tracking system to meet the future recruitment needs of DC Water
- Implement Succession Planning Program for key executive and critical failure positions
- Implement an Executive Development Program for succession planning feeder groups
- Support DC Water's Performance Measurement initiatives – ensure top management and technical talent in place for all key positions and achieve local and national reputation as an employer of choice and one of the best places to work
- Implement process changes for DC Water's compensation and performance management that support the strategic objectives of senior management
- Train managers and supervisors on changes to the compensation and working conditions in the new Collective Bargaining Agreement including changes to: 1) Discipline; 2) Official Time; and 3) Grievance/Arbitration Articles in new working conditions collective bargaining agreements

#### FY 2013 Major Recommended Activities and Changes

- Monitor HCM operational performance improvements achieved from implementing three new Ceridian modules to support benefits administration in FY 2012. These modules include: 1) FMLA Administration; 2) COBRA Administration (from Payflex to Ceridian); and 3) Third-Party Administration of Commuter Spending Program
- Continue to support DC Water's performance measurement initiatives – ensure top management and technical talent in place for all key positions and achieve local and national reputation as an employer of choice and one of the best places to work
- Monitor performance of the support provided senior management in meeting strategic objectives outlined for DC Water's compensation and performance management functions; post the process changes implemented in FY 2012

#### Impact of Capital Projects on FY 2012 and FY 2013 Operating Expenditures

- Through implementation of new systems and current system upgrades, management anticipates gaining more operational efficiency from:
  - Reduced need for manual processing
  - Reduced cycle times for administering customer service
  - Re-prioritization of staff's roles and responsibilities
  - Standardized business process and procedures inclusive of enhanced system controls

## FY 2012 AND FY 2013 TRAINING PLAN

### TRAINING OVERVIEW

During FY 2011, DC Water continued to offer training programs and classes that provided the knowledge and skills 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 \$1,356,700 or an average of approximately \$1,707 per employee. Each employee attended approximately six (6) hours of training during the fiscal year. This training included regulatory, safety, technical, basic and interpersonal skills, and literacy classes. All training supported DC Water's safety succession planning and literacy programs as well as new equipment and technology requirements.

Categories of training classes offered at DC Water are as follows:

**Contractual Training** – primarily technical classes that support our performance improvement program. This training also includes classes on occupational safety and security and the installation, operation of new equipment and processes and general instruction on standard software applications

**In-House Training** – classes and courses designed and implemented by DC Water's training personnel and periodic outsourced support. In-house training focuses on providing non-technical mandatory courses, basic skills development, skill enhancement courses and literacy. These courses involve all or a large number of our employees.

**Outside Training** – classes and programs that support individual employee training and development needs and requirements, not implemented by DC Water's training personnel. This is an effective means of providing highly specialized or special focus training to individuals or a small group of employees. DC Water's education reimbursement program is included in this category.

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

## **FY 2011 ACCOMPLISHMENTS**

In FY 2011, DC Water 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, we also continued to offer effective two-way communication classes at all employee levels to improve knowledge sharing throughout the organization.

As part of the leadership development program, we procured the services of Dale Carnegie, Inc. to provide a six week training program attended by 135 supervisors and senior management staff as the platform for the training. In addition, a Foundation for Success program was developed specifically for Union Leadership and attended by 23 employees.

To ensure a qualified pool of candidates for hard-to-fill jobs, we completed our two-year Wastewater Treatment Operator Trainee Program. The trainees received their Association of Boards of Certification (ABC) level II certifications and are now qualified to work independently as certified wastewater treatment operators. We also completed an Engineering Management Training Program to ensure availability of a diverse pool of candidates, prepared to move into supervisory positions.

Training partnered with Information Technology (IT) and OfficePro, Inc, to provide computer training to 100 employees representing Department of Water Services (DWS) System Repair, DWS-Investigations, Department of Sewer Services (DSS)-Investigations and Customer Service's (CS)-Meter Operations. A survey of the computer skills of these crews revealed that they all needed to have basic computer training before utilizing laptops scheduled to be deployed to crews from each business area.

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 2011, DC Water continued the Safe Driving Program to reduce DC Water'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.



DC Water continued its self-managed career development program in FY 2011. 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. Our web-site was also updated to reflect new organizational changes and the new DC Water logo.

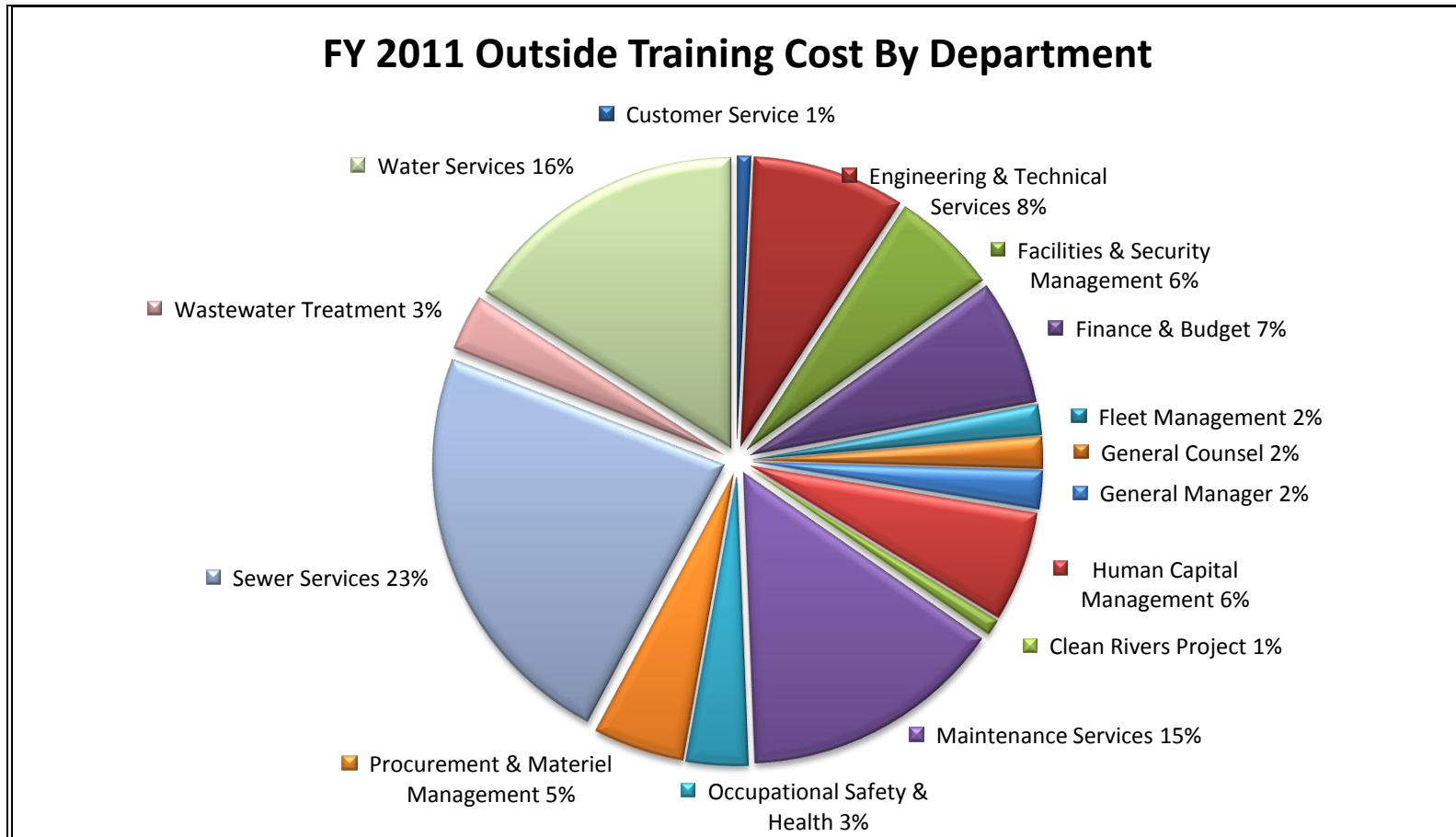
Other professional development training classes offered to employees included grammar and business writing, introductory and intermediate Spanish, workforce diversity, equal employment opportunity, supervisory skills for non-supervisors, communicating with difficult people, customer service, and ethics 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 both the internet and 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 DC Water'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.

