



**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
222nd MEETING OF THE BOARD OF DIRECTORS
Thursday, July 7, 2016
9:30 a.m.
5000 Overlook Avenue, SW
Room 407**

- I. **Call to Order (Chairman Matthew Brown)**
- II. **Roll Call (Linda Manley, Board Secretary)**
- III. **Approval of June 2, 2016 Minutes**
- IV. **Chairman's Overview**
- V. **Committee Reports**
 1. **Environmental Quality and Sewerage Services Committee (David Lake)**
 2. **Joint Meeting of Environmental Quality and Sewerage Services and Water Quality and Water Services Committees (Howard Gibbs)**
 3. **Water Quality and Water Services Committee (Howard Gibbs)**
 4. **DC Retail Water and Sewer Rates Committee (Rachna Butani)**
 5. **Finance and Budget Committee (Timothy Firestine)**
- VI. **CEO/General Manager's Report (CEO/General Manager George Hawkins)**
- VII. **Summary of Contracts (FYI)**
- VIII. **Consent Items (Joint Use)**
 1. **Approval to Execute Contract No. 150110, American Contracting & Environmental Services, Inc – Resolution No. 16-48 (Recommended by Environmental Quality and Sewerage Services Committee 06/16/16)**
 2. **Approval to Execute Contract No. 150030, American Contracting & Environmental Services, Inc. - Resolution No. 16-49 (Recommended by Environmental Quality and Sewerage Services Committee 06/16/16)**
 3. **Approval to Execute Change Order No. 1 of Contract No. 140060, Skanska USA Building, Inc. – Resolution No. 16-50 (Recommended by Environmental Quality and Sewerage Services Committee 06/16/16)**
 4. **Approval to Execute Contract No. 16-PR-DWT-41A, Colonial Chemicals, Inc. – Resolution No. 16-51 (Recommended by Environmental Quality and Sewerage Services Committee 6/16/16)**

5. [Approval to Execute Contract No. 16-PR-DWT-41B, Mitsubishi International Corp. – Resolution No. 16-52](#) (Recommended by Environmental Quality and Sewerage Services Committee 06/16/16)
6. [Approval to Execute a Modification to Contract No. WAS10-003-AA-GA, M&M Electric Motor Repair, Inc. – Resolution No. 16-53](#) (Recommended by Environmental Quality and Sewerage Services Committee 06/16/16)
7. [Approval to Execute an Architectural and Engineering Services Agreement for Contract No. DCFA #477-WA-SH2M, CH2M/Parsons Jv \(CP JV\) – Resolution No. 16-54](#) (Recommended by Environmental Quality and Sewerage Services/Water Quality and Water Services Committees 06/16/16)
8. [Approval to Execute a Modification to Contract No. 14-PR-OGC-01-AF, Beveridge & Diamond, P.C., and McGuireWoods, LLP – Resolution No. 16-55](#) (Recommended by Finance and Budget Committee 06/23/16)

IX. Consent Items (Non-Joint Use)

1. [Approval to Execute a Modification to Contract No. WAS-13-042-AA-RA, MOI, Inc.– Resolution No. 16-56](#) (Recommended by Water Quality and Water Services Committee 06/16/16)
2. [Approval to Execute a Modification to Contract No. 12-002-AA-SH, Aclara Technologies – Resolution No. 16-57](#) (Recommended by Water Quality and Water Services Committee 06/16/16)
3. [Approval to Execute Contract No. 160010, Fort Myer Construction Corp. – Resolution No. 16-58](#) (Recommended by Water Quality and Water Services Committee 06/16/16)
4. [Approval to Execute Contract No. 16-PR-CCO-59, Fastners Rx, Inc. – Resolution No. 16-59](#) (Recommended by Water Quality and Water Services Committee 06/16/16)
5. [Approval to Evaluate and Propose Recommendations for the Expansion of the Customer Assistance Program to Clean Rivers Impervious Area Charge \(CRIAC\); Review the Impact of CRIAC on Various Customer Segments; Focus Efforts on Employment Opportunities for District Residents Through Water Works Program; and Work to Reduce FY 2018 Rate Increase Below 5% - Resolution No. 16-60](#) (Recommended by District of Columbia Retail Water and Sewer Rates Committee 06/28/16)
6. [Approval of Proposed Metered Water and Sewer Service Rates, Right-of-Way Fee \(ROW\), Payment-in-Lieu of Taxes Fee \(PILOT\), and Clean Rivers Impervious Surface Area Charge \(CRIAC\) Effective Fiscal Year 2017 and Fiscal Year 2018 – Resolution No. 16-61](#) (Recommended by District of Columbia Retail Water and Sewer Rates Committee 06/28/16)

X. Executive Session – To discuss legal, confidential and privileged matters pursuant to Section 2-575(b) of the D.C. Official Code¹

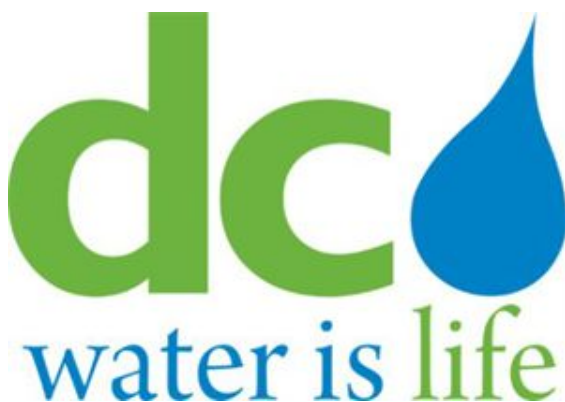
XI. Adjournment

¹ The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a

quorum to discuss: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); contract negotiations under D.C. Official Code § 2-575(b)(1); legal, confidential or privileged matters under D.C. Official Code § 2-575(b)(4); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2-575(b)(10); proprietary matters under D.C. Official Code § 2-575(b)(11); decision in an adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14), and other matters provided in the Act.

Upcoming Committee Meetings (5000 Overlook Avenue SW (Blue Plains – 4th Floor)

- Governance Committee – Wednesday, July 13th @ 9:00 a.m.
- Human Resource and Labor Relations Committee – Wednesday, July 13th @ 11:00 a.m.
- Environmental Quality and Sewerage Services Committee – Thursday, July 21st @ 9:30 a.m.
- Water Quality and Water Services Committee – Thursday, July 21st @ 11:00 a.m.
- D.C. Retail Water and Sewer Rates Committee – Tuesday, July 26, 2016 @ 9:30 a.m.
- Audit Committee – Thursday, July 28th @ 9:30 a.m.
- Finance and Budget Committee – Thursday, July 28th @ 11:00 a.m.



**District of Columbia
Water and Sewer Authority**

Board of Directors

**Environmental Quality and Sewerage
Services Committee Meeting**

Thursday, June 16, 2016

9:31 a.m.

MEETING MINUTES

Committee Members

David Lake, Acting Chairperson
Mathew T. Brown
Howard Gibbs
Adam Ortiz

DC Water Staff Present

George Hawkins, CEO and General Manager
Len Benson, Chief Engineer
Linda Manley, Secretary to the Board
Henderson L. Brown, Chief Counsel

I. Call to Order

Mr. Lake called the meeting to order at 9:31 A.M.

II. AWTP STATUS UPDATES

1. BPAWTP Performance

Mr. Aklile Tesfaye, Assistant General Manager for Wastewater Treatment began the update by reporting the monthly average influent flow for May 2016 was 317 MGD. May 2016 had significant precipitation levels recorded and as a result, excess flow in the amount of 40MG was received, treated and discharged. Mr. Tesfaye also stated that plant effluent quality was excellent as demonstrated in the discharge levels of total suspended solids (TSS), ammonia, total phosphorous, carbonaceous biochemical oxygen (CBOD), pH, dissolved oxygen (DO) and E. Coli levels, which were all considerably better than permit limits. The enhanced nitrogen removal facility is performing well, producing a low total nitrogen (TN) concentration of 3.61 mg/l. The total tonnage of nitrogen discharged in the calendar year, through May 2016 was 1,187,094 lbs and is on target to meet the 4,377,580 lbs/year permit limit for 2016.

Mr. George Hawkins, CEO and General Manager, DC Water, mentioned that at a recent press conference organized by the Environmental Protection Agency (EPA) and held at Blue Plains, it was announced that 472 waste water treatment facilities (of which DC Water is the largest) in the Chesapeake Bay watershed had met the 2025 nutrient pollution limit goals nearly ten years earlier than the established deadline. He stated that DC Water and the Board were key to this milestone being met. The committee commented that the Blue Plains regional jurisdictions were to be applauded for this success and DC Water in particular was to be commended for its contributions.

Mr. Tesfaye continued with the update by stating that overall, the Plant performance was excellent with 100% permit compliance. In May, biosolids production was 445 wet tons per day (wtpd) with all of the production going to land application. The biosolids generated were Class A Biosolids that also met Exceptional Quality standards for pathogen reduction, volatile solids reduction (VSR) and low metals content. The CHP facility generated an average of 201 MWH/day, making up 33% of total energy consumed at Blue Plains (i.e., 607 MWH/day) while the average energy purchased from PEPCO was 406 MWH/day. The Committee inquired if it would be possible to update the Plant Influent Flow figure (Slide 4) to include a five year trend as well. Mr. Tesfaye responded that the figure would be updated for subsequent meetings.

The Committee further inquired if there had been any discussions in regards to nutrient trading, in particular taking advantage of the excellent nitrogen removal operations conducted by the Authority and potentially seeking a monetary benefit from those activities. The Committee also inquired if this could be an appropriate issue of interest to the Inter-Municipal Agreement (IMA) Regional Committee. Mr. Hawkins responded that there had been some conversations internally regarding nutrient trading in the past and that DC Water will evaluate this further.

The Committee also inquired why ammonia readings are usually elevated in the fall and winter months. Mr. Tesfaye responded by stating that the actual effluent discharges are well below the permit limits and that it is the permit limits (represented by the red lines in figures on the slides) that vary from season to season. Generally, these permit limits are lower in the summer months and higher in the fall and winter months primarily due to the biology of the aquatic system. The committee inquired as to what the source of the ammonia was. Mr. Tesfaye responded the wastewater generated in the system including domestic sewage are sources of ammonia.

The committee mentioned that the DC Water's Bloom product was very innovative and commendable. The Committee inquired if there was market place coordination taking place with the Maryland Environmental Service (MES) and DC Water in regards to their respective biosolids-derived products. Mr. Hawkins responded that DC Water is in the very early stages in its marketing and sales of its Bloom product but DC Water will reach to MES about how the regional agencies can complement each other's efforts going forward.

III. O STREET PUMP STATION PROJECT

Mr. Hawkins stated that the O St. Pump Station upgrade project was an approved Capital Improvement Plan (CIP) project scheduled to begin construction in 2021. However, staff recommend acceleration of a few elements of the planned project work due to the planned construction of the DC Water Headquarters Building (HQO). This acceleration of schedule will help in eliminating rework and disturbance to the HQO and the other facilities on site at a future date.

Mr. Len Benson, Chief Engineer, DC Water began the update of the O Street Pump Station project by reiterating the need for such an acceleration of schedule for selected work elements to ensure that normal operations of the HQO and the Pump Station are not disturbed by construction activity occurring at a future date. As an example, the installation of upgrades to the electrical system to the O St Pump Station will prevent the need for temporary shutdown of power at a later date. Mr. Benson mentioned that the tasks of the O Street Pump Station project to be accelerated will include the following:

- Below grade pipe installation/relocation;

- Lining of large storm sewer;
- Infrastructure work (the chase for the odor control system's vertical discharge stack) in the HQO in support of future O Street Pump Station odor control units;
- Root structure support and relocation of roof mechanical equipment for odor control; and
- Upgrade of transformers in support of planned future improvements.

Mr. Benson stated that in order to ensure good coordination of the Headquarters contract with the existing construction, and to negate the potential for claims on the Headquarters contract, DC Water has determined its interests are best served having the accelerated O St Pumping Station work elements done by change order under the Headquarters Building contract.

The total cost of the proposed change order is \$3,085,000. Mr. Hawkins noted that two of the work elements in the proposed change order were directly related to support of the HQO facility. Mr. Benson stated however that the odor control process facilities were required by DC air regulations regardless of the existence of the Headquarters Building. He noted that the replacement of the two power transformers was required for the O St Pumping Station Project, but that the transformers will be marginally increased in size at a nominal cost to provide power for the Headquarters Building

The Committee also inquired whether the footprint of the HQO facility is shown in the O Street Pump Station project layout/figure on slide 32. Mr. Benson responded in the affirmative.

The Committee further inquired if DC Water was satisfied that the cost of the change order was a fair and reasonable price for the work proposed. Mr. Benson responded in the affirmative noting that Skanska solicited bids for the work from three bidders acceptable to both Skanska and DC Water, and selected the lowest bid received.

IV. ACTION ITEMS

JOINT USE

1. Contract No. 150030, American Contracting & Environmental Services, Inc.
2. Contract No. 150110, American Contracting & Environmental Services, Inc.
3. Contract No. 140060, Skanska USA Building, Inc.
4. Contract No. 16-PR-DWT-41A, Colonial Chemicals, Inc.
5. Contract No. 16-PR-DWT-41B, Mitsubishi International Corp.
6. Contract No. WAS-10-003-AA-GA, M & M Electric Motor Repair, Inc.

Mr. Len Benson presented action items 1 through 3. Mr. Dan Bae, Director, Procurement, presented action items 4 through 7.

Action Item 1: Request to execute a contract for upgrades to major electrical systems, mechanical equipment, and building within the Blue Plains Raw Wastewater Pump Station No.2 facility in order to provide continued reliable service.

Mr. Benson mentioned that the lowest bid was submitted by Norair Engineering Corporation but was declared non-responsive because they did not submit the required documentation of the outreach required by the USEPA Fair Share Objective program. The Committee inquired if this company had been involved with other DC Water projects in the past. Mr. Benson responded that

they had not been involved with DC Water recently.

Action Item 2: Request to execute a construction contract for emergency and non-emergency repairs on existing process equipment, which is beyond routine, preventative and corrective maintenance, to avoid potential violation of the NPDES permit.

Action Item 3: Request to execute a Change Order to perform capital improvements at O Street Pump Station site concurrent with the new Headquarters Office (HQO) building construction in order to mitigate construction impacts to the proposed HQO once it occupied.

The Committee inquired if there are any penalties if the contractor is unable to meet their committed MBE/WBE goals. Mr. Benson responded by saying that there are no contractual penalties per se and that these commitments made by the contractor to attain these goals are made in good faith. However, DC Water has prior experience with this contractor in previous projects where similar MBE/WBE goals were met. The committee further inquired if it will be considered a breach of contract if the contractor has a contractual commitment to meet their MBE/WBE goals but fail to do so. Mr. Henderson T. Brown, Chief Counsel, DC Water responded by saying that the contractor's contractual commitment is to sufficiently demonstrate that they have employed their best efforts to achieve the MBE/WBE goals. The Committee recommended that DC Water modify the language in future fact sheets to make clear this distinction. Mr. Benson responded that future fact sheets would be modified to clarify this understanding.

The Committee further inquired if DC Water consistently puts in effort to communicate the amount of funds that are spent on local MBE/WBE enterprises during town halls and other community outreaches. Mr. Hawkins responded by saying, that is not part of the standard DC Water presentation currently and that DC Water will incorporate it going forward.

Action Item 4: Request to execute contract for the supply and delivery of methanol.

DC Water has a critical need for secure and consistent methanol deliveries and is therefore seeking to award two contracts (Action Items 4 and 5) to two companies with independent supply chains.

The Committee inquired if DC Water coordinates with the Washington Suburban Sanitary Commission (WSSC) when it comes to the procurement and purchase of methanol as it is an important commodity used by both organizations. Mr. Bae responded that although coordination did not take place with WSSC regarding this particular supply contract, DC Water does communicate and coordinate with WSSC regarding various products and services that are common to both utilities. The Committee requested to receive an update from DC Water as collaboration with WSSC takes place regarding common commodities being purchased by the two utilities. Mr. Bae responded that DC Water would update the Committee on such developments as they occur.

Action Item 5: Request to execute contract for the supply and delivery of methanol.

DC Water has a critical need for secure and consistent methanol deliveries and is therefore seeking to award two contracts (Action Items 4 and 5) to two companies with independent supply chains.

Action Item 6: Request to execute a contract modification to extend the period of performance and add funds for services to repair rehabilitate and upgrade various water and wastewater

process systems for DC Water's Departments of Maintenance Services (DMS), Distribution, and Conveyance Systems (DDCS).

The Committee inquired if the modification value stated in the fact sheet was based on the cost proposals submitted by the contractor for previous option years. Mr. Bae responded that it was.

The Committee recommended all six (6) Joint-Use actions to the full Board.

NON JOINT USE

1. Contract No. WAS-13-042-AA-RA, MOI Inc.

Action Item 1: Request to execute contract modification to contract with Knoll Furniture and Furnishings in order to meet various DC Water departments' future furniture needs, on an indefinite delivery, indefinite quantity basis.

The Committee recommended the Non-Joint Use action to the full Board.

V. OTHER BUSINESS/EMERGING ISSUES

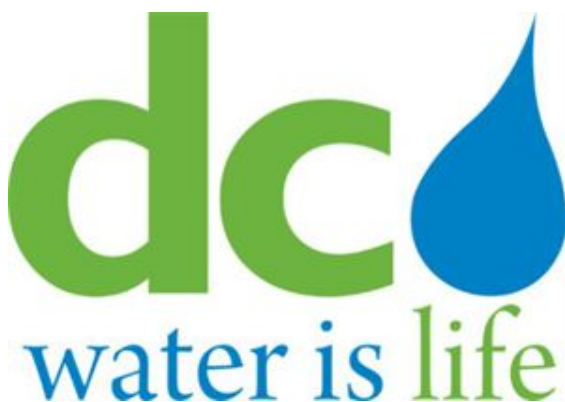
None.

VI. ADJOURNMENT

Meeting adjourned at 10:30 a.m.

Follow-up Items

1. Assistant General Manager, Blue Plains: Update the Plant Influent Flow figure (Slide 4) to include a 5-year trend.
2. Chief Engineer: When stating MBE/WBE goal commitments on future fact sheets, modify wording to indicate that the contractual commitment is restricted to the contractor sufficiently demonstrating that they have employed good faith efforts to achieve the stated MBE/WBE goals.
3. Director, Procurement: Provide an update to the Committee as collaboration with WSSC takes place regarding common commodities (ex: methanol) being purchased by the two utilities.



**District of Columbia
Water and Sewer Authority**

Board of Directors

**Joint Meeting of the Water Quality and
Water Services Committee and the
Environmental Quality and Sewer
Services Committee**

Thursday, June 16, 2016

10:35 a.m.

MEETING MINUTES

Committee Members

Howard C. Gibbs, Acting Chairperson
Mathew T. Brown
Adam Ortiz

DC Water Staff Present

George Hawkins, CEO and General Manager
Len Benson, Chief Engineer
Henderson L. Brown, Chief Counsel
Linda Manley, Secretary to the Board

I. Call to Order

Mr. Gibbs called the meeting to order at 10:35 A.M.

II. CAPITAL IMPROVEMENT PROGRAM (CIP) MANAGEMENT SERVICES

Ms. Liliana Maldonado, Director, Engineering and Technical Services, began by stating the presentation was a preamble to a fact sheet that will be submitted to the Committee during the meeting regarding a contract related to CIP program management services. This contract will help prepare DC Water for the evolution of its CIP from what is currently primarily a project-centric organization to a more programmatic one.

Ms. Maldonado stated that the 10-yr disbursement of DC Water's Capital Program is grouped by service areas as follows:

- \$71.4M for Non-Process Facilities;
- \$797.1M for Wastewater Treatment;
- \$1,207.5M for DC Clean Rivers Program;
- \$122.9M for Combined Sewer Overflow;
- \$21.4M for Stormwater service area;
- \$507.9M for Sanitary Sewer service area;
- \$636M for Water service area.

Total projected 10-year Capital Program disbursement of DC Water is \$3,364,200,000 of which \$1,290,000,000 is allocated to the Water and Sewer service areas. Ms. Maldonado mentioned that the Water and Sewer service areas have traditionally been separated as two individually managed programs but this proposed contract will look to combining different projects in the two service areas and consolidate them into a single program to better optimize planning and execution of DC Water's CIP.

The proposed program management model/approach is closely related to DC Water's Blue Horizon 2020 Goals as it meets or helps fulfil the following:

- Goal 2 – Collaborate locally, regionally nationally and internationally,
- Goal 7 – Maximize water quality treatment, compliance and efficiency,
- Goal 8 – Optimally manage infrastructure and
- Goal 9 – Adopt sustainable processes and programs.

Ms. Maldonado stated that DC Water's CIP continues to evolve in that, in the past, most of the capital funds were focused on work within Blue Plains and the Clean Rivers project; which are comprised of projects considerably larger in scope, scale and budget. The proposed program management approach recognizes that this is changing and that DC Water will be transitioning from doing large scale projects to many more smaller projects in the Water and Sewer Service Areas. Future CIP projects will have a wider geographic footprint outside Blue Plains and more so in public spaces within the District. As a result, external factors such as permitting and stakeholder engagement will have greater influences in the continued success of the CIP.

Ms. Maldonado mentioned that because of the scale and magnitude of DC Water's CIP, the Authority is having to deal with multiple objectives simultaneously. Some of these objectives include:

- Optimizing delivery of the CIP;
- Construction market conditions;
- MBE/WBE goals and commitments;
- CIP funding constraints;
- Risk management/asset life cycle optimization;
- Sustainability and energy efficiency goals;
- Innovation goals;
- Achieving a 'steady-state' 10-year CIP

In order to achieve the above objectives and enhance current program management approaches, DC Water, in 2015, held CIP delivery benchmarking sessions with the help of presentations made by 15 regional, national and international consultants. These sessions helped to identify alternative approaches to optimized CIP delivery and best industry practices and standards. The lessons learned from this benchmarking process helped DC Water develop an enhanced program management philosophy for CIP implementation going forward.

As a result of the benchmarking sessions and internal discussions, DC Water formulated a list of enterprise level, CIP optimization goals, which included the following:

- Transitioning from Project Management to Program Management,
- Optimizing CIP delivery (balancing social, environmental and financial goals)
- Optimizing project quality, delivery times and benefits,

- Improving or streamlining the permitting process,
- Collaborating with other agencies,
- Applying data management and analytics,
- Standard project and program controls process and tools,
- Implementing automated work flows,
- Leveraging new technologies,
- Providing a long-range view of future needs, projects & priorities, and
- Building DC Water's capabilities to insource CIP program management

The Committee requested a statement about coordinating with the Asset Management Program (AMP) be added to the goals list. Ms. Maldonado responded the goals list will be modified to reflect the suggestion. The Committee further inquired as to the use of a Program Management approach by DC Water in the past. Ms. Maldonado replied that DC Water has indeed been using a Program Management approach to manage its CIP in the past because this method helps in alleviating the fluid staffing and resource needs that undoubtedly arise with such a complex and large program.

Ms. Maldonado stated the proposed CIP delivery structure will be comprised of a Program Management Consultant (PgMC), one or more Project Delivery Consultants (PDC) and one or more third party Construction Management Consultants (CM). The PgMC's main responsibilities will be project initiation and development, needs review and prioritization and preliminary engineering (i.e., designs progressed to approximately 10% of design). The PDC's role will be in producing concept finalization reports, design and permitting, advertising and awarding of construction contracts, and providing engineering services during construction. The CM will have construction, commissioning and project close-out responsibilities.

The deliverables for CIP management services will comprise of the following:

- Enterprise-level CIP Program Controls (approx. 15% of deliverable),
- Development of the Water and Sewer CIP (approx.. 75% of deliverable), and
- Staff Augmentation, Operations Support, Technology & Tools (approx.. 10% of deliverable)

Ms. Maldonado stated the proposed agreement, as stated in the fact sheet, is for a period of three (3) years with the potential for two (2) option periods of 1 year each. The method of compensation will be a mix of Cost Plus Fixed Fee (CPFF) and Lump Sum (LS) totaling a combined amount of \$44.9M.

III. ACTION ITEMS

JOINT USE

1. Contract No. DCFA #477-WSA, CH2M/Parsons JV (CP JV)

Mr. Len Benson, Chief Engineer, DC Water presented Action Item 1.

Action Item 1: Request to execute an Architectural and Engineering (AE) Services Agreement to provide program management services for the development and implementation of a capital improvement program (CIP) in the District of Columbia and, to a limited extent, in the

neighboring jurisdictions.

The Committee inquired if the funds allocated for this contract were budgeted previously. Mr. Benson responded that yes, these funds were budgeted previously with the anticipation that DC Water will continue to utilize consultants for program management tasks. The Committee further inquired as to how DC Water ensures that its consultant will not exceed the costs anticipated when budgeting for a CPFF type contract. Mr. Benson responded stating there will be annual task based, resource loaded work plans in place for each year the contract is ongoing and that DC Water will closely monitor these work plans for scope, schedule and budget.

The Committee will recommend the Joint Use Action Item to the full Board.

IV. OTHER BUSINESS/EMERGING ISSUES

None.

V. ADJOURNMENT

Meeting adjourned at 11:16 a.m.

Follow-up Items

1. Director of Engineering and Technical Services: Add a statement to the 'Enterprise-level CIP Optimization Goals' list about coordination with the Asset Management Program (AMP).



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

**BOARD OF DIRECTORS
WATER QUALITY AND WATER SERVICES COMMITTEE**

**MEETING MINUTES
THURSDAY, JUNE 16, 2016**

Present Board Members

Howard Gibbs, Vice Chair
Chairman Matthew Brown

Present D.C. Water Staff

George Hawkins, General Manager
Charles Kiely, Assistant General Manager
for Customer Care and Operations
Henderson Brown, General Counsel
Linda Manley, Secretary to the Board

I. Call to Order

Mr. Gibbs called the meeting to order.

II. Water Quality Monitoring

A. Total Coliform Testing (TCR)

Charles Kiely, Assistant General Manager for Customer Care and Operations, reported that there were zero positives in May and one in June to date. He stated this is not unusual at this time of the year. With regards to the distribution system, everything is fine.

B. Lead and Copper Rule Monitoring

Mr. Kiely reported that they will file the report on lead and copper rule monitoring with the U.S. Environmental Protection Agency (EPA) in about three weeks. The results are 2 parts per billion which they have been seeing all along, a low for D.C. Water. From a treatment standpoint, they have been certified to have achieved optimum corrosion control.

Mr. Gibbs commended Mr. Kiely, the General Manager, and the staff for the service line interactive map they put on the website to let people know what they have underground. He thinks that was an awesome achievement. General Manager Hawkins also took the opportunity

to applaud the staff and he said it was not just a very good service for the District and D.C. Water's customers but others also. They have had almost 10,000 hits on the map in the last two weeks and 250 requests for water monitoring kits in the last several weeks. It has generated a lot of interest which is no surprise. There is a tremendous amount of discussion in the broader water utility field about this. This is going to generate a lot of commentary without changing anything. He believes every real estate agent will check it on behalf of a customer or purchaser of a home before it is purchased. A purchaser can say that this has to be resolved before it is bought or some charge will be taken off the price to let the purchaser solve it. It is very good for the District and is also generating a lot of activity on a national basis and they are looking at how they can combine a set of services together. D.C. Water is an early adopter of this type of visual presentation as well as the other sets D.C. Water takes to get to 2 parts per billion. In past years D.C. Water has looked at how something it has done—AMR system—could be adopted for other utilities and this is another opportunity to offer this package of advice to the hundreds of utilities that have a similar problem in their cities.

Mr. Gibbs asked about the 250 kits that were provided to customers. When they are tested, will this factor into what D.C. Water reports to the EPA. Mr. Kiely replied that they report all results to the EPA. It is not a compliance requirement but they have been doing it for the last several years. The first and immediate response is to provide information to the customers. Then all the non-regulatory sampling is gathered and submitted to the EPA. All of the sampling programs done are reported to the EPA.

Chairman Brown asked if the people who made requests get the two bottle test kits and if that is the standard. Mr. Kiely said they used to do that if there was a documented lead service line. This was changed by the General Manager years ago. They are trying to identify if there are any sources of lead for those unknowns and document it in the data base because there are about 17,000 of those unknowns. Mr. Kiely stated that they have three different sampling programs, all designed to get the same results.

Chairman Brown asked what the next steps are for those who requested test kits and their service comes back showing there is lead present? Mr. Kiely replied that it is voluntary and if they exceed the action level, they go out to the homes and try to do a profile. If there is a very high hit at the 300 level, they notify the Department of Health. Customers are provided with all of the information on record. Chairman Brown thanked D.C. Water for being so proactive about this. Mr. Hawkins stated that the overwhelming proportion of the results from the requested testing kits have numbers that come in very parallel to the formal sampling pool.

III. Fire Hydrant Upgrade Program

David Walls, Distribution Manager, reported that out of approximately 9,500 public hydrants, 59 were out of service. They are under the 30 mark for the first time in years, with 29 defective. He stated that there was an increase in the out of service hydrants from 20 to 30 due to some other work, primarily because they are doing some work and have put monitoring equipment on the hydrants. Mr. Gibbs said that he has noticed at some construction sites that they have a small meter hooked up to the hydrant. Typically, it does not place them out of service because the Fire Department can show up and take the meter off and utilize that hydrant if they need to. Mr. Kiely stated that hopefully it is a big meter because they are charged for it.

Mr. Wall reported that those out of service for more than 120 days were really down and there were no concerns about clusters of out of service hydrants on the map.

IV. Automatic Meter Reading (AMR) Update

Mr. Kiely stated that last month the Committee asked that they give them a briefing on a project that was recently completed and what the results of the project were. He indicated that they recently completed a smaller project related to the AMR change-out and he briefed the Committee on it.

General Manager Hawkins indicated that before the briefing is made, he wanted to emphasize that the AMR system has come to the end of its useful life. He believes that it is very important that the system be replaced now before it experiences a large increase in inoperable meters. They do not know the time frame but it would be a great challenge to D.C. Water's customers to receive bills that are not accurate because the system is not working and it would infringe on D.C. Water because it is the revenue stream. Mr. Hawkins reported that he has called an emergency on this basis and the contracts on the schedule are pertaining to getting resources necessary to purchase and install the units. Both on-staff and contracted personnel will be engaged in the process since this is a time question.

Lauren Preston, Director of Customer Care, stated that the project done last year is related to understanding revenue for federal billing accounts. The total population of meters that D.C. Water has is about 125,000, with 122,000 meters that Mr. Hawkins spoke about as requiring replacement. There are 2,900 meters for the largest properties—multi-family, nonresidential, and government accounts—that are responsible for 60 percent of sales. Any problems with those meters can translate into very significant dollars quickly.

One problem that was identified particularly among federal properties resulted in pretty steady declines in revenues. President Obama had signed an executive order about seven years ago requiring a 25 percent reduction in utilities across all federal properties. Federal agencies in this area took this very seriously and took swift action to meet the target. Ms. Preston stated that they worked with the Chief Financial Officer's Office to expedite exchanging out 140 of the largest federal meters to understand what was happening. Are the meters getting old and not registering all the water which is causing a loss in sales that could be recovered just by changing meters out? With new meters they can get better information by increasing the AMR transmissions from moving to reading them every fifteen minutes instead of twice a day in some cases. They can better understand pressure changes and what is going on at the buildings. They were still getting money, but it was coming from commercial sales because they were renting instead of owning a federal building. The information was provided to the property managers so that they could monitor how they were complying with the President's order and how quickly they were moving toward the target.

Ms. Preston stated that they changed 130 meters and 106 were tested in the shop to find out how many were problems with the meters and how much was just other circumstances. The majority of them came out just fine. Twenty-two passed completely with an AWWA standard, 22 were just outside the AWWA standard, and 60 did not meet the standards. Some were fast which is a sign of a meter that is not properly sized for the demand of the building. Ms. Preston reported that they look action to make the necessary corrections in order to restore the revenue. With some of the problems, they found that the revenue change was small and with recalibration they reversed the loss of revenue. The largest discrepancy was about \$500,000 and that meter had failed and degraded. One that they first thought was a meter failure was determined to be a relocation and they had sold their building and moved people to rental

properties. The net increase from all the changes was worth about \$800,00 a year in revenue. Mr. Preston reported that they do not expect that much of a lift in revenue in the AMR based program.

The AMR Program is about improving customer satisfaction, giving customers satisfaction that they are being billed correctly, accurately, and on time, and reducing complaints and concerns about things when they do not get an actual meter read and they find out later that there is a problem with the plumbing in the house and the customer now has a bill they cannot afford. Mr. Kiely reported that with the new meters they are seeking to purchase and install, they will have a true two-way communication device, not just monitoring and sending a signal back to see the status but actually sending a command or instruction. Mr. Hawkins indicated that D.C. Water will be the first large utility to use these.

Mr. Kiely stated that the pilot is coming to a close and the bigger project will be commenced for the mass change out of meters. He presented two fact sheets to the Committee for recommendation to the Board for approval. This is for the actual equipment. An installation contract will be going out for Committee approval in September. The contractor has been selected and they now have a new meter investment of 25 percent in the ground in order to ensure the appropriateness for D.C. Water.

Chairman Brown asked if there was a lead time on the delivery of the equipment. Mr. Kiely stated that for small purchases it is six weeks. The project will commence in September or October.

V. Research Project/Business Opportunity to Improve and Understand Water Quality in Premise Plumbing

Ms. Jessica Edwards-Brandt, Water Quality Manager, briefed the Committee on the status of the project today. Mr. Hawkins stated that they are co-owners of the water system with residents who are responsible for the parts of the distribution system located on their property. Utilities stay out of the private side but D.C. Water is measured by what comes out of the faucet, not just on what comes out of the main. D.C. Water gets blamed regardless of who is responsible. They want to know if there is some business opportunity. There is no reason D.C. Water cannot offer services on the private side and try to create a competitive price.

