



The Proposed FY 2026 Budget

Presentation to the Board of Directors, January 13, 2025

District of Columbia Water and Sewer Authority



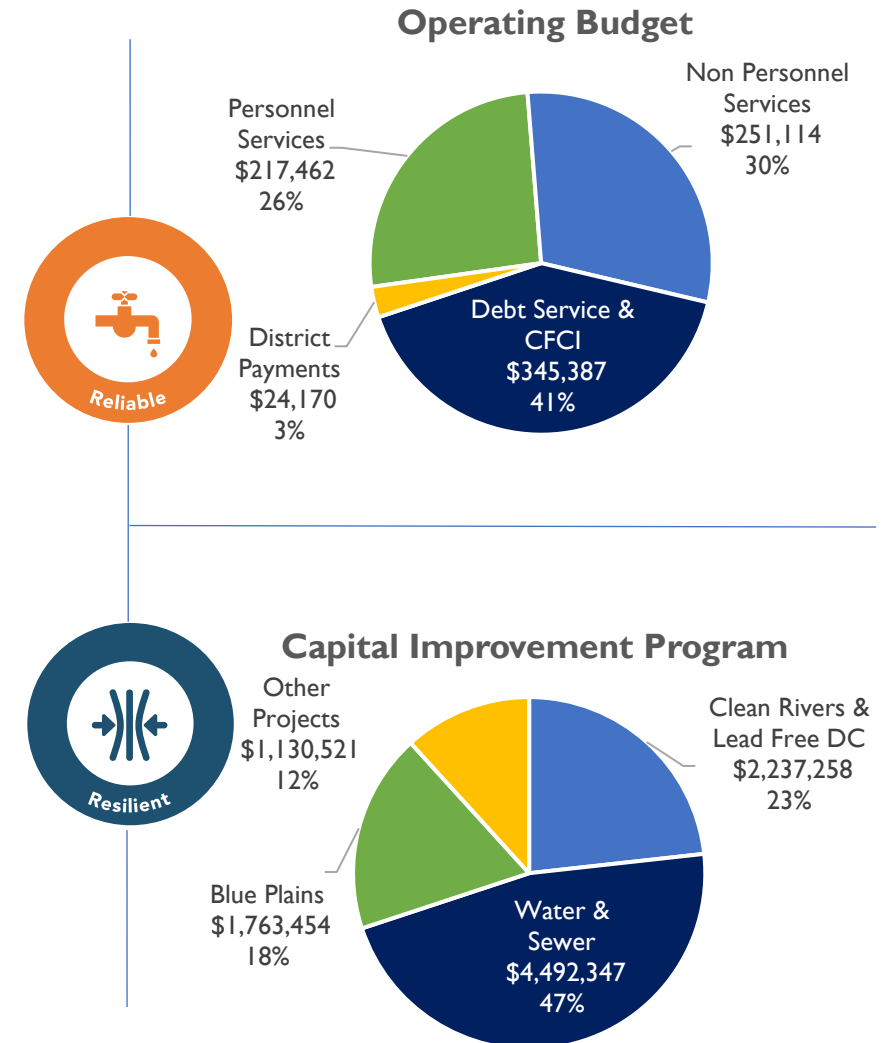
Blue Plains

- Present the Revised Fiscal Year 2025 and Proposed Fiscal Year 2026 Budgets:
 - Operating Expenditures
 - Ten-Year Capital Improvement Program
 - Ten-Year Financial Plan
- Review the budget process and timelines for:
 - Budget – Committee review, Committee recommendation to the Board, and Board adoption



\$ in thousands

- Allocates 56% of the **\$838.1 million operating budget** for operations and maintenance like employee salaries and benefits, 41% for debt service and PAYGO for the capital program and 3% for payments to the District
- Eliminates 45 hard to fill vacant positions, saving ratepayers \$5.7 million
- \$1.1 billion to complete the Clean Rivers Program by 2030
- Advances the Lead-Free DC Program at \$1.1 billion with increased funding for the permit fees and brass requirements
- Leverages Federal Funds, including those from the Bi-Partisan Infrastructure Law for lead removal, small diameter water line replacement, and Blue Plains upgrades
- Increases investment in the water (\$1.8 billion) and sewer (\$1.4 billion) system as part of the **\$9.62 billion CIP**
- Advances the full rehabilitation of the Potomac Interceptor and trunk force sewers (\$1.34 billion)
- Fully funds the robust Customer Assistance Programs



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Executive Summary

💧 Proposed Operating Expenditure Budget of \$838.1 million

- **Operations and Maintenance (O&M)** – \$468.6 million for personnel and non-personnel
- **Debt Service** – \$271.5 million and Cash Financed Capital Improvements (CFCI) of \$73.9 million
- **PILOT & ROW** – payments to the District of \$24.2 million

💧 Capital Budget of \$913.4 million and 10-year CIP of \$9.62 billion

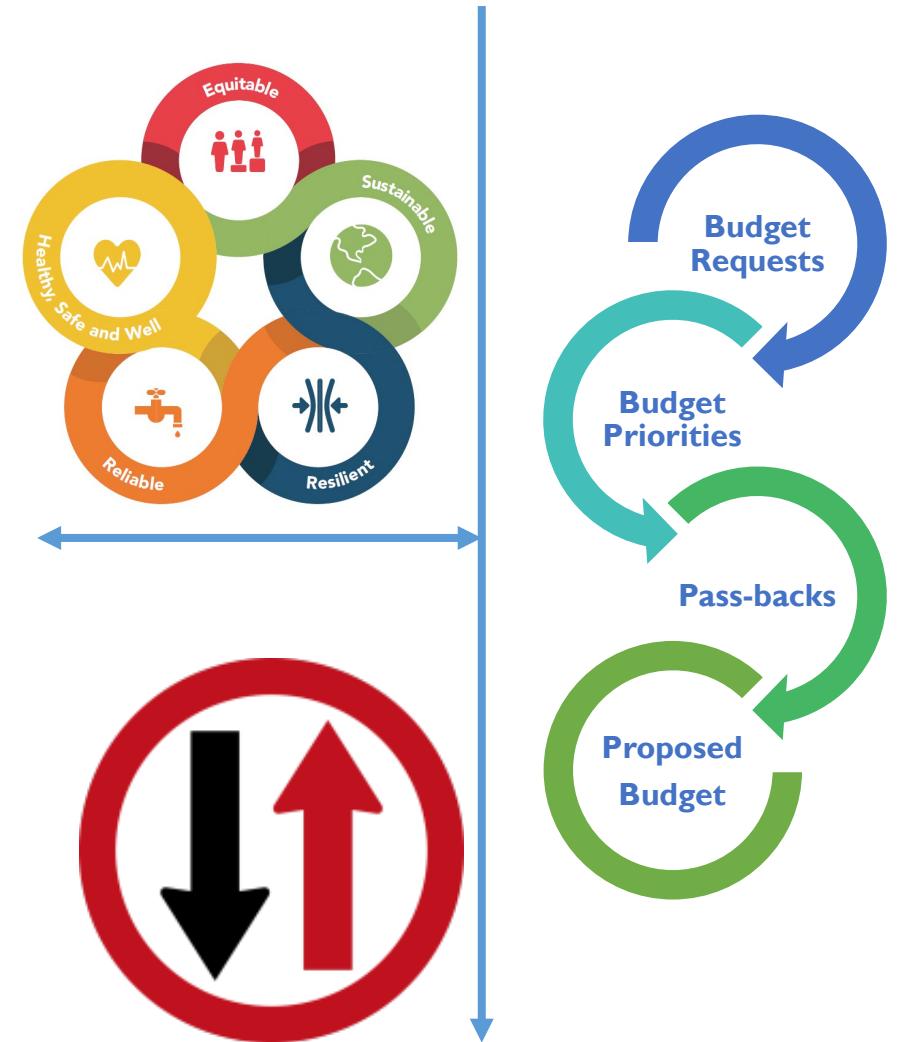
- **Capital Projects** – \$8.77 billion for mandated projects, Lead Free DC program, rehabilitation of the Potomac Interceptor, equipment upgrades and rehabilitation at Blue Plains, and continued investments in the aging water and sewer infrastructure
- **Capital Equipment** – \$350.8 million equipment including pumps, motors, meters, backhoes, jet-vacs, catch basin trucks and other aged vehicles to meet operational needs
- **Washington Aqueduct (WAD)** – \$500.8 million for DC Water’s share of WAD’s capital program

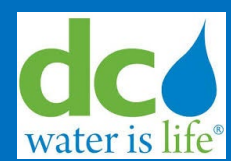
💧 Proposed Financial Plan

- Includes **previously approved FY 2026 rates and fees**
- **Forecasts annual rate adjustments** to fund the forecasted operating budget and ten-year CIP
- **Meets Board financial policy requirements**



- 💧 Advances the Blueprint through investments in:
 - **Clean Rivers** (*Resilient*) and critical **water, sewer and Potomac Interceptor infrastructure investments** (*Reliable*)
 - Our **people** through the Human Capital Management Strategy (*Equitable, Healthy, Safe & Well*), and
 - **Operating efficiency** by eliminating vacancies (*Sustainable*)
- 💧 Makes the best use of ratepayer funds; Budget process reduced departmental requests by \$7.3 million
- 💧 Achieves 1% below the financial plan estimate for overall operating expenditure
- 💧 SET members manage their areas – you will hear from each of them today

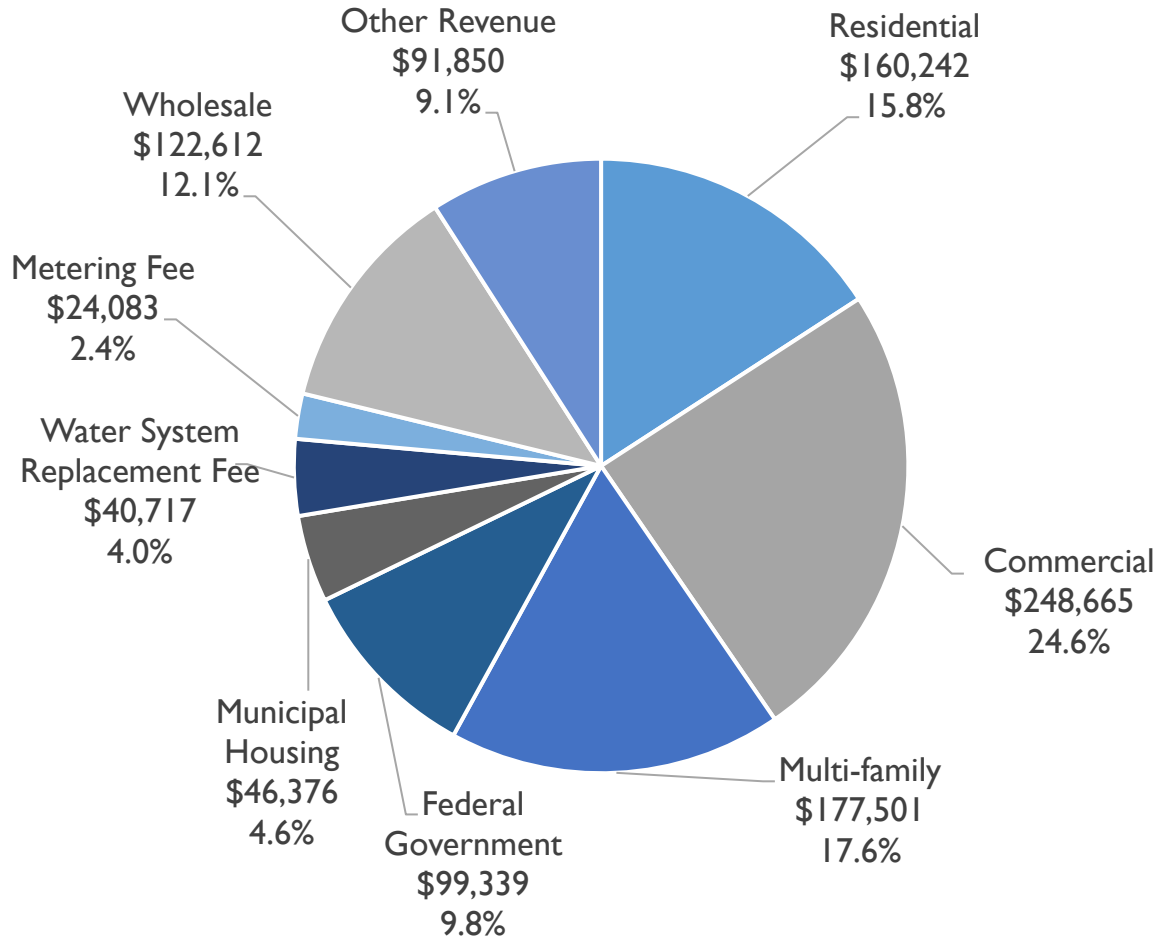




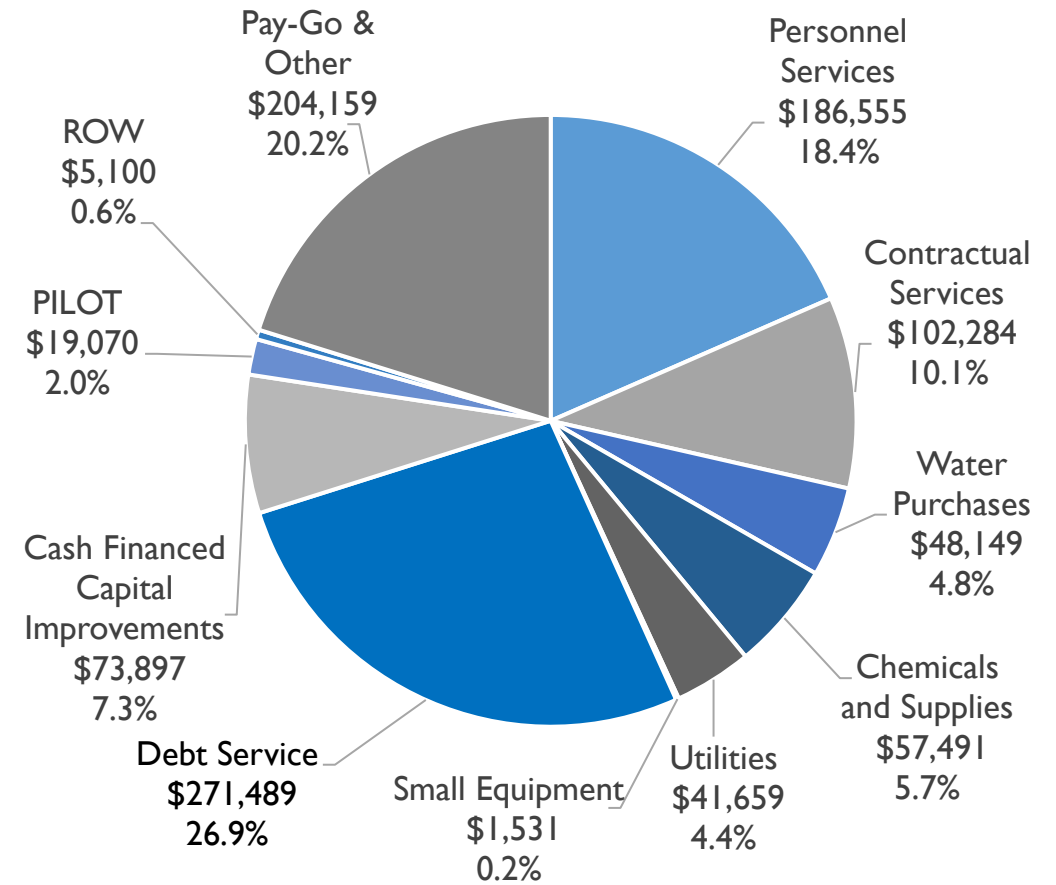
FY 2026 Operating: Sources and Uses of Funds