DC Water continued to offer training opportunities to employees with unique skill needs via external training resources. In FY 2011, a total of \$138,098.74 was spent for 194 employees to attend outside training at an average cost of \$712 per employee. Classes attended by employees included: CADD Microsystems, underground construction technology, inventory management techniques, labor law and arbitration, equal employment opportunity and wet weather partnerships.

The graph below provides a breakdown of outside training by department.



To support employees' educational and career goals, DC Water continued to offer the education reimbursement program and DC Water Reads literacy program. In FY 2011, DC Water provided \$17,047 in education reimbursement expenses. A significant number of employees are pursuing advanced degrees as part of their career development efforts. The DC Water 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 education reimbursement program offers assistance to employees pursuing college degrees or professional license or certifications.

DC Water’s FY 2011 Summer Internship Program consisted of 35 interns from 21 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 financial literacy classes and performed community service activities at the Capital Area Food Bank and the Boys and Girls Club of Washington. Interns also visited the Dalecarlia water treatment plant in Alexandria, VA and the Environmental Protection Agency to observe environmental issues that impact the Potomac River and the Chesapeake Bay. A total of 11 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 2012 and approved FY 2013 training budgets are summarized in the table below:

(\$000’s)

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

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 DC Water’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 DC Water'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**

**FACILITIES &  
SECURITY  
MANAGEMENT  
Office of the Director  
5 - Positions**

POSITIONS				
CURRENT			FY 2012	FY 2013
Authorized	Average Positions Filled	Year-End Positions Filled		
59	56	56	66	67

**FY 2013 Budget  
\$12,990,000**

**Security  
6 - Positions**

**Office Services  
6 - Positions**

**Facilities  
Operations  
39 - Positions**

**Mechanical  
Services  
11 - Positions**

**FUNCTIONS**

- Provides physical security for DC Water employees and property
- Responds to safety and security emergency situations
- Investigates theft, incidents, illegal entries and other security concerns
- Oversees contract guard service
- Parking and Key Control
- DC Emergency Management Agency (EMA) Liaison

**FUNCTIONS**

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

**FUNCTIONS**

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

**FUNCTIONS**

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

## FACILITIES AND SECURITY MANAGEMENT

**MISSION:** Support DC Water's operations through routine maintenance, custodial services, repair and improvement of its facilities, buildings, grounds and roadways. Provide security services and management.

**BUDGET OVERVIEW:** The revised FY 2012 budget increased by approximately \$5.6 million compared to the approved FY 2012 budget due to the transfer of DC Water's security function to Facilities Management. This resulted in the Facilities budget absorbing \$0.5 million in personnel services and \$5.1 million in security related contractual services and supplies. The approved FY 2013 budget is higher than the revised FY 2012 budget by \$0.5 million due to current projections for personnel services costs and contracted security services and equipment costs.

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	59	60	66	67
Average number of positions filled	56			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	4,730	4,807	5,319	5,723
Overtime	204	150	150	200
<b>Non-Personnel Services:</b>				
Supplies	439	465	495	465
Utilities	85	105	105	105
Contractual Services, etc.	1,246	1,427	6,489	6,623
Small Equipment	59	73	73	73
<b>Total Non-Personnel Services</b>	<b>1,828</b>	<b>2,070</b>	<b>7,162</b>	<b>7,266</b>
<b>Total Operations &amp; Maintenance</b>	<b>6,558</b>	<b>6,877</b>	<b>12,481</b>	<b>12,990</b>
<b>Capital Equipment</b>	<b>1,440</b>	<b>1,290</b>	<b>975</b>	<b>1,800</b>

Targeted Performance Measures	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
Total annual work orders closed	3,013	2,500	3,000	3,000
Corrective Maintenance (CM) work orders closed within 5 days	N/A	75%	75%	75%
Corrective Maintenance (CM) work orders closed within 30 days	N/A	90%	90%	90%
Preventive Maintenance (PM) work orders closed within 5 days of generation	N/A	90%	90%	90%
Periodic security assessment conducted of all DC Water facilities and CIP project sites	N/A	Quarterly	Quarterly	Quarterly

## FACILITIES AND SECURITY MANAGEMENT

### OVERVIEW

#### FY 2012 Major Planned Activities and Changes

- Complete Central Maintenance Facility (CMF) 1st Floor vinyl tile replacement
- Complete CMF Heating Ventilation and Air Conditioning (HVAC) existing boiler upgrades
- Complete CMF Air Handler Replacement
- Complete IT Data Center expansion to include HVAC
- Complete 125 O St. Complex, Fleet Building, Asbestos Abatement
- Renew Term Services Contract – Rollup doors
- CMF Chiller Upgrades and Redundancy
- Complete Fleet bathroom renovations
- Complete General Counsel Office Remodeling
- Install Security Enhancements DC Water-wide
- Initiate the Buildings Assessment Plan to identify all DC Water properties, evaluate all building systems and prepare to take corrective actions

#### FY 2013 Major Recommended Activities and Changes

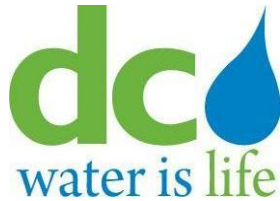
- Complete Bryant Street Gutter Repairs
- Initiate 125 O St. Complex, Fleet Building electrical and HVAC upgrades
- Initiate 125 O St. Complex, O St. Pumping Station window repairs
- Initiate 125 O St. Complex, landscaping
- Continue Installation of Security Enhancements DC Water-wide
- Continue Building Assessments, DC Water-wide
- Initiate Building Information Management Performance Management program
- Replace Nitrification Blower Building roof

#### Impact of Capital Projects on FY 2012 and FY 2013 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
- Multiple DC Water facilities require significant security upgrades and enhancements which will require increased manning to fully support



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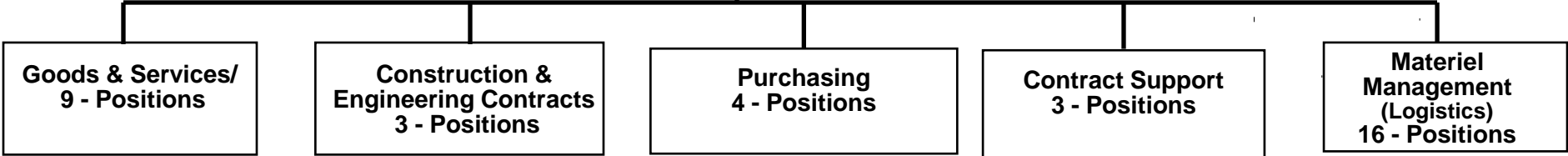


**ASSISTANT  
GENERAL  
MANAGER  
Support Services**

POSITIONS				
Authorized	CURRENT		FY 2012	FY 2013
	Average Positions Filled	Year-End Positions Filled		
38	35	36	38	38

**FY 2013 Budget  
\$4,362,000**

**PROCUREMENT  
Office of the Director  
3 - Positions**



**FUNCTIONS**

- Manage DC Water's procurement process for large purchases
- Manage DC Water's Cooperative Program contracts
- Manage the post-awards administration of contracts
- Provide administrative support for goods and services procurements
- Provide direction and guidance on procurement policies and procedures

**FUNCTIONS**

- Manage DC Water's procurement process for large purchases
- Manage DC Water's Cooperative Program contracts
- Manage the post-award administration of contracts
- Provide administrative support for construction and engineering contract services
- Provide direction and guidance on procurement policies and procedures

**FUNCTIONS**

- Manage DC Water's procurement process for small purchases
- Process all requisitions for large procurements
- Prepare small purchase statistical reports
- Liaison with Finance and IT for improvements to the Lawson Financial Management System

**FUNCTIONS**

- Manage DC Water's business development program
- Manage the contract compliance program
- Maintain the department's web page
- Maintain Procurement Manual
- Manage DC Water's purchase and travel card programs
- Provide direction and guidance on compliance policies and procedures

**FUNCTIONS**

- Manage the warehouse and associated functions
- Administer the material control system and associated functions
- 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

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

**BUDGET OVERVIEW:** The revised FY 2012 operating budget remains flat compared to the approved FY 2012. The approved FY 2013 budget is higher than the revised FY 2012 budget by \$0.2 million due to current projected personnel services cost.