Ms. Edwards-Brandt said that they call this “new rules,” “new risk,” “new research.” There is no regulatory body that is overseeing premises plumbing. The plumbing can be at home, on a campus, and hospital. There are a lot of challenges dealing with opportunistic pathogens in premises plumbing and a lot research is going on and it is a hot topic and an emerging issue. Ms. Edwards-Brandt stated that utilities are by default the water authority and will be asked to weigh in on opinions and responsibilities. If a large hospital or school starts to look for opportunistic pathogens and they find them, the first thing is to try to treat it and then EPA says under the Drinking Water Act that they are responsible for doing monitoring, reporting, etc. Further research and action must be done to address serious pathogens.

D.C. Water has pulled a team together to assist customers to improve water quality. Ms. Edwards-Brandt calls it the trifecta of experts because it includes D.C. Water, Corona Environmental Consulting Firm, and Xylem Incorporated. They will conduct the research and it may present a business opportunity. This is called shared intellectual property. If a business opportunity is determined, a contract will be executed. This team will look into premise plumbing and water quality. This is a 60-day proof of concept and it will be housed in the

Central Operations Facility at Blue Plains. Research is ongoing now, they will investigate treatment options and initiate a business service to customers to help them understand and mitigate their risks. For additional plans and projects included in this project, please see the website under the Board of Directors for meeting minutes and materials concerning this project. Ms. Edwards-Brandt and Mr. Hawkins both assured the Committee members that they will keep briefing them on the progress.

The Committee members considered several non-joint use contracts and following numerous questions answered by Mr. Kiely, agreed to recommend them for Board approval.

Mr. Kiely indicated that he will submit the information requested by the Committee pertaining to the fire hydrant map immediately.

There being no further issues to consider and discuss, Mr. Gibbs adjourned the meeting.



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

DC Retail Water and Sewer Rates Committee

Tuesday, June 9, 2016

9:30 a.m.

MEETING MINUTES

Committee Members in Attendance

Rachna Butani, Acting Chairperson
Matthew Brown, Board Chair
Obiora “Bo” Menkiti
Ellen Boardman (via conference call)
Howard Gibbs
Reverend Kenrick Curry
Ana Harvey

DC Water Staff

George Hawkins, General Manager
Mark Kim, Chief Financial Officer
Henderson Brown, General Counsel
Linda Manley, Board Secretary
Syed Khalil, Manager Financial Planning

Call to Order

Acting Chairperson Butani called the DC Retail Water and Sewer Rates Committee meeting to order at 9:30 a.m.

FY 2017 & FY 2018 Rate Proposal (Attachment A)

Mr. Kim provided an overview of the agenda for the FY2017 and FY2018 rate proposal. He then began the presentation by reviewing DC Water’s operating reserve fund requirements, which are established by the Master Indenture and Board policy. The Master Indenture requires that DC Water maintain 60 days equivalent of operations and maintenance (O&M) expenses in its operating reserve fund. This is a legal requirement and must be maintained. If DC Water falls below the 60 days equivalent of O&M, the Authority will have breached its bond covenants and will trigger a default on its bonds. The Authority currently has approximately \$2.7 billion in bonds outstanding.

The Board has established a policy of maintaining the greater of 120 days of O&M or \$125.5 million in the operating reserve fund. Currently, the \$125.5 million is the greater of the two and serves as the Authority’s current operating reserve fund requirement. In order to maintain the \$125.5 million operating reserve fund requirement, management has set a target of maintaining a minimum balance of \$140 million in total (cash) reserves. In response to several questions, Mr. Kim explained that the \$140 million target balance is necessary to provide a cash cushion for normal day-to-day fluctuations between expenditures versus revenues, particularly given the size of our capital program and that certain months may see expenditure outflows totaling \$60 million or even \$70 million. Revenues are generally more even and predictable, with retail inflows coming in monthly and wholesale (plus Federal) inflows coming in quarterly. Ms. Boardman inquired if DC Water’s operating reserve fund balance has ever fallen below the \$125.5 million requirement, and if so, how many times? Mr. Kim replied that the Authority has come

very close to falling below the \$125.5 million requirement several times over the past couple of years, but the \$140 million target balance has provided the necessary cushion to absorb negative cash flow while maintaining the \$125.5 million reserve requirement. Mr. Kim highlighted a table in the presentation which summarized the Authority's operating reserve fund requirements:

- DC Water's operating reserve fund requirements are established by our Master Indenture and Board policy
 - Indenture requirement of maintaining 60 days O&M
 - Board policy of maintaining 120 days O&M or \$125.5 million
- Management targets maintaining a minimum of \$140 million in the operating reserve in order to satisfy Board policy

In FY2015, Mr. Kim informed the committee members that the Authority's ending operating reserve fund balance totaled approximately \$160 million, or about \$20 million above management's target balance of \$140.0 million. Mr. Kim explained that management made a recommendation to the Finance & Budget Committee that the Authority maintain this additional amount in cash and to carry it over to FY2016 to offset any potential contingencies in FY2016 budget, including on-going performance testing of the Digesters and uncertainty related to the expired collective bargaining agreement.

Reverend Curry inquired about the financial results from operations in FY2013 and FY2014. Mr. Kim replied that he would be returning to this exact question later in the presentation in the context of establishing the Authority's historical cash surplus and recommended uses. Reverend Curry then asked how much excess liquidity (cash surplus) DC Water needs and how is it used? Mr. Kim replied the \$125.5 million requirement is established by Board policy and is the absolute minimum cash balance that must be maintained at all times. Mr. Kim stated that any amount above management's target balance of \$140 million would be considered excess liquidity or cash surplus. Moreover, Mr. Kim added that management provides the Finance & Budget Committee with year-end projections and recommendations regarding any cash surplus, which are restricted by the Authority's Financial Policy for contributions to the Rate Stabilization Fund (RSF), transfers to Pay-Go, or to hold in cash and carry over to the next fiscal year.

Mr. Gibbs asked Mr. Kim to summarize the various Master Indenture requirements? Mr. Kim responded that Master Indenture establishes several operating reserve fund requirements, including the Renewal and Replacement Fund (R&R Fund) which is required to be maintained at \$35 million. The Master Indenture also establishes an Operating Reserve Fund which is required to be maintained at the equivalent of 60 days O&M and includes any balance in the R&R Fund. The "Undesignated Reserve Fund" balance is the additional cash that is required in order to meet the Board-established operating reserve fund policy of \$125.5 million. Mr. Kim reiterated that management targets maintaining a balance of \$140 million in total operating reserve funds and that any amounts above that level would be considered excess liquidity or cash surplus. Reverend Curry asked how the excess liquidity or cash surplus is used? Mr. Kim responded that all operating reserve funds are held in cash or cash equivalents, and that these funds provide the Authority with additional liquidity to handle contingencies.

Mr. Hawkins added that the excess liquidity is used to make sure that the Authority does not fall below the \$125.5 million requirement and that each year management will make a recommendation to the Finance & Budget Committee if any excess liquidity is projected. Mr. Hawkins continued that any excess liquidity would be used to either fund the Rate Stabilization Fund (RSF) to lower future required rate increases or for Pay-Go to fund capital expenditures with cash rather than debt.

Mr. Kim then moved to a review of the Authority's debt service coverage ratio requirements. He informed the Committee that the Authority's ability to pay its debt is the single most important metric the rating agencies use to evaluate DC Water's creditworthiness. DC Water's debt service coverage ratios are used to insure that the Authority is able to maintain solvency and sufficient liquidity to achieve its financial targets. The Master Indenture establishes legal rate covenants that require DC Water to maintain 1.2x coverage on our senior debt and 1.0x coverage on our subordinate debt.

Mr. Kim explained that the Master Indenture establishes a “flow of funds” and restricts every dollar of revenue that DC Water earns with the following “priority of payment”: 1) O&M expenses; 2) senior lien debt service; 3) subordinate lien debt service; 4) replenishment of reserve fund balances; and 5) any excess to the Authority’s general fund. The priority of payment means that, after O&M expenses, the Authority’s senior lien bond holders will receive payment first and that the subordinate lien bond holders will receive payment second. The debt service coverage ratios mean that for every \$1.00 of senior lien debt service, the Authority needs \$1.20 of free flow cash after O&M, and that for every \$1.00 of subordinate lien debt service after all the senior lien debt service is paid, the Authority need \$1.00 of free flow cash.

Mr. Kim further explained that the Board has established a debt service coverage ratio policy that exceeds the legally mandated coverage for a minimum of 1.4x on senior lien debt service and 1.2x combined coverage of senior and subordinate debt. In other words, after O&M expenses are paid, Board policy dictates that for every \$1.00 of senior lien debt service, the Authority must generate \$1.40 of excess free flow cash. On a combined debt service coverage basis, for example, if we have \$100 of total debt service in a given year we need \$120 of free flow cash after O&M.

Mr. Kim then explained that management has established a combined debt service coverage ratio of 1.5x in order to maintain the Board’s policies and DC Water’s credit ratings. The reason why credit ratings are essential to DC Water is that they directly impact the cost of capital. Every time the Authority attempts to access the capital markets to pay for its Capital Improvement Program (CIP), the interest rate on the bonds will depend on DC Water’s credit ratings. The 1.5x coverage ratio is truly one of the most important metrics that management uses to develop its financial plan.

Mr. Kim referred to the table in the presentation summarizing DC Water’s projected debt coverages ratios. For FY2016-FY2018, DC Water is projected is maintain its 1.5x coverage ratio. In FY2016, DC Water projects to spend approximately \$160 million on total debt service. Accordingly, in order to meet the 1.5x coverage ratio, the Authority must generate \$80 million of “surplus” revenue. Given that the \$80 million is actually a requirement, the “surplus” revenue is not really surplus in the common usage of the term because if the Authority does not generate that additional revenue, it would fail to meet Board policy and Indenture requirements. Mr. Kim characterized the surplus as “net revenue” and stated that the Authority’s financial plan incorporates that net revenue as Pay-Go for the following fiscal year. In response to several questions from the Committee members, Mr. Kim stated that DC Water would almost certainly be downgraded if it did not maintain management’s 1.5x combined debt service coverage ratio target. Reverend Curry asked Mr. Kim if the Board policies are adequate to meet the rating agency requirements to maintain a certain level of cash flow. Mr. Kim reiterated that if DC Water were to lower its actual debt service coverage ratios to the Board policy levels of 1.2x combined, then the Authority would be downgraded.

Acting Chairperson Butani inquired about the types of information DC Water conveys to the rating agencies about our coverage ratios. Mr. Kim replied that the rating agencies are aware of DC Water’s legal requirements as established by its Master Indenture, as well as the Board’s financial policies and management’s performance targets. The rating agencies give the most weight to the Indenture requirements, followed by Board policies and hold DC Water accountable to achieve its stated management targets. One of the most important elements of maintaining our credit ratings is to establish a certain level of trust and a track record of performance. Management has done this by clearly communicating its performance goals and being able to execute and deliver on its financial plan. In addition, the rating agencies have highlighted the strength of DC Water’s Board and governance structure both in terms of financial oversight and approving required rate increases to meet its financial obligations.

Mr. Gibbs asked about how the numbers were calculated for the projected debt service coverage ratios. Mr. Kim replied that those ratios are based on our ten-year financial plan, which includes projected O&M expenditures, capital disbursements and debt service. These figures are taken together with projected revenues to arrive at the projected debt service coverage ratios. Mr. Brown and Reverend Curry noted how difficult it is to make accurate projections over a 10-year period.

Acting Chairperson Butani inquired how DC Water decides what type of debt to issue in the future. Mr. Kim stated that it is both a strategic and tactical decision and depends on market conditions and investor demand at the time of structuring the debt, as well as making sure that we have a balanced debt portfolio and are able to meet all coverage ratio requirements. For example, even if it was more advantageous to issue senior debt from an interest rate perspective, there may be more capacity to issue subordinate debt from a coverage ratio perspective. There is a balance that management strives to maintain between market-based factors and debt management policies and practices when deciding what type of debt to issue. Acting Chairperson Butani asked if there are policies regarding the issuance of senior or subordinate debt. Mr. Kim replied we do not have policies that strictly limit the percentage or amount of debt that we issue, beyond those established by our Master Indenture, and that it is management's responsibility to maintain an appropriate balance.

Mr. Gibbs asked about the difference between senior debt and subordinate debt. Mr. Kim replied that the most important difference between senior debt and junior debt is the priority of payment. In practical terms, if DC Water had \$1.00 in revenue after paying O&M and \$1.00 of senior lien debt service and \$1.00 of subordinate lien debt service, then the holders of the senior debt would get paid fully and the holders of the subordinate bonds would not get paid. Accordingly, since the holders of subordinate debt are taking more risk, it typically costs DC Water more to issue subordinate debt. In other words, DC Water has to pay a higher interest rate to issue subordinate debt because we are asking those investors to take on more risk by standing lower in the priority of payment. In the current interest rate environment, however, there is almost no difference in cost for DC Water to issue senior debt or subordinate debt. As a result, DC Water has been issuing predominantly subordinate debt to take advantage of market conditions.

Mr. Gibbs inquired what the rationale might be for issuing all senior or subordinate debt in a more "normal" interest rate environment. Mr. Kim replied that there is no reason why DC Water could not do that subject to meeting all Indenture requirements and Board policies. However, DC Water's senior lien debt represents the lowest cost of capital for the Authority so it is prudent to be conservative with its use and perhaps strategically issue more during higher interest rate environments. So, right now in the current environment when interest rates are so low, DC Water would be wise to save its senior debt capacity for a rainy day. If and when the Fed finally starts raising rates in a sustained manner and it becomes more expensive for DC Water to issue subordinate debt relative to senior debt, then it may make more sense to issue senior debt with more frequency.

Reverend Curry returned to the financial plan and asked if the projected numbers are included in the model. Mr. Kim confirmed that the projections are included in the model, and Reverend Curry asked whether it was possible to change the amount of senior debt and subordinate debt yet still arrive at the targeted 1.5x coverage ratio. Mr. Kim responded that the financial plan includes certain assumptions about the issuance of senior and subordinate debt, as well as future interest rates, in order to project our future coverage ratios and that it would certainly be possible to change those assumptions and still meet our targets. For example, if the financial plan had assumed the issuance of senior debt in FY2018 but it was more advantageous to issue subordinate debt, then we would adjust our financial plan accordingly. Reverend Curry asked how frequently DC Water compares the projected values against the actual values to see if the model holds and what correlation is derived. Mr. Kim replied that the correlation between predicted performance and actual performance is very strong. DC Water's revenue projections are typically +/- 1% of the model's projections. The expenditure projections are more volatile, usually within +/- 5% to 10% of the model's projections.

Mr. Menkiti inquired whether there should be any concern that certain Board policies are actually out of line with management's strategy in terms of the difference between the debt service coverage ratios. Mr. Kim replied that management routinely reviews Board policies with its financial advisors on an annual basis and stated that the Board policies are strong and consistent with DC Water's high credit ratings. Although the Board could change those policies to more closely align them with management's targets, Mr. Kim stated that the value of changing the Board policies for an incremental alignment is not worth the effort that would be needed to explain why the policies were changed when the financial targets were being achieved. Mr.

Kim then highlighted a table in the presentation which summarized the Authority's debt service coverage ratio requirements:

- Indenture rate covenant requires 1.2x senior and 1.0x subordinate debt service coverage
- Board policies exceed Indenture-required coverage ratios
 - Minimum 1.4x senior lien debt service coverage
 - Minimum 1.2x combined coverage of senior and subordinate debt
- Management targets a combined debt service coverage ratio of 1.5x and rating agencies expect DC Water to sustain this level of cash flow in order to maintain our credit ratings

Mr. Kim turned to a review of the Rate Stabilization Fund (RSF). DC Water's Board established the RSF by Resolution in 1997. The RSF is not legally required by the Master Indenture, and it is entirely at the Board's discretion to deploy any funds held in the RSF. The RSF is the primary tool that the Board has to manage one-time required water and sewer rate increases. The purpose of the RSF is not a substitute for ongoing cash flow or required revenue. The RSF is most prudently used for one-time, non-recurring expenditures, such as if your roof falls in and you need to dip into your rainy day fund to pay for it. The RSF is not meant to cover an ongoing cash flow shortfall or to substitute for revenue needed to pay for O&M expenses.

Ms. Boardman asked whether DC Water had used the RSF to stabilize rate increases and to pay one-off expenses rather than O&M. Mr. Kim responded in the affirmative and noted that DC Water has historically used the RSF to manage "spikes" in required rate increases. The best use of the RSF would be to strategically and tactically "buy down" a spike in rates in order to keep rate increases closer to a historic average. Used in this way, the RSF would mitigate "rate shock" and allow rate increases that are more gradual and less volatile. This is how most well-run utilities use their RSF.

Ms. Boardman asked whether the RSF balance is used to satisfy the operating reserve fund balance requirement or if it is embedded within any other reserve balance. Mr. Kim responded that the RSF balance is not used to satisfy the operating reserve fund requirements and is maintained in addition to any operating reserves. Acting Chairperson Butani asked how many other authorities use a RSF. Mr. Kim replied that it is very common in the industry and that it is considered a standard tool Boards like to have at their disposal. Mr. Kim noted that in the absence of an RSF, DC Water would have no choice but to pass on the full brunt of a required rate increase to its customers each year.

Mr. Hawkins highlighted a chart in the presentation illustrating DC Water's historical and projected RSF balances and explained the buildup of the RSF to help mitigate DC Water's most recent and dramatic increase in capital spending. Acting Chairperson Butani asked how much pressure the RSF places on the two-year rate setting proposal. Mr. Kim responded there are pros and cons. The primary benefit of a multi-year rate proposal is greater certainty with respect to revenues. The potential risk is that while DC Water's revenues are now "locked-in" its expenditures remain contingent, requiring greater budget discipline and cost control. This risk creates more pressure to make sure that there are sufficient funds in the RSF to mitigate potential rate spikes. Acting Chairperson Butani asked if the two-year rate proposal put more pressure on staff to manage tighter operating and capital budgets. Mr. Hawkins replied in the affirmative.

Mr. Kim informed the Committee that from FY2008 – FY2015, DC Water had withdrawn over \$114 million from the RSF in order to mitigate required rate increases to fund a rapid expansion in the Authority's capital program during this time. No RSF withdrawals are currently projected in the current 10-year financial plan covering the period FY2016 – FY2025. Mr. Kim further noted that in FY2009 – FY2015, DC Water spent \$3.1 billion on capital investments that was largely financed with debt and paid for with increased rates. DC Water was embarking on major capital programs including a \$900 million ENR facility, \$500 million Digester facility and approaching peak spending on its \$2.6 billion Clean Rivers program. Over the past couple of years, nearly \$1.5 billion of new infrastructure assets have been brought in service. DC Water capital spending peaked in FY2014 and is currently ramping down. Mr. Kim stated that withdrawing over \$114 million dollars from the RSF during this period was very fiscally prudent and an excellent use of the

RSF. Unfortunately, the RSF has been depleted and it is now time to replenish it for the next cycle of capital spending.

In FY2016 – FY2025, DC Water's CIP disbursement budget totals \$3.6 billion, with the Clean Rivers program totaling \$1.2 billion. Mr. Hawkins mentioned that in January 2016, DC Water modified its consent decree which allows for another five years to finish the Clean Rivers program. Moreover, Mr. Hawkins noted that had DC Water not gotten the 5-year extension, its CIP would likely be significantly higher than it is currently projected to be.

Mr. Brown inquired whether the use of the RSF was restricted to water and sewer rates, CRIAC, or any other use. Mr. Kim referred to Board Resolution #10-76, Revised Rate Stabilization Policy, and quoted that the authorized use and stated purpose of the RSF is to "assist in mitigating annual rate increases." Mr. Kim further noted that the original policy was adopted in Board Resolution #97-124 and specifically stated that the purpose of the RSF was to "help mitigate rate spikes and allow smoothing of annual rate increases." Mr. Kim suggested that he would seek further guidance from the Authority's General Counsel on this question and advise the Committee accordingly. Mr. Brown agreed and asked whether the RSF is governed solely by Board policy and Mr. Kim responded in the affirmative.

Mr. Kim noted that Board policy does not establish a target balance for the RSF. In response to a several questions, Mr. Kim further noted that management has had numerous discussions with its rate consultants and financial advisors about an appropriate target RSF balance for an entity of DC Water's size and projected capital expenditures and concluded that a \$100 million balance in the RSF is an appropriate target RSF balance. DC Water's RSF has a current balance of approximately \$32 million.

Mr. Menkiti inquired about how management was planning to raise the RSF balance to \$100 million. Mr. Kim responded that there are no further withdrawals planned or projected during the current 10-year financial plan covering the period FY2016 – FY2025. In addition, Mr. Kim stated that there is projected cash surplus over the next ten years sufficient to reach the target RSF balance of \$100 million. Mr. Menkiti asked if management is concerned about its ability to fund the RSF to the target balance. Mr. Kim replied in the affirmative and noted that any contributions to the RSF are dependent on achieving the projected financial results from operations and discretionary decisions that are made by the Board on an annual basis.

Mr. Brown noted that DC Water is planning to contribute \$19 million to the RSF this year while raising rates 5% and raised a concern about the absolute level of rate increases over the past several years to finance the expansion of our capital program. Reverend Curry asked Mr. Kim about the percentage of the excess cash that has funded the RSF over time and how that compares to the annual rate increases for DC Water's customers. Mr. Kim responded that he would return to address this exact question momentarily in his presentation. Mr. Brown then asked that staff from DETS to provide a breakdown of the prioritization of the CIP by major project. Mr. Kim responded that he would request that the Chief Engineer provide this information and follow up accordingly and Mr. Brown agreed.

Acting Chairperson Butani then raised a concern about the impact on rate payers over the absolute level of rate increases to fund the Clean Rivers program and asked staff to consider a number of alternative approaches to balance the amount of RSF replenishment with current relief of the CRIAC. Specifically, Acting Chairperson Butani asked if it would be possible to limit the amount of contributions to the RSF in any given year at a certain level and then to apply the balance towards providing a one-time credit for that year's CRIAC to provide our customers with rate relief. Mr. Kim responded that staff will "run the numbers" on various alternatives and provide the Committee with its recommendation at the next Rates Committee meeting. Acting Chairperson Butani agreed and suggested that DC Water add a line item on the customer bill showing a credit against the CRIAC.

Mr. Gibbs recognized DC Water staff for doing as much as it has to keep rates as low as possible, but asked if it was possible to do more. Mr. Kim responded "Absolutely!" and proposed adding "CRIAC

Affordability” as a high priority action item to the Committee’s Proposed FY2017 Workplan. Mr. Kim committed to providing the Committee with concrete proposals on creative ways to expand DC Water’s affordability programs to include the CRIAC. The Committee was in agreement with this proposal and Reverend Curry noted that with the CRIAC approaching 25% of the average customer bill, staff should also specifically consider the impacts of this charge on affordable housing, non-profit organizations and houses of worship. Mr. Hawkins affirmed that staff would conduct a “deep dive” on the CRIAC and add this action item to the Committee’s Proposed FY2017 Workplan.

Mr. Kim then turned to a review of the CIP and gave an update on the FY2016 CIP disbursement budget.

- For FY2016, total CIP disbursements are projected to be 1.5% under the approved budget of \$549 million based upon the first 6 months of the current fiscal year
 - Capital projects are projected to be 2.9% (or \$14.5 million) over the approved budget of \$499 million
 - Additional capital programs for capital equipment are projected to be \$22.9 million under the approved budget of \$50.0 million, potentially offsetting higher projected disbursements in capital projects
 - Clean Rivers program does not project any significant variances from its approved budget of \$223 million

Mr. Kim reviewed the preliminary FY2017 – FY2016 CIP, which is projected to be \$3.75 billion. This figure represents a slight increase over the existing ten-year plan due to the first year of the Clean Rivers program consent decree extension in FY2026. Mr. Kim then described both the preliminary 3-year and 10-year CIP disbursement budgets:

- Preliminary CIP disbursement estimates for FY2017 – FY2026
 - \$1.27 billion in FY2017 – FY2019 (three-year disbursement budget)
 - \$3.75 billion in FY2017 – FY2026 (ten-year disbursement budget)

Mr. Kim then reviewed the sources of funds for the CIP and explained that nearly 50% of the CIP is projected to be funded by the issuance of debt. In other words, for the current \$3.6 billion CIP, DC Water expects to issue approximately \$1.8 billion of debt over the next ten years. Pay-Go (i.e., cash) financing of capital is projected to be approximately 27% and reminded the Committee members that the “net revenue” needed to achieve the debt service coverage ratio requirements are earmarked to fund Pay-Go. Mr. Kim noted that Pay-Go and debt financing totals 75% of the sources of funds for the CIP and these costs are entirely borne by DC rate payers. Federal grants and appropriations represent 6% and approximately 18% are capital contributions from the suburban jurisdictions. In response to a question from Mr. Brown, Mr. Kim explained how the newly adopted System Availability Fee (SAF) revenue will be incorporated into the sources of funds for the CIP starting in FY2018. Mr. Brown asked if the projected revenue from the SAF were incorporated into the financial plan and used to offset required rate increases. Mr. Kim answered in the affirmative and noted that the use of SAF revenue was restricted to Pay-Go and that the impact on rates from projected SAF revenue was modest.

Mr. Gibbs asked about the Washington Aqueduct’s CIP and its impact on DC Water’s own CIP. Mr. Kim responded that just as the suburbs are wholesale customers of DC Water and make capital contributions (i.e., cash) towards its CIP, DC Water is a wholesale customer of the Aqueduct and makes capital contributions (i.e., cash) towards its CIP. DC Water is responsible for approximately 75% of the operating and capital expenditures of the Aqueduct and sits on its Board, which approves its operating and capital budgets.

Mr. Gibbs asked how much leverage DC Water has over the size of the Aqueduct’s CIP. Mr. Hawkins replied that DC Water has a tremendous amount of leverage. DC Water currently contributes about \$10 million a year for the Aqueduct’s capital program. The actual capital needs maybe different.

Mr. Brown returned to the financial plan and asked Mr. Kim how frequently it is updated and how the budget and rates are factored in the plan. Mr. Kim explained that the financial plan is updated annually and presented to the Board for approval after the close of each fiscal year, usually in tandem with the next proposed operating and capital budgets. Once the actual results from prior fiscal year are incorporated into the financial plan, the assumptions and projections are then updated to model the required rate increases to meet the Authority's financial targets. Although the financial plan is formally presented to the Board for approval on an annual basis, management regularly updates and revises the plan throughout the year based upon actual results and experience.

Reverend Curry returned to the SAF and inquired about the public comments regarding affordable housing projects like those outlined in the Mayor's plan and whether DC Water took into consideration the impact on the SAF would have on affordable housing when it set the fee. Mr. Kim confirmed that DC Water spent a significant amount of time taking in consideration the comments received from the public with respect to affordable housing. Further, Mr. Kim noted that the tenor of the comments that DC Water received with respect to affordable housing had more to do with the extended time period that is required to bring this type of project online and that it would have a disproportionate impact on affordable housing development because the initially proposed effective date was too soon. Projects that were already in the pipeline would all of a sudden be subject to the SAF when developers would have already secured project financing. DC Water took these comments into consideration and they were the primary driver in management's decision to recommend a delay in the SAF effective date to allow all projects that are already in the pipeline to have cleared before the new SAF fee is implemented.

Mr. Kim also noted that there were relatively few comments that spoke to the burden of incorporating the SAF into the overall cost of the project. DC Water is the only utility in the region that does not charge a SAF and its proposed fee is significantly lower than any other fee charged in the region for comparable projects. DC Water took into consideration the magnitude of the fee to make sure that the SAF is in line with and lower than similar fees assessed by other utilities in the region.

Mr. Hawkins mentioned that DC Water will monitor the impact of the SAF on affordable housing and is always willing to reexamine the fee if it is determined that the consequences are unwanted and unfair.

Reverend Curry asked for a review of how the SAF will be implemented. Acting Chairperson Butani referred Reverend Curry to the minutes of the committee meeting when the SAF was extensively discussed and recommended. Mr. Kim responded that once the SAF becomes effective January 1, 2018, any project requesting a permit for new service will be assessed the full SAF fee. Mr. Kim added that there were some exemptions for inactive properties as well as a SAF installment payment plan.

Mr. Gibbs asked if District regulations preclude multiple meters on a single property. Mr. Kim responded that they do not and added that DC Water created two incentive structures with the WSRF and SAF for all customers to right size their meters. Mr. Kim also noted that property owners will be allowed to "neck-down" water lateral lines to smaller meter sizes. In addition, DC Water exempted fire flow from the fee calculation, which is based solely upon peak demand.

Acting Chairperson Butani noted that the SAF recovered actual costs and that if those costs were not being recovered by this fee then they would be charged to all rate payers through their water and sewer rates. She noted further that the express purpose of this fee is to make those who are responsible pay the fee instead of requiring everyone else to pay it for them.

Mr. Kim then turned to a review of the key FY2017 operating budget assumptions and risks. Mr. Kim began by noting that the Authority's NPDES permit expired 2015 and is currently being renegotiated with the US EPA. While DC Water does not anticipate any new regulatory requirements, the risk remains until negotiations are completed and the operating permit is secured. Given recent events in Flint and the regulatory climate on Capitol Hill, Mr. Kim noted that there is a very real possibility on a national level for mandated work on lead service lines. Wholesale lead service line replacement is not currently budgeted

in the current CIP and would put financial pressure on DC Water if it comes to pass. Mr. Hawkins stated that DC Water does have a partial lead service line replacement program budgeted in the CIP and noted that customer requests for partial lead service replacements have increased from \$0.5 million to \$2.0 million this year.

Mr. Kim stated that DC Water is currently projecting to be over budget on its personnel services costs. The primary drives are lower vacancy rates and higher fringe benefit costs (particularly for health care insurance premiums). In addition, Mr. Kim noted that DC Water's collective bargaining agreement expired in FY2015 and this will have a potentially large budget impact on the Authority. In terms of non-personnel services (i.e., contractual services), there are a number of contingencies that may adversely impact the FY2017 budget, including new wastewater treatment process facilities and related O&M costs, potential increase in insurance premiums for excess liability and property coverage due to increased asset portfolio, and potential legal claims and litigation expenses.

Mr. Kim continued to describe a number of high important priority initiatives that are not fully funded in FY2017 because DC Water had not completed its evaluation. Anyone of these initiatives may have a significant impact on either the operating or capital budgets: 1) AMR/AMI replacement program; 2) customer information system (Vertex) upgrade or replacement; 3) financial system (Lawson) upgrade or replacement; and 4) capital project management system (Primavera P-6) upgrade or replacement.

Mr. Kim noted that the budget for debt service is conservative by design because DC Water must take into account future interest rates and the types of debt it will issue over the next 10 years (senior versus subordinate, fixed versus floating). DC Water is currently underweight in its debt portfolio in terms of floating rate debt and intends to issue more in the future. The more floating rate debt, the greater the interest rate risk DC Water is exposed to.

Mr. Kim then turned to a review of wastewater treatment (WWT) operations and the digester-related assumptions in the FY2017 budget. Mr. Kim noted that the total expenditure budget for WWT O&M decreased by \$6.5 million from the FY 2016 approved budget vs. the FY 2017 approved budget. The key drivers that are related to the digester include savings related to chemicals, electricity and hauling. DC Water's chemical costs are projected to decrease by \$1.8 million, electricity costs are projected to decrease by \$5.5 million, and hauling costs are projected to decrease by \$1.2 million.

Mr. Kim presented the table below illustrating the FY2013 – FY2015 Historical Net Cash Surplus.

	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>
Total Revenue	460,957,832	484,492,468	546,095,590
Total Expense	377,542,895	414,497,813	434,594,969
CFCI	-	-	20,058,317
Operating Income	83,414,937	69,994,655	91,442,304
Other Transfers/Credits	(22,103,592)	(28,845,618)	(7,535,721)
Net Income	61,311,345	41,149,037	83,906,583
Beginning Cash Balance over Target	14,750,634	1,518,206	17,642,005
Transfer to CIP (Pay-Go)	(24,543,206)	(23,748,975)	(41,710,266)
Transfer to RSF	(4,100,000)	-	-
Net Cash Surplus	47,418,773	18,918,268	59,838,322
Recommendation:			
Additional Transfer to RSF	(3,400,000)	-	(17,500,000)
Additional Transfer to Pay-Go	(28,000,567)	(1,276,262)	(22,283,565)
Additional Cash Balance over Target	(16,018,206)	(17,642,006)	(20,054,757)

In FY2013, DC Water ended the year with net income of \$61.3 million, which included a beginning cash balance of \$14.8 million over target and Board-approved transfers of \$24.5 million to Pay-GO and \$4.1 million to RSF, leaving a net cash surplus of \$47.4 million. Management's recommendations were an

additional \$3.4 million to RSF, \$28.0 million to Pay-Go and hold \$16.0 million over target ending cash balance. In FY 2013, total debt service was \$107 million which means that DC Water needed about \$50 million of excess cash flow in order to meet its combined debt service coverage ratio target of 1.5x.

In FY2014, DC Water had enormous financial challenges in managing both its operating and capital budgets. In the operating budget, DC Water's collective bargaining agreement had been expired since FY2012 and management reached an agreement with Labor in late FY2014 with retroactive pay provisions which had an enormous adverse financial impact in personnel services costs. In addition, DC Water had budgeted a certain amount of digester-related savings and, unfortunately, the project experienced delays and those O&M savings were not realized in FY2014. In the capital budget, DC Water over-spent its CIP by over \$100 million, which meant that DC Water had to issue \$100 million more in debt than it was budgeting for in order to cover the shortfall. As a result, net income in FY2014 decreased to \$41.1 million and net cash surplus decreased to \$19 million. DC Water transferred \$1.3 million to Pay-Go and held \$17.6 million over target ending cash balance. In FY2014, total debt service was \$120 million which means that DC Water needed about \$60 million of net income versus the \$41 million in net income it generated to meet its combined debt service coverage ratio targets.

