



The Proposed FY 2024 Budget

Presentation to the Board of Directors, January 5, 2023

District of Columbia Water and Sewer Authority



Blue Plains

💧 Present the Revised FY 2023 and Proposed FY 2024 Budgets:


- Budget Overview
 - FY 2023 Revised
 - FY 2024 Proposed
- Operating Expenditures
- Ten-Year Capital Improvement Program
- Revenues, Rates and Fees
- Ten-Year Financial Plan





- Provided employment opportunities to 125 total new hires (including 106 local hires) as part of the **DC Water Works program**
- Expanded the **Apprenticeship Program (17 apprentices in Cohort 2)** to meet DC Water's needs and provide opportunities to local residents
- Continue to exceed goals for **certified business utilization**
- Completed the **Capital Procurement Transformation** with the implementation of new Procurement Standard Operating Procedure and hiring of all procurement staff
- **Extension of Residential Assistance Program (RAP) and Multi-Family Assistance Program (MAP)** to FY 2023
- Exceeded **sales goal of 55,000 tons of Bloom** and sold \$2.8 million in Renewable Energy Credits (RECs)




 **Healthy, Safe and Well**
Is everybody we impact healthy, safe and well?

 **Reliable**
Can we deliver our agreed service level in an efficient and effective manner?

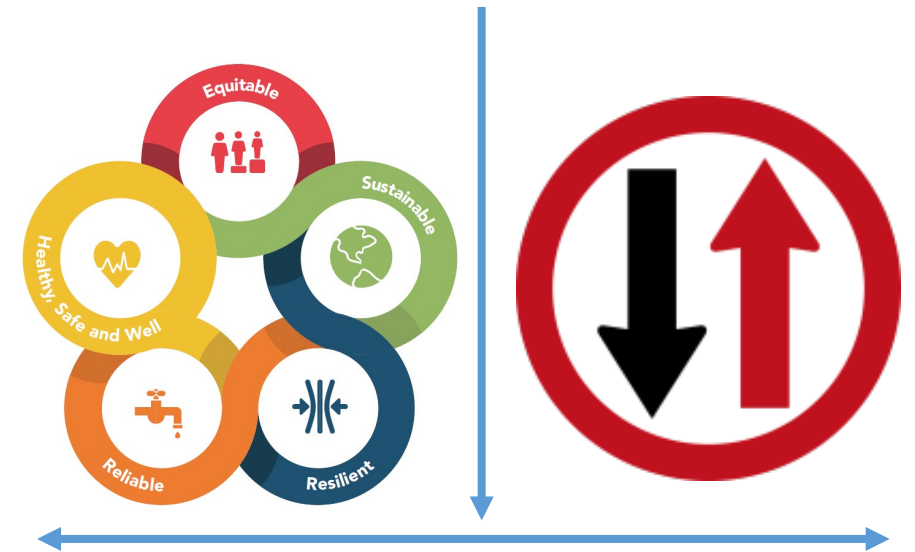
 **Resilient**
Are we able to cope with and recover from disruption, anticipating shocks and stressors to maintain service?

 **Sustainable**
Are we able to meet the needs of the present without compromising the ability of future generations to meet their own needs?

 **Equitable**
Are we operating in an equitable manner to enable our employees, partners, customers, and communities to prosper?

- Assured the **continuity of supply for critical operational materials** such as chemicals and construction materials
- Achieved **negotiated estimated contract savings** of \$59 million in FY 2022
- Executed **DC Water's first WIFIA loan for \$156 million**
- Leveraged technology solutions to achieve process efficiencies
 - Deployed AlertUs, a single platform, designed for **effective delivery of emergency communication** to all DC Water personnel, contractors
 - Event Management System (EMS) collects and presents **real-time data for faster and coordinated response** to Emergency Events
 - Bentley Real-time Water Model enables staff to have an **easy access to the Water Distribution System Performance Metrics**
 - Achieved **100% adoption Oracle performance** for all financial, budget formulation, HR/Payroll, solicitations and contract action)

- Collaborative, decentralized and guided by Blueprint 2.0, the budget process encourages ideas to be brought forward
 - Initial \$45.4 million in operating budget “enhancement requests” included 53 new FTEs, additional funds for chemicals and energy and new ideas for ongoing and new programs
- Budget department coordinates and leads the process; prioritizes submissions using established scoring criteria and analysis of expenditure trends
 - \$29.7 million in enhancement requests were categorized as top priority mainly for fixed costs, fewer new positions and critical programs

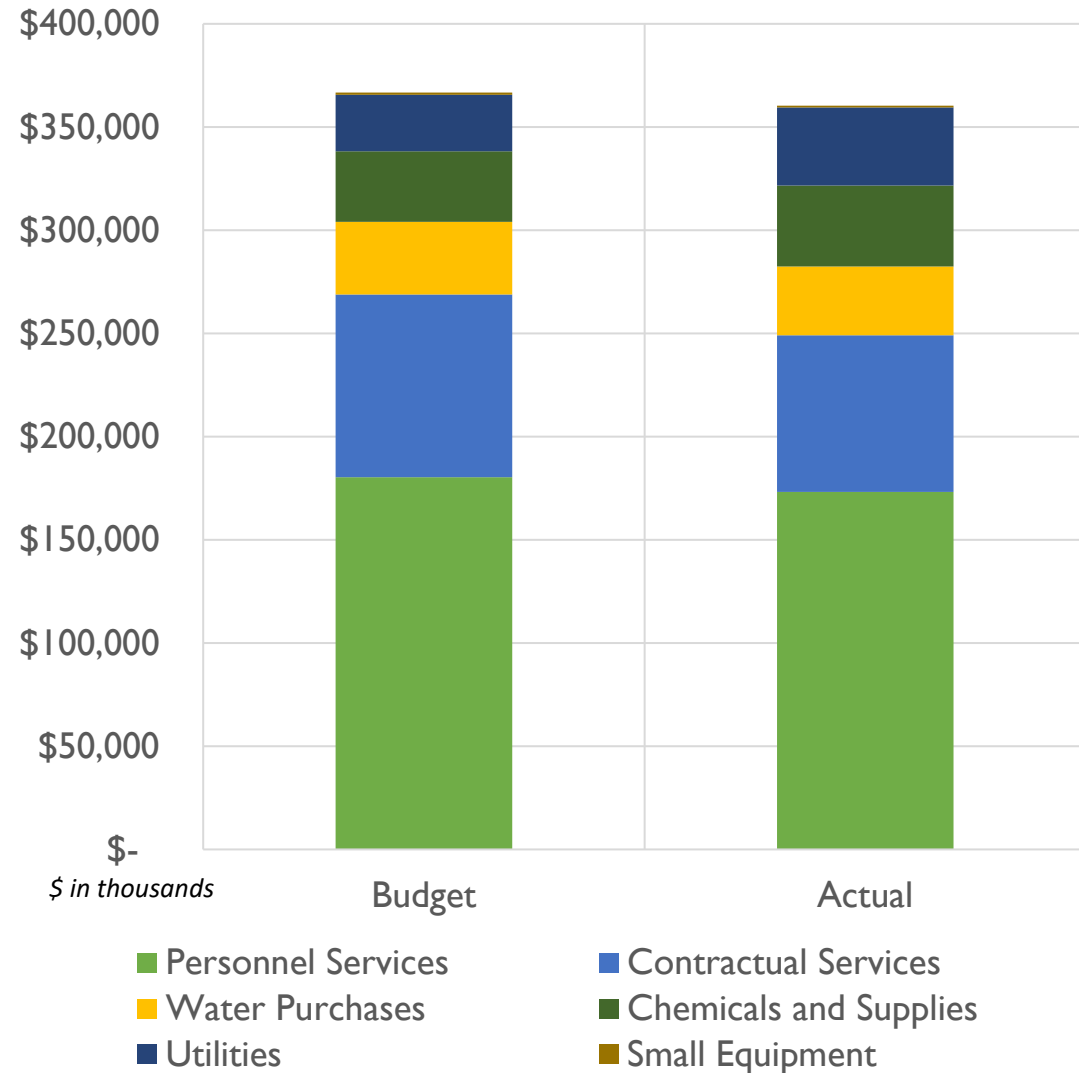


- Preparation of Proposed Budget
- Wholesale customer briefing
- Board review of proposals
 - Two months of committee review by Finance and Budget, Environmental Quality and Operations, and Retail Rates Committees
- Office of People's Counsel Budget Briefing
- Budget Adoption by the full Board on March 2, 2023
- Fiscal year begins on October 1, 2023



- 💧 **Operating Budget (O&M) – 98.3% expended**
 - Cost pressures in chemicals and energy offset by underspending in personnel services and lower contractual services costs
- 💧 **Non-O&M Budget – 92.7% of budget expended**
 - Underspending of \$21.4 million due to structure of new debt and refinancing

FY 2022 Operating Budget (O&M)



Budget Process – Enhancement Requests

Core Operating Needs

- \$16.7 million for chemicals
- \$5.2 million for utilities
- \$1.5 million for insurance premiums
- \$6 million for water purchase
- \$4.8 million for critical infrastructure maintenance
- \$1.6 million for various professional service contracts (industrial cleaning, grit removal, pest control)

Process Improvements

- \$7.7 million for 53 new FTEs
- \$2.2 million for various strategic initiatives including PFAS monitoring and Backflow prevention programs
- \$2 million for customer satisfaction and stakeholder alliance engagements
- \$1.9 million for others/miscellaneous

Capital Program by Service Area

- \$535 million to improve reliability of the Sanitary Sewer System
- \$233.5 million for the Water System
- \$68.5 million for upgrades at Blue Plains
- \$85 million for Stormwater Systems
- \$38.3 million for Non Process Facilities
- \$84.8 million for WAD
- *Other 10-yr* changes: \$150.8 million decrease for Clean Rivers and \$27.9 million decrease for capital equipment*

** Not budget reductions, but from change in 10-year periods*

Prioritization Process



The Proposed Budget

The Proposed Budget

COVID Recovery

- 90-day customer delinquencies have largely stabilized
- Approaching a “new normal” for consumption, which is higher than previous estimates
- Retail revenue estimates have been revised upward for FY 2023 and FY 2024

Inflationary Pressures

- Higher costs for chemicals and energy
- Impacts both the FY 2023 and FY 2024 budgets
 - Costs shared by retail and wholesale customers

Budget Alignment

- Capital expenditures aligned with current projections, and reduced for FY 2023 and FY 2024, results in debt service savings in 10-Year Plan
- Revenue revision, chemical and energy cost and water budget increases included in Revised FY 2023 and Proposed FY 2024 budgets



💧 The FY 2024 Operating Budget Funds:

- \$72.1 million in chemicals and electricity costs, about the same as FY 2023 Revised Budget
- \$44 million for purchase of drinking water from the Aqueduct, an increase of \$3.7 million
- \$201.6 million, 27% of the Operating Budget, for salaries and benefits for personnel, including 17 new positions that will maintain our increased assets, provide customer engagement and communication needs, and support recruitment and safety efforts
- Apprenticeship Program for 17 residents to learn skills and prepare for new jobs
- \$0.3 million for the Backwater Valve program to address storm events in the District
- \$0.5 million for the leak detection assistance program to repair property side leaks impacting water bills
- \$5.6 million, an increase of \$1.4 million for insurance premiums to ensure coverage
- An increase of \$4.5 million for various professional services to meet maintenance requirements of existing assets including the new Sewer and Fleet Services buildings
- DC Water's Customer Assistance Programs (CAP and CAP2)



💧 The 10-Year \$6.95 billion Capital Program, with projected rate increases:

- Fully funds the Clean Rivers Program to meet the consent decree requirement by 2030
- Achieves the Lead Free DC goals by 2030
- Funds 140 miles of small diameter water main replacement
- Invests \$3.2 billion in the aging water and sewer system infrastructure
- Directs \$1.2 billion for major rehabilitation and upgrades at Blue Plains
- Prioritizes the purchase of vehicles and other heavy-duty equipment for a total of \$28.4 million over three years (\$4.2 million spent in FY 2022 vs. budget of \$16.4 million in FY 2023 and \$6 million starting FY 2024)
- Allocates \$338.5 million for DC Water's share of the Aqueduct's infrastructure program
- Provides \$277 million for the purchase/replacement of mechanical equipment, operational facilities, meters, office renovations, and IT projects



💧 Proposed Operating Expenditure Budget of \$737.6 million

- Operations and Maintenance (O&M) budget of \$433.9 million for personnel and non-personnel
- Debt Service budget of \$232 million and Cash Financed Capital Improvements budget of \$48.3 million
- PILOT & ROW payments to the District of \$23.4 million

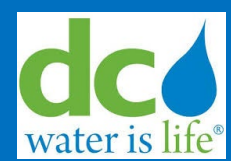
💧 Proposed 10-year Capital Budget of \$6.95 billion

- Capital Projects – \$6.27 billion for mandated projects, equipment upgrades and rehabilitation at Blue Plains, and continued investments in the aging water and sewer infrastructure
- Capital Equipment – \$347.4 million equipment including pumps, motors, meters, backhoes, jet-vacs, catch basin trucks and other aged vehicles to meet operational needs and completion of the ERP Project in FY 2022
- Washington Aqueduct (WAD) – \$338.5 million for DC Water’s share of WAD’s capital program

💧 Proposed Financial Plan

- Includes previously approved FY 2024 rates and fees
- Revenue requirements support the forecasted operating expenditures and ten-year CIP
- Meets Board financial policy requirements

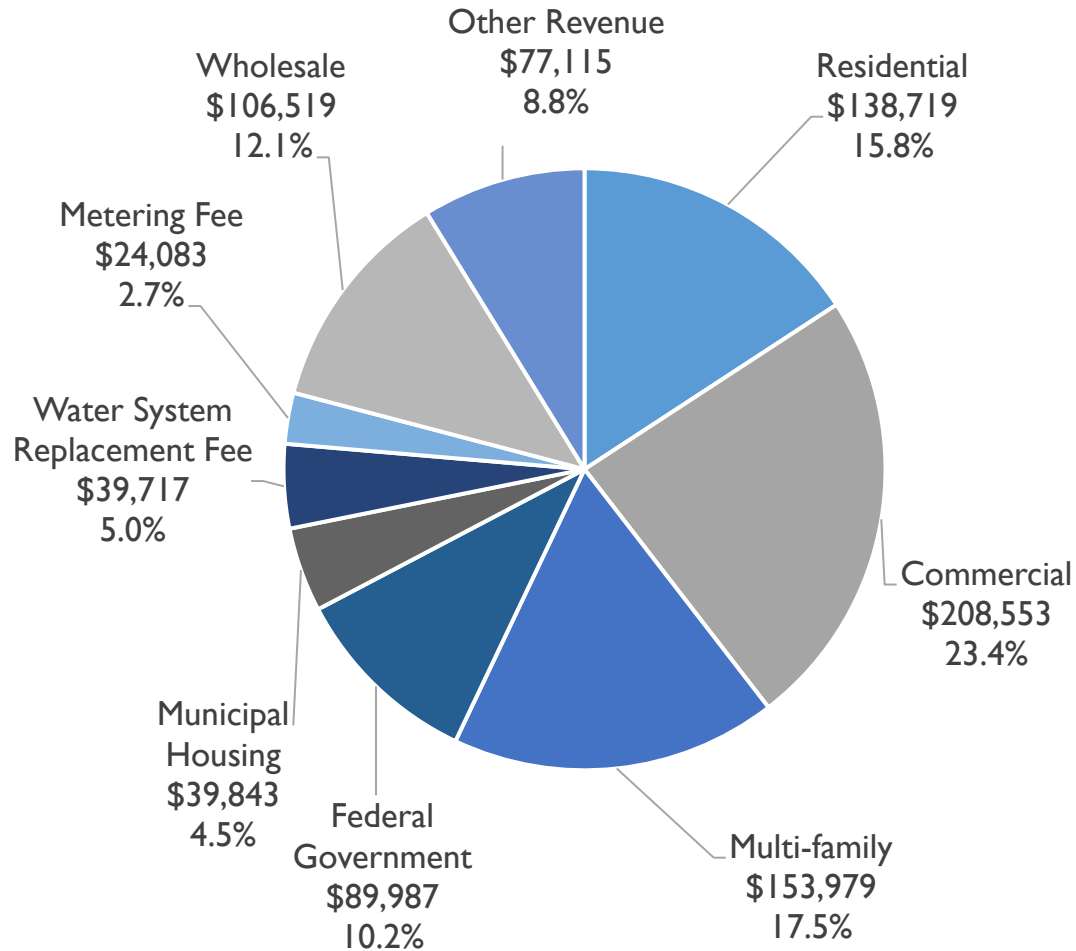




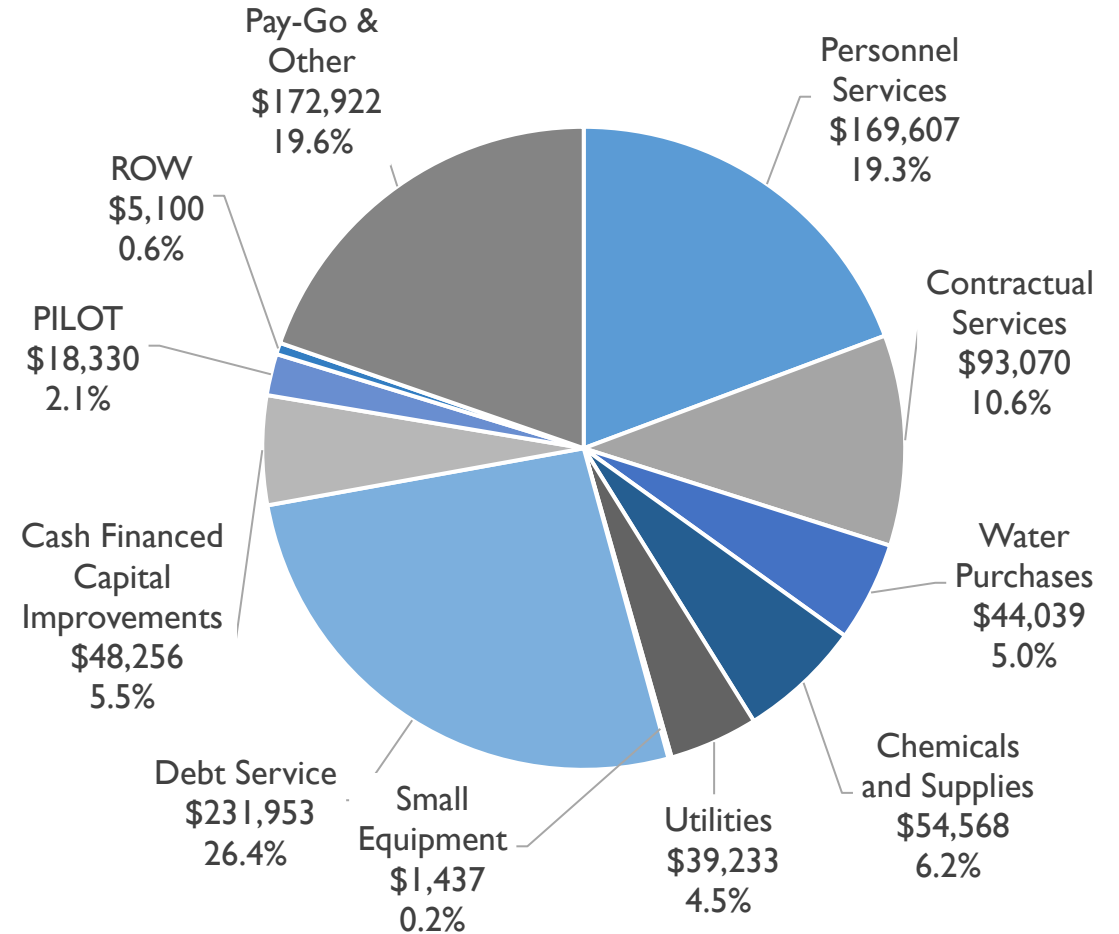
FY 2024 Operating: Sources and Uses of Funds

