



**dc** 2018 Performance Highlights

David Gadis, CEO



## Introduction

It is my pleasure to present you with DC Water's 2018 performance highlights. I think you will agree that this is an impressive array of accomplishments, even for an organization of DC Water's stature and size. Since my arrival here in June, I have seen firsthand what makes the Authority one of the most respected water utilities in the world. We consistently rise to the occasion to meet or exceed all legal, regulatory and service requirements. We also set a high bar for drinking water distribution, wastewater treatment and resource recovery.

You can see the impact our work is having on the District and the region. In particular, the massive investment we've made in the Clean Rivers Project is helping revitalize our waterfronts. People are coming to places like the Wharf and Yards Park to live, to work, for recreation or an evening out. In addition to Nationals Stadium and the brand new Audi Field, a flurry of new mixed-used development will bring thousands more residents and employees to the banks of the Anacostia.

I am also proud of the work we have done to prepare DC Water for the future. In 2018 we began to shape the strategic plan – including a new vision, values and change programs - that will guide our efforts over the next two years. I look forward to working with the Board and our dedicated workforce to implement that plan, meet our challenges, celebrate our successes and better meet the needs of our customers and our employees.

**David Gadis**

CEO and General Manager




## Industry Leadership and Recognition



DC Water was named a Utility of the Future through a joint NACWA/WEF recognition program. The Utility of the Future concept encourages the nation's water systems in the transformation of operations through innovation and technology.




DC Water received its 6th Platinum Award recognizing 100 percent compliance with discharge permits over a consecutive five-year period. Platinum Awards are given to facilities with a consistent record of full compliance for a consecutive five-year period.



Engineering News Records Award of Merit in the Water/Wastewater category for the Anacostia River Tunnel project




International Tunneling Association (ITA) Sustainability Initiative of the Year (2017) Award for the Anacostia River Tunnel Project in Paris, France from the International Tunneling and Underground Space Association



The Government and Finance Officers Association (GFOA) awarded DC Water the Distinguished Budget Presentation Award, for the fiscal year beginning October 1, 2018



DC Water was named to the National Association of Fleet Administrators 100 Best Fleets



In 2018, OEM received "Conditional Accreditation" as an accredited Emergency Management Program through the Emergency Management Accreditation Program (EMAP) and is seeking full accreditation by April of 2019. DC Water is the first water utility in the nation to do so.



## Operational Excellence

**Peak Performance** - Received the Platinum Peak Performance Award from the National Association of Clean Water Agencies, recognizing DC Water's 100 percent compliance with the NPDES permit limits for 5 consecutive years. Nitrogen removal performance remained excellent and below the NPDES annual discharge limit.

- During the fiscal year, the treatment process has removed more than 1.6 million pounds of nutrients in excess of what is required for protection of the Chesapeake Bay.

**New Plant Capacity Generates Savings** - The new National Pollutant Discharge Elimination System Permit increases the dry weather permitted capacity of Blue Plains from 370 mgd to 384 mgd with no new capital investments required.