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	38	38	38	38
Average number of positions filled	35			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	3,244	3,813	3,640	3,865
Overtime	18	30	30	30
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	37	39	39	39
Utilities	42	58	58	58
Contractual Services, etc.	238	390	390	400
Small Equipment	-	10	10	-
<b>Total Non-Personnel Services</b>	<b>316</b>	<b>497</b>	<b>497</b>	<b>497</b>
<b>Total Operations &amp; Maintenance</b>	<b>3,561</b>	<b>4,311</b>	<b>4,138</b>	<b>4,362</b>
<b>Capital Equipment</b>	<b>-</b>	<b>200</b>	<b>200</b>	<b>200</b>

Targeted Performance Measures	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
Timely processing small purchases within 10 working days	90%	90%	90%	90%
Issue Invitation for Bid (IFB) and award contracts within 90 calendar days	90%	90%	90%	90%
Issue Requests for Proposal (RFP) and award contracts within 120 calendar days	90%	90%	90%	90%
Complete Purchase Card authorization process within 30 working days		80%	80%	90%
Ensure applicable contractors submit the EPA monthly reports by the 25th of the month	NA	NA	70%	75%
Issue Procurement request for inventory restock within one (1) business day of approval	NA	NA	90%	90%
System review of warehouse stock deliveries within one (1) business day of truck delivery	NA	NA	90%	90%
System and physical issue of all stock request within same day of authorized request	NA	NA	80%	80%

## PROCUREMENT

### OVERVIEW

#### FY 2012 Major Planned Activities and Changes

- Revamp Purchase Card Program
- Initiate automation of compliance monitoring and reporting (application software)
- Initiate conducting business development, contract compliance and employment roundtable sessions with external agencies
- Develop Procurement Templates
- Initiate updating Contract Terms and Conditions
- Document Procurement and Logistics Business Processes
- Initiate developing Procurement and Logistics Policies and Procedures
- Review Procurement Regulations

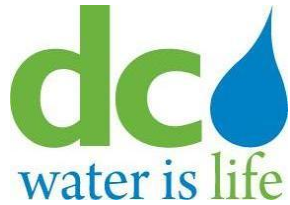
#### FY 2013 Major Recommended Activities and Changes

- Automate PCard reconciliation process
- Complete automation of compliance monitoring and reporting (implementation)
- Complete conducting business development, contract compliance and employment roundtable sessions with external agencies
- Automation of Procurement and Logistics Business Processes
- Complete developing Procurement and Logistics Policies and Procedures
- Complete updating Contract Terms and Conditions

#### Impact of Capital Projects on FY 2012 and FY 2013 Operating Expenditures

- No direct impact

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**ASSISTANT  
GENERAL  
MANAGER**

**OCCUPATIONAL SAFETY  
AND HEALTH  
2 - Positions**

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

**Occupational Safety and  
Health Program  
6 - Positions**

**Environmental Safety  
Program  
1- Position**

**FY 2013 Budget  
\$1,733,000**

POSITIONS				
Authorized	CURRENT		FY 2012	FY 2013
	Average Positions Filled	Year-End Positions Filled		
14	11	11	8	10

**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**

- 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

## OCCUPATIONAL SAFETY AND HEALTH

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

**BUDGET OVERVIEW:** The revised FY 2012 budget decreased by approximately \$5.6 million from the approved FY 2012 budget due to the transfer of DC Water's security function to Facilities Management. (This resulted in Facilities budget absorbing \$0.5 million in personnel services and \$5.1 million in security related contractual services and supplies.) The approved FY 2013 budget is higher than revised FY 2012 budget by \$0.38 million due to anticipated increases in personnel services and contractual services costs.

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
<b>Positions: (FTE's)</b>				
Number of authorized positions	14	14	8	10
Average number of positions filled	11			
<b>Operating Expenses</b>				
<b>Personnel Services including Overtime</b>	1,126	1,533	921	1,142
Overtime	-	2	2	2
<b>Non-Personnel Services:</b>				
Chemicals and Supplies	19	14	8	10
Utilities	25	31	31	24
Contractual Services, etc.	3,942	5,070	328	504
Small Equipment	7	25	25	10
<b>Total Non-Personnel Services</b>	3,993	5,209	437	591
<b>Total Operations &amp; Maintenance</b>	5,119	6,743	1,358	1,733
<b>Capital Equipment</b>	-	-	-	-

Targeted Performance Measures	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
Reportable accidents per hours worked (Reduce 10%) Target = 9.0	9.4	6.6	6.6	6.6
Lost time due to non-fatal accidents. Target = 2.7	5.3	2.7	2.7	2.7
No of time work stopped due to unplanned unsafe conditions. Target = 0	2.0	0.0	0.0	0.0
No of formally raised safety related employee concerns (reduce 20%)	9	9	9	9
No. of Workplace Violence Incidents	0	0	0	0
% of investigations closed out in 45 days. Target = 100%	100%	100%	100%	100%
No. of Vehicle Accidents (Prev). Target = 15	28	15	15	15

## OCCUPATIONAL SAFETY AND HEALTH

### OVERVIEW

#### FY 2012 Major Planned Activities and Changes

- Reestablish the department as the authority for all safety health and emergency response procurements
- Emphasis will be placed on creating an internal air quality program for office spaces
- Continue implementation and tracking initiatives related to the Safety Hotline that was established in FY 2010
- Finalize and implement DC Water-wide Emergency Response Plan
- Continue implementation and oversight of DC Water Asbestos Program
- Continue to provide support to the Office of Risk Management in the oversight of the Rolling Owner Controlled Insurance Program for DC Water contractors

#### FY 2013 Major Recommended Activities and Changes

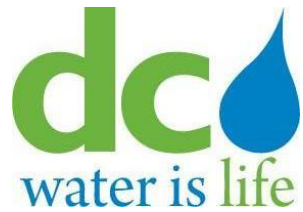
- Implement a plan to enhance the organizations mandatory safety and health training program
- National Incident Management System (NIMS) certification compliance and emergency response planning and training will continue to be an objective of the OSHA staff
- Safety and Health policies and procedures will continue to be the “main-stay” of the office’s overall program to ensure DC Water safety and accident statistics are within the national OSHA trends

#### Impact of Capital Projects on FY 2012 and FY 2013 Operating Expenditures

- Two additional positions were approved to enhance the ROCIP program through increased safety monitoring and oversight of multiple construction projects recently initiated at Blue Plains. Management also intends to track those labor cost incurred in support of the various CIP programs, so that they can be reconciled against the appropriate capital budget(s).



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**ASSISTANT  
GENERAL  
MANAGER  
Support Services**

			<u>POSITIONS</u>	
<u>CURRENT</u>			FY 2012	FY 2013
Authorized	Average Positions Filled	Year-End Positions Filled		
6	6	6	6	6

**FY 2013 Budget  
\$4,466,000**

**FLEET  
MANAGEMENT  
3 - Positions**



**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 DC Water loaner pool program
- Contract monitoring
- Budget Management

**FUNCTIONS**

- Acquisition/Disposition of vehicles/equipment
- Inventory control
- Integration and retrofitting of vehicles
- Monitor fuel usage
- Performance Measurements - percent of uptime/availability

## FLEET MANAGEMENT

**MISSION:** To provide safe, reliable and cost effective vehicles and equipment to DC Water for use by all departments in performance of their missions.

**BUDGET OVERVIEW:** The revised FY 2012 budget increased by approximately \$0.1 million compared to the approved FY 2012 budget due to increases in fuel and small equipment costs. The approved FY 2013 budget is lower than the revised FY 2012 budget by \$0.04 million. This is primarily due to anticipated reduction in fuel costs as result of transitioning to alternative energy solutions.