In FY 2015, DC Water had a very large rate increase to accommodate the shortfall in FY2014. As a result, DC Water financial condition improved and ended the year with \$83.9 million in net income and \$59.8 million in net cash surplus. Management's recommendations were an additional \$17.5 million to RSF, \$22.3 million to Pay-Go and hold \$20.1 million over target ending cash balance. In FY 2015, total debt service was \$140 million which means that DC Water needed about \$70 million of excess cash flow to meet its combined debt service coverage ratio of 1.5x. The three figures in the chart for CFCI of \$20.1 million, transfer to CIP (pay-go) of \$41.7 million and the additional transfer to Pay-Go of \$22.2 million total \$84 million, which helped to make up for the prior year's shortfall.

Mr. Kim then turned to a review of the current year FY2016 Projected Net Cash Surplus. DC Water is projecting to be about \$1.4 million short on revenue versus the Board approved budget.

	Board Approved FY2016 Financial Plan	FY 2016 Projection*	Variance Positive/(Negative)
Total Revenue	580,514,226	579,082,477	(1,431,749)
Total Expense	481,842,248	454,910,976	26,931,272
CFCI	23,475,181	23,475,181	-
Operating Income	75,196,797	100,696,320	25,499,523
Other Debits/Credits	(17,179,027)	(29,232,584)	(12,053,557)
Net Income	58,017,770	71,463,736	13,445,966
Beginning Cash Balance over Target	20,054,757	20,054,757	-
Transfer to CIP	(59,072,527)	(59,072,527)	-
Transfer to RSF	(19,000,000)	(19,000,000)	-
Projected Net Cash Surplus	-	13,445,966	13,445,966

Recommendation:

Additional Transfer to RSF	-
Additional Transfer to PAYGO	-
Additional Cash Balance over Target	(13,445,966)

* Preliminary unaudited year-end projections, subject to change

The lower receipts are due to (a) partial billing of WSRF for the month of October 2015, (b) time lag for collections, which follow billings by a month and (c) non-receipt of WSRF for Federal government since the 2016 Federal Bill, prepared in April 2014, did not include estimates for WSRF. The FY2016 WSRF will be trued-up in the FY2019 Federal Bill, so DC Water will ultimately receive this revenue.

Mr. Kim described the purpose of the Cash Finance Capital Improvements (CFCI) line item in the expenditure budget as a “down payment” on Pay-Go to meet the debt service coverage ratio targets. Mr. Gibbs asked if CFCI only part of the target 1.5x debt service coverage ratio, why DC Water does not budget the full amount. Mr. Kim noted that managements targets CFCI funding to be approximately equal to 5% of revenue. While this figure does not equate precisely to the entire amount of the target 1.5x debt service coverage ratio, this was a huge step forward for more transparent budgeting at DC Water.

Returning to the FY2016 projections, Mr. Kim stated that DC Water is projecting net income of \$71.5 million and a net cash surplus of \$13.4 million after Board approved transfers for Pay-Go and RSF. Mr. Kim noted that the projected net cash surplus for FY2016 will have a modest impact on rates if used to make an additional transfer to the RSF or for Pay-Go:

- A 1% reduction in retail water and sewer rates would equate to approximately a \$3 million annual reduction in operating income or a \$30 million revenue loss over the 10-year financial plan
- Accordingly, if used to make an additional transfer to the RSF for use in FY2017, the projected net cash surplus of approximately \$13.4 million would equate to a one-time reduction in the proposed rate by 0.45% (or from 5.0% to 4.55% for FY2017) to account for lost revenue over the next 10-year period while holding future rate increases at current projected levels
- Alternatively, a 1% reduction in retail water and sewer rates would equate to an approximately \$40 million reduction in debt issuance capacity on a one-time basis
- Accordingly, if used to make an additional transfer for Pay-Go for use in FY2017, the projected net cash surplus of approximately \$13.4 million would equate to a one-time reduction in the proposed rate by 0.33% (or from 5.0% to 4.66% for FY2017)

As a result, Mr. Kim stated that management intends to recommend to the Finance & Budget Committee holding the projected net cash surplus as additional cash over the target ending balance in order to provide added operational flexibility to address the previously discussed contingencies in the FY2017 budget.

Mr. Brown pointed out that the 10-year financial plan is a long period to look at a \$13.4 million surplus. By comparison, the District makes these types of determinations over a 4 year period. Mr. Brown noted that the 10-year financial plan is good practice and that he is happy that DC Water is able to do it but reiterated that it is a very long plan and each year the assumptions becomes cloudier in the outer years.

Mr. Kim presented the proposed FY 2017 & FY 2018 Rates for the Committee’s consideration:

- Board approved a new multi-year rate proposal for public notice and comment covering both FY 2017 and FY 2018, providing added revenue certainty and reducing volatility in financial projections
- Management initially recommended a 5% increase in the retail water and sewer rates in each of FY2017 and FY2018, which already represented a decrease from the prior year’s approved financial plan projections of 6.5% in FY2017 and 6.0% in FY2018
- In consideration of both the projected net cash surplus in FY2016 and significant operational uncertainties in the FY2017 budget, management is revising its rate proposal to recommend a **4.75% increase in FY2017 and a 5% increase in FY2018** together with its recommendation to hold any net cash surplus as additional cash over the target ending balance in FY2016

Mr. Brown asked about the impact of the 4.75% increase versus the original 5.0% increase for FY2017. Mr. Kim replied that the decrease would have a very modest benefit, with the average residential customer savings about \$1 per year. There was discussion amongst the Committee members and general consensus that the proposed decrease would provide very limited relief to our ratepayers and

that using the projected net cash surplus to provide a one-time credit for the CRIAC in FY2017 was a preferred approach over decreasing the rate to 4.75%. Consequently, Acting Chairperson Butani requested the Committee members to hold off on approving the rate proposal for FY2017 & FY2018 until its next Committee meeting on June 28 to fully consider the information provided and to allow staff to consider the Committee's suggestion to maintain the original rate proposal of 5% together with an additional contribution to the RSF from the projected net cash surplus to provide a one-time credit in FY2017 for the CRIAC.

Mr. Hawkins suggested the following two-step process: 1) staff will fully consider the suggestions made today and make a recommendation on the projected net cash surplus to the Finance & Budget Committee on June 23rd and then 2) staff will make a recommendation on the rate proposal for FY2017 and FY2018 to the DC Retail Water and Sewer Rates Committee on June 28th. Acting Chairperson Butani agreed together with the other Committee members and the meeting was adjourned.

Adjournment

The meeting was adjourned at 12:20 p.m.

FOLLOW-UP ITEMS – DC Retail Water and Sewer Rates Committee Meeting (June 9, 2016)

1. Permitted uses of the RSF. (Ms. Butani) Status: June 2016
2. CIP prioritization by major project. (Mr. Brown) Status: June 2016
3. CRIAC credit in FY2017. (Ms. Butani) Status: June 2016
4. CRIAC affordability in general and focus on affordable housing, non-profits and religious organizations in particular. (Ms. Butani and Reverend Curry) Status: FY 2017 Workplan



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

DC Retail Water and Sewer Rates Committee

Tuesday, June 28, 2016

9:30 a.m.

MEETING MINUTES

Committee Members in Attendance

Rachna Butani, Acting Chairperson
Matthew Brown, Board Chair
Ellen Boardman
Howard Gibbs
Reverend Kenrick Curry
Ana Harvey

DC Water Staff

George Hawkins, CEO/General Manager
(via conference call)
John Madrid, Controller/Acting CFO
Henderson Brown, General Counsel
Mustafa Dozier, Chief of Staff
Linda Manley, Board Secretary
Syed Khalil, Director Rates and Revenue

Call to Order

Acting Chairperson Butani called the DC Retail Water and Sewer Rates Committee meeting to order at 9:36 a.m.

FY 2017 & FY 2018 Rate Proposal (Attachment A)

Mr. Hawkins briefed the Committee about the two non-joint resolutions presented for their recommendation to the full Board. He noted that although the final action may trigger further joint use action in the future, the Finance and Budget committee may revise the policy governing use of funds in the Rate Stabilization Fund (RSF).

Mr. Hawkins gave a brief overview of the proposed resolution “**Evaluate and Propose Recommendations for the Expansion of the Customer Assistance Program to Clean Rivers Impervious Area Charge (CRIAC); Review the Impact of CRIAC on Various Customer Segments; Focus Efforts on Employment Opportunities for District Residents Through Water Works Program; and Work to Reduce FY 2018 Rate Increase Below 5%**”. He stated that the resolution is the precursor and foundation upon which the Retail Water and Sewer Rates Committee will make a recommendation on the rates for FY 2017 & FY 2018.

Mr. Hawkins informed the committee that once the approved, 5% rate increase for FY 2017 & FY 2018 would essentially create a ceiling for the two year timeframe. He explained that if DC Water needed more revenue than the estimated revenue generated by the 5% rate increase in FY 2018, the entire rate setting process would have to be followed. However, if the Board decides to reduce the 5% rate increase for FY 2018, then DC Water would not have to go through the rate setting process again.

Mr. Hawkins referred the Committee to the four proposed actions below:

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board directs the General Manager to evaluate the Customer Assistance Program (CAP) and make a recommendation to the Retail Rates Committee regarding the expansion of CAP to include the Clean Rivers Impervious Area Charge (CRIAC) as soon as practicable after September 2016.
2. The Board directs the General Manager to conduct a review of the impact of the CRIAC on various customer segments including low-income customers who do not qualify for CAP, non-profit organizations and small business owners, and to report to the Retail Rates Committee on its preliminary findings and recommendations by December, 2016.
3. The Board directs the General Manager to undertake efforts to provide appropriate employment opportunities for District residents through the Water Works program and other opportunities.
4. The Board encourages the General Manager to work to reduce the FY2018 rate increase below the 5.0% that has been approved.

Mr. Hawkins informed the committee that for item #1 staff would evaluate the financial consequence of expanding the CAP discount to include the CRIAC for CAP customers in FY 2017, FY 2018 and the ten year financial plan. He noted that the total cost of the Clean Rivers project is not changing, but if the Authority decided to expand the discount to the CAP customers, that revenue would have to be made up from somewhere else. The questions arise as to how much is the expanded CAP discount and what are the projected increases in the CRIAC over the next ten years. Management plans to come back to the Retail Water & Sewer Rate Committee in September with a proposal. To cover the costs of the CRIAC discount to CAP customers the Authority would use projected savings, cash surplus, or in the very unlikely event of neither being available, as a last resort redeploy budgeted Pay-Go, which is called CFCI (Cash Financed Capital Improvement). Potentially the funds in RSF can also be used, but this would require modification of the RSF policy governing the use of funds in the RSF. On legal note, DC Water would not be able to readjust the IAC charge for other customers until FY2019 at the earliest since we will have adopted 2-year rate proposal (including the IAC) for FY2017 and FY2018, unless we went through another public notice period.

Management plans to report back to RRC in September with more detail. There are some practical steps that have to be undertaken and the CRIAC discount to CAP customers would come into effect later this year or early 2017.

Mr. Brown stated that the Committee has been working on the FY 2017 and FY 2018 rate increases since last fall. He added that \$3.66 billion Capital Improvement Program (CIP) is funded through rate increases. In FY 2017, \$472.2 million is projected to be spent on CIP to improve the water and sewer system and \$320.5 million is projected to be spent to operate the facility. In FY 2017, debt service and CFCI are projected at \$167 million and \$24.0 million respectively. It is important to put in perspective what the Committee is striving to achieve: 1) to make sure to fund DC Water and affordability for all customers and; 2) to pay special attention to those with less means either through employment programs or through the water bill. The Committee has spent a lot of time focusing on the right issues and now has to make choices on how to handle the approximately \$10 million net surplus.

Acting Chairperson Butani noted that it is not fair to give back surplus to one segment of customer class. The \$10 million surplus has been taken from all rate payers and therefore, should go back to all rate payers. She added that the Committee is trying to achieve affordability across the board and there are customers who need more support than others and she supports them. However, there are non-profit organizations, churches, small businesses that are also suffering from increased rates. She said that she would support the net surplus going toward to all customers whether it is through decrease in rates,

transfer to RSF or transfer to Pay-Go and that it was difficult for her to agree to give net surplus to one segment of customers when surplus funds were collected from all customers.

Ms. Boardman stated that she disagrees with providing the net surplus to all customers. She acknowledged her support for low-income CAP customers and suggested having a full review of the CAP program.

Acting Chairperson Butani agreed with Ms. Boardman to review the CAP program and look at the impact it has on all customer segments, but does not believe that the surplus funds taken from all rate payers deserve to go to one segment of the population rather than all the rate-payers.

Mr. Hawkins commented that it is possible to consider a way to do both elements. The cost to provide a CRIAC credit to the CAP customers is less than \$1.0 million. The net surplus is \$10.0 million and CRIAC credit to the CAP customers is a fraction of net surplus. The CRIAC is part of the bill that has grown the fastest. The rest of the net surplus could be evaluated on how it can be used. A variety of techniques have been discussed that would mean going to the Finance Committee and typically the decision will not be made until September. One solution is to use a portion of the net surplus to enhance the Pay-Go program for DC rate payers, which would spread the reduced level of borrowing cost over all rate payers equally.

Ms. Harvey stated that it is refreshing to see that the committee takes this issue seriously. She asked what is more impactful to the community: 1) a one-time rebate for every customer; or 2) a permanent discount to customers that need help. She added that Pepco/Exelon just provided a rebate of approximately \$30 per customer.

Reverend Curry noted that the customers who live in Wards 7 & 8 in Northeast Washington are the lowest-income rate paying customers and really in need of assistance. While hearing the arguments with regard to equity, we are dealing with a situation where we are not beginning with a level playing field. One may consider the idea of equity in terms of balancing all of the rates but when someone is already struggling due to poverty, the one-time CRIAC reduction is no benefit. It is time to eliminate or deeply reduce the CRIAC for low-income residents. The General Manager spoke how to use the \$10.0 million surplus to reduce the CRIAC for CAP customers and transfer the difference to Pay-Go to reduce borrowing cost for rate payers. He said that he was not in favor of those options but he was in favor of reductions for low-income residents. These are the residents that are going to use non-profits and small businesses and try to make a living. If a customer has to pay \$20 dollars for the CRIAC and still have to deal with a bill beyond their ability to pay, a one-time CRIAC credit to CAP customers is not reasonable. Low-income residents and CAP customers would benefit the greatest from eliminating or lowering the CRIAC.

Mr. Hawkins emphasized that the proposal for the CRIAC credit will be permanent for CAP customers. The staff will evaluate the CAP proposal to understand the costs in the 10-year Financial Plan.

Mr. Gibbs stated that the excess revenues should go into Pay-Go because it reduces the rates for all rate payers. He said that he was on board with expanding the CAP program to include the CRIAC.

Mr. Brown stated that the resolution is worded the way it is because staff has to go through a process. Mr. Brown inquired if CRIA credit was an option, could this be done today. The CRIAC credit for CAP customers has to go through a separate rulemaking. If DC Water was going to reduce charges from what was published it could be done in the existing rulemaking. There is a separate section of the regulations that deals with CAP customers. It is this section that would have to be amended and that's why a separate rulemaking is required. There are several ways to return funds to all customer categories: 1) Pay-Go; 2) buy down rates and; 3) one time CRIAC credit to CAP customers.

Mr. Brown, General Counsel informed the Committee on the process to amend the CAP regulation. He further stated that if there is change to an existing regulation like a rate, number and anything that appears in a particular table, an amendment would be required. It is different from a proposal considering as part of the ratemaking process.

Mr. Brown asked if it is correct that there is a separate section of CAP regulations and that is why a separate rulemaking is required.

Mr. Brown, General Counsel responded, "Yes".

Acting Chairperson Butani commented that an evaluation is necessary. The staff need to look at the impact of CRIAC because it is going to become unbearable for all rate payers. She said that in the future the Committee could eliminate the CRIAC for CAP customers, but right now deal with surplus funds that were taken from rate payers in order to pay for operations. The committee is taking those funds and changing the course of what the Authority was supposed do with them. Ms. Butani stated that she was not against CRIAC credit for CAP customers, which cost approximately \$1.0 million. Her biggest concern was that DC Water took rate payers monies for a specific purpose and that purpose was not needed and those funds need to go back to all rate payers. Historically, any surpluses have always gone back to all rate payers: 1) RSF; and 2) Pay-Go. To change that decision without the evaluation by management is not fair to all rate payers.

Acting Chairperson Butani asked Mr. Brown, General Counsel if it is allowed to allocate the surplus to CAP customer for a CRIAC credit.

Mr. Hawkins responded that the strength of the enterprise is what sets us apart from a lot of other regional organizations that have been failures. Even when there are broad agreements the management makes sure they know why they are doing it and follow the appropriate steps. In this case what management proposed is that the projected net surplus would either go to the RSF or in cash until this evaluation unfolds. In parallel of the evaluation the management will make recommendations about how the net surplus would be used to cover this extension and determine the appropriate steps to make sure that it is done properly so that all of DC Water's policies are straight and in place. It is absolutely possible to do that on a fairly expedited basis in parallel evaluating the financial costs 1, 2 and 10 years out to extend the CRIAC credit to CAP customers. The slightly longer term issue is that the staff has not gone back to look at the CRIAC since it has been implemented in 2009. What are the consequences to various customer groups? That needs a deeper dive and staff does not have good numbers as yet. That is listed as the second point of the resolution. This is a far richer evaluation that is going to take time to sort out the various options.

Mr. Brown, General Counsel replied that there is no easy answer. DC Water's rate system is set up with various customer classes like residential, multi-family and non-residential customer classes and all those decisions were made upon rational difference based upon evaluations. If there is a good reason that is justified by the facts, income, circumstances and the principles then you can treat different classes differently. He added that he wouldn't counsel to do this in a less than prudent fashion.

Reverend Curry informed the Committee that they have a fiduciary responsibility and that they are going to do things in a prudent way. He said that this is what they go through and do an evaluation and then come back and have the same discussion again about changing number and tables. It actually starts to lengthen the time of the impact customers have to deal with the CRIAC. He added that he was not sure if they are going to meet the September deadline. He said that they need to be able to say roughly when this is going to occur. The question raised on the street is when are you going to do something and he cannot answer that question. He wants to be able to respond to those customers who are struggling and are on the margins and that something is coming and they have to find a way of touching our low-income residents as soon as possible.

Ms. Boardman stated that she supports relief for the CAP customers and shares the same concern about the wait on the CRIAC credit and the disproportionate impact on that community. She said that she also believed that they have a duty to act prudently with measure, responsibly and with all the data available. The Committee went to the same hearing and heard from rate payers the pain that these charges impose. Had the committee been inclined to sit back and not do anything, which would have been the end of the ratemaking process? However, Committee members have put pressure on the management to bring something back in September. In the interest of due diligence as our responsibility on this Board the resolution is worded appropriately and tempers the need that the committee sees to assist the low-income residents.

Reverend Curry mentioned that he suffers from the rate increases as a non-profit organization. Also houses of worship suffer from the rate increases. He further stated his uneasiness is not to the overall idea of making sure that the numbers work, but that they need to make sure that things are accomplished. If this is the case they have the will to make sure that they are really taking seriously the low-income residents, non-profits and small business owners then he would feel much better about what they are doing. If this is truly not the case and they have to hear later, he will be greatly disappointed. He said that he was asking a "will" question.

Acting Chairperson Butani stated that when management commits to provide information to the Board, it happens. At that point it is up to the Committee to take the information from the management and make proper decisions, which is the proper order of how things should be done. Because, what management may find is that they want to include certain small businesses or certain non-profits that currently, if they made the decision today, would not be included. But if given more time to evaluate the data then perhaps there will be an expansion.

Acting Chairperson Butani asked by what time the Committee makes the decision about the surplus funds.

Mr. Brown responded that the Committee can initiate this action today with regard to the CRIAC credit for CAP customers and implement the credit this Fall and take some action with regard to put additional funds in Pay-Go and reducing the growth of the rates to 4% for FY 2017 & FY 2018.

Mr. Brown inquired whether the Retail Water and Sewer Rate Committee can move forward with direction today to put \$10 million of the projected net surplus in Pay-Go and implement a complete elimination of the CRIAC for CAP customers this Fall in a financially responsible manner.

Mr. Hawkins replied that the utilization net surplus is a decision that is taken by the Finance committee.

Mr. Brown inquired if the Committee can move forward today with the intent that it is this Committee's recommendation for the Finance and Budget Committee's approval that \$10 million of District's funds be placed in Pay-Go and if adopted could management eliminate the CRIAC for CAP customers. Is it possible to make this decision?

Mr. Hawkins responded that the Committee can make a recommendation today to the Finance Committee on two fronts: 1) the Finance Committee begin in parallel looking at the policy governing the RSF to evaluate modifying the policy so that funds in the RSF could be used to pay for the expansion of the CAP program for the CRIAC; 2) in parallel the committee could recommend to the Finance Committee to use the net surplus funds for Pay-Go. Both of these recommendations can go to the Finance Committee now rather than waiting until the evaluation is complete, but would not be triggered as steps until the surplus occurred.

Mr. Brown stated that based on the information today, he wants to make sure that management do not preclude one course by making a decision on the other.

Mr. Hawkins responded that the Retail Water and Sewer Rate Committee can forward those recommendations to the Finance and Budget Committee for review of RSF policy and the source of the expansion of the CAP. Should the projected surplus occur, it can be used for two purposes: 1) to cover the extension of the CRIAC discount to CAP customers; and 2) to expand the Pay-Go program to reduce costs to all retail customers.

Mr. Brown added that in addition to the two purposes stated by Mr. Hawkins, the net surplus would also be used for the purposes of: 1) buy-down the rates; and 2) one-time CRIAC credit.

Acting Chairperson Butani reiterated that a surplus taken from all ratepayers should not go towards one segment of the population.

Mr. Hawkins replied that the funds will have to come from somewhere and if it is not net surplus, it would come from general revenues that would have come from all ratepayers. It will be the ratepayer's general fund that will support the extension of the credit. The advantage of doing it from the cash surplus rather than the existing revenues is that it places less pressure on the existing budget as opposed to surplus funds set aside.

Acting Chairperson Butani stated that the net surplus funds were already collected for a specific purpose and now they are changing the purpose for which they were collected. It is one thing to make a rule and change things going forward and it is another thing to collect money from people telling them that it is going to be used in a certain way and then changing that once you have their money.

Mr. Hawkins replied that he does not believe that it makes a difference to the customers. If the Board makes a decision to use revenue from all retail customers for the something, would a customer care whether DC Water used the revenue that was collected in October rather than in August. Mr. Hawkins stated that DC Water is always making decisions about how revenue is used.

Mr. Brown asked the management to revise the resolution in the section **“NOW THEREFORE BE IT RESOLVED THAT”**, from:

“The Board directs the General Manager to evaluate the Customer Assistance Program (CAP) and make a recommendation to the Retail Rates Committee regarding the expansion of CAP to include the Clear Rivers Impervious Area Charge (CRIAC) as soon as practicable after September 2016”

to: “The Board directs the General Manager to evaluate the Customer Assistance Program (CAP) and make a recommendation to the Retail Rates Committee regarding the expansion of CAP to include the Clear Rivers Impervious Area Charge (CRIAC) as soon as practicable”

Mr. Hawkins replied, “Yes.”

Acting Chairperson Butani asked to correct the misspelled acronym in the resolution from CRAIC to CRIAC.

Mr. Hawkins replied that this has already been corrected.

Mr. Brown asked staff to check that the resolution's third **“Whereas”** clause language that reflects the increases from FY 2016 to FY 2017 of 9.6% and from FY 2017 to FY 2018 of 13.2%.

Ms. Boardman asked for the staff to recirculate the final resolution to the Committee after the substantive additions are made to the final iteration. This resolution would be presented presuming the Committee have the consensus to make a recommendation for the July Board meeting. Acting Chairperson Butani responded in the affirmative.

Reverend Curry asked in the resolution section NOW THEREFORE BE IT RESOLVED THAT, in the first paragraph that refers to practicable, what funds do we have after August to be available to fund this particular initiative.

Chairman Brown asked when the Finance committee approves the allocation of the net surplus. Mr. Hawkins responded that the management recommends in July and the Finance Committee approves in September.

Mr. Brown asked if this Committee needs to include any instructions and recommendations to the Finance Committee to reserve or hold the right to set aside funds. He stated that he is hearing from this Committee its intent to move forward with the reduction of the CRIAC for CAP customers.

Mr. Hawkins responded that in the resolution section "NOW THEREFORE BE IT RESOLVED THAT," add a numerical comment that the DC Retail Water and Sewer Rates Committee asked the Finance Committee to review the policy governing use of funds in RSF and evaluate the use of RSF to reduce, moderate or eliminate the impact of CRIAC fee increases on rate payers, particularly rate payers eligible for CAP. Also, add a comment for Finance Committee to consider the RRC recommendations regarding the use of net surplus funds for FY2016 to: a) hold all or a portion of the funds in cash; or b) authorize use of all or a portion of the funds to lessen impacts of escalating CRIAC fees; or c) designate all or a portion of the funds to increase funding for PAYGO capital funding.

Mr. Brown, General Counsel replied that he supports those comments from Mr. Hawkins because, the Finance Committee has to review these policies and make sure that the timing works.

Mr. Brown stated that he concurred with Mr. Hawkins additional language.

Acting Chairperson Butani inquired about the resolution's third "Whereas" clause language that reflects the increases from FY 2016 to FY 2017 and from FY 2017 to FY 2018.

Mr. Brown asked staff to check the resolution's third "Whereas" clause language that reflects the increases from FY 2016 to FY 2017 of 9.6% and from FY 2017 to FY 2018 of 13.2%.

Acting Chairperson Butani asked Board Secretary Linda Manley to recirculate the revised resolution by email so that the Committee can agree to move the resolution to the Board.

Mr. Hawkins requested the Committee to recommend the resolution as they prescribed and send out a revised resolution to make sure it matched what they described. He asked if a recommendation on a resolution can be made through e-mail.

Mr. Brown, General Counsel replied that the RRC can express their will here and the draft resolution will follow.

Acting Chairperson Butani said that they need to move on to the second resolution for discussion.

Ms. Boardman inquired if the second resolution embodies what management recommendation was and that there is no change.

Mr. Hawkins replied, "correct." This is the rates resolution for the 5% increase for FY 2017 & FY 2018.

Acting Chairperson Butani asked, if they approve this resolution, it does not take the rate decrease off the table.

Mr. Hawkins replied "yes." Furthermore, this resolution is the structure of the memo used every year. This is duplicated each year and some years the management change the rate structure more dramatically.

This describes the changes proposed for all the rates, charges and fees. The difference in the resolution is that it is a two year proposal rather than one year. The core is that it is a 5% water and sewer increase for FY 2017 & FY 2018 and with all charges included with a 5.1% and 6.2% increase respectively. The resolution the Committee just reviewed encourages the management to do everything they can to reduce the FY 2018 rate increase when they get to the point of understanding what their finances are for that year. At the moment the proposal is as described to the public and the Committee in the past.

Mr. Khalil confirmed the CRIAC increases of 9.6% for FY 2017 and 13.2% for FY 2018 and the total monthly bill increases including the CRIAC for FY2017 and FY2018 as 5.1% and 6.2% respectively. Mr. Khalil provided an overview of the recommended FY 2017 & FY 2018 rates, charges and fees.

Reverend Curry inquired if the rates will go into effect October 1st and if the current rates will increase.

Mr. Brown, General Counsel replied, "Yes." The rates would increase when the regulations are final.

Mr. Hope replied that the rates will be effective upon publication in the DC register and effectively collected on October 1st.

Reverend Curry stated that as per previous discussion, there will be a rate increase after evaluation. After the rates are increased the Committee will begin to deal with the options to reduce the CAP customer bill, which is stated in the other resolution.

Mr. Hawkins replied, "Yes."

Mr. Brown inquired if it is possible to not increase the CRIAC until November 2016.

Ms. Boardman replied that this cannot be done based on the rate proposal. The Committee is doing something that is innovative and new and is pushing the Board in this direction. Ms. Boardman asked management to seek a retroactive credit for CAP customers on the CRIAC.

Ms. Boardman inquired as to when the customers will receive the rate increase. Maybe the management can communicate to the D.C. residents what we are thinking, what we are doing and this is our timeframe.

Mr. Hawkins stated his expectation to communicate to customers using all of techniques as to what is coming, when they will see this and how it will affect the customers.

Ms. Boardman mentioned that the Committee does not want any misunderstanding about the approval from this committee for the rates to go forward. The next piece which is addressing the issues that are presented in the first resolution and the timing and appropriate communications.

Acting Chairperson Butani mentioned that the goal of the committee is to use these surplus funds and not have them sit in cash. One of the earlier proposals was to decrease the rates using these surplus funds. There is still \$10 million of surplus funds and whether this committee should recommend those surplus funds go towards reducing the rates or be used as Pay-Go.

Mr. Brown stated that the Committee will make a recommendation for a rate increase for the next two years. If it is this Committee's desire to make a reduction to the overall water and sewer rate, the time to do that is now. If it is to find other ways to allocate the money to Pay-Go then that is a decision the Committee can make in the future.

Ms. Boardman replied that she wanted to move forward with the rate increase that has been studied and evaluated and then take a deep drill down on what has been left over and how are they going to apply the surplus.

Mr. Madrid added that DC Water is a cost recovery institution. The rates were established to recover the costs. This year it appears as if we will have a surplus of \$10.0 million but it is incidental based on revenue basis of \$500.0 million. In terms of what normally occurs we would move to put the funds into Pay-Go largely because it is like buying your house for cash as opposed to borrowing. The funds are actually in lieu of debt and the service of the interest is actually a long term savings to the institution.

Mr. Gibbs stated when the Committee first setup the multiple customer classes, they had a very large non-residential class that included (government, businesses, and churches). At the time there was no way to parse out into some reasonable sorting where they can say this customer class deserves a break or that customer class should pay this amount of money. As they go forward, it is time to start thinking along those lines.

Mr. Hawkins stated that the management's recommendation is that the Committee recommends the rates as identified in the resolution. The first resolution indicates that we would come back to this Committee over the course of FY 2016 & FY 2017 to determine whether or not there will be a reason to decrease the rates in FY 2018. The 5% rate increase in FY 2018 represents a ceiling but not a floor and we can come back to that point. Management will work with the Committee Chair and the Board Chair on adding a point to the first resolution asking the Finance Committee to make sure it builds into its policy the flexibility on how to use the projected surplus, how best to deploy the surplus, or in parallel deploy into Pay-Go and to possibly keep it in cash to buy down the rate increases.

Reverend Curry reiterated that they need to get in front of the curve on the communication to the customers.

Acting Chairperson Burtani asked if any Committee members disagree with moving forward with the rate proposal as presented. No Committee members disagreed. The Committee recommended to move the rate resolution to the Board. The Committee recommended to move the first resolution with the modifications discussed and with the understanding that it will be circulated back to the committee prior to going to the Board.

Mr. Gibbs mentioned that the Board has adopted a policy on setting rates that all of them could benefit from reviewing in a future meeting.

Adjournment

The meeting was adjourned at 11:15 a.m.

FOLLOW-UP ITEMS – DC Retail Water and Sewer Rates Committee Meeting (June 28, 2016)

1. In the resolution section NOW THEREFORE BE IT RESOLVED THAT, add a numerical comment that the DC Retail Water and Sewer Rates Committee asked the Finance Committee to evaluate the proper steps to take to make sure that an expansion of the CAP program could be financially undertaken with reserved cash or RSF. (Mr. Hawkins) Status: Complete
2. Communicate to our residents this is what we are thinking, this is what we are doing and this is our timeframe. (Ms. Boardman) Status: August/September.
3. Work with the committee chair and the Board chair on adding a point to the first resolution asking the Finance Committee to make sure it builds into its policy the flexibility on how to use the projected surplus, how best to deploy the surplus, or in parallel deploy into Pay-Go and to possibly keep it in cash to buy down the rates increases. (Mr. Hawkins) Status:

4. Board has adopted a policy on setting rates that we could all benefit reviewing in a future meeting.
(Mr. Gibbs) Status: Add to Proposal FY 2017 Wokplan



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY
Board of Directors
Finance and Budget Committee
Thursday, June 23, 2016
11:00 a.m.
MEETING MINUTES**

Committee Members

Timothy L. Firestine, Committee Chairperson
Matthew Brown

DC Water Staff

George Hawkins, CEO & General Manager
Mark Kim, Chief Financial Officer
Henderson Brown, General Counsel
Tanya DeLeon, Manager, Risk Management
Bethany Bezak, Manager, Green Infrastructure
Alfonzo Kilgore-Stukes, Exec. Assist., Board Secretary

Other Attendees

Ryan Callender, Squire Patton Boggs
Dan Hartman, Public Financial Management (PFM)
Eric Brown, Public Financial Management (PFM)
Jennifer North, Harvard Kennedy School – Government Performance Lab
Eric Letsinger, Quantified Ventures
Jose Gaztambide, Quantified Ventures
Joe Underwood, Albert Risk Management

Call to Order

Chairperson Timothy L. Firestine called the meeting to order at 11:05 a.m. via teleconference.

May 2016 Financial Report and Year End Projections

Mr. Mark Kim, CFO, reported that with 67 percent of the fiscal year completed, financials are on track with budgetary expectations and targeted performance metrics through this reporting period. Total revenues are at \$393.2M or 68% of budget, operating expenses at \$302.1M or 56% of budget and capital disbursements at \$378.6M or 69% of budget in the respective categories.

Mr. Kim reported that there are no changes to the FY 2016 preliminary year-end projections reviewed at the last committee meeting for revenues, operating expenditure and capital disbursements. He noted there was a joint session for the Environmental Quality & Sewer

Services and Water Quality & Water Services Committees this month to discuss the AMR/AMI Meter Replacement Program which was not fully budgeted and is being accelerated into the FY 2016 – FY 2018 budget timeframe with estimated cost of \$30-35M. The bulk of the expenditures are anticipated to go forward in late FY 2016, which will add pressure on the capital budget.

As a result of the projected underspending in operating expenditures, significant refunds to the IMA customers are anticipated. Mr. Kim reported that the IMA customers have been notified and offered the option to offset the fourth quarter bill with the projected savings or carryover the refund with a credit to their FY 2017 bill. He stated that the final results will be determined after the completion of the annual financial audit.