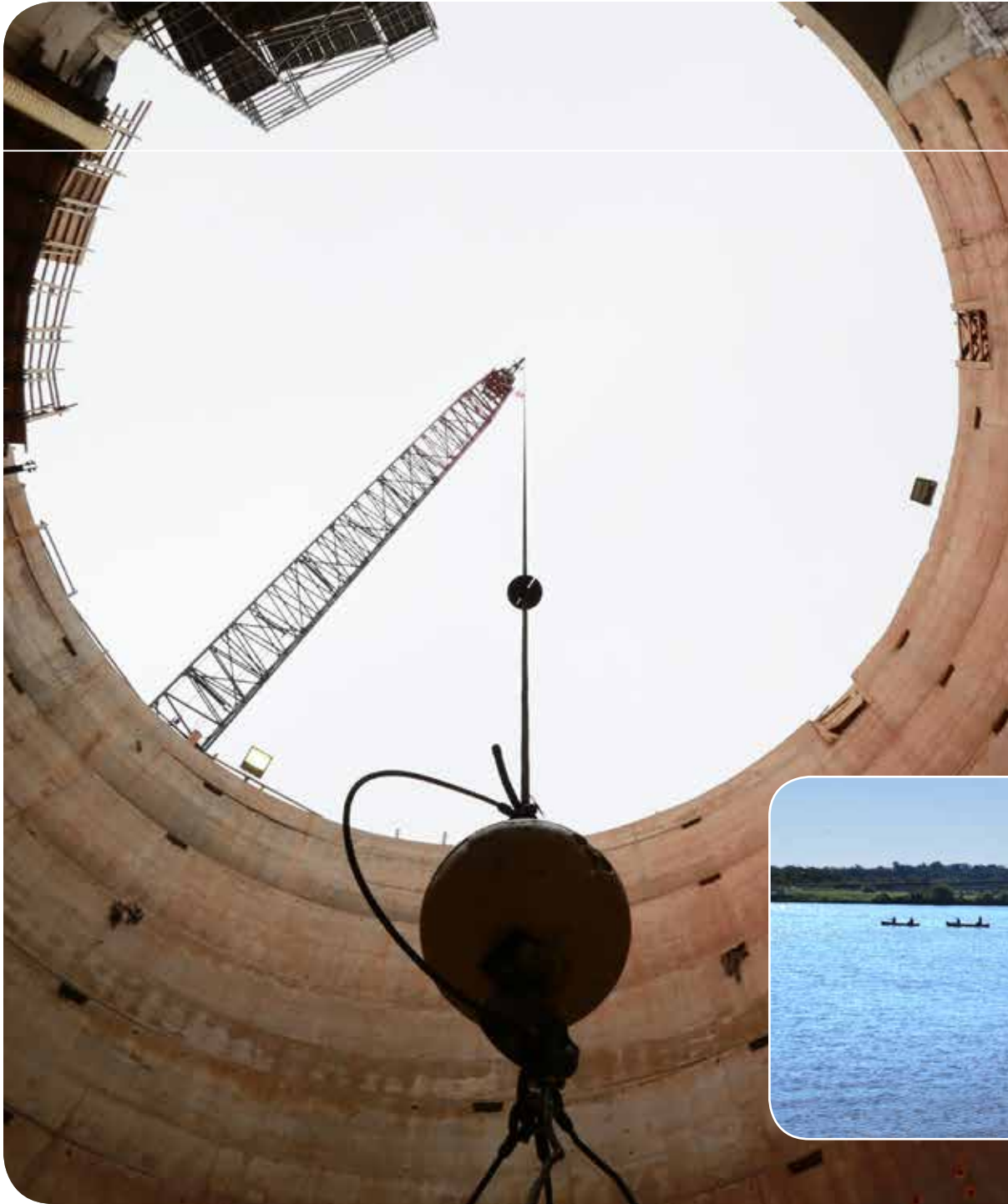
- A value of at least \$140 million.

**Water Main Replacement** - Expanded our internal CIP small diameter water main replacement program using in-house resources and replaced a total of 1100 linear feet of pipe (2X more than the previous year).

**New Pressure Zone** - Commissioned the new Anacostia 2nd High Water Pressure Zone to improve water pressure and fire protection for more than 6,000 premises, a culmination of 20 years of planning. The project included:

- New 2 mg elevated water tower
- New pumping station
- Three miles of large diameter transmission mains
- Replacement of 12 miles of small diameter water mains
- Installation of pressure reducing valves in over 1000 residences.

**Mobile Technology** - Implemented a solution that allows wastewater treatment and maintenance crews on the plant to manage their work using mobile devices in the field. Crews can enter asset condition information, update work order details and management can track crew productivity. Another solution was also implemented to schedule and optimize work allocation and routing for field crews working in the distribution system.



## Cleaning our Rivers

### Anacostia River Tunnel System

- Captured more than 4.5 billion gallons of combined sewer overflows and more than 705 tons of trash that would otherwise have overflowed to the Anacostia River.
- Provided 89 percent capture compared to the planned 80 percent capture at this stage.

### Cleaning the Anacostia

Collected 860 tons of floating debris from the Anacostia River, Potomac River and Washington Channel improving their appearance and usability while also proudly displaying the DC Water's commitment to the District and the environment.





## Workforce Safety

### Safety Program

Launched a brand-new safety embedding program with operational departments which involved an increase in the day-to-day presence and communication with employees, foremen, and managers on safety-related issues. The program led to a reduction in FY 2018 injuries.

- a. The Department of Sewer Services experienced a 45 percent reduction in Lost Time Case Rate and a 90 percent reduction in Total Recordable Incident Rate, compared to the preceding 3-year average.
- b. The Department of Distribution and Conveyance Systems, Customer Service and Department of Water Services experienced a 26 percent reduction in Lost Time Case Rate, compared to the preceding 3-year average.

## Financial Stewardship

### Capital Markets

Successfully issued 2017 A&B Series Tax-exempt Revenue Bonds in the amount of \$300mm (\$100mm Green Bonds) at very competitive rates (TIC = 3.90%).

### Financial Statement Audit

Received twenty-second consecutive Clean FY 2018 (unmodified) audit opinion on financial statements for the fiscal year ended September 30, 2018.