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 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>	720	706	704	710
Overtime	1	1	1	1
<b>Non-personnel Services:</b>				
Chemicals and Supplies	6	11	11	11
Utilities	870	894	944	906
Contractual Services, etc.	2,529	2,773	2,773	2,764
Small Equipment	34	75	75	75
Total Non-Personnel Services	3,439	3,754	3,803	3,756
<b>Total Operations &amp; Maintenance</b>	4,159	4,459	4,507	4,466
<b>Capital Equipment</b>	966	1,150	2,160	1,800

Targeted Performance Measures	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Approved
Preventive maintenance completed on schedule	96%	96%	96%	96%
Vehicles available for use	95%	96%	96%	96%
DC Water Priority vehicle in-service	96%	96%	96%	96%

## FLEET MANAGEMENT

### OVERVIEW

#### FY 2012 Major Planned Activities and Changes

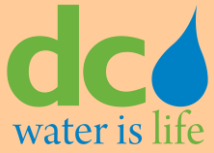
- Purchase electric vehicles
- Purchase fuel efficient vehicle/ equipment
- Continue purchasing hybrid vehicles
- Continue to review DC Water vehicle operators driving records' "W" Endorsement program
- Continue the Vehicle Appearance Program
- Reduce fuel consumption
- Continue the "Right Sizing" program

#### FY 2013 Major Recommended Activities and Changes

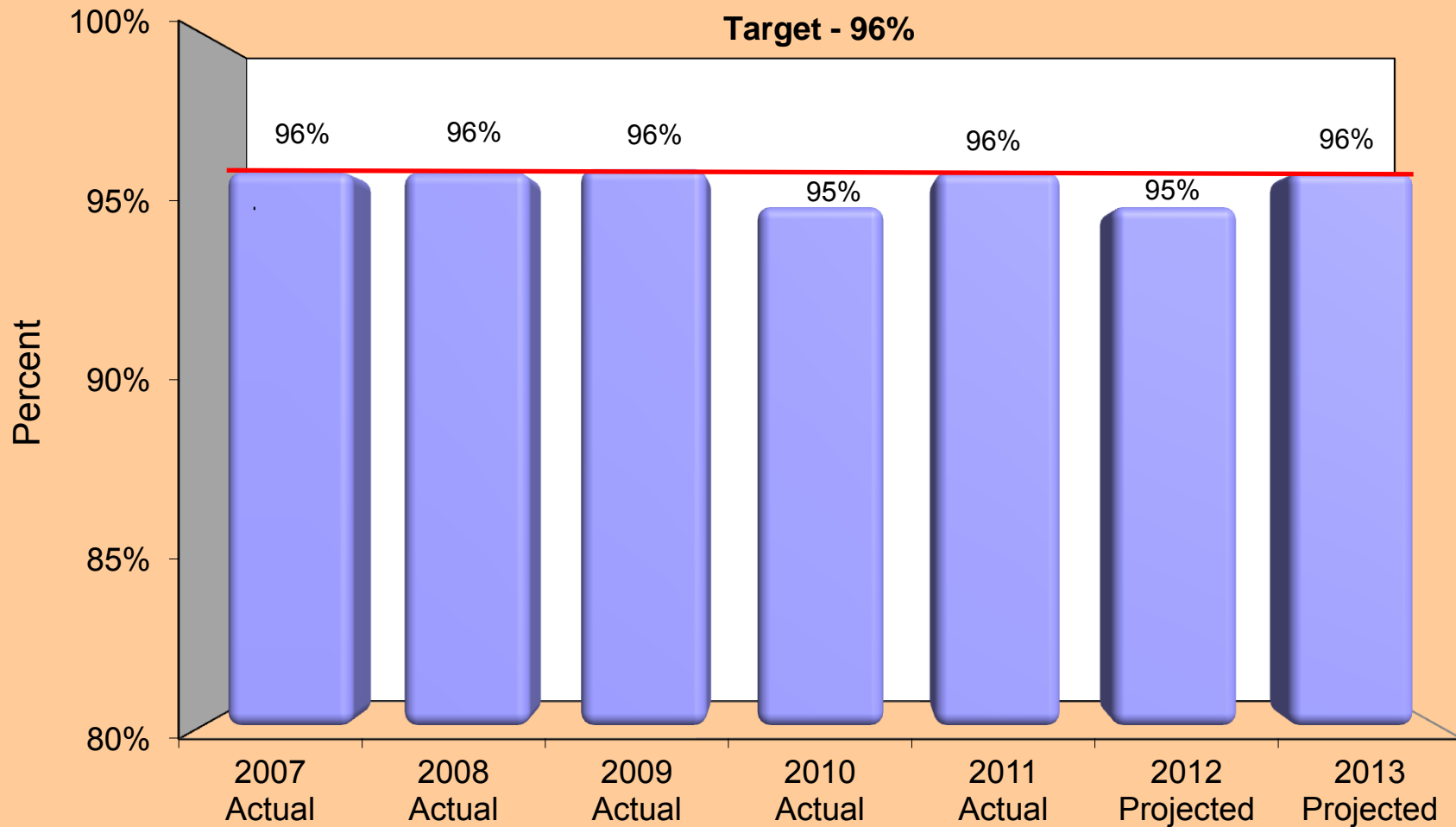
- Continue to purchase electric vehicles
- Continue to purchase fuel efficient vehicle/equipment
- Continue purchasing hybrid vehicles
- Continue to review DC Water vehicle operators driving records' "W" Endorsement program
- Continue the Vehicle Appearance Program
- Reduce fuel consumption
- Continue the "Right Sizing" program

#### Impact of Capital Projects on FY 2012 and FY 2013 Operating Expenditures

- Reduced vehicle fuel usage and downtime due to an expedited replacement of the current fleet inventory with fuel efficient vehicles



# Vehicle In-Service Percentage





DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

## **OPERATING BUDGETS**

REVISED FY **2012** APPROVED FY **2013**

**SECTION VIII**

**GLOSSARY AND ACRONYMS**

## 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 RIVERS 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.



**CLEAN WATER ACT (CWA):** Act passed by the U.S. Congress in 1972 to control water pollution.

**COMBINED SEWER OVERFLOWS (CSO):** Discharge of untreated wastewater (a mixture of storm water and sanitary waste) directly to waterways during periods of significant rainfall.

**COMBINED SEWER OVERFLOW LONG-TERM CONTROL PLAN (CSO LTCP):** 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.

**DC 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%.

**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 SURFACE:** an area that impedes or retards 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 Combined Sewer Overflow (CSO) while implementing its Long Term Control Plan (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 DC Water. 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 DC Water 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, Arlington and Falls Church, Virginia. DC Water purchases treated drinking water on a wholesale basis from the Washington Aqueduct, and is responsible for approximately 73 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

**ENRF:** ENHANCED NITROGEN REMOVAL FACILITIES

**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

**RSF:** RATE STABILIZATION FUND

**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

**SCADA:** SUPERVISORY CONTROL AND DATA ACQUISITION

**SDWA:** SAFE DRINKING WATER ACT

**SEP:** SUPPLEMENTAL ENVIRONMENTAL PROJECT

**SOX:** SARBANES OXLEY ACT



**Presented and Adopted: January 5, 2012**  
**Subject: Approval of Fiscal Year 2013 Proposed Operating Budget**

**#12-11**  
**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 5, 2012, upon consideration of a joint-use matter, decided by a vote of eleven (11) in favor and none (0) opposed, to take the following action with respect to the Fiscal Year 2013 Proposed Operating Budget.

**WHEREAS**, on October 6 2011, the General Manager presented the FY 2013 Proposed Operating Budget to the Board that totaled \$456,775,000; and

**WHEREAS**, during the months of October and November 2011 the various committees of the Board, including, the 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 22, 2011, the Finance and Budget Committee recommended that the Board adopt a FY 2013 budget that totals \$456,775,000.

**NOW THEREFORE BE IT RESOLVED THAT:**

The Board hereby approves and adopts the District of Columbia Water and Sewer Authority's Fiscal Year 2013 Proposed Operating Budget totaling \$456,775,000 as further detailed in materials presented by the General Manager.

This resolution is effective immediately.

  
Secretary to the Board of Directors

**Presented and Adopted: January 5, 2012**  
**SUBJECT: Approval of Fiscal Year 2011-2020 Ten Year Financial Plan**

**#12-08**  
**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 January 5, 2012 upon consideration of a joint-use matter decided by a vote of eleven (11) in favor and none (0) opposed, to take the following action with respect to the Fiscal Year 2011 – 2020 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 2013 operating and capital budgets; and

**WHEREAS**, at the December meetings of the DC Retail Water and Sewer Rates Committee and Finance and Budget Committee, an updated proposed ten year financial plan was reviewed and discussed; and

**WHEREAS**, the revised ten-year financial plan is based on assumptions detailed in the proposed Fiscal Year 2013 Operating and Capital Budgets; and

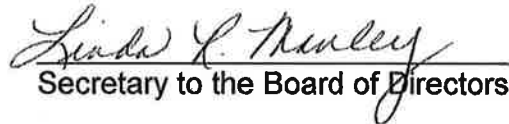
**WHEREAS**, the ten-year financial plan is consistent with projections appearing in the attached Schedules A, B, C and D of this resolution; and

**WHEREAS**, on December 22, 2011 and December 23, 2011, the Finance and Budget Committee and DC Retail Water and Sewer Rates Committee met and recommended that the Board adopt a ten-year financial plan as recommended by the General Manager.