\$ in thousands

Sources - \$878.5 Million



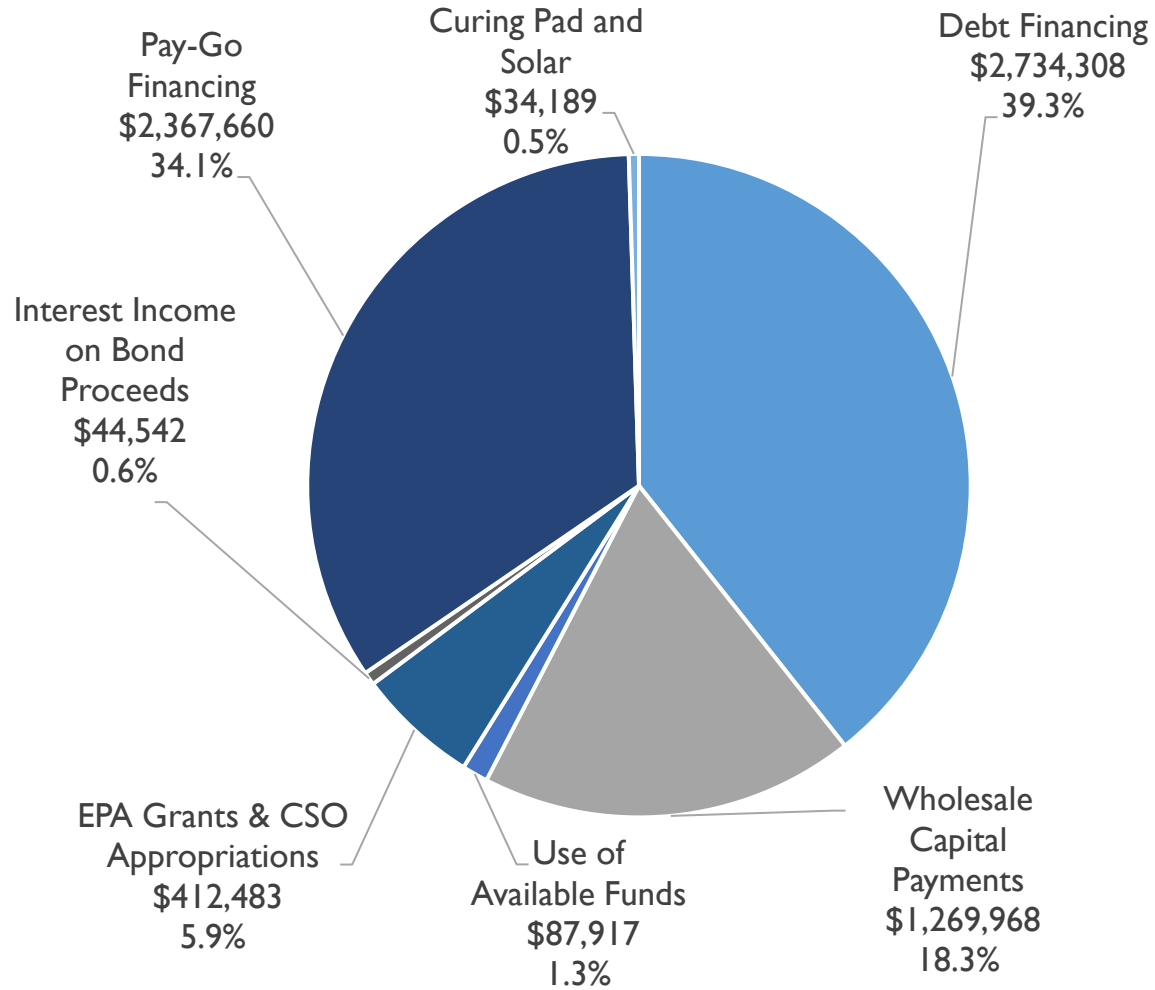
Uses - \$878.5 Million



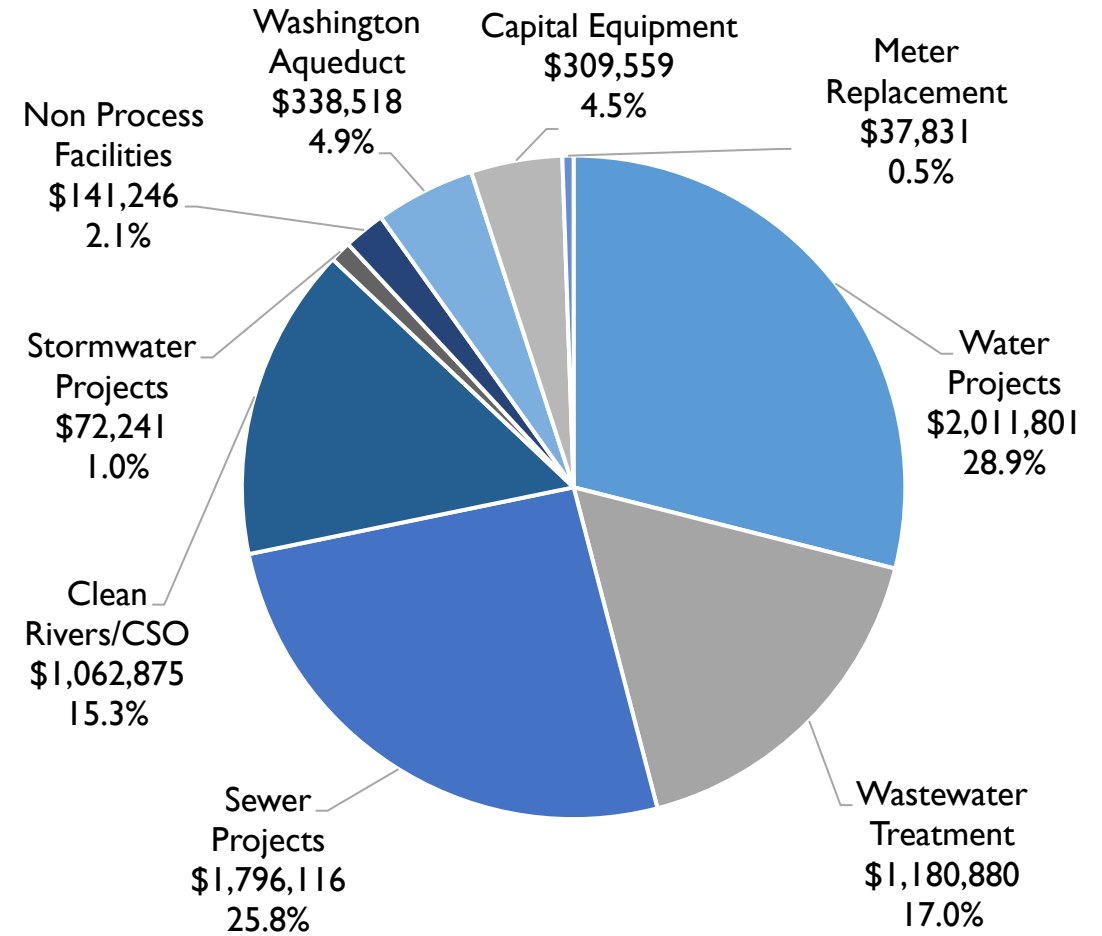
Ten Year CIP: Sources and Uses of Funds

\$ in thousands

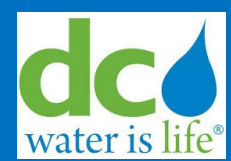
Sources - \$6.95 Billion



Uses - \$6.95 Billion



Proposed Capital Improvement Program

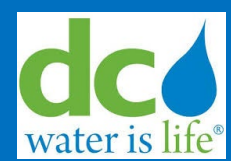


The Capital Improvement Program

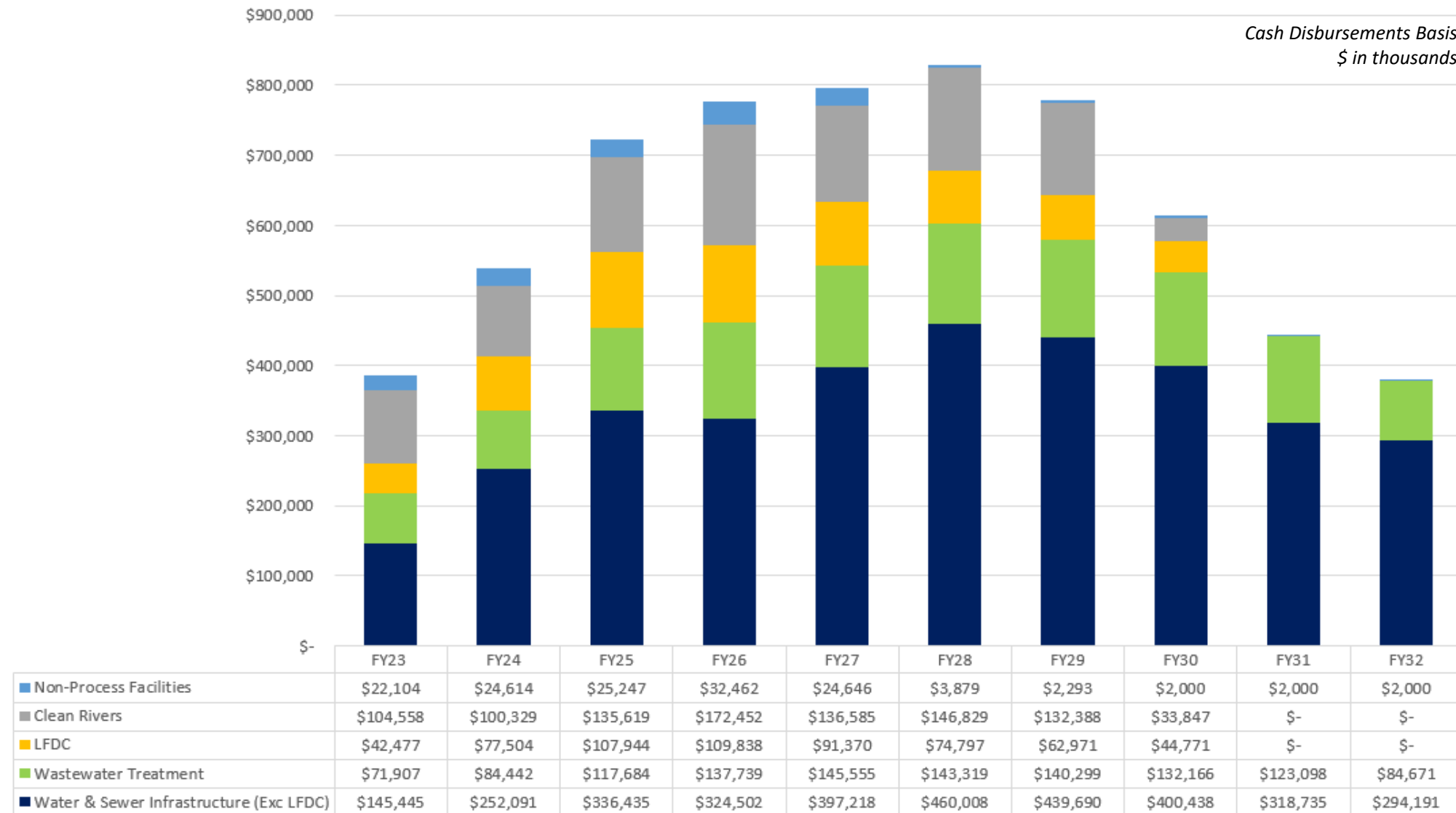
💧 The **proposed ten-year CIP budget is \$6.95 billion** and includes

- Reductions in **FY 2023** for capital projects, \$386.5 million proposed
- Board-approved carry-over of \$10.4 million for the **purchase of vehicles**
- \$85 million increase, to \$338.5 million, for the **Washington Aqueduct's** capital projects
- \$347.4 million for **capital equipment** items to meet purchases/replacement of mechanical equipment, operational facilities, vehicle equipment, office renovations, innovation, and information technology infrastructure systems

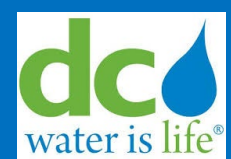
(Cash Disbursements \$ in thousands)	FY 2023 - FY 2032 CIP Disbursement Plan (Run 3C)											Lifetime Budget
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	10-yr Total	
NON PROCESS FACILITIES	\$ 22,104	\$ 24,614	\$ 25,247	\$ 32,462	\$ 24,646	\$ 3,879	\$ 2,293	\$ 2,000	\$ 2,000	\$ 2,000	\$ 141,246	\$ 269,010
WASTEWATER TREATMENT	71,907	84,442	117,684	137,739	145,555	143,319	140,299	132,166	123,098	84,671	1,180,881	3,535,160
COMBINED SEWER OVERFLOW	108,031	110,256	148,064	188,379	149,410	157,261	138,385	46,029	12,465	4,593	1,062,875	3,216,072
STORMWATER	7,509	12,839	8,319	7,571	5,837	3,812	4,305	7,162	8,682	6,205	72,241	216,779
SANITARY SEWER	68,031	118,457	185,109	168,564	222,916	277,735	271,002	222,140	143,246	118,914	1,796,116	2,727,733
WATER	108,909	188,371	238,506	242,278	247,009	242,826	221,357	203,725	154,341	164,479	2,011,801	3,572,035
CAPITAL PROJECTS	386,492	538,981	722,930	776,993	795,374	828,832	777,640	613,222	443,833	380,862	6,265,159	13,536,789
CAPITAL EQUIPMENT	47,421	30,535	31,654	31,776	34,334	34,334	34,334	34,334	34,334	34,334	347,390	347,390
WASHINGTON AQUEDUCT	67,523	35,155	29,480	29,480	29,480	29,480	29,480	29,480	29,480	29,480	338,518	338,518
ADDITIONAL CAPITAL PROJECTS	114,944	65,690	61,134	61,256	63,814	63,814	63,814	63,814	63,814	63,814	685,909	685,909
LABOR												404,476
TOTAL CAPITAL BUDGETS	\$ 501,437	\$ 604,671	\$ 784,064	\$ 838,249	\$ 859,188	\$ 892,646	\$ 841,454	\$ 677,036	\$ 507,647	\$ 444,676	\$ 6,951,067	\$ 14,627,174



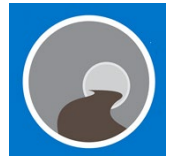
DC Water 10-Year Capital Projects Spending Projection



- Water & Sewer Infrastructure includes the following Service Areas: Water, Sanitary Sewer, Stormwater, and non-Clean Rivers portion of Combined Sewer Overflow, it excludes LFDC shown separately
- Capital Projects only – excludes Capital Equipment and Washington Aqueduct spending forecast



CIP by Priority: 10-Year Capital Projects (Total \$6.27 billion)



DC Clean Rivers
\$963 million

Dominant Priority	Secondary Priority
1A	2A
Mandates	Health & Safety

Complete the **Clean Rivers** program, including the Potomac River Tunnel; for continued improvements to Rock Creek, Potomac and Anacostia water quality per the Consent Decree



Blue Plains
\$1.18 billion

Dominant Priority	Secondary Priority
3B	2A
Good Engineering	Health & Safety
	2C
	Potential Failure

Secondary Treatment, Filter Upgrades, Primary Upgrades, Blue Plains Switchgear, Process Control System, Renewable Energy - addresses aging infrastructure, assures capacity



Water
\$1.40 billion

Dominant Priority	Secondary Priority
2A	3A
Health & Safety	Good Engineering High Payback

Ramp up to 1.5% Small Diameter Water Main Replacements, Fire Hydrant Replacements, Large Diameter Water Main Rehabs; improve water quality, decrease risk of breaks



LFDC
\$612 million

Dominant Priority	Secondary Priority
2A	2B
Health & Safety	Board Policy

Lead Free DC program; eliminate lead services for our residents by 2030



Sewer & CSO
\$1.90 billion

Dominant Priority	Secondary Priority
2A	3A
Health & Safety	Good Engineering High Payback
	2C
	Potential Failure

Ramp up to 1% Local Sewer Rehab, Potomac Interceptor Rehab, Major Sewer Assessment, Creekbed Sewer Rehab; improve reliability and maintain capacity



Non-Process
\$141 million

Dominant Priority	Secondary Priority
3B	2B
Good Engineering	Board Policy

Main and O Redevelopment Efforts, Bryant Street Mods, COF, CMF, Fort Reno, HVAC and roofing projects, Solar Projects; address safety and operational readiness for our staff



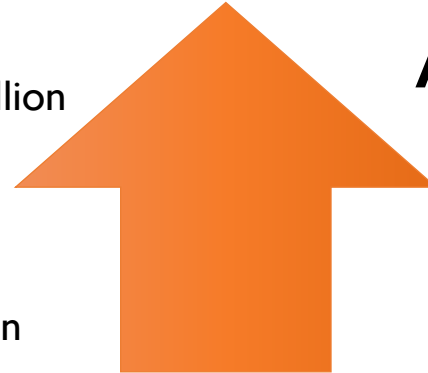
Stormwater
\$72 million

Dominant Priority	Secondary Priority
3B	2A
Good Engineering	Health & Safety

Storm Water Pump Stations Rehab, Storm Sewer Inspections; increased reliability and address aging infrastructure

Program Increases

- Sewer and CSO – increasing by \$434 million to \$1.9 billion
- Water (excluding LFDC) – increasing by \$200 million to \$1.4 billion
- Non-Process – increasing by \$39 million to \$141 million
- Stormwater – increasing by \$7 million to \$72 million
- Washington Aqueduct – increasing by \$85 million to \$339 million



**Approved 10-yr FY 2022-2031 vs
Proposed 10-yr FY 2023-2032**

**Overall 8% increase across the
10-year window**

Program Decreases

- Wastewater – decreasing by \$34 million to \$1.18 billion
- DCCR (excluding other CSO) – decreasing by \$154 million to \$963 million
- LFDC – decreasing by \$17 million to \$612 million (\$17 million spent last year)
- Capital Equipment – decreasing by \$28 million to \$347 million



Sewer (\$1.80 billion)



Sanitary Collection Sewers \$492 million total 10-yr program

- Inspection & Assessment of ~40 miles/yr of collection sewers (12"-60")
- Rehabilitation of 1% of the collection sewers (12 miles) a year starting in 2024

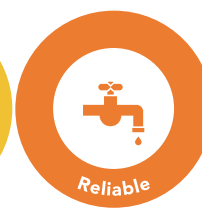


\$166 million increase will fund

- New Local Sewer Projects (Inspection, Assessment, Design, and Rehabilitation) to meet 1% per year rehabilitation goal



Sewer (\$1.80 billion)



Sanitary interceptor/trunk/force mains sewers \$870 million total 10-yr program

- Inventory includes 170 miles of sewers
- Inspection & Assessment of ~12 miles per year
- Rehabilitation of major sewers such as Anacostia Force Main and Gravity Sewer, Potomac Interceptor, and others
- National Environmental Policy Act (NEPA) Compliance

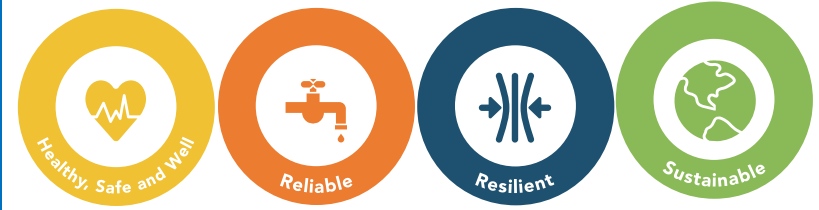
\$232 million increase will fund

- Increase Potomac Interceptor (PI) Project (\$46 million)
- New PI Project (\$93 million)
- Major Sewer Assessment (\$51 million)



Combined Sewer Overflow without Clean Rivers (\$100 million)

Stormwater (\$72 million)



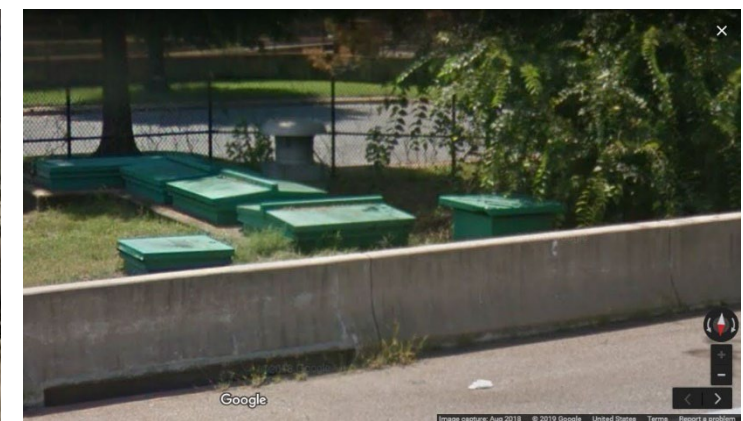
- Maintain compliance with consent decree for firm capacity at CSO pump stations
- Address reliability and resiliency for climate change and flood hazards