### Governor Finance Officers Association Awards

- Received the twenty-first Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended September 30, 2017
- For the eighteenth consecutive year, received the Distinguished Budget Presentation Award for the Approved FY 2019 Budget



## Use of Proceeds



## Environmental and Social Outcomes



## Responsible Management



## The Customer Experience

### Stakeholder Alliance

Created the Stakeholder Alliance to serve as a permanent external sounding board for ideas and concerns from individuals and organizations in the District. These meetings are an opportunity to provide information to the community and receive feedback regarding water quality, rates and any ideas/thoughts or solutions to improve our services.

### CAP Program Expansion

The DC Water Board directed DC Water to propose changes to the Customer Assistance Program (CAP) and recommended a one-time transfer of \$6 million from the Rate Stabilization Fund (RSF) in FY 2019. DC Water conducted negotiations, worked closely with an economist and conducted thorough research to determine program level of participation.

coat, toy and book drive





We continue to make progress training and hiring local and District of Columbia residents on construction and service projects. Our DC Water Works program filled 99 new positions last year and 67 of them were District residents. We also conducted training programs for both green infrastructure and commercial drivers' licenses – again both aimed at District residents. That put another 28 DC residents into good paying jobs. We're proud partners with the District Government on the Infrastructure Academy.

In FY 2018, DC Water conducted two different training programs as follows:

Training Program	Number of Participants	Number of DC Participants	Number of Graduates	*Number of Graduates Employed
<b>COMPLETED PROGRAMS</b>				
Commercial Driver's License	13	13	11	10
Green Infrastructure (3 cohorts)	46	46	21	18
Totals	59	59	32	28

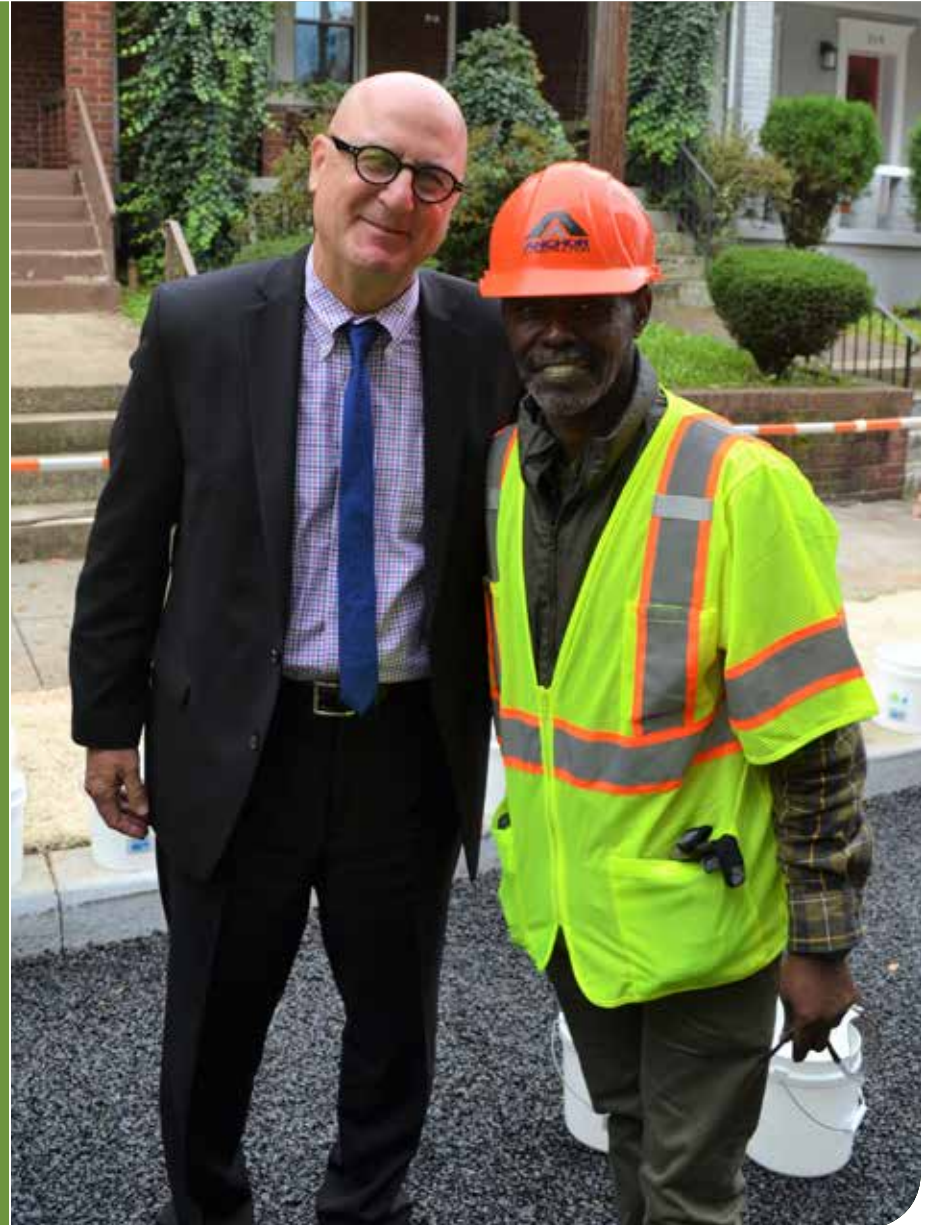
Twenty-eight (28) of the thirty-two (32) graduates were employed either with DC Water contractors, government, non-profit or other private sector employers (87% placement rate). Employers who hired the skills training program graduates include: American Contracting and Environmental Services; AKRF; Allied Universal; Anchor construction; Aves Construction; Bulldog Distribution Group; the Centerra Group; Constituent services Worldwide; DC Lines; GE Frisco; Flippo; Metro Paving; Mobile Dredging; Prince Construction; REI Drayco; and WMATA.