**NOW THEREFORE BE IT RESOLVED THAT:**

1. The Board hereby accepts and approves the proposed Fiscal Year 2011-2020 Financial Plan that is supported by the attached Schedules A, B, C and D and the proposed Fiscal Year 2013 Operating and Capital Budgets.

This resolution is effective immediately.

  
Secretary to the Board of Directors

Schedule A

DISTRICT OF COLUMBIA WATER & SEWER AUTHORITY  
 FY 2011 - 2020 FINANCIAL PLAN  
 (in 000's)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>OPERATING</b>										
Retail**	300,599	324,549	354,672	388,824	420,300	450,482	482,549	505,885	532,324	557,097
Wholesale*	69,261	74,361	77,446	72,521	67,091	69,008	70,929	72,955	75,036	77,810
Other	24,614	21,006	21,531	24,429	27,870	31,135	33,154	34,296	35,168	36,933
RSF	9,500	6,500	6,500	-	2,950	4,000	5,000	2,000	-	2,000
<b>Operating Receipts (1)</b>	<b>\$ 403,974</b>	<b>\$ 426,416</b>	<b>\$ 460,150</b>	<b>\$ 485,774</b>	<b>\$ 518,211</b>	<b>\$ 554,625</b>	<b>\$ 591,632</b>	<b>\$ 615,135</b>	<b>\$ 642,528</b>	<b>\$ 672,840</b>
<b>Operating Expenses</b>	<b>(269,804)</b>	<b>(299,130)</b>	<b>(310,692)</b>	<b>(309,473)</b>	<b>(304,762)</b>	<b>(314,230)</b>	<b>(323,932)</b>	<b>(333,578)</b>	<b>(343,392)</b>	<b>(356,362)</b>
<b>Debt Service</b>	<b>\$ (91,888)</b>	<b>\$ (100,776)</b>	<b>\$ (127,627)</b>	<b>\$ (150,387)</b>	<b>\$ (184,431)</b>	<b>\$ (207,532)</b>	<b>\$ (227,674)</b>	<b>\$ (238,925)</b>	<b>\$ (248,375)</b>	<b>\$ (265,764)</b>
<b>Net Revenues After Debt Service</b>	<b>\$ 42,282</b>	<b>\$ 26,511</b>	<b>\$ 21,830</b>	<b>\$ 25,914</b>	<b>\$ 29,018</b>	<b>\$ 32,862</b>	<b>\$ 40,026</b>	<b>\$ 42,633</b>	<b>\$ 50,762</b>	<b>\$ 50,714</b>
<b>Operating Reserve-Beg Balance</b>	<b>131,996</b>	<b>150,035</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>(2,192)</b>	<b>(6,250)</b>	<b>(8,105)</b>	<b>(2,791)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Wholesale/Federal True Up	(9,500)	(12,250)								
Transfers To RSF	(10,000)									
Transfers To DC PILOT Fund	(2,551)	(32,546)	(13,725)	(23,123)	(29,018)	(32,862)	(40,026)	(42,633)	(50,762)	(50,714)
Pay-Go Financing										
<b>Operating Reserve - Ending Balance</b>	<b>\$ 150,035</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>\$ (22,450)</b>	<b>\$ (15,950)</b>	<b>\$ (15,950)</b>	<b>\$ (13,000)</b>	<b>\$ (9,000)</b>	<b>\$ (4,000)</b>	<b>\$ (2,000)</b>	<b>\$ (2,000)</b>	<b>\$ -</b>
<b>Senior Debt Service Coverage</b>	<b>321%</b>	<b>278%</b>	<b>232%</b>	<b>220%</b>	<b>201%</b>	<b>189%</b>	<b>183%</b>	<b>178%</b>	<b>177%</b>	<b>174%</b>
<b>Combined Debt Service Coverage</b>	<b>145%</b>	<b>130%</b>	<b>130%</b>	<b>132%</b>	<b>130%</b>	<b>129%</b>	<b>131%</b>	<b>131%</b>	<b>133%</b>	<b>131%</b>
<b>Proposed Water/Sewer Rate Increases</b>	<b>12.5%</b>	<b>4.5%</b>	<b>6.5%</b>	<b>5.0%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>4.5%</b>	<b>4.0%</b>	<b>4.5%</b>
<b>Operating Receipts \$ Increase/Decrease*</b>	<b>38,366</b>	<b>23,950</b>	<b>30,123</b>	<b>34,152</b>	<b>31,475</b>	<b>30,182</b>	<b>32,066</b>	<b>23,336</b>	<b>26,439</b>	<b>24,773</b>
Retail	1,790	5,100	3,086	(4,926)	(5,429)	1,916	1,921	2,025	2,081	2,774
Wholesale	14.6%	8.0%	9.3%	9.6%	8.1%	7.2%	7.1%	4.8%	5.2%	4.7%
Operating Receipts % Increase/Decrease*	2.7%	7.4%	4.1%	-6.4%	-7.5%	2.9%	2.8%	2.9%	2.9%	3.7%
Retail										
Wholesale										

(1) Includes interest earnings on senior lien revenue bonds; debt service reserve fund  
 (2) FY 2011 Rate Stabilization Fund utilization brought the total fund balance to \$16.7 million

Schedule B

DISTRICT OF COLUMBIA WATER & SEWER AUTHORITY  
FY 2011 - 2020 Capital Improvement Plan

Description	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
<b>BEGINNING BALANCE</b>	\$ 7,432,539	\$ 132,634,951	\$ 173,746,631	\$ 36,671,280	\$ 35,867,510	\$ 2,365,813	\$ 3,109,281	\$ 2,971,650	\$ 1,898,077	\$ 1,633,791	\$ 398,331,522
<b>SOURCES OF FUNDS:</b>											
Proceeds from Rev. Bonds	\$ 211,722,441	\$ 300,000,000	\$ 200,000,000	\$ 250,000,000	\$ 236,581,290	\$ 248,742,461	\$ 237,731,998	\$ 151,846,141	\$ 130,703,243	\$ 162,622,693	\$ 2,129,950,267
Proceeds from Treasury Notes/Digesters Financing Opt	75,000,000	-	-	-	-	-	-	-	-	-	\$ 75,000,000
Capital Equipment Financing (for 5 yrs @ 3.25%)	6,000,000	-	-	-	9,907,200	7,338,400	-	-	-	-	\$ 55,981,600
Transfer from Operations	2,551,148	32,546,261	13,725,004	23,123,430	29,016,000	32,862,326	40,025,720	42,633,209	50,761,680	50,713,516	\$ 317,960,295
EPA Grants/DC Reimbursement	16,009,163	25,455,000	34,423,000	40,914,000	22,500,000	16,500,000	16,500,000	16,500,000	16,500,000	16,500,000	\$ 221,801,163
CSO Grants	28,289,996	31,332,000	30,000,000	-	-	-	-	-	-	-	\$ 89,590,996
Wholesale Customer Capital Contributions	82,005,363	175,242,000	237,897,000	141,354,000	84,098,000	75,834,000	65,020,000	27,191,000	14,538,000	7,992,000	\$ 911,171,363
Interest Income	1,033,301	93,419	301,445	1,875,000	2,385,813	3,109,281	2,971,650	1,898,077	1,633,791	2,032,794	\$ 17,314,561
<b>Total Sources</b>	\$ 422,580,412	\$ 572,852,680	\$ 528,625,649	\$ 469,539,230	\$ 384,470,303	\$ 384,386,468	\$ 362,249,368	\$ 240,068,427	\$ 214,136,714	\$ 239,860,993	\$ 3,818,770,245
<b>USES OF FUNDS:</b>											
Water Projects	\$ 44,114,000	\$ 51,685,000	\$ 57,646,000	\$ 65,488,000	\$ 55,477,000	\$ 54,916,000	\$ 60,187,000	\$ 63,131,000	\$ 52,840,000	\$ 61,783,000	\$ 567,167,000
Blue Plains Projects	125,879,000	275,845,000	378,648,000	209,313,000	110,798,000	104,080,000	95,922,000	42,224,000	16,822,000	4,350,000	\$ 1,363,881,000
Sanitary Sewer Projects	24,494,000	39,922,000	45,381,000	56,779,000	64,335,000	44,567,000	41,286,000	55,928,000	44,419,000	40,110,000	\$ 457,221,000
Combined Sewer	36,457,000	16,094,000	12,165,000	19,652,000	18,038,000	19,668,000	13,623,000	11,731,000	12,289,000	14,581,000	\$ 174,298,000
Combined Sewer LTCP	41,415,000	115,922,000	139,896,000	92,106,000	145,168,000	137,874,000	128,311,000	46,449,000	66,256,000	98,040,000	\$ 1,010,397,000
Stormwater Projects	2,160,000	2,775,000	4,276,000	2,545,000	801,000	775,000	737,000	810,000	900,000	506,000	\$ 16,285,000
Washington Aqueduct Division Projects	9,490,000	11,373,000	10,588,000	10,744,000	11,016,000	11,280,000	11,588,000	10,891,000	10,323,000	9,842,000	\$ 107,145,000
Capital Equipment	10,585,000	15,349,000	15,341,000	12,384,000	9,173,000	7,278,000	7,348,000	7,648,000	6,778,000	6,778,000	\$ 98,662,000
Meter Replacement / AMR	2,784,000	2,876,000	1,790,000	1,332,000	3,166,000	3,205,000	3,385,000	3,330,000	3,774,000	3,472,000	\$ 29,114,000
Reimbursement for Prior Capital Expend.	-	-	-	-	-	-	-	-	-	-	-
<b>Total Uses</b>	\$ 297,378,000	\$ 631,741,000	\$ 665,701,000	\$ 470,343,000	\$ 417,972,000	\$ 383,643,000	\$ 362,387,000	\$ 241,142,000	\$ 214,401,000	\$ 239,462,000	\$ 3,824,170,000
<b>SOURCES MINUS USES</b>	125,202,412	41,111,680	(137,075,351)	(803,770)	(33,501,697)	743,468	(137,632)	(1,073,573)	(264,286)	398,993	(5,399,755)
<b>ENDING BALANCE</b>	\$ 132,634,951	\$ 173,746,631	\$ 36,671,280	\$ 35,867,510	\$ 2,365,813	\$ 3,109,281	\$ 2,971,650	\$ 1,898,077	\$ 1,633,791	\$ 2,032,794	\$ 392,931,767