Combined Sewer Overflow \$100 million



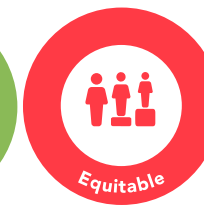
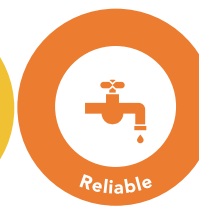
- Main Pump Station
- Potomac Pump Station
- Inflatable Dams at CSO Outfalls

16 Stormwater Pumping Facilities \$72 million, increased by \$7 million



- Pumps, Electrical, and code compliance upgrades
- SCADA monitoring and control
- Safety and security

Water (\$2.01 billion)



Water Distribution Systems (WDS) - \$1.03 billion

- Fire hydrant replacement
- Valve replacement
- Replacement of distribution mains with Water Quality issues
- Small diameter water mains replacements

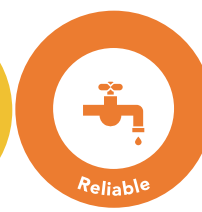


\$154 million increase will fund

- Adjusted short-term costs to account for inflation
- Increase to meet 1.5% per year replacement goal
- New support for Traffic Control Plans



Non-Process Facilities (\$141 million)



\$39 million increase will fund

COF/CMF Renovations:
\$12.5 million



Bryant St PS Modifications:
\$15.9 million



Solar Improvements
\$24 million



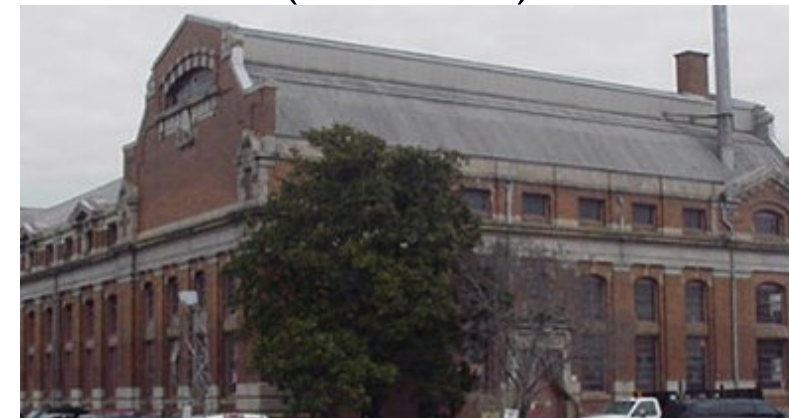
Roof and HVAC Replacements:
\$22 million



Main & O Seawall Restoration:
\$12 million



Historic Restoration, Main PS
\$15 million (Built 1904)



Wastewater Blue Plains (\$1.18 billion)



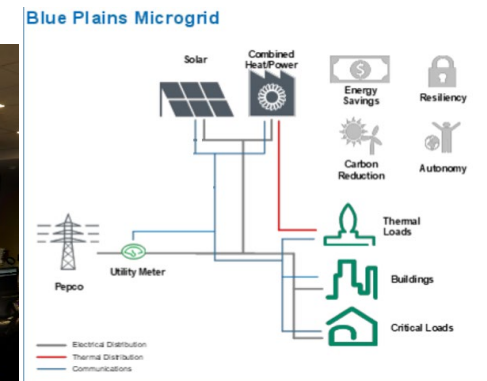
Overall Decrease - \$34 million

Liquid Processing - \$625 million

384 MGD Average; 780 MGD Peak



Plantwide - \$302 million

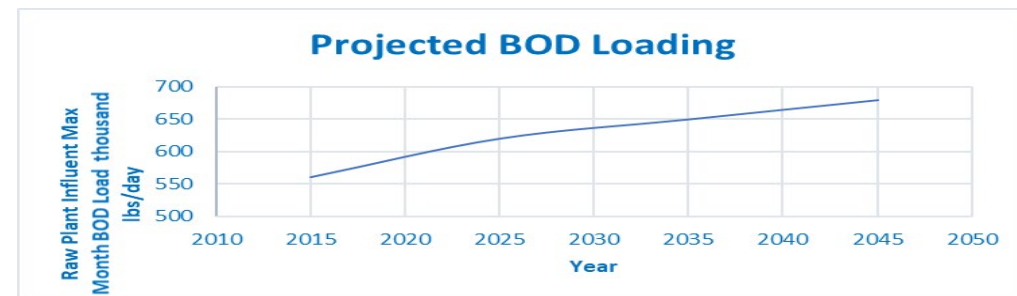


Solids Processing - \$204 million

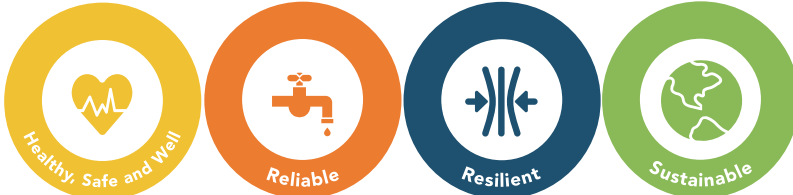


Enhanced Nitrogen Removal Facilities - \$50 million

>90% complete; Expansion of secondary treatment to meet nitrogen discharge permit limit with future load

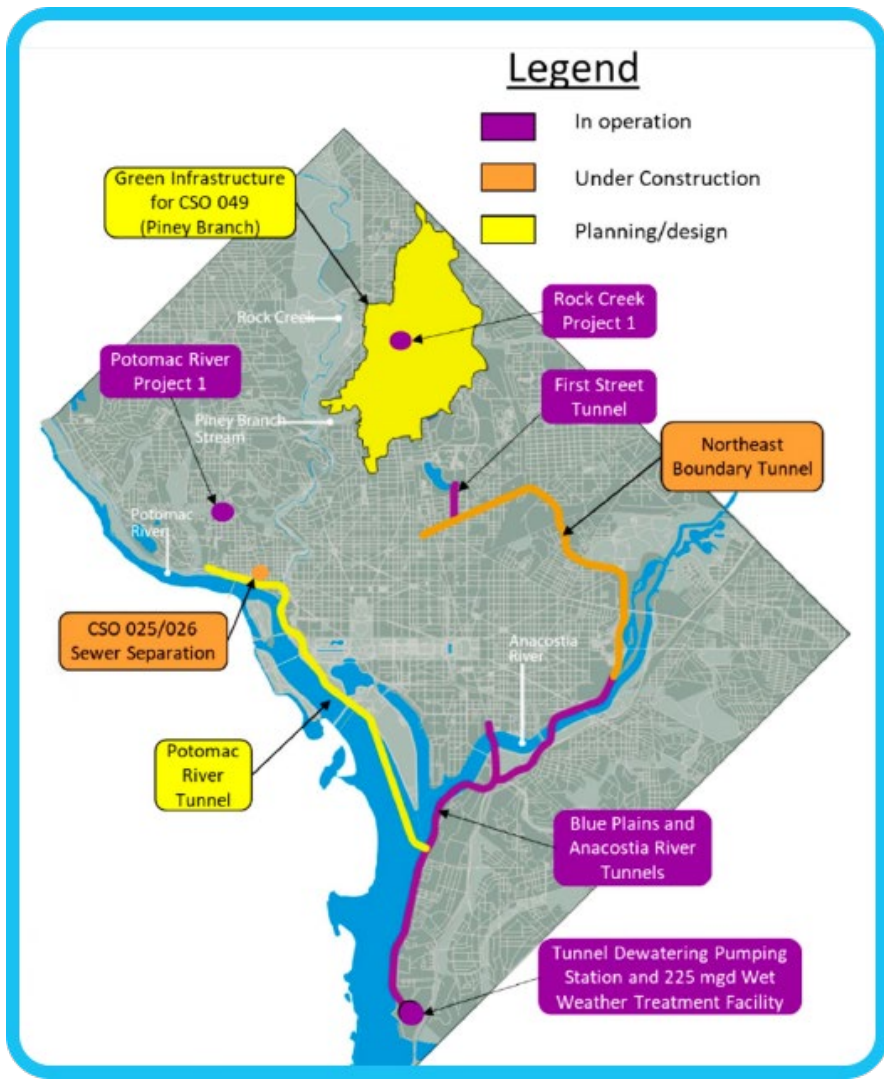


DC Clean Rivers (\$963 million)

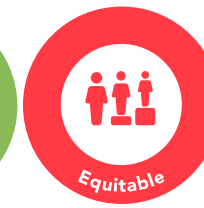
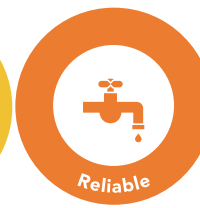


Overall decrease - \$154 million

- Anacostia LTCP Projects (\$82 million)
- Potomac LTCP Projects (\$740 million)
- Rock Creek LTCP Projects (\$141 million)



Lead Free DC (\$612 million)

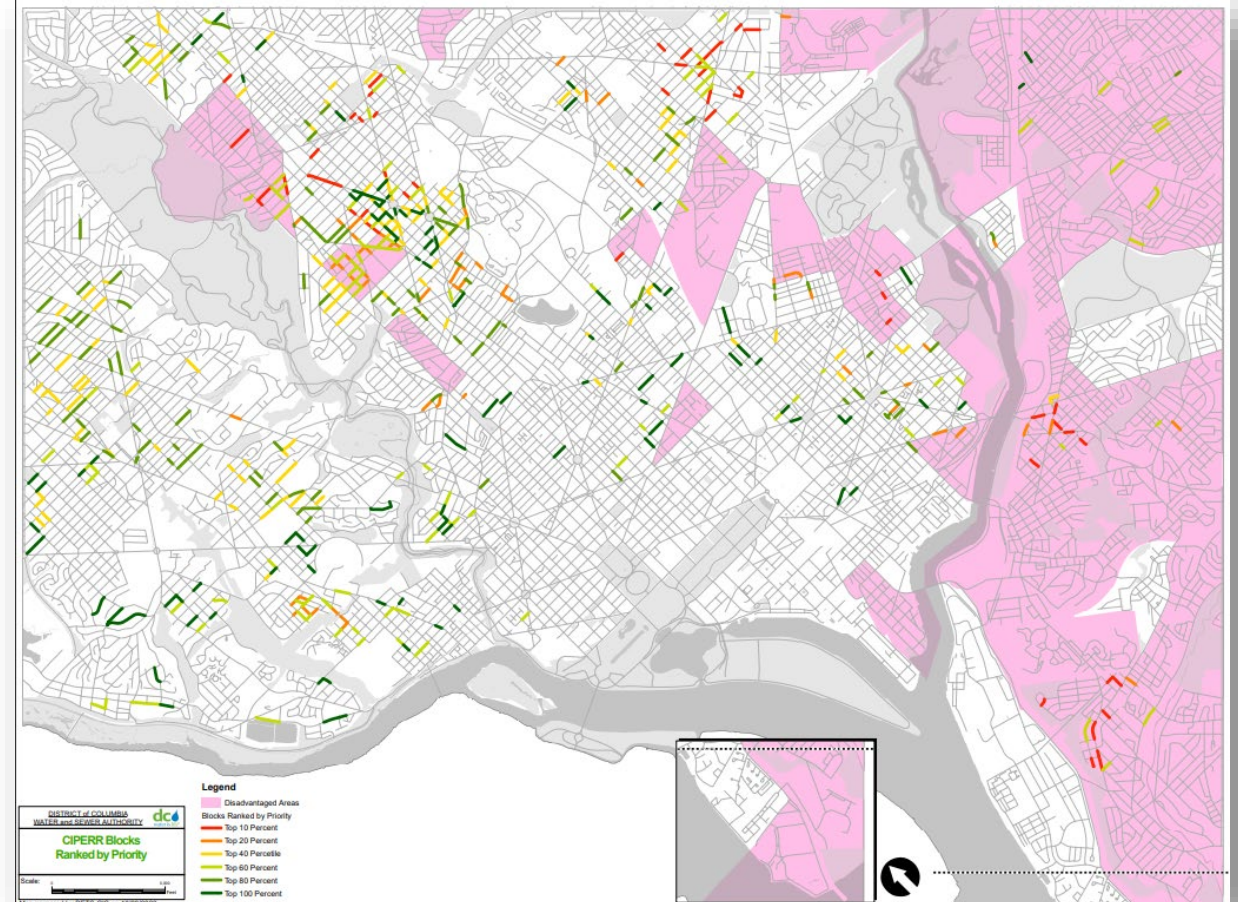


LFDC \$612 million – decrease by \$17 million

- \$42 million forecast spending in FY 2023
- Replace all lead services by 2030

Project Scope Areas

- Confirm material of 48,000 services
- Replace ~28,000 lead services
- Obtain permits (DDOT and other)
- Conduct community outreach
- Inspect construction of services
- Update data inventory
- Promote equity
- Pursue funding sources & grants



- 💧 Programmatic Access to capture Federal and Industry Funding Opportunities
- 💧 Blue Plains Process Intensification with Granulated Sludge (Increasing sludge density)
Technologies to Reduce Cost of Future Capacity
- 💧 Blue Plains Full Plant Deammonification (nitrogen removal with Anammox) to Reduce Cost and Dependence on Chemicals
- 💧 Enhance/Expand Class A Biosolids Processing Facilities to Increase Biogas Production Receiving facilities for Fats, Oils, Grease / Food Waste
- 💧 Implement Resource Recovery Options
 - Opportunities for Renewable Natural Gas (RNG)
 - Expansion of Solar Power Generation
 - Heat Recovery Options at Blue Plains / Sewer Heat Recovery for District Heating
- 💧 Implement a Microgrid within Blue Plains - Optimal Renewable Energy Distribution
- 💧 Diversify Bloom Products and Marketing

- 💧 Stormwater System Rehabilitation and Replacement
 - Cost of service study for stormwater is currently underway
- 💧 Supply Chain Disruption and Inflation
- 💧 Water Supply (Source & Storage Volume; Reliability and Resilience)
- 💧 Increase in chemical and power purchase costs
- 💧 Major Sewers
 - Ongoing assessments will likely uncover conditions that need repair, rehabilitation, or replacement
- 💧 Regulatory
 - Total Maximum Daily Load (TMDL) – Trash, Bacteria, PCBs, PFAS, CEC
 - Watershed Implementation Plans (WIPs) – Nitrogen from behind Conowingo Dam
 - Permitting – New NPDES Permit Conditions
 - Biosolids Land Application – PFAS, CEC, Phosphorus
- 💧 Climate Change – Seawall, Facility Hardening, CSO Program, Stormwater Capacity
- 💧 Community Driven Odor Control Infrastructure – Blue Plains, Main & O pumps stations
- 💧 Washington Aqueduct Capital Program Uncertainties (PFAS & Future Capital Expenses)

Senior Executive Team Operating Budget Roundtable

Operating Budget Comparison by Cost Category

- Proposed revision for FY 2023 reflects amendment of \$20.6 million to cover cost pressures in chemicals and energy
- Proposed FY 2024 Operations & Maintenance expenditure is projected to be \$433.9 million, an increase of \$25.3 million or 6.2%
- The overall operating expenditure is projected to be \$737.6 million, an increase by \$28 million or 3.9%

(\$000's)	FY 2022			FY 2023		FY 2024	(Increase)/ Decrease	
	Approved	Actuals	Variance	Proposed	Revised	Proposed	\$	%
Regular Pay	\$ 132,173	\$ 125,169	\$ 7,004	\$ 137,044	\$ 147,203	\$ (10,159)	-7.4%	
Benefits	40,038	38,872	1,166	40,960	45,869	(4,909)	-12.0%	
Overtime	8,143	9,188	(1,045)	8,218	8,509	(291)	-3.5%	
Total Personnel Services	180,353	173,229	7,124	186,222	201,581	(15,359)	-8.2%	
Chemical and Supplies	34,202	39,189	(4,988)	54,628	54,568	60	0.1%	
Utilities	27,329	37,820	(10,491)	37,799	39,233	(1,434)	-3.8%	
Contractual Services	88,504	75,878	12,626	88,504	93,070	(4,566)	-5.2%	
Water Purchases	35,217	33,345	1,872	40,334	44,039	(3,705)	-9.2%	
Small Equipment	1,108	862	246	1,108	1,437	(329)	-29.7%	
Total Non-Personnel Services	186,359	187,094	(735)	222,373	232,347	(9,974)	-4.5%	
Total Operations & Maintenance	366,711	360,323	6,388	408,595	433,928	(25,333)	-6.2%	
Debt Service	231,164	209,768	21,396	231,232	231,953	(721)	-0.3%	
PILOT & ROW	22,718	22,630	88	23,070	23,430	(360)	-1.6%	
Cash Financed Capital Improvements	37,830	37,830	-	46,692	48,256	(1,564)	-3.4%	
Total Non-O&M	291,712	270,227	21,484	300,994	303,639	(2,645)	-0.9%	
Total Operating Expenditure	658,423	630,550	27,873	709,589	737,567	(27,978)	-3.9%	
Capital Labor Charges	(25,086)	(24,413)	(673)	(30,435)	(31,974)	1,539	-5.1%	
Net Operating Expenditure	\$ 633,337	\$ 606,137	\$ 27,200	\$ 679,154	\$ 705,593	\$ (26,439)	-3.9%	



Chemicals and Energy

- FY 2023 Revised and FY 2024 Proposed budgets reflect current cost pressures
- Budget reflects most likely scenario based on analysis of business unit and budget office; If cost pressures subside, there could be budget savings



Contractual Services

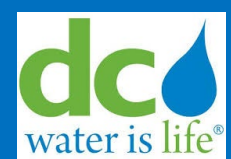
- Budgeted throughout the Authority
- Full funding required to issue contracts



Personnel

- As of December 2022, 1095 of the budgeted 1325 positions was filled; vacancies are budgeted less than 2080 hours (vacancy credit)
- Vacancies in excess of budget assumptions would drive budget savings

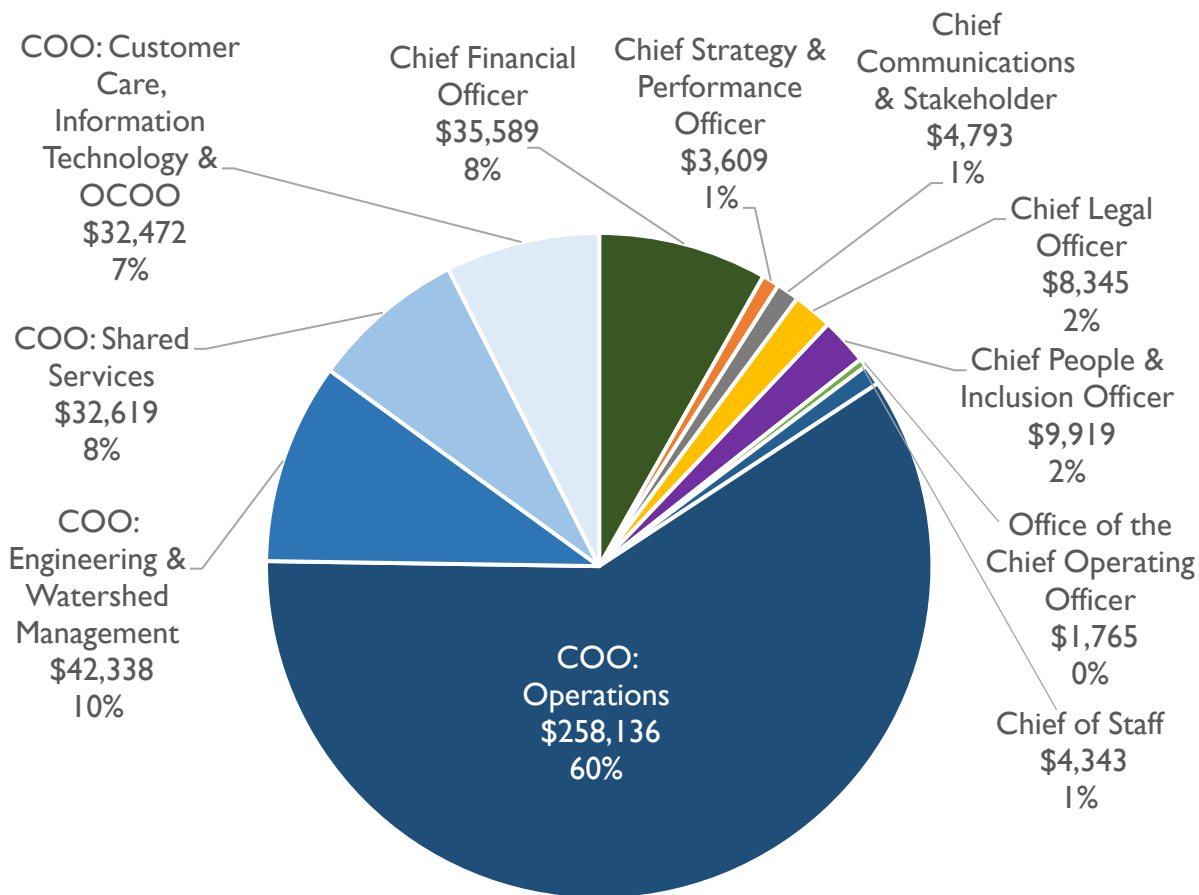
- Budget for Cash Financed Capital Improvements (CFCI) serves as a contingency
 - Budgeted funds are used as pay-as-you-go (PAYGO) capital funding
 - If operating costs exceed budget, CFCI is reprogrammed out and PAYGO is reduced
 - If operating costs are less, unspent budget will be reprogrammed to CFCI and used as PAYGO, reducing debt service costs for all customers