### Local Business Contracting

Pursuant to its Procurement Regulations, for projects not funded by federal grants, DC Water employs every reasonable effort to ensure that certified small businesses principally located in the DC Water User Jurisdiction (the District of Columbia, Prince George's County, Montgomery County, Fairfax County and Loudoun County) are afforded full and equitable opportunities to participate as vendors, prime contractors, subcontractors and joint ventures for goods and services, and construction contracts funded by the District of Columbia and the user jurisdictions.

In FY 18, DC Water procured \$128.4M worth of goods and services. Of this, DC Water awarded \$24.7M with certified Local Small Businesses (34% of eligible dollars), an additional \$13.5M with certified Minority Business Enterprises (30% of eligible dollars), and \$2.8M with Certified Women Business Enterprises (6% of eligible dollars).

DC Water also awarded 53 new non-federally funded goods and services awards totaling \$53.51M. Of this, certified local small businesses were awarded \$21.68 (35%) in contracts and subcontracts, including \$12M in awards specifically to Certified Business Enterprises (19%). This includes two projects awarded under the Green Infrastructure MOU which carries a 50% goal specifically for DSLBD identified Certified Business Enterprises. The total value of these projects was 8.04M, of which \$7.2M was awarded with Certified Business Enterprises (89%).



## Women of Water

DC Water's Women of Water (WoW) network was chartered in 2018 as the Authority's first Employee Resource Group (ERG). Initially launched in 2013, WoW seeks to play a role in promoting DC Water's high-performing workforce as well as expand on the Authority's strategic planning goal of identifying professional opportunities that promote more inclusion and diversity in our workforce.

To date, the WoW network has presented a robust array of events in support of their mission to empower every member of our workforce. They have hosted two conferences - 2016: From Introspection to Influence and 2017: Understanding Influence - aimed at allowing members of Team Blue and the public to channel their strengths and achieve their goals in the workplace.

Their other signature program, Speed Mentoring, brings together early-career team members with those who have experience and advice to offer as experts in their field. This fast-paced event has included a representative cross section of Team Blue, and served as a professional development opportunity for our summer interns.

WoW members have named April Bingham (Manager, Customer Services / Meter & Field Services) as chair of the new ERG. Also elected to the new ERG are the following WoW members—Vice Chair Michele Campbell (Office

Assistant II, Legal); Membership Committee Chair Krystal Hamlet (Collections Analyst II, CS, Collections); Community Advocate Lisa Barton (Senior Executive Coordinator, OCEO); Communications Committee Chair Ronney McMillian (Foreman, Mech); Strategic Planning Committee Chair Tera Fong (Program Manager, Strategy, Innovation and Metrics); and Event/Activity Planning Chair Michelle Flowers (Collections, CS).

Supporting the ERG officers with employee resource and strategic communications technical assistance, respectively, are Randy Louis (Employee Engagement Analyst / People and Talent) and Torri Epperson (Education Outreach Coordinator, OMAC).

The Team is working closely with the ERG's Executive Sponsor, Mustaaafa Dozier (Chief of Staff), on activities planned for an ambitious 2019 program year. Interested employees may contact April Bingham directly if they are interested in being part of the new ERG or if they want to share suggestions for what programs and activities the group should pursue at [April.Bingham@dcwater.com](mailto:April.Bingham@dcwater.com).