\$ in thousands

Sources - \$1.01 billion



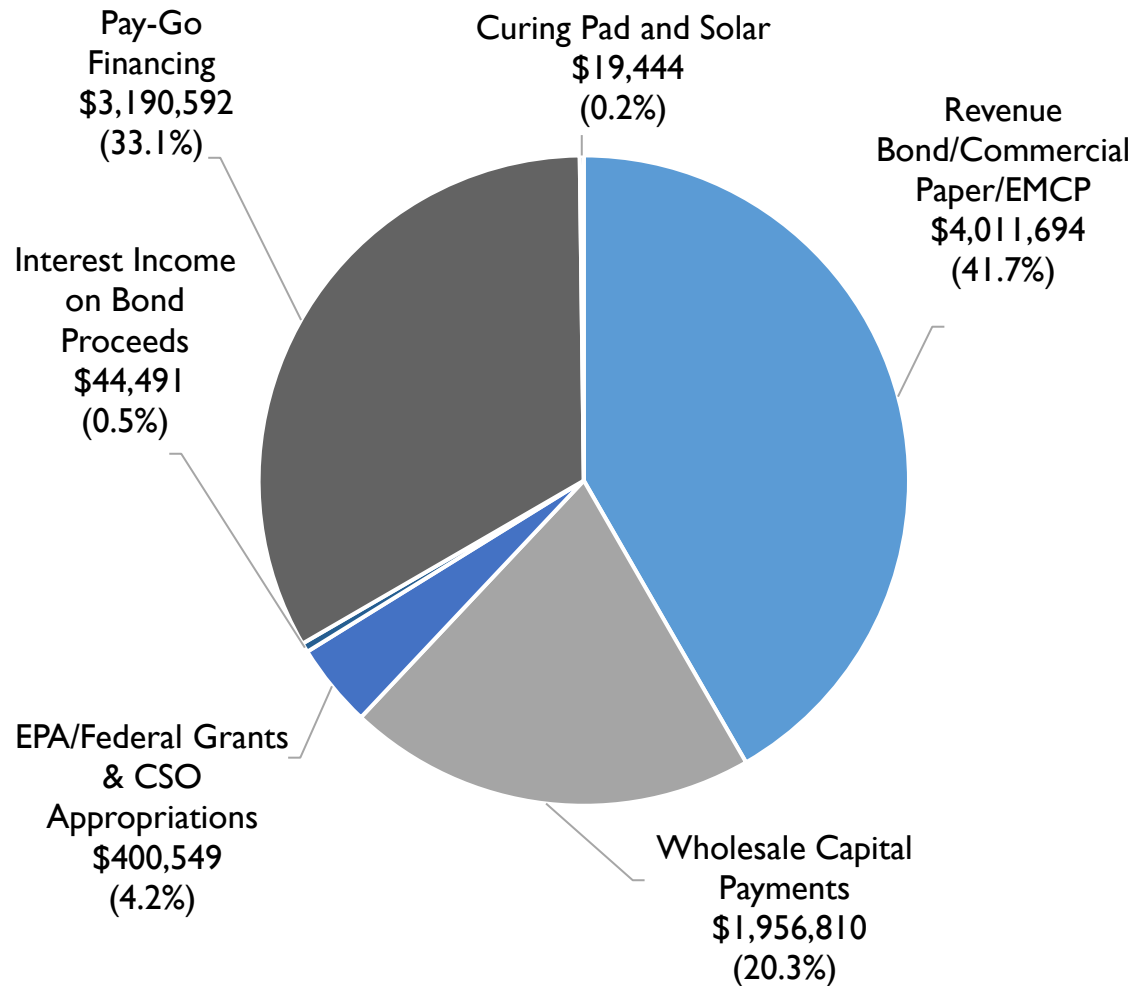
Uses - \$1.01 billion



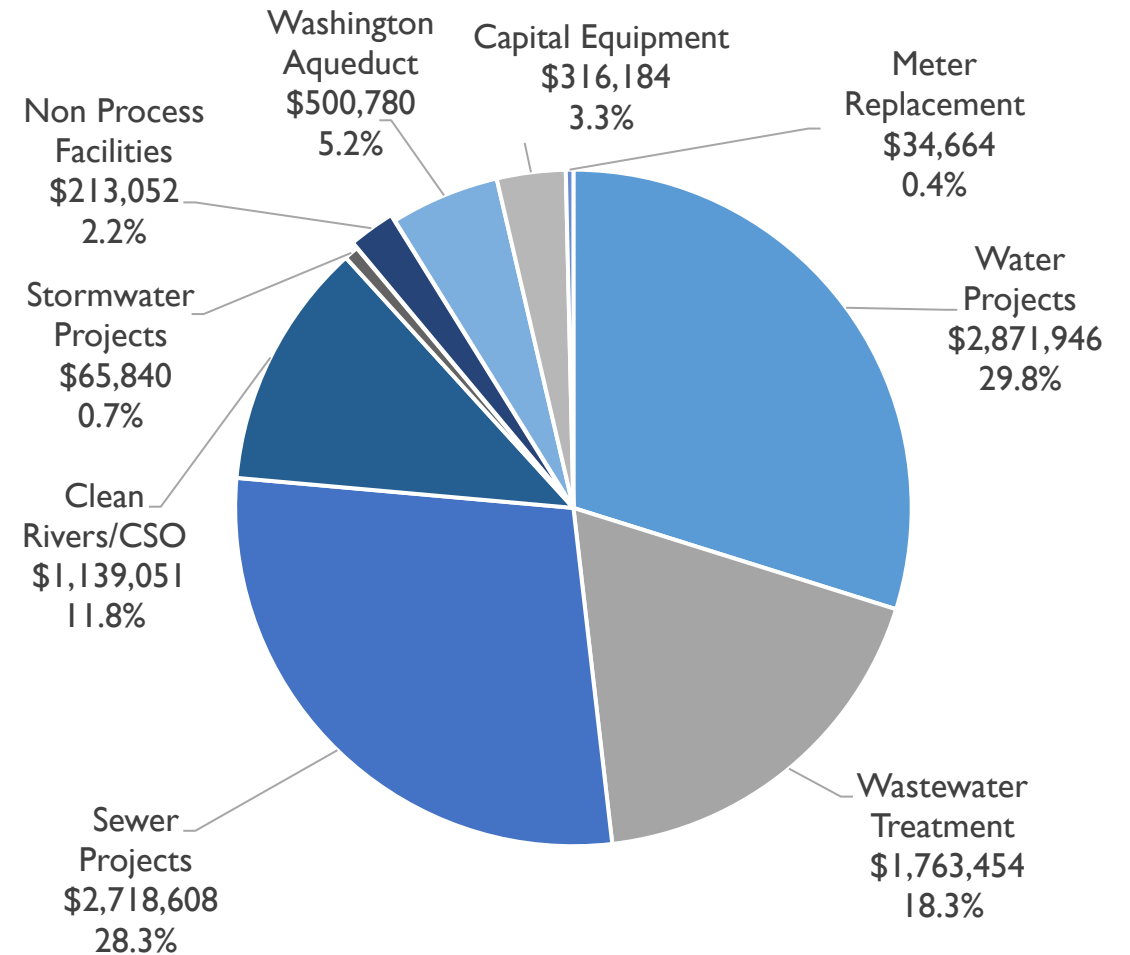
Ten Year CIP: Sources and Uses of Funds

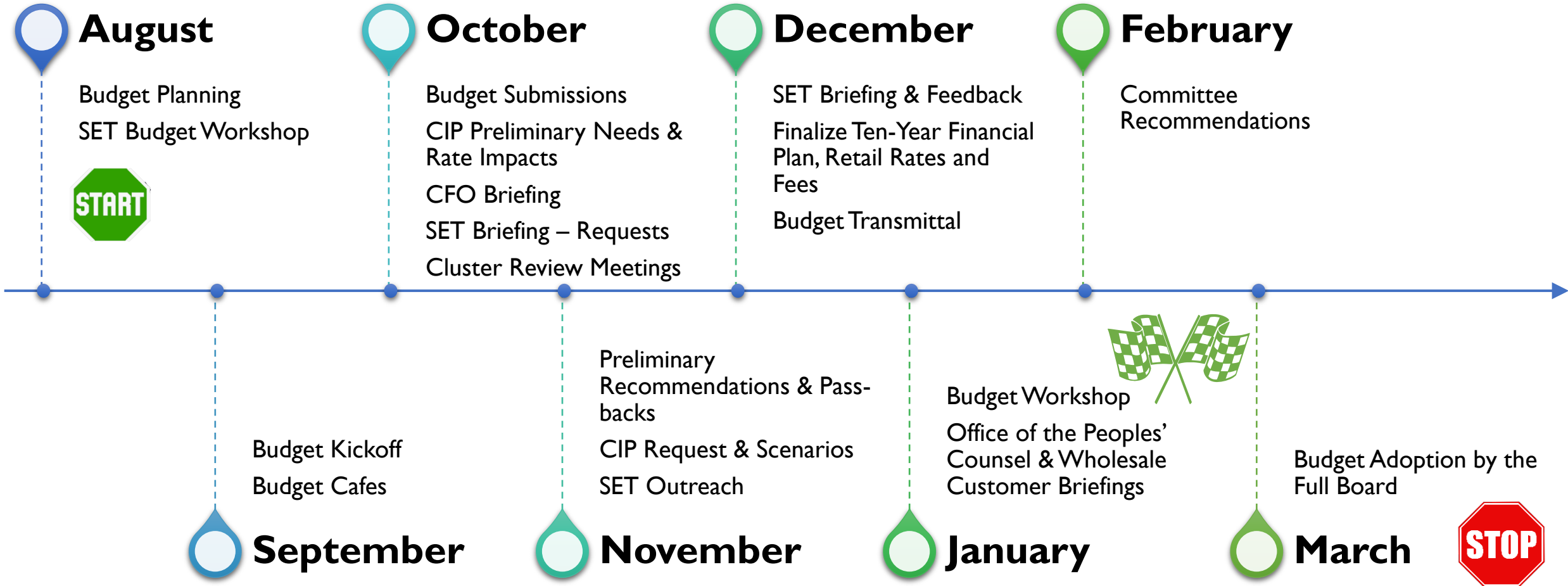
\$ in thousands

Sources - \$9.62 Billion



Uses - \$9.62 Billion





- 💧 **Board Review** of Proposals
 - Two months of detailed review by Finance and Budget, Environmental Quality and Operations, and Retail Rates Committees
- 💧 **Customer Briefings and Feedback**
 - Wholesale Customer Briefing on January 22, 2025
 - Office of the People’s Counsel Budget Briefing on January 24, 2025
- 💧 **Committee Recommendation** to Board in April
- 💧 Board **Budget Adoption** on March 6, 2025
- 💧 Fiscal year **begins** on October 1, 2025



Proposed Capital Improvement Program



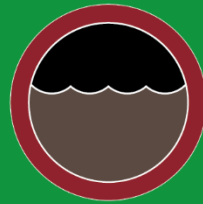
DC Water Budget Overview

FY2025-2034

Proposed

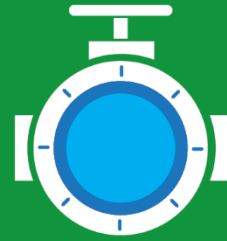
Capital

Investments
of **\$9.6 billion**



**Sewer
Infrastructure
Investments
\$2.79 billion**

Ramps up to 1% rehabilitation for small/local sewer lines per year and invests in high risk trunk sewers



**Water
Infrastructure
Investments
\$1.77 billion**

Ramps up to 1.5% replacement for small diameter water mains per year



Blue Plains \$1.76 billion

Funds rehabilitation and upgrades including Filters, Primary treatment, and process innovations



\$1.10 billion
Continue eliminating lead service lines and meet regulatory requirements



\$1.07 billion
Fully funds DC Water Clean Rivers projects to meet Consent Decree requirements



Invests in the Aqueduct's capital infrastructure

\$501 million



\$351 million

Invests in process equipment, specialized vehicles, and information technology infrastructure



\$213 million

Renovates Non-Process Facilities including at Blue Plains, Main Pump Station, and Bryant Street Pump Station

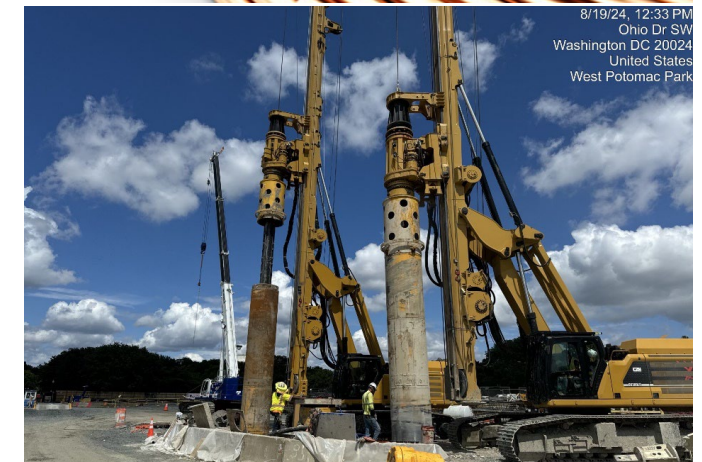


\$66 million

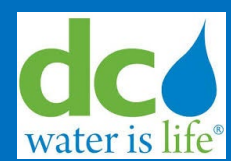
Improves stormwater pump stations to relieve local flooding

💧 The 10-Year \$9.62 billion Capital Program, with projected rate increases:

- Fully funds the Clean Rivers Program including completion of the Potomac River tunnel to meet the consent decree requirement by 2030
- Allocates \$1.1 billion for the Lead-Free DC program
- Funds more than 150 miles of small diameter water main replacement
- Invests \$4.5 billion in the aging water and sewer system infrastructure including full rehabilitation of Potomac Interceptor
- Directs \$1.8 billion for major rehabilitation and upgrades at Blue Plains
- Allocates \$500.8 million for DC Water's share of the Washington Aqueduct's infrastructure program
- Provides \$350.8 million for the purchase/replacement of vehicles, heavy-duty equipment, mechanical equipment, operational facilities, meters, office renovations, and IT projects



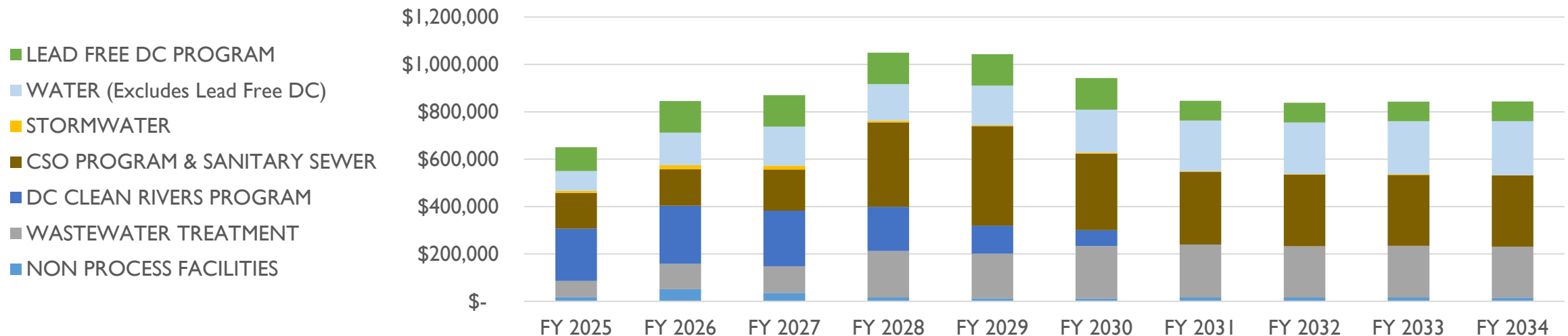
DCCR Potomac Tunnel Mining Shaft Construction



The Capital Improvement Program

Cash Disbursements (\$000's)	FY2025 - FY 2034 CAPITAL IMPROVEMENT PROGRAM											Last Year's 10-yr	(Increase) Decrease	Lifetime Budget
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	10-yr Total			
NON PROCESS FACILITIES	\$ 18,181	\$ 51,570	\$ 36,149	\$ 16,630	\$ 13,006	\$ 12,169	\$ 16,339	\$ 16,393	\$ 16,616	\$ 16,000	\$ 213,052	\$ 197,518	\$ (15,534)	\$ 414,629
WASTEWATER TREATMENT	68,282	106,353	111,659	195,570	188,694	221,431	222,997	215,925	217,553	214,990	1,763,454	1,333,603	(429,851)	3,871,705
COMBINED SEWER OVERFLOW	223,832	250,386	237,349	197,096	138,525	85,911	5,953	-	-	-	1,139,051	1,230,093	91,042	3,421,865
STORMWATER	8,209	17,360	16,440	6,955	3,540	5,131	1,738	2,311	2,554	1,602	65,840	68,551	2,711	151,699
SANITARY SEWER	146,901	148,796	170,931	345,603	399,157	303,342	301,698	302,597	299,314	300,268	2,718,608	1,855,580	(863,028)	3,745,688
WATER	185,094	270,680	297,810	288,118	300,403	314,195	297,381	300,544	307,069	310,652	2,871,946	2,353,028	(518,918)	4,968,489
CAPITAL PROJECTS	650,499	845,145	870,337	1,049,973	1,043,325	942,179	846,106	837,770	843,106	843,512	8,771,952	7,038,373	(1,733,579)	16,574,075
CAPITAL EQUIPMENT	31,477	32,481	32,052	31,825	37,169	37,169	37,169	37,169	37,169	37,169	350,848	347,390	(3,458)	350,848
WASHINGTON AQUEDUCT	35,770	35,770	35,770	35,770	35,770	35,770	71,540	71,540	71,540	71,540	500,780	357,472	(143,308)	500,780
ADDITIONAL CAPITAL PROJECTS	67,247	68,251	67,822	67,595	72,939	72,939	108,709	108,709	108,709	108,709	851,628	704,862	(146,766)	851,628
LABOR														383,495
TOTAL CAPITAL BUDGETS	\$ 717,745	\$ 913,396	\$ 938,159	\$ 1,117,568	\$ 1,116,264	\$ 1,015,118	\$ 954,815	\$ 946,479	\$ 951,815	\$ 952,221	\$ 9,623,580	\$7,743,235	\$(1,880,345)	\$17,809,199
Board Approved 10yr- CIP	732,139	841,815	829,232	888,890	1,017,465	908,987	709,507	675,467	625,006		7,743,235			
Delta (inc)/dec	14,394	(71,581)	(108,927)	(228,678)	(98,799)	(106,131)	(245,308)	(271,012)	(326,809)	(437,494)	(1,880,345)			

10-YEAR CAPITAL IMPROVEMENT PROGRAM - CAPITAL PROJECTS



Comparative CIP by Year

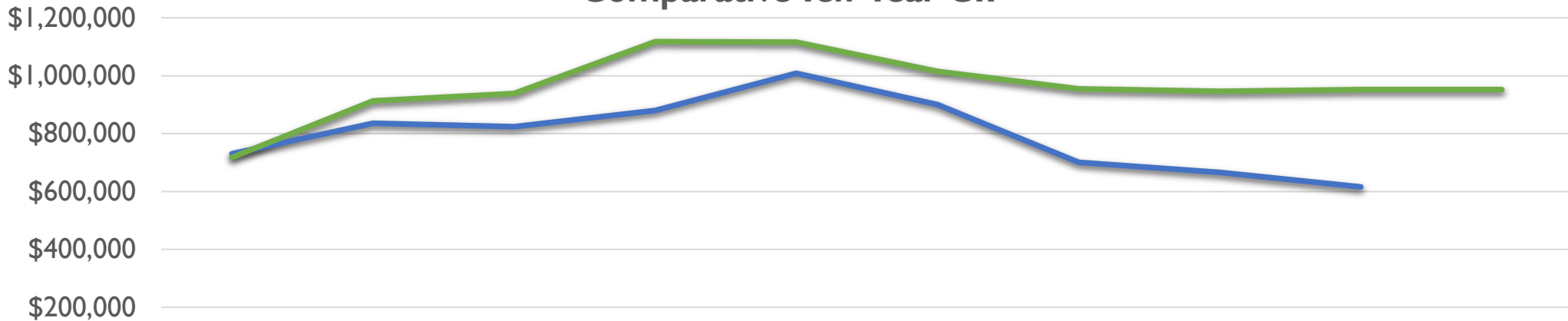
Increases

Service Area	Increase	10-yr Total
Non-Process	\$15M	\$213M
Wastewater	\$430M	\$1.8B
Sewer & CSO	\$870M	\$2.8B
Water (excluding LFDC)	\$152M	\$1.8B
LFDC	\$367M	\$1.1B

Decreases

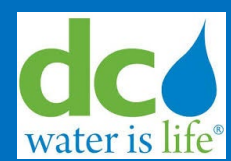
Service Area	Decrease	10-yr Total
Stormwater	\$3M	\$66M
DCCR (ending 2030)	\$98M	\$1.1B

Comparative Ten-Year CIP



\$ in thousands \$0

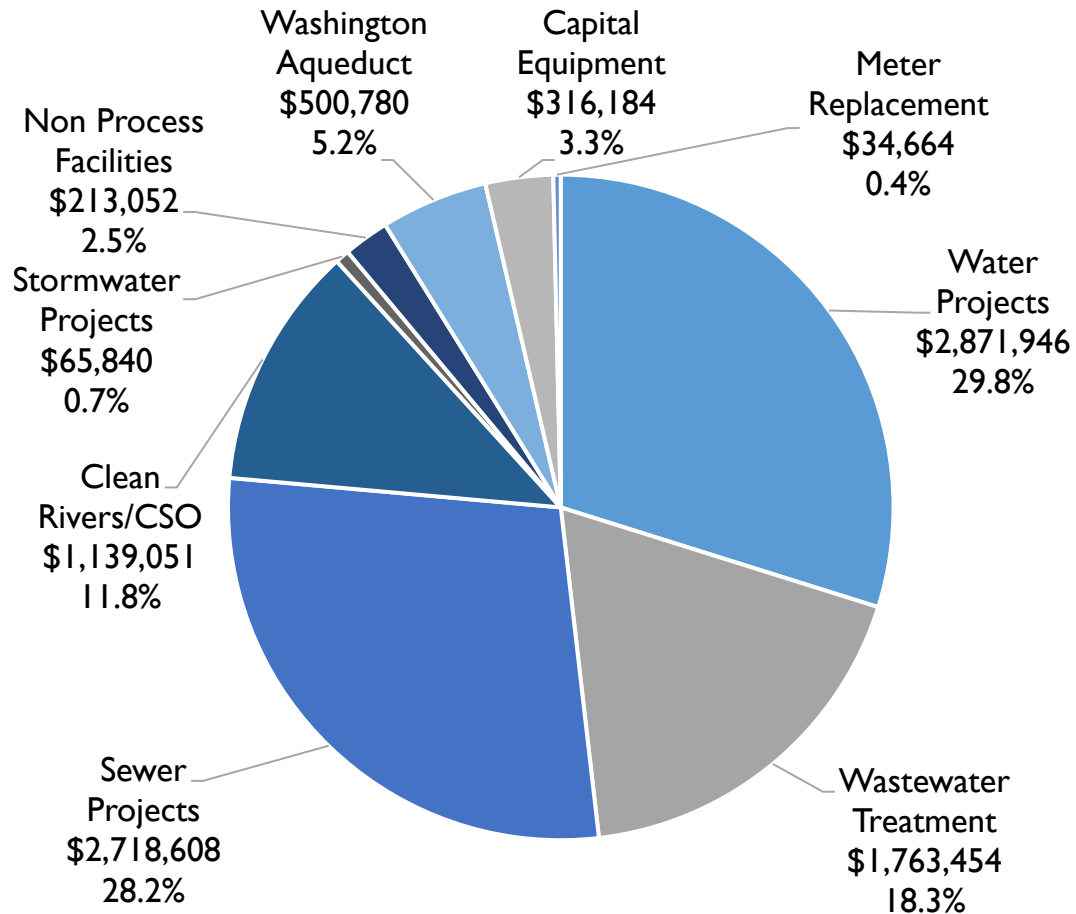
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Board Approved	\$730,583	\$835,340	\$824,196	\$879,765	\$1,008,340	\$899,862	\$700,382	\$666,342	\$615,881	
Proposed CIP	\$717,745	\$913,396	\$938,159	\$1,117,568	\$1,116,264	\$1,015,118	\$954,815	\$946,479	\$951,815	\$952,221



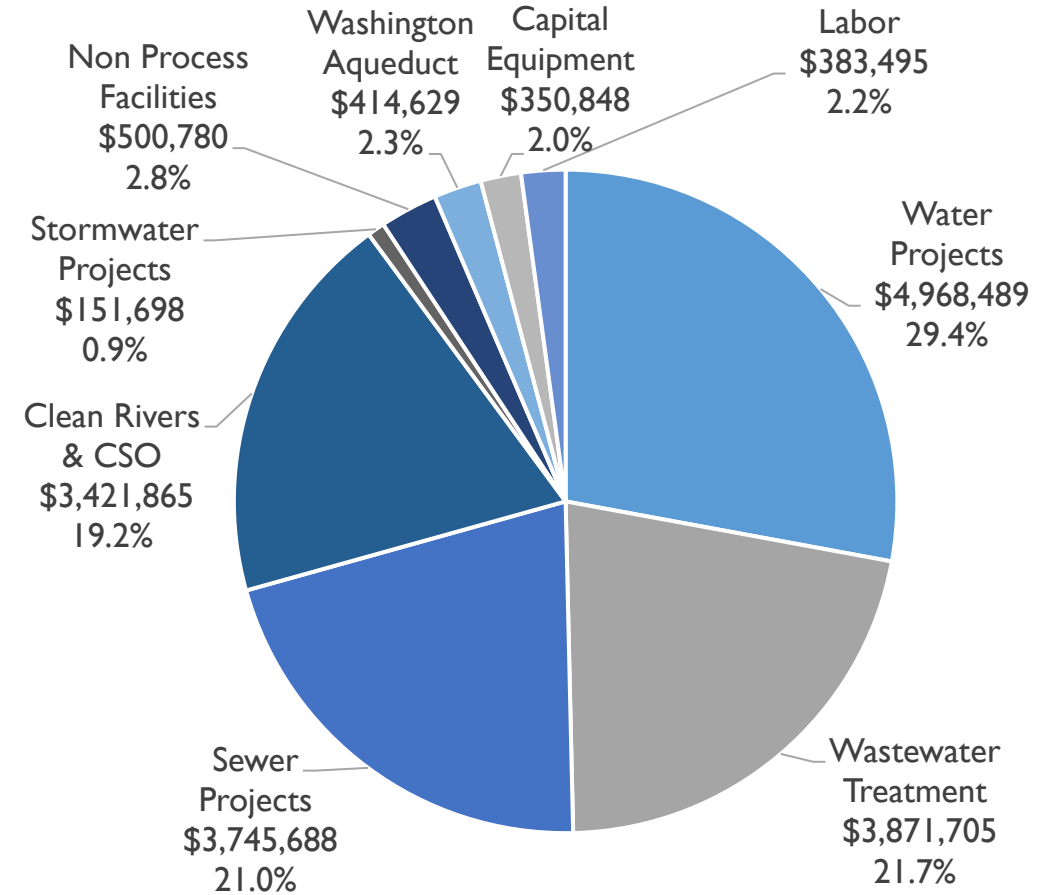
Capital Improvement Program Budgets

\$ in thousands

Ten-Year Disbursement \$9.62 Billion



Lifetime Project \$17.8 Billion



Proposed Changes in the 10-Year CIP

Service Area	Project/Cost Driver	10-Year Increase	Cost Allocation
Lead Free DC Program	Brass	\$220M	DC
Lead Free DC Program	DDOT Permits	\$85M	DC
Wastewater Treatment	Odor Control & Second Source	\$429M	DC & Wholesale Customers
Sewer & CSO	Potomac Interceptor	\$441M	Wholesale Customers
Sewer & CSO	Sewer Rehab (IR & R)	\$250M	DC & Wholesale Customers
Sewer & CSO	Small/Local Sewers	\$92M	DC
Water	Water Distribution	\$61M	DC
Water	Water Storage	\$57M	DC
Washington Aqueduct	Future Needs	\$143M	DC

