



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

Finance and Budget Committee

Friday, December 21, 2012

9:30 a.m.

1. **Call to Order** Timothy L. Firestine, Chairperson
2. **November 2012 Financial Report (Attachment 1)** Yvette Downs and Robert Hunt
 - A. Operating Revenues & Expenditures
 - B. Cash Reserves & Investments
 - C. Capital Disbursements Summary
 - D. [Investment Report](#)
3. **FY 2014 Proposed Budget Discussion** George Hawkins & Yvette Downs
 - A. [New Headquarters Building \(Attachment 2\)](#) Maureen McGowan Holman
 - B. [DC Water Healthcare Benefit Plan \(Attachment 3A\)](#) Otho Milbourne
- [2013 Healthcare Benchmarking \(Attachment 3B\)](#)
 - C. [General Manager's Budget Proposal \(Attachment 4\)](#)
4. **FY 2014 Budget Action Items (Attachments 5A-5E)** Yvette Downs

[Recommendation for Approval of the Proposed 2014 Budget \(Attachment 5\)](#)

[Action Item 5A: Fiscal Year 2014 Proposed Operating Budget](#)
[Action Item 5B: Fiscal Year 2012 – 2021 Ten Year Financial Plan](#)
[Action Item 5C: Fiscal Year 2012 – 2021 Capital Improvement Program \(Lifetime & Cash\)](#)
[Action Item 5D: Fiscal Year 2014 Capital Authority Request](#)
[Action Item 5E: Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing](#)
5. **Other Business**..... Yvette Downs
6. **[Agenda for January Committee Meeting \(Attachment 6\)](#)** Timothy L. Firestine
7. **Adjournment**

FOLLOW-UP ITEMS – Finance & Budget Committee (Meeting held November 29, 2012)

1. Presentation for Headquarters building proposal including justification of \$62 million proposal, funding source, an estimated completion date, and alternative solutions (leasing/phased build). **(Mr. Firestine) Status: To be discussed at meeting.**
2. [Graphical detail of debt issuance assumed in FY 2015 of 10 year financial plan. Show proportion of variable rate debt in dollars, as well as, a percentage. \(Mr. Firestine\) Status: See Attachment 7.](#)

3. Provide details on healthcare providers, cost benchmark information, and healthcare reform impact. **(Mr. Firestine, Mr. Cotruvo, Mr. Seamon) Status:** *To be discussed at meeting.*
4. Footnote explanation of increased revenues from WSSC on revenues detail page. **(Mr. Firestine) Status:** *Complete*



November 2012 FINANCIAL REPORT

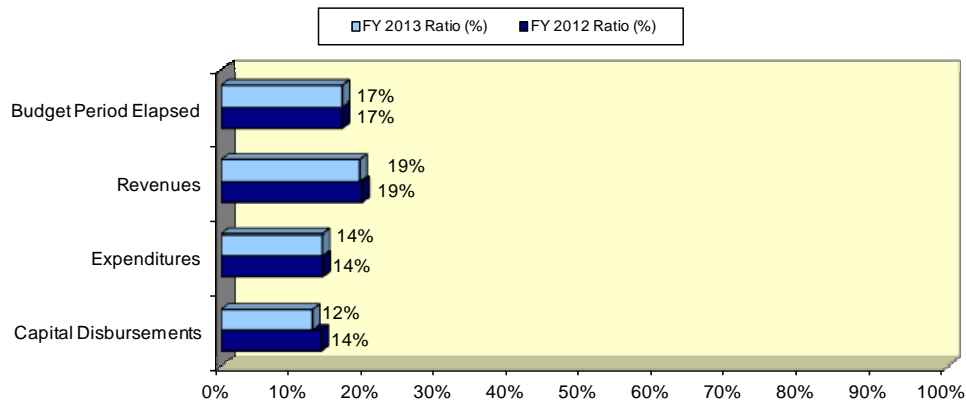
FY 2013 FINANCIAL PERFORMANCE

The table below summarizes the first two months of FY 2013. At this early stage in the fiscal year, we are on track with budgetary expectations. Detailed information is discussed throughout this report. The FY 2012 financial statement audit is underway and completion is expected by the end of December 2012.