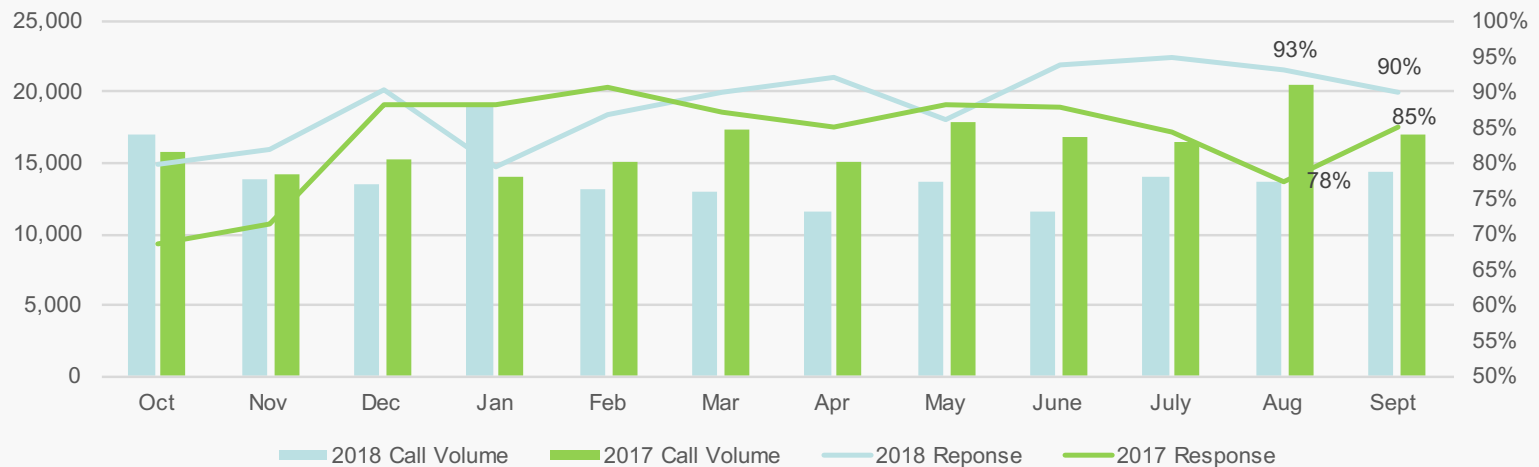
## Call Center Performance

Our Call Center showed significant year-over-year improvement on several key measures in 2018:

- The Call Center fielded 169,000 calls in 2018, up from 163,000 in 2017.
- 88% of calls were answered with 40 seconds. That's 4% better than 2017 and 3% over our target.
- Since "Go Live" for the new Customer Information System, the metric has only been missed once (Jan 2018) compared to 5 months in FY17.
- There was a 50% drop in customer complaints received in 2018 compared with 2017.



### Non Emergency Call Volume vs Response Rate



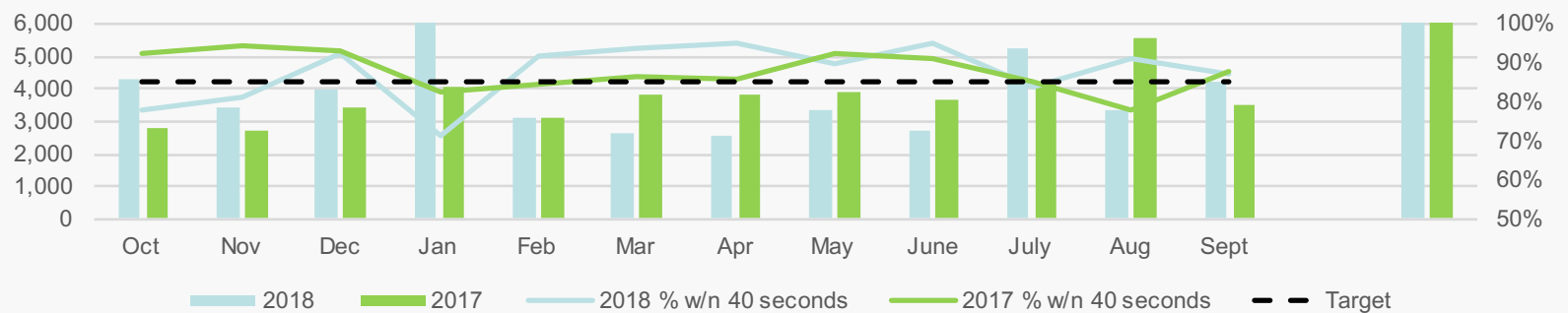
## Command Center Performance



The Command Center also met its target in 2018:

- The Command Center fielded 48,000 calls in 2018, an increase of more than 9,000 calls from 2017.
- 85% of the calls to the Command Center were answered in 2018, which was the target metric.
- Command Center staff has been trained on how to update the GIS mapping for emergencies..