Risks we are monitoring:

- Regulatory
 - Per- and Polyfluoroalkyl Substances (PFAS) (Water and Biosolids)
 - New National Pollutant Discharge Elimination System (NPDES) Permit
 - New DOEE Odor Control Regulations
- Climate Change – Seawalls, Facility Hardening, CSO Program, Stormwater Capacity
- Washington Aqueduct Capital Program Uncertainties (PFAS & Future Capital Expenses)
- Anacostia river sediment contamination (PCBs)

Risk mitigation underway:

- Water Supply (Source & Storage Volume; Reliability and Resilience)
- Major Linear Infrastructure Needs with high consequence of failure
- New Lead and Copper Rule Improvements
- Cured In Place Pipe curing methods

- 💧 Programmatic Approach to capture Federal and Industry Funding Opportunities
- 💧 Blue Plains Process Research and Development:
 - Pilot for Intensification with Granulated Sludge to Reduce Cost of Future Capacity
 - Blue Plains PdNA (Partial Denitrification-Annamox) Pilot to Reduce Cost and Dependence on Chemicals
- 💧 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 - Optimize Renewable Energy Distribution
- 💧 Diversify Bloom Products Marketing and storage for optimum sales
- 💧 CIP execution Improvements – Move from Design-Bid-Build to Collaborative Delivery

Path to Future: More Sustainable CIP

• **Proposed CIP** of \$9.6B addresses many of DC Water’s critical assets but there is more to do

• **Future ten-year CIP** will consider needs which may be \$5B to \$10B more than current proposal

- Rehabilitate large trunk sewers with high consequence of failure
- Assess and address high risk Large Diameter Water Main defects
- Address the local sewers backlog 50 years sooner by rehabilitating at 2.5% per year
- Address small diameter water main backlog 20 years sooner by replacing 27 miles per year vs current 17 miles

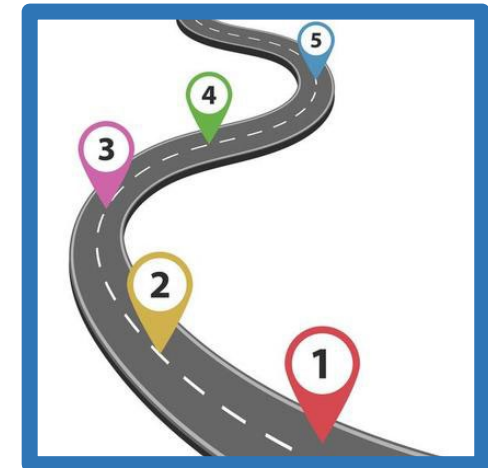
• **Path Forward:** Lay the groundwork for the next year’s ten-year CIP budget and two-year rate proposal

- Continue with condition assessments and collecting operational priorities to further define CIP needs
- Evaluate customer affordability including required retail rate adjustments and wholesale contributions
- Confirm inflationary increases are included and Work to identify additional funding sources
- Deliver presentations throughout 2025 to the various Board Committees and Stakeholders
- Incorporate findings and feedback into the future (FY26-35) CIP proposal

Consequence of Failure

	Very Low	Low	Moderate	High	Very High
Very High					
High					
Moderate					
Low					
Very Low					

Likelihood of Failure



Critical Customers and Aging Infrastructure



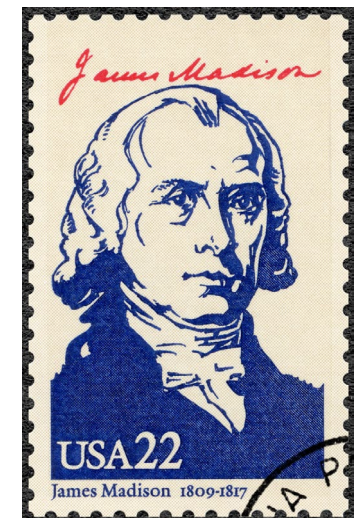
412 February 23, 1910. Water Department wagon loaded with 8-inch pipe.

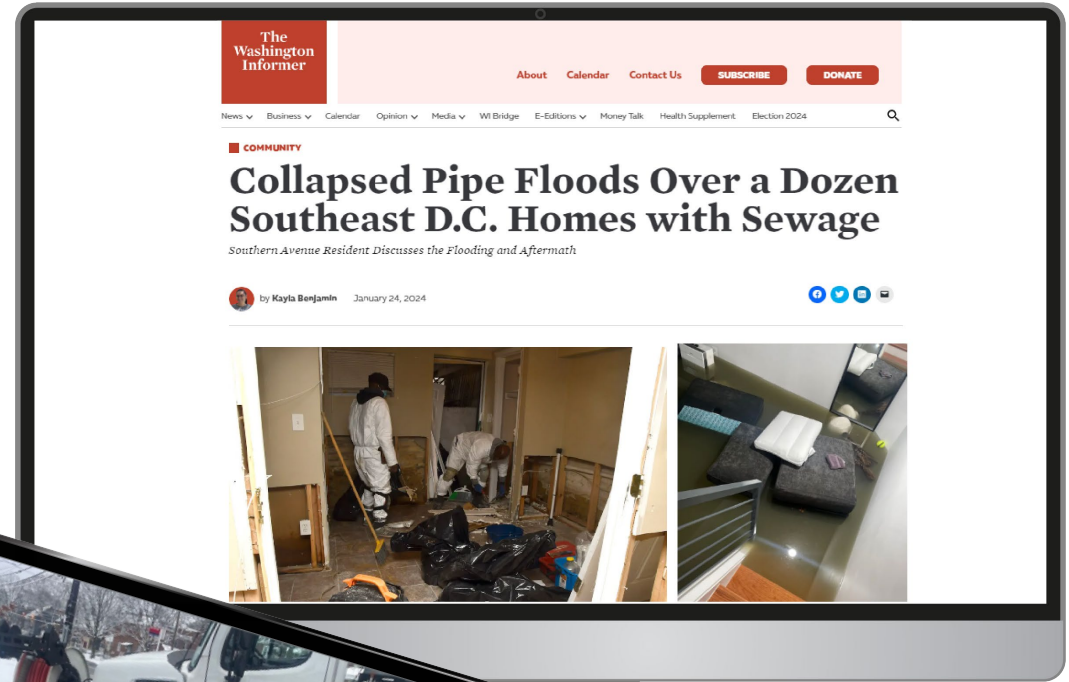
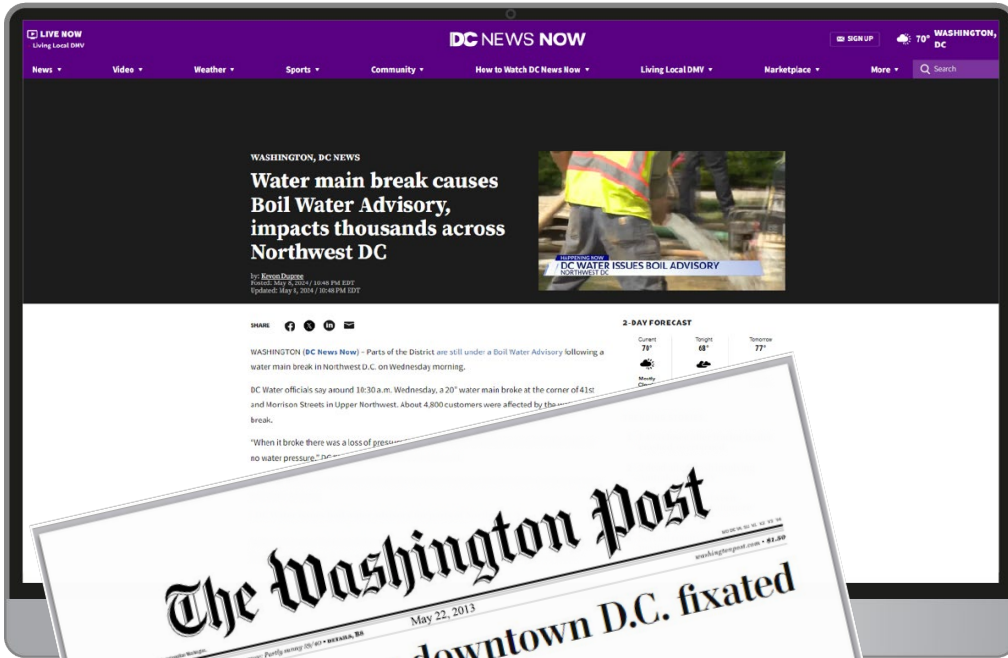


166. Jan. 6, 1909. Knox Auto Truck and Leak Gang.

High Consequence of Failure

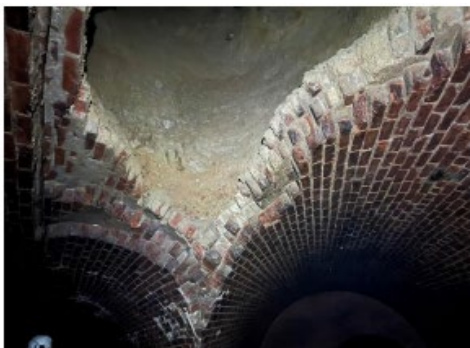
We have an old system serving our residents and government





We are at Risk – Recent Large Sewer Emergencies:

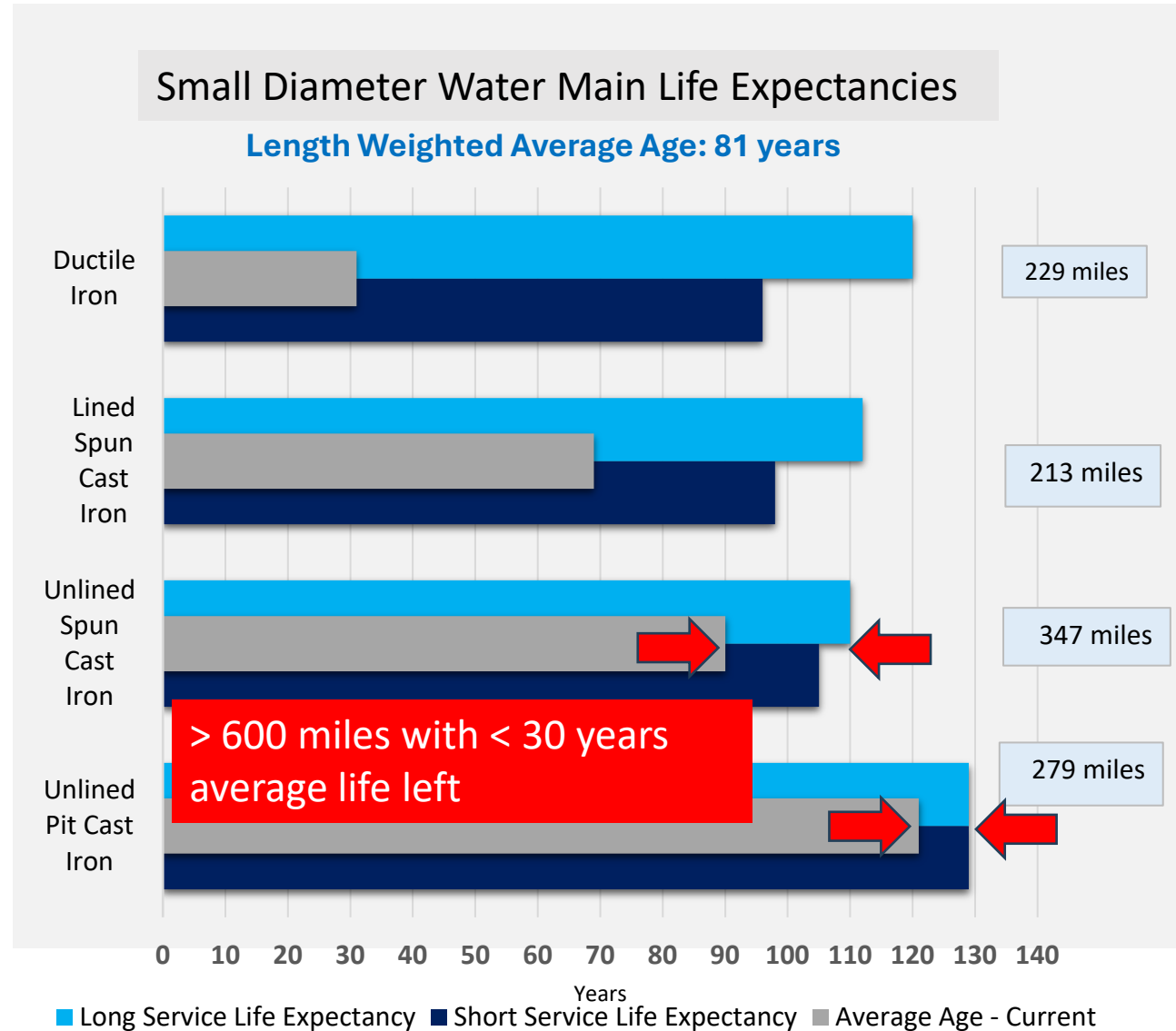
Project Location	Failure (year)	Est. Cost (\$)
East/West Outfall Relief Sewer	2023	\$25M
Glover Park	2023	\$1.8M
Anacostia Main Interceptor	2023	\$10M
Potomac Interceptor MH-31	2024	\$10M
NW Boundary Trunk Sewer *Phase 1 repair only	2024	\$2M*
Tiber Creek Manhole	2024	\$0.8M



NW Boundary Trunk Sewer

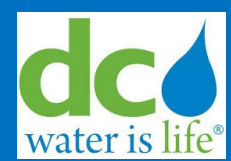


Anacostia Main Interceptor Sinkhole



Water Break

Operating Budget & Senior Executive Team Roundtable

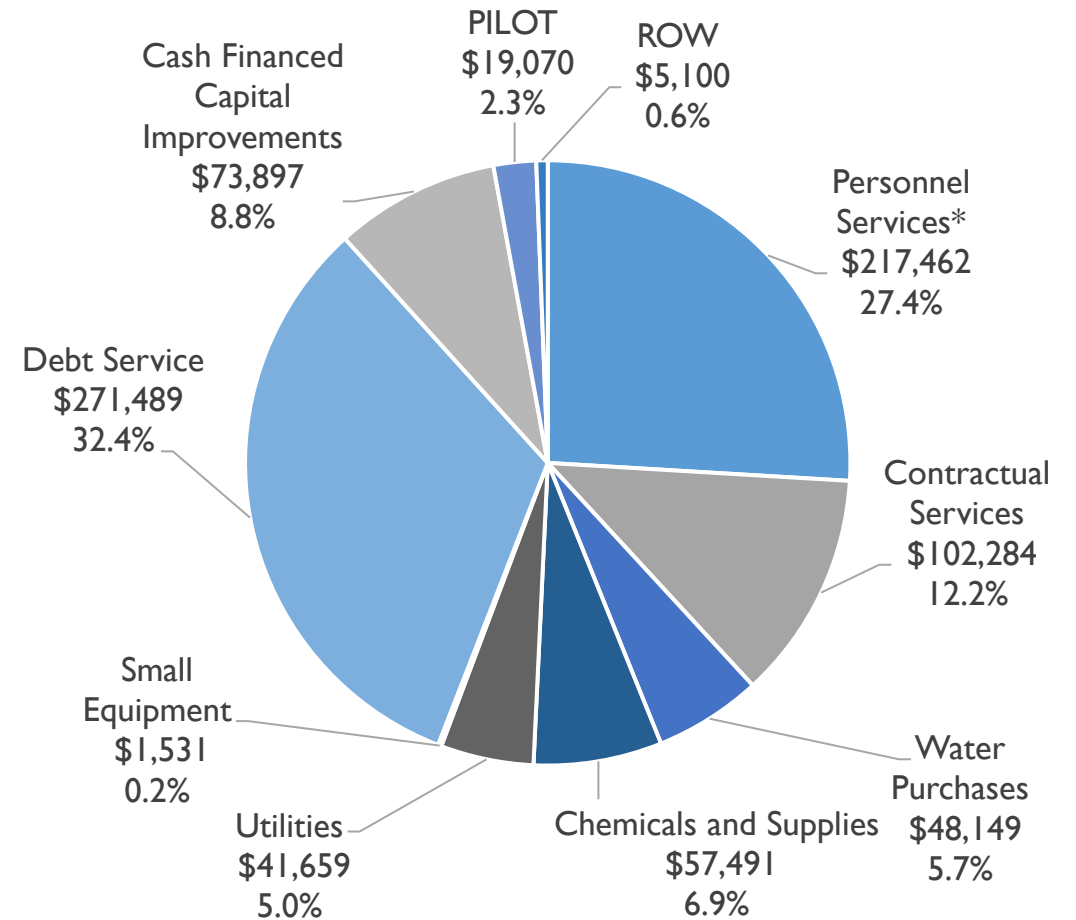
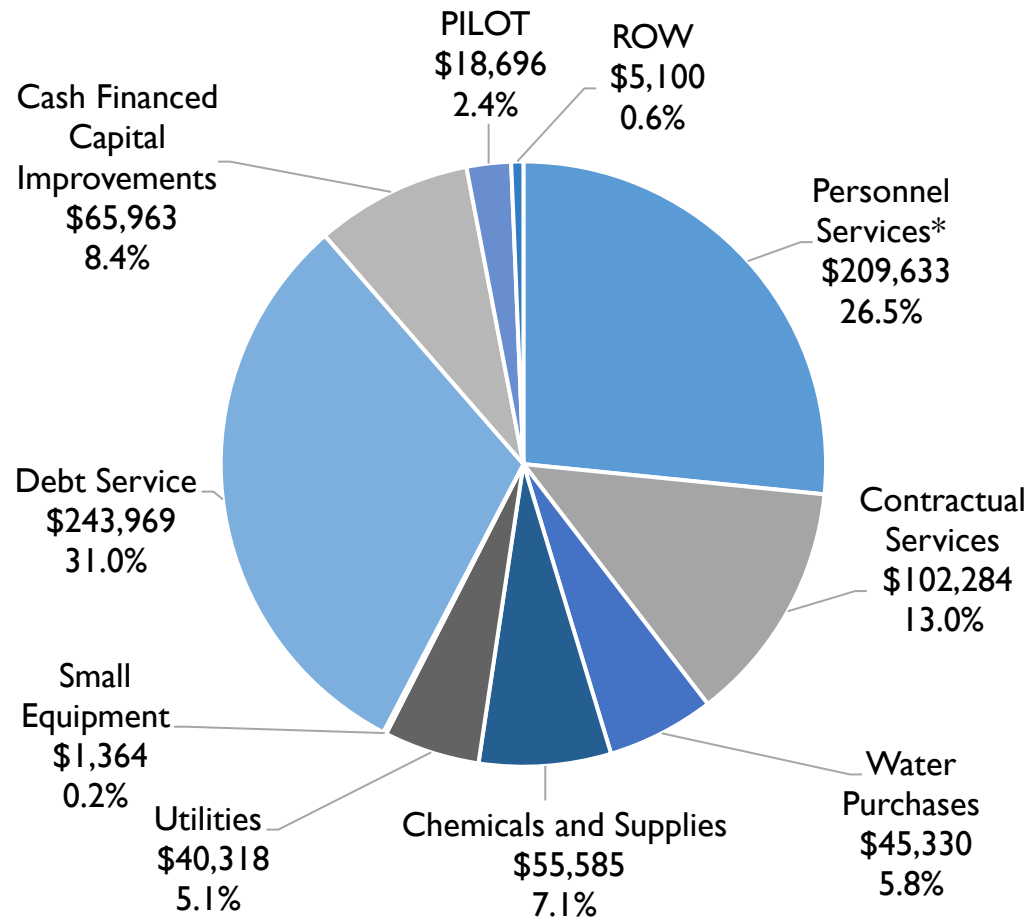


FY 2025 vs. FY 2026 Expenditure Budgets

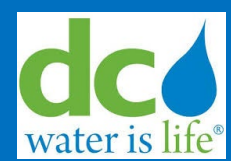
\$ in thousands

Revised FY 2025 \$788,241

Proposed FY 2026 \$838,133



* Personnel Services include capital labor charges



Operating Budget Comparison by Cost Category

- DC Water successfully closed Fiscal Year 2024 with strong financial performance, achieving approximately 97% of the overall budget
- The FY 2025 amended budget reflects reprogramming of \$5.5 million from debt service to CFCI. The overall budget remains the same and increase in PAYGO reduces future borrowing costs
- The proposed FY 2026 overall operating budget is \$838.1 million, an increase of \$49.9 million or 6.3% compared to FY 2025 level