**District of Columbia Water & Sewer Authority  
FY 2011 - 2020 Projected Average Residential Monthly Bill**

Units	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
DC Water Retail Rates (1)	Ccf \$ 46.09	\$ 48.17	\$ 51.31	\$ 53.85	\$ 57.33	\$ 61.08	\$ 65.09	\$ 68.04	\$ 70.71	\$ 73.86
DC Water Clean Rivers IAC	ERU 3.45	6.64	9.73	14.52	17.66	20.33	23.19	25.49	28.75	31.17
DC Water Customer Metering Fee	3.86	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>\$ 53.40</b>	<b>\$ 58.67</b>	<b>\$ 64.90</b>	<b>\$ 72.23</b>	<b>\$ 78.85</b>	<b>\$ 85.27</b>	<b>\$ 92.14</b>	<b>\$ 97.39</b>	<b>\$ 103.32</b>	<b>\$ 108.89</b>
<b>Percent Increase in DC Water Portion of Bill</b>	<b>18.3%</b>	<b>9.9%</b>	<b>10.6%</b>	<b>11.3%</b>	<b>9.2%</b>	<b>8.1%</b>	<b>8.1%</b>	<b>5.7%</b>	<b>6.1%</b>	<b>5.4%</b>
District of Columbia PILOT (1)	Ccf \$ 3.28	\$ 3.28	\$ 3.48	\$ 3.68	\$ 3.95	\$ 4.21	\$ 4.48	\$ 4.68	\$ 4.88	\$ 5.08
District of Columbia Right of Way Fee (1)	Ccf 0.94	1.00	1.07	1.14	1.20	1.27	1.34	1.40	1.47	1.54
District of Columbia PILOT/ROW Fee	4.22	4.28	4.55	4.82	5.15	5.48	5.82	6.08	6.35	6.62
District of Columbia Stormwater Fee (2)	ERU 2.67	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>\$ 6.89</b>	<b>\$ 6.95</b>	<b>\$ 7.22</b>	<b>\$ 7.49</b>	<b>\$ 7.82</b>	<b>\$ 8.15</b>	<b>\$ 8.49</b>	<b>\$ 8.75</b>	<b>\$ 9.02</b>	<b>\$ 9.29</b>
<b>Total Amount Appearing on DC Water Bill</b>	<b>\$ 60.29</b>	<b>\$ 65.62</b>	<b>\$ 72.12</b>	<b>\$ 79.72</b>	<b>\$ 86.67</b>	<b>\$ 93.42</b>	<b>\$ 100.63</b>	<b>\$ 106.14</b>	<b>\$ 112.34</b>	<b>\$ 118.18</b>
Increase / Decrease Over Prior Year	\$ 8.76	\$ 5.33	\$ 6.50	\$ 7.60	\$ 6.95	\$ 6.75	\$ 7.21	\$ 5.51	\$ 6.20	\$ 5.84
<b>Percent Increase in Total Bill</b>	<b>17.0%</b>	<b>8.8%</b>	<b>9.9%</b>	<b>10.5%</b>	<b>8.7%</b>	<b>7.8%</b>	<b>7.7%</b>	<b>5.5%</b>	<b>5.8%</b>	<b>5.2%</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 2011 - 2013 Projected Retail Rates and Fee Changes**

	Units	FY 2011	FY 2012	Proposed FY 2013
DC Water Retail Rates Water	Ccf	\$ 3.10	\$ 3.24	\$ 3.45
DC Water Retail Rates Sewer	Ccf	\$ 3.79	\$ 3.96	\$ 4.22
DC Water Clean Rivers IAC	.ERU	\$ 3.45	\$ 6.64	\$ 9.73
DC Water Customer Metering Fee		\$ 3.86	\$ 3.86	\$ 3.86
District of Columbia PILOT Fee	Ccf	\$ 0.49	\$ 0.49	\$ 0.52
District of Columbia Right of Way Fee	Ccf	\$ 0.14	\$ 0.15	\$ 0.16

**Presented and Adopted: January 5, 2012**  
**Subject: Approval of Fiscal Year 2013 Capital Authority Request**

**#12-09**  
**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 5, 2012, upon consideration of a joint-use matter, decided by a vote of eleven (11) in favor and none (0) opposed, to take the following action with respect to the Fiscal Year 2013 Capital Authority request which is to be submitted to the United States Congress.

**WHEREAS**, on October 6, 2011, the General Manager presented to the Board the FY 2013 Proposed Capital Authority request that totaled \$606,090,000; and

**WHEREAS**, during the months of October and November 2011 the various committees of the Board, including, the 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 15, 2011, the Environmental Quality and Sewerage and the Water Quality and Water Services Committees met and recommended that the Board adopt the Proposed FY 2013 Capital Authority Request of \$606,090,000; and

**WHEREAS**, on December 22, 2011, the Finance and Budget Committee met and recommended that the Board adopt the Proposed Capital Authority request of \$606,090,000; 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 2013 Capital Authority request totaling \$606,090,000 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 2013**  
**\*Capital Authority Request**

**Service Areas**

<b>Blue Plains Wastewater Treatment</b>	<b>1</b>	<b>\$277,007</b>
<b>Sanitary Sewer System</b>		<b>88,795</b>
<b>Combined Sewer Overflow</b>	<b>1</b>	<b>124,734</b>
<b>Stormwater</b>		<b>2,683</b>
<b>Water System</b>		<b>91,894</b>
<b>Washington Aqueduct (DC Water share)</b>		<b>10,848</b>
<b>Capital Equipment</b>		<b><u>10,129</u></b>
<b>Total</b>		<b><u>\$606,090</u></b>

\*

\* The authority request includes a 24 month look-ahead, i.e., it also takes into account projected commitments for FY 2014 and FY 2015.

<sup>1</sup> Includes Special Risk Allowance of \$20 million, and \$122 million for Enhanced Nitrogen Removal (formerly Total Nitrogen - "BTN"), and Clean Rivers (aka Long Term Control Plan - "LTCP") Programs, respectively, although not part of their Lifetime Budgets.