Financial Performance As of November 30, 2012 (\$ in millions)

	Approved	Revised Budget	YTD Budget	YTD	Variance		% Revised Budget
				Actual	Favorable (Unfavorable)		
Revenues (Receipts)*	\$460.2	\$447.5	\$74.6	\$84.7	\$10.1	14%	19%
Expenditures*	\$456.8	\$440.3	\$73.4	\$61.0	\$12.4	17%	14%
Capital Disbursements	\$665.7	\$642.6	\$108.1	\$80.1	\$28.0	26%	12%

* Straight-lined (2/12 of revised budget)



120-day Operating Reserve Analysis (\$ in millions)

FY 2013 120-day Operating Reserve Objective	\$125.5
Actual Average Daily Balances	\$173.7
Difference	\$48.2

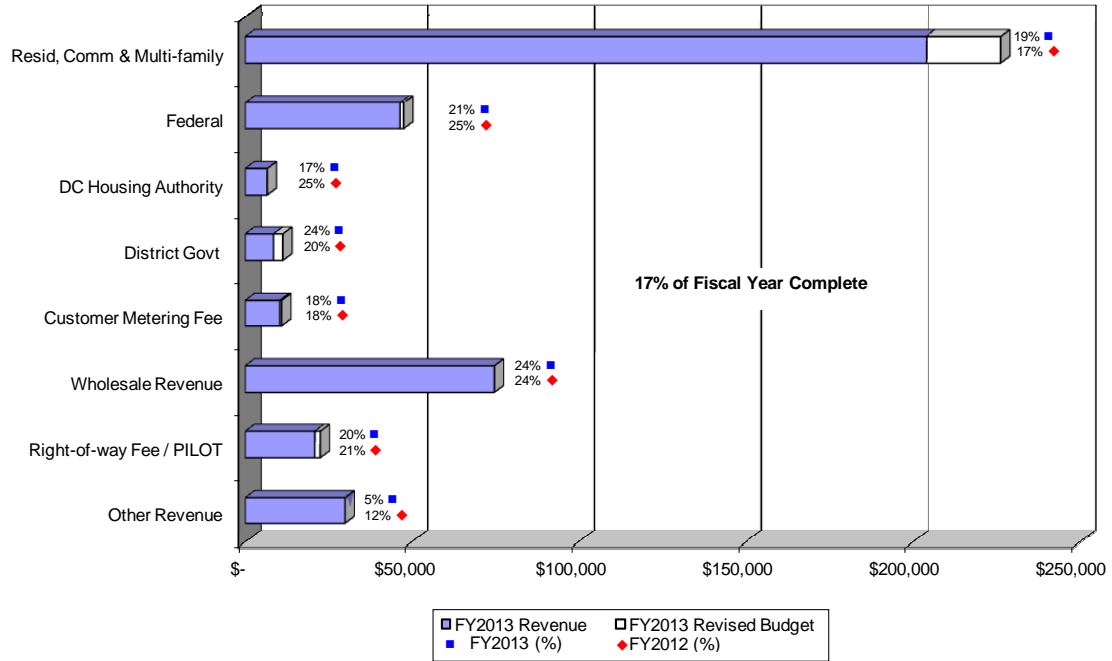
OPERATING REVENUES & RECEIPTS

At the end of November 2012, cash receipts totaled \$84.7 million, or 18.9 percent of the revised FY 2013 budget. Several categories of customers make payments on a quarterly basis, including the federal and District governments, and wholesale customers. The table below provides a summary of operating receipts at the end of November.