Mr. Kim stated the Authority has received 8 responses to the joint Request for Proposal (RFP) for both financial advisory and investment advisory services. The responses are currently being reviewed and a recommendation will be presented to the Finance and Budget Committee at the July or September 2016 committee meeting.

FY 2016 Projected Net Cash Surplus

As a follow-up item from the committee last month, Mr. Kim provided a more detailed explanation of the basis of accounting used to calculate the FY 2016 Projected Net Cash Surplus. He reported that the Board Adopted FY 2016 Budget is an eighteen month static snapshot reported on a modified accrual basis of accounting. The calculation of the net cash surplus is based on the Board Adopted FY 2016 Financial Plan, which is a cash forecasting tool for liquidity purposes as the financial plan is updated yearly after the closeout of each fiscal year and includes prior year results.

Mr. Kim stated that the year-end surplus is projected to be \$13.4M, subject to change based on actual year-end results. He mentioned that this represents approximately 11 days of excess cash and management is inclined to hold this as additional liquidity in excess of the O&M reserve target of \$140M. A formal recommendation for use of the surplus will be reviewed with recommendation at the July F&B Committee meeting, after further discussion with the DC Retail Water & Sewer Rates committee.

Environmental Impact Bond Financing Overview

An overview of the Environmental Impact Bond (EIB) Financing was jointly presented by Mr. Kim and Ms. Bethany Bezak, Manager, Green Infrastructure (GI) program in Clean Rivers department. Ms. Bezak provided an overview of the GI Program, which DC Water reached an agreement to amend its 2005 consent decree in January 2016, to incorporate GI in a hybrid green-grey solution to control combined sewer overflows (CSOs) as part of its DC Clean Rivers (DCCR) program. She highlighted the amended consent decree requirements and projects within the Authority's recommended GI Program plan. Per the amended consent decree, the proposed EIB will finance the first GI project, which is the Rock Creek sewershed (RC-A). This project must be awarded by March 30, 2017 and placed into operation by March 30, 2019.

Mr. Kim introduced the “Pay for Success” (PFS) projects, “Social Impact Bonds” (SIBs) and DC Water’s Environmental Impact Bond (EIB) and provided an overview of the model. He noted that this innovative financing model will be the first of its kind in the water industry and may benefit other communities across the US that are evaluating GI as a method of controlling stormwater runoffs. Using the EIB to finance the projects, investors will be repaid based upon the effectiveness or success of GI in managing the stormwater runoff in RC-A, using a 3 tiered performance range of potential outcomes.

Ms. Bezak explained the program evaluation process for data collection within 12 months of post construction, as required by EPA, which forms the basis of the 95% confidence interval for the tiered range of outcomes. CFO Kim stated that if RC-A is not deemed “practicable” then the remaining GI projects in the Rock Creek sewershed will not be implemented and DCCR will revert to “grey infrastructure” solutions to achieve the amended consent decree requirements.

There was extensive discussion by the committee members on the use of the EIB financing model, performance tiers, repayment terms and risks associated with the GI program. Mr. Kim explained in detail the structure of the proposed EIB financing of \$20-30M for a 30-year term with target closing in September after committee review of bond documents in July and Board action at its September meeting. He stated this financing is designed to manage or hedge the risk associated with GI projects based on the effectiveness of the program in managing the stormwater runoff. Chairman Firestine requested a comparison of all potential costs of financing under the proposed EIB versus using a standard 30-year tax exempt bond, which Mr. Kim offered to provide during an Executive Session at the Committee meeting in July. Mr. Kim introduced the members of the financing team and bond counsel that worked with Management on this program.

Insurance Renewal Update

Ms. Tanya DeLeon, Risk Manager, gave an update of the Authority’s annual insurance renewal, preliminarily estimated at \$2.65M effective July 2016. She indicated the renewal negotiations are still underway and management anticipates a 10.6 percent increase in premium costs, given the challenges faced this year. The previous lead insurer for the excess liability program chose not to renew any of their public sector business. The new lead insurer for that same program quoted almost double the expiring premium, which would have brought our total premiums for this coverage area to \$1.9M.

She stated that the increase in the insurance premiums is due to increased operating exposures relating to property values, increased payroll and operating budget. This also includes purchase of professional liability insurance, which was added to the Authority’s insurance portfolio this year because of the growing level of non-traditional revenue generating activities, including consulting services offered to other organizations.

Ms. DeLeon stated higher property premiums are anticipated solely due to new construction. However, these will not go into effect in July due to delays in the construction schedule. Additional premiums may result during the course of the year as the Authority assumes insurance responsibility from the construction Contractors.

Executive Session

The meeting moved into Executive Session for discussion of legal matters at 12:07 p.m.

Action Item

The Committee recommended for the Board's consideration, the Contract Modification for Environmental Legal Services.

Adjournment

Hearing no further business Chairperson Firestine adjourned the meeting at 12.26pm. **Follow-up Items**

1. Provide a comparison of potential cost for financing under the different ranges of the EIB versus using a tax exempt bond. **(Chairman Firestine)**



MANAGER'S

016

Table of Contents

Message from the CEO/GMI

Organizational Performance Dashboardi

Financial Highlights1

 Financial Performance Summary 1

 Revenues and Operating Expenses 2

 Capital Spending..... 2

 Operating Cash and Receivables 3

 Investment Earnings..... 3

 Investment Yield..... 4

Customer Care and Operations Highlights.....5

 Customer Service 5

 Fire Hydrants..... 6

 Permit Processing..... 7

Low Income Assistance Program.....8

 SPLASH Program..... 8

 Customer Assistance Program(CAP) 8

Operational Highlights9

 Drinking Water Quality..... 9

 Waste Water Treatment 10

 Water Distribution Operations..... 11

 Water Balance 11

 Sewer System Operations 12

 Combined Sewer System..... 12

 Human Resources 13

 Electricity Usage Summary..... 14

 Electricity Usage by Service Area 14

 Safety 15

 Vendor Payments 15

Interpretation of Charts A

Color Key

Red	Did not meet Target
Yellow	Missed Target but within acceptable range
Green	Met/Exceeded Target
Gray	Budget/Target Value
<transparent>	Green/Yellow/Red based on comparison

Message from the CEO/GM

My greetings to the Board. I am writing from a short vacation on Martha's Vineyard leading up to the July 4 holiday weekend – which is why I called in to the important Retail Rates Committee meeting on Tuesday, June 27. This has been a busy week, but it still feels good doing work sitting on a porch listening to the ocean in the distance.

Retail Rates

We held two important meetings of the DC Retail Rates Committee in the month of June. Both focused on the two-year rate proposal that is before the Committee and then the Board – which was the subject of our extensive outreach program in the spring and then a formal public hearing in May. We had many members of the Committee attend one or more of the Town Hall meetings and also had a robust public discussion at the public hearing. Although there were not many people who testified at the hearing, each person who did participate represented comments we heard from many more District ratepayers in the Town Halls and other forums. I respect the degree to which the members of the Retail Rates Committee have taken these comments to heart, and have been reviewing our proposal in great detail.

In comparison to recent years, the proposal's innovative aspect was a two-year rate request – so that a decision by the Retail Rates Committee and then the Board would create a “ceiling” for the rates we are authorized to charge for fiscal year 2017 and 2018. The proposal itself includes relatively modest rate increases – at least in comparison to recent years – although Board and staff members alike recognize that many of our ratepayers are already having a difficult time paying their bills, so any increase is a challenge. In short, we have proposed a 5% increase in water and sewer rates in both 2017 and 2018. When all the other rates and charges are added in – the increase in the total bill is 5.1% in 2017 and 6.2% in 2018. Almost every other aspect of our rates and charges are unchanged over these years, except the Clean Rivers Surface Impervious Area Charge (CRIAC) – which continues increasing as it has for all the years I have been GM, and will continue to increase to fund the ongoing work of the Clean Rivers Program.

The Committee engaged in extensive discussion on various aspects of the proposal – and on its relationship to projected net revenue at DC Water in 2016. Although it is the purview of the Finance and Budget Committee to make decisions about the disposition of any net revenue, the members of the Retail Rates Committee are aware that net revenues in any given year are from DC ratepayers, since suburban wholesale customers are refunded any revenues that have been paid above actual operating and/or capital charges. In this context, the Retail Rates Committee is interested in providing advice to the Finance Committee on how net revenues be deployed. The core issue that was discussed relates to affordability – and in particular the challenge being foisted on several classes of customers by the CRIAC. I will not seek to recreate the discussion here (you can read about it in more detail in the Minutes to the Retail Rates Committee meetings) – but there is widespread agreement on several key outcomes:

1. That staff needs to assess whether the CAP discount can be expanded to include the CRIAC charge. This work needs to be done as soon as practicable – with recommendation expected at least by September. There is a consensus that if the financial assessment indicates this is a feasible plan, that the CAP discount should be expanded for the IAC as soon as the appropriate regulatory process is undertaken.

Message from the CEO/GM

2. That staff should undertake the first significant re-assessment of the CRIAC program since its inception in 2008/9 – particularly with respect to particular customer groups – fixed and low income above the CAP levels and non-profit ratepayers, particularly churches and entities providing low income housing. As soon as practicable, recognizing the priority to review the CAP for the CRIAC, staff will provide a plan and schedule for this assessment.
3. That the proposed retail rate charges for 2017 and 2018 be recommended to the Board for final approval with the 5% increases in water and sewer each year, with a parallel affordability resolution that outlines much of what has been highlighted in points 1 and 2 above, along with a focus on continuing to develop a program to assist in employment for those in need in the District of Columbia.
4. That the Finance and Budget Committee review the policy governing the Rate Stabilization Fund to enable the use of funds from the RSF to cover the cost of expanding the CAP discount to the CRIAC. The FB Committee is also asked to assess how to utilize any realized net surplus from 2016 for cash accounts, for further PAYGO expenditures and/or for current or future moderation of rate increases.

I honor and respect the tremendous investment of time and thought the members of the Retail Rates Committee have put into these discussions, and will continue to do so – with particular thanks to Board Chair Matt Brown, who has invested scores of hours in review and discussions, and Vice Chair Rachna Butani, who was asked to step-up and take on the major issue on top of her other duties. Staff certainly understands the importance of these charges on our ratepayers and appreciates the frank, honest and comprehensive discussion. I salute Mark Kim and his team led by Syed Khalil for the excellence of their work in developing the retail rate proposal, and in answering the many probing questions, both written and in discussion.

US Water Prize

I was honored to receive on behalf of DC Water the US Water Prize for 2016, highest honor in the water field in the United States. I have written a blog post which seeks to capture the short speech I made when accepting the award in Atlanta, which I encourage Board members to read here: www.georgehawkins.net. In short, I highlighted that the excellence of DC Water is founded on a four legged table of bounty – each leg critical in its own right, yet also dependent on the other three. The first of these legs is the Board, which in my judgment continues to exercise remarkable leadership and professional skill in guiding DC Water. The strength of this organization starts with the Board, no better represented than its work with respect to the Bailey Bioenergy Facility.

Lead in Water

The challenge posed by lead-in-water continues to be front page news – with recent reports of lead in water in schools, recreation centers, libraries and most recently, the fountains serving the US Congress. In each of these cases, the sources of lead are not in DC Water's distribution system, but in the "premise plumbing" in the buildings or water fountains themselves. In parallel, DC Water is enhancing its comprehensive lead program and in June launched a remarkable map-based interactive program on our website to enable anyone to investigate what

Message from the CEO/GM

information we have about the status of the public and private service lines connecting the premise with the water main in the street. This map has garnered national attention and is driving similar efforts in many other cities. The link is here: <https://geo.dcwater.com/Lead/>. This issue will continue at the forefront of public policy debate here and nationally, and we will both monitor the national policy debate closely (we are usually involved) and continue to evaluate the steps that DC Water should consider adding to our program. I have testified recently in front of the Senate Committee about lead issues, and in House and Senate Staff briefings on the issue. There are many topics under review – with perhaps the most important one being the challenge presented by the need to replace lead service lines, and how such an effort would be funded and directed on the public and private sides of the line. We will continue to brief the Water Quality Committee about the latest developments and any recommendations that may be forthcoming.

DC Water Works and Blue Drop

I do not usually highlight work that is upcoming in these reports – but do want to highlight two important briefings that are on the agenda in July. In the Governance Committee meeting on July 13 we will be briefing the Committee on the final DC Water Works program to support local hiring, and our plans for Blue Drop, a proposed non-profit entity to generate revenue to reduce financial pressure on our ratepayers. We will seek a resolution approving the direction for DC Water Works (recognizing that it will always be a work in progress...). We will not be seeking any formal action by the Board with respect to Blue Drop, but want to provide an exciting update on our progress.

External Affairs

Website: Session totals for the period of May 16 through June 15, 2015
 Total Sessions: 90,863 (up 8,882 from previous month)
 New Sessions: 65,739 (up 19,496 from previous month)

Government Relations

On June 7, 2016 General Manager and CEO George Hawkins testified before the U.S. Senate Committee on Environment and Public Works Subcommittee on Superfund, Waste Management and Regulatory Oversight. The hearing topic was oversight of EPA unfunded mandates on state, local and tribal governments. Senator James Inhofe (R-OK), Edward Markey (D-MA) and Mike Rounds (R-SD) attended the hearing. Mr. Hawkins' testimony covered DC Water's challenges associated with massive mandated environmental projects and included a policy proposal to establish a federal low income assistance program for water and sewer bills. The full testimony can be found on the Subcommittee webpage at <http://1.usa.gov/28Tsq9C/>.

Media Relations

OEA coordinated with EPA and DOEE to host an EPA press event announcing strides by wastewater treatment plants to reduce nutrients to tributaries of the Chesapeake Bay. The wastewater sector met its goals 10 years early and is contributing to healthier waterways.

OEA has continued to work with multiple media outlets on the topic of lead, in light of the Flint, MI crisis. OEA contributed to DC Water's launch of an interactive map allowing the public access to records of service pipe material. OEA issued a press release and fielded numerous media inquiries on the topic.

Message from the CEO/GM

Press releases issued:

June 14: Steep Cuts in Wastewater Pollution Leading Way in Chesapeake Bay Restoration

June 6: DC Water launches Interactive Map of Service Lines

May 31: DC Water and the University of Innsbruck Collaborate for Next Gen Wastewater Treatment Technology

Media Coverage:

A sampling of some of the most noteworthy Authority-related news clips during the month:

- [Crews pull 25 bags of mail out of sewer in Northeast D.C.](#) (WJLA-7 / May 18, 2016)
- [Maryland judge considers arguments in case on water utility's rates](#) (Washington Post / May 19, 2016)
- [DC Water Develops Its Own Future With Open Innovation](#) (Water Online / May 24, 2016)
- [Turning sewage into energy, in Congress' backyard](#) (Politico / May 25, 2016)
- [New interactive map allows DC residents to search if water pipes made of lead](#) (WTTG-5 / June 9, 2016)
- [Washington, DC, just released the most detailed lead pipe map ever](#) (Vox / June 10, 2016)

Meetings/Presentations/Events

- DC Water provided a Spanish speaking drinking water workshop at The Family Place which highlighted testing, treatment and protection of our water supply.
- In support of annual Bike To Work Day and in conjunction with Metropolitan Washington Council of Governments, DC Water helped to staff the National Geographic pit stop, providing water bottles, TapIt Metro DC information, and a guest appearance by Wendy.
- DC Water attended the Literacy Camp at Smothers Elementary School, engaging students about their drinking water supply while discussing how to use water wisely.
- DC Water attended a National Health and Fitness Event at Congress Heights Wellness Center, hosting a water quality and water conservation information table.
- DC Water provided an environmental lesson to 26 5th graders on CSO's, DC Clean Rivers Project and Soapstone Valley Park Sewer Rehabilitation Project at The Sheridan School in upper Northwest, DC.
- DC Water held its regular First Street Tunnel Forum to provide updates to residents on the project as it is nearing completion.
- In support of the Northeast Boundary Tunnel Project (NEBT), more specifically the preceding utility relocation work to be completed (Division U), DC Water attended the monthly meeting of Single-Member District 5E10 at The Inspired Teaching School.
- DC Water attended the monthly meeting of ANC 2E to provide updates on its Green Infrastructure program.

Message from the CEO/GM

- DC Water attended the 8th annual DC Truck Touch/Mayor's Safe Summer Kickoff combined events, providing giveaways, information, its Quench Buggy, and a guest appearance by Wendy.
- DC Water attended the monthly meeting of the Bates Area Civic Association to provide updates on NEBT.
- DC Water attended an in-office meeting with the office of Councilmember Brandon Todd, DDOT, HSEMA and local residents to discuss long standing storm water drainage issues experienced by residents on Worthington Street NW.
- DC Water made preparations for participation in the 41st annual Capital Pride Parade.

Drinking Water Marketing and Communications

- The Office of External Affairs promoted TapIt Metro D.C. during Bike to Work Day at the National Geographic Pit Stop.
- The Office of External Affairs created a FAQ document for DC Water's proposed premise plumbing research project.
- The Office of External Affairs created talking points to address the updated health advisory levels for perfluorooctanoic acid (PFOA) and perfluorooctane sulfonate (PFOS) issued by the USEPA.

Customer Newsletter

The June bill insert featured a cover story on National drinking Water Week festivities, reminders on hurricane season, tips for keeping tabs on outdoor water use during the summer, a spotlight on the National Environmental Education Foundation. The GM's Message tied the Town Hall Meetings, concerns about lead and the annual water quality report into one message.

Tours

- 25 7th grade Students from Lab School of Washington
- 10 AECOM Infrastructure Engineers
- 25 students from EL Haynes School
- 25 representatives from IAD Bank
- 27 new staff from the US EPA Office of Resource Conservation
- DC Water Board Members Past and Present
- 14 Latin and Caribbean American Delegates
- 10 guests from Pew Charitable Trusts
- 12 DC area residents

Message from the CEO/GM

Social Media







Twitter	5/16 - 6/15	Fiscal Year to date total 10/15 – 6/15
New Followers	208	2,046
Total Followers	13,093	
Mentions	686	5,267
Retweets	219	2,552
Favorites	440	4,869
Facebook		
New Fans	49	407
Total Fans	2,258	
Impressions	48,610	503,567
Users	24,579	236,685
Interactions	457	5,764
Instagram		
New Followers	15	218
Followers	645	
Likes	135	2,175
Comments	2	93

ORGANIZATIONAL PERFORMANCE DASHBOARD (MAY, 2016)

Financial Highlights

Net Operating Cash Actual 80260 Target 49968 (\$ tho)	Operating Revenues Actual 393 Target 387 (\$ mil)	Operating Expenses Actual 304 Target 361 (\$ mil)	Capital Disbursements Actual 379 Target 378 (\$ mil)
Operating Cash Balance Actual 158 Target 126 (\$ mil)	Delinquent Account Receivables Actual 2 Target 3 (%)	Core Investments Yield Actual 1.13 Target 0.86 (%)	Short Term Investment Yield Actual 0.64 Target 0.2 (%)

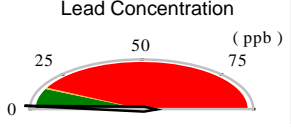
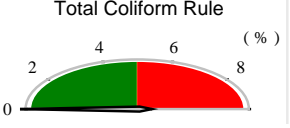
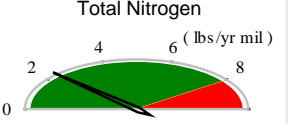
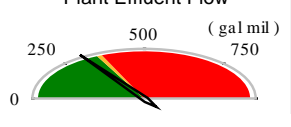
Customer Care and Operations Highlights

Call Center Performance  May 89 85 (% of calls rec)	Command Center Performance  May 94 85 (% of calls rec)	First Call Resolution  May 85 75 (% of calls rec)	Emergency Response Time  May 94 90 (% of calls rec)
Fire Hydrants out of Service  May 29 96 (count)	Fire Hydrant Insp. and Maint. 597 (count)	Fire Hydrants Replaced  May 67 250 (YTD count)	Permit Processing within SLA 80 (%)

Low Income Assistance Program

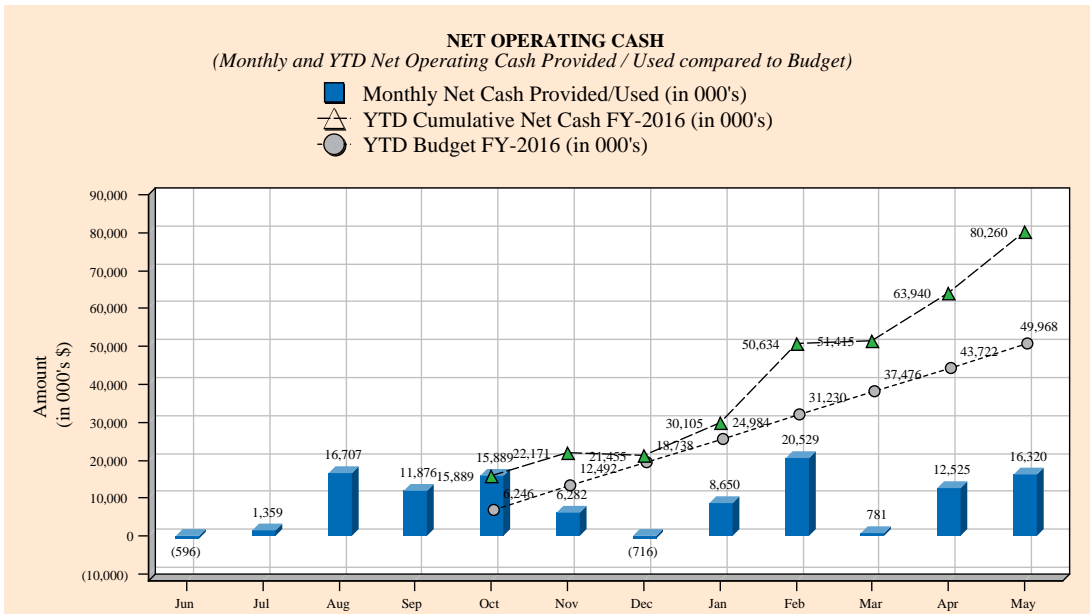
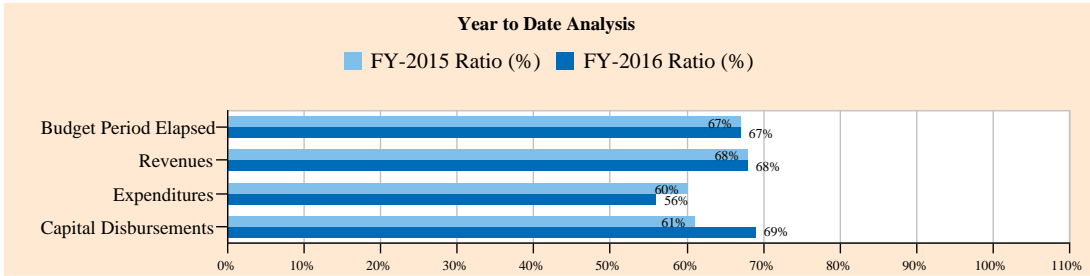
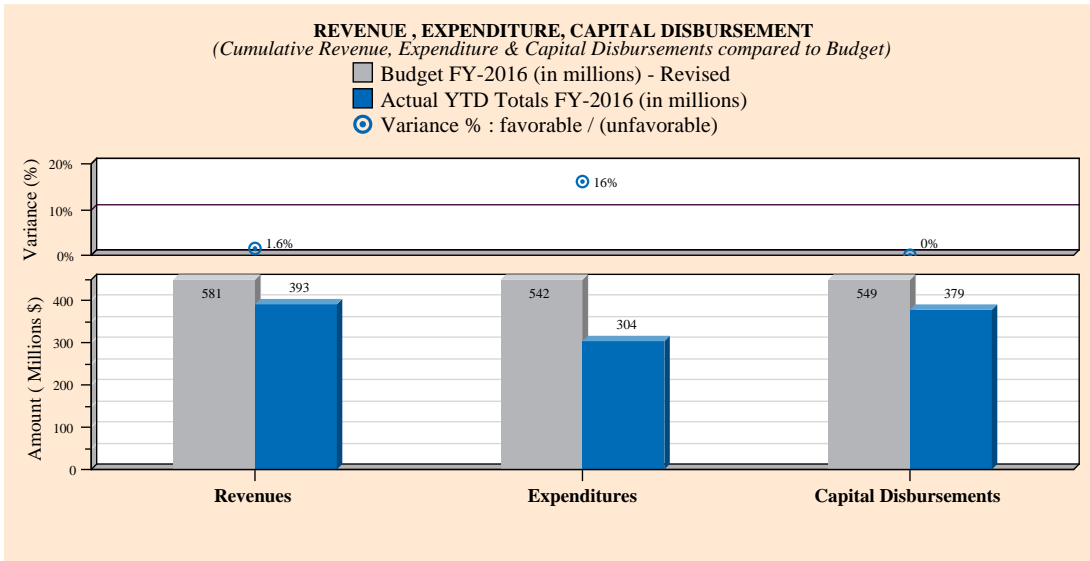
Splash Contributions Actual 68 Target 53 (\$ tho)	Customer Assistance Program Previous 162 Current 84 (\$ tho)
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Operational Highlights

Lead Concentration  25 (ppb)	Total Coliform Rule  4 (%)	Biosolids Production 445 (wet tons)	Total Nitrogen  4 (lbs/yr mil)
Plant Effluent Flow  500 (gal mil)	Excess Flow 40 (gal mil)	Water Main Leaks 9 (count)	Water Valve Leaks 2 (count)
Non-Revenue Water Sold 9 Purchased 11 (CCF mil)	Sewer Main Backups 7 (count)	Sewer Lateral Backups 216 (count)	Dry Weather CSO 0 (events)
Recruitment Activity Filled 16 Open 88 (count)	Electricity Usage 17628 (MWh)	Employee Lost Time Accidents 7 (count)	Vendor Payments Actual 98 Target 97 (%)

FINANCIAL HIGHLIGHTS

FINANCIAL PERFORMANCE SUMMARY



Net cash to date for May was above budget by \$30 Million

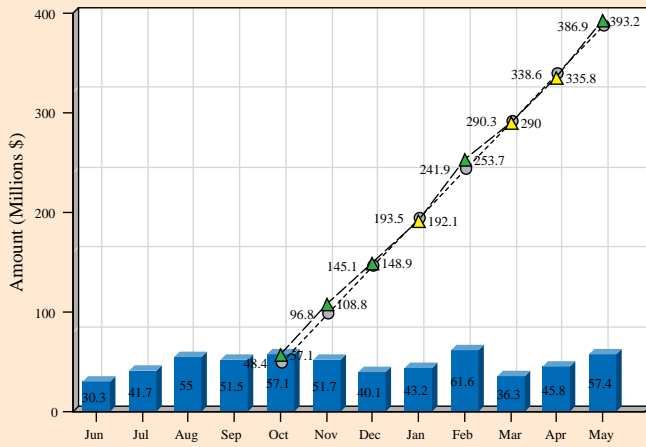
FINANCIAL HIGHLIGHTS

REVENUES AND OPERATING EXPENSES

OPERATING REVENUES

Monthly & Cumulative Revenue compared to YTD Budget

- Actual Monthly Revenue
- △ YTD Cumulative Revenue FY-2016
- YTD Cumulative Budget FY-2016

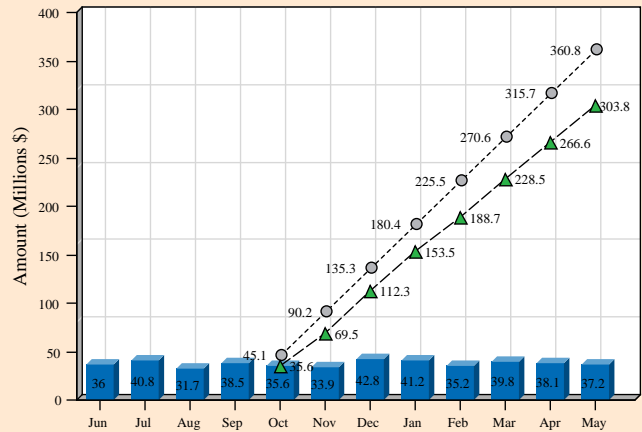


Revenue to date for May was above budget by \$6 Million

OPERATING EXPENSES

Monthly & Cumulative Expenditure compared to YTD Budget

- Actual Monthly Expenses
- △ YTD Cumulative Expenditure FY-2016
- YTD Cumulative Budget FY-2016



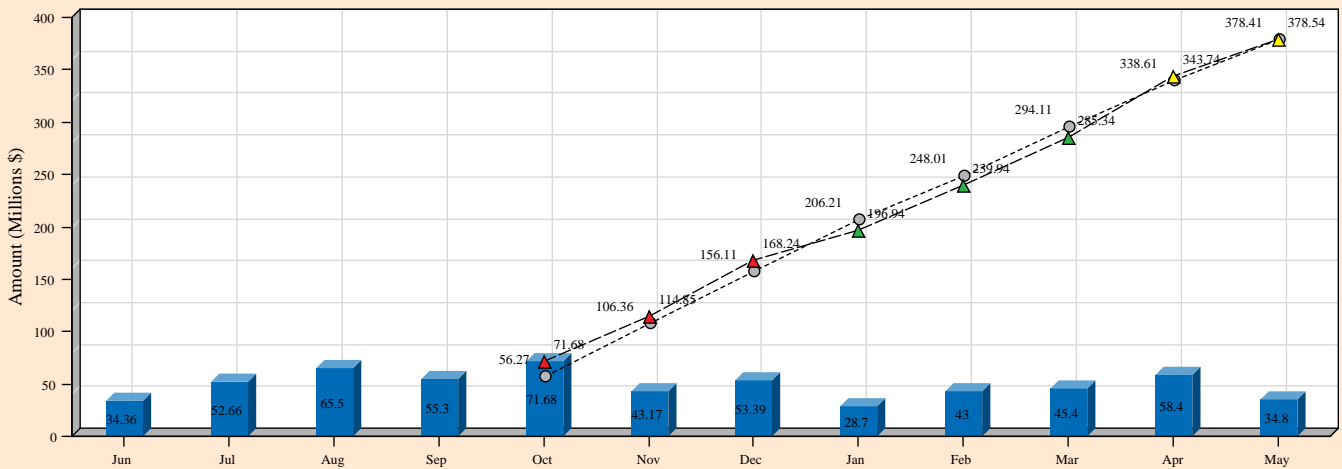
Expenditure to date for May was below budget by \$57 Million

CAPITAL SPENDING

CAPITAL DISBURSEMENTS

Monthly & Cumulative Disbursements compared to YTD Budget

- Actual Monthly Disbursements
- △ YTD Cumulative Disbursements FY-2016
- YTD Cumulative Budget FY-2016



Disbursements to date for May were equal to budget

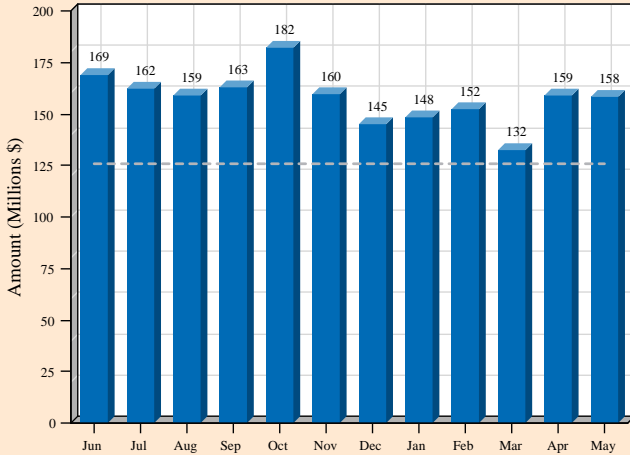
FINANCIAL HIGHLIGHTS

OPERATING CASH AND RECEIVABLES

OPERATING CASH BALANCE

Average Daily Cash Balance compared to Operating Reserve Target

- Actual Cash Balance FY-2016
- Operating Reserve Target - (126 Million)

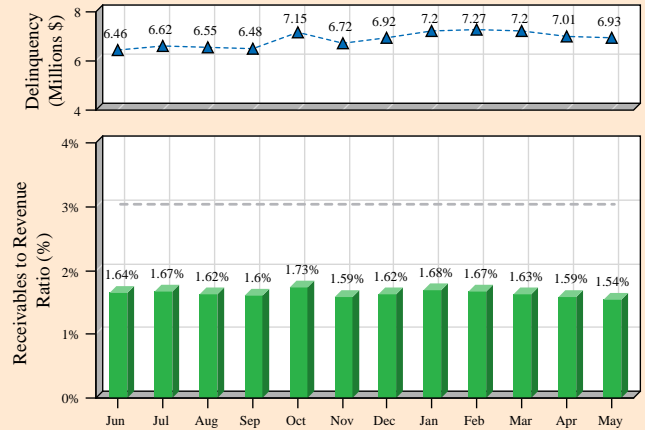


Cash Balance for May was above target by \$33 million

DELINQUENT ACCOUNT RECEIVABLES

Delinquency & Receivables to Revenue Ratio compared to Target

- Receivables to Revenue Ratio
- ▲ Delinquencies FY-2016 (in millions)
- Target: Receivables to Revenue Ratio (3%)