### Emergency Command Center Response Rate & Call Volume



## New Administrative Headquarters Opens

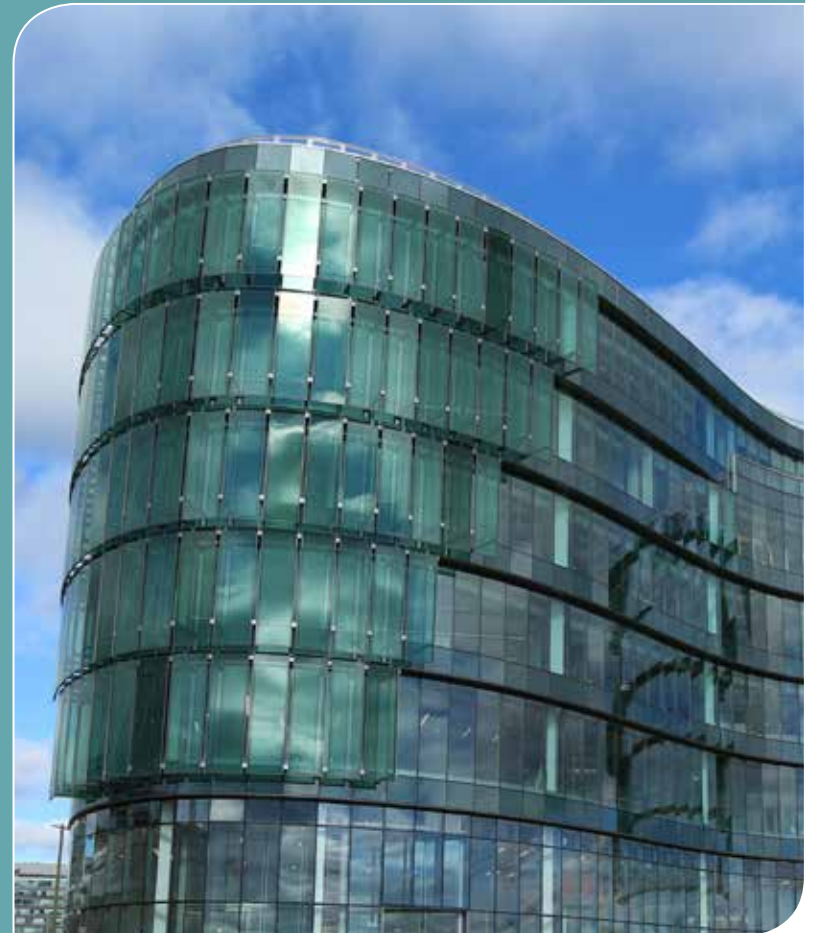
- More than 100 staff members were moved into the new Administrative Headquarters (HQO) building in 2018, occupying the 3rd and 4th floors.
- Facilities, IT and Security staff – with support from many other departments – worked in conjunction with Skanska and almost a dozen subcontractors to prepare the building for occupancy and complete the move of Customer Care, People and Talent, and Procurement from Blue Plains to HQO.
- The critical Customer Call Center and Command Center functions were transitioned out of leased space at 80M Street over two weekends – with little interruption to operations and no disruption to the customer experience.
- DC Water sees an immediate reduction in operating costs of \$1M annually by eliminating the need for leased space at 80M Street. The space and flexibility of HQO allows us to grow, restructure and manage special projects well into the future without ever needing to find space in DC for our administrative functions.