(\$000's)	FY 2024			FY 2025		FY 2025	FY 2026	(Increase)/ Decrease	
	Revised	Actual	Variance	Adopted Budget	Budget Reprogramming	Amended Budget	Proposed Budget	\$	%
Regular Pay	\$ 147,203	\$ 139,983	\$ 7,220	\$ 154,105		\$ 154,105	\$ 159,348	\$ (5,243)	-3.4%
Benefits	45,869	41,491	4,378	46,425		46,425	46,914	(489)	-1.1%
Overtime	8,509	11,521	(3,011)	9,103		9,103	11,200	(2,097)	-23.0%
Total Personnel Services	201,581	192,994	8,587	209,633	-	209,633	217,462	(7,829)	-3.7%
Chemical and Supplies	54,568	55,596	(1,027)	55,585		55,585	57,491	(1,906)	-3.4%
Utilities	39,233	34,202	5,031	40,318		40,318	41,659	(1,341)	-3.3%
Contractual Services	93,070	89,276	3,795	102,284		102,284	102,284	-	0.0%
Water Purchases	44,039	38,904	5,134	45,330		45,330	48,149	(2,819)	-6.2%
Small Equipment	1,437	1,599	(162)	1,364		1,364	1,531	(167)	-12.2%
Total Non-Personnel Services	232,347	219,576	12,771	244,881	-	244,881	251,114	(6,233)	-2.5%
Total Operations & Maintenance	\$ 433,928	\$ 412,570	\$ 21,358	\$ 454,513	\$ -	\$ 454,513	\$ 468,576	\$ (14,063)	-3.1%
Debt Service	221,635	220,073	1,562	249,495	(5,526)	243,969	271,489	(27,521)	-11.3%
PILOT & ROW	23,430	23,430	-	23,796		23,796	24,170	(374)	-1.6%
Cash Financed Capital Improvements (CFCI)	58,575	58,575	-	60,436	5,526	65,963	73,897	(7,934)	-12.0%
Total Non-O&M	303,639	302,077	1,562	333,728	-	333,728	369,557	(35,829)	-10.7%
Total Operating Expenditure	\$ 737,567	\$ 714,647	\$ 22,920	\$ 788,241	\$ -	\$ 788,241	\$ 838,133	\$ (49,892)	-6.3%
Capital Labor Charges	(31,974)	(26,699)	(5,274)	(34,087)		(34,087)	(30,907)	(3,180)	9.3%
Net Operating Expenditure	\$ 705,593	\$ 687,948	\$ 17,645	\$ 754,154	\$ -	\$ 754,154	\$ 807,226	\$ (53,072)	-7.0%



Personnel (\$7.8 million increase) – Reflects adjustments for vacancies, merit, increased overtime and other salary adjustments. Assumes an overall vacancy rate of 5% compared to 7% in FY 2025 due to elimination of existing vacancies



Chemicals (Relatively flat) – Budget is based on current price projections with unit price increases for sodium hypochlorite offset by unit price reductions in methanol and other chemicals. Energy market volatilities may impact the budget



Supplies (\$1.9 million increase) – Reflects inflationary cost pressures for critical parts and custodial materials



Utilities (\$1.3 million net increase) – Anticipates increased capacity prices for electricity starting with offsetting reduction in natural gas and water usage in various treatment activities consistent with current trends



Water Purchase (\$2.8 million increase) – Driven by proportionate cost for the dredging of the Little Seneca Reservoir



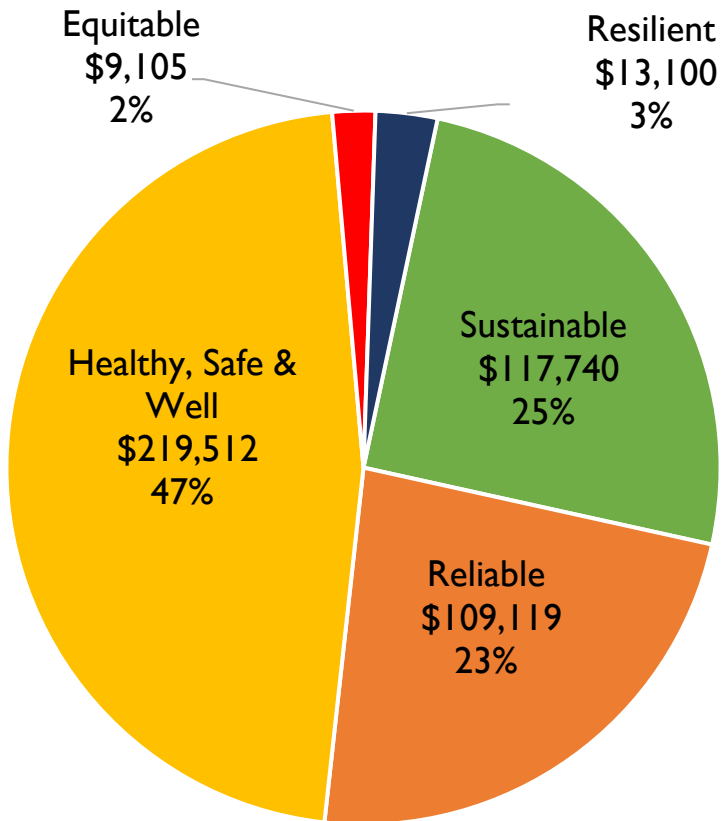
Contractual Services (no change) – Caps spending at FY25 budget with cost adjustments for maintenance & repairs, software, insurance and various professional services for hauling and disposal, industrial cleaning and janitorial services



Small Equipment (\$0.2 million increase) – Reflects rental of two cranes for use at Blue Plains

\$ in thousands

Proposed FY 2026 O&M Budget Breakdown by Blueprint 2.0



Salaries, retirement and health benefits, employment taxes, janitorial services, trash removal and recycling services, insurance premiums, claims, safety parts, custodial supplies, and more.



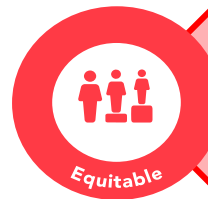
Chemicals, hauling & disposal of biosolids, Combined Heat & Power facility support, industrial cleaning, drinking water purchases from the Aqueduct, industrial cleaning, grit removal & disposal, Green Infrastructure maintenance, research & development, audit, and more.



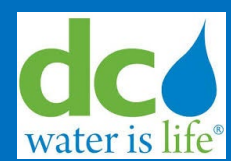
Energy, water usage, overtime, maintenance & repair (automotive, equipment, HVAC, elevators), telecommunication, software & hardware maintenance (customer billing, SCADA, ERP), locate & mark services, critical parts & supplies, and more.



Security guard services, employee on call time, maintenance & repairs (meter, general, electrical high and low voltage, other), cybersecurity, and more.



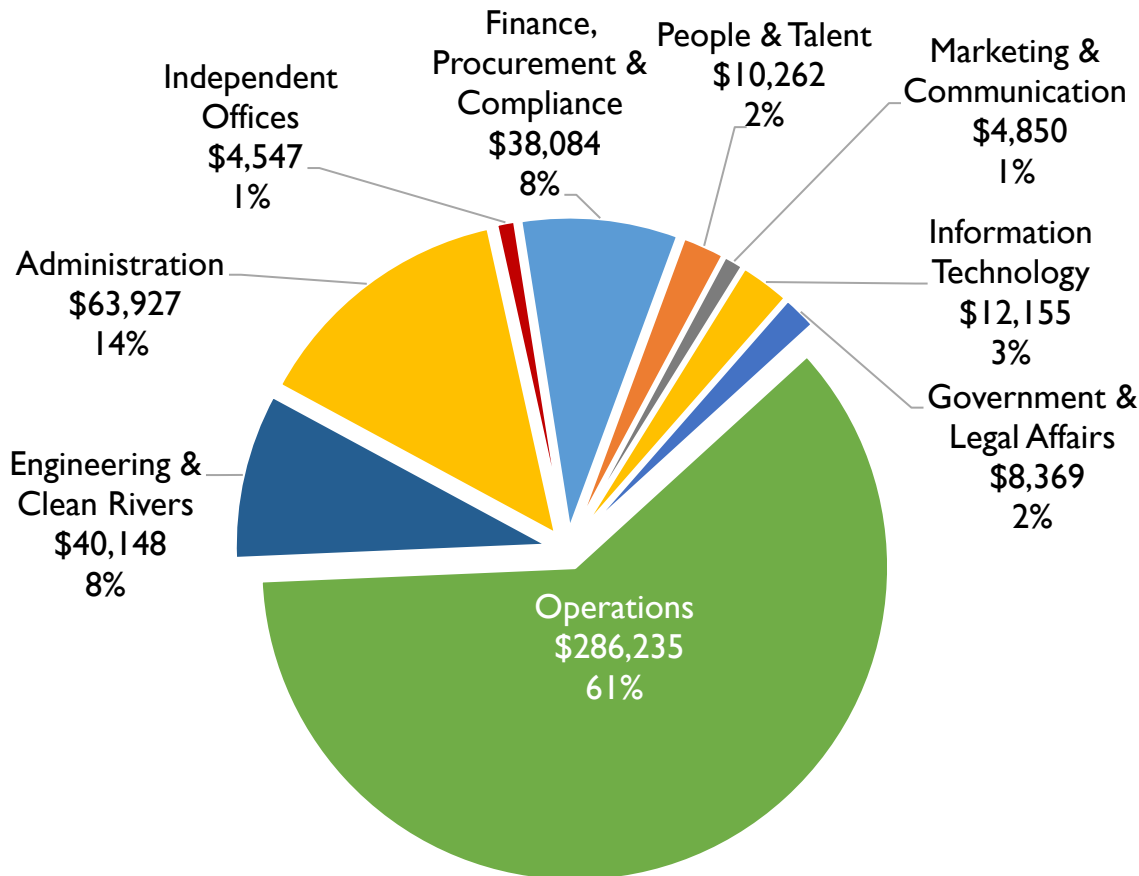
Customer assistance and community outreach programs, legal matters, litigation contingency, employee parking subsidy, clothing and uniforms, employee orientation and internship programs, various employee training and conferences, and more.



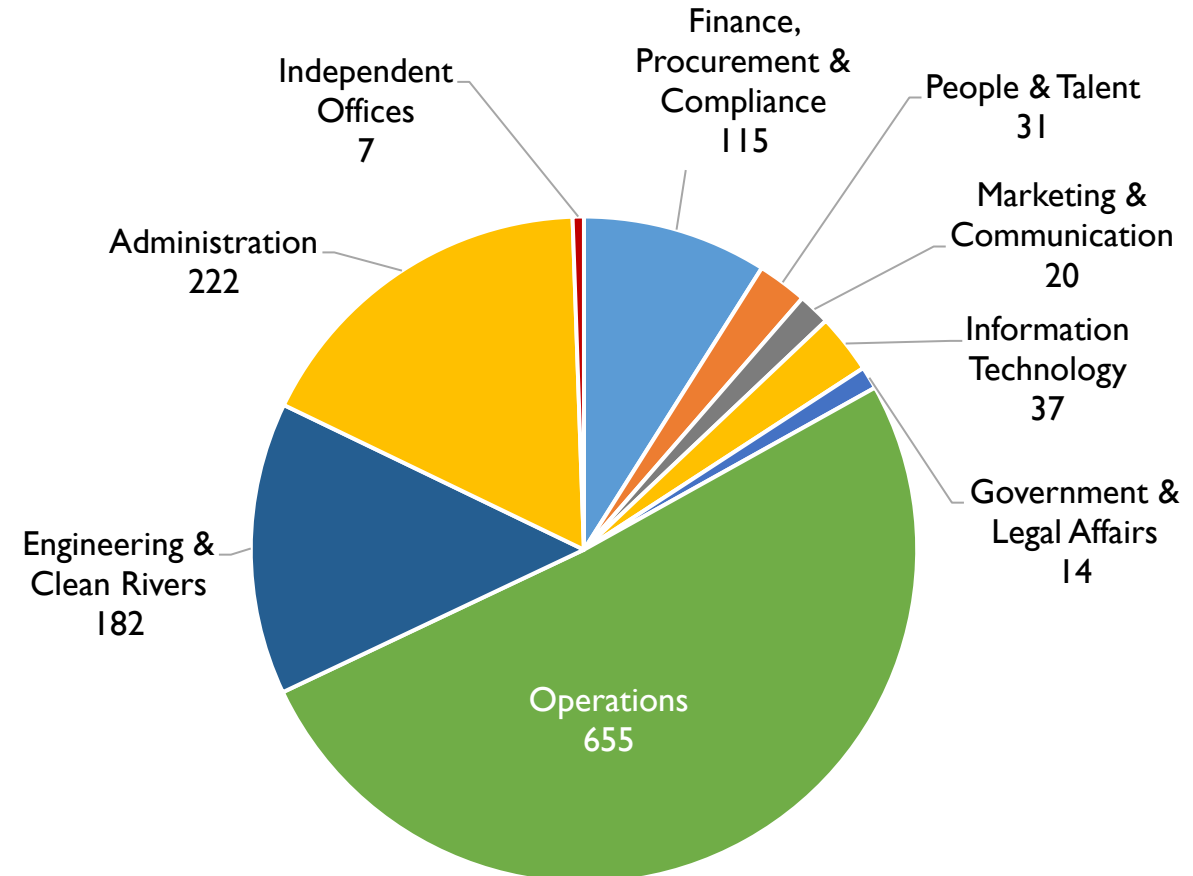
Proposed FY 2026 O&M Budget by Cluster

\$ in thousands

Operations & Maintenance Budget - \$468,576



Authorized Headcount 1283 FTEs



Operations & Engineering: Budget Highlights



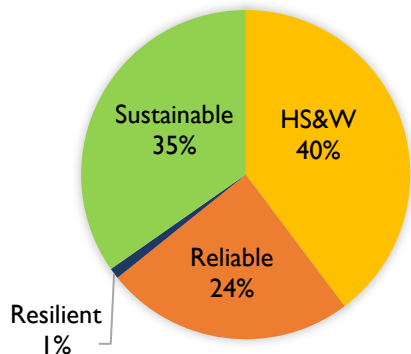
Jeffrey F. Thompson

Chief Operations Officer, EVP,
Operations and Engineering

**Strategic Plan
Imperative Owner**



Breakdown by Blueprint 2.0

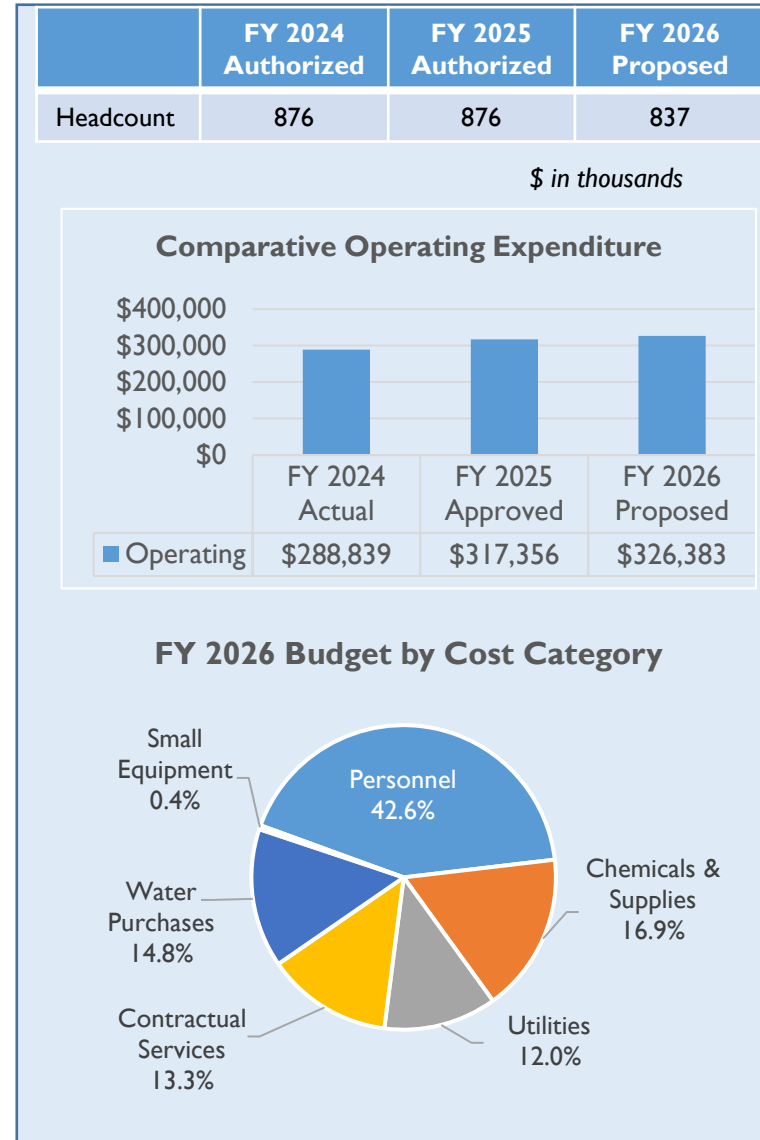


This cluster comprises of the Operations, Engineering, Clean Rivers and the Office of the Chief Operating Officer's (OCCO) Departments

The Proposed FY 2026 Operating Budget is \$326.4 million, a net increase of \$9 million for the entire cluster mainly for water purchase, critical parts and supplies and various professional services

The budget for the OCCO Department is \$2 million

- Pays salaries and benefits for 5 FTEs
- Optimizes CIP Planning and Reporting
- Accelerates Digital Transformation Applications across COO teams
- Active engagement in developing an alternative source for Water

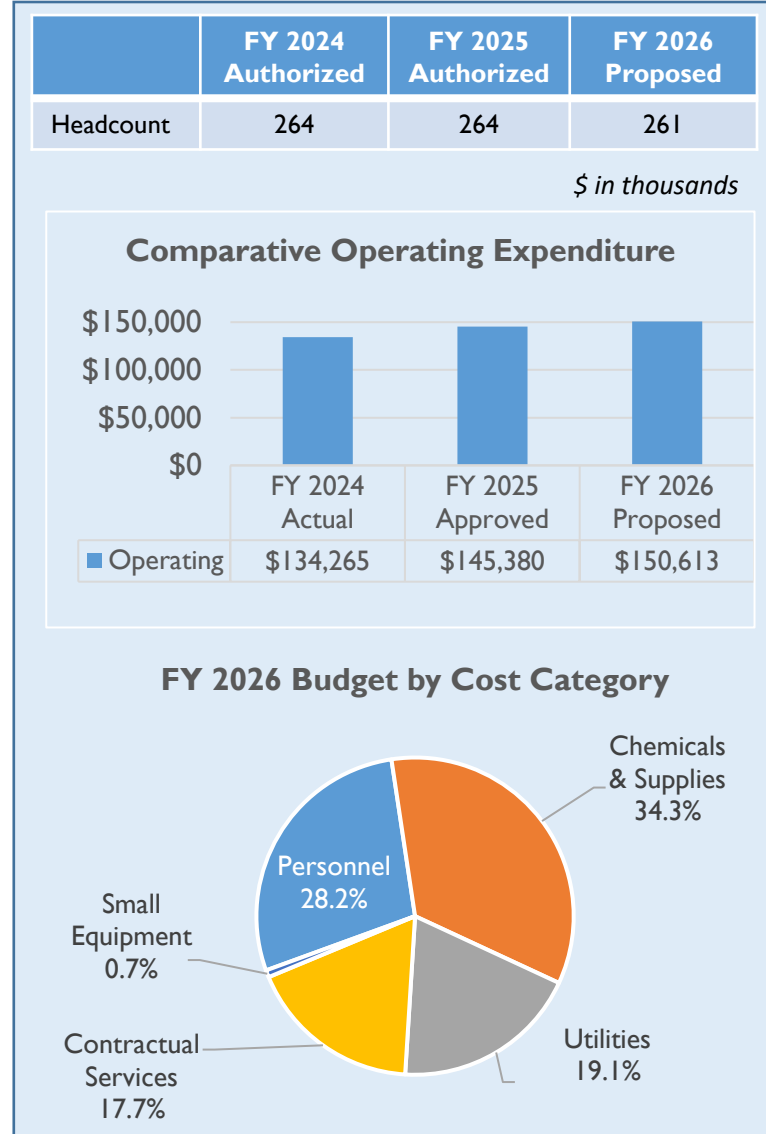


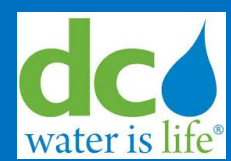
Wastewater Treatment comprises of the Departments of Wastewater Treatment Operations, Maintenance Services, Process Engineering, Clean Water & Technology and Resource Recovery

- The Proposed FY 2026 Operating Budget is \$150.6 million, a net increase of \$5.2 million
 - The budget allocates funds for salaries, benefits, and overtime for a workforce of 261 full-time employees (FTEs) and the career workforce advancement program
 - Earmarks funding for fixed costs such as electricity, chemicals and water usage needed for wastewater treatment processes
 - Allocates funding for the preliminary Per- and Polyfluoroalkyl Substances (PFAS) monitoring program at Blue Plains to meet emerging regulations and new permit requirements
 - Continues implementation of Laboratory Information Management System (LIMS) for the certification of the lab at Blue Plains