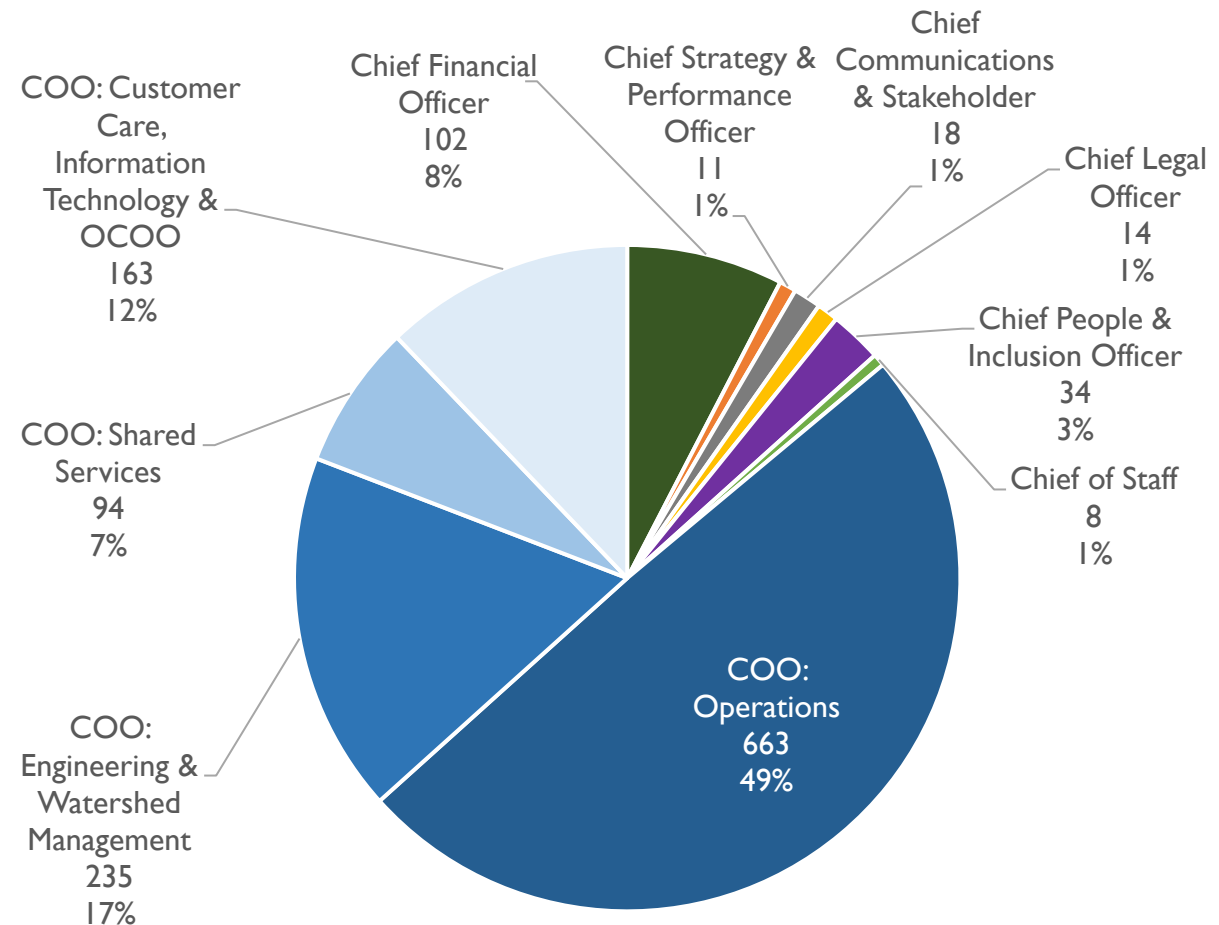
Proposed FY 2024 O&M Budget by Cluster

\$ in thousands

Operations & Maintenance Budget - \$433,928



Authorized Headcount 1,342 FTEs



COO – stands for Chief Operating Officer

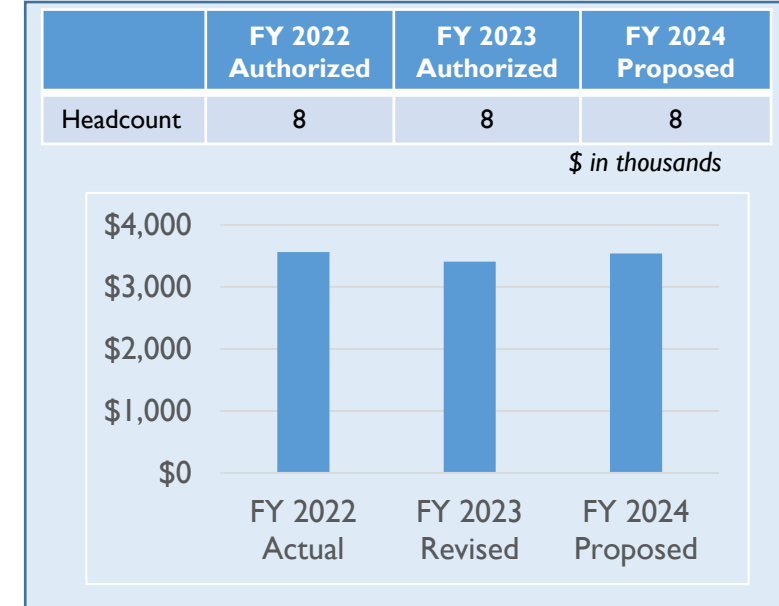
Chief Financial Officer: Budget Highlights

- 💧 Cluster comprises of the Finance, Procurement and Compliance
- 💧 Proposed FY 2024 Operating Budget is \$35.6 million, an increase of \$2.6 million
 - Funds salaries and benefits for 102 FTEs including the summer internship program
 - Adds \$1.4 million for Authority-wide insurance
 - Includes: 1) financial activities like financial advisory, bond counsel, cost of service and rate studies, insurance, audit, ERP optimization 2) Goods and Services and Capital Procurement 3) Compliance and business development
 - Achieves reduction of \$1.6 million in credit card fees through initiative to charge for use
 - Covers funding for the DC Water Works diversity and equity programs to enhance local residents' participation
 - Funds new compliance software to automate reporting of certified payroll data and certified firm (DBE/WBE) utilization



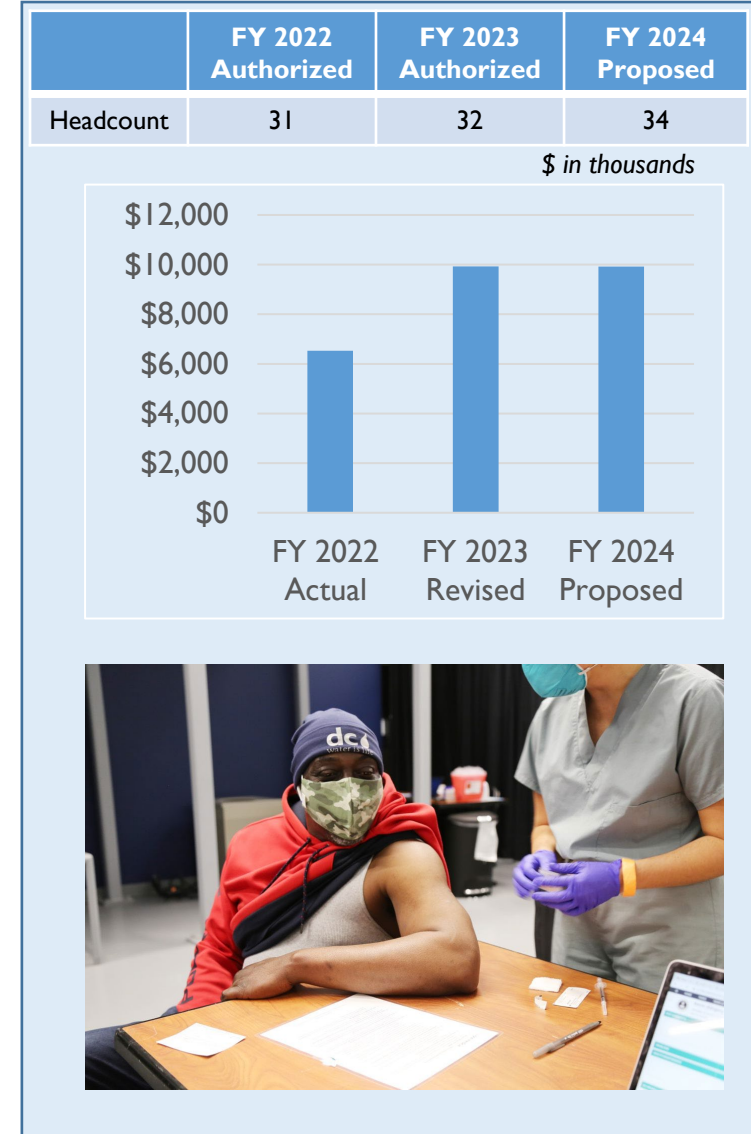
Chief of Staff : Budget Highlights

- ◆ This cluster consists of the Offices of the Chief Executive Officer and Board Secretary
- ◆ Proposed FY 2024 Operating Budget is \$3.5 million, a net increase of \$0.1 million
 - Pays salaries and benefits for 8 FTEs (OCEO - 6; Office of the Board Secretary - 2)
 - Funds various Board programs such as translation and transcription services, maintenance of Board e-books, strategic retreat and other Board programs
 - Earmarks funding for organizational memberships, employee recognition and appreciation events, and training programs for senior management staff



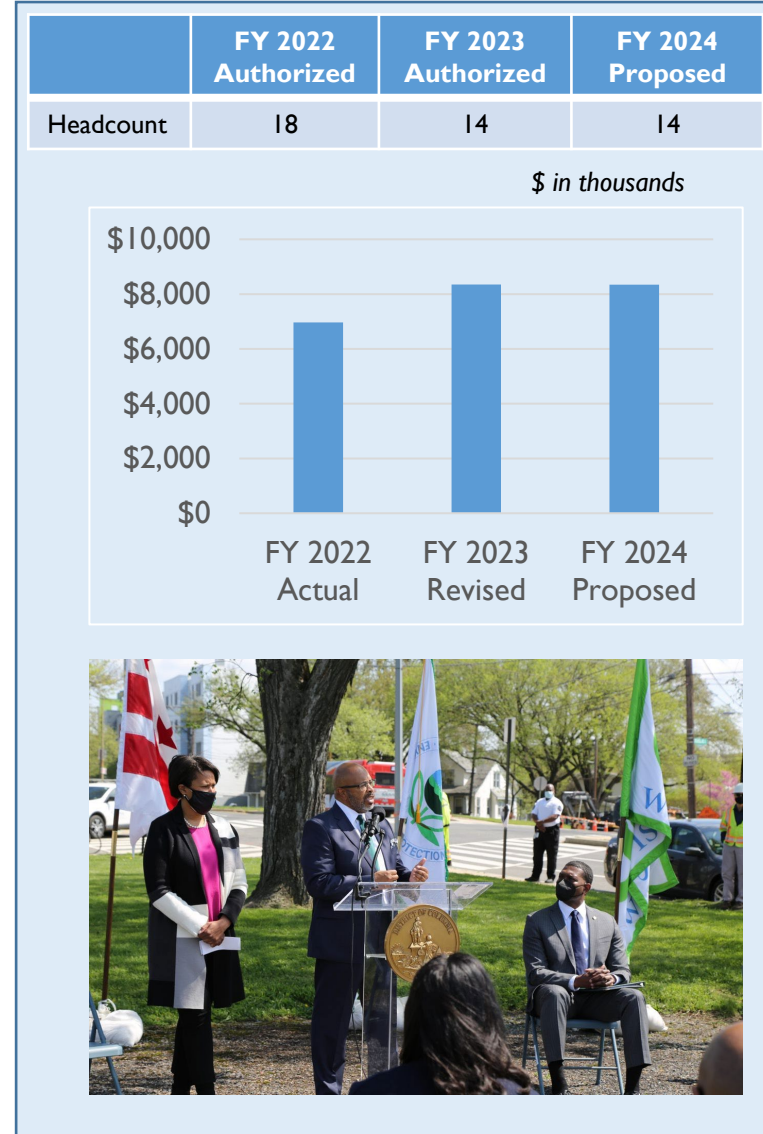
Proposed FY 2024 Operating Budget is relatively flat at \$9.9 million

- Funds 34 FTEs including 2 new positions to support DEI across the Authority and recruitment and onboarding activities
- Earmarks funding requirements for workers compensation claims and related fees
- Provides funding for various employee related activities such as the employment screening, recruitment, benefits and wellness programs and the Employee Assistance Program; covers various professional services for HR advisory, diversity consulting, labor arbitrations and grievance resolution
- Includes market pricing initiatives (software and survey data)



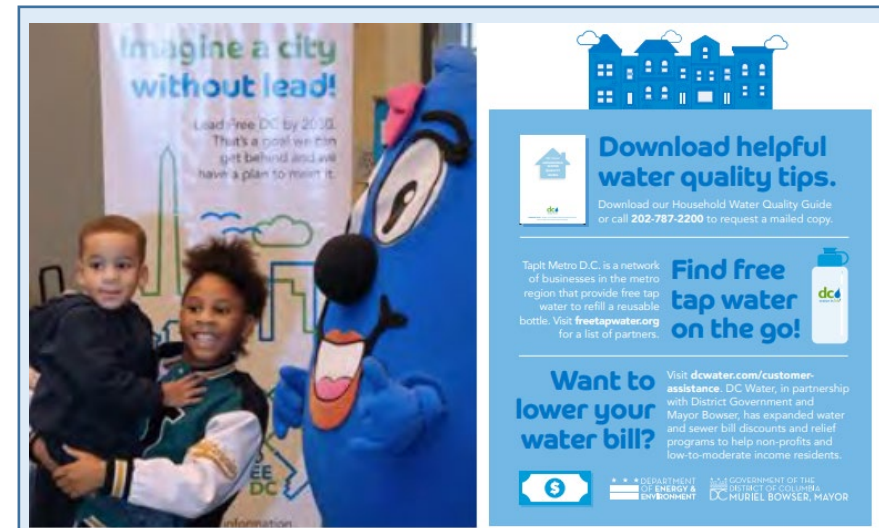
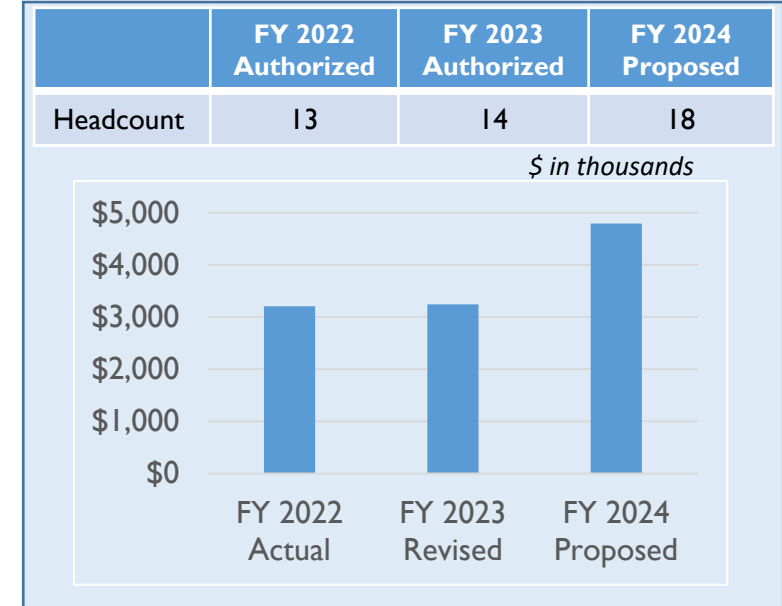
💧 Proposed FY 2024 Operating Budget is relatively flat at \$8.3 million

- Funds salaries and benefits for 14 FTEs
- Covers Authority-wide fees for environmental, employment labor, construction and general litigation matters
- Provides funding for litigation contingencies based on current case load
- Continues support for expanded government affairs coverage



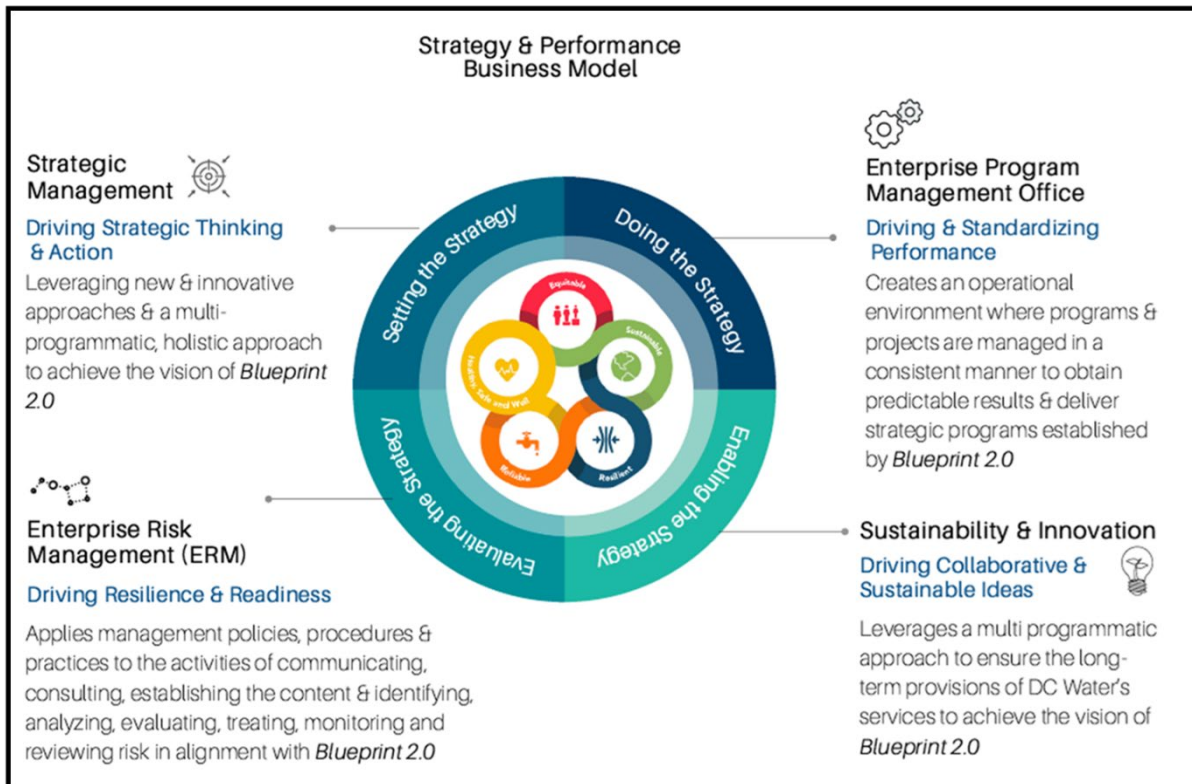
Proposed FY 2024 Operating Budget of \$4.8 million, a net increase of \$1.5 million

- Funds salaries and benefits for 18 FTEs, including 4 new positions to meet the increased demand for customer communications, social media, graphics and video design activities
- Covers the production and publication of various mandated materials e.g., Annual Report, Strategic Plan Booklet, and the Environmental, Social, and Governance (ESG) report
- Expands marketing campaigns to inform customers of various programs such as customer assistance and proper disposal of fats, rags, oils, grease, etc.
- Allocates funding to refresh the website content to improve readability and enable easier access by our diverse customer base
- Continues engagement with the community through various outreach programs and forums including the DC Water Stakeholder Alliance engagement