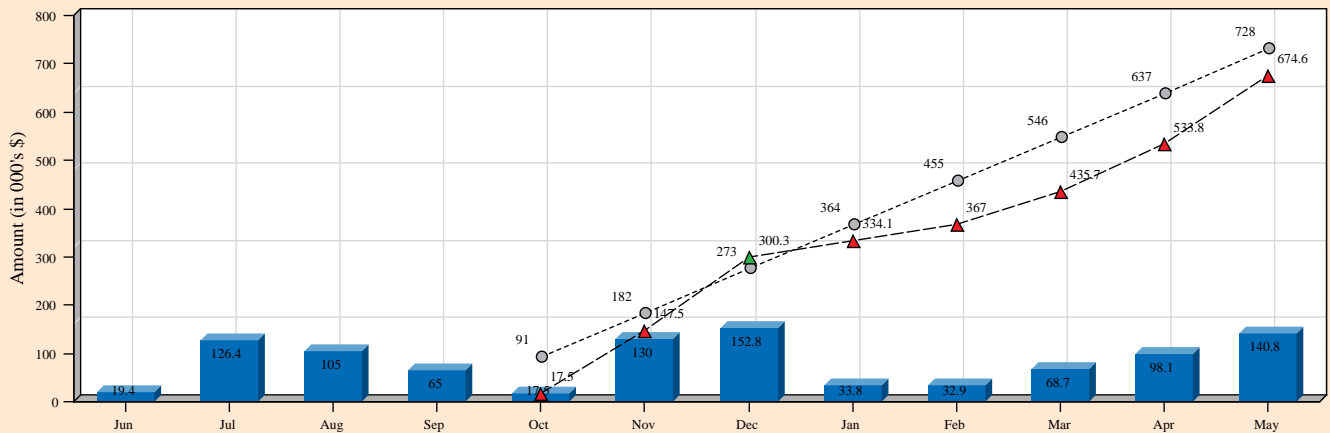
May Receivables to Revenue Ratio 1.5%, Delinquency \$6.9 Million

INVESTMENT EARNINGS

INVESTMENT CASH EARNINGS

Monthly & Cumulative Earnings compared to YTD Budget

- Monthly Earnings (in 000's)
- ▲ YTD Cumulative Earnings FY-2016 (in 000's)
- YTD Cumulative Earnings Budget FY-2016 (in 000's)



Earnings to date for May were below Projected Budget by \$53,000

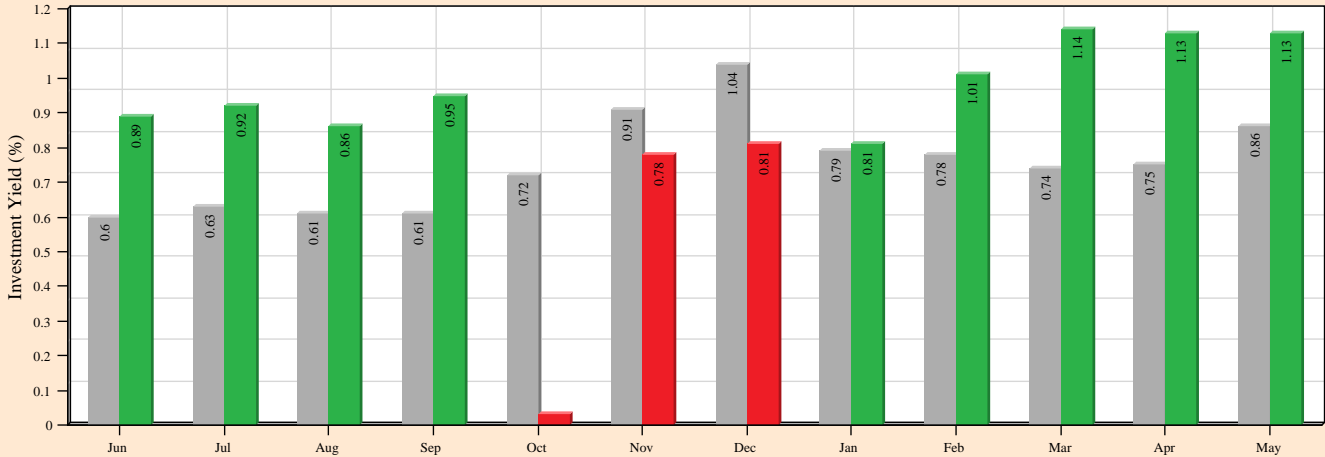
FINANCIAL HIGHLIGHTS

INVESTMENT YIELD

CORE INVESTMENTS YIELD

Monthly Yield compared to Merrill Lynch Benchmark

- Actual Monthly Yield (%)
- Merrill Lynch 1-3 Year Treasury Index - Book Value (%)

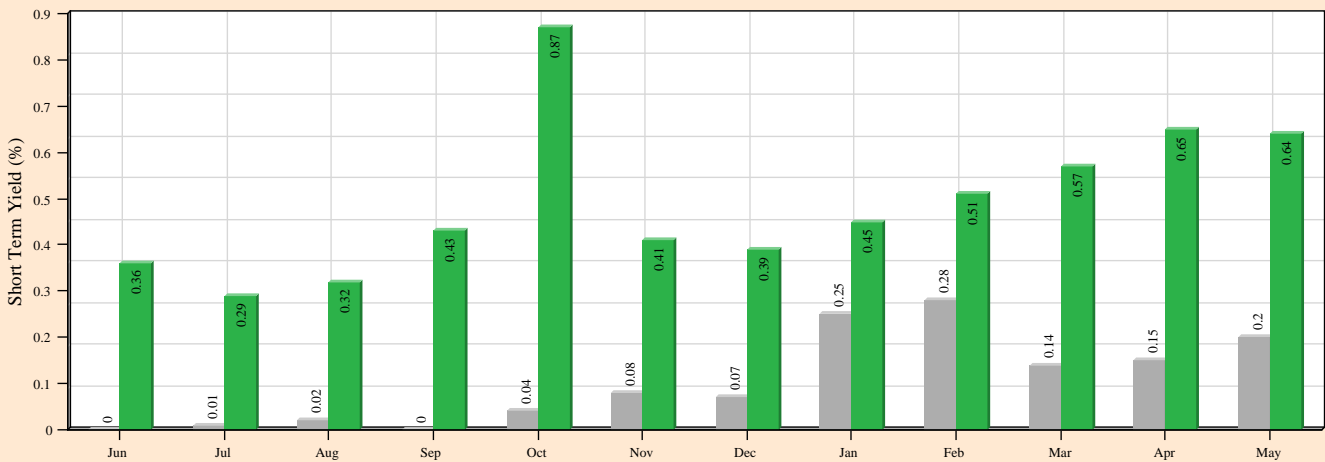


Yield for May was higher than the treasury index by 0.27%

SHORT TERM INVESTMENT YIELD

Short Term Yield compared to Merrill Lynch Benchmark

- Actual Monthly Yield (%)
- Merrill Lynch 3-Month Treasury Index - Book Value (%)



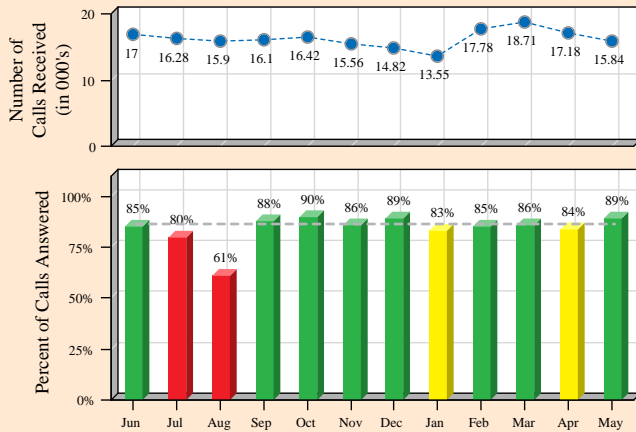
Short Term Yield for May was higher than the Merill Lynch yield by 0.44%

CUSTOMER CARE AND OPERATIONS HIGHLIGHTS

CUSTOMER SERVICE

CALL CENTER PERFORMANCE
Calls Answered within 40 Seconds compared to Target

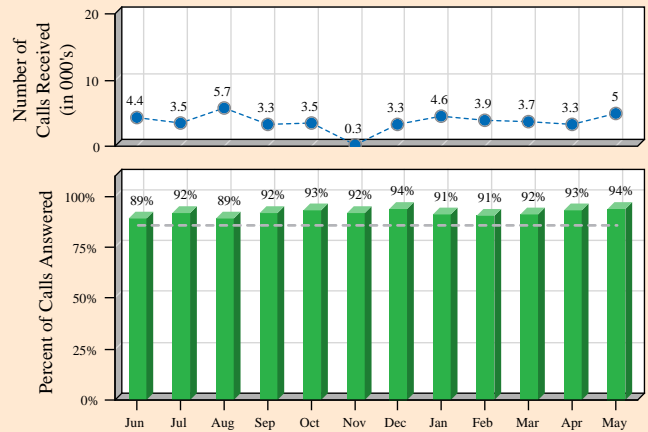
- Call Center: Calls answered (%)
- No of Calls - Call Center (in 000's)
- - - Target -Call Center (85%)



Performance for May was above target by 4%

COMMAND CENTER PERFORMANCE
Calls Answered within 40 Seconds compared to Target

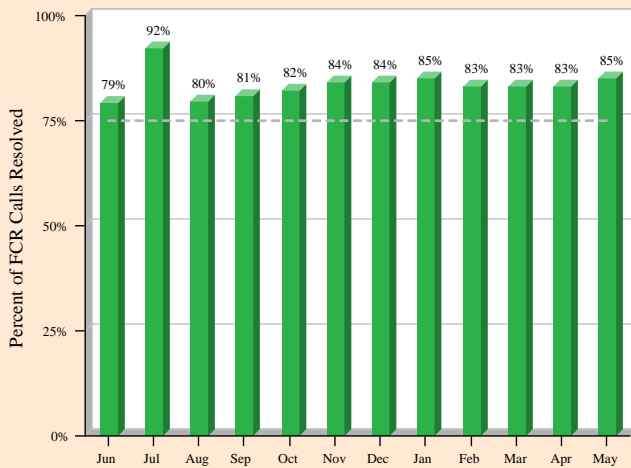
- Command Center: Calls answered (%)
- No of Calls - Command Center (in 000's)
- - - Target -Command Center (85%)



Performance for May was above target by 9%

FIRST CALL RESOLUTION (FCR)
Calls resolved on first contact compared to Target

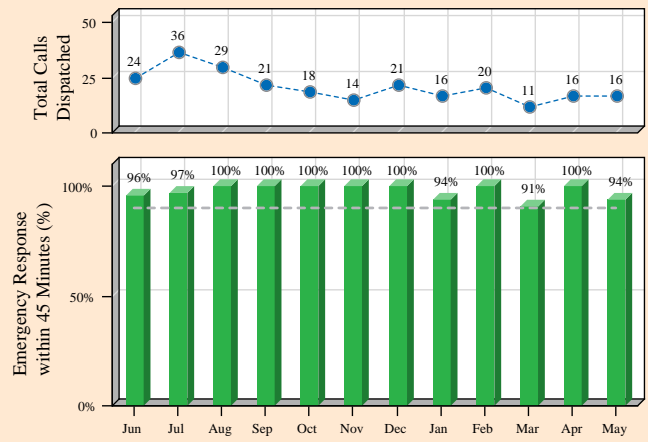
- FCR (%)
- - - FCR Target (75%)



Performance for May was above target by 10%

EMERGENCY RESPONSE TIME
Calls responded to within 45 Minutes compared to Target

- Response (%) within Target
- Total Emergency Calls Dispatched
- - - Response Target (90%)



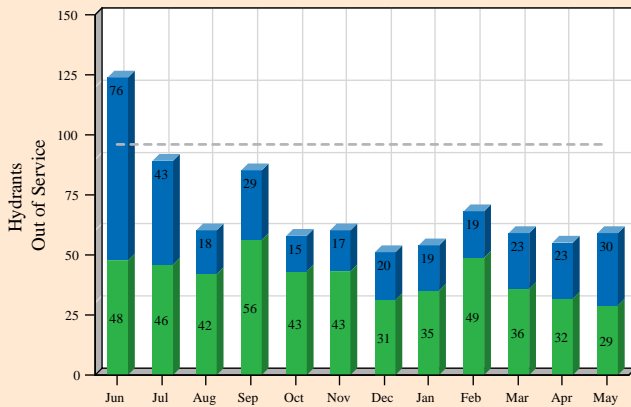
Performance for May was above target by 4%

CUSTOMER CARE AND OPERATIONS HIGHLIGHTS

FIRE HYDRANTS

FIRE HYDRANTS OUT OF SERVICE (OOS)
Total Hydrants Out of Service against Target

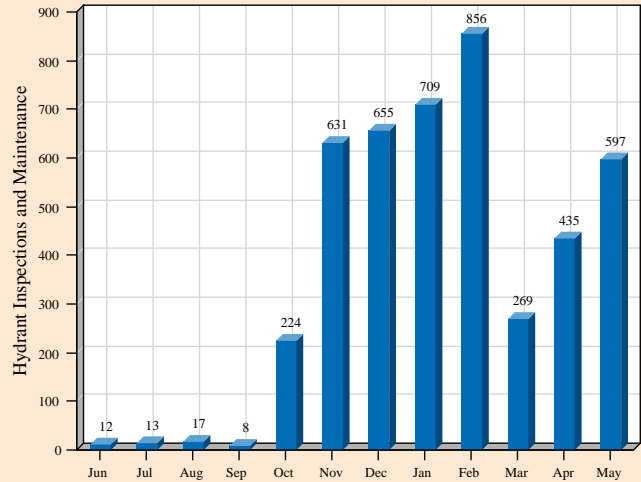
- Out of Service Fire Hydrants (Defective OOS Hydrants)
- In-Operational - OOS Due to Inaccessibility or Temporary Work
- Out of Service Hydrants Target (96)



Fire Hydrant Inspections and Maintenance

Total Hydrant Inspection and Maintenance Work Orders Completed per Month

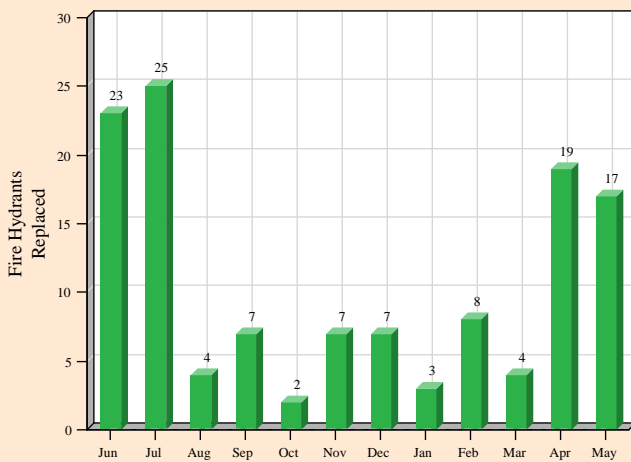
- Hydrant Inspections and Maintenance



FIRE HYDRANT REPLACEMENTS

Total Hydrants Replaced per Month

- Hydrants Replaced
- Annual Replacement Target (250)

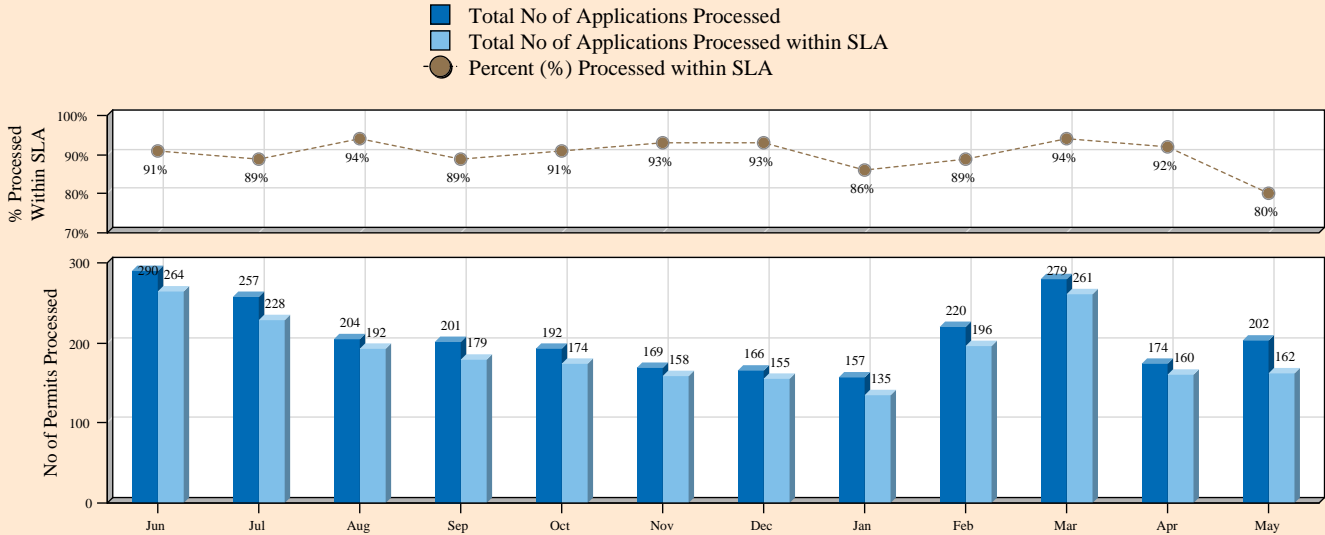


Total replacements as of May were 67 against annual projections of 250

CUSTOMER CARE AND OPERATIONS HIGHLIGHTS

PERMIT PROCESSING

TOTAL APPLICATIONS PROCESSED WITHIN SERVICE LEVEL AGREEMENT (SLA)



SLA Examples: Raze Permit - 14days, Sheeting and Shoring - 14 days, Preliminary Plan Review - 45 days

Permits not processed within SLA in May were 20% Note that different SLA's range from 7 days to 45 days

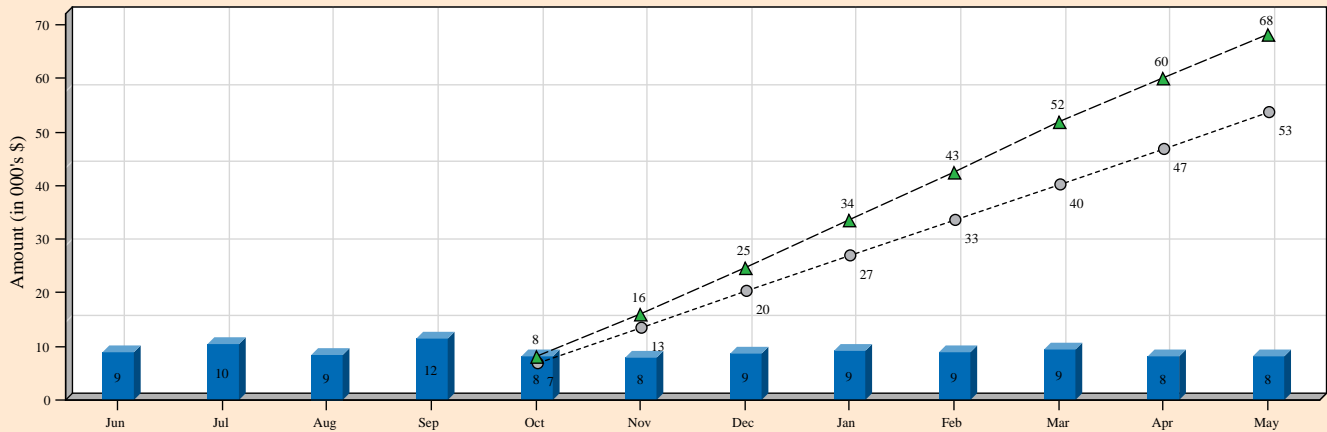
LOW INCOME ASSISTANCE PROGRAM

SPLASH PROGRAM

SPLASH CONTRIBUTIONS

Monthly and Cumulative Contributions compared to YTD Target

- Monthly Contributions (in 000's)
- △ YTD Cumulative Contributions FY-2016 (in 000's)
- Projected YTD Target FY-2016 (in 000's)



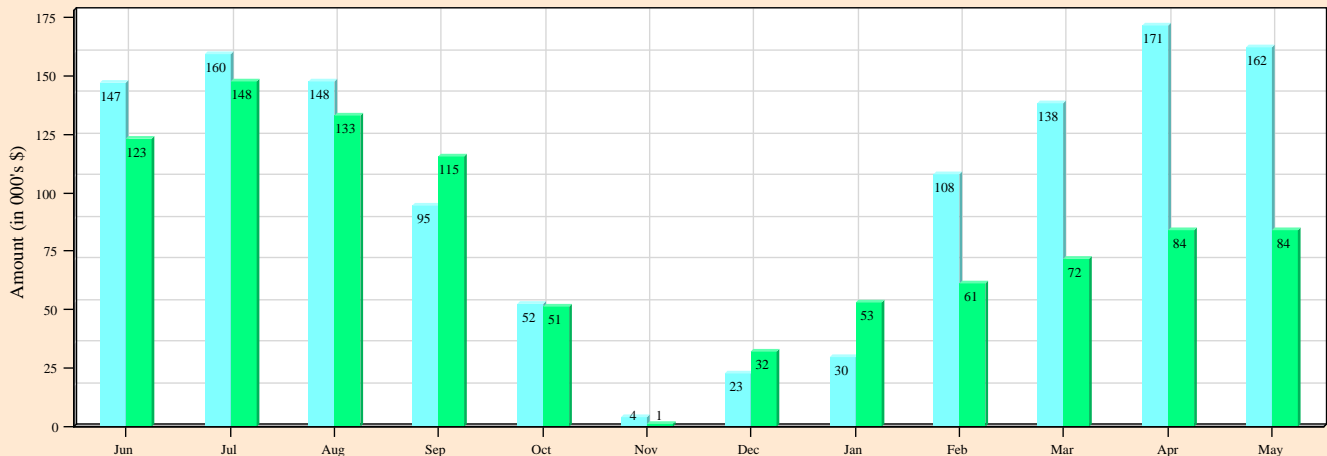
Total SPLASH Contributions to date for May were above target by \$15,000

CUSTOMER ASSISTANCE PROGRAM (CAP)

CUSTOMER ASSISTANCE PROVIDED

Monthly Assistance Provided compared to corresponding Previous Year Periods

- Actual Monthly Amount - Previous Year (in 000's)
- Actual Monthly Amount - Current Year (in 000's)

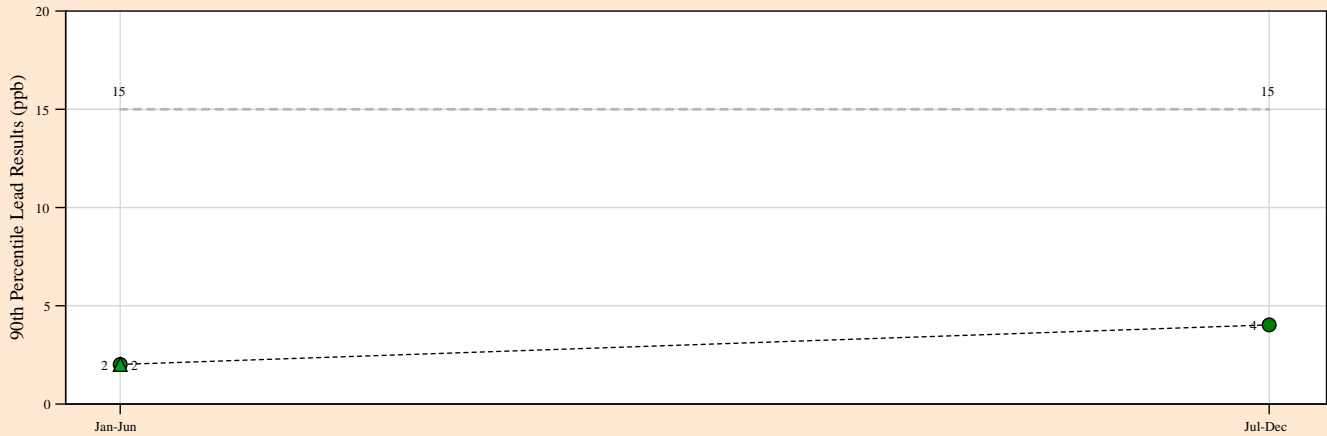


OPERATIONAL HIGHLIGHTS

DRINKING WATER QUALITY

LEAD AND COPPER RULE (LCR) COMPLIANCE
Semi-Annual LCR Monitoring Results

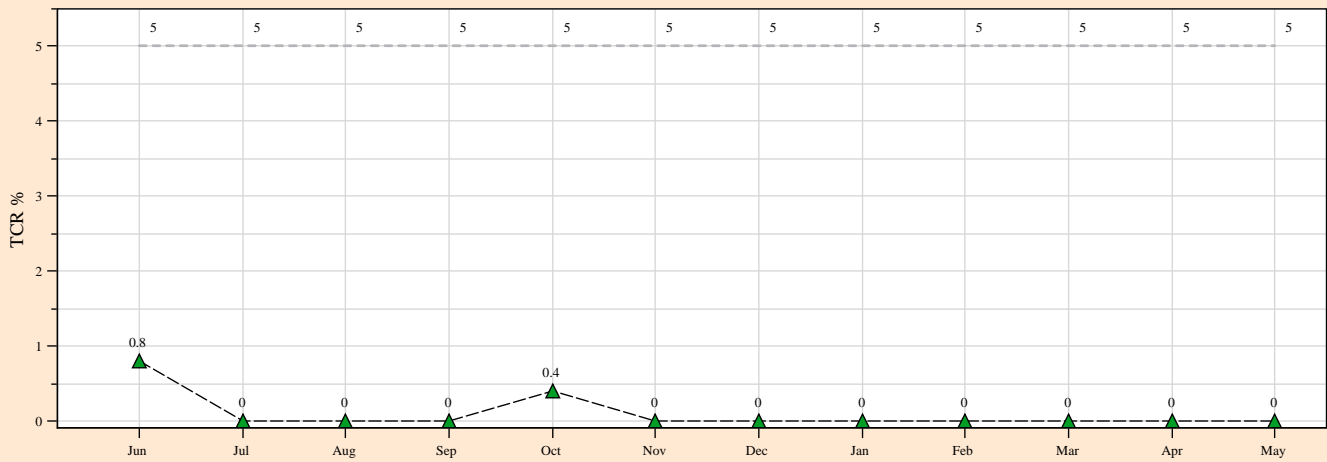
- 2015 LCR Results
- △ 2016 LCR Results
- Action Level : 15 parts per billion (ppb)



Jan-Jun 2016 results to date

TOTAL COLIFORM RULE (TCR)
Total Coliform Positives compared to EPA Maximum Contaminant Level (MCL)

- △ TCR Level
- EPA Maximum Contaminant Level (5%)



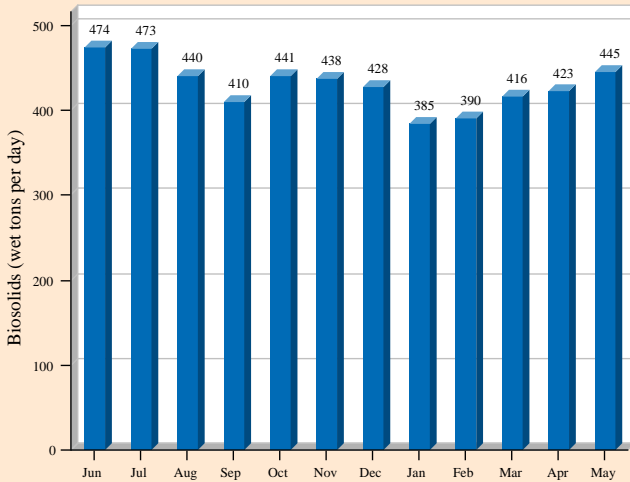
No Coliform Positives were recorded in May

OPERATIONAL HIGHLIGHTS

WASTEWATER TREATMENT

BIOSOLIDS PRODUCTION
Average Daily Biosolids Production

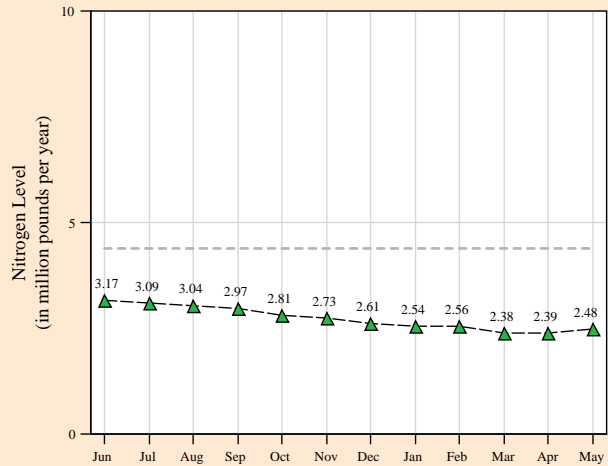
■ Average Daily Biosolids Hauled



Biosolids Average Daily Production for May was 445 wet tons per day

TOTAL NITROGEN
Total Nitrogen compared to New Permit Levels

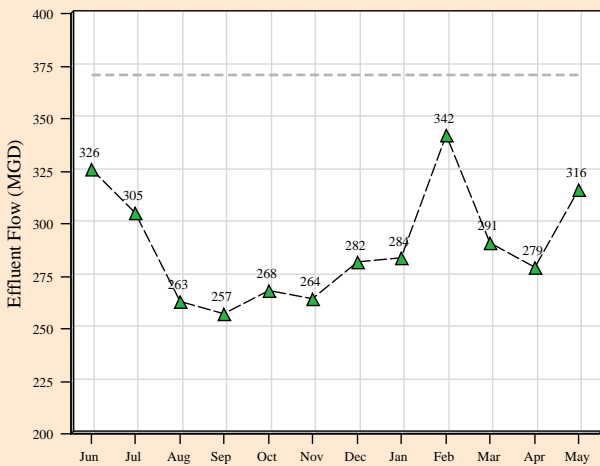
△ Nitrogen Annually Load (lbs/yr)
--- New Permit Limit - 4.38 Million (lbs/yr)



Nitrogen level for May was below permit by 1.9 million lbs/yr

PLANT EFFLUENT FLOW
Effluent Flow compared to Plant Design Average Limit

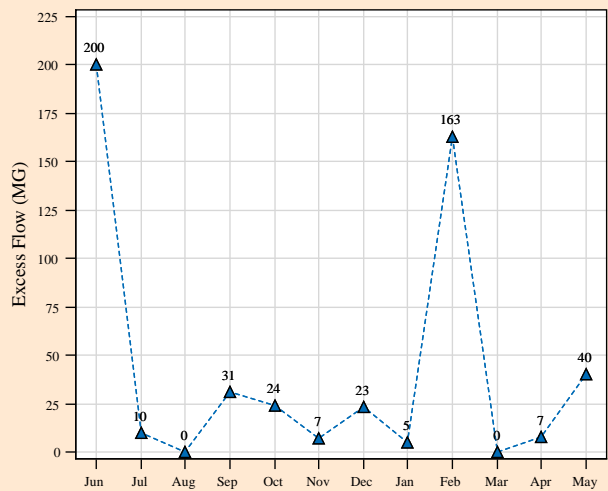
△ Effluent Flow
--- Design Average (370 mgd)



In May, Effluent flow was below design by 54 MGD

EXCESS FLOW

△ Excess Flow

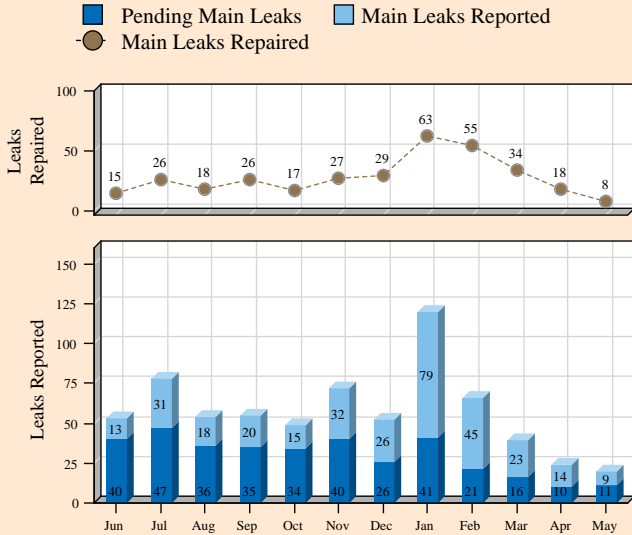


40.43 Million Gallons per day excess flow were recorded in May 2016

OPERATIONAL HIGHLIGHTS

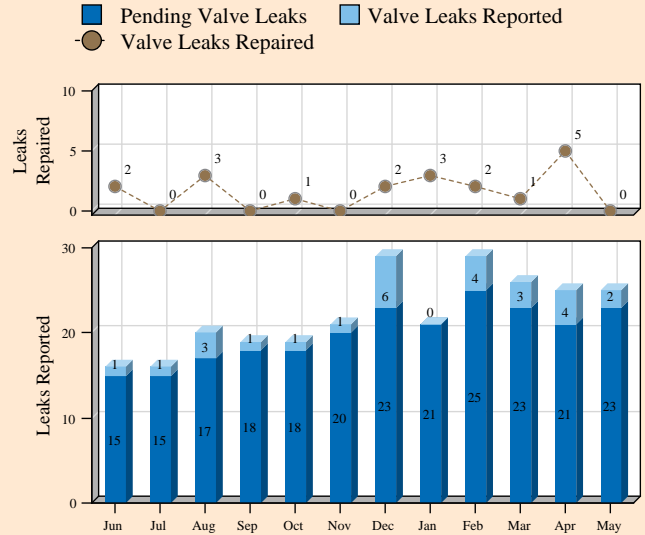
WATER DISTRIBUTION OPERATIONS

WATER MAIN LEAKS



There were 9 main leaks reported in May

WATER VALVE LEAKS



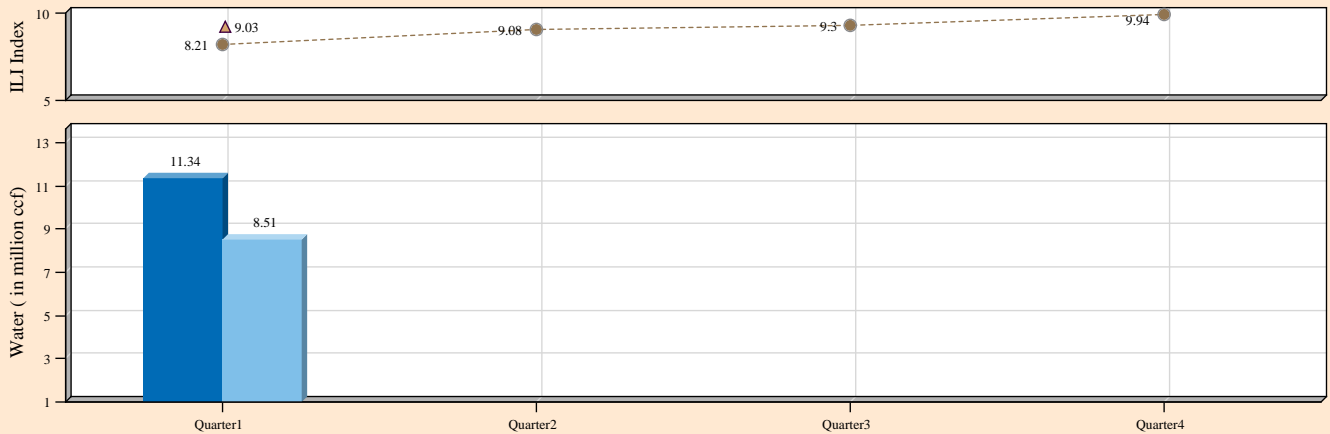
No leaks were resolved in May

WATER BALANCE

NON-REVENUE WATER

Volume of Water Purchased and Sold per Quarter

- FY-2016: Water Purchased
- FY-2016: Water Sold
- FY-2015: Infrastructure Leakage Index
- ▲ FY-2016: Infrastructure Leakage Index