Major Program Highlights and Budget Changes

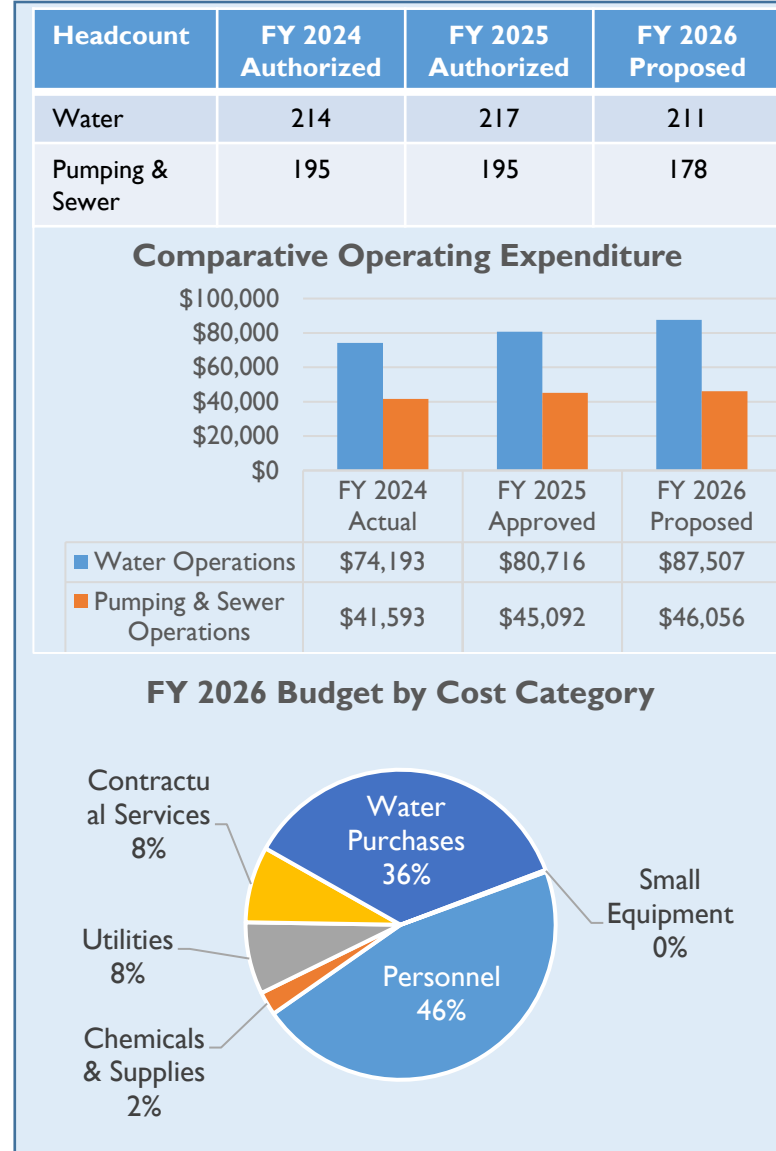
- Headcount reflects elimination of 5 vacant and hard-to-fill electrician positions, one new position for reclaimed water research program and headcount transfer for Enterprise-wide energy management functions
- Reflects significant cost increases for critical spare parts and contractual services for electrical high-voltage low voltage repairs, industrial cleaning, biosolids hauling, and maintenance of the Combined Heat & Power (CHP) facility
- Replacement of nutrient analysis equipment which is critical for sampling instrumentation consistent with the National Pollutant Discharge Elimination System (NPDES) requirement





Water Operations and Pumping & Sewer Operations

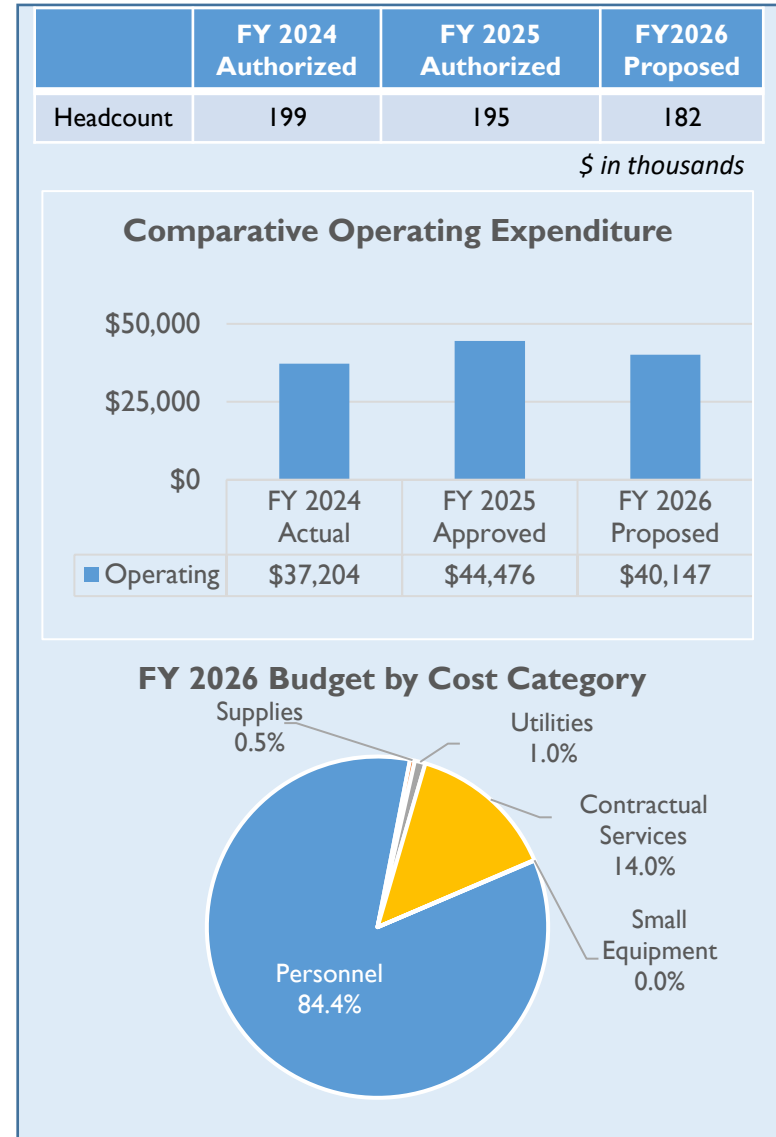
- The combined Proposed FY 2026 Operating Budget is \$133.6 million, a net increase of \$7.8 million
 - Funds salaries, benefits, and overtime for 389 FTEs for both departments
 - Funds DC Water’s share of the Washington Aqueduct’s operating costs for the purchase of drinking water
 - Funds energy, water usage and proportionate share of software maintenance costs for GIS, Maximo, Supervisory Control and Data Acquisition (SCADA), and other IT systems
 - Funds various contractual services for hauling and disposal, Fats Rags Oils & Grease (FROG) management, tree root foaming, odor control, and other asset management activities
- Major Program Highlights and Budget Changes**
 - Budget increase in water purchase reflects the costs for the dredging of Little Seneca by the Aqueduct
 - Increased costs for critical parts and supplies and locate and mark utilities to support operational activities
 - Increased overtime costs consistent with historical trends for emergency response, planned and unplanned work
 - Elimination of hard to fill vacancies in water operations (6 FTEs) and pumping & sewer operations (17 FTEs)



- 💧 This includes Engineering & Technical Services, CIP Infrastructure Management, Wastewater Engineering, Permit Operations and Clean Rivers departments
- 💧 The Proposed FY 2026 Operating Budget is \$40.1 million, a net decrease of \$4.3 million
 - Funds salaries, benefits and overtime for 182 FTEs
 - Covers proportionate share of software maintenance costs for various systems such as Unifier, Water Gems, AutoCAD, Permits, etc.
 - Allocates funding for DC Water’s participation in the Metropolitan Washington Council of Governments (COG) program and the printing and advertisement services for solicitation of engineering contracts
 - Pays for Green Infrastructure Maintenance - Alleys Permeable Pavements (APPs), Planter and curb extension Bioretention, Green Roofs, Parks, Kennedy Streetscape, etc. Additional facilities include Rock Creek B and the Northeast Boundary Tunnel
 - Funds operational requirements including the development of related Standard Operating Procedures (SOPs) for permit activities

💧 Major Program Highlights and Budget Changes

- The budget reduction is mainly in the personnel services cost category due to the elimination of 13 vacant positions for engineering functions



Administration: Budget Highlights



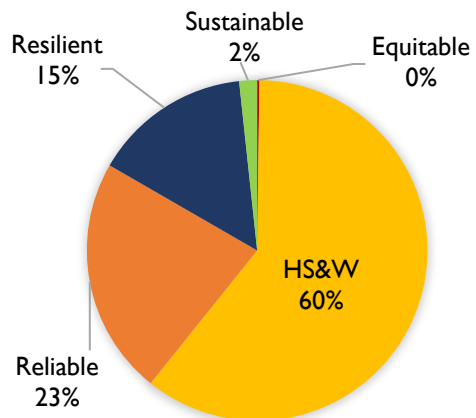
Wayne Griffith

Chief Administration Officer
& EVP Administration

Strategic Plan
Imperative Owner



Breakdown by Blueprint 2.0



• This cluster comprises Strategy & Performance, Shared Services, Customer Care, and the Office of the Chief Administrative Officer (OCAO)

• The Proposed FY 2026 Operating Budget is \$63.9 million, a net increase of \$5 million for mainly automotive parts and supplies and various contractual services in the cluster

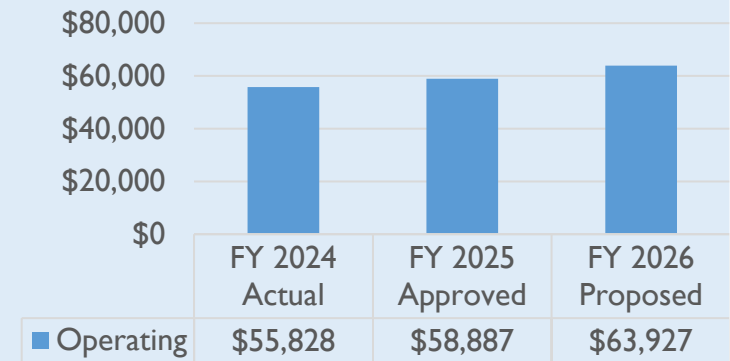
• The budget for the OCAO Department is \$1.3 million

- Pays salaries and benefits for 2 FTEs
- Supports the implementation of the Executive Dashboard, Enterprise Resilient Management, and the CAO Cluster Transition Roadmap

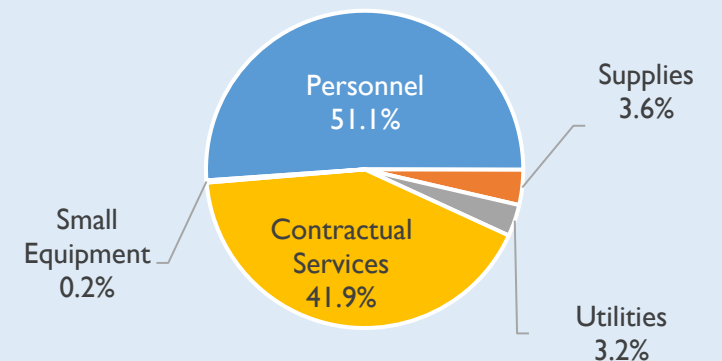
	FY 2024 Authorized	FY 2025 Authorized	FY 2026 Proposed
Headcount	222	223	222

\$ in thousands

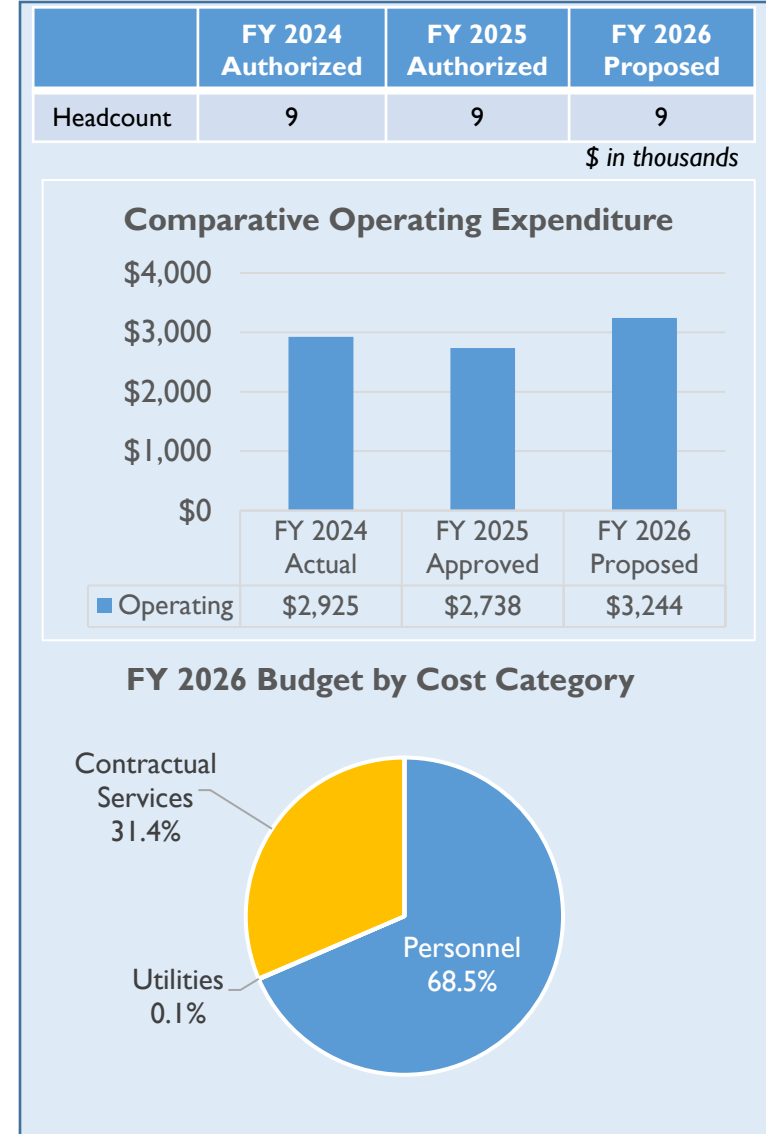
Comparative Operating Expenditure



FY 2026 Budget by Cost Category



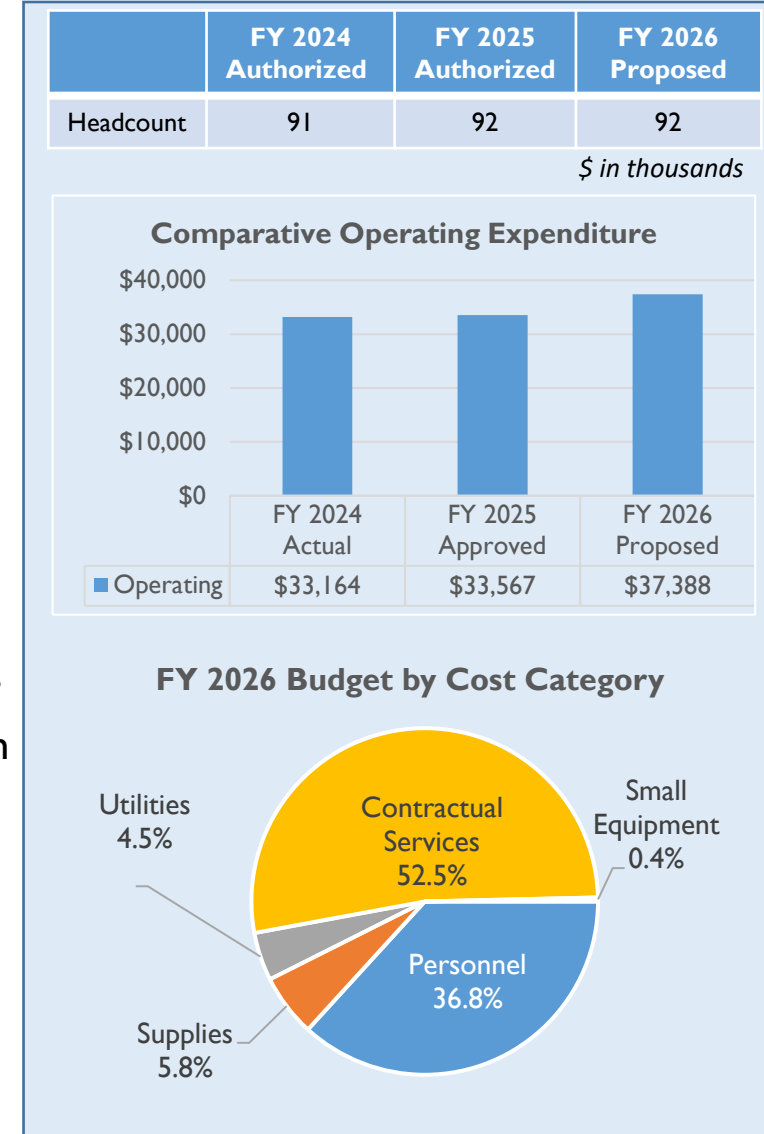
- 💧 The Proposed FY 2026 Operating Budget is \$3.2 million, an increase of \$0.5 million
 - Funds salaries and benefits for 9 FTEs
 - Supports various enterprise-wide programs such as the implementation of Business Process Modeling system and Enterprise Risk Management (ERM)
 - Complete the Strategic Planning process for the next Strategic Plan and continuation of strategic advisory services; strategic analytics and benchmarking; and continue enterprise innovation program
 - Governance and production of the annual Environmental, Social, Governance + Resilience (ESG+R) or equivalent report



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

- ◆ The Proposed FY 2026 Operating Budget is \$37.4 million, a net increase of \$3.8 million
 - Funds salaries, benefits and overtime for 92 FTEs
 - Earmarks funding for outsourced contract services for maintenance of the authority's fleet equipment
 - Funds critical requirements to optimally maintain and repair HVAC and elevators, and support various professional services such as security guards, enhanced cleaning, janitorial, trash removal, pest control, and mail courier activities at all DC Water facilities
 - Covers management of the Authority's safety program, safety training, in compliance with environmental health and safety management regulations and fire systems that safeguard and protect DC Water's employees and infrastructure
 - Funds Authority-wide risk and resiliency, emergency response, and recovery efforts

- ◆ **Major Program Highlights and Budget Changes**
 - Reflects cost increases for fleet maintenance and parts, janitorial services and maintenance of HVAC & elevator systems

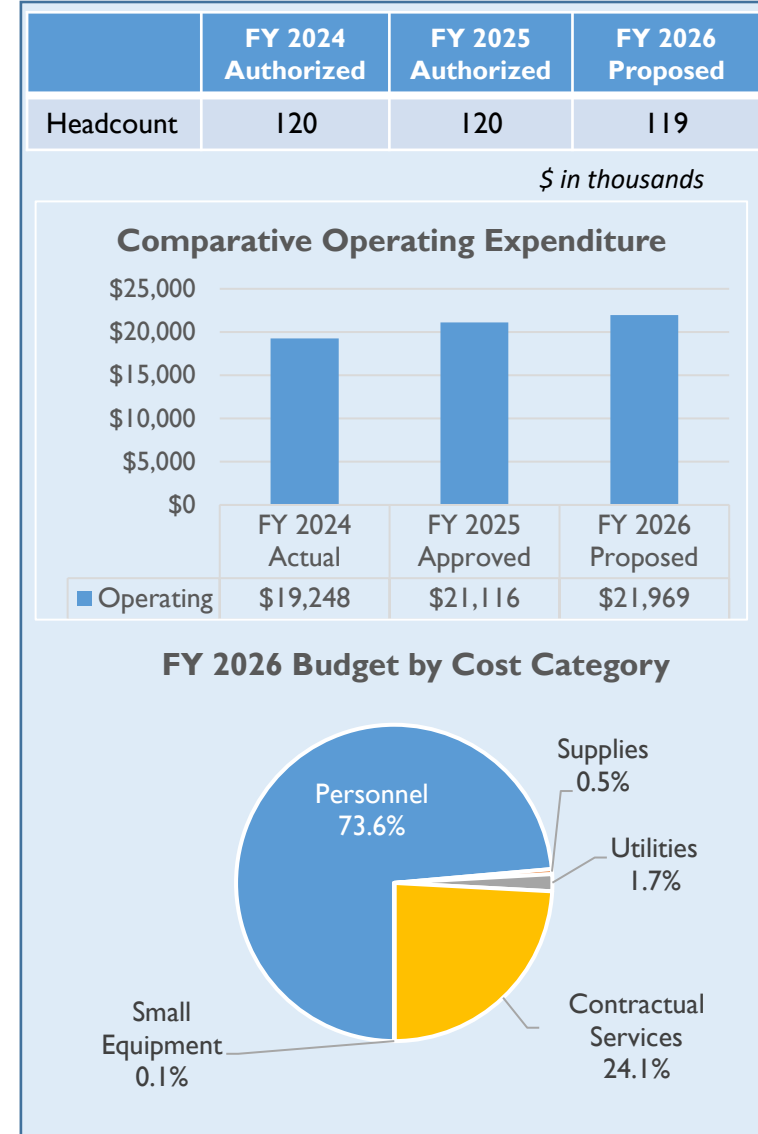


💧 The Proposed FY 2026 Operating Budget is \$22.0 million, an increase of \$0.8 million

- Funds salaries, benefits, and overtime for 119 FTEs
- Administers the DC Water Customer Assistance Programs (CAP) and Serving People by Lending a Supporting Hand (SPLASH) programs to assist customers who are delinquent in payments
- Earmarks funding for printing and postage of customer bills, customer surveys and various customer outreach efforts
- Maintains, installs, tests, repairs, and replaces meters throughout the city

💧 Major Program Highlights and Budget Changes

- Advances implementation of the Leak Assessment Program (LAP) to provide water audits to help customers identify the source of leaks and high bills
- Continues to leverage data analytics to aid with non-revenue water including piloting and planning the transition to solid state meters
- Reduced headcount reflects elimination of one vacant position