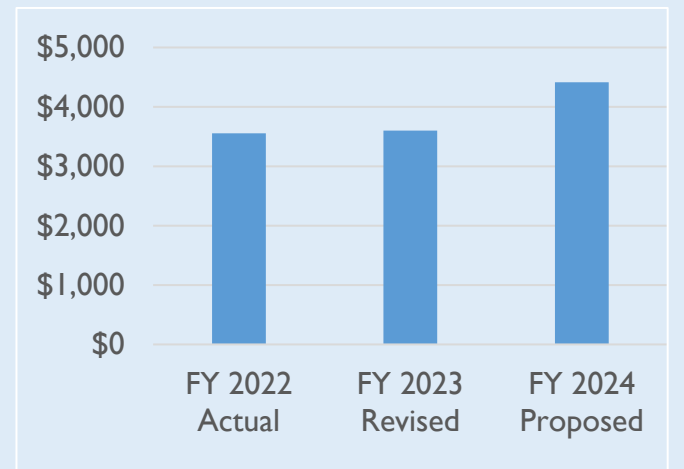
Strategy & Performance Cluster: Budget Highlights

- Oversight of the outsourced internal audit function and the Strategy & Performance Cluster
- The Proposed FY 2024 Operating Budget is \$4.4 million, an increase of \$0.8 million
 - Funds salaries and benefits for 11 FTEs including 1 new position for the innovation program
 - Increased funding supports the Building Information Management (BIM) program management, ERM deep dives, innovation, strategic analytics, and sustainability education, and outreach efforts
 - Allocates funding for the internal audit contract and hotline subscription services



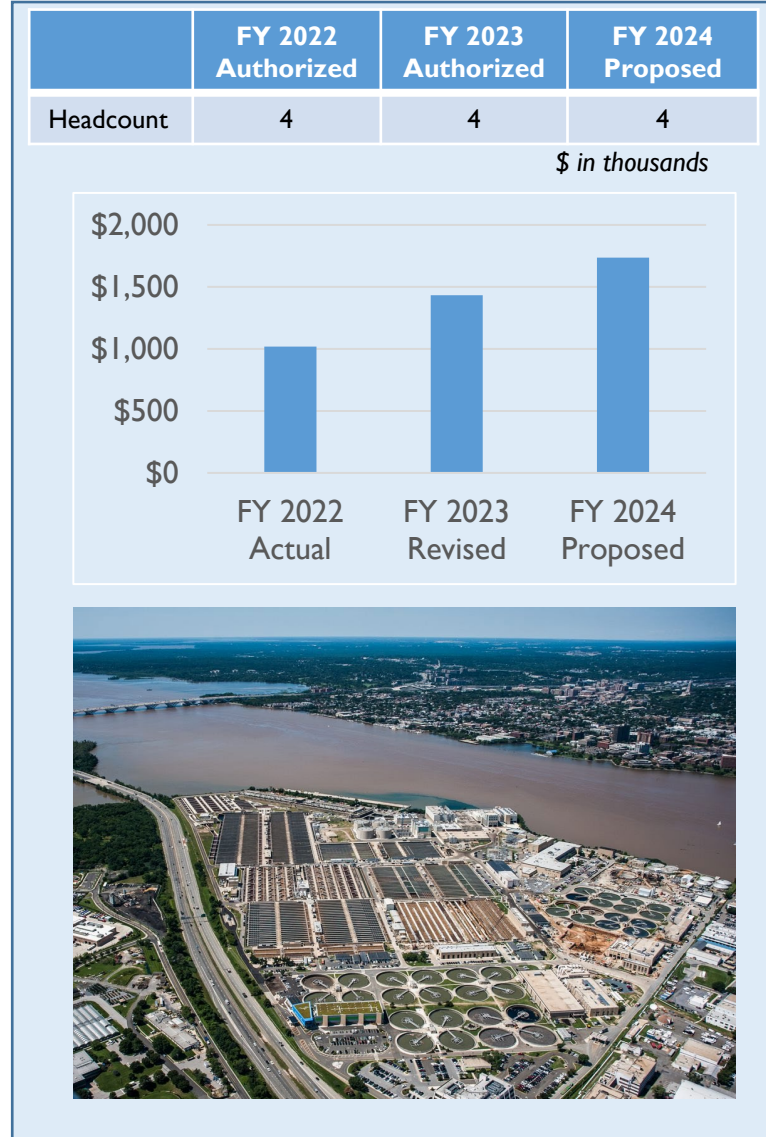
	FY 2022 Authorized	FY 2023 Authorized	FY 2024 Proposed
Headcount	7	10	11

\$ in thousands



💧 Proposed FY 2024 Operating Budget of \$1.7 million, a net increase of \$0.3 million

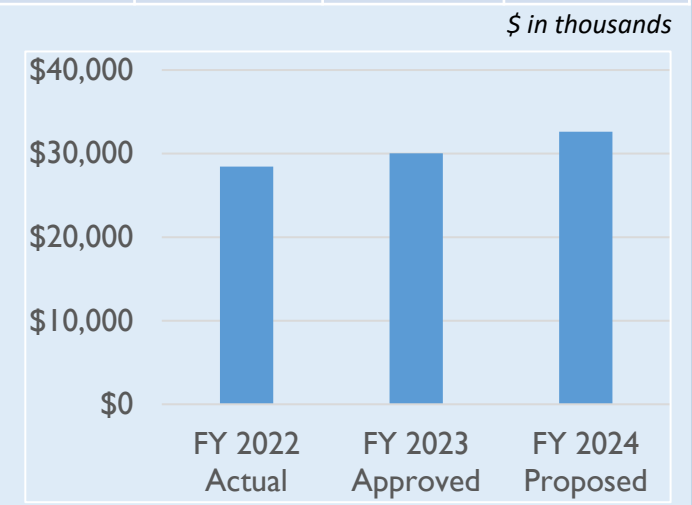
- Pays salaries and benefits for 4 FTEs
- Funds various business planning and leadership retreat programs for the cluster
- Funds Specialized Consulting Assistance on the Carbon Neutral and Energy Efficiency Plan
- Funds consultant services for the Health and Safety Plan
- Supports the Comprehensive Fleet Management Plan



- ◆ **Shared Services** comprises of Fleet Management, Facilities Management, Occupational Safety & Health, Security, and the Office of Emergency Management Departments

- ◆ The Proposed FY 2024 Operating Budget is \$32.6 million, a net increase of \$2.6 million
 - Funds salaries and benefits for 94 FTEs, 6 Apprentices and includes 2 new entry-level safety technicians to provide day to day boots on the ground safety support to staff in the field
 - Earmarks funding for automotive parts and outsourced contract services for the maintenance of vehicles and major heavy equipment, including related warranties and mobile technology support
 - Funds critical requirements to optimally maintain and repair HVAC and elevators, and support various professional services such as enhanced cleaning, janitorial, trash removal, pest control, and mail courier activities at all DC Water facilities
 - Funds management of the Authority’s safety program, upgrade of the Origami Safety system and safety training, in compliance with environmental health and safety management regulations
 - Supports security guards and fire systems that safeguard and protect DC Water’s employees and infrastructure
 - Allocates funding for Authority-wide risk and resiliency, emergency response, and recovery efforts

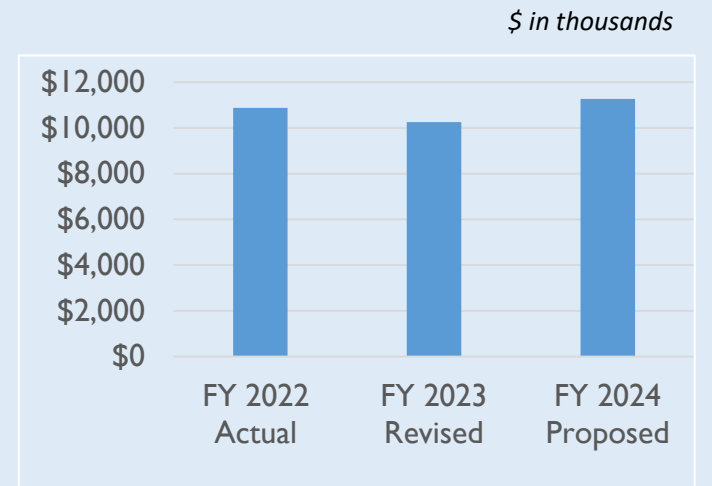
	FY 2022 Authorized	FY 2023 Authorized	FY 2024 Proposed
Headcount	89	92	94



💧 The Proposed FY 2024 Operating Budget is \$11.3 million, a net increase of \$1.0 million

- Funds salaries and benefits for 37 FTEs
- Provides funding for the software and hardware systems and the day-to-day technical support to internal and external users
- Allocates funding for the increase in professional services for Local Area Network (LAN)/Wide Area Network (WAN) and other IT infrastructure support
- Supports telecom services that allows the ability to communicate with internal and external customers
- Continues in-sourcing of key positions to reduce extended reliance on contractors for various IT contract support services such as helpdesk, data analysis and project management functions
- Cyber Resilience: Provides cyber security protection for DC Water assets

	FY 2022 Authorized	FY 2023 Authorized	FY 2024 Proposed
Headcount	31	37	37

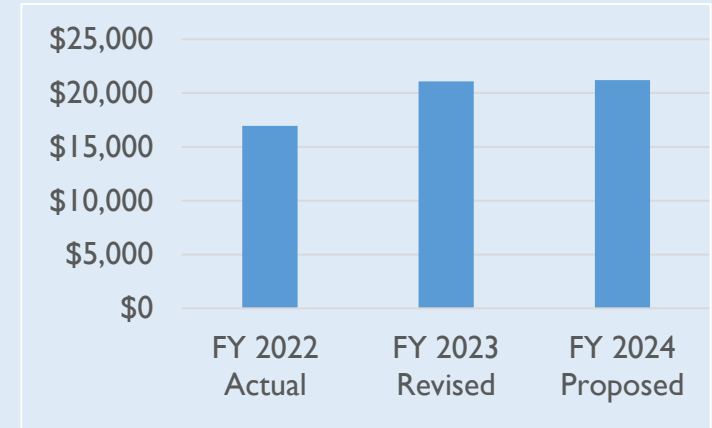


💧 The Proposed FY 2024 Operating Budget is relatively flat at \$21.2 million

- Funds salaries, benefits and overtime for 122 FTEs
- Supports delinquency account collections, escalations, liens and receivership activities
- Provides funding for software maintenance costs, including the customer billing system
- Allocates funding for printing and postage of customer bills, and temporary staffing to support meter reading, billing work orders, and call center coverage
- Advances the implementation of the Leak Assistance Program, which assists customers with repairing leaks
- Funds customer experience feedback surveys

	FY 2022 Authorized	FY 2023 Authorized	FY 2024 Proposed
Headcount	123	123	122

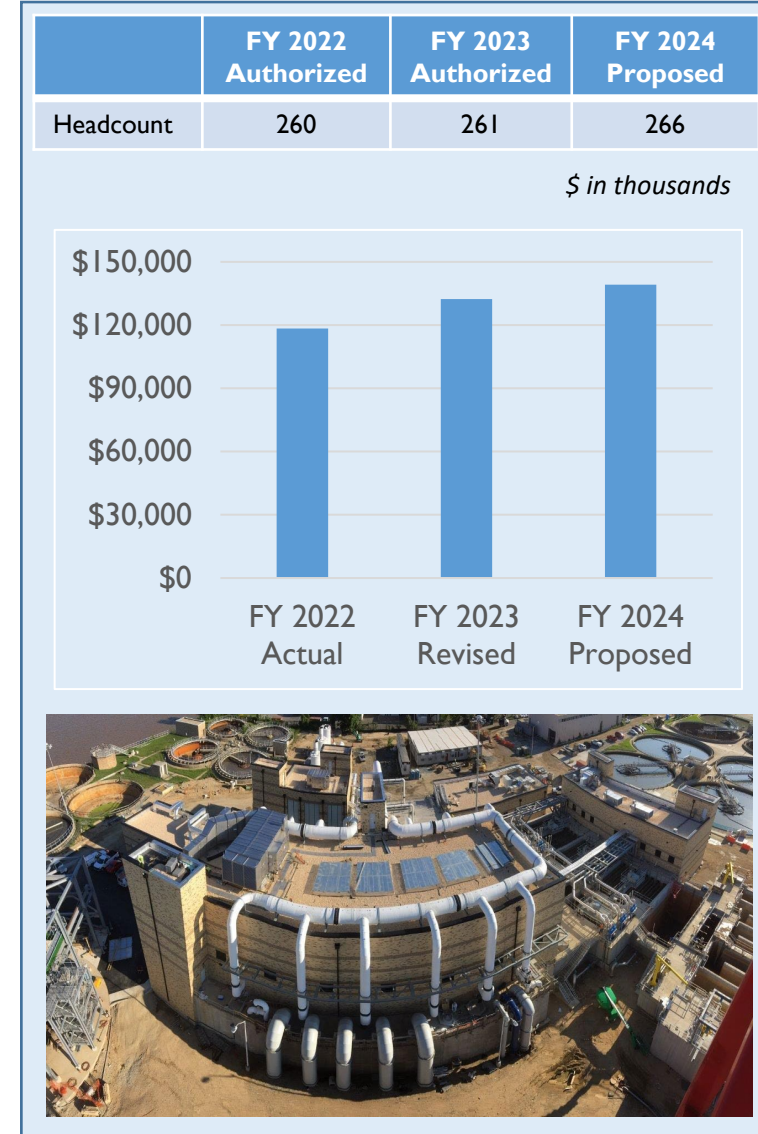
\$ in thousands



Wastewater Treatment comprises of the Departments of Wastewater Treatment Operations, Maintenance Services, Process Engineering, Clean Water & Technology and Resource Recovery

The Proposed FY 2024 Operating Budget is \$139.1 million, a net increase of \$6.8 million

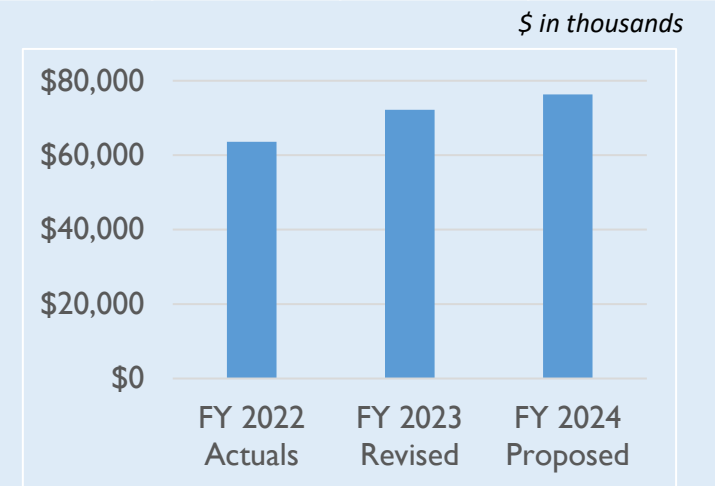
- Funds salaries, benefits and overtime for 266 FTEs, 4 apprentices, and the career workforce advancement program for existing employees
- Adds 5 new positions to support increased maintenance requirement for the Wet Weather Treatment, Filtrate Treatment Facility and Maintenance Class A Biosolids System; and in-house crane operations for Bloom production with offsetting reduction in biosolids hauling costs
- Reflects proposed revisions to the FY 2023 budget due to the cost pressures in major chemicals, electricity and water usage needed for wastewater treatment processes
- Covers price increases for critical spare parts and various professional services costs for grit removal, industrial cleaning, and laboratory research services
- Allocates funding for the preliminary Per- and Polyfluoroalkyl Substances (PFAS) monitoring program for Blue Plains to cover emerging regulations and new permit requirements following permit renewal anticipated in 2023
- Funds increased costs for critical operational and maintenance requirements for the Digesters, Combined Heat & Power facility, Wet Weather Treatment facility and other assets at the Plant



💧 The Proposed FY 2024 Operating Budget is \$76.3 million, a net increase of \$4.1 million

- Funds salaries, benefits, and overtime for 214 FTEs including
 - 5 FTEs supported by increased revenues from miscellaneous fees starting FY 2023
 - 4 FTEs transferred from Linear Asset Management Program to the Department of Pumping and Sewer Operations
- Funds the increase in DC Water’s share of the Aqueduct’s operating costs for the purchase of drinking water distributed to customers in the District
- Allocates funding for uniform requirements to union employees, custodial supplies, and purchase of critical spare parts to ensure equipment reliability
- Covers the proportionate share of software maintenance costs for GIS, Maximo, SCADA, and other IT infrastructure systems
- Covers requirements for locate and mark services, repaving costs, and permitting fees

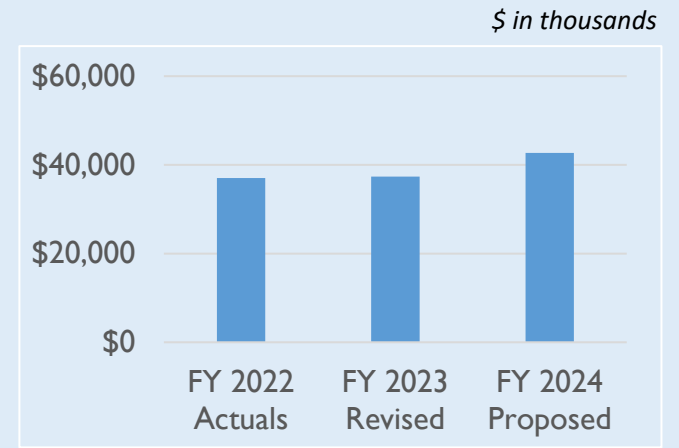
	FY 2022 Authorized	FY 2023 Authorized	FY 2024 Proposed
Headcount	202	219	214



💧 The Proposed FY 2024 Operating Budget is \$42.7 million, a net increase of \$5.4 million

- Funds salaries, benefits, and overtime for 183 FTEs and 7 apprentices including:
 - 2 new positions - Foreman, Operations to meet supervisory staffing needs and, Supervisor, Instrumentation to provide SCADA support
 - 4 FTEs transferred from the department of Water Operations
- Reflects increased water usage costs based on current trends
- Funds maintenance and repairs of the sewer system pump stations including high and low-voltage electrical systems
- Funds the proportionate share of software maintenance costs for GIS, Maximo, SCADA, and other IT infrastructure systems
- Funds various professional services to respond to emergencies and perform other critical activities such as hauling and disposal, FROG management, root foaming, odor control and other asset management activities to ensure system reliability and integrity

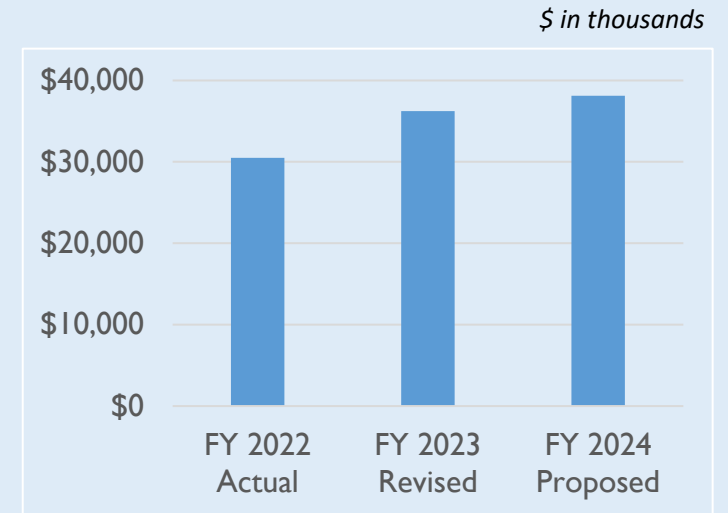
	FY 2022 Authorized	FY 2023 Authorized	FY 2024 Proposed
Headcount	176	177	183



- ◆ **Engineering** comprises of the Engineering and Technical Services, CIP Infrastructure Management, Wastewater Engineering, Permit Operations and Asset Management Departments