**Presented and Adopted: January 5, 2012**  
**Subject: Approval of Fiscal Year 2011-2020 Capital Improvement Program**

**#12-10**  
**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 5, 2012, upon consideration of a joint-use matter, decided by a vote of eleven (11) in favor and none (0) opposed, to take the following action with respect to the Fiscal Year 2011–2020 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 6, 2011, the General Manager presented to the Board a lifetime budget totaling \$8,019,373,000 and a related FY 2011-2020 Capital Improvement Program disbursement budget, which totaled \$3,824,170,000; and

**WHEREAS**, during the months of October and November 2011 the various committees of the Board, including, the 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

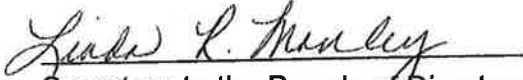
**WHEREAS**, on December 15, 2011, the Environmental Quality and Sewerage Services and the Water Quality and Water Services Committees met and recommended that the Board adopt a proposed lifetime budget totaling \$8,019,373,000 and a related FY 2011–2020 Capital Improvement Program disbursement budget of \$3,824,170,000; and

**WHEREAS**, on December 22, 2011 the Finance and Budget Committee recommended that the Board adopt a proposed lifetime budget totaling \$8,019,373,000 and a related FY 2011 – 2020 Capital Improvement Program disbursement budget of \$3,824,170,000.

**NOW THEREFORE, BE IT RESOLVED THAT:**

The Board hereby approves and adopts the District of Columbia Water and Sewer Authority's Fiscal Year 2011–2020 Capital Improvement Program with a lifetime budget totaling \$8,019,373,000 (Attachment A) and disbursements budget of \$3,824,170,000 (Attachment B), and as further detailed in the General Manager's Proposed Fiscal Year 2013 Operating and Capital Budgets dated October 27, 2011 and accompanying materials.

This resolution is effective immediately.

  
Secretary to the Boards of Directors

## FY 2011 - FY 2020 Capital Improvement Plan

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

	FY 2012 Approved	FY 2012 Revised / FY 2013 Proposed	Variance
<b><u>Wastewater Treatment</u></b>			
Liquid Processing Projects	612,749	622,106	9,357
Plantwide Projects	337,671	345,887	8,216
Solids Processing Projects	688,806	719,537	30,731
Enhanced Nitrogen Removal Facilities (formerly BTN - Total Nitrogen Program)	1,024,855	988,778	(36,077)
<b>Sub-total</b>	<b>2,664,081</b>	<b>2,676,308</b>	<b>12,227</b>
<b><u>Sanitary Sewer</u></b>			
Sanitary Collection Sewers	133,906	133,906	0
Sanitary On-Going Projects	142,067	159,677	17,610
Sanitary Pumping Facilities	25,898	25,898	-
Sanitary Sewer Projects Program Management	103,150	103,135	(15)
Sanitary Interceptor/Trunk Force Sewers	430,144	432,583	2,439
<b>Sub-total</b>	<b>835,165</b>	<b>855,199</b>	<b>20,034</b>
<b><u>Combined Sewer Overflow</u></b>			
CSO Program Management	55,239	55,239	-
Combined Sewer Projects: Nine Minimum Controls	215,387	213,888	(1,499)
Combined Sewer Projects: Others	240,013	244,844	4,831
Clean Rivers Project (aka Long-Term Control Plan)			
Anacostia Tunnel	1,672,282	1,672,282	-
Potomac Tunnel	418,700	418,700	-
Rock Creek Tunnel	70,342	70,342	-
<b>Sub-total</b>	<b>2,671,963</b>	<b>2,675,295</b>	<b>3,332</b>
<b><u>Stormwater</u></b>			
Stormwater Extensions/Local Drainage	17,999	17,999	0
Stormwater On-Going Program	9,658	9,658	0
Stormwater Pumping Facilities	0	0	-
DDOT Stormwater Program	5,066	4,720	(346)
Stormwater Projects Program Management	10,630	10,630	-
Stormwater Trunk/Force Sewers	18,605	15,504	(3,101)
<b>Sub-total</b>	<b>61,958</b>	<b>58,511</b>	<b>(3,447)</b>
<b><u>Water</u></b>			
Water Distribution Systems	666,933	695,720	28,787
Water Lead Program	191,000	191,040	40
Water On-Going Projects	112,121	117,541	5,420
Water Pumping Facilities	150,149	161,372	11,223
DDOT Water Projects	95,892	91,538	(4,354)
Water Storage Facilities	71,862	74,311	2,449
Water Projects Program Management	51,107	47,559	(3,548)
Meter Replacement /AMR Installation	61,151	73,534	12,383
<b>Sub-total</b>	<b>1,400,215</b>	<b>1,452,815</b>	<b>52,400</b>
<b>Washington Aqueduct</b>	<b>203,138</b>	<b>203,138</b>	<b>0</b>
<b>Capital Equipment</b>	<b>103,906</b>	<b>98,307</b>	<b>(5,599)</b>
<b>Total DC Water CIP Lifetime (see notes)</b>	<b>7,940,426</b>	<b>8,019,373</b>	<b>78,947</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 2011 will be dropped from the CIP next year.
- 2 These budgets do not include in-house labor costs, estimated to be in the \$5 to \$8 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 2011 - FY 2020 PROJECTED CAPITAL IMPROVEMENT PLAN (CIP) - DISBURSEMENTS BASIS (\$ in 000's)**

	FY 2011 Actuals	FY 2012 Revised	FY 2013 Proposed	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Total FY '11 - '20
<b>Wastewater Treatment</b>											
Liquid Processing Projects	\$11,080	\$23,263	\$35,371	\$18,756	\$7,578	\$5,010	\$12,074	\$8,300	\$7,428	\$992	\$129,851
Plantwide Projects	17,067	18,018	18,645	13,788	5,992	3,894	3,894	12,140	6,741	1,468	100,957
Solids Processing Projects	48,822	119,294	194,973	71,080	15,734	6,467	2,851	355	1	-	459,576
Enhanced Nitrogen Removal Facilities (formerly BTN - Total Nitrogen Program)	48,910	115,269	129,660	105,690	81,495	89,399	77,104	21,430	2,652	1,890	673,498
<b>Sub-total</b>	<b>125,879</b>	<b>275,844</b>	<b>378,649</b>	<b>209,313</b>	<b>110,799</b>	<b>104,080</b>	<b>95,923</b>	<b>42,224</b>	<b>16,822</b>	<b>4,350</b>	<b>1,363,882</b>
<b>Sanitary Sewer</b>											
Sanitary Collection Sewers	1,674	2,140	6,174	11,611	8,873	3,924	5,690	7,268	7,766	7,725	62,844
Sanitary On-Going Projects	7,171	16,081	15,694	6,795	7,075	7,659	7,865	8,138	8,590	9,229	94,298
Sanitary Pumping Facilities	424	659	636	696	37	-	-	-	-	-	2,452
Sanitary Sewer Projects/Program Management	3,488	6,880	4,454	6,189	6,821	6,630	6,748	7,790	6,633	5,160	60,794
Sanitary Interceptor/Trunk Force Sewers	11,737	14,162	18,422	31,488	41,529	26,354	20,983	32,732	21,431	17,997	236,854
<b>Sub-total</b>	<b>24,494</b>	<b>39,922</b>	<b>45,381</b>	<b>56,779</b>	<b>64,335</b>	<b>44,567</b>	<b>41,286</b>	<b>55,928</b>	<b>44,419</b>	<b>40,110</b>	<b>457,223</b>
<b>Combined Sewer Overflow / Long Term Control Plan</b>											
CSO Program Management	1,089	1,590	1,533	2,272	1,840	1,555	1,593	2,181	2,645	2,105	18,402
Combined Sewer Projects:Nine Minimum Controls	35,368	6,971	2,021	309	12	4	-	-	-	-	44,685
Combined Sewer Projects:Others	-	7,533	8,611	17,071	16,186	18,109	12,030	9,550	9,644	12,476	111,210
D.C. Clean Rivers Project (aka Long-Term Control Plan)	41,415	114,366	138,668	91,726	143,635	132,510	122,307	36,237	53,200	83,986	958,050
Anacostia Tunnel	-	1,270	961	309	1,533	5,132	5,233	8,412	11,639	12,028	46,517
Potomac Tunnel	-	286	227	71	-	232	771	800	1,417	2,026	5,830
Rock Creek Tunnel	77,872	132,016	152,021	111,758	163,206	157,542	141,934	57,180	78,545	112,621	1,184,694
<b>Sub-total</b>	<b>129,367</b>	<b>268,166</b>	<b>344,543</b>	<b>223,816</b>	<b>328,384</b>	<b>347,428</b>	<b>321,217</b>	<b>113,412</b>	<b>164,441</b>	<b>127,730</b>	<b>1,748,329</b>
<b>Stormwater</b>											
Stormwater Local Drainage	105	731	452	468	464	512	465	483	522	199	4,400
Stormwater On-Going Program	-	-	-	-	-	-	-	-	-	-	-
Stormwater Pumping Facilities	-	-	8	9	19	18	18	10	10	-	93
DDOT Stormwater Program	836	499	250	238	193	163	162	222	270	214	3,047
Stormwater Research and Program Management	1,219	1,527	3,462	1,762	60	-	-	-	-	-	8,029
Stormwater Trunk/Force Sewers	2,160	2,775	4,276	2,545	801	775	737	810	900	506	16,284
<b>Sub-total</b>	<b>4,020</b>	<b>5,527</b>	<b>8,443</b>	<b>5,022</b>	<b>1,647</b>	<b>1,552</b>	<b>1,372</b>	<b>1,303</b>	<b>1,702</b>	<b>1,715</b>	<b>28,463</b>
<b>Water</b>											
Water Distribution Systems	21,542	23,024	28,404	31,809	29,435	29,239	33,925	33,316	32,933	42,819	306,448
Water On-Going Projects	8,811	8,239	6,681	5,994	6,188	6,364	7,508	6,548	7,159	6,851	70,343
Water Pumping Facilities	1,778	5,327	6,273	7,921	3,375	1,373	3,168	7,062	-	84	36,381
DDOT Water Projects	3,740	4,002	5,613	6,583	4,616	4,906	5,126	5,730	5,808	7,857	63,982
Water Storage Facilities	1,275	2,083	4,221	7,860	5,748	6,946	4,264	4,122	3,192	1,997	41,710
Water Projects Program Management	4,357	4,109	4,081	3,242	3,870	3,672	3,669	3,726	3,748	2,175	36,649
Water Lead Program	2,611	4,801	2,372	2,077	2,246	2,414	2,528	2,627	3,774	3,472	29,114
Meter Replacement /AMR Installation	2,784	2,876	1,790	1,332	3,166	3,205	3,385	3,330	3,774	3,472	29,114
<b>Sub-total</b>	<b>46,898</b>	<b>54,461</b>	<b>59,436</b>	<b>66,820</b>	<b>58,643</b>	<b>58,121</b>	<b>63,572</b>	<b>66,461</b>	<b>56,614</b>	<b>66,255</b>	<b>596,282</b>
<b>Washington Aqueduct</b>	9,490	11,373	10,598	10,744	11,016	11,280	11,588	10,891	10,323	9,842	107,144
<b>Capital Equipment</b>	10,585	15,349	15,341	12,384	9,173	7,278	7,348	7,648	6,778	6,778	98,662
<b>Total FY 2013 DC Water CIP</b>	<b>\$297,378</b>	<b>\$631,741</b>	<b>\$665,701</b>	<b>\$470,343</b>	<b>\$417,972</b>	<b>\$383,644</b>	<b>\$362,387</b>	<b>\$241,142</b>	<b>\$214,401</b>	<b>\$239,462</b>	<b>\$3,824,170</b>

