



# DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

## Board of Directors

*Finance and Budget Committee*

*Thursday, April 26, 2012*

11:00 a.m.

## MEETING MINUTES

### **Committee Members in Attendance**

Timothy L. Firestine, Chairperson  
James Patterson

### **Other Board Members**

Joseph Cotruvo

### **DC WATER STAFF**

George Hawkins, General Manager  
Randy Hayman, General Counsel  
Olu Adebo, Chief Financial Officer  
Charles Kiely, AGM, Consumer Services  
Yvette Downs, Finance and Budget Director  
Robert Hunt, Treasury & Debt Manager  
Linda Manley, Board Secretary

### **Call to Order**

This meeting was held via conference call. Chairperson Timothy Firestine called the meeting to order at 11:03 a.m.

### **March 2012 Financial Report**

Ms. Yvette Downs, Finance and Budget Director, reported that with 50 percent of the fiscal year completed, revenues and expenditures were on track with budgetary expectations. Revenues totaled \$203.6 million or 48 percent of the revised budget. Variations in several revenue categories were explained. Consumption is generally lower in the winter months, whereas the year-to-date budget was based on a straight-lined basis. Responding to a question from Chairperson Firestine on the low consumption, Mr. Olu Adebo, Chief Financial Officer, stated that this was normal that we are lagging approximately 4% in consumption and that the lag could be recovered during the summer months when we expect increased consumption.

Ms. Downs reported that Operating Expenditures were \$178.6 million or 43 percent of the budget with 50 percent of the fiscal completed. Total personnel service expenditures, including overtime, continue to track well with budget. Water purchases are below the straight-line budget due to hiring delays and lower than anticipated water demand at the Washington Aqueduct. It is anticipated that activities, and therefore expenditures, in this area will increase as we approach the summer months. Additional savings were identified in electricity, due to the success of staff's lock-in strategy, and delays in spending for contractual services in various departments.

Capital spending through March was 224.5 million or 42 percent of budget. The spending variance between the FY 2012 revised budget and actual was primarily due to decreased spending in the month of March for Solids Processing projects, coupled with under-spending in the Sanitary Sewer Area and Clean Rivers Projects. Mr. Adebo stated that the Engineering Department would be

providing their scheduled quarterly update of the Capital Improvement Program in May. This update would provide more detail on project progress.

Ms. Downs continued with her summary report on cash reserves and investments. At the end of March, DC Water had an operating reserve balance of \$134.8 million. The Rate Stabilization Fund remained unchanged at \$16.7 million; the DC PILOT Fund also remained at \$10 million; and our total cash and investment balance was \$619.6 million.

### **Cash and Investments**

Mr. Robert Hunt, Treasury and Debt Manager, provided an update on the Authority's investment performance. Mr. Hunt reported that for March 2012, the Authority's overall yield to cost of its portfolio was 34 basis points, down 23 points from last month due to reinvestment of the 2012 bond proceeds.

During the month of March, there was approximately \$300 million that was reinvested in various time periods, ranging from three to 9 months, which is typical of current rate market trends and activities. In April 2012, additional \$54 million of the construction fund, which was initially in the money market fund, was also reinvested. DC Water's investment portfolio continues to remain properly diversified and in compliance with DC Water's established Investment Policies.

### **Grants Report**

Ms. Downs reported that the Authority received additional grants, and as of March 2012, DC Water has a total of \$307.9 million awarded in federal funds for various active projects. The cumulative federal appropriation for CSO increased to \$168.6 million with additional appropriation of \$12.6 million on January 16, 2012. The cumulative life-to-date cash disbursement for the CSO appropriation is now \$120.7 million through March 31.

### **Accounts Payable Performance**

During the first six months of Fiscal Year 2012, approximately 94 percent of our invoices were paid within 30 days compared to 91 percent paid during the same period in FY 2011. Although this 94 percent actual performance is still less than the Authority's goal to pay 97 percent of all undisputed invoices within 30 days, it shows significant improvement over last year's performance.

### **Customer Service Lease Expiration**

Mr. George Hawkins, General Manager, along with Mr. Charles Kiely, AGM, Consumer Services, provided the Committee with a presentation on the Customer Service Lease Expiration. Mr. Hawkins stated that the present Customer Service location is a sublease previously held by the District, which is now coming to a conclusion. He identified numerous advantages the new facility and lease offers, including closer proximity to our Main and O operating center, easy access to mass transit routes for our customers and staff, and ability to optimize space. Economically, Mr. Hawkins stated that the rental cost of the new facility, including moving/relocation cost, is less than the current lease price.

### **Action Item**

#### **Customer Service Lease**

Following Mr. Hawkins presentation on the previous item, the Committee agreed to move the Customer Service Lease to the full Board for action.

### **Agenda for May Committee Meeting**

The Committee approved the May agenda as presented.

### **Other Business**

As an information item, Mr. Adebo informed the Committee about a Wholesale Customer Tour and Briefing that is scheduled for June 11, 2012.

### **Adjournment**

Hearing no further business, Chairperson Firestine adjourned the meeting at 11:40 a.m.