- ◆ The Proposed FY 2024 Operating Budget is \$38.1 million, a net increase of \$1.9 million
 - Funds salaries, benefits and overtime for 223 FTEs, including 1 new position for in-house function for the As-Builts program with offsetting reduction in contractual services costs
 - Continues in-sourcing of key engineering functions to reduce reliance on consultants for routine management and construction services
 - Fully funds 5 FTEs supported by increased revenues from permit fees starting FY 2023
 - Pays for training, memberships and certification requirements for employees
 - Covers proportionate share of software maintenance costs for IT systems including cluster specific systems such as Unifier, Water Gems, AutoCAD, Leica GPS, permits etc.
 - Provides funding for rental of the Permits Office and DC Water's obligation for participation in Metropolitan Washington Council of Governments program
 - Allocates funding for the continuation of the Backwater Valve Replacement and As-built programs, and the printing and advertisement services for solicitation of engineering contracts
 - Funding and headcount needs for the Asset Management department will be allocated in the future

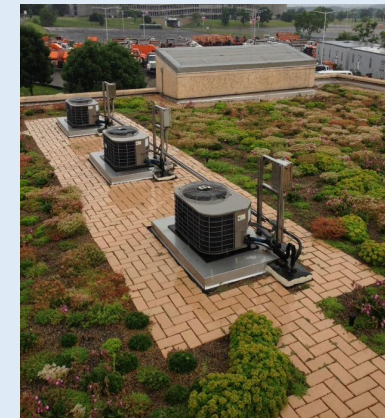
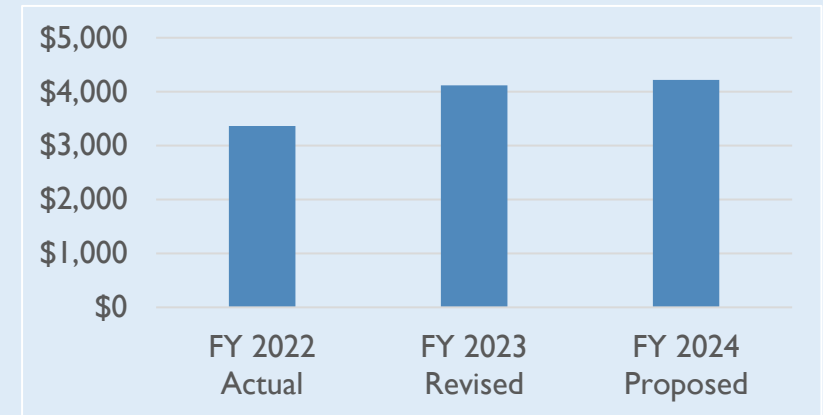
	FY 2022 Authorized	FY 2023 Authorized	FY2024 Proposed
Headcount	171	221	223



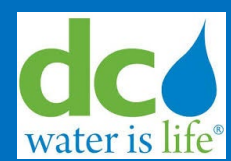
- 💧 This comprises of the DC Clean Rivers, Watershed Management and Regulatory Compliance departments
- 💧 The Proposed FY 2024 Operating Budget is \$4.2 million, a net increase of \$0.1 million
 - Funds salaries and benefits for 12 FTEs to oversee the construction activities for the tunnels
 - Provides contractual requirements to maintain the operational Green Infrastructure (GI) facilities
 - Funding and headcount needs for the newly established Watershed Management & Regulatory Compliance departments will be allocated in the future

	FY 2022 Authorized	FY 2023 Authorized	FY 2024 Proposed
Headcount	9	11	12

\$ in thousands



Operating Revenues and Financial Plan

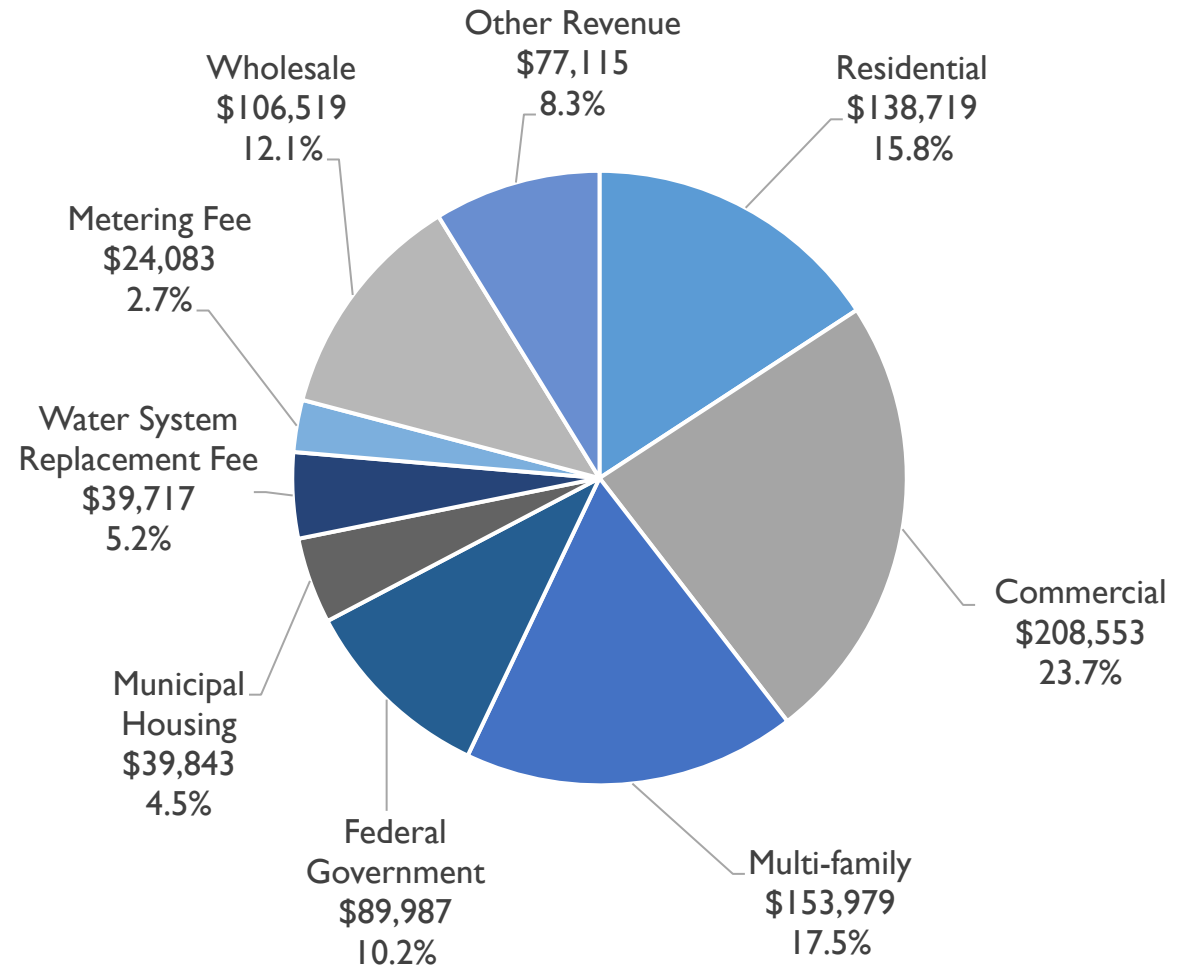
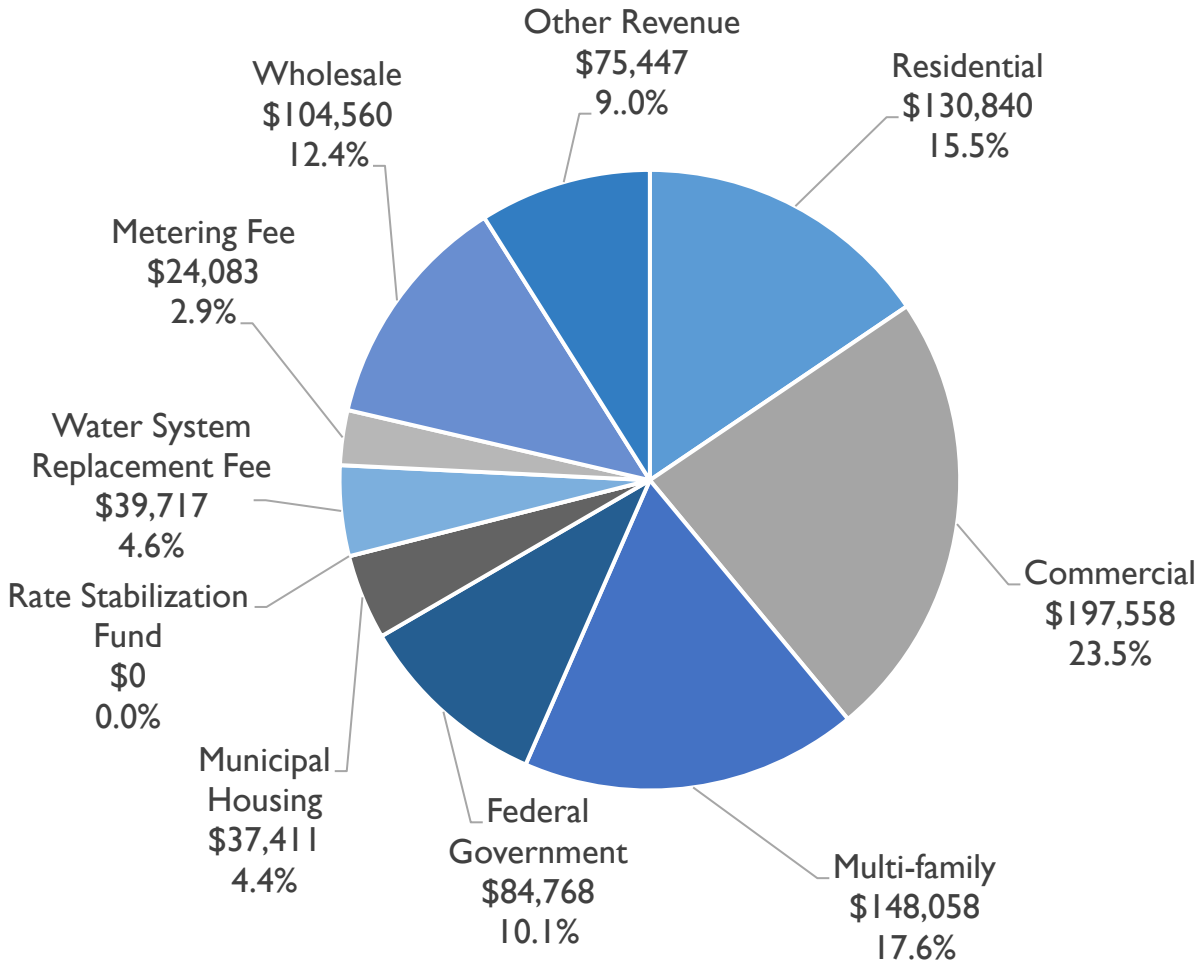


FY 2023 vs. FY 2024 Operating Revenues

\$ in thousands

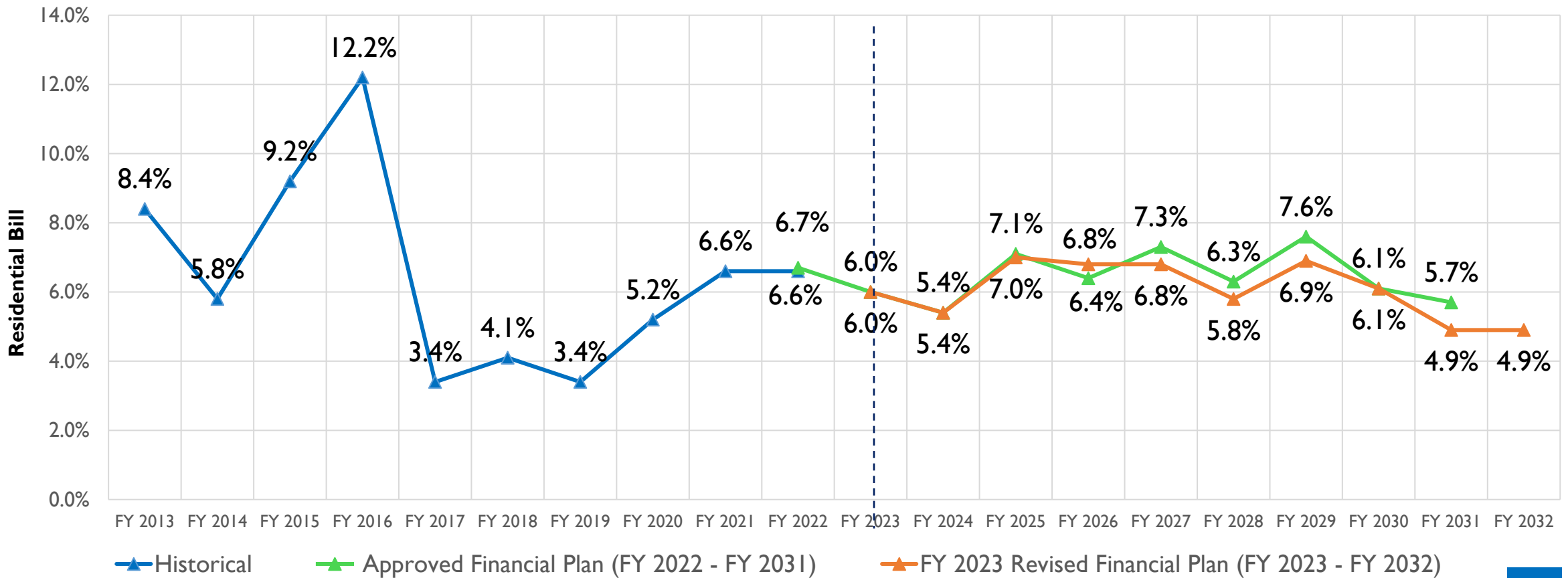
Revised FY 2023 \$842.4 million

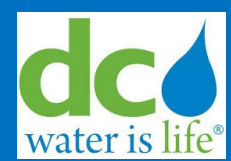
Proposed FY 2024 \$878.5 million



Historical and Projected Combined Rate Increases

- FY 2023 and FY 2024 rates were previously adopted
- In FY 2027 and beyond, forecasted rates are slightly lower than previously estimated because of increase in projected revenues mainly due to higher consumption forecast





Revenue Comparison by Customer Class

- Total revenue is projected to increase by \$8.8 million for FY 2023 as compared to FY 2022 Actual and increase by \$36.1 million or 4.3% for FY 2024 due to the rate increase
 - *Retail Revenue* – Decrease by \$17.6 million or 2.6% in FY 2023 and increase by \$32.4 million or 4.9% in FY 2024. The decrease in FY 2023 is due to utilization of \$52.1 million RSF in FY 2022; \$41.6 million RSF was transferred to ending cash balance
 - *Wholesale Revenue* – Increase by \$19.7 million or 23.2% in FY 2023 and increase by \$2.0 million or 1.9% for FY 2024 due to operations and maintenance expense projection. Revenue estimates are based on most recent flow data

\$ in thousands	Actual FY 2022	Revised FY 2023	Proposed FY 2024	FY 2023 vs FY 2022		FY 2024 vs FY 2023	
				Incr/(Decr)		Incr/(Decr)	
				\$	%	\$	%
Retail Revenue	\$680,026	\$662,435	\$694,881	-\$17,591	-2.6%	\$32,446	4.9%
Wholesale Revenue							
Potomac Interceptor (PI)	3,405	3,547	3,547	141	4.1%	-	0.0%
Loudoun County Sanitation Authority (LCSA)	7,695	9,300	9,538	1,604	20.8%	239	2.6%
Washington Suburban Sanitary Commission (WSSC)	59,049	73,648	74,959	14,599	24.7%	1,312	1.8%
Fairfax County*	14,749	18,066	18,475	3,316	22.5%	409	2.3%
Total Wholesale Revenue	\$84,899	\$104,560	\$106,519	\$19,659	23.2%	\$1,960	1.9%
Other Revenue	68,670	75,447	77,115	6,777	9.9%	1,668	2.2%
Rate Stabilization Fund (RSF)	-	-	-	-	-	-	-
Total Revenues**	\$833,595	\$842,442	\$878,515	\$8,846	1.1%	\$36,073	4.3%

* The reduced revenues for Fairfax reflects decrease in percentage flow in 2021 (9.16%) as compared to 9.78% that was used in the FY 2022 approved budget last year. Most recent flow that is available at the time of preparing the projections is used to estimate revenue. However, actual costs will be distributed, and revenues recouped using actual flows for FY 2023 and FY 2024

** FY 2022 receipts include \$41.6 million RSF amount, which was transferred to ending cash balance

Metrics	Indenture Requirement	Board Policy	Management Target	Financial Plan
Days of Cash on Hand (excluding RSF)	60 days	250 Days	—	252 - 263 Days
Combined Coverage Ratio	—	1.6X	—	1.76X – 2.01X
Senior Coverage	1.2X	—	—	5.80X – 7.83X
Subordinate Coverage	1.0X	—	—	2.07X – 2.45X
Debt Service as a % of Revenue	—	—	33% of Revenue or Less	26% - 33%
Rate Stabilization Fund (RSF)	—	—	—	—

Next Steps



Board Member Questions & Follow-Up

- Submit budget-related questions to Board Secretary at astukes@dcwater.com
- Questions will be distributed to appropriate staff with formal response to the Board
- Budget materials will be published on the website for customers



January 10 Office of People's Counsel Briefing



January 13 Wholesale Customer Briefing



January & February Committee Reviews, Recommendations & Actions



March 2 Board Adoption

	Environmental Quality & Operations	DC Retail Water & Sewer Rates	Finance & Budget
FY 2023 - FY 2032 Capital Budget (<i>Disbursements & Lifetime</i>)	Action Required		Action Required
FY 2023 & FY 2024 Operating Expenditure Budgets			Action Required
Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing			Action Required
FY 2023 - FY 2032 Financial Plan		Action Required	Action Required

Complete Budget Briefing available online at <https://www.dewater.com/budget-and-rate-review-documents-0>

Navigation menu: My Accounts, Pay Your Bill, Report a Problem, Find a Job, Get a Permit, Contact Us, View Customer Center

Secondary menu: About DC Water, Projects, Resources, What's Going On, Work with Us

Breadcrumbs: Home > About DC Water > Finance > Ratemaking Process

Social media icons: Facebook, Twitter, Instagram, YouTube, LinkedIn

Ratemaking Process

The Board's Strategic Plan and 10-year financial plan provide the framework for the formulation, prioritization, implementation and monitoring of the annual budget process.

The annual budget process typically begins with planning in June and official kickoff in July of each year for the Operating and Capital Budgets. Plans and budgets are prepared at an appropriate level of detail for each management level. Assumptions inherent in the plans and budgets reflect the entity's historical experience, current conditions and Executive Team's directives. Once decisions are finalized for the operating and capital budgets, management develops the financial plan and rate model including various scenarios to ensure a balanced budget for recovery of costs. Further review is undertaken with independent consultants including benchmarking our proposed rates with peers in the industry. DC Water develops two-year rate proposals. The benefits of multi-year rates include greater revenue certainty, increased budget discipline and better alignment between revenues and expenditures.