**Presented and Adopted: January 5, 2012**

**SUBJECT: Intent to Reimburse Capital Expenditures with Proceeds  
of a Borrowing**

**#12-07  
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 5, 2012, upon consideration of a joint-use matter, decided by a vote of eleven (11) 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 Projects (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 \$380,000,000 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 2012 and through January 2013.
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**  
**Blue Plains Enhanced Nitrogen Removal Facilities**  
**Blue Plains New Digestion Facilities**  
**Sanitary Sewer System Improvement Projects**  
**Combined Sewer System Improvement Projects**  
**Stormwater Sewer System Improvement Projects**  
**Water Pumping, Distribution and Storage Projects**  
**Metering and Capital Equipment**  
**Washington Aqueduct Projects**  
**Combined Sewer Overflow/Long Term Control Plan (aka Clean Rivers Project)**



**Presented and Adopted: January 5, 2012**

**SUBJECT: Proposed Water and Sewer Service Rates, Right-of- Way (ROW) and Payment in Lieu of Taxes (PILOT) Fee and Clean Rivers Impervious Area Charge (IAC) for Fiscal Year 2013**

**#12-13  
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 January 5, 2012 upon consideration of a non-joint use matter, decided by a vote of six (6) in favor and none (0) opposed, to approve the following action with respect to the proposed Retail Rates for Water and Sewer Service, Clean Rivers Impervious Area Charge (IAC), the Payment In Lieu of Taxes Fee (PILOT), the Right-of- Way Occupancy Fee Pass Through Charge (ROW).

**WHEREAS**, the Board has adopted a revised rate setting policy that calls for rates that, together with other revenue sources, yield a reliable and predictable stream of revenues and will generate sufficient revenues to pay for DC Water's projected operating and capital expenses; and

**WHEREAS**, the Board has adopted various financial policies that require revenues to ensure compliance with Board policies regarding maintenance of senior debt coverage and cash reserves; and

**WHEREAS**, the DC Retail Water and Sewer Rates Committee met on December 23, 2011 to consider the proposed rate and fee changes and cost drivers; and

**WHEREAS**, DC Water has two classes of customers, (residential and non-residential) as per Title 21 in the District of Columbia Municipal Regulations (DCMR); and

**WHEREAS**, the DC Retail Water and Sewer Rates Committee recommended that the Board consider for public comment a combined retail water and sewer rate increase of \$0.47 per Ccf (\$0.63 per 1,000 gallons); and

**WHEREAS**, the increase in water and sewer rates would result in a combined water and sewer rate that approximates \$7.67 per One Hundred Cubic Feet ("Ccf) or \$10.25 per 1,000 gallons of metered water and sewer use; and

**WHEREAS**, the DC Retail Water and Sewer Rates Committee recommended that the Board consider for public comment a monthly increase in the Clean Rivers Impervious Area Charge of \$3.09 per Equivalent Residential Unit (ERU) to recover the \$2.6 billion costs of the Combined Sewer Overflow Long-Term Control Plan (CSO LTCP); and

**WHEREAS**, the DC Retail Water and Sewer Rates Committee recommended that the Board consider for public comment an increase in the ROW / PILOT fee of \$0.04 per Ccf (\$0.05 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**, 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 2013 reflect an approximate \$29.3 million increase due to the proposed \$13.7 million increase in retail water and sewer rates, an approximate \$1.2 million increase due to the proposed ROW / PILOT fee increase, and an approximate \$14.4 million increase due to the proposed Clean Rivers 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:

**Retail Water Service Rates**

- a. An increase in the rate for retail metered water service from \$3.24 per One Hundred Cubic Feet ("Ccf"), (\$4.33 per 1,000 gallons) to:
  - Residential customers: \$3.45 per Ccf (\$4.61 per 1,000 gallons), effective October 1, 2012
  - Non – residential customers: \$3.45 per Ccf (\$4.61 per 1,000 gallons), effective October 1, 2012

### **Retail Sewer Service Rates**

- b. An increase in the rate for retail sanitary sewer service from \$3.96 per One Hundred Cubic Feet ("Ccf"), (\$5.29 per 1,000 gallons) to:
- Residential customers: \$4.22 per Ccf (\$5.64 per 1,000 gallons), effective October 1, 2012
  - Non – residential customers: \$4.22 per Ccf (\$5.64 per 1,000 gallons), effective October 1, 2012
- c. An increase in the annual Clean Rivers Impervious Area Charge (IAC) from \$79.68 to \$116.76 per Equivalent Residential Unit (ERU). The charge per ERU will be billed monthly at:
- Residential customers: \$9.73 for each ERU, effective October 1, 2012
  - Non – residential customers: \$9.73 for each ERU, effective October 1, 2012

### **Right- of- Way Occupancy Fee Pass Through Charge**

- d. An increase in the District of Columbia Right- of- Way fee from \$0.15 per Ccf or (\$0.20 per 1,000 gallons) to:
- Residential customers: \$0.16 per Ccf or (\$0.21 per 1,000 gallons), effective October 1, 2012.
  - Non – residential customers: \$0.16 per Ccf or (\$0.21 per 1,000 gallons), effective October 1, 2012.

### **Payment in Lieu of Taxes Fee**

- e. An increase in the District of Columbia Payment in Lieu of Taxes fee from \$0.49 per Ccf or (\$0.66 per 1,000 gallons) to:
- Residential customers: \$0.52 per Ccf or (\$0.70 per 1,000 gallons), effective October 1, 2012.
  - Non – residential customers: \$0.52 per Ccf or (\$0.70 per 1,000 gallons), effective October 1, 2012.

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.

  
Secretary to the Board of Directors