**REVENUE VARIANCE BY CATEGORY
(\$ in 000's)
As of November 30, 2012**

Revenue Category	FY 2012 Revised Budget	Year-to- Date Budget	Actual Received	Variance Favorable (Unfavorable)	Actual % of Budget
Residential, Commercial, and Multi-family	236.2	39.4	43.7	4.3	18.5%
Federal	52.8	8.8	10.9	2.1	20.6%
District Government	12.0	2.0	2.8	0.8	23.3%
DC Housing Authority	6.3	1.0	1.1	0.1	16.9%
Customer Metering Fee	10.8	1.8	2.0	0.2	18.2%
Wholesale	75.2	12.5	18.3	5.7	24.3%
Right-of-Way Fee/PILOT	22.2	3.7	4.5	0.8	20.2%
Subtotal (before Other Revenues)	\$415.5	\$69.2	\$83.2	\$14.0	20.0%
Other Revenue without RSF					
IMA Indirect Cost Reimb. For Capital Project	6.0	1.0	0.0	(1.0)	0.0%
DC Fire Protection Fee	6.9	1.2	0.0	(1.2)	0.0%
Stormwater (MS4)	1.0	0.2	0.2	0.0	20.7%
Interest	0.7	0.1	0.2	0.1	30.8%
Developer Fees (Water & Sewer)	8.0	1.3	0.8	(0.5)	10.1%
Others	2.9	0.5	0.3	(0.2)	10.4%
Subtotal	\$25.5	\$4.3	\$1.5	(2.8)	6.0%
Rate Stabilization Fund Transfer	\$6.5	\$1.1	\$0.0	(1.1)	0.0%
Other Revenue Subtotal	\$32.0	\$5.4	\$1.5	(3.9)	4.7%
Grand Total	\$447.5	\$74.6	\$84.7	\$10.1	18.9%

**FY 2013
OPERATING RECEIPTS BY CUSTOMER CATEGORY
As of November 30, 2012**



BREAKDOWN OF RETAIL RECEIPTS BY CUSTOMER CATEGORY
 (\$ in 000's)
 As of November 30, 2012

Customer Category	Water	Sewer	Clean Rivers IAC	Metering Fee	Total
Residential	4,906	5,972	1,877	830	13,586
Commercial	8,934	9,231	2,586	577	21,328
Multi-family	4,327	5,161	712	196	10,396
Federal	4,304	4,086	2,496	235	11,120
District Govt	1,020	1,247	588	114	2,970
DC Housing Authority	443	534	81	23	1,081
Total:	23,934	26,233	8,340	1,975	60,481

Note: The breakdown of Collections into Residential, Commercial, & Multi-family and Water and Sewer is approximate as it is based on percentages of historical data and does not take into account adjustments and timing differences

Clean Rivers IAC – Actual vs. Budget
 (\$ in 000's)
 As of November 30, 2012

Customer Category	FY2013 Budget	Year-To-Date Budget	Actual Received	Variance Favorable / <Unfavorable>	Variance % of YTD Budget	Actual % of Budget
Residential	11,883	1,981	1,877	(104)	-5%	16%
Commercial	13,905	2,318	2,586	268	12%	19%
Multi-family	4,665	778	712	(65)	-8%	15%
Federal	9,984	1,664	2,496	832	50%	25%
District Govt	3,145	524	588	64	12%	19%
DC Housing Authority	547	91	81	(10)	-11%	15%
Total:	44,129	7,355	8,340	985	13%	19%

OPERATING EXPENDITURES

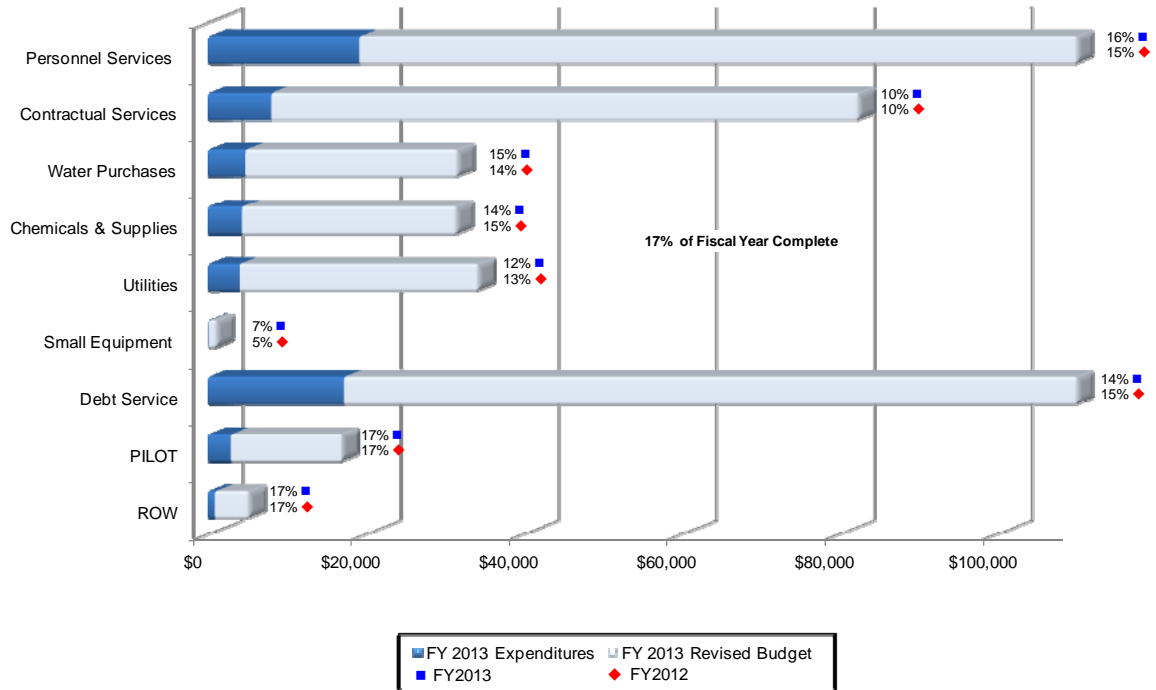
Total operating expenditures, at the end of November, are in line with expectations at this early stage in fiscal year 2013. At the end of November, operating expenditures (including debt service and the right of way and PILOT fees) totaled \$61.0 million, or 14 percent of the FY 2013 Board-revised budget of \$440.3 million. These numbers include estimated incurred but unpaid invoices.

**Comparative Statement of Expenditures
As of November 30, 2012
(000's)**

	FY 2012			FY 2013			FY 2014
	Board Revised Budget	Projected 09/30/2012	Percent of Budget	Board Revised Budget	YTD as of 11/30/2012	Percent of Budget	Proposed Budget
Personnel Services	111,114	110,711	100%	116,609	19,129	16%	120,454
Contractual Services	79,747	68,354	86%	82,350	7,892	10%	84,094
Water Purchases	31,517	27,906	89%	31,513	4,727	15%	31,513
Chemicals and Supplies	29,947	27,619	92%	31,360	4,312	14%	32,909
Utilities	37,446	27,464	73%	34,185	3,988	12%	34,011
Small Equipment	995	1,177	118%	993	66	7%	993
Subtotal O & M Expenditures	290,765	263,231	91%	297,009	40,114	14%	303,973
Debt Service	102,613	99,250	97%	121,330	17,235	14%	150,389
Payment in Lieu of Taxes	16,882	16,882	100%	16,882	2,814	17%	20,081
Right of Way	5,100	5,100	100%	5,100	850	17%	5,100
Total O & M Expenditures	415,360	384,463	93%	440,321	61,013	14%	479,543
Personnel Services Charged to Capital Projects	(14,000)	(13,949)	100%	(16,690)	(2,738)	16%	(17,860)
Total Net Operating Expenditures	401,360	370,513	92%	423,631	58,275	14%	461,683

Note: Actuals include accruals

**FY 2013 Operating Expenditures
by Category
(\$ in 000's)
As of November 30, 2012**



CAPITAL SPENDING

For the month of November 2012, actual disbursements totaled \$20.4 million, with year-to-date disbursements totaling \$80.1 million or 12 percent of the (Proposed) FY 2013 Revised Disbursements Budget. Planned capital disbursements through November 2012 were \$108.1 million, or 17% of the (Proposed) FY 2013 Revised Disbursements Budget.