IN THIS SECTION

- [FY 2023 Approved Budget](#)
- [FY 2022 Adopted Budget](#)
- [FY 2023 and FY 2024 Approved Rates](#)
- [Budget and Rate Review Documents](#)

OTHER LINKS & DOCUMENTS

Online Tools

- [Rate Comparison Tool](#)
- [Impervious Area Calculator](#)

Navigation menu: My Accounts, Pay Your Bill, Report a Problem, Find a Job, Get a Permit, Contact Us, View Customer Center

Secondary menu: About DC Water, Projects, Resources, What's Going On, Work with Us

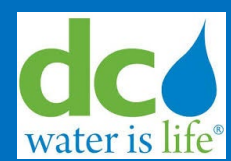
Breadcrumbs: Home > About DC Water > Finance > Ratemaking Process > Budget and Rate Review Documents

Social media icons: Facebook, Twitter, Instagram, YouTube, LinkedIn

Budget and Rate Review Documents

Date	Title
March 3, 2022	Board of Directors Approved FY 2023 Budget & Two-Year Rate Proposal
February 24, 2022	Finance & Budget Committees Proposed FY 2023 Budget & Two-Year Rates
February 22, 2022	DC Retail Water & Sewer Rates Committee Proposed FY 2023 and FY 2024 Rates, Charges and Fees
February 17, 2022	Environmental Quality and Operations Committee Proposed FY 2022 - FY 2031 Capital Improvement Program & Alternative Options
January 25, 2022	Joint DC Retail Water & Sewer Rates and Finance & Budget Committees Proposed FY 2023 Budget & Two-Year Rates
January 20, 2022	Environmental Quality and Operations Committee Proposed FY 2022 - FY 2031 Capital Improvement Program
January 6, 2022	Budget Workshop with the Board FY 2023 Proposed Budget
December 14, 2021	Finance and Budget Committee Overview of Operating Budget Drivers & Rate Increases

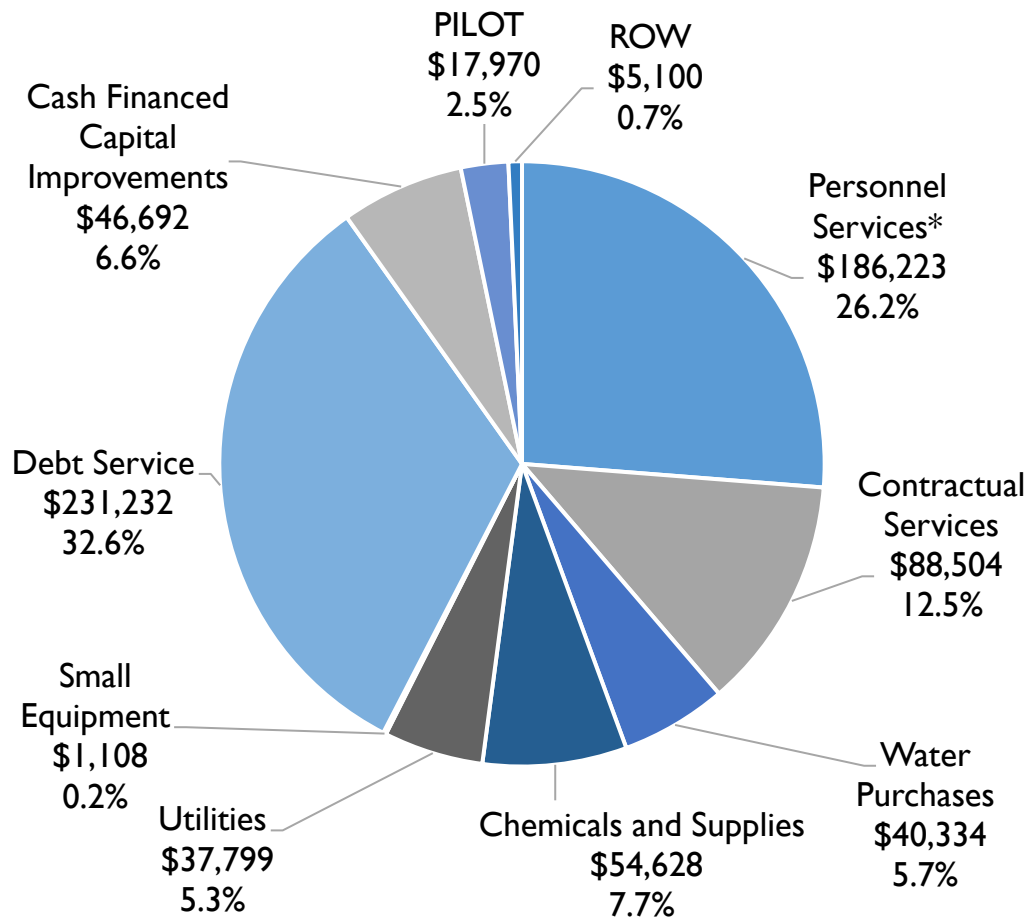
Appendix



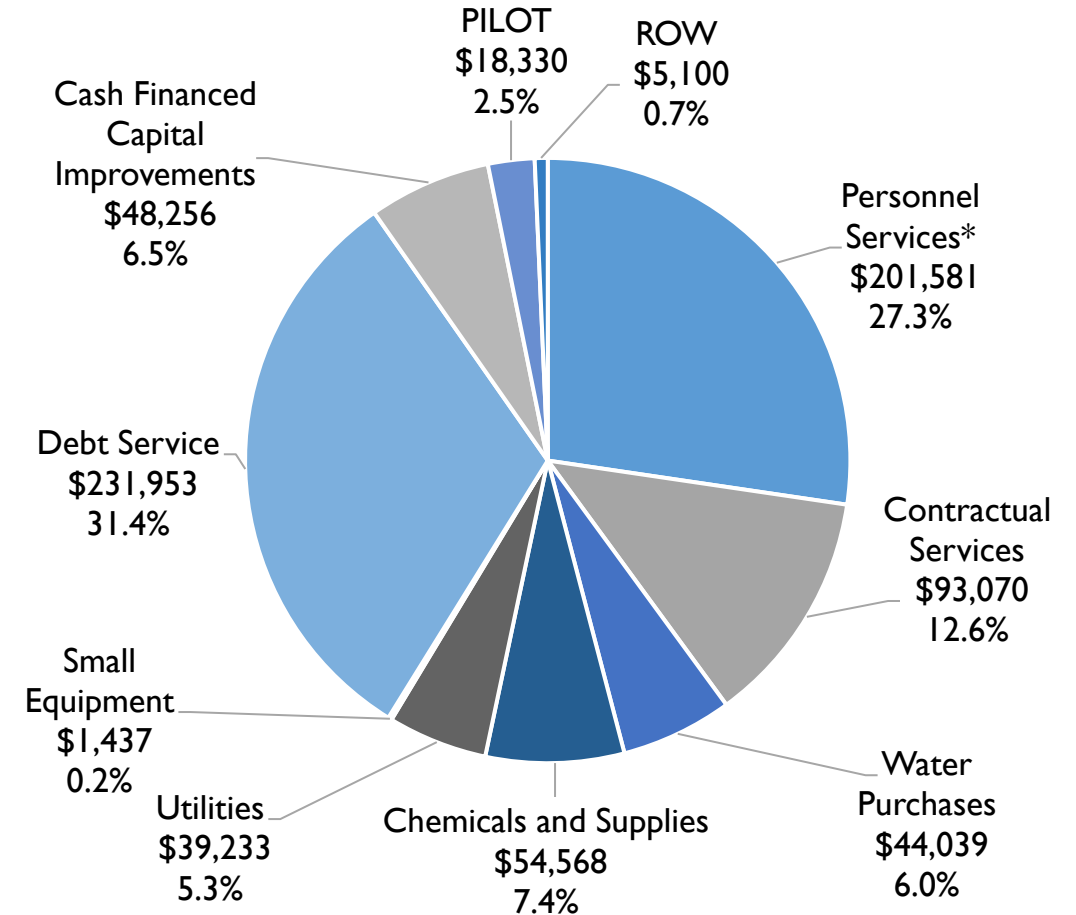
Revised FY 2023 vs. FY 2024 Expenditure Budgets

\$ in thousands

Proposed Revised FY 2023 \$709,589



Proposed FY 2024 \$737,567



* Personnel Services include capital labor charges

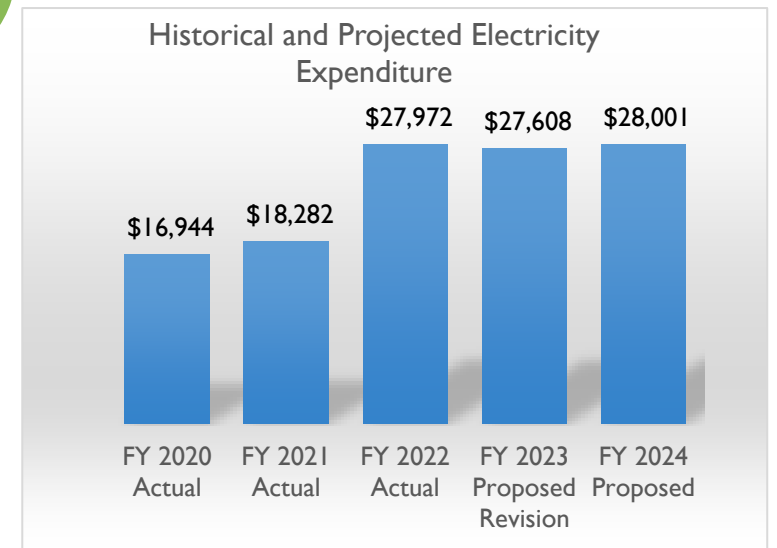
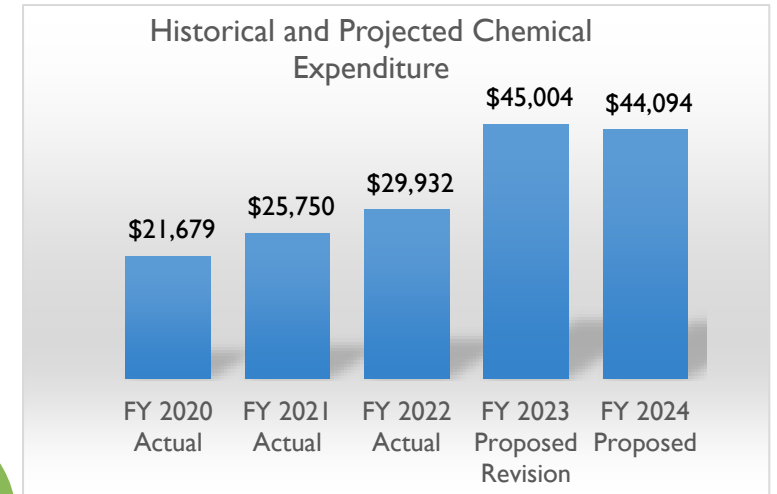
- **Operating Expenditure Budget – Proposed increase of \$20.6 million**
 - Board-adopted budget of \$686.4 million was amended upward by \$6 million using \$3 million from the FY 2022 net cash and \$3 million from projected underspending in debt service to address chemical and energy pressures
 - Continued cost pressures in chemical and energy costs will further impact the FY 2023 budget
 - Chemical costs have grown by an average of 17 percent per year from FY 2020 to FY 2022. Current forecasts average 31 percent spike in the unit prices for major chemicals (proposed increase of \$14.6 million)
 - Significant increase in electricity costs from \$78.88 per MWh in FY 2020 to \$139.36 per MWh in FY 2022 (proposed increase of \$4 million)
 - Water Usage increase due to changes made in the treatment process (proposed increase of \$2 million)
 - Debt Service – Reflects \$3 million reduced from the Board-adopted budget of \$234.7 million due to structure of new debt and refinancing
- **Capital Disbursement Budget – Proposed decrease of \$145.6 million**
 - Capital Projects – Reduction of \$163.9 million provided to the Board Committees in November 2022
 - Additional Capital Program – \$10.4 million increase for fleet equipment and \$7.9 million for WAD 4th quarter invoice

Changes from the FY 2023 Proposed Revised Budget are:

- Personnel Services up by \$15.4 million or 8.2% compared to the FY 2023 budget
- Chemicals and supplies relatively flat compared to the revised FY 2023 budget
- Utilities up \$1.4 million, or 3.8%, over the revised FY 2023 budget
- Contractual Services increase of \$4.6 million or 5% over the revised FY 2023 budget
- Water purchases increase of \$3.7 million, or 9.2% over the revised FY 2023 budget
- Small equipment increase of \$0.3 million, or 30% over the revised FY 2023 budget



\$ in thousands



💧 **Personnel Services – \$201.6 million or increase of \$15.4 million**

- *Regular Pay* – The increase of \$13.4 million is due to additional positions starting FY 2023, the 17 new positions proposed for FY 2024, merit increases and bonus payments consistent with the union agreement expiring in FY 2023, career advancement framework, and the Apprenticeship (17 apprentices) and Summer Internship programs
 - Overall target vacancy rate of 7% is assumed in each of FY 2023 and FY 2024
- *Benefits* – The increase of \$4.9 million compared to FY 2023 is mainly for the increase in employee health benefits based on current forecasts and increased headcount
- *Overtime* – The slight increase of \$0.3 million compared to FY 2023 level is due to the increase in salaries with overtime mainly used for emergency repairs of our aging infrastructure

💧 **Chemicals & Supplies – \$54.6 million is relatively flat**

- *Chemicals* – \$0.9 million decrease for major chemicals (e.g., Methanol) used in the wastewater treatment process which is subject to volatility in the energy market
- *Supplies* – \$0.9 million increase is for parts and supplies needed for the maintenance of DC Water equipment and facilities

💧 **Utilities – \$39.2 million or increase of \$1.4 million**

- *Electricity* – \$0.4 million increase for energy needed to operate the Plant, Pump Stations and Operational facilities. Onsite electric generation of 7MW from the Combined Heat & Power Facility continues to reduce the rate of growth of electricity costs and DC Water’s reliance on the power grid
- *Water Usage* – Increase of \$0.3 million is due to changes made in the treatment process at the Plant
- *Gas & Automotive Fuel* – Increase of \$0.5 million based on forecasts for fuel prices driven by the energy market
- *Rental of Land & Structures* – Increase of \$0.7 million partly due to space rental needs for sewer vehicles and funding for the water usage by Soldiers Home
- *Telecommunications* – Decrease of \$0.5 million based on spending trends

💧 **Water Purchase – \$44 million or an increase of \$3.7 million**

- DC Water purchases drinking water from the Washington Aqueduct and is responsible for approximately 75% of the Aqueduct’s projected operating costs
- This includes funding for DC Water’s share of the McMillan Sewer backwash (\$3.5 million) with offsetting revenue opportunity

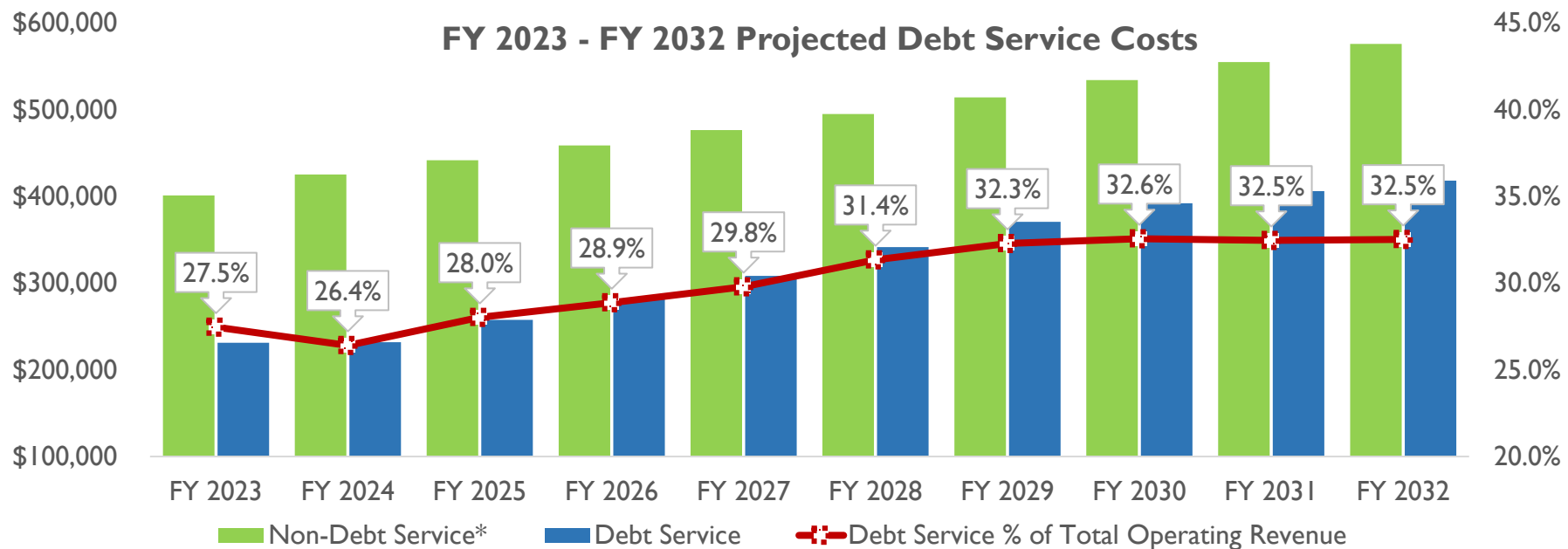
💧 **Small Equipment – \$1.4 million or increase of \$0.3 million**

- This is mainly for the purchase of small items such as office equipment, cameras, small appliances and tools, rental of postage machines, etc.

💧 Debt service is the largest driver in the operating budget

- Represents 32.9% of the total operating expenditure budget and 26.4% of operating revenue in FY 2024
- Over the next ten years, about \$2.7 billion is anticipated to be borrowed to fund capital expenditures
- Debt service cost is projected to grow from \$231.2 million in FY 2023 to \$418.8 million by FY 2032 (approx. 81% increase)

\$ in thousands



* Non-Debt Service includes O&M, PILOT, ROW and CFCI estimates

- 💧 **Debt Service** – \$232.0 million or increase of \$0.7 million
 - Increase in principal payment recently refinanced for Series 2022 A bonds

- 💧 **PILOT & ROW** – \$23.4 million or increase of \$0.4 million consistent with MOUs
 - PILOT – Increase of \$0.4 million for payments to the District
 - ROW – Remains at the FY 2022 level of \$5.1 million for payments to the District

- 💧 **Cash Financed Capital Improvements** – \$48.3 million or increase of \$1.6 million
 - PAYGO funding

- 💧 **Capital Labor Charges** – \$32.0 million or increase of \$1.5 million
 - Funds personnel costs incurred on capital projects
 - Continues the in-sourcing of key engineering functions to support the capital program

- 💧 Personnel - Overtime during emergencies, increased healthcare cost, lower than anticipated vacancy rate, and other leave adjustments typically funded by vacancies
- 💧 Union Agreement – Current Labor Compensation Agreement with the five unions expiring September 30, 2023
- 💧 Chemicals - Market volatilities, unit prices, rain events, process optimization
- 💧 Utilities - Market volatilities, onsite energy optimization, solar project output & timeline
- 💧 New Facilities - Parts, equipment and maintenance requirement for tunnels, treatment facilities and the new buildings for Fleet Services and Sewer Services
- 💧 Biosolids/BLOOM - Hauling/marketing of 70,000 tons
- 💧 Litigation & Insurance - Impacts of unanticipated legal cases and insurance policy requirements

Detailed Cluster Budget Trends

Cluster	Dept. Proposal	Proposed Request	Program
People & Talent	4	2	<ul style="list-style-type: none"> • Create focus on Diversity, Equity and Inclusion (DEI) efforts and support increased recruitment efforts
Marketing & Communication	9	4	<ul style="list-style-type: none"> • Increased demand for specialists to support customer communications, social media, graphics and video design activities
Strategy & Performance	2	1	<ul style="list-style-type: none"> • Continue in-house expansion of innovation program
Shared Services	13	2	<ul style="list-style-type: none"> • Entry-level Safety Technicians to safety provide day to day boots on the ground support and increase engagement and communication with staff
Customer Care	3		<ul style="list-style-type: none"> • No recommendations
Wastewater	7	5	<ul style="list-style-type: none"> • Additional mechanics to maintain the increased assets at the Blue Plains • Increase in-house crane operations to support Bloom production
Pumping & Sewer Services	10	2	<ul style="list-style-type: none"> • Continue high quality condition assessment, asset availability, inspections, calibration, instrumentation reviews and coverage during after hours
Engineering	5	1	<ul style="list-style-type: none"> • In-house resource for as-builds program with offsetting reduction in contractual services
Total	53	17	

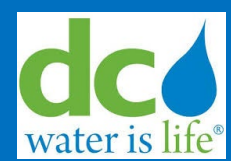
Historical & Projected Operating Expenditure

\$ in thousands

Independent Cluster

	FY 2021 Actual	FY 2022 Actual	FY 2023 Proposed Revised Budget	FY 2024 Proposed Budget	vs FY 2023
Regular Pay	\$ 2,862	\$ 2,312	\$ 2,121	\$ 2,571	\$ (449)
On-Call Time	-	-	-	-	-
Overtime	-	-	-	-	-
Total Fringe Benefits	718	506	508	593	(86)
Total Personnel Services	3,580	2,818	2,629	3,164	(535)
Total Chemicals	-	-	-	-	-
Total Supplies	22	11	22	19	4
Total Chemical & Supplies	22	11	22	19	4
Total Contractual Services	1,833	2,468	2,904	2,893	11
Total Small Equipment	4	-	-	-	-
Total Utilities & Rent	23	32	29	32	(2)
Total Water Purchased	-	-	-	-	-
Total Non-Personnel Services	1,882	2,511	2,956	2,943	12
Subtotal O & M (PS + NPS)	\$ 5,462	\$ 5,329	\$ 5,585	\$ 6,107	\$ (523)

The independent cluster comprises of the Office of the CEO, Office of the COO, Office of the Board Secretary and Internal Audit departments