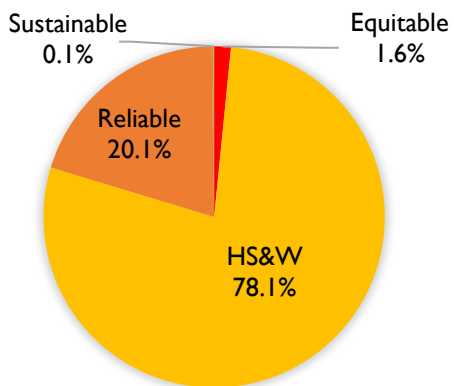


Kirsten Williams, Esq.
Chief Communications & Stakeholder Engagement Officer & EVP

Strategic Plan Imperative Owner



Breakdown By Blueprint 2.0

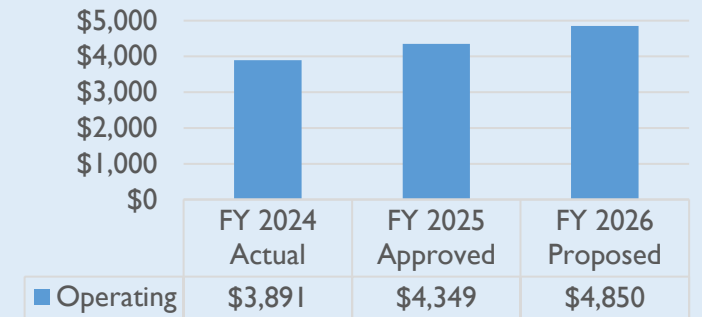


- Proposed FY 2026 Operating Budget is \$4.9 million, a net increase of \$0.5 million
 - Funds salaries and benefits for 20 FTEs to support customer communications, social media, graphics and video design activities.
 - Earmarks funding for the production and publication of mandated materials which includes the Annual Report, Water Quality Report, Newsletter, Leadership Update, and the website
 - Continues outreach programs to improve engagement with various community stakeholders, Advisory Neighborhood Commissioners, civic associations, residents and local businesses
 - Continues engagement on public relations consulting, DC Water Branding and executive elevation activities

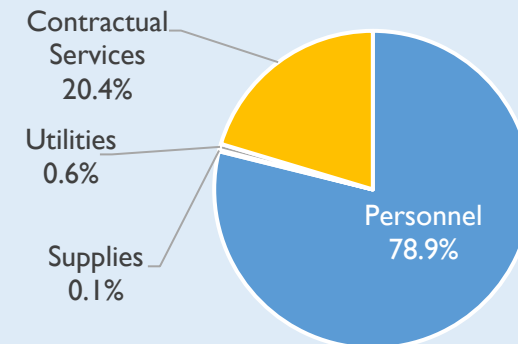
	FY 2024 Authorized	FY 2025 Authorized	FY 2026 Proposed
Headcount	20	20	20

\$ in thousands

Comparative Operating Expenditure



FY 2026 Budget by Cost Category





Joe Edwards

Chief Information Officer & EVP Information Technology

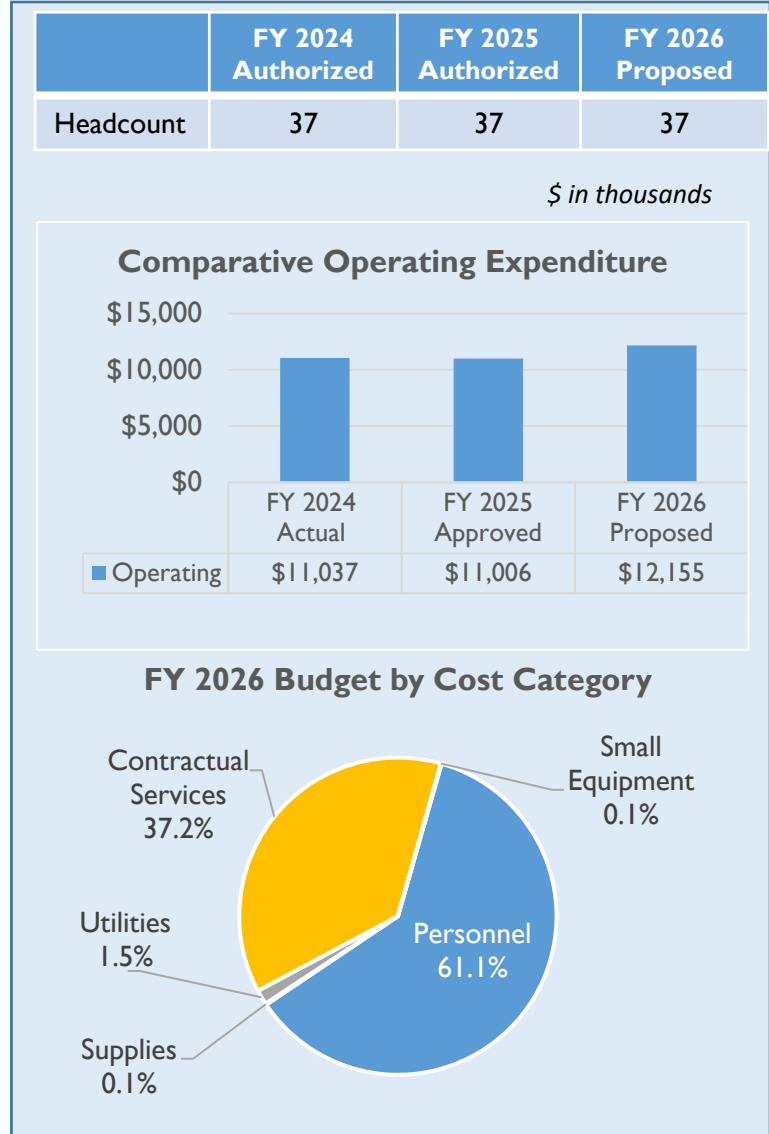
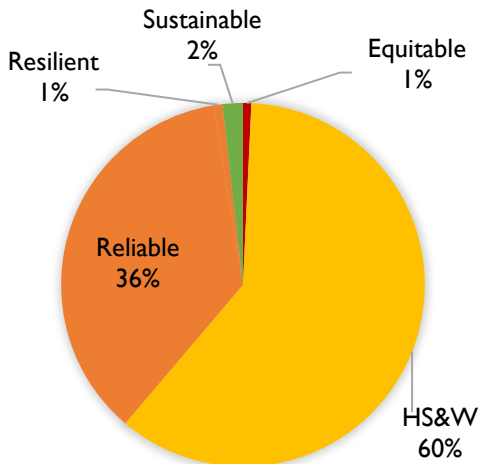
💧 The Proposed FY 2026 Operating Budget is \$12.2 million, an increase of \$1.1 million

- Funds salaries, benefits, and overtime for 37 FTEs
- Provides funding for various software and hardware systems including the customer billing system, and the day-to-day technical support to internal and external users
- Supports the IT Governance process and maintains information needed to make sound business decisions for Local and Executive IT Steering Committees (ESC and LSCs)
- Funds various professional services support for Cyber Security, and other IT infrastructure such as Local Area Network (LAN)/ Wide Area Network (WAN), Maximo, GIS and other temporary staffing

💧 **Major Program Highlights and Budget Changes**

- Leverage data analytics to aid with non-revenue water
- Customer Service Artificial Intelligence (AI) for Phase 2: Personal chatbot interactions and Phase 3: Transactional AI/chatbot interactions
- Replacements: Kona replacement ongoing

Breakdown By Blueprint 2.0





Marc Battle, Esq.

Chief Legal Officer & EVP
Government & Legal Affairs

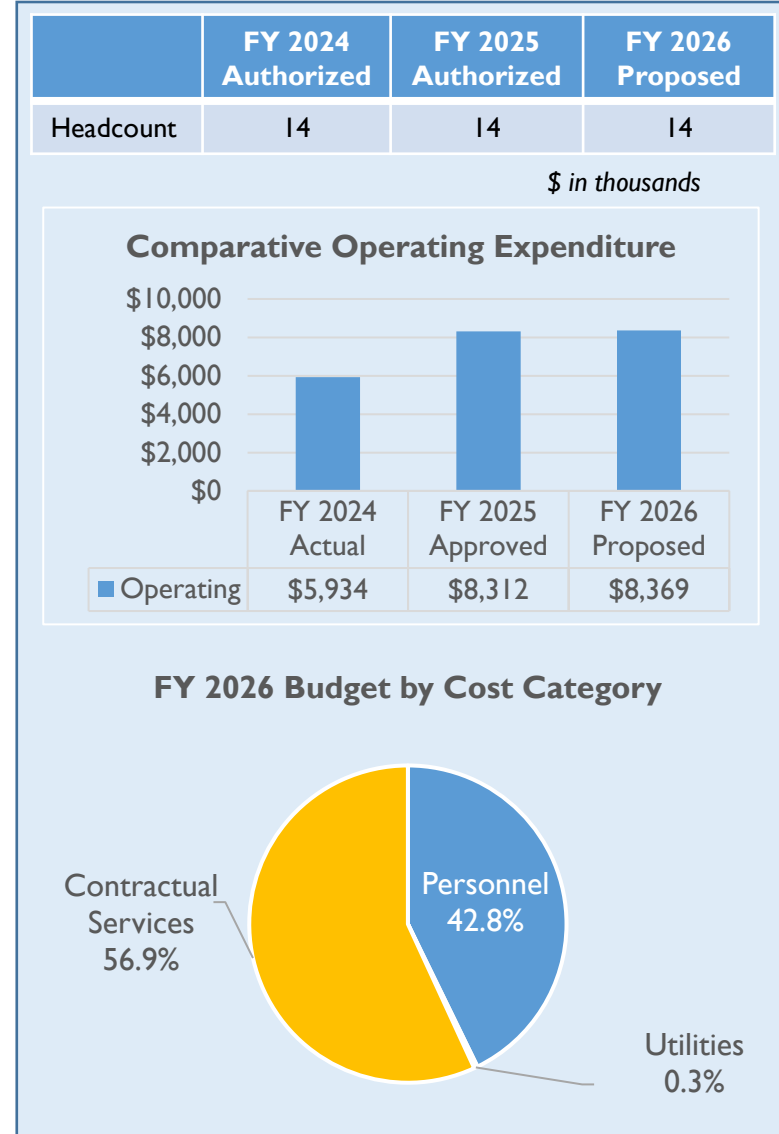
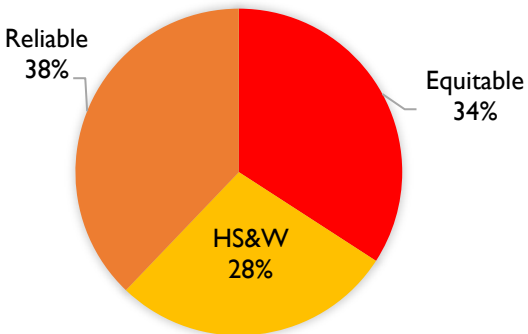
**Strategic Plan
Imperative Owner**



Proposed FY 2026 Operating Budget is relatively flat at \$8.4 million

- Funds salaries and benefits for 14 FTEs
- Covers Authority-wide fees for environmental, employment labor, construction matters, and general litigation matters
- Provides funding for litigation contingencies based on current case load
- Continues support for expanded government affairs coverage
- Provides support to Lead Free DC program, Clean Rivers Project and other long-term capital Improvement Program (CIP) projects

Breakdown By Blueprint 2.0





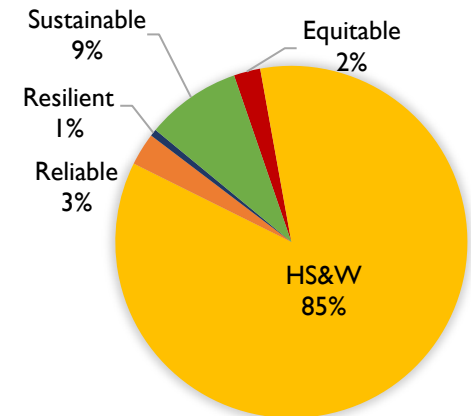
Keith Lindsey

Chief of Staff & Interim Chief
People Officer & EVP, People &
Talent

**Strategic Plan
Imperative Owner**



Breakdown By Blueprint 2.0

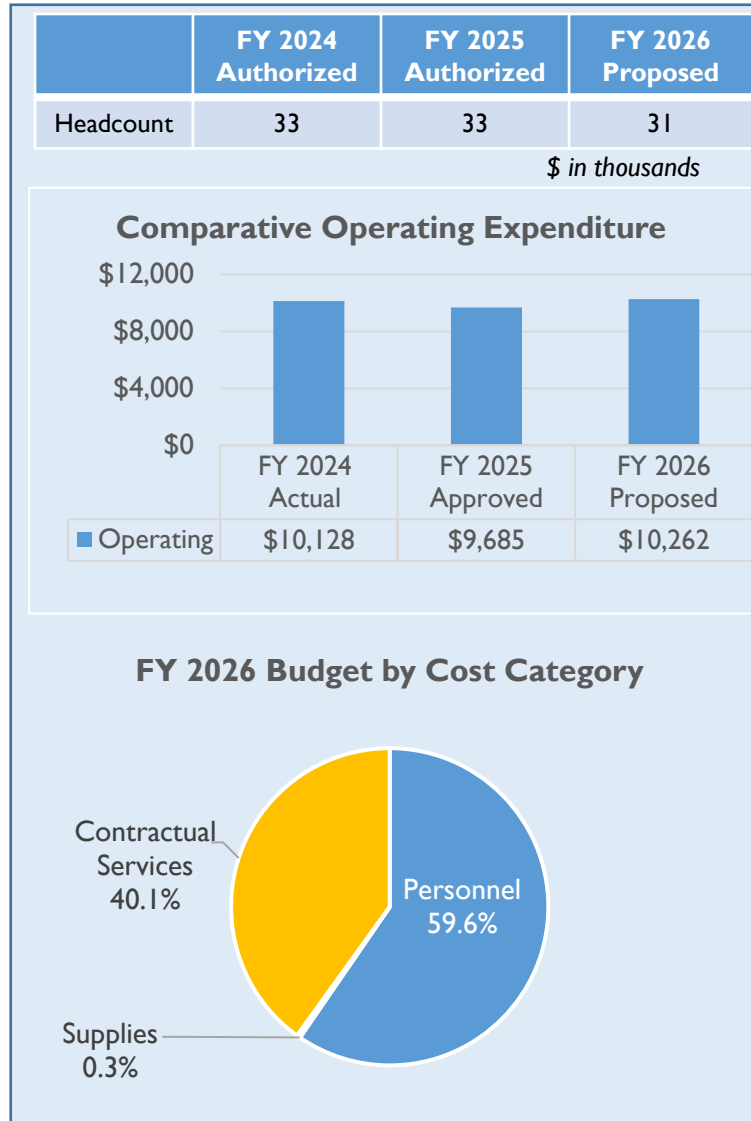


Proposed FY 2026 Operating Budget is \$10.3 million, a net increase of \$0.6 million

- **Funds 31 FTEs** including positions for recruitment and onboarding activities, training, benefits, and labor relations and compliance programs, \$6M
- Earmarks funding requirements for **workers compensation claims, \$2M**
- Provides funding for **various employee-related activities** such as employment screening, recruitment, benefits, wellness programs, and the Employee Assistance Program
- Covers various professional services for HR advisory, labor arbitration, grievance resolution, and market pricing initiatives (software and survey data)

Major Program Highlights and Changes

- Reduced headcount reflects elimination of 2 vacant positions
- Advances recommendations of the Enterprise Human Capital Management Strategy Development program
- Continues updates to policies to comply with changes in legislation
- Revamps the Internship Program
- Expands DC Water’s Career Ladder Program





Michelle Rhodd
Board Secretary

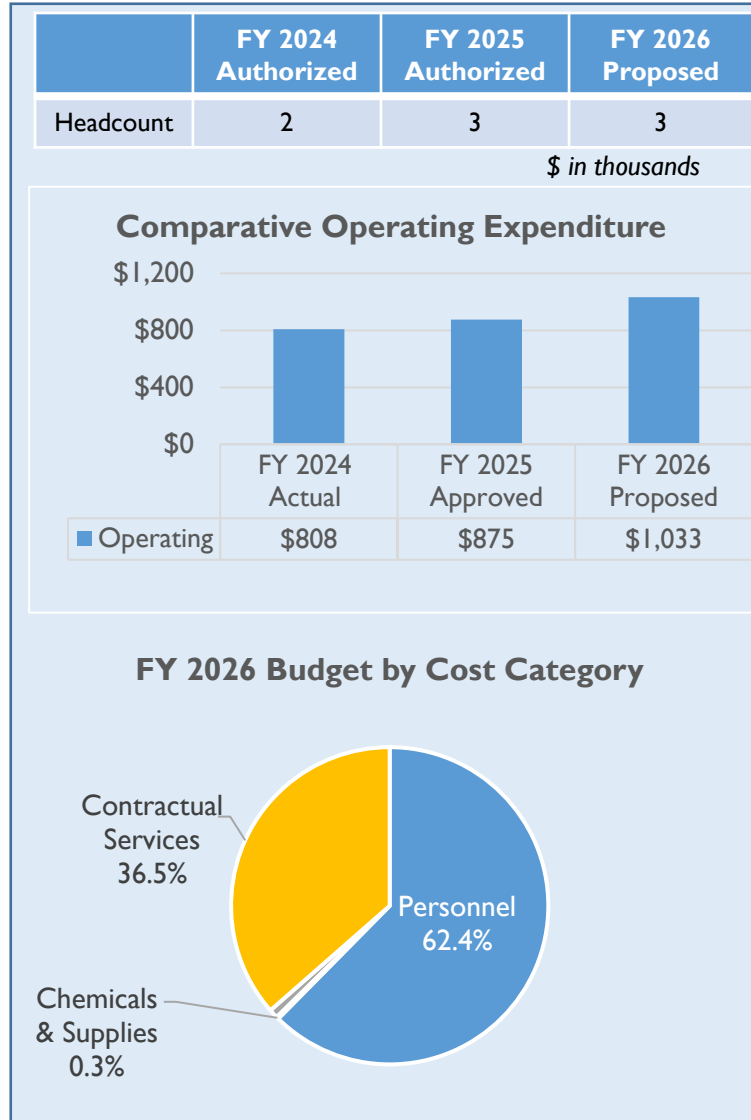
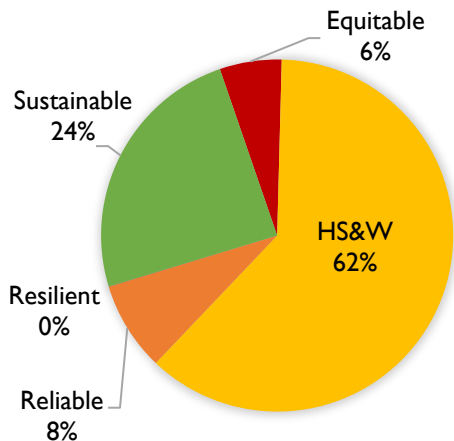
💧 The Proposed FY 2026 Operating Budget is \$1 million, a net increase of \$158K

- Covers salaries and benefits for 3 FTEs
- Allocates funding for translation and transcription services and maintenance of Board e-books
- Funds the facilitation and advisory services for Board strategic retreats
- Continues support for travel, mileage and other events for Board members

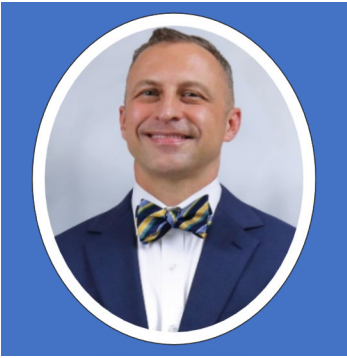
💧 Major Budget Changes

- Budget increase is for the transfer of funding for the additional position and facilitation of Board retreats

Breakdown By Blueprint 2.0



Chief Financial Office: Budget Highlights



Matthew T. Brown

Chief Financial Officer & EVP, Finance, Procurement & Compliance

Strategic Plan Imperative Owner

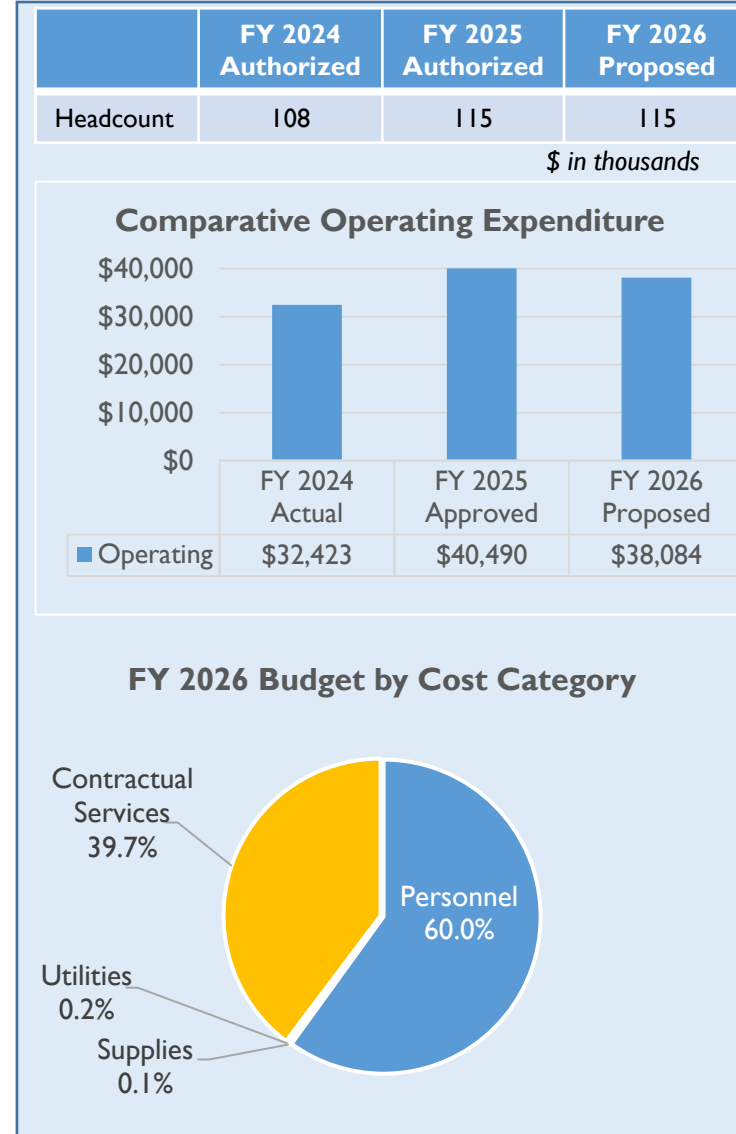
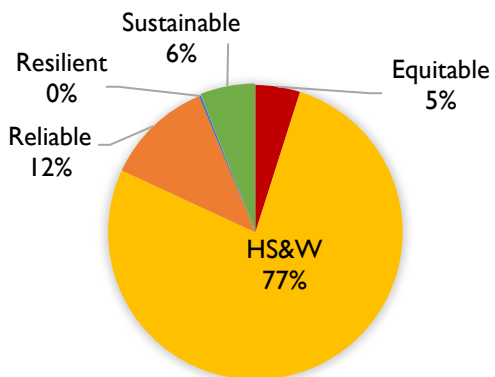


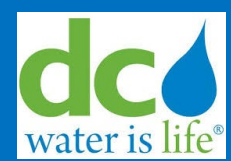
- 💧 This cluster consists of the Finance, Procurement and Compliance Departments
- 💧 Proposed FY 2026 Operating Budget is \$38.1 million, a decrease of \$2.4 million
 - Funds salaries and benefits for 115 FTEs
 - Pays costs for Authority-wide insurance premiums
 - Funds various professional services such as financial advisory, bond counsel, cost of service and rate studies, financial audit, ERP optimization and strategic programs
 - Continues Procurement process improvements to increase efficiency and timely support for critical projects
 - Budget supports DC Water’s diversity and equity programs to enhance certified business and local residents’ participation

Major Program Highlights and Budget Changes

- Reflects transfer of headcount for the grants management function from engineering department to better align efforts in identifying, securing, and leveraging grants
- The budget reduction was mainly for consulting services, temporary staffing services and strategic initiatives

Breakdown By Blueprint 2.0

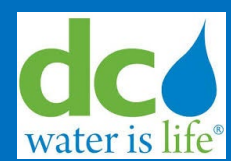




Amendment to FY 2025 Operating Expenditure Budget

- Management has effected an administrative budget reprogramming of \$5.5 million from debt service to Cash Financed Capital Improvement (CFCI) to maintain the overall Board-adopted budget of \$788.2 million
 - Debt Service - reduction due to structure of new debt and refinancing
 - Cash Financed Capital Improvement (CFCI) - increase for paygo to reduce future borrowing costs

\$'0000s	Adopted Budget	Budget Reprogramming	Amended Budget
Operations & Maintenance	\$ 454,513		\$ 454,513
Debt Service	249,495	(5,526)	243,969
Cash Financed Capital Improvement	60,436	5,526	65,962
PILOT & ROW	23,796		23,796
Total Operating Budget	\$ 788,241	\$ -	\$ 788,241



FY 2025 and FY 2026 Operating Revenues Budget Revision

💧 FY 2025 and FY 2026 Revenues have been revised upward due to following:

- Retail Revenue – higher projected consumption by 2.3 million Ccf
- Wholesale Revenue – increase in O&M cost in FY 2026
- Other Revenue – increase in projected Fire Protection Fee based on Cost of Service and IMA Indirect Cost Reimbursement for Capital Project

FY 2025	Current	Revision	Revised
Retail Revenue	\$ 731,642,502	\$16,171,481	\$ 747,813,983
Wholesale Revenue	114,248,146	-	114,248,146
Interest Earnings	9,089,071	-	9,089,071
Other Revenue	70,877,512	9,430,667	80,308,179
Interest on Bond Reserve	403,659	-	403,659
Total	\$926,260,890	\$25,602,148	\$ 951,863,038

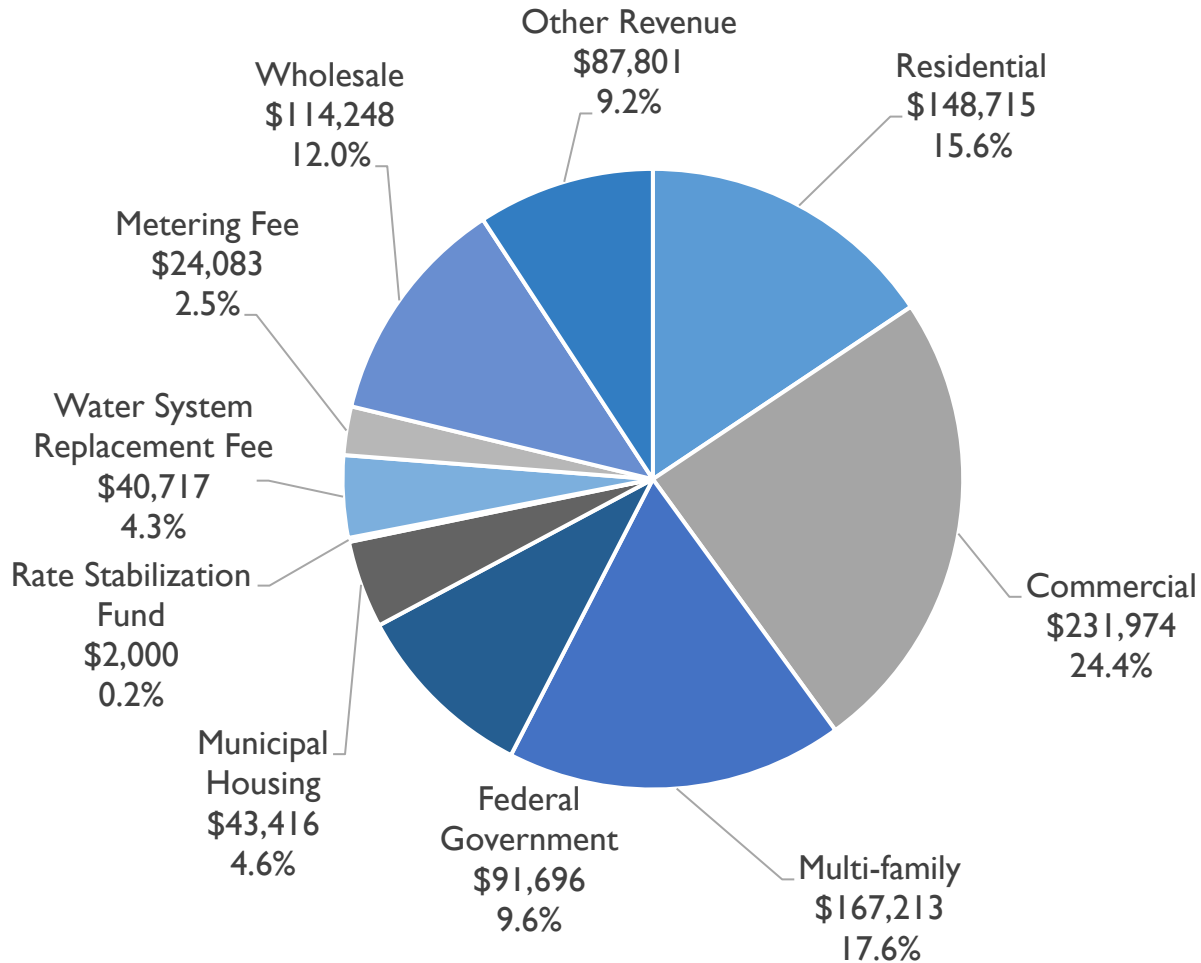
FY 2026	Current	Revision	Proposed
Retail Revenue	\$ 775,093,838	\$21,828,972	\$ 796,922,810
Wholesale Revenue	120,904,781	1,707,067	122,611,848
Interest Earnings	8,815,944	-	8,815,944
Other Revenue	72,240,022	10,393,667	82,633,689
Interest on Bond Reserve	400,609	-	400,609
Total	\$977,455,194	\$33,929,706	\$1,011,384,900

Operating Revenues and Financial Plan

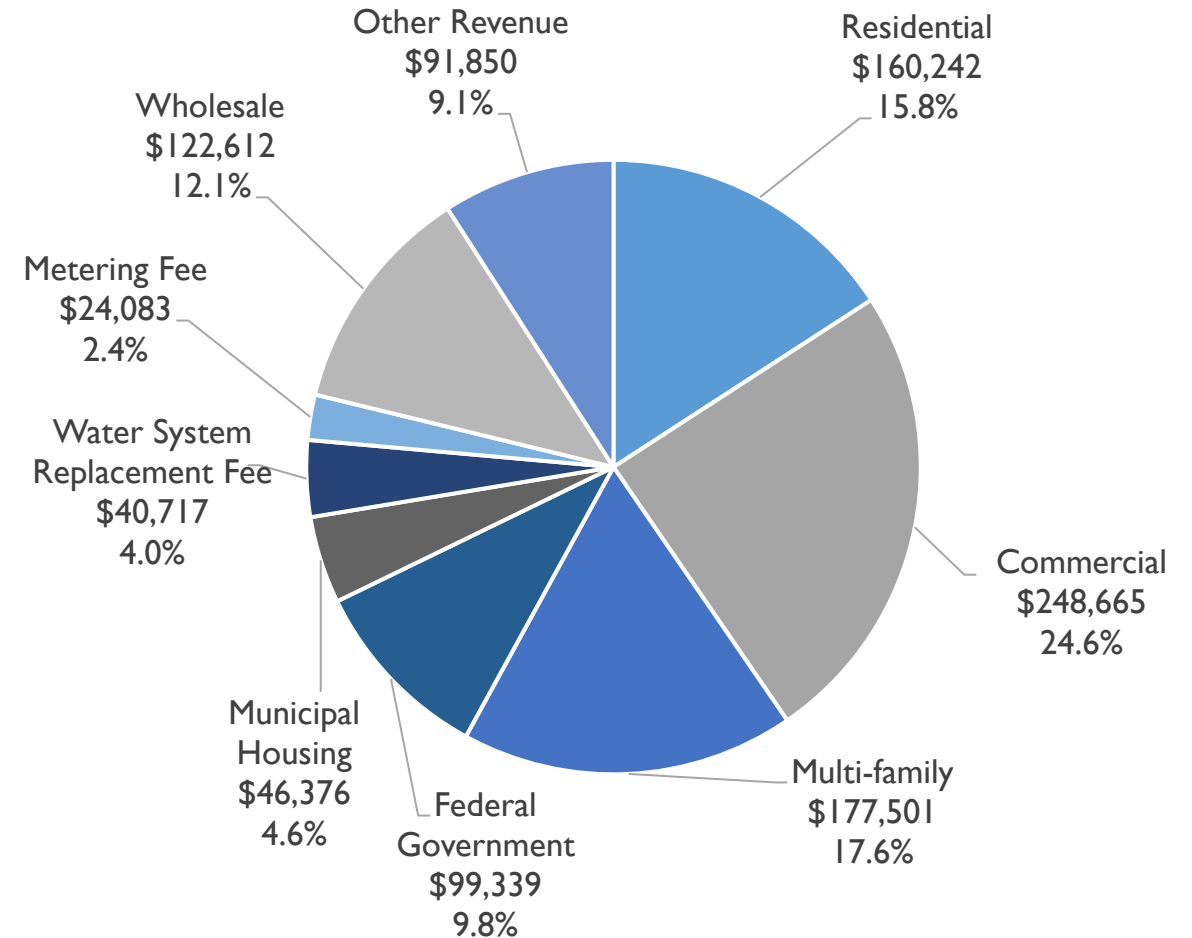
FY 2025 vs. FY 2026 Operating Revenues

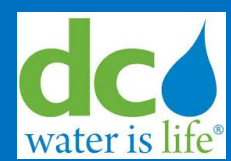
\$ in thousands

Revised FY 2025 \$951.9 million



Proposed FY 2026 \$1,011.4 million

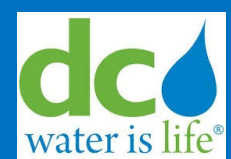




Revenue Comparison by Customer Class

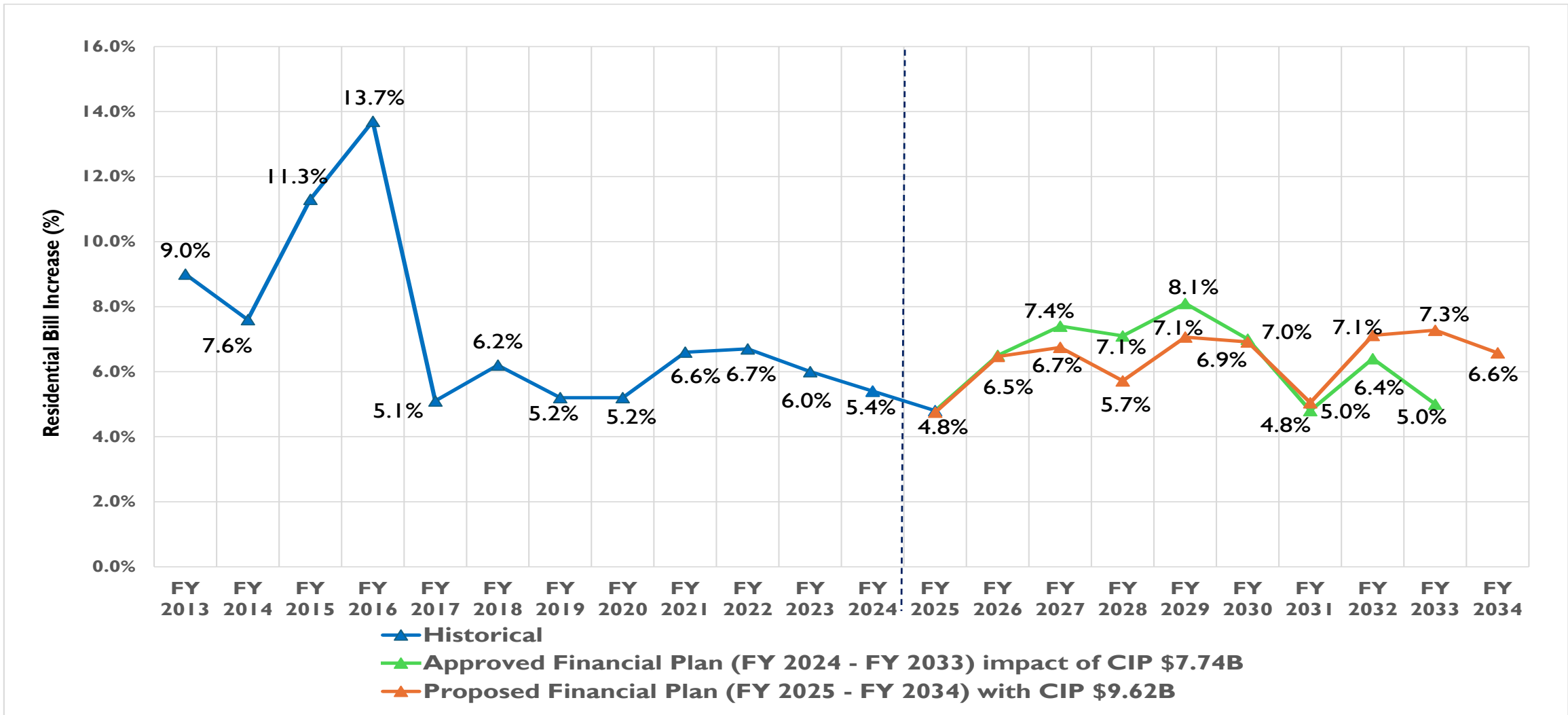
- ◆ Total revenue is projected to increase by \$25.6 million or 2.8% for FY 2025 and \$59.5 million or 6.3% for FY 2026 mainly due to rate increase
 - *Retail Revenue* – Increase by \$16.2 million or 2.2% in FY 2025 and \$49.1 million or 6.6% in FY 2026 mainly due to higher projected consumption.
 - *Wholesale Revenue* – Increase by \$8.4 million or 7.3% in FY 2026 due to operations and maintenance expense projection. Revenue estimates are based on most recent flow data

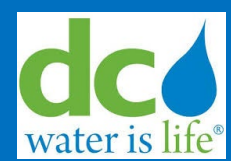
\$ in thousands	Approved FY 2025	Revised FY 2025	Proposed FY 2026	Revised FY 2025 vs Approved FY 2025		Proposed FY 2026 vs Revised FY 2025	
				Incr/(Decr)		Incr/(Decr)	
				\$	%	\$	%
				Retail Revenue	\$731,643	\$747,814	\$796,923
Wholesale Revenue							
Potomac Interceptor (PI)	3,547	3,547	3,547	-	0.0%	-	0.0%
Loudoun County Sanitation Authority (LCSA)	10,450	10,450	11,052	-	0.0%	602	5.8%
Washington Suburban Sanitary Commission (WSSC)	79,591	79,591	86,411	-	0.0%	6,820	8.6%
Fairfax County	20,660	20,660	21,602	-	0.0%	941	4.6%
Total Wholesale Revenue	\$114,248	\$114,248	\$122,612	-	0.0%	8,364	7.3%
Other Revenue	78,370	87,801	91,850	9,431	12.0%	4,049	4.6%
Rate Stabilization Fund (RSF)	2,000	2,000	-	-	0.0%	(2,000)	-100.0%
Total Revenues	\$926,261	\$951,863	\$1,011,385	\$25,602	2.8%	\$59,522	6.3%



Historical and Projected Combined Rate Increases

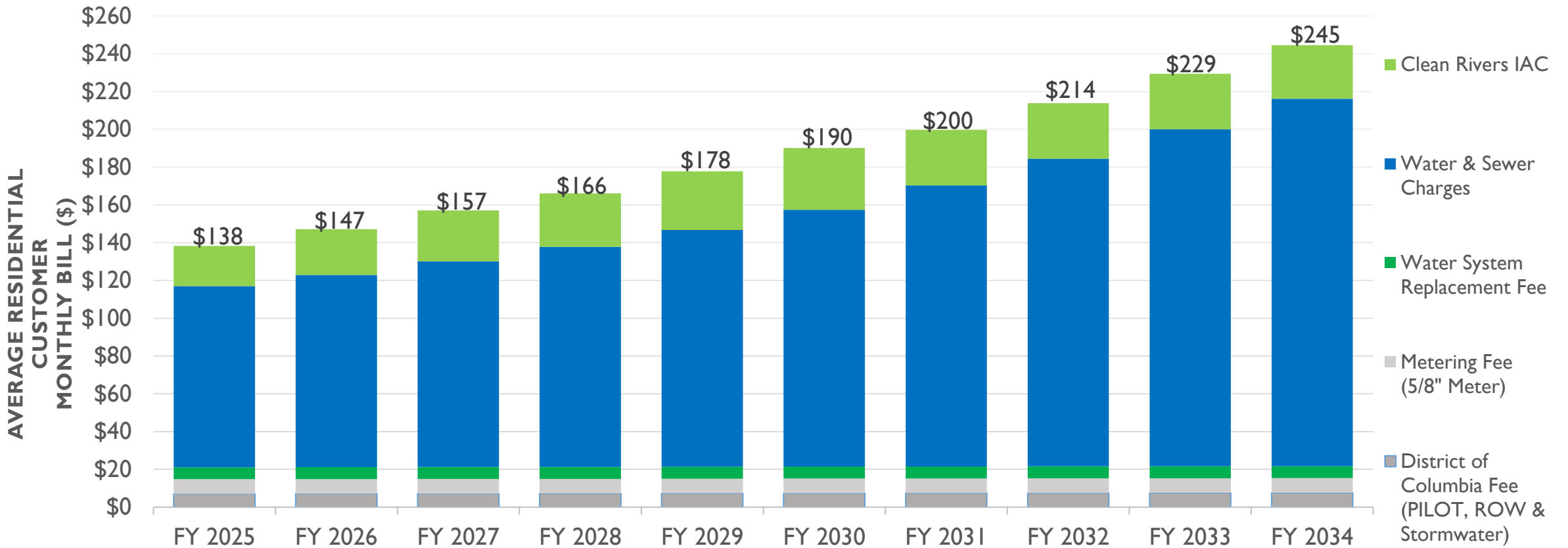
From FY 2031 and beyond, forecasted rates are higher than previously estimated due to higher costs





Projected Average Residential Customer Bill

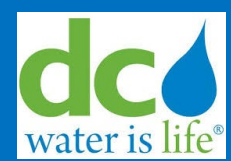
Projected average monthly residential customer bill ranges from \$138 in FY 2025 to \$245 in FY 2034



* Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons

Metrics	Indenture Requirement	Board Policy	Management Target	Financial Plan	S&P Median
Days of Cash on Hand (excluding RSF)	60 days	250 Days	—	267 - 269 Days	514 Days
Combined Coverage Ratio	—	1.6X	—	1.87X – 2.07X	2.0
- Senior Coverage	1.2X	—	—	6.29X – 8.55X	—
- Subordinate Coverage	1.0X	—	—	2.23X – 2.49X	—
Debt Service as a % of Revenue	—	—	33% of Revenue or Less	25.9% - 33.0%	—
Rate Stabilization Fund (RSF)	—	—	—	\$33.6 million	—
Median Leverage Ratio (debt to capitalization)	—	—	—	48% (FY2023 Actual)	35%
Growth in operating expenses over two years	—	—	—	19% (FY 2021 – FY2023)	17% (FY2021- FY2023)

* Board of Directors added to the cash balance at the end of FY2023 to reach 267 Days of Cash and increase it to 350 days by FY2032



Ten-Year Financial Plan

DISTRICT OF COLUMBIA WATER & SEWER AUTHORITY FY 2025 - FY 2034 FINANCIAL PLAN (In 000's)

OPERATING	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Retail	771,627	821,079	871,854	917,377	976,477	1,039,404	1,089,189	1,161,642	1,240,043	1,321,624
Wholesale	114,248	122,612	127,516	132,617	137,922	143,439	149,176	155,143	161,349	167,803
Other	63,988	67,694	75,568	89,706	91,147	86,094	79,859	78,620	79,372	80,324
RSF	2,000	0	-	-	-	-	-	-	-	-
Operating Receipts ⁽¹⁾	\$ 951,863	\$ 1,011,385	\$ 1,074,938	\$ 1,139,700	\$ 1,205,545	\$ 1,268,937	\$ 1,318,225	\$ 1,395,404	\$ 1,480,764	\$ 1,569,751
Operating Expenses	444,223	461,839	479,727	498,324	517,656	537,753	558,646	580,367	602,948	625,648
Debt Service	243,969	271,489	298,305	329,311	359,227	386,306	416,112	450,315	479,536	510,069
Cash Financed Capital Improvement	\$ 65,963	\$ 73,897	\$ 78,467	\$ 82,564	\$ 87,883	\$ 93,546	\$ 98,027	\$ 104,548	\$ 111,604	\$ 118,946
Net Revenues After Debt Service	\$ 197,709	\$ 204,159	\$ 218,439	\$ 229,501	\$ 240,780	\$ 251,331	\$ 245,439	\$ 260,175	\$ 286,675	\$ 315,089
Operating Reserve-Beg Balance	329,173	309,600	325,600	338,600	351,600	366,600	380,600	395,600	411,600	428,100
Other Misc (Disbursements)/Receipts										
Wholesale/Federal True Up	(24,813)	(18,910)	(12,900)	-	-	-	-	-	-	-
Project Billing Refunds	(2,000)	-	-	-	-	-	-	-	-	-
Transfers to RSF										
Pay-Go Financing	(190,469)	(169,249)	(192,539)	(216,501)	(225,780)	(237,331)	(230,439)	(244,175)	(270,175)	(298,489)
Operating Reserve - Ending Balance	\$ 309,600	\$ 325,599	\$ 338,600	\$ 351,600	\$ 366,600	\$ 380,600	\$ 395,600	\$ 411,600	\$ 428,100	\$ 444,700
Rate Stabilization Fund Balance RSF ⁽²⁾	\$ (33,644)	\$ (31,644)	\$ (31,644)	\$ (31,644)	\$ (31,644)	\$ (31,644)	\$ (31,644)	\$ (31,644)	\$ (31,644)	\$ (31,644)
Senior Debt Service Coverage	855%	738%	665%	703%	696%	656%	682%	629%	635%	701%
Combined Debt Service Coverage	207%	204%	203%	202%	199%	196%	189%	187%	189%	190%
Actual/Projected Water/Sewer Rate Increases	8.00%	6.00%	7.00%	7.00%	7.50%	8.50%	9.50%	9.50%	9.50%	9.00%
Operating Receipts \$ Increase/Decrease										
Retail	13,804	49,451	50,776	45,523	59,100	62,927	49,785	72,452	78,401	81,581
Wholesale	7,491	8,364	4,904	5,101	5,305	5,517	5,738	5,967	6,206	6,454
Operating Receipts % Increase/Decrease										
Retail	1.8%	6.4%	6.2%	5.2%	6.4%	6.4%	4.8%	6.7%	6.7%	6.6%
Wholesale	7.0%	7.3%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

⁽¹⁾ Includes interest earnings on senior lien revenue bonds' debt service reserve fund

⁽²⁾ \$2.0 million withdrawal from Rate Stabilization Fund in FY2025 for new Payment Plan Incentive Program, leaving a balance of \$33.644 million

Next Steps



Board Member Questions & Follow-Up



January 22 Wholesale Customer Briefing



January 24 Office of People's Counsel Briefing

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



January & February Committee Reviews, Recommendations & Actions



March 6 Board Adoption

	Environmental Quality & Operations	DC Retail Water & Sewer Rates	Finance & Budget
FY 2025 - FY 2034 Capital Budget (<i>Disbursements & Lifetime</i>)	Action Required		Action Required
FY 2026 Operating Expenditure Budget			Action Required
Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing			Action Required
FY 2025 - FY 2034 Financial Plan		Action Required	Action Required

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

The screenshot shows the website's navigation bar with the DC Water logo on the left and utility links like 'Workzone Alerts', 'Report a Problem', and a search bar on the right. Below the navigation bar is a breadcrumb trail: Home » About DC Water » Finance » Ratemaking Process » Budget and Rate Review Documents.

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.

The proposed budgets are finalized during the fall of each year, and introduced to the Board during the Budget Workshop typically in January. The Committees then submit their recommendations to the full Board for adoption and DC Water's adopted budget is included in the District of Columbia's budget submission to U.S. Congress.

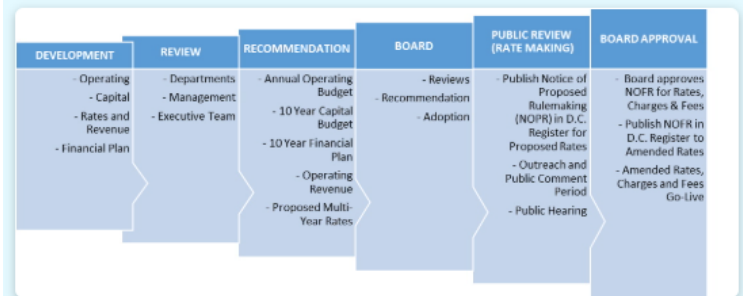
DC Water's **adopted budget** and proposed rates are communicated via various news and media outlets as well as town hall meetings in each ward and a public hearing to provide customers the opportunity to comment on the changes. Once the budgets are appropriated by Congress and the final rates approved by the Board, they become effective on October 1st of each year.

Online Tools

Rate Comparison Tool

Impervious Area Calculator

- ### In This Section
- FY 2025 Approved Budget & Proposed Two-Year Rates
 - FY 2024 Approved Budget
 - Approved FY 2025 and FY 2026 Rates
 - Budget & Rate Review Documents
 - Town Hall Meetings



Budget And Rate Review Documents

Budget Review Documents

Date	Title
February 28, 2023	D.C. Retail Water and Sewer Rates Committee The Proposed FY 2024 Budget
February 23, 2023	Finance and Budget Committee The Proposed FY 2024 Budget
January 24, 2023	Joint DC Retail Water & Sewer Rates and Finance & Budget Committees The Proposed FY 2024 Budget
January 19, 2023	Environmental Quality and Operations Committee Proposed FY 2023 - FY 2032 Capital Improvement Program
January 5, 2023	Budget Workshop with the Board FY 2024 Proposed Budget

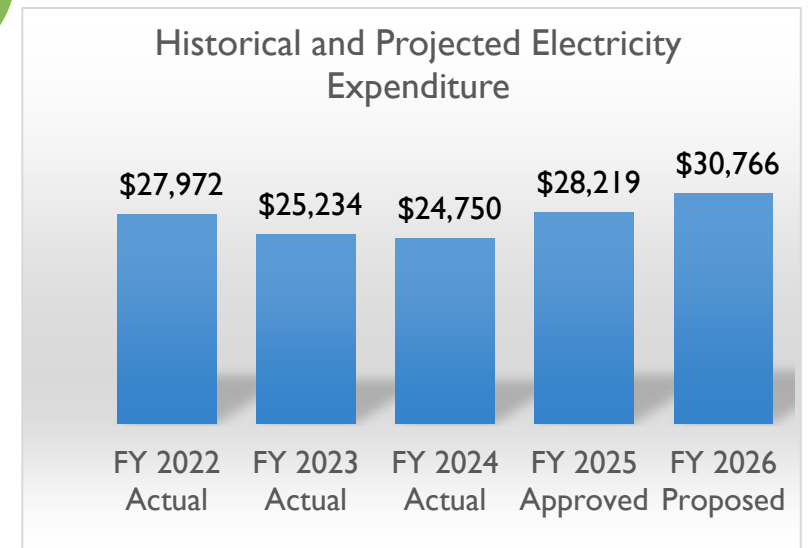
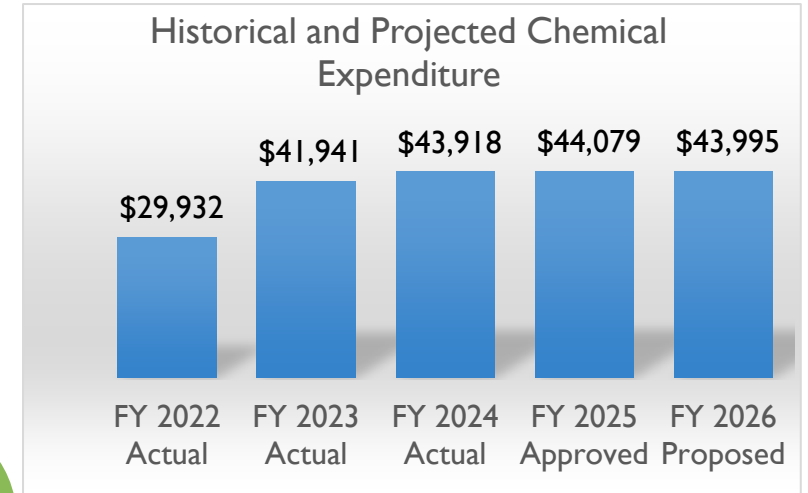
Appendix

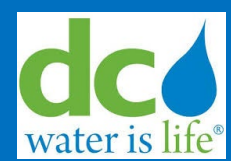
💧 Changes from the approved FY 2025 Budget are:

- Personnel Services up by \$7.8 million or 4%
- Chemicals and supplies up by \$1.9 million or 3% mainly for critical parts and supplies
- Utilities up by \$1.3 million, or 3% mainly for energy costs
- Contractual services is at the same level
- Water purchases increase of \$2.8 million, or 6%
- Small equipment increase of \$0.2 million, or 12%



\$ in thousands





Headcount Summary by Cluster

- 45 existing vacant positions are recommended for elimination (estimated at \$5.7 million)
- Net of 140 vacancies, including 3 new positions, available to meet organizational headcount needs

Cluster	FY 2025 Revised Headcount*	Filled @Oct '24	Vacant @Oct '24	Vacant Positions for Eliminations**	Remaining Vacant Positions	FY 2026 New Position Requests	FY 2026 Proposed Headcount
Administration	222	195	27	(2)	25	1	221
Independent Offices	7	6	1	0	1		7
Marketing & Communications	20	13	7	0	7		20
Government & Legal Affairs	14	12	2	0	2		14
Finance, Procurement & Compliance	115	89	26	0	26		115
Operations	686	601	85	(27)	58	1	660
Engineering	191	167	24	(13)	11		178
Information Technology	37	33	4	(1)	3	1	37
People & Talent	33	27	6	(2)	4		31
Total	1325	1143	182	(45)	137	3	1283

* Reflects revised headcount for position transfers completed during FY 2024

💧 **Personnel Services – \$217.5 million, increase of \$7.8 million**

- *Regular Pay* – The increase of \$5.2 million is mainly for salary adjustments, step increases, merit increases, and bonus payments consistent with union agreement
- *Benefits* – The increase of \$0.5 million is for employee health benefits based on current forecasts
- *Overtime* – The increase of \$2.1 million is primarily to address the growing need for overtime used for emergency repairs of our ageing infrastructure and equipment outages
- *Headcount* – Reflects proposed elimination of 45 hard-to-fill vacant positions, while 3 new positions were added, bringing the total authorized headcount to 1,283
- *Vacancy Rate* – Assumes 5% in FY 2026 compared to 7% in FY 2025 budget

💧 **Chemicals & Supplies – \$57.5 million, increase of \$1.9 million**

- *Chemicals* – Relatively flat compared to the FY 2025 budget
- *Supplies* – \$1.9 million increase is for parts and supplies needed for the maintenance of DC Water equipment and facilities

💧 **Contractual Services – \$102.3 million, same as FY 2025**

- Reflects cost increases for the maintenance needed for operational facilities including the CHP facility, critical equipment (Fleet, HVAC and elevators) and software systems
- Other areas of cost pressure include hauling and disposal, biosolids hauling, high pressure high vacuum and industrial cleaning, janitorial services, IT support services, locate and mark utility services, security guards, etc.
- Budget reallocation in employee travel and training and various professional services including consulting, temporary services, legal matters, claims, insurance etc.

💧 **Utilities – \$41.7 million, increase of \$1.3 million**

- Electricity – \$2.5 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
- Telecommunications and Rentals - \$0.4 million increase based trends
- Water Usage – Decrease of \$0.9 million based on current spending trends following resolution of water leakage issues at the Plant
- Gas & Automotive Fuel – Decrease of \$0.7 million based on forecasts for fuel prices driven by the energy market

💧 **Water Purchase – \$48.2 million, increase of \$2.8 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 with offsetting revenue opportunity, and assumes dredging of the Little Seneca Reservoir

💧 **Small Equipment – \$1.5 million, increase of \$0.2 million**

- This is mainly for the rental of crane equipment to support operational needs at Blue Plains

Non Operations & Maintenance Budget Drivers



Debt Service – Increase of \$27.5 million for planned debt between the projected senior and subordinate bond series



Cash Financed Capital Improvements – Increase of \$7.9 million for PAYGO funding to reduce future borrowing costs



PILOT & ROW – Increase of \$0.4 million for payment of PILOT fees to the District consistent with MOUs. The payment for ROW remains at the FY 2025 level of \$5.1 million

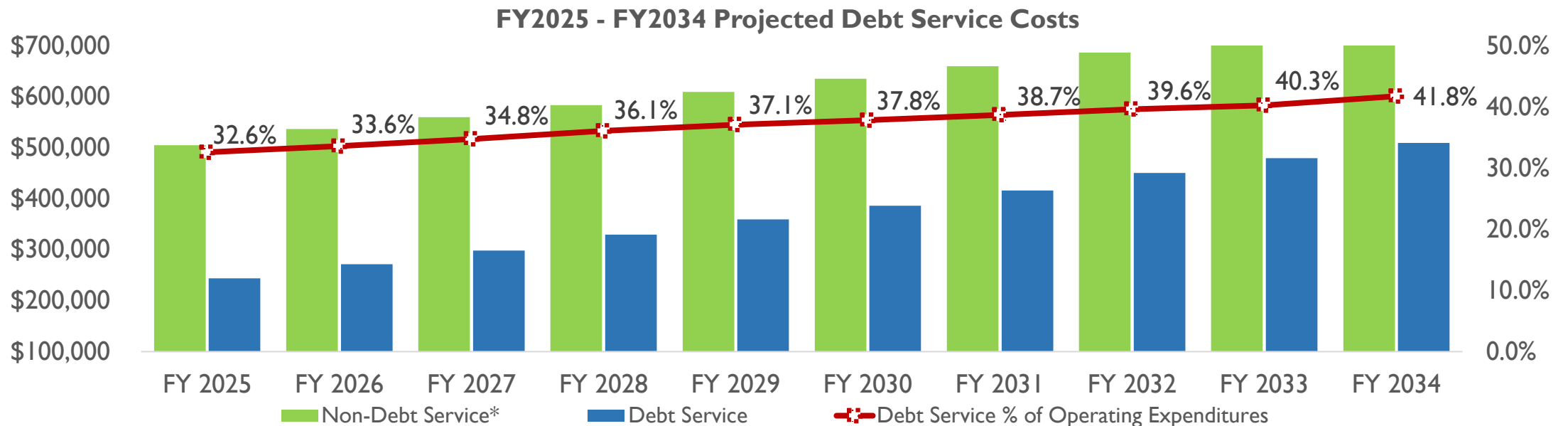


Capital Labor Charges – Decrease of \$3.2 million due to the elimination of vacancies mainly in the engineering departments

💧 Debt service is the largest driver in the operating budget

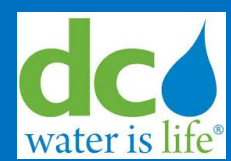
- Represents 33.6% of the net operating expenditure budget and 27.1% of operating revenue in FY 2026
- Over the next ten years, about \$4.2 billion is anticipated to be borrowed to fund the capital program
- Debt service cost is projected to grow from \$244.0 million in FY 2025 to \$509.6 million by FY 2034 (approximately 109% increase)

\$ in thousands



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

- 💧 Personnel - Overtime during emergencies, increased healthcare cost, lower than anticipated vacancy rate, outcome of compensation assessments and other leave adjustments typically funded by vacancies
- 💧 Supplies & Chemicals - Market volatilities, inflation, increased capacity energy prices based on peak demand, 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 that recently became operational
- 💧 Professional Services - Biosolids/BLOOM - Hauling/marketing of 70,000 tons, Locate and Mark Utilities – Increased cost and volume
- 💧 Litigation & Insurance - Impacts of unanticipated legal cases and insurance policy requirements



Average Residential Customer Monthly Bill

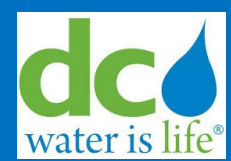
	Units	FY 2024	Current FY 2025	Approved FY 2026
DC Water Water and Sewer Retail Rates (1)	Ccf	\$ 89.03	\$ 95.93	\$ 101.77
DC Water Clean Rivers IAC (2)	ERU	21.86	21.23	24.23
DC Water Customer Metering Fee	5/8"	7.75	7.75	7.75
DC Water Water System Replacement Fee (4)	5/8"	6.30	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 124.94	\$ 131.21	\$ 140.05
Increase / Decrease		\$ 6.68	\$ 6.27	\$ 8.84
Percent Increase in DC Water Portion of Bill		5.6%	5.0%	6.7%
District of Columbia PILOT Fee (1)	Ccf	3.31	3.31	3.36
District of Columbia Right-of-Way Fee (1)	Ccf	1.03	1.03	1.08
District of Columbia Right of Way / PILOT Fee		4.34	4.34	4.44
District of Columbia Stormwater Fee (3)	ERU	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 7.01	\$ 7.01	\$ 7.11
Total Amount Appearing on DC Water Bill		\$ 131.95	\$ 138.22	\$ 147.16
Increase / Decrease Over Prior Year		\$ 6.79	\$ 6.27	\$ 8.94
Percent increase in Total Bill		5.43%	4.75%	6.47%

(1) Assumes average monthly consumption of 5.42 Ccf, or (4,054 gallons)

(2) Assumes average 1 Equivalent Residential Unit (ERU)

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

(4) DC Water "Water System Replacement Fee" of \$6.30 for 5/8" meter size effective October 1, 2015



Average CAP Customer Monthly Bill

	Units	FY 2024	Approved FY 2025	Approved FY 2026
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 89.03	\$ 95.93	\$ 101.77
DC Water Clean Rivers IAC ⁽⁵⁾	ERU	21.86	21.23	24.23
DC Water Customer Metering Fee	5/8"	7.75	7.75	7.75
DC Water Water System Replacement Fee ⁽³⁾	5/8"	6.30	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 124.94	\$ 131.21	\$ 140.05
Increase / Decrease		\$ 6.68	\$ 6.27	\$ 8.84
District of Columbia PILOT Fee ⁽²⁾	Ccf	\$ 3.31	\$ 3.31	\$ 3.36
District of Columbia Right-of-Way Fee ⁽²⁾	Ccf	1.03	1.03	1.08
District of Columbia Stormwater Fee ⁽⁴⁾	ERU	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 7.01	\$ 7.01	\$ 7.11
Total Amount		\$ 131.95	\$ 138.22	\$ 147.16
Less: CAP Discount (4Ccf per month)		(67.52)	(72.32)	(76.48)
CAP Discount (100% WSRF per month)		(6.30)	(6.30)	(6.30)
CAP Discount (50% CRIAC per month)		(16.40)	(15.92)	(18.17)
Total CAP Discount		(90.22)	(94.54)	(100.95)
Total Amount Appearing on DC Water Bill		\$ 41.73	\$ 43.68	\$ 46.21
Increase / Decrease Over Prior Year		\$ 1.76	\$ 1.95	\$ 2.53
CAP Customer Discount as a Percent of Total Bill		-68.37%	-68.40%	-68.60%

(1) Assumes average monthly consumption of 5.42 Ccf, or (4,054 gallons)

Ccf of PILOT and ROW fee

(3) Assumes 100 percent discount for Water System Replacement Fee (WSRF) to CAP customers effective October 1, 2015

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

(5) Assumes 75% discount for the Clean Rivers IAC effective October 1, 2020

- 💧 The Proposed FY 2026 budget is \$32.5 million, a net increase of \$1 million compared to the FY 2025 budget
- 💧 Ten-year disbursements of \$350.8 million for capital equipment includes :
 - **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 funding to ensure that crews have the required equipment such as backhoes, jet-vacs, small and large dump trucks to meet operational needs