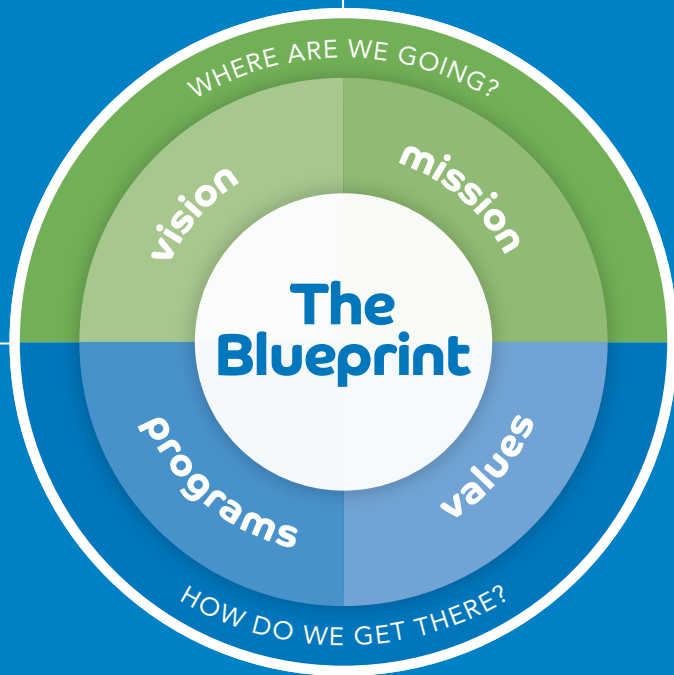




## HQO Facts

- The building stands above an existing pipe network that conveys sewage by gravity to the Blue Plains Advanced Wastewater Treatment Plant, where it is cleaned and returned to the Potomac River as clean water. The use of the site above the sewage pump station allows for highest and best use of land previously utilized only for infrastructure. This is particularly important in a burgeoning neighborhood on the Anacostia River, in a city with little undeveloped land, and height restrictions.
- The headquarters was required to be structurally independent of the pump station. A 200' long, 5-story truss weighing 517 tons supports the portion of the headquarters that spans over the pump station. The remaining structure is conventional steel framing.
- The office floors have an open layout that lets light deep into the space. The curves of the facade ensure that every seat has great access to views and daylight. Stairs, elevators, mechanical spaces, and other 'back of house' spaces are shifted to the north side of the building to keep the work area as open and flexible as possible.
- Instead of using combustion or electricity for heating and cooling the building, HQO utilizes an innovative wastewater heat recovery system that utilizes the heat and cooling potential of the wastewater. In the summer, the wastewater is cooler than the air and in the winter, the wastewater is warmer than the air. The wastewater heat recovery technology takes advantage of this difference and can either dump heat into the wastewater or capture heat from the wastewater that is ultimately used to condition the building.
- The site grading has been raised such that the building's ground floor is one foot above the 500-year flood plain. This had to be accomplished without adding weight to the soil since the below grade conveyance structures cannot support additional weight. To minimize impact on the below grade utilities, heavy soil had to be excavated and lightweight fill added.
- This building has increased pervious area and captures rainfall in two underground cisterns that collect all stormwater runoff. Collected rainwater, instead of potable water, is recycled for use in all the building's toilet flushing and landscaping irrigation on the ground and the roof.
- This building features low flow fixtures, reducing potable water use by 72% over a typical office building.





## Organizational Structure and Employee Engagement

### Realignment

Implemented a new organizational structure to improve our capabilities and functions in delivering on new strategic priorities and community expectations. The new structure aims to remove silos and supports enhancing both our culture and operations.

### Leading Blue Line of Sight program

Launched a leadership development program for first time and front-line supervisors, foremen, general foremen and managers. Our aim is to institutionalize the Authority's leadership competency model, advance the leadership capability of supervisors, and improve relationships between supervisors and employees. The Pilot of this program launched in October of 2018 and will be launched across the Authority in early 2019.