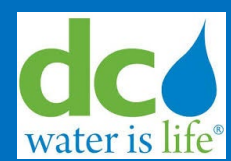


Historical & Projected Operating Expenditure

\$ in thousands

Office of Marketing and Communication Cluster

	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Proposed Revised Budget	Proposed Budget	vs FY 2023
Regular Pay	\$ 1,775	\$ 1,851	\$ 2,043	\$ 2,833	\$ (790)
On-Call Time	-	-	-	-	-
Overtime	1	2	2	-	2
Total Fringe Benefits	456	452	549	810	(260)
Total Personnel Services	2,232	2,305	2,594	3,643	(1,048)
Total Chemicals	-	-	-	-	-
Total Supplies	3	8	10	11	(1)
Total Chemical & Supplies	3	8	10	11	(1)
Total Contractual Services	512	861	606	1,109	(503)
Total Small Equipment	11	16	12	12	-
Total Utilities & Rent	19	19	21	18	3
Total Water Purchased	-	-	-	-	-
Total Non-Personnel Services	545	904	649	1,150	(501)
Subtotal O & M (PS + NPS)	\$ 2,778	\$ 3,209	\$ 3,243	\$ 4,793	\$ (1,549)



Historical & Projected Operating Expenditure

\$ in thousands

Shared Services Cluster

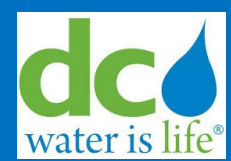
	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Proposed Revised Budget	Proposed Budget	vs FY 2023
Regular Pay	\$ 7,563	\$ 8,087	\$ 9,283	\$ 10,026	\$ (743)
On-Call Time	12	-	-	37	(37)
Overtime	228	331	262	377	(115)
Total Fringe Benefits	2,138	2,334	2,689	3,041	(352)
Total Personnel Services	9,941	10,751	12,234	13,481	(1,248)
Total Chemicals	1	-	-	-	-
Total Supplies	2,139	1,749	1,260	2,201	(941)
Total Chemical & Supplies	2,139	1,749	1,260	2,201	(941)
Total Contractual Services	11,939	14,315	15,065	15,218	(153)
Total Small Equipment	72	233	138	173	(35)
Total Utilities & Rent	1,155	1,398	1,348	1,546	(198)
Total Water Purchased	-	-	-	-	-
Total Non-Personnel Services	15,305	17,695	17,810	19,138	(1,328)
Subtotal O & M (PS + NPS)	\$ 25,246	\$ 28,446	\$ 30,044	\$ 32,619	\$ (2,575)

Historical & Projected Operating Expenditure

\$ in thousands

Finance and Procurement Cluster

	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Proposed Revised Budget	Proposed Budget	vs FY 2023
Regular Pay	\$ 11,272	\$ 12,559	\$ 13,129	\$ 13,508	\$ (379)
On-Call Time	-	2	-	-	-
Overtime	95	173	85	132	(47)
Total Fringe Benefits	3,184	3,544	3,781	4,161	(380)
Total Personnel Services	14,551	16,279	16,995	17,802	(806)
Total Chemicals	0	-	-	-	-
Total Supplies	79	85	40	29	11
Total Chemical & Supplies	79	85	40	29	11
Total Contractual Services	11,780	9,924	15,858	17,648	(1,789)
Total Small Equipment	-	-	3	3	0
Total Utilities & Rent	93	92	117	108	9
Total Water Purchased	-	-	-	-	-
Total Non-Personnel Services	11,952	10,100	16,017	17,787	(1,770)
Subtotal O & M (PS + NPS)	\$ 26,503	\$ 26,379	\$ 33,013	\$ 35,589	\$ (2,576)

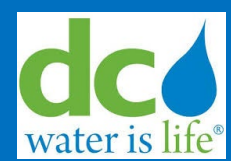


Historical & Projected Operating Expenditure

\$ in thousands

Strategy and Performance Cluster

	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Proposed Revised Budget	Proposed Budget	vs FY 2023
Regular Pay	\$ 38	\$ 1,444	\$ 1,669	\$ 1,871	\$ (202)
On-Call Time	-	-	-	-	-
Overtime	-	-	-	-	-
Total Fringe Benefits	9	337	443	503	(60)
Total Personnel Services	48	1,781	2,112	2,374	(262)
Total Chemicals	-	-	-	-	-
Total Supplies	7	6	6	6	-
Total Chemical & Supplies	7	6	6	6	-
Total Contractual Services	847	1,016	738	1,229	(492)
Total Small Equipment	-	2	-	-	-
Total Utilities & Rent	-	-	-	-	-
Total Water Purchased	-	-	-	-	-
Total Non-Personnel Services	855	1,023	744	1,235	(492)
Subtotal O & M (PS + NPS)	\$ 902	\$ 2,804	\$ 2,856	\$ 3,609	\$ (753)



Historical & Projected Operating Expenditure

\$ in thousands

People and Talent Cluster

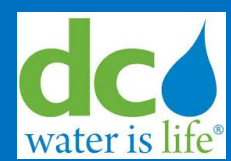
	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Proposed Revised Budget	Proposed Budget	vs FY 2023
Regular Pay	\$ 3,773	\$ 4,119	\$ 4,622	\$ 4,511	\$ 111
On-Call Time	-	-	-	-	-
Overtime	4	6	-	5	(5)
Total Fringe Benefits	957	1,028	1,158	1,209	(51)
Total Personnel Services	4,734	5,153	5,779	5,724	55
Total Chemicals	-	-	-	-	-
Total Supplies	1	2	28	3	25
Total Chemical & Supplies	1	2	28	3	25
Total Contractual Services	1,927	1,348	4,093	4,165	(72)
Total Small Equipment	-	-	-	-	-
Total Utilities & Rent	23	24	28	27	1
Total Water Purchased	-	-	-	-	-
Total Non-Personnel Services	1,952	1,374	4,148	4,194	(46)
Subtotal O & M (PS + NPS)	\$ 6,686	\$ 6,527	\$ 9,928	\$ 9,919	\$ 9

Historical & Projected Operating Expenditure

\$ in thousands

Customer Care Cluster

	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Proposed Revised Budget	Proposed Budget	vs FY 2023
Regular Pay	\$ 9,516	\$ 8,849	\$ 10,905	\$ 11,066	\$ (161)
On-Call Time	-	-	-	-	-
Overtime	330	328	405	405	-
Total Fringe Benefits	3,016	3,180	3,618	3,976	(359)
Total Personnel Services	12,861	12,357	14,927	15,447	(519)
Total Chemicals	-	-	-	-	-
Total Supplies	59	48	76	72	4
Total Chemical & Supplies	59	48	76	72	4
Total Contractual Services	4,395	4,253	5,625	5,291	333
Total Small Equipment	1	1	7	8	(0)
Total Utilities & Rent	298	291	444	384	61
Total Water Purchased	-	-	-	-	-
Total Non-Personnel Services	4,753	4,594	6,152	5,754	398
Subtotal O & M (PS + NPS)	\$ 17,614	\$ 16,951	\$ 21,080	\$ 21,201	\$ (121)

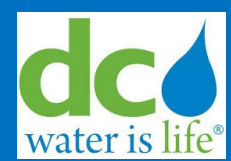


Historical & Projected Operating Expenditure

\$ in thousands

Information Technology Cluster

	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Proposed Revised Budget	Proposed Budget	vs FY 2023
Regular Pay	\$ 3,960	\$ 4,301	\$ 4,847	\$ 5,154	\$ (307)
On-Call Time	-	-	-	-	-
Overtime	8	29	10	10	-
Total Fringe Benefits	1,087	1,135	1,371	1,559	(188)
Total Personnel Services	5,056	5,466	6,229	6,723	(495)
Total Chemicals	-	-	-	-	-
Total Supplies	0	1	4	5	(1)
Total Chemical & Supplies	0	1	4	5	(1)
Total Contractual Services	5,565	5,172	3,760	4,323	(563)
Total Small Equipment	22	8	67	46	21
Total Utilities & Rent	133	227	193	175	18
Total Water Purchased	-	-	-	-	-
Total Non-Personnel Services	5,720	5,408	4,024	4,548	(524)
Subtotal O & M (PS + NPS)	\$ 10,775	\$ 10,873	\$ 10,252	\$ 11,271	\$ (1,019)

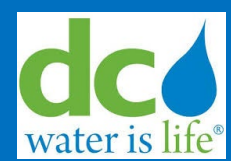


Historical & Projected Operating Expenditure

\$ in thousands

Government and Legal Affairs Cluster

	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Proposed Revised Budget	Proposed Budget	vs FY 2023
Regular Pay	\$ 2,232	\$ 1,861	\$ 2,201	\$ 2,375	\$ (174)
On-Call Time	-	-	-	-	-
Overtime	0	1	3	3	-
Total Fringe Benefits	562	582	550	669	(119)
Total Personnel Services	2,794	2,444	2,754	3,047	(294)
Total Chemicals	-	-	-	-	-
Total Supplies	3	2	3	3	-
Total Chemical & Supplies	3	2	3	3	-
Total Contractual Services	3,024	4,500	5,567	5,269	298
Total Small Equipment	5	-	-	-	-
Total Utilities & Rent	15	23	27	25	2
Total Water Purchased	-	-	-	-	-
Total Non-Personnel Services	3,047	4,524	5,597	5,297	300
Subtotal O & M (PS + NPS)	\$ 5,841	\$ 6,968	\$ 8,351	\$ 8,345	\$ 6



Historical & Projected Operating Expenditure

\$ in thousands

Engineering Cluster

	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Proposed Revised Budget	Proposed Budget	vs FY 2023
Regular Pay	\$ 19,057	\$ 18,844	\$ 22,495	\$ 25,216	\$ (2,722)
On-Call Time	-	-	-	-	-
Overtime	1,074	1,009	993	1,002	(9)
Total Fringe Benefits	5,564	5,495	6,493	6,475	18
Total Personnel Services	25,695	25,348	29,981	32,693	(2,712)
Total Chemicals	-	-	-	-	-
Total Supplies	53	83	148	165	(17)
Total Chemical & Supplies	53	83	148	165	(17)
Total Contractual Services	4,836	4,552	5,301	4,535	766
Total Small Equipment	-	1	60	-	60
Total Utilities & Rent	876	516	741	727	14
Total Water Purchased	-	-	-	-	-
Total Non-Personnel Services	5,765	5,151	6,250	5,427	823
Subtotal O & M (PS + NPS)	\$ 31,460	\$ 30,499	\$ 36,230	\$ 38,119	\$ (1,889)

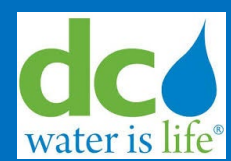
Historical & Projected Operating Expenditure

\$ in thousands

Operations Cluster

	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Proposed Revised Budget	Proposed Budget	vs FY 2023
Regular Pay	\$ 56,319	\$ 58,766	\$ 61,384	\$ 65,326	\$ (3,943)
On-Call Time	685	713	602	802	(200)
Overtime	5,867	7,308	6,459	6,576	(116)
Total Fringe Benefits	18,771	19,875	19,361	22,455	(3,094)
Total Personnel Services	81,642	86,661	87,806	95,159	(7,353)
Total Chemicals	25,377	29,932	45,004	44,094	910
Total Supplies	6,496	7,262	8,015	7,949	67
Total Chemical & Supplies	31,872	37,194	53,020	52,043	977
Total Contractual Services	26,320	26,067	27,153	29,581	(2,429)
Total Small Equipment	502	601	821	1,196	(375)
Total Utilities & Rent	24,591	35,103	34,762	36,119	(1,356)
Total Water Purchased	33,135	33,345	40,334	44,039	(3,705)
Total Non-Personnel Services	116,420	132,310	156,090	162,977	(6,887)
Subtotal O & M (PS + NPS)	\$ 198,063	\$ 218,972	\$ 243,896	\$ 258,136	\$ (14,240)

The operations cluster comprises of Wastewater (Operations, Maintenance, Process Engineering, Resource Recovery and Clean Water & Technology), Water Operations and pumping & Sewer departments

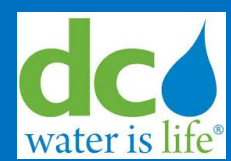


Historical & Projected Operating Expenditure

\$ in thousands

Watershed Management Cluster

	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Proposed Revised Budget	Proposed Budget	vs FY 2023
Regular Pay	\$ 1,523	\$ 1,462	\$ 1,744	\$ 1,906	\$ (163)
On-Call Time	-	-	-	-	-
Overtime	-	-	-	-	-
Total Fringe Benefits	375	403	439	417	22
Total Personnel Services	1,899	1,866	2,183	2,324	(141)
Total Chemicals	-	-	-	-	-
Total Supplies	5	0	12	12	0
Total Chemical & Supplies	5	0	12	12	0
Total Contractual Services	596	1,402	1,835	1,809	25
Total Small Equipment	-	-	-	-	-
Total Utilities & Rent	102	96	89	74	15
Total Water Purchased	-	-	-	-	-
Total Non-Personnel Services	703	1,499	1,935	1,895	40
Subtotal O & M (PS + NPS)	\$ 2,602	\$ 3,364	\$ 4,118	\$ 4,219	\$ (100)



CIP by Program Area

(Cash Disbursements \$ in thousands)	FY 2023 - FY 2032 CIP Disbursement Plan (Run 3C)											Last Years	(Increase)/	Lifetime	
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	10-yr Total	10-yr	Decrease		
NON PROCESS FACILITIES															
Facility Land Use	22,104	24,614	25,247	32,462	24,646	3,879	2,293	2,000	2,000	2,000	141,246	102,208	(39,038)	269,010	
Subtotal	22,104	24,614	25,247	32,462	24,646	3,879	2,293	2,000	2,000	2,000	141,246	102,208	(39,038)	269,010	
WASTEWATER TREATMENT															
Liquid Processing	41,050	28,977	47,726	83,307	75,562	77,488	89,520	59,692	61,829	60,116	625,266	657,512	32,247	1,272,081	
Plantwide	14,596	39,838	51,239	40,909	50,182	39,544	25,388	20,231	16,742	3,140	301,809	282,489	(19,320)	530,955	
Solids Processing	12,939	14,427	17,374	12,887	17,573	24,873	17,971	30,464	34,339	21,011	203,857	214,160	10,303	944,041	
Enhanced Nitrogen Removal Facilities	3,322	1,201	1,346	637	2,238	1,414	7,420	21,779	10,188	405	49,949	60,502	10,553	788,082	
Subtotal	71,907	84,442	117,684	137,739	145,555	143,319	140,299	132,166	123,098	84,671	1,180,881	1,214,664	33,783	3,535,160	
COMBINED SEWER OVERFLOW															
DC Clean Rivers Program	104,558	100,329	135,619	172,452	136,585	146,829	132,388	33,847	-	-	962,607	1,116,863	154,255	2,992,358	
Combined Sewer Overflow Program	3,473	9,927	12,445	15,927	12,825	10,432	5,997	12,182	12,465	4,593	100,267	100,303	36	223,714	
Subtotal	108,031	110,256	148,064	188,379	149,410	157,261	138,385	46,029	12,465	4,593	1,062,875	1,217,166	154,291	3,216,072	
STORMWATER															
Storm Local Drainage Program	654	1,686	1,905	735	977	965	1,163	1,067	916	853	10,921	10,455	(466)	82,760	
Storm On-Going Program	1,081	942	519	876	842	1,084	1,287	935	-	-	7,566	9,780	2,214	10,072	
Storm Pumping Facilities	4,829	8,692	4,161	4,126	3,732	1,417	1,579	4,948	7,642	4,957	46,083	42,918	(3,165)	64,227	
Stormwater Program Management	173	437	517	476	286	346	275	212	124	395	3,243	1,483	(1,759)	15,178	
Stormwater Trunk/Force Sewers	772	1,082	1,216	1,358	-	-	-	-	-	-	4,428	600	(3,828)	44,543	
Subtotal	7,509	12,839	8,319	7,571	5,837	3,812	4,305	7,162	8,682	6,205	72,241	65,236	(7,005)	216,779	
SANITARY SEWER															
Sanitary Collection System	4,582	25,217	58,615	60,253	61,914	54,330	54,582	56,493	57,843	58,000	491,829	325,762	(166,067)	728,214	
Sanitary On-Going Projects	14,096	17,352	14,667	15,091	15,542	16,020	16,500	15,297	15,289	15,756	155,610	143,702	(11,908)	233,439	
Sanitary Pumping Facilities	3,085	8,434	8,813	16,171	16,011	28,020	37,639	45,222	27,375	10,231	201,000	170,349	(30,652)	265,049	
Sanitary Program Management	9,087	9,612	7,638	7,640	8,634	10,520	10,688	7,927	4,451	1,116	77,313	83,462	6,149	191,900	
Interceptor/Trunk Force Sewers	37,182	57,842	95,377	69,410	120,816	168,845	151,593	97,201	38,289	33,811	870,364	638,851	(231,514)	1,309,131	
Subtotal	68,031	118,457	185,109	168,564	222,916	277,735	271,002	222,140	143,246	118,914	1,796,116	1,362,125	(433,991)	2,727,733	
WATER															
Water Distribution Systems	30,986	72,384	89,285	97,369	118,521	125,347	123,510	126,497	122,606	126,784	1,033,289	879,719	(153,569)	2,102,409	
Lead Free DC Program	42,477	77,504	107,944	109,838	91,370	74,797	62,971	44,771	-	-	611,672	628,951	17,280	816,318	
Water On-Going Projects	18,280	17,292	16,825	17,779	19,351	18,915	20,691	21,601	20,879	22,623	194,235	176,668	(17,567)	261,206	
Water Pumping Facilities	5,910	10,202	7,983	7,734	6,391	7,029	4,547	2,678	2,408	2,414	57,295	41,711	(15,584)	95,574	
Water Storage Facilities	6,447	6,811	11,754	4,438	3,834	9,658	4,997	3,536	3,328	5,096	59,899	51,475	(8,423)	175,104	
Water Service Program Management	4,809	4,179	4,716	5,120	7,542	7,080	4,641	4,641	5,120	7,563	55,412	50,904	(4,508)	121,424	
Subtotal	108,909	188,371	238,506	242,278	247,009	242,826	221,357	203,725	154,341	164,479	2,011,801	1,829,430	(182,371)	3,572,035	
CAPITAL PROJECTS	386,492	538,981	722,930	776,993	795,374	828,832	777,640	613,222	443,833	380,862	6,265,159	5,790,828	(474,330)	13,536,789	
CAPITAL EQUIPMENT	47,421	30,535	31,654	31,776	34,334	34,334	34,334	34,334	34,334	34,334	347,390	375,302	27,912	347,390	
WASHINGTON AQUEDUCT	67,523	35,155	29,480	29,480	29,480	29,480	29,480	29,480	29,480	29,480	338,518	253,768	(84,750)	338,518	
ADDITIONAL CAPITAL PROJECTS	114,944	65,690	61,134	61,256	63,814	63,814	63,814	63,814	63,814	63,814	685,909	629,070	(56,838)	685,909	
LABOR															404,476
TOTAL CAPITAL BUDGETS	501,437	604,671	784,064	838,249	859,188	892,646	841,454	677,036	507,647	444,676	6,951,067	-	-	14,627,174	
FY 2022															
Prior Year Board Approved CIP	567,507	647,004	668,633	619,913	735,924	822,910	783,185	669,154	496,528	409,140	-	-	-	-	13,377,458
Delta (inc)/dec	145,567	63,962	(164,150)	(102,325)	(36,277)	(109,461)	(172,300)	(180,508)	(98,507)	(444,676)	(531,168)	-	-	-	(1,249,716)

- 💧 The overall FY 2023 budget is \$47.4 million and reflects the Board-approved carry-over of \$10.4 million from FY 2022 for the purchase of vehicles (anticipated for delivery in FY 2023) and \$7.2 million for the Aqueduct
- 💧 Ten-year disbursements of \$375.3 million for capital equipment include:
 - **Recurring Capital Equipment and Reserves** – This covers the purchase/replacement of pumps, motors, HVACs, roof, renovations, laptops, computers, servers, fire hydrants and includes the Authority-wide reserves for new facilities and unplanned equipment needs
 - **Information Technology (IT) Projects** – Funds new projects and upgrades to various Authority-wide technology systems
 - **Fleet Equipment** – Earmarks \$28.4 million from FY 2023 through FY 2025 to reduce vehicle backlog and help ensure that crews have the required equipment such as backhoes, jet-vacs, small and large dump trucks to meet operational needs