In the 1st quarter 8.5 out of 11.3 million cubic feet of water was sold

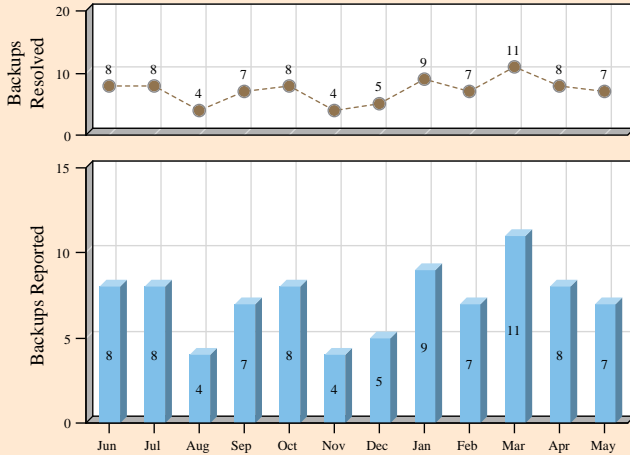
OPERATIONAL HIGHLIGHTS

SEWER SYSTEM OPERATIONS

SEWER MAIN BACKUPS

Sewer Mains Backed Up and Relieved per Month

- Pending Main Backups
- Main Backups Reported
- Main Backups Resolved

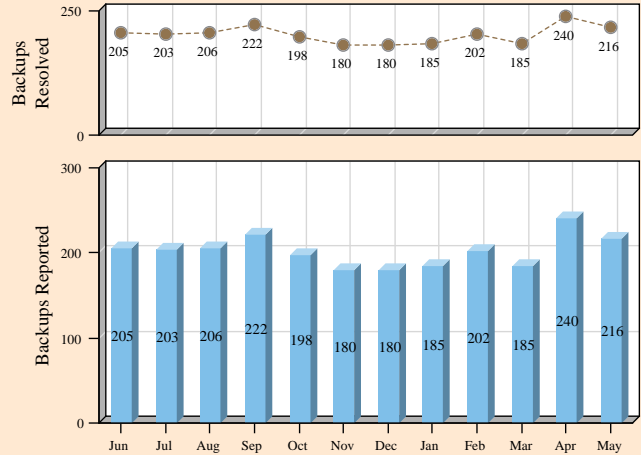


No pending main backups reported

SEWER LATERAL BACKUPS

Sewer Laterals Backed Up and Relieved per Month

- Pending Lateral Backups
- Lateral Backups Reported
- Lateral Backups Resolved



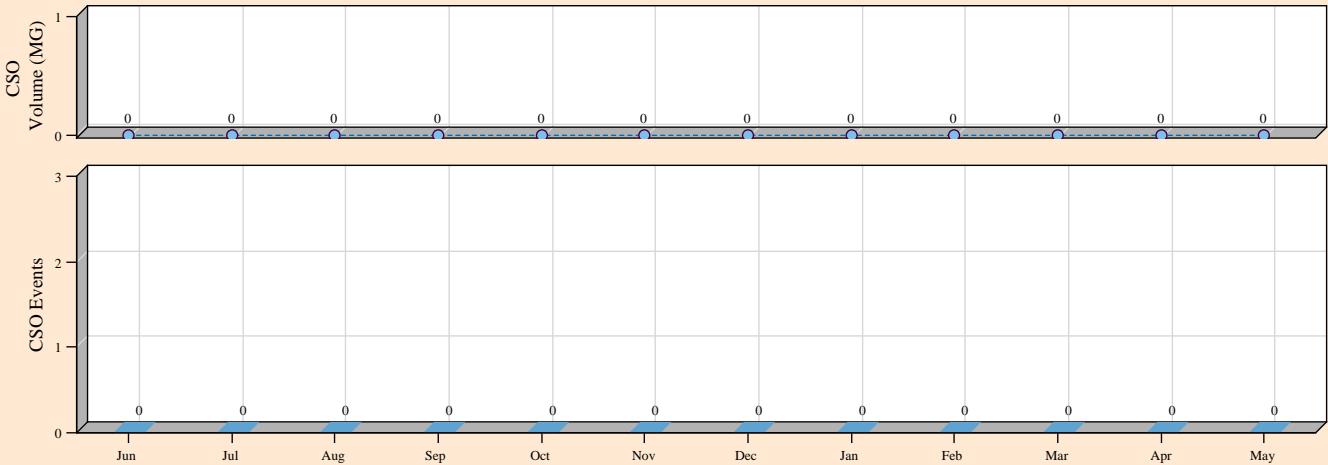
No pending lateral backups reported

COMBINED SEWER SYSTEM

DRY WEATHER CSO EVENTS

Combined Sewer Overflow Volume and No of Events per Month

- Number of CSO Events
- Overflow Volume (MG)



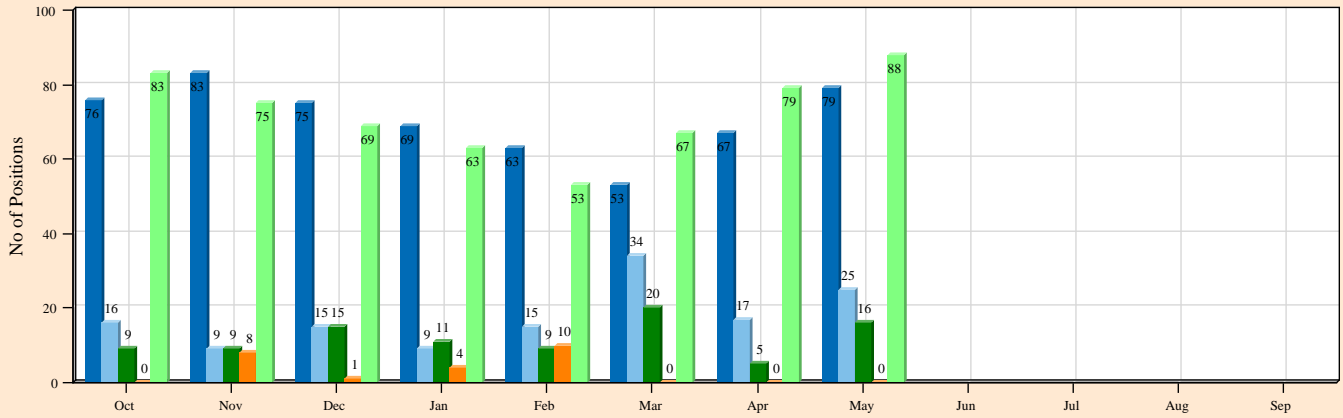
No dry weather Combined Sewer Overflow event was recorded in May 2016

OPERATIONAL HIGHLIGHTS

HUMAN RESOURCES

RECRUITMENT ACTIVITY

- FY-2016:Rolled Over Open Positions
- FY-2016:New Positions Added
- FY-2016:Positions Filled
- FY-2016:Positions Canceled
- FY-2016:Net Remaining Open Positions



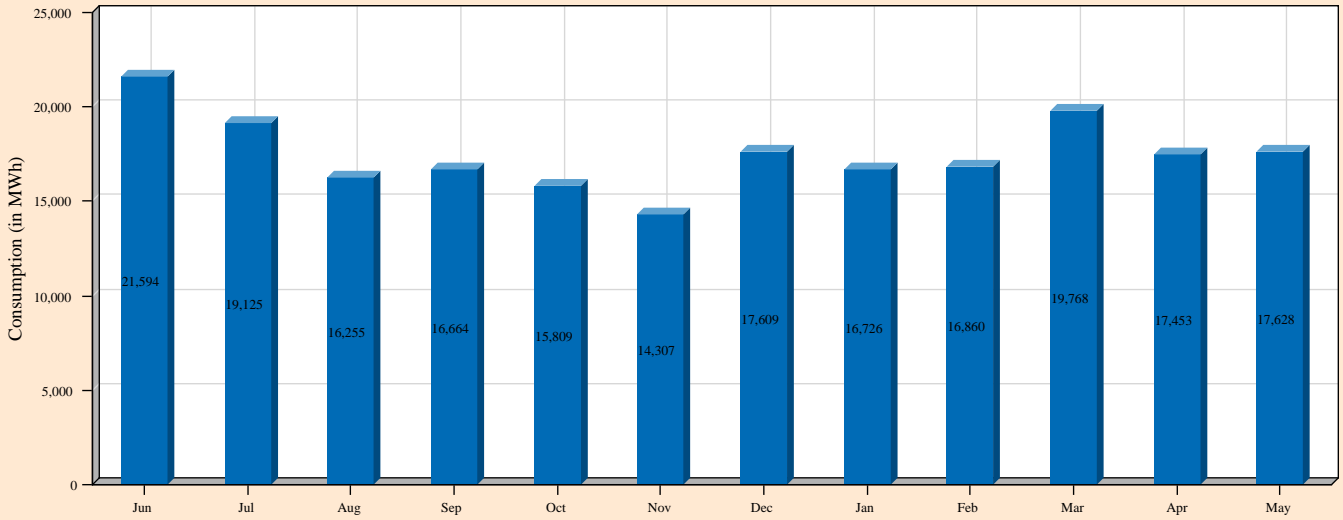
In May, we began the month with 79 positions, received 25 new positions, filled 16, No cancellations and ended the month with 88 positions

OPERATIONAL HIGHLIGHTS

ENERGY

ELECTRICITY USAGE SUMMARY

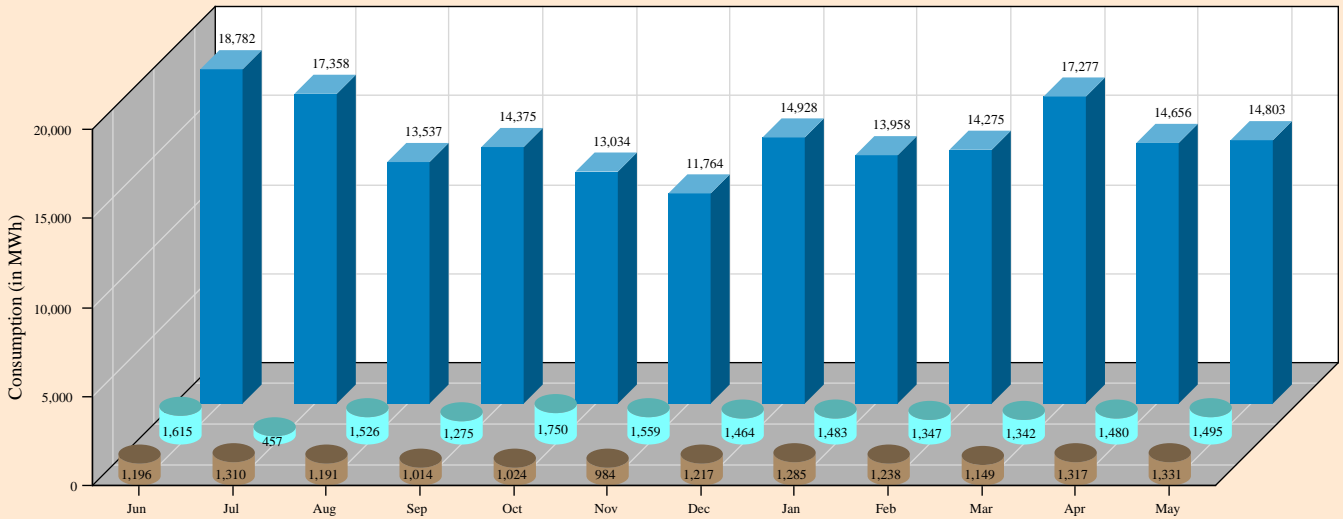
■ Total Consumption (MWh)



Electricity Consumption in May was 17,628 MWh

ELECTRICITY USAGE BY SERVICE AREA

■ Sewer Pumping ■ Water Pumping ■ Waste Water Treatment



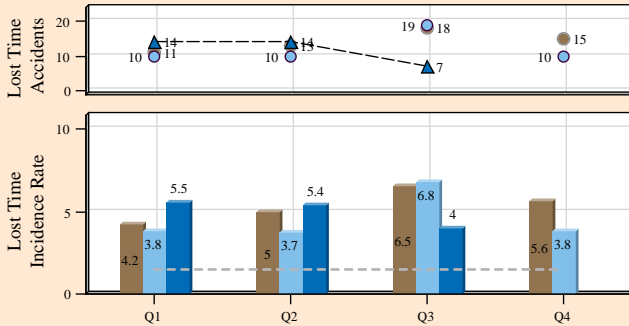
Wastewater treatment had the highest electricity consumption in May at 14,803 MWh

OPERATIONAL HIGHLIGHTS

SAFETY

EMPLOYEE LOST TIME INCIDENCE RATE

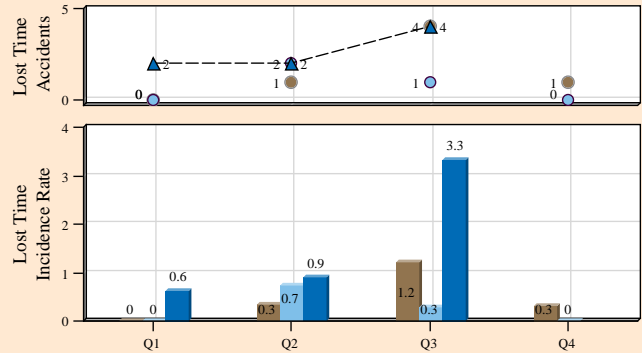
- FY-2014: LT Incidence Rate
- FY-2015: LT Incidence Rate
- FY-2016: LT Incidence Rate
- FY-2014: No of LT Accidents
- FY-2015: No of LT Accidents
- ▲ FY-2016: No of LT Accidents
- Target/National: LT Incidence Rate



Thru the 2nd Month of 3rd quarter, 7 lost time accidents were reported

CONTRACTOR LOST TIME INCIDENCE RATE

- FY-2014: LT Incidence Rate
- FY-2015: LT Incidence Rate
- FY-2016: LT Incidence Rate
- FY-2014: No of LT Accidents
- FY-2015: No of LT Accidents
- ▲ FY-2016: No of LT Accidents

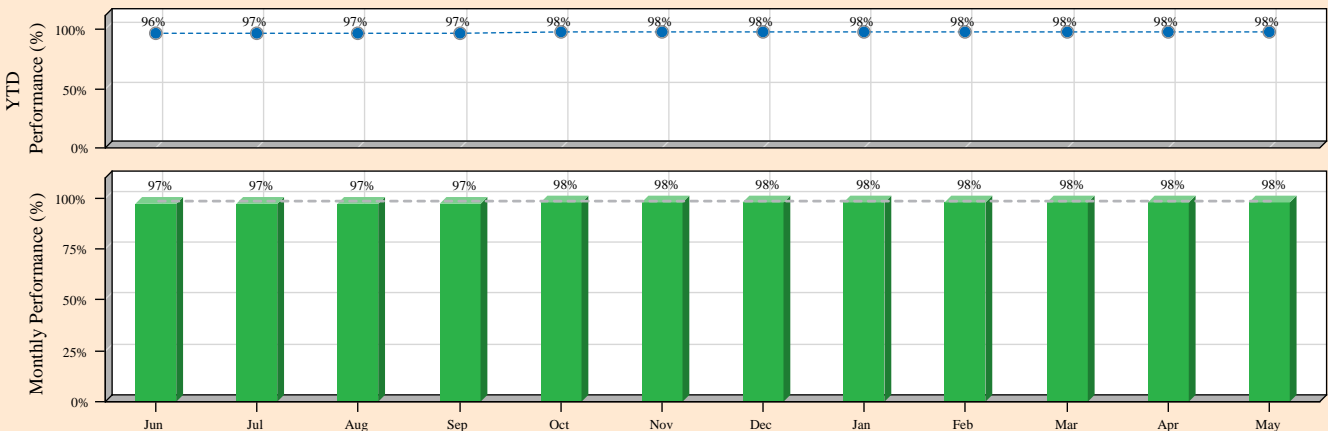


Thru the 2nd Month of 3rd quarter, 4 lost time accidents were reported

VENDOR PAYMENTS

VENDOR PAYMENT PERFORMANCE
Percentage of Invoices Paid within 30 days

- Monthly Performance (%)
- YTD Performance (%)
- Monthly Target - (97%)



Monthly performance for May was above target by 1%

INTERPRETATION OF CHARTS:

FINANCIAL HIGHLIGHTS

Revenue, Expenditure, Capital Disbursement

- Bulls eye shows the variance for YTD budget against actual for revenues, expenditures and capital disbursements
- Bar graph shows **total** for the fiscal year budgeted(grey)-revenues, expenditures and capital disbursements against YTD actual(blue)
- Horizontal line graph shows a YTD progress analysis as compared to the previous year

Net Operating Cash

- Bar graph shows monthly net operating cash provided/used
- Line graph denoted by (Δ) compares YTD actual against budget (O). This element is dynamically color coded*

Operating Revenues

- Bar graph shows monthly operating revenues
- Line graph denoted by (Δ) compares YTD revenue against budget (O). This element is dynamically color coded*

Operating Expenses

- Bar graph shows monthly operating expenses
- Line graph denoted by (Δ) compares YTD expenditure against budget (O). This element is dynamically color coded**

Capital Disbursements

- Bar graph shows monthly capital disbursements
- Line graph denoted by (Δ) compares YTD disbursements against budget (O). This element is dynamically color coded**

Operating Cash Balance

- Bar graph shows monthly average cash balance compared to the target of \$125 million; indicated by grey dotted line

Delinquent Account Receivables

- Bar graph shows monthly Receivables to Revenue ratio against target of 3%; indicated by grey dotted line. This element is dynamically color coded**
- Line graph denoted by (Δ) shows delinquency in actual dollars

Investment Cash Earnings

- Bar graph shows monthly investment cash earnings
- Line graph denoted by (Δ) compares the YTD earnings against budget (O). This element is dynamically color coded*

Core Investments Yield

- Bar graph shows the monthly investment yield compared to the monthly target (grey) benchmark as set by the US Treasury Bill. This element is dynamically color coded*

Short Term Investment Yield

- Bar graph shows the monthly short term investment yield compared to the monthly short term target (grey) benchmark as set by the US Treasury Bill. This element is dynamically color coded*

Dynamic Color Coding Legend

*	**
<p>Red - when the actual is lower than 3% of budget or target</p> <p>Yellow - when the actual is within 3% of budget or target</p> <p>Green - when the actual is equal to or higher than budget or target</p>	<p>Red - when the actual is higher than 3% of budget or target</p> <p>Yellow - when the actual is within 3% of budget or target</p> <p>Green - when the actual is equal to or lower than budget or target</p>

Symbols where the color code applies- (Δ, □)

A

CUSTOMER CARE AND OPERATIONS HIGHLIGHTS

Call Center Performance

- Bar graph shows monthly percentage of calls answered within 40 seconds against target of 85%; indicated by grey dotted line. This element is dynamically color coded***
- Line graph denoted by (O) shows the number of calls received by the call center every month

Command Center Performance

- Bar graph shows monthly percentage of calls answered within 40 seconds against target of 85%; indicated by grey dotted line. This element is dynamically color coded***
- Line graph denoted by (O) shows the number of calls received by the command center every month

First Call Resolution (FCR)

- Bar graph shows monthly percentage of calls resolved on first contact against target of 75%; indicated by grey dotted line. This element is color dynamically coded***

Emergency Response Time

- Bar graph shows the percentage of emergency calls responded to within 45 minutes against target of 90%; indicated by grey dotted line. This element is dynamically color coded***
- Line graph denoted by (O) shows the total calls dispatched per month

Fire Hydrants Out of Service (OOS)

- Bar graph shows total hydrants not available for use against target of 91; indicated by grey dotted line. This element is dynamically color coded****
- The bar graph is stacked (blue) to show hydrants that are inaccessible. Inaccessible hydrants are not measured against the target of 91

Fire Hydrant Inspections and Maintenance

- Bar graph shows the total number of fire hydrants repaired per month

Fire Hydrant Replacements

- Bar graph shows the total number of hydrants replaced per month against target of 21; indicated by grey dotted line. This element is dynamically color coded***

Total Applications Processed within Service Level Agreement (SLA)

- Bar graph shows
 - the number of permits processed per month(dark blue)
 - the number of permits processed within SLA per month(light blue)
- Line graph denoted by (O) shows the percentage of permits processed vs. processed within SLA

Dynamic Color Coding Legend

***	****
Red- when the actual is lower than 5% of budget or target Yellow- when the actual is within 5% of budget or target Green- when the actual is equal to or higher than budget or target	Red- when the actual is higher than 5% of budget or target Yellow- when the actual is within 5% of budget or target Green- when the actual is equal to or lower than budget or target

Symbols where the color code applies- (Δ, □)

LOW INCOME ASSISTANCE PROGRAM

SPLASH Contributions

- Bar graph shows monthly SPLASH contributions
- Line graph denoted by (Δ) shows the YTD contributions against target (O). This element is color coded***

Customer Assistance Program (CAP)

- Bar graph shows monthly CAP assistance
- Line graph denoted by (Δ) shows the YTD contributions against budget (O). This element is color coded***

OPERATIONAL HIGHLIGHTS

Lead and Copper Rule (LCR) Compliance

- Line graph denoted by (Δ, O) shows semi-annual LCR monitoring results against target of 15ppb; indicated by grey dotted line. This element is color coded****

Total Coliform Rule (TCR)

- Line graph denoted by (Δ) shows total coliform positives against the EPA maximum contaminant level of 5%. This element is color coded****

Biosolids Production

- Bar graph shows monthly average daily biosolids production

Total Nitrogen

- Line graph denoted by (Δ) shows monthly total nitrogen level against the current permit (dark grey) and 2015 permit (light grey) levels. This element is color coded****

Plant Effluent Flow

- Line graph denoted by (Δ) shows monthly influent flow against the plant design average limit of 370MGD. This element is color coded****

Excess Flow

- Line graph denoted by (Δ) shows monthly excess flow

Water Main Leaks

- Bar graph shows the water main leaks reported
- The bar graph is stacked(dark blue) to show the pending leaks carried over from the previous month if any; bar graph(light blue) shows new water main leaks reported for the given month
- Line graph denoted by (O) shows the number of main leaks repaired per month

Water Valve Leaks

- Bar graph shows the water valve leaks reported
- The bar graph is stacked(dark blue) to show the pending leaks carried over from the previous month if any; bar graph(light blue) shows new water valve leaks reported for the given month
- Line graph denoted by (O) shows the number of valve leaks repaired per month

Dynamic Color Coding Legend

***	****
Red- when the actual is lower than 5% of budget or target Yellow- when the actual is within 5% of budget or target Green- when the actual is equal to or higher than budget or target	Red- when the actual is higher than 5% of budget or target Yellow- when the actual is within 5% of budget or target Green- when the actual is equal to or lower than budget or target

Symbols where the color code applies- (Δ, □)

Non Revenue Water

- Bar graph shows the volume of water purchased(dark blue) and water sold(light blue) per quarter
- Line graph denoted by (Δ, O) shows the Infrastructure Leakage Index(ILI) for the current and previous year

Sewer Main Backups

- Bar graph shows the sewer main backups reported
- The bar graph is stacked(dark blue) to show the pending backups carried over from the previous month if any; bar graph(light blue) shows new sewer main backups reported for the given month
- Line graph denoted by (O) shows the number of main backups resolved per month

Sewer Lateral Backups

- Bar graph shows the sewer lateral backups reported
- The bar graph is stacked(dark blue) to show the pending backups carried over from the previous month if any; bar graph(light blue) shows new sewer laterals backups reported for the given month
- Line graph denoted by (O) shows the number of lateral backups resolved per month

Combined Sewer dry weather Overflow (CSO) Events

- Bar graph shows dry weather CSO events per month
- Line graph denoted by (O) shows the volume in Million Gallons(MG) per dry weather CSO event

Open Positions

- Bar graph (dark blue) shows open positions carried over from the previous month.
- Bar graph (light blue) shows new positions added in the given month.
- Bar graph (olive green) shows positions filled in the given month.
- Bar graph (orange) shows positions cancelled in the given month.
- Bar graph (light green) shows net remaining open positions at the end of the given month.

Electricity Usage Summary

- Bar graph shows total electricity consumption per month

Electricity Usage by Service Area

- Shows a monthly breakdown by service area of electricity usage
- Dark blue shows for Waste Water Treatment Service Area
- Light blue shows Water Pumping Service Area
- Brown shows Sewer Pumping Service Area

Employee Lost Time Incidence Rate

- Bar graph shows quarterly Employee Lost Time (LT) incidence rate as compared to the National average LT rate of 2.0; indicated by grey dotted line. Light blue represents the previous year, brown represents the year before previous and dark blue the current fiscal year.
- Scatter graph denoted by (Δ, O) shows the number of Lost Time accidents and comparison is also made between the current year and the previous years.

Contractor Lost Time Incidence Rate

- Bar graph shows quarterly Contractor Lost Time (LT) incidence rate. Light blue represents the previous year, brown represents the year before previous and dark blue the current fiscal year.
- Scatter graph denoted by (Δ, O) shows the number of Lost Time accidents and comparison is also made between the current year and the previous years.

Dynamic Color Coding Legend

***	****
Red- when the actual is lower than 5% of budget or target Yellow- when the actual is within 5% of budget or target Green- when the actual is equal to or higher than budget or target	Red- when the actual is higher than 5% of budget or target Yellow- when the actual is within 5% of budget or target Green- when the actual is equal to or lower than budget or target

Symbols where the color code applies- (Δ, □)

Vendor Payment Performance

- Bar graph shows monthly Vendor Payment Performance percentage against monthly target of 97%; indicated by grey dotted line. This element is dynamically color coded**
- Line graph denoted by (O) shows the YTD vendor payment performance %.

Dynamic Color Coding Legend

***	****
<p>Red- when the actual is lower than 5% of budget or target</p> <p>Yellow- when the actual is within 5% of budget or target</p> <p>Green- when the actual is equal to or higher than budget or target</p>	<p>Red- when the actual is higher than 5% of budget or target</p> <p>Yellow- when the actual is within 5% of budget or target</p> <p>Green- when the actual is equal to or lower than budget or target</p>

Symbols where the color code applies- (Δ, □)

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Summary of Contracts on Consent Agenda

222nd Meeting of the DC Water Board of Directors

Thursday, July 7, 2016

Joint-Use Contracts

Resolution No. 16-48- Execute Contract No. 150110, American Contracting & Environmental Services, Inc. The purpose of the contract is to have a contractor available to perform emergency and non-emergency repairs on existing process equipment which is beyond preventive, routine and corrective maintenance. The contract amount is \$28,580,367. (Recommended by Environmental Quality and Sewerage Services Committee 6/16/16)

Resolution No. 16-49 – Execute Contract No. 150030, American Contracting & Environmental Services, Inc. The purpose of the contract is to upgrade major electrical systems, mechanical equipment, and building within the Blue Plains Raw Wastewater Pump Station No.2 Facility. The contract amount is \$18,732,000. (Recommended by Environmental Quality and Sewerage Services Committee 6/16/16)

Resolution No. 16-50 – Execute Change Order No. 01 of Contract No. 140060, Skanska USA Building, Inc. The purpose of the change order is to perform the capital improvements at O Street Pump Station site concurrent with the new Headquarters Office Building construction. The change order amount is \$3,085,000. (Recommended by Environmental Quality and Sewerage Services Committee 6/16/16)

Resolution No. 16-51 – Contract No. 16-PR-DWT-41A, Colonial Chemicals, Inc. The purpose of the contract is to continue the supply and delivery of methanol to the Blue Plains Advanced Wastewater Treatment Facility. The contract amount is \$5,363,280. (Recommended by Environmental Quality and Sewerage Services Committee 06/16/16)

Resolution No. 16-52- Execute Contract No. 16-PR-DWT-41B, Mitsubishi International Corp. The purpose of the contract is to continue the supply and delivery of methanol to the Blue Plains Advanced Wastewater Treatment Facility. The contract amount is \$1,925,040 (Recommended by Environ

Resolution No. 16-53 – Execute a contract modification to Contract No. WAS-10-003-AA-GA, M&M Electric Motor Repair Inc. The purpose of the contract modification is to provide additional funding to complete current projects and work orders. The contract modification amount is \$900,000. (Recommended by Environmental Quality and Sewerage Services Committee 06/16/16)

Resolution No. 16-54 – Execute an Architectural and Engineering Services Agreement for Contract No. DCFA #477-WSA, CH2M/Parsons JV (CP JV). The service agreement is for Phase 1 (FY16-FY19) of the contract. The service agreement not-to-exceed amounts is \$44,902,000. (Recommended by Environmental Quality and Sewerage Services/Water Quality and Water Services Committees 06/16/16)

Resolution No. 16-55 – Execute a modification to Contract No. 14-PR-OGC-01-AA./14-PR-OGC-AF, Environmental Legal Service, Beveridge & Diamond, P.C. The purpose of the contract modification is for additional funding to cover legal expenses for the Juraz and Parkhurst cases, Air Permitting support for biosolids facility, etc. The contract modification amount is \$1,000,000. (Recommended by Finance and Budget Committee 06/23/16)

Non-Joint Use Contract

Resolution No. 16-56 – Execute a modification to Contract No. WAS-13-042-AA-RA, MOI, Inc. The purpose of the contract modification is for Knoll Furniture and furnishings for various DC Water Departments on an indefinite delivery and indefinite quantity basis to satisfy future furniture requirements. The contract modification amount is \$232,768.25. (Recommended by Environmental Quality and Sewerage Services Committee 06/16/16)

Resolution No. 16-57 – Execute a modification to Contract No. WAS-12-002-AA-SH, Aclara Technologies. The purpose of the contract is to rehabilitate and upgrade the Automated Meter Reading program to replace aged assets and to improve customer satisfaction. The modification amount is \$6,500,000. (Recommended by Water Quality and Water Services Committee 06/16/16)

Resolution No. 16-58 – Execute Contract No. 160010, Fort Myer Construction Corp. The purpose of the contract is to provide for the repair and replacement of water distribution assets deemed by the Department of Water Services critical to the continued safe and dependable delivery of water supply. The contract amount is \$16,935,772.16. (Recommended by Water Quality and Water Services Committee 06/16/16)

Resolution No. 16-59 – Execute Contract No. 16-PR-CCO-59, Fasteners Rx, Inc. The purpose of the contract is to provide for the repair and replacement of water distribution assets deemed by the Department of Water Services critical to the continued safe and dependable⁴ delivery of water supply. The contract amount is \$8,000,000. (Recommended by Water Quality and Water Services Committee 06/16/16)

Presented and Adopted: July 7, 2016

SUBJECT: Approval to Execute Contract No. 150110

American Contracting & Environmental Services, Inc.

**#16-48
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") District of Columbia Water and Sewer Authority ("the Authority") at its meeting on July 7, 2016 upon consideration of a joint use matter, decided by a vote of ___() in favor and ___() opposed to execute Contract No. 150110, American Contracting & Environmental Services, Inc.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute Contract No. 150110, American Contracting & Environmental Services, Inc. The purpose of the contract is to have a contractor available to perform emergency and non-emergency repairs on existing process equipment which is beyond preventive, routine and corrective maintenance. The contract amount is \$28,580,367.

This Resolution is effective immediately.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

CONSTRUCTION CONTRACT:

**Miscellaneous Facilities Upgrade – Phase 5
(Joint Use)**

Approval to execute a construction contract for \$28,580,367.00

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME:	SUBS:	PARTICIPATION:
American Contracting & Environmental Services, Inc. 10330 Old Columbia Road, Suite 102 Columbia, MD 21046	Buena Vista Assoc., LLC Washington, DC. MBE	13.3%
	G.E. Frisco Co., Inc. Upper Marlboro, MD. MBE	11.0%
	SQN Systems Crop. Columbia, MD. MBE	7.4%
	Brick House Brown Masonry, Inc. Baltimore, MD. MBE	0.3%
	Robnet, Inc. Baltimore, MD. WBE	0.5%
	Monumental Supply Co., Inc. Baltimore, MD WBE	0.9%
	Tag Distribution & Supply Co., LLC. Pikesville, MD. WBE	4.6%

DESCRIPTION AND PURPOSE

Contract Value, Not-To-Exceed:	\$28,580,367.00
Contract Time:	1600 Days (4 Years, 5 Months)
Anticipated Contract Start Date (NTP):	08-01-2016
Anticipated Contract Completion Date:	12-19-2020
Bid Opening Date:	05-25-2016
Bids Received:	2
Other Bids Received	
Ulliman Schutte Construction, LLC	\$ 29,325,000.00

Purpose of the Contract:

- DC Water has an urgent need to have a contractor available to perform emergency and non-emergency repairs on existing process equipment which is beyond routine, preventive and corrective maintenance to avoid potential violations of its NPDES permit.