**Capital Disbursements Variance
(\$ in 000's)
As of November 30, 2012**

Description	(Proposed) FY 2013 Revised Disbursements Budget		Actual Disbursements			% of (Proposed) FY 2013 Revised Disbursements Budget	
	Annual	YTD	OCT. -'12	NOV. -'12	YTD	Variance Compared to Plan	Percent of Annual Budget
Wastewater Treatment	\$358,543	\$61,327	33,272	\$15,242	\$48,514	21%	14%
Sanitary Sewer	29,084	3,474	2,245	1,102	3,347	4%	12%
Combined Sewer Overflow	163,509	29,897	14,449	1,887	16,336	45%	10%
Stormwater	3,252	352	94	197	291	17%	9%
Water	60,858	10,254	6,541	998	7,539	26%	12%
Washington Aqueduct	10,598	0	0	0	0		0%
Capital Equipment	16,722	2,787	3,086	941	4,027	-44%	24%
Total Capital Projects	\$642,565	\$108,091	\$ 59,689	\$ 20,367	\$80,055	26%	12%

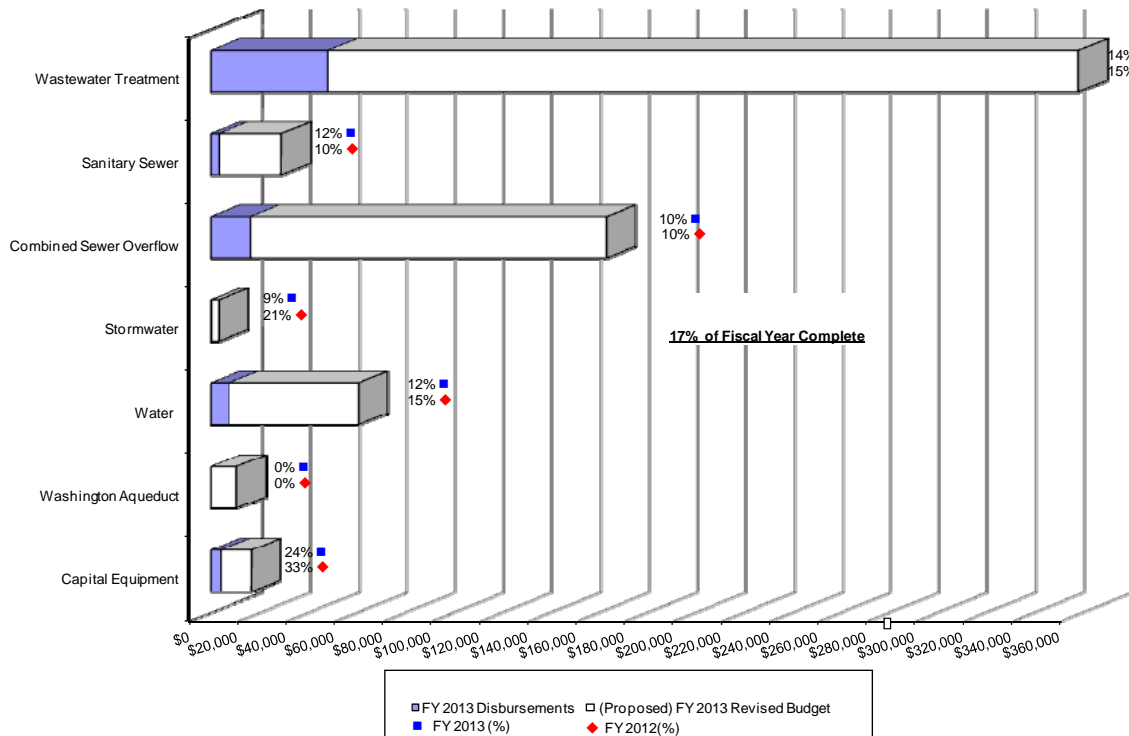
Discussion

The spending variance between the Proposed FY 2013 Revised Disbursements Budget and Actual disbursements