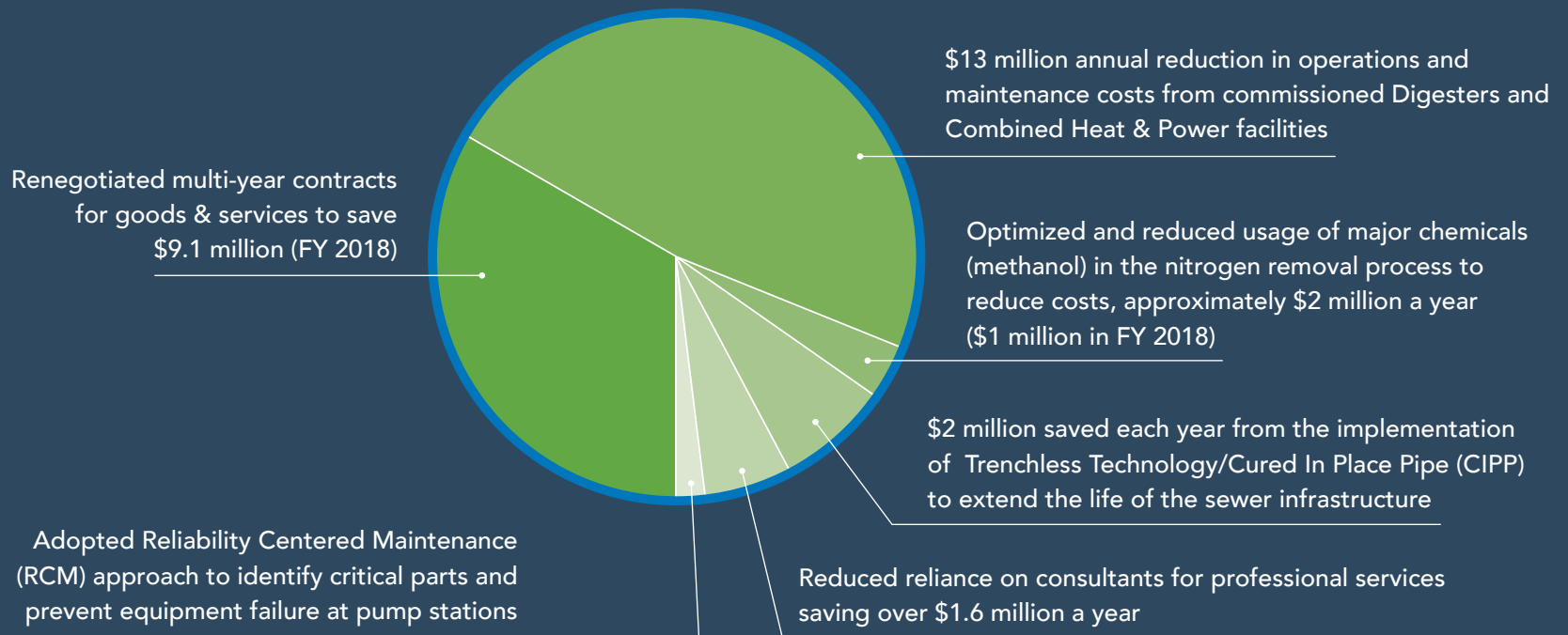


## Enterprise Performance (Promote, Discover, Capture)

A new function was created earlier this year to leverage and further enhance the performance focus of the utility. This function falls directly under the leadership of the CEO and will be used to champion the strategic program for Driving Performance under **The Blueprint**. Additionally, renewed attention will be given to performance management, business process improvement as well as advancing important programs such as asset management, sustainability and watershed management. The initial six months of this new function brought attention to:

### 1. Leveraging the ingenuity and innovation to meet ongoing customer and operational needs

by taking almost **\$27.7M of cost** annually, out of the business resulting in:



## 2. Targeting mission critical business and operational needs ranging from:

- a. Improving SCADA reliability and confidence,
- b. Preparing a solution for overtime tracking,
- c. Assessing the utilities meter-to-cash business process and functions,
- d. Evaluating opportunities for integrating procurement functions across engineering and construction services, and good & services.

## 3. Building an Enterprise Performance Team to assess, plan, deliver, and measure results:

- a. Identified the resources and capabilities to identify and improve the Authority's core business functions.
- b. Initiated the Enterprise Performance Plan covering all utility functions.
- c. Create a monitoring framework and dashboard system to manage the organizations performance.



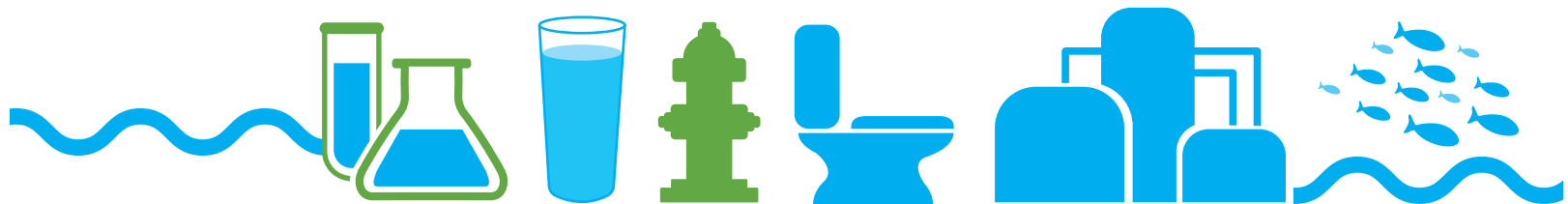


**Blue Excellence leverages multiple performance management methodologies to achieve operational growth enabling our employees to visualize their value to our ratepayers and optimize their work.** The approach is designed to enable the Authority to more effectively evaluate and manage the performance across the enterprise. This approach will be used to reach our strategic and operational performance goals, enhance operational efficiency, and improve business processes in the effort to achieve the lowest total cost for the ratepayers.

Blue Excellence is geared towards:

- **Enhancing** enterprise-wide resource planning processes for more predictable business outcomes
- **Unlocking** inherent and underutilized talent, skills, technology and resources
- **Advancing** our maturity levels of business intelligence (BI) capabilities, (e.g., performance, risk, strategy, operations)
- **Formalizing** collaboration and promoting an enterprise service management framework
- **Ensuring** operational alignment to strategic growth imperatives
- **Improving** visibility, accountability and insight into operational costs and revenue

## Water to Water



Projects underway to develop an enterprise performance plan, enhance operations along the meter to cash lifecycle, and clarify our vision for sustainability

Increase Revenue



Return on Investment



Decrease Cost



Transparency



Accountability



Streamlining



Automation



Strategy



Communications