Contract Scope:

- Grit facilities concrete basin repairs and cover replacement.
- Uninterrupted Power Supply upgrade for Process Control System.
- Construction of Biosolids Blending Facility.
- Supply of equipment and materials for emergencies.
- Specialized services as per task scope.
- COF Cafeteria Renovation.
- Time and Material work on emergency and non-emergency Task Work Orders.

Federal Grant Status:

- Construction Contract is not eligible for Federal grant funding assistance.

PROCUREMENT INFORMATION


Contract Type:	Fixed Price	Award Based On:	Lowest responsive, responsible bidder
Commodity:	Construction	Contract Number:	150110
Contractor Market:	Open Market		


BUDGET INFORMATION

Funding:	Capital	Department:	Engineering and Technical Services
Service Area:	Wastewater	Department Head:	Liliana Maldonado
Project:	OZ, TZ, LS, I3, BP, BQ, BV, UC, J2, AZ, OM, OD, OE, OS, YD, E8, E9, HU, AZ, HL, IY, PE, CH, CV, JY, PF, BX		

***ESTIMATED USER SHARE INFORMATION**

User	Share %	Dollar Amount
District of Columbia	41.22%	\$ 11,780,827.28
Washington Suburban Sanitary Commission	45.84%	\$ 13,101,240.23
Fairfax County	8.38%	\$ 2,395,034.75
Loudoun County & Potomac Interceptor	4.56%	\$ 1,303,264.74
Total Estimated Dollar Amount	100.00%	\$ 28,580,367.00


 Gail Alexander-Reeves Date
 Director of Budget


 Dan Bae Date
 Director of Procurement


 Leonard R. Benson Date
 Chief Engineer


 George S. Hawkins Date
 General Manager

Presented and Adopted: July 7, 2016

**SUBJECT: Approval to Execute Contract No. 150030
American Contracting & Environmental Services, Inc.**

**#16-49
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") District of Columbia Water and Sewer Authority ("the Authority") at its meeting on July 7, 2016 upon consideration of a joint use matter, decided by a vote of ___() in favor and ___() opposed to execute Contract No. 150030, American Contracting & Environmental Services, Inc.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute Contract No. 150030, American Contracting & Environmental Services, Inc. The purpose of the contract is to upgrade major electrical systems, mechanical equipment, and building within the Blue Plains Raw Wastewater Pump Station No. 2 Facility. The contract amount is \$18,732,000.

This Resolution is effective immediately.

Secretary to the Board of Directors

**DC WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

CONSTRUCTION CONTRACT:

**Raw Wastewater Pump Station 2 Upgrades
(Joint Use)**

Approval to execute a construction contract for \$18,732,000.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME:	SUBS:	PARTICIPATION:
American Contracting & Environmental Services, Inc. 10330 Old Columbia Road Suite 102 Columbia, MD 21046	Buena Vista Assoc., LLC Washington, DC	MBE 12.3 %
	SQN Systems Corp. Columbia, Md.	MBE 18.3 %
	Trijay Systems, Inc. Line Lexington, Pa.	MBE 1.0 %
	T.I.T.L. Trucking, Inc. Lothian, Md.	MBE 0.2 %
	DeLeon Access Floors, Inc. Jessup, Md.	MBE 0.1 %
	G.E. Frisco Co., Inc. Upper Marlboro, Md.	MBE 0.1 %
	Tag Distribution & Supply, LLC Pikesville, Md.	WBE 5.1 %
	Monumental Supply Co., Inc. Baltimore, Md.	WBE 0.5 %
	Robnet, Inc. Baltimore, Md.	WBE 0.4 %

DESCRIPTION AND PURPOSE

Contract Value, Not-To-Exceed:	\$18,732,000.00
Contract Time:	973 Days (2 years, 8 Months)
Anticipated Contract Start Date:	07-28-2016
Anticipated Contract Completion Date:	03-28-2019
Bid Opening Date:	04-27-2016
Bids Received:	4
Other Bids Received:	
Norair Engineering Corporation*	\$18,428,895.00
Ulliman Schutte Construction, LLC	\$19,800,000.00
Cianbro Corporation	\$24,700,465.00

* Lowest bidder was deemed non-responsive as they did not submit the required documentation demonstrating their compliance with the EPA MBE/WBE affirmative action steps.

Purpose of the Contract:

- Upgrades to major electrical systems, mechanical equipment, and building within the Blue Plains Raw Wastewater Pump Station No. 2 Facility in order to provide continued reliable service for 20 more years.

Contract Scope:

- Relocation and installation of new electrical systems from mezzanine to first floor of facility.
- Replacement of raw wastewater motors and rebuilding of raw wastewater pumps.
- Rehabilitation of building and appurtenances.

Federal Grant Status:

- Construction Contract is eligible for Federal grant funding assistance: inclusion in grant is pending availability of grant funds.

PROCUREMENT INFORMATION

Contract Type:	Fixed Price	Award Based On:	Lowest responsive, responsible bidder.
Commodity:	Construction	Contract Number:	150030
Contractor Market:	Open Market		

BUDGET INFORMATION

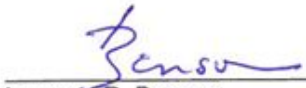
Funding:	Capital	Department:	Engineering and Technical Services
Service Area:	Wastewater	Department Head:	Liliana Maldonado
Project:	BV		

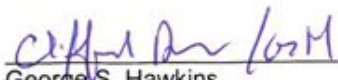
USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	41.22%	\$7,721,330.40
Washington Suburban Sanitary Commission	45.84%	\$8,586,748.80
Fairfax County	8.38%	\$1,569,741.60
Loudoun County & Potomac Interceptor	4.56%	\$854,179.20
Total Estimated Dollar Amount	100.00%	\$18,732,000.00

 1/6/17/2016
 Gail Alexander-Reeves Date
 Director of Finance & Budget

 1/6/19/16
 Dan Bae Date
 Director of Procurement

 1/6-9-16
 Leonard R. Benson Date
 Chief Engineer

 1/6.29.16
 George S. Hawkins Date
 General Manager

Presented and Adopted: July 7, 2016

SUBJECT: Approval to Execute Change Order No. 01 of Contract No. 140060, Skanska USA Building, Inc.

**#16-50
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") District of Columbia Water and Sewer Authority ("the Authority") at its meeting on July 7, 2016 upon consideration of a joint use matter, decided by a vote of ___() in favor and ___() opposed to execute Change Order No. 01 of Contract No. 140060, Skanska USA Building, Inc.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute Change Order No. 01 of Contract No. 140060, Skanska USA Building, Inc. The purpose of the change order is to perform the capital improvements at O Street Pump Station site concurrent with the new Headquarters Office Building construction. The change order mount is \$3,085,000.

This Resolution is effective immediately.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

PROGRESSIVE DESIGN-BUILD CHANGE ORDER:

**New Headquarters Office Building
(Joint Use)**

Approval to execute Change Order No. 01 in an amount not to exceed \$3,085,000. The modification exceeds the General Manager's approval authority.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: Skanska USA Building, Inc. 700 King Farm Blvd. Suite 200 Rockville, MD 20850	SUBS: * Skanska has committed to a good faith effort to meet the stated goals as follows: MBE: \$ 987,200 WBE: \$ 185,100	32% 6%
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* Final sub-contracts for work to be undertaken are still being negotiated by the contractor.

DESCRIPTION AND PURPOSE

Original Amended Contract Value:	\$65,041,931.00
Value of this Change Order:	\$ 3,085,000.00
Cumulative CO Value, including this CO:	\$ 3,085,000.00
Current Amended Contract Value, including this CO:	\$68,126,931.00
Original Contract Time:	1095 Days (3 years)
Time extension, this CO:	0 Days
Total CO contract time extension:	0 Days
Contract Start Date (NTP):	03-13-2015
Anticipated Contract Completion Date:	03-12-2018
Cumulative CO % of Original Contract:	4.7%
Contract completion %:	8%

Purpose of the Contract:

Provide design and construction of new Headquarters Office Building for DC Water.

Original Contract Scope:

Work will be completed in Two Phases:

- Phase I: Design development, regulatory approval and preconstruction service for the new Headquarters Office Building featuring approximately 150,000 gross square feet.
- Phase II: Construction and commissioning of the new Headquarters Office Building.

Previous Change Order Scope: None

Current Change Order Scope:

Perform the capital improvements at O St Pump Station site concurrent with the new Headquarters Office Building construction to mitigate the impact on the new Headquarters Office Building once it is occupied. Scope of improvements at O St Pump Station include:

- Replace 2 existing transformers to meet planned future improvements.
- Install bypass line for 30" sewage surge line
- Install roof supports, relocate mechanical equipment on roof and prepare facilities for future installation of odor control system.
- Install chase for new odor control system, to be located in new Headquarters Office Building northeast stair structure.
- Perform lining of stormwater discharge conduit.

PROCUREMENT INFORMATION

Contract Type:	Fixed Price	Award Based On:	Lowest responsive, responsible bidder
Commodity:	Construction	Contract Number:	140060
Contractor Market:	Open Market		

BUDGET INFORMATION

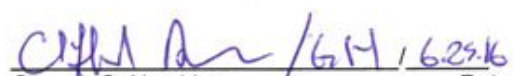
Funding:	Capital	Department:	Engineering and Technical Services
Service Area:	Combined Sewer	Department Head:	Liliana Maldonado
Project:	FQ		


**** ESTIMATED USER SHARE INFORMATION**

User	Share %	Dollar Amount
District of Columbia	93.10%	\$ 2,872,413.24
Washington Suburban Sanitary Commission	5.71%	\$ 176,145.70
Fairfax County	0.77%	\$ 23,615.78
Loudoun County & Potomac Interceptor	0.42%	\$ 12,825.28
Total Estimated Dollar Amount	100.00%	\$ 3,085,000.00

** Shares are estimated pending approval by IMA Partners


 Gail Alexander-Reeves
 Director of Budget
 Date: 6/10/2016


 George S. Hawkins
 General Manager
 Date: 6/11/2016


 Dan Bae
 Director of Procurement
 Date: 6/10/16


 Leonard R. Benson
 Chief Engineer
 Date: 6-10-16

Presented and Adopted: July 7, 2016

**SUBJECT: Approval to Execute Contract No. 16-PR-DWT-41A
Colonial Chemicals, Inc.**

**#16-51
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") District of Columbia Water and Sewer Authority ("the Authority") at its meeting on July 7, 2016 upon consideration of a joint use matter, decided by a vote of ___() in favor and ___() opposed to execute Contract No. 16-PR-DWT-41A, Colonial Chemicals, Inc.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute Contract No. 16-PR-DWT-41A, Colonial Chemicals, Inc. The purpose of the contract is to continue the supply and delivery of methanol to the Blue Plains Advanced Wastewater Treatment Facility. The contract amount is \$5,363,280.

This Resolution is effective immediately.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

**GOODS AND SERVICES CONTRACT AWARD
Supply and Delivery of Methanol
(Joint Use)**

Approval to execute a contract for the supply and delivery of methanol with a base year value of \$5,363,280.00.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: Colonial Chemicals, Inc. 916 West Lathrop Avenue Savannah, GA 31415	SUBS: N/A	PARTICIPATION: N/A
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DESCRIPTION AND PURPOSE

Base Period Contract Value:	\$5,363,280.00
Base Contract Period:	1 Year
No. of Option Years:	2
Anticipated Contract Start Date:	08-07-2016
Anticipated Base Period Completion Date:	08-06-2017
Proposal Closing Date:	05-10-2016
Proposals Received:	3
Proposal Price Range:	\$4,469,400.00 – \$5,070,000.00
Preference Points or Discount Received:	None

Purpose of the Contract:

Due to the critical need for secure and consistent methanol deliveries, we are awarding its supply to two companies with independent supply chains. This contract, 16-PR-DWT-41A, is to provide 75% of DC Water’s methanol requirement to the Blue Plains Advanced Wastewater Treatment Facility. Another contract, 16-PR-DWT-41B, provides for the remaining 25% of DC Water’s methanol requirement.

Contract Scope:

DC Water has a continuing need for the supply of methanol. Methanol is the carbon source used as a nutrient for bacteria in the Nitrification section of the Blue Plains Advanced Wastewater Treatment Plant. In this section, ammonia, dissolved in influent wastewater, is converted to nitrates by bacteria. Downstream in our process, nitrates are reduced to nitrogen gas, which is removed from the water. Nitrogen removal is critical – and therefore so is the secure and consistent supply of methanol – to meeting the nitrogen discharge limits required by the EPA and our operating permit.

Unit pricing is based on industry indices which change monthly. Methanol prices are forecast to increase during the base year. The requested base year funding is 20% higher than the winning offered price to reflect the forecast.

Evaluated Companies, Preference Points, and Reason for Selection:

Colonial Chemical Solutions, Inc.	No preference points. Lowest cost, technically acceptable supplier. Awarded 75% of DC Water’s requirements in this contract 16-PR-DWT-41A.
Mitsubishi International Corp.	No preference points. Second-lowest cost, technically acceptable supplier. Awarded 25% of DC Water’s requirements under contract 16-PR-DWT-41B.
Univar USA, Inc.	No preference points. Highest price, not responsive, not technically acceptable.

This solicitation will result in approximately \$520,000.00 base year savings, and about \$1,560,000.00 savings over the life of the contracts, compared to current contract pricing.

No LBE/LSBE participation in the contract award.

PROCUREMENT INFORMATION

Contract Type:	Fixed Price Requirement Contract	Award Based On:	Lowest Cost Technically Acceptable Offeror
Commodity:	Goods and Services	Contract Number:	16-PR-DWT-41A
Contractor Market:	Open Market with Preference Points for LBE and LSBE Participation		

BUDGET INFORMATION

Funding:	Operating	Department:	Wastewater Treatment
Service Area:	Blue Plains AWTP	Department Head:	Salil Kharkar

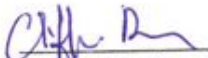
ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	41.67%	\$2,234,878.78
Washington Suburban Sanitary Commission	43.21%	\$2,317,473.29
Fairfax County	10.45%	\$560,462.76
Loudoun Water	4.02%	\$215,603.86
Other (PI)	0.65%	\$34,861.32
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$5,363,280.00

 06/18/16
 Gail Alexander-Reeves
 Director of Budget Date

 6/7/16
 Dan Bae
 Director of Procurement Date

 6/8/2016
 Aklile Tesfaye
 Assistant General Manager,
 Blue Plains Date

 6-29-16
 George S. Hawkins
 General Manager Date

Presented and Adopted: July 7, 2016
SUBJECT: Approval to Execute Contract No. 16-PR-DWT-41B
Mitsubishi International Corp.

#16-52
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY

The Board of Directors ("Board") District of Columbia Water and Sewer Authority ("the Authority") at its meeting on July 7, 2016 upon consideration of a joint use matter, decided by a vote of __() in favor and ___() opposed to execute Contract No. 16-PR-DWT-41B, Mitsubishi International Corp.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute Contract No. 16-PR-DWT-41B, Mitsubishi International Corp. The purpose of the contract is to continue the supply and delivery of methanol to the Blue Plains Advanced Wastewater Treatment Facility. The contract amount is \$1,925,040.

This Resolution is effective immediately.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

**GOODS AND SERVICES CONTRACT AWARD
Supply and Delivery of Methanol
(Joint Use)**

Approval to execute a contract for the supply and delivery of methanol with a base year value of \$1,925,040.00.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: Mitsubishi International Corp. 655 Third Avenue New York, NY 10017	SUBS: N/A	PARTICIPATION: N/A
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DESCRIPTION AND PURPOSE

Base Period Contract Value:	\$1,925,040.00
Base Contract Period:	1 Year
No. of Option Years:	2
Anticipated Contract Start Date:	08-07-2016
Anticipated Base Period Completion Date:	08-06-2017
Proposal Closing Date:	05-10-2016
Proposals Received:	3
Proposal Price Range:	\$1,519,700.00 – \$1,690,000.00
Preference Points or Discount Received:	None

Purpose of the Contract:

Due to the critical need for secure and consistent methanol deliveries, we are awarding its supply to two companies with independent supply chains. This contract, 16-PR-DWT-41B, is to provide 25% of DC Water’s methanol requirement to the Blue Plains Advanced Wastewater Treatment Facility. Another contract, 16-PR-DWT-41A, provides for the remaining 75% of DC Water’s methanol requirement.

Contract Scope:

DC Water has a continuing need for the supply of methanol. Methanol is the carbon source used as a nutrient for bacteria in the Nitrification section of the Blue Plains Advanced Wastewater Treatment Plant. In this section, ammonia, dissolved in influent wastewater, is converted to nitrates by bacteria. Downstream in our process, nitrates are reduced to nitrogen gas, which is removed from the water. Nitrogen removal is critical – and therefore so is the secure and consistent supply of methanol – to meeting the nitrogen discharge limits required by the EPA and our operating permit.

Unit pricing is based on industry indices which change monthly. Methanol prices are forecast to increase during the base year. The requested base year funding is 20% higher than the winning offered price to reflect the forecast.

Evaluated Companies, Preference Points, and Reason for Selection:

Colonial Chemical Solutions, Inc.	No preference points. Lowest cost, technically acceptable supplier. Awarded 75% of DC Water’s requirements in contract 16-PR-DWT-41A.
Mitsubishi International Corp.	No preference points. Second-lowest cost, technically acceptable supplier. Awarded 25% of DC Water’s requirements under this contract 16-PR-DWT-41B.
Univar USA, Inc.	No preference points. Highest price, not responsive, not technically acceptable.

This solicitation will result in approximately \$520,000.00 base year savings, and about \$1,560,000.00 savings over the life of the contracts, compared to current contract pricing.

No LBE/LSBE participation in the contract award.

PROCUREMENT INFORMATION

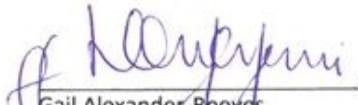
Contract Type:	Fixed Price Requirement Contract	Award Based On:	Lowest Cost Technically Acceptable Offeror
Commodity:	Goods and Services	Contract Number:	16-PR-DWT-41B
Contractor Market:	Open Market with Preference Points for LBE and LSBE Participation		

BUDGET INFORMATION

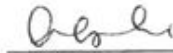
Funding:	Operating	Department:	Wastewater Treatment
Service Area:	Blue Plains AWTP	Department Head:	Salil Kharkar


ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	41.67%	\$802,164.17
Washington Suburban Sanitary Commission	43.21%	\$831,809.78
Fairfax County	10.45%	\$201,166.68
Loudoun Water	4.02%	\$77,386.61
Other (PI)	0.65%	\$12,512.76
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$1,925,040.00

 06/18/16
 Gail Alexander-Reeves Date
 Director of Budget

 6/7/16
 Dan Bae Date
 Director of Procurement

 6/8/16
 Akilile Tesfaye Date
 Assistant General Manager,
 Blue Plains

 6/29/16
 George S. Hawkins Date
 General Manager

Presented and Adopted: July 7, 2016

SUBJECT: Approval to Execute a Contract Modification to Contract No. WAS-10-003-AA-GA, M&M Electric Motor Repair, Inc.

**#16-53
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") District of Columbia Water and Sewer Authority ("the Authority") at its meeting on July 7, 2016 upon consideration of a joint use matter, decided by a vote of ___() in favor and ___() opposed to execute a contract modification to Contract No. WAS-10-003-AA-GA, M&M Electric Motor Repair, Inc.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute a contract modification to Contract No. WAS-10-003-AA-GA, M&M Electric Motor Repair Inc. The purpose of the contract modification is to provide additional funding to complete current projects and work orders. The contract modification amount is \$900,000.

This Resolution is effective immediately.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

GOODS AND SERVICES CONTRACT MODIFICATION:

**Repair, Rehabilitation and Upgrade of Various Process Systems
(Joint Use)**

Approval to execute a contract modification to extend the period of performance and add funding in the amount of \$900,000.00.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: M & M Electric Motor Repair, Inc. 205 Bucheimer Road Frederick, Maryland 21701 LSBE	SUBS: N/A	PARTICIPATION: N/A
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DESCRIPTION AND PURPOSE

Original Contract Value:	\$790,500.00
Original Contract Dates:	05-25-2010—05-24-2011
No. of Option Years in Contract:	4
Option Year 1 Value:	\$674,000.00
Option Year 1 Dates:	05-25-2011—05-24-2012
Option Year 2 Value:	\$284,500.00
Option Year 2 Dates:	05-25-2012—05-24-2013
Option Year 3 Value:	\$500,000.00
Option Year 3 Dates:	05-25-2013—05-24-2014
Option Year 4 Value:	\$750,000.00
Option Year 4 Dates:	08-01-2014—07-31-2015
Modification Value:	\$1,570,000.00
Modification Dates:	08-31-2010—07-31-2016
Modification Value:	\$900,000.00
Modification Dates:	08-01-2016—12-31-2016

Purpose and Scope of the Contract:

To contract for services to repair, rehabilitate, and upgrade various water and wastewater process systems for DC Water's Departments of Maintenance Services (DMS) and Distribution and Conveyance Systems (DDCS).

Reason for Modification:

This contract extension and additional funding are needed to provide a mechanism to complete current projects and work orders while DMS, DDCS, and Procurement develop a new solicitation and award new contracts.

Spending Previous Years:

Cumulative Contract Value:	05-25-2010 to 07-31-2016 : \$4,569,000.00
Cumulative Contract Spending:	05-25-2010 to 05-25-2016 : \$4,072,000.00

Contractor's Past Performance:

According to the COTR, the Contractor's quality of workmanship; timeliness of deliverables; conformance to DC Water's policies, procedures and contract terms; and invoicing all meet expectations.

PROCUREMENT INFORMATION			
Contract Type:	Fixed Price	Award Based On:	Lowest responsive and responsible bidder
Commodity:	Goods and Services	Contract Number:	WAS-10-003-AA-GA
Contractor Market:	Open Market with preference for LBE and LSBE		

BUDGET INFORMATION			
Funding:	Capital	Departments:	Maintenance Services
Service Area:	Blue Plains AWTP	Department Heads:	Anthony Mack
Project:	EQP 4830 EP6		

ESTIMATED USER SHARE INFORMATION			
Joint Use			
User	Share %	Dollar Amount	
District of Columbia	41.54%	\$228,470.00	
Washington Suburban Sanitary Commission	45.26%	\$248,930.00	
Fairfax County	8.64%	\$47,520.00	
Loudoun County	3.75%	\$20,625.00	
Other (PI)	0.81%	\$4,455.00	
TOTAL ESTIMATED DOLLAR AMOUNT		100.00%	\$550,000.00

BUDGET INFORMATION			
Funding:	Capital	Departments:	Distribution & Conveyance Systems
Service Area:	Various	Department Heads:	Charles Sweeney
Project:	HA, HB		

ESTIMATED USER SHARE INFORMATION			
Non-Joint Use			
User - HA	Share %	Dollar Amount	
District of Columbia	100.00%	\$150,000.00	
Washington Suburban Sanitary Commission	0.00%	\$0.00	
Fairfax County	0.00%	\$0.00	
Loudoun County	0.00%	\$0.00	
Other (PI)	0.00%	\$0.00	
TOTAL ESTIMATED DOLLAR AMOUNT		100.00%	\$150,000.00


ESTIMATED USER SHARE INFORMATION			
Joint Use			
User - HB	Share %	Dollar Amount	
District of Columbia	100.00%	\$200,000.00	
Washington Suburban Sanitary Commission	0.00%	\$0.00	
Fairfax County	0.00%	\$0.00	
Loudoun County	0.00%	\$0.00	
Other (PI)	0.00%	\$0.00	
TOTAL ESTIMATED DOLLAR AMOUNT		100.00%	\$200,000.00



Gail Alexander-Reeves Date
Director of Budget




Dan Bae Date
Director of Procurement



Akile Tesfaye Date
Assistant General Manager
Blue Plains



Charles Kiely Date
Assistant General Manager
Customer Care & Operations



George S. Hawkins Date
General Manager

Presented and Adopted: July 7, 2016

SUBJECT: Approval to Execute an Architectural and Engineering Services Agreement for Contract No. DCFA #477-WSA, CH2M/Parsons JV (CP JV)

**#16-54
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("the Authority") at its meeting on July 7, 2016 upon consideration of a joint use matter, decided by a vote of ___() in favor and ___() opposed to execute an Architectural and Engineering Services Agreement for Contract No. DCFA #477-WSA, CH2M/Parsons JV (CP JV).

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute an Architectural and Engineering Services Agreement for Contract No. DCFA #477-WSA, CH2M/Parsons JV (CP JV). The service agreement is for Phase 1 (FY 16-FY 19) of the contract. The service agreement not-to-exceed amount is \$44,902,000.

This Resolution is effective immediately.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

**ENGINEERING SERVICES:
Capital Improvement Program Management Services
(Joint Use)**

Approval to execute an Architectural and Engineering Services Agreement in an amount not to exceed \$44,902,000.00 for Phase I (FY16-FY19) of the contract. Pending establishment of the need for continuing services, Phases 2 and 3 of this contract, consisting of one year each, will be awarded at DC Water's sole discretion pending acceptable performance and evaluation of program implementation for prior phase/s. Board of Directors approval of the contract modification(s) for the subsequent phase/s will be sought at that time.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME:	SUBS:	PARTICIPATION*:
CH2M/Parsons JV (CP JV) 901 New York Ave, NW Suite 4000 East Washington, DC 20001	Chester Engineers, Gaithersburg, MD	MBE 6.7%
	CSA Central, Landover, MD	MBE 4.4%
	Cube Root Corporation, Washington, DC	MBE 1.6%
	EPC Consultants San Francisco, CA	MBE 0.4%
	HB Permit Services, Ft. Washington, MD	MBE 0.4%
	Milhouse Engineering & Construction Chicago, IL	MBE 3.7%
	PEER Consultants, PC Washington, DC	MBE 2.8%
	Savin Engineers Landover, MD	MBE 5.5%
	Somat Engineering Washington, DC	MBE 2.6%
	Rohadfox Construction Controls Services Corporation Atlanta, GA	WBE 2.3%
	SZ PM Consultants Oakton, VA	WBE 0.5%
	Tina Boyd & Associates, Washington, DC	WBE 1.4%
	Blue Water Kentucky Louisville, KY	0.3%
	Cygnal Consulting Denver, CO	1.0%
The Eurich Group Denver, CO	0.4%	

*MBE/WBE participation provided here is for Contract Year 1 of the Agreement only. The participation ratio and the sub-consultant firms may change from Contract Year to Contract Year based on the scope requirements of the Program Management Services.

DESCRIPTION AND PURPOSE

Contract Value, Phase 1, Not-to-Exceed:	\$44,902,000.00
Contract Time, Phase 1:	1,095 Days (3 Years, 0 Months)
Anticipated Contract Start Date, Phase 1:	07-18-2016
Anticipated Contract Completion Date, Phase 1:	07-18-2019

Other firms submitting proposals/qualification statements:

- Greeley & Hansen and O'Brien & Gere JV
- Louis Berger

Purpose of the Contract:

- To provide program management services for the development and implementation of a capital improvement program (CIP) in the District of Columbia and, to a limited extent, in the neighboring jurisdictions. This includes assessment, rehabilitation, upgrading and otherwise improvement of DC Water's drinking water distribution system and sanitary, combined sewer and storm water collection and conveyance systems and their appurtenances.

Contract Scope:

- The required services include program management, program controls, hydraulic modeling, studies, reports, business case evaluations, management of inspection and condition assessment of linear and vertical assets, design and construction management support, operations support, project management support, data and document management, training, and program and project management systems development and implementation.

PROCUREMENT INFORMATION

Contract Type:	Cost Plus Fixed Fee	Award Based On:	Highest Ranking Score
Commodity:	Engineering Services	Contract Number:	DCFA# 477-WSA
Contractor Market:	Open Market		

BUDGET INFORMATION

Funding:	Capital	Department:	Engineering and Technical Services
Service Area:	Water, Sanitary, Combined Sewer & Stormwater	Department Head:	Liliana Maldonado
Project:	AU, AV, AT, ME, KV		

ESTIMATED USER SHARE INFORMATION

User	**Share %	Dollar Amount
District of Columbia	0.00%	\$0.00
Federal Funds	0.00%	\$0.00
Washington Suburban Sanitary Commission	0.00%	\$0.00
Fairfax County	0.00%	\$0.00
Loudoun County & Potomac Interceptor	0.00%	\$0.00
Total Estimated Dollar Amount	100.00%	\$44,902,000.00

**Under the terms of the IMA, the capital costs associated with each joint use facility are to be split among the users in proportion to the peak flow each user is allocated. It is not possible, at this time, to allocate costs by individual facility. It is anticipated that as projects are developed for work associated with specific facilities and costs are developed, the individual users will be notified and billed accordingly.


 Gail Alexander-Reeves
 Director of Budget
 Date: 6/9/16


 Dan Bae
 Director of Procurement
 Date: 6/9/16


 Leonard R. Benson
 Chief Engineer
 Date: 6/9/16


 George S. Hawkins
 General Manager
 Date: 6/29/16

Presented and Adopted: July 7, 2016

SUBJECT: Approval to Execute a Modification to Contract No. 14-PR-OGC-01-AA/14-PR-OGC-01-AF, Environmental Legal Services, Beveridge & Diamond, P.C. and McGuireWoods LLP

**#16-55
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("the Authority") at its meeting on July 7, 2016 upon consideration of a joint use matter, decided by a vote of ___() in favor and ___() opposed to execute a modification to Contract No. 14-PR-OGC-01-AA/14-PR-OGC-01-AF, Environmental Legal Services, Beveridge & Diamond, P.C., and McGuireWoods LLP.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute a modification to Contract No. 14-PR-OGC-01-AA/14-PR-OGC-01-AF, Environmental Legal Services, Beveridge & Diamond, P.C., and McGuireWoods LLP. The purpose of the contract modification is for additional funding to cover legal expenses for the Juarez and Parkhurst cases, and Air Permitting support for biosolids facility, etc. The contract modification amount is \$1,000,000.

This Resolution is effective immediately.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

GOODS AND SERVICES CONTRACT MODIFICATION

**Environmental Legal Services
(Joint Use – Indirect Cost)**

Approval to execute a modification for Environmental Legal Services in the additional amount of \$1,000,000.00 and modify the annual contract ending period from June 30 to September 30.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: Beveridge & Diamond, P.C. 1350 I Street NW, Suite 700 Washington, DC 20005 LBE McGuireWoods LLP 901 East Cary Street Richmond, Virginia 23103	SUBS: N/A	PARTICIPATION: N/A
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DESCRIPTION AND PURPOSE

Original Contract Value:	\$4,500,000.00 (\$1,500,000.00 per year)
Original Contract Dates:	07-01-2015—06-30-2018
No. of Option Years in Contract:	One (1) option for two (2) years
Modification Value:	\$1,544,000.00 (1 st base year)
Modification Dates:	01-01-2016—06-30-2016
This Contract Modification Value:	\$1,000,000.00 (2 nd base year)
This Contract Modification Dates:	07-01-2016—09-30-2017

Purpose of the Contract:
 DC Water has a continuing need for outside legal services.

Contract Scope:
 The contract provides for outside counsel to provide legal advice and representation of DC Water's interest upon request, in specialized subject matter areas. The two firms provide Environmental Legal Services.

In June 2015, Beveridge & Diamond, P.C. and McGuireWoods LLP were awarded contracts, through a competitive procurement process (RFP) to provide legal services in the Environmental Law category. The Board approved the award in June 2015 for a total combined contract value of \$4,500,000.00 for the two (2) firms during the contract base period (07-01-2015—06-30-2018).

Spending Previous Year:

Cumulative Contract Value:	07-01-2015 to 06-30-2018: \$6,044,000.00
Cumulative Contract Spending:	07-01-2015 to 04-30-2016: \$2,345,000.00

Reason for the Change:
 The additional funding is needed to cover legal expenses incurred for the Juarez and Parkhurst cases, air permit compliance support for DC Water operations, including Clean Water Act consent decree requirements, Clean Air Act Title V requirements, litigation concerning the proposed e Coli Total Maximum Daily Load (TMDL), and other expenses on pending matters that were not foreseeable in the original estimate for legal services.

PROCUREMENT INFORMATION

Contract Type:	Fixed Price	Award Based On:	Highest Rated Per Category
Commodity:	Services	Contract Numbers:	14-PR-OGC-01-AA / 14-PR-OGC-01-AF
Contractor Market:	Open Market with Preference Points for LBE and LSBE Participation		

BUDGET INFORMATION

Funding:	Operating	Department:	General Counsel
Service Area:	DC Water Wide	Department Head:	Henderson Brown

ESTIMATED USER SHARE INFORMATION


User	Share %	Dollar Amount
District of Columbia	82.36%	\$823,600.00
Washington Suburban Sanitary Commission	12.98%	\$129,800.00
Fairfax County	3.21%	\$32,100.00
Loudoun Water	1.25%	\$12,500.00
Other (PI)	0.20%	\$2,000.00
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$1,000,000.00


 Gail Alexander-Reeves
 Director of Budget

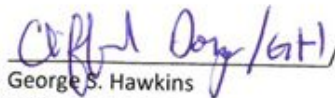
6/15/2016
 Date


 Dan Bae
 Director of Procurement

6/16/16
 Date


 Henderson Brown
 General Counsel

6/16/2016
 Date


 George S. Hawkins
 General Manager

6.28.16
 Date

Presented and Adopted: July 7, 2016

**SUBJECT: Approval to Execute a Modification to Contract No.
WAS-13-042-AA-RA, MOI, Inc.**

**#16-56
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("the Authority") at its meeting on July 7, 2016 upon consideration of a non-joint use matter, decided by a vote of ___() in favor and ___() opposed to execute a modification to Contract No. WAS-13-042-AA-RA, MOI, Inc.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute a modification to Contract No. WAS-13-042-AA-RA, MOI, Inc. The purpose of the contract modification is for Knoll Furniture and furnishings for various DC Water Departments on an indefinite delivery and indefinite quantity basis to satisfy future furniture requirements. The contract modification amount is \$232,768.25.

This Resolution is effective immediately.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

**GOODS AND SERVICES CONTRACT MODIFICATION
Knoll Furniture and Furnishings
(Non-Joint Use)**

Approval to execute a contract modification in the amount of \$232,768.25.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: MOI, Inc. 2923 Lord Baltimore Drive Baltimore, MD 21244	SUBS: N/A	PARTICIPATION: N/A
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DESCRIPTION AND PURPOSE

Original Contract Value:	\$0.00
Original Contract Dates:	05-02-2013 – 05-01-2014
Original Contract Task Order Value:	\$450,000.00
No. of Option Years in Contract:	4
Option Year 1 Value:	\$0.00
Option Year 1 Dates:	05-02-2014 – 05-01-2015
Option Year 1 Task Order Values:	\$106,891.43
Option Year 2 Value:	\$0.00
Option Year 2 Dates:	05-02-2015 – 05-01-2016
Option Year 2 Task Order Values:	\$389,315.74
Option Year 3 Value:	\$0.00
Option Year 3 Dates:	05-02-2016 – 05-01-2017
This Task Order Value:	\$232,769.25
Option Year 3 Dates:	05-02-2016 – 05-01-2017

Purpose of the Contract:

To contract for Knoll Furniture and Furnishings for various DC Water Departments on an indefinite delivery, indefinite quantity basis to satisfy future furniture requirements.

Contract Scope:

Request for Proposal (RFP) WAS-13-042-AA-RA was issued May 29, 2012. DC Water received one (1) response to the RFP from MOI, Inc. on June 18, 2012.

This contract was awarded as an indefinite delivery, indefinite quantity basis at zero dollars. As furniture and furnishings needs are identified as a result of relocation, office upgrade, etc., individual task orders are issued. The rates are consistent with the rate provide the General Services Administration (GSA). This task provides for new furniture for offices and cubicles for the first and second floors in the Meter Shop at 301 Bryant Street. This task also includes installation as well as the dismantling and disposal of the existing furniture and cubicles.

Knoll, Inc. has established a single dealer partnership program with its supplier firms based upon regional territories. The Knoll program prohibits multiple firms from offering Knoll products to the same buyer. Under the Knoll dealer partnership, the firm MOI, Inc. is the designated dealer for DC Water. The partnership prohibits any other Knoll dealers from bidding on DC Water projects.

Spending Previous Year:

Cumulative Task Order Value: 05-01-2013 to 05-31-2016: \$946,207.17
 Cumulative Contract Spending: 05-01-2013 to 05-31-2016: \$536,091.82

Contractor's Past Performance:

According to the COTR, the Contractor's quality of workmanship; timeliness of deliverables; conformance to DC Water's policies, procedures and contract terms; and invoicing all meet expectations.

No LBE/LSBE participation.

PROCUREMENT INFORMATION

Contract Type:	Indefinite Delivery Indefinite Quantity	Award Based On:	Single Response
Commodity:	Goods and Services	Contract Number:	WAS-13-042-AA-RA
Contractor Market:	Sole Source		

BUDGET INFORMATION

Funding:	Capital Equipment	Department:	Facilities
Service Area:	DC Water wide	Department Head:	Johnnie Walker

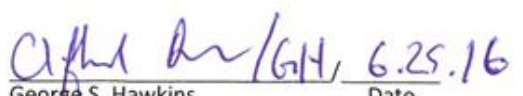
ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	100.00%	\$232,769.25
Washington Suburban Sanitary Commission	0.00%	\$0.00
Fairfax County	0.00%	\$0.00
Loudoun County	0.00%	\$0.00
Other (PI)	0.00%	\$0.00
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$232,769.25

 6/9/16
 Gail Alexander-Reeves Date
 Director of Budget

 6/9/16
 Dan Bae Date
 Director of Procurement

 6/9/16
 Rosalind Inge Date
 Assistant General Manager,
 Support Services

 6.25.16
 George S. Hawkins Date
 General Manager

Presented and Adopted: July 7, 2016

SUBJECT: Approval to Execute a Modification to Contract No. WAS-12-002-AA-SH, Aclara Technologies

**#16-57
RESOLUTION
OF THE
BOARD OF DIRECTORS**

D.C. WATER AND SEWER AUTHORITY

The Board of Directors ("Board") District of Columbia Water and Sewer Authority ("the Authority") at its meeting on July 7, 2016 upon consideration of a non-joint use matter, decided by a vote of ___() in favor and ___() opposed to execute a modification to Contract No. WAS-12-002-AA-SH, Aclara Technologies.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute a modification to Contract No. WAS-12-002-AA-SH, Aclara Technologies. The purpose of the contract is to rehabilitate and upgrade the Automated Meter Reading program to replace aged assets and to improve customer satisfaction. The modification amount is \$6,500,000.

This Resolution is effective immediately.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

GOODS AND SERVICES CONTRACT MODIFICATION

**Meter Transmitter Units
(Non-Joint Use)**

Approval to execute a contract modification to extend and purchase 90,000 upgraded Meter Transmitter Units in the amount of \$6,500,000.00.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: Aclara Technologies 9900 A Clayton Road Saint Louis, MO 63124	SUBS: N/A	PARTICIPATION: N/A
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DESCRIPTION AND PURPOSE

Original Contract Value:	\$490,000.00
Original Contract Dates:	12-16-2011—12-15-2012
No. of Option Years in Contract:	4
Option Year 1 Value:	\$200,000.00
Option Year 1 Dates:	12-16-2012—12-15-2013
Option Year 2 Value:	\$216,000.00
Option Year 2 Dates:	12-16-2013—12-15-2014
Option Year 3 Value:	\$100,000.00
Option Year 3 Dates:	12-16-2014—12-15-2015
Option Year 4 Value:	\$100,000.00
Option Year 4 Dates:	12-16-2015—12-15-2016
Modification Values:	\$1,805,000.00
Modification Dates:	08-22-2013—12-15-2015
This Modification Value:	\$6,500,000.00
This Modification Dates:	7-1-2016—9-30-2018

Purpose of the Contract:

As a part of the Automated Meter Reading (AMR) rehabilitation and upgrade program to replace aged assets and to improve customer satisfaction as part of the Blue Horizon 2020 Strategic Plan Goal 4, this contract is to provide Meter Transmitter Units (MTUs) for the Department of Customer Services.

Original Contract Scope:

To provide MTUs for the purpose of replacing inoperable and aging equipment with new units to ensure correct measurements and meter readings on customer water consumption for billing.

Reason for the Change:

Purchase up to 90,000 new advanced 3400 Series MTUs and replace the older 501 and 3300 Series MTUs for the purpose of rehabilitating DC Water’s automated meter reading/advanced meter infrastructure (AMI) system. The rehabilitation project will focus on meters and AMI equipment installed prior to 2007 which have reached the end of its useful life or will fail in the near future. Failing to replace the equipment will result in increased operations costs, a greater frequency of customers receiving bills based on estimated meter readings, greater revenue uncertainty due to estimated billing, and decreased customer satisfaction.

It is in the best interest of DC Water to purchase these additional units as a sole source contract modification, because Aclara MTUs are compatible with the current AMI (advanced meter infrastructure) system. Other MTUs would require replacing approximately \$10 million of installed system assets.

In addition, through procurement negotiation, Aclara reduced the unit price from \$86.00 to \$70.00 per unit for the Single Port MTUS and from \$110.00 to \$100.00 per unit for the Dual Port MTUs, resulting in a cost savings of \$1,300,000.00 in this modification.

Spending Previous Year:

Cumulative Contract Value: 12-16-2011 to 12-15-2016: \$2,911,000.00
 Cumulative Contract Spending: 12-16-2011 to 05-31-2016: \$2,571,826.00

Contractor's Past Performance:

According to the COTR, the Contractor's quality of workmanship; timeliness of deliverables; conformance to DC Water's policies, procedures and contract terms; and invoicing all meet expectations.

No LBE/LSBE participation.

PROCUREMENT INFORMATION


Contract Type:	Firm Fixed	Award Based On:	Sole Source
Commodity:	Goods and Services	Contract Number:	WAS-12-002-AA-SH
Contractor Market:	N/A		

BUDGET INFORMATION

Funding:	Capital	Department:	Customer Services
Service Area:	District of Columbia only	Department Head:	Lauren Preston
Project:	EM1		

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	100.00%	\$6,500,000.00
Washington Suburban Sanitary Commission	0.00%	\$0.00
Fairfax County	0.00%	\$0.00
Loudoun County	0.00%	\$0.00
Other (PI)	0.00%	\$0.00
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$6,500,000.00

 6/9/2016
 Gail Alexander-Reeves Date
 Director of Budget

 6-9-2016
 Charles Kiely Date
 Assistant General Manager,
 Customer Care and Operations

 6/9/16
 Dan Bae Date
 Director of Procurement

 6.29.16
 George S. Hawkins Date
 General Manager

Presented and Adopted: July 7, 2016

**SUBJECT: Approval to Execute Contract No. 160010, Fort Myer
Construction Corp.**

**#16-58
RESOLUTION
OF THE
BOARD OF DIRECTORS**

D.C. WATER AND SEWER AUTHORITY

The Board of Directors ("Board") District of Columbia Water and Sewer Authority ("the Authority") at its meeting on July 7, 2016 upon consideration of a non-joint use matter, decided by a vote of ___() in favor and ___() opposed to execute Contract No. 160010, Fort Myer Construction Corp.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute Contract No. 160010, Fort Myer Construction Corp. The purpose of the contract is to provide for the repair and replacement of water distribution assets deemed by the Department of Water Services critical to the continued safe and dependable delivery of water supply. The contract amount is \$16,935,772.16.

This Resolution is effective immediately.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

CONSTRUCTION CONTRACT:

**Water Main Infrastructure Repair & Replacement Contract For
Fiscal Years 2017 - 2019
(Non-Joint Use)**

Approval to execute a construction contract for \$ 16,935,772.16

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME:	SUBS:	PARTICIPATION:
Fort Myer Construction Corp. 2237 33 rd Street, Northeast Washington, DC 20018 (MBE)	Omni Excavators Inc Washington, DC 20002 MBE	23.1%
	S & J Services Hyattsville, MD 20781 MBE	8.9%
	Hybrid Construction & Engineering Group Washington, DC 20002 WBE	6.0%

DESCRIPTION AND PURPOSE

Contract Value, Not-To-Exceed:	\$ 16,935,772.16
Contract Time:	1095 Days (3 Years, 0 Months)
Anticipated Contract Start Date:	10-01-2016
Anticipated Contract Completion Date:	10-01-2019
Bid Opening Date:	05-25-2016
Bids Received:	3
Other Bids Received:	
Anchor Construction Corp.	\$ 18,234,687.20
Capitol Paving of D.C.	\$ 21,303,970.28

Purpose of the Contract:

This is an indefinite delivery and indefinite quantity (IDIQ) contract. The contract provides for the repair and replacement of water distribution assets deemed by the Department of Water Services (DWS) critical to the continued safe and dependable delivery of water supply to the District of Columbia. The contract allows DC Water to strategically utilize a combination of internal crews and contractor crews to respond to emergency conditions impacting the water distribution system. The contract also allows DWS to utilize contractor crews to supplement the internal work force during peak times when the backlog of scheduled work exceeds the crews' ability to respond.

Contract Scope:

There is no established scope of work. Scopes of work will be developed and issued to the Contractor on a task order basis as needed by DC Water.

- Emergency repair of water distribution assets.
- Scheduled repair and/or replacement of water mains, valves, service lines, hydrants and appurtenances.

Federal Grant Status:

- Construction Contract is not eligible for Federal grant funding assistance.

PROCUREMENT INFORMATION

Contract Type:	Unit Price	Award Based On:	Lowest responsive, responsible bidder
Commodity:	Construction	Contract Number:	160010
Contractor Market:	Open Market		


BUDGET INFORMATION


Funding:	Capital and Operating	Department:	Water Services
Service Area:	Water	Department Head:	Jason Hughes
Project:	FK, GS, HY		

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	100.00%	\$ 16,935,772.16
Federal Funds	0.00%	\$ 0.00
Washington Suburban Sanitary Commission	0.00%	\$ 0.00
Fairfax County	0.00%	\$ 0.00
Loudoun County & Potomac Interceptor	0.00%	\$ 0.00
Total Estimated Dollar Amount	100.00%	\$ 16,935,772.16


 Gail Alexander-Reeves
 Director of Budget
 Date 6/9/16


 Dan Bae
 Director of Procurement
 Date 6/9/16


 Charles Kiely
 Assistant General Manager,
 Customer Care & Operations
 Date 6/8/16


 George S. Hawkins
 General Manager
 Date 6.29.16

Presented and Adopted: July 7, 2016
SUBJECT: Approval to Execute Contract No. 16-PR-CCO-59
Fasteners Rx, Inc.

#16-59
RESOLUTION
OF THE
BOARD OF DIRECTORS

D.C. WATER AND SEWER AUTHORITY

The Board of Directors ("Board") District of Columbia Water and Sewer Authority ("the Authority") at its meeting on July 7, 2016 upon consideration of a non-joint use matter, decided by a vote of ___() in favor and ___() opposed to execute Contract No. 16-PR-CCO-59, Fasteners Rx, Inc.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute Contract No. 16-PR-CCO-59, Fasteners Rx, Inc. The purpose of the contract is to provide for the repair and replacement of water distribution assets deemed by the Department of Water Services critical to the continued safe and dependable delivery of water supply. The contract amount is \$8,000,000.

This Resolution is effective immediately.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

GOODS AND SERVICES CONTRACT AWARD

**Positive Displacement Meters
(Non-Joint Use)**

Approval to execute a contract for the purchase of 90,000 Positive Displacement Meters in the amount of \$8,000,000.00.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: Fasteners Rx, Inc. P.O. Box 496 Oxon Hill, MD 20745	SUBS: N/A	PARTICIPATION: MBE
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DESCRIPTION AND PURPOSE

Base Period Contract Value:	\$8,000,000.00
Base Contract Period:	2 Years and 3 months
No. of Option Years:	0
Anticipated Contract Start Date:	07-10-2016
Anticipated Base Period Completion Date:	09-30-2018
Proposal Closing (Bid Opening) Date:	06-03-2016
Proposals (Bids) Received:	2
Proposal (Bid) Price Range:	\$8,979,690.00 - \$12,319,900.00
Winning Evaluated Proposal (Bid) Amount:	\$8,979,690.00

Purpose of the Contract:

As a part of the Automated Meter Reading (AMR) rehabilitation and upgrade program to replace aged assets and to improve customer satisfaction as part of the Blue Horizon 2020 Strategic Plan Goal 4, this contract is to purchase Positive Displacement Meters for the District of Columbia Water and Sewer Authority (DC Water) Department of Customer Services.

Contract Scope:

Purchase up to 90,000 small diameter (5/8" to 2") meters to replace meters originally installed over ten (10) years ago for the purpose of rehabilitating DC Water's automated meter reading/advanced meter infrastructure (AMI) system. The rehabilitation project will focus on replacing meters and AMI equipment installed prior to 2007 which have reached the end of its useful life or will fail in the near future. Failing to replace the equipment will result in increased costs, a greater frequency of customers receiving bills based on estimated billing, and decreased customer satisfaction.

Invitation For Bid (IFB) was used for vendor selection. IFB contained total 98,000 meters, resulting in a bid range shown above. However, the quantity for award is adjusted down to 90,000 meters, so the contract award amount is adjusted down as well. There are 5 meters sizes: 5/8", 3/4", 1 1/2", 1", and 2". The breakdown quantity for each meter size is estimated, so the contract award value of \$8,000,000.00 is based on the current best estimated breakdown of different meter size but it could change slightly.

IFB also resulted in a significant cost reduction, generating an estimated \$2,300,000.00 cost savings from current price.

Participated in Invitation For Bid:

Fastener Rx
Mueller Systems

No LBE/LSBE participation. However, Fastener Rx is a MBE but located outside of our user jurisdiction and did not receive any preference point.

PROCUREMENT INFORMATION

Contract Type:	Firm Fixed	Award Based On:	Lowest Request for Quote
Commodity:	Goods and Services	Contract Number:	16-PR-CCO-59
Contractor Market:	Limited Market with Preference Points for LBE and LSBE Participation		

BUDGET INFORMATION

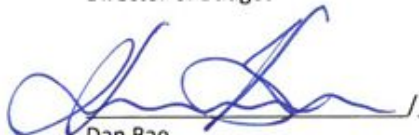
Funding:	Capital	Department:	Customer Services
Service Area:	District of Columbia only	Department Head:	Lauren Preston
Project:	EM1		

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	100.00%	\$8,000,000.00
Washington Suburban Sanitary Commission	0.00%	\$0.00
Fairfax County	0.00%	\$0.00
Loudoun County	0.00%	\$0.00
Other (PI)	0.00%	\$0.00
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$8,000,000.00


Gail Alexander-Reeves
Director of Budget

Date


Dan Bae
Director of Procurement

Date


Charles Kiely
Assistant General Manager,
Customer Care & Operations

Date


George S. Hawkins
General Manager

Date

Presented and Adopted: July 7, 2016

Subject: Evaluate and Propose Recommendations for Expansion of the Customer Assistance Program (CAP) to Include Fees Assessed for the Clean Rivers Impervious Surface Area Charge (CRIAC); Review the Impact of CRIAC on Various Customer Segments; Focus Efforts on Employment Opportunities for District Residents Through DC Water Works Program; and Direction to the General Manager to Work to Reduce the FY 2018 Rate Increase Below 5%.

**#16-60
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The District Members of the Board of Directors (the "Board") of the District of Columbia Water and Sewer Authority ("DC Water"), at the Board meeting held on July 7, 2016, upon consideration of a non-joint-use matter, decided by a vote of __ () in favor and __ () opposed to take the following action to direct the General Manager to: Evaluate and Propose Recommendations for the Expansion of the CAP to include CRIAC fees; Review the Impact of CRIAC on Various Customer Segments; Focus Efforts on Employment Opportunities for District Residents Through the DC Water Works Program; and Work to Reduce the FY 2018 Rate Increase to Below 5%.

WHEREAS, on September 14, 2014, the Board approved Resolution #14-56, which established the General Principles of Affordability for Low-Income Customers; and

WHEREAS, on July 7, 2016, the Board approved Resolution # 16-XX, which approved water and sewer rate increases for District residents of 5% in both FY2017 and FY2108; and

WHEREAS, the Board also approved CRIAC increases of 9.6% for FY2017 and 13.2% for FY2018 to pay for the Clean Rivers Project that has been designed to achieve a 98% reduction of combined sewer overflows (CSOs) in the Anacostia River and a 96% District-wide reduction of CSOs on an annual average basis and improve the water quality of the Potomac and Anacostia Rivers and Rock Creek and their upstream tributaries; and

WHEREAS, the reason for most of the growth in both water and sewer rates and the CRIAC is the capital improvement program that will improve the infrastructure that delivers clean water to residents and businesses, treats wastewater and manages stormwater; and

WHEREAS, the Board has the responsibility to evaluate the impacts on ratepayers of the cost of necessary capital improvements; and

WHEREAS, staff has proposed a two year rate increase, which will increase the total bill for rates, fees and charges for the average residential customer by 5.1% from FY2016 to FY2017 and 6.2% from FY2017 to FY2018; and

WHEREAS, the Board conducted hearings on the rate proposal and has considered testimony and written public comments from residents in Town Halls held in every ward; and

WHEREAS, the Board is concerned about the impact of the rate of growth in water and sewer rates and the CRIAC on low-income customers and other customer segments; and

WHEREAS, the Board also wants to ensure that District residents be afforded meaningful opportunities to work on the capital improvements projects that contribute to the operation of DC Water.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board directs the General Manager to evaluate the CAP and make a recommendation to the Retail Rates Committee regarding the expansion of CAP to include CRIAC fees as soon as practicable.
2. The Board directs the General Manager to conduct a review of the impact of the CRIAC on various customer segments including low-income customers who do not qualify for CAP, non-profit organizations and small business owners, and to report to the Retail Rates Committee on its preliminary findings and recommendations by December, 2016.
3. The Board directs the General Manager to undertake efforts to provide appropriate employment opportunities for District residents through the DC Water Works program and other opportunities.
4. The Board encourages the General Manager to work to reduce the FY2018 total bill increase below 6.2%.
5. The Board requests the Finance and Budget Committee to review the policy governing use of funds in the Rate Stabilization Fund (RSF) and evaluate the use of the RSF to reduce, moderate or eliminate the impact of CRIAC fee increases on ratepayers, particularly ratepayers eligible for CAP.
6. The Board requests the Finance and Budget Committee to consider the Retail Rates Committee's recommendations regarding the use of net surplus funds for FY2016 to:
 - a) hold all or a portion of the funds in cash; or
 - b) authorize use of all or a portion of the

funds to lessen impacts of the escalating CRIAC fees; or c) designate all or a portion of the funds to increase funding for PAYGO capital funding.

This resolution is effective immediately.

Secretary to the Board

Presented and Adopted: July 7, 2016

SUBJECT: Approval of Proposed Metered Water and Sewer Service Rates, Right-of-Way Fee, Payment-in-Lieu of Taxes Fee, and Clean Rivers Impervious Surface Area Charge Effective Fiscal Year 2017 and Fiscal year 2018

**#16-61
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The District members of the Board of Directors (“Board”) of the District of Columbia Water and Sewer Authority (“DC Water”) at the Board meeting held on July 7, 2016, upon consideration of a non-joint use matter, decided by a vote of () in favor and () opposed, to approve the following actions with respect to the proposed Fiscal Year 2017 and Fiscal Year 2018 Metered Retail Rates for Water and Sewer Service, Clean Rivers Impervious Surface Area Charge (CRIAC), the Right-of-Way Occupancy Fee Pass Through Charge (ROW), and Payment-In-Lieu of Taxes Fee (PILOT).

WHEREAS, the Board adopted Revised Rate Setting Policies (Resolution #11-10) that require water and sewer rates and other sources of revenue to generate sufficient revenue to fund DC Water’s projected operating and capital expenses; and

WHEREAS, the DC Retail Water and Sewer Rates Committee met on November 17, 2015 to consider changes in the rates, charges and fees for Fiscal Year (“FY”) 2017 and FY 2018; and

WHEREAS, DC Water established, in Section 4104 of Title 21 of the District of Columbia Municipal Regulations (DCMR), three classes of customers: residential; multi-family; and non-residential; and

WHEREAS, on July 2, 2015, the Board adopted a Customer Class-based Volumetric Rate structure with differentiation based on the peaking demands of each customer class and a Lifeline water rate for Residential customers; and

WHEREAS, on December 3, 2015, the Board approved proposed rates, charges and fee changes for publication in the *D.C. Register*; and

WHEREAS, on January 1, 2016, DC Water published Notice of Proposed Rulemaking (NOPR) in the *D.C. Register* (DCR) at 63 DCR 103; and

WHEREAS, the NOPR, if adopted, would implement a combined retail water and sewer rate increase of \$0.42 per one hundred cubic feet (“Ccf”) (\$0.56 per 1,000 gallons) for the

first 4 Ccf of a Residential customer's water use (Lifeline) for FY 2017 and \$0.45 per one hundred cubic feet ("Ccf") (\$0.60 per 1,000 gallons) for the first 4 Ccf of Residential customer's water use (Lifeline) for FY 2018; and

WHEREAS, the proposed increase in Lifeline water rate for a Residential customer's first 4 Ccf and sewer rate will result in a combined water and sewer rate of \$8.94 per Ccf (\$11.95 per 1,000 gallons) of metered water and sewer use for FY 2017 and a combined water and sewer rate of \$9.39 per Ccf (\$12.55 per 1,000 gallons) for FY 2018; and

WHEREAS, the NOPR, if adopted, would implement a combined retail water and sewer rate increase of \$0.46 per Ccf (\$0.62 per 1,000 gallons) for water usage greater than 4 Ccf for Residential customers for FY 2017 and a combined retail water and sewer rate increase of \$0.49 per Ccf (\$0.66 per 1,000 gallons) for water usage greater than 4 Ccf for Residential customers for FY 2018; and

WHEREAS, the proposed increase in a Residential customer's retail water rate (usage greater than 4 Ccf) and sewer rate will result in a combined water and sewer rate of \$9.77 per Ccf (\$13.06 per 1,000 gallons) of metered water and sewer use for FY 2017 and a combined water and sewer rate of \$10.26 per Ccf (\$13.72 per 1,000 gallons) of metered water and sewer use for FY 2018; and

WHEREAS, the NOPR, if adopted, would implement a combined retail water and sewer rate increase of \$0.44 per Ccf (\$0.59 per 1,000 gallons) for Multi-family customers for FY 2017 and a combined retail water and sewer rate increase of \$0.47 per Ccf (\$0.63 per 1,000 gallons) for Multi-family customers for FY 2018; and

WHEREAS, the proposed increase in a Multi-family customer's retail water and sewer rates will result in a combined water and sewer rate of \$9.33 per Ccf (\$12.47 per 1,000 gallons) of metered water and sewer use for FY 2017 and a combined water and sewer rate of \$9.80 per Ccf (\$13.10 per 1,000 gallons) of metered water and sewer use for FY 2018; and

WHEREAS, the NOPR, if adopted, would implement a combined retail water and sewer rate increase of \$0.47 per Ccf (\$0.63 per 1,000 gallons) for Non-Residential customers for FY 2017 and a combined retail rate increase of \$0.50 per Ccf (\$0.67 per 1,000 gallons) for Non-Residential customers for FY 2018; and

WHEREAS, the proposed increase in a Non-Residential customer's water and sewer rates will result in a combined water and sewer rate of \$9.90 per Ccf (\$13.23 per 1,000 gallons) of metered water and sewer use for FY 2017 and a combined water and sewer rate of \$10.40 per Ccf (\$13.90 per 1,000 gallons) of metered water and sewer use for FY 2018; and

WHEREAS, the NOPR, if adopted, would implement a monthly increase in the CRIAC of \$1.94 per Equivalent Residential Unit (ERU) for FY 2017 and a monthly increase in the

CRIAC of \$2.94 per ERU for FY 2018 to recover a portion of the \$2.6 billion costs of the Combined Sewer Overflow Long-Term Control Plan (CSO-LTCP); and

WHEREAS, the NOPR, if adopted, would maintain the ROW fee at the current amount of \$0.17 per Ccf (\$0.23 per 1,000 gallons) of water used for FY 2017 and an increase the ROW fee of \$0.01 per Ccf (\$0.01 per 1,000 gallons) for FY 2018 to recover the full cost of District of Columbia government's right-of-way occupancy fees; and

WHEREAS the NOPR, if adopted, would implement an increase in the PILOT fee of \$0.01 per Ccf (\$0.01 per 1,000 gallons) for FY 2017 and an increase in the PILOT fee of \$0.01 per Ccf (\$0.01 per 1,000 gallons) for FY 2018 to recover the full cost of District of Columbia government fees; and

WHEREAS, adoption of these rates and fee changes would increase the average Residential customer's monthly bill (using 6.20 Ccf per month) by approximately \$4.70 per month or \$56.40 per year in FY 2017 and by approximately \$5.95 per month or \$71.40 per year in FY 2018; and

WHEREAS, on April 29, 2016, DC Water published a Notice of Public Hearing in the *D.C. Register* at 63 DCR 6544, for a public hearing on May 11, 2016 on the proposed rulemakings; and

WHEREAS, a notice of the public hearing on the rate and fee proposals was also published on DC Water's website and in *The Washington Informer* for the period, May 5 through May 11, 2016; and

WHEREAS, eight (8) town hall meetings were conducted from April 1, 2016 through April 30, 2016, to receive comments on the rate and fee proposals; and

WHEREAS, on May 11, 2016, a public hearing was held to receive comments on the rate and fee proposals, and the record of the public hearing was left open to receive written comments through June 13, 2016; and

WHEREAS, on June 9, 2016, the DC Retail Water and Sewer Rates Committee held a special meeting to evaluate the rate proposals for FY 2017 & FY 2018, and comments received during the public comment period, and at the May 11, 2016 public hearing on the proposed rulemaking; and

WHEREAS, on June 28, 2016, the DC Retail Water and Sewer Rates Committee met a second time to consider the rate proposals for FY 2017 & FY 2018; and

WHEREAS, on June 28, 2016, after having evaluated the revenue requirements, anticipated capital and operating expenditures various funding sources, public comments, and the recommendation of the General Manager, the DC Retail Water and Sewer Rates Committee recommended, that the rate and fee changes proposed in the NOPR for FY 2017 & FY 2018 be adopted by the Board of Directors; and

WHEREAS, after consideration of the recommendation of the DC Retail Water and Sewer Rates Committee, the report of the General Manager on this subject and public comments made at the May 11, 2016 public hearing and during the comment period and the open record period for the proposed rulemaking, the District members of the Board of Directors, upon further consideration and discussion, recommended an increase in the FY 2017 & FY 2018 residential, multi-family and non-residential customers water and sewer volumetric rates, and the CRIAC, PILOT and the ROW Fees in accordance with the General Manager’s recommendations; and

WHEREAS, DC Water’s retail revenue projections for Fiscal Year 2017 reflect an approximate \$19.2 million increase in revenue due to the proposed \$11.4 million increase in retail water and sewer rates, an approximate \$0.1 million increase due to the proposed PILOT fee increase, and an approximate \$7.7 million increase due to the proposed CRIAC fee increase; and

WHEREAS, DC Water’s retail revenue projections for FY 2018 reflect an approximate \$25.9 million increase in revenue due to the proposed \$11.9 million increase in retail water and sewer rates, an approximate \$0.4 million increase due to the proposed PILOT fee increase, and an approximate \$13.6 million increase due to the proposed CRIAC increase.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board adopts for final rulemaking the following rates and fees:

Water Service Rates

- a. An increase in the rate for metered water services:

	FY 2016		FY 2017		FY 2018		FY 2017 vs. FY 2016		FY 2018 vs. FY 2017	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential customers - (0 – 4)	\$3.08	\$4.12	\$3.23	\$4.32	\$3.39	\$4.53	\$0.15	\$0.20	\$0.16	\$0.21
Residential customers – (> 4)	\$3.87	\$5.17	\$4.06	\$5.43	\$4.26	\$5.70	\$0.19	\$0.26	\$0.20	\$0.27
Multi-Family customers	\$3.45	\$4.61	\$3.62	\$4.84	\$3.80	\$5.08	\$0.17	\$0.23	\$0.18	\$0.24
Non-Residential customers	\$3.99	\$5.33	\$4.19	\$5.60	\$4.40	\$5.88	\$0.20	\$0.27	\$0.21	\$0.28

**Sewer Service Rates
(Metered and Unmetered)**

b. An increase in the rate for metered sewer services:

	FY 2016		FY 2017		FY 2018		FY 2017 vs. FY 2016		FY 2018 vs. FY 2017	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential customers	\$5.44	\$7.27	\$5.71	\$7.63	\$6.00	\$8.02	\$0.27	\$0.36	\$0.29	\$0.39
Multi-Family customers	\$5.44	\$7.27	\$5.71	\$7.63	\$6.00	\$8.02	\$0.27	\$0.36	\$0.29	\$0.39
Non-Residential customers	\$5.44	\$7.27	\$5.71	\$7.63	\$6.00	\$8.02	\$0.27	\$0.36	\$0.29	\$0.39

c. An increase in the annual Clean Rivers Impervious Surface Area Charge from \$243.60 to \$266.88 per Equivalent Residential Unit (ERU) in FY 2017.

d. An increase in the annual Clean Rivers Impervious Surface Area Charge from \$266.88 to \$302.16 per ERU in FY 2018.

The charge per ERU will be billed monthly at:

	FY 2016	FY 2017	FY 2018	FY 2017 vs. FY 2016	FY 2018 vs. FY 2017
	ERU	ERU	ERU	Incr. / (Decr.) ERU	Incr. / (Decr.) ERU
Residential customers	\$20.30	\$22.24	\$25.18	\$1.94	\$2.94
Multi-Family customers	\$20.30	\$22.24	\$25.18	\$1.94	\$2.94
Non-Residential customers	\$20.30	\$22.24	\$25.18	\$1.94	\$2.94

**District of Columbia Pass Through Charge
Right-of-Way Occupancy / PILOT Fee**

- There is no increase in the **Right-of-Way Occupancy Fee** in FY 2017:
- An increase in the **Right-of-Way Occupancy Fee** for FY 2018:

	FY 2016		FY 2017		FY 2018		FY 2017 vs. FY 2016		FY 2018 vs. FY 2017	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential customers	\$0.17	\$0.23	\$0.17	\$0.23	\$0.18	\$0.24	\$0.00	\$0.00	\$0.01	\$0.01
Multi-Family customers	\$0.17	\$0.23	\$0.17	\$0.23	\$0.18	\$0.24	\$0.00	\$0.00	\$0.01	\$0.01
Non-Residential customers	\$0.17	\$0.23	\$0.17	\$0.23	\$0.18	\$0.24	\$0.00	\$0.00	\$0.01	\$0.01

- e. An increase in the **Payment-in-Lieu of Taxes Fee** for FY 2017 and FY 2018:

	FY 2016		FY 2017		FY 2018		FY 2017 vs. FY 2016		FY 2018 vs. FY 2017	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential customers	\$0.47	\$0.63	\$0.48	\$0.64	\$0.49	\$0.65	\$0.01	\$0.01	\$0.01	\$0.01
Multi-Family customers	\$0.47	\$0.63	\$0.48	\$0.64	\$0.49	\$0.65	\$0.01	\$0.01	\$0.01	\$0.01
Non-Residential customers	\$0.47	\$0.63	\$0.48	\$0.64	\$0.49	\$0.65	\$0.01	\$0.01	\$0.01	\$0.01

2. The General Manager is authorized to take all steps necessary in his judgment and as otherwise required, to provide notice of the final rate and fee adjustments in the manner provided by the District of Columbia Administrative Procedure Act.

This resolution shall be effective immediately.

Secretary to the Board of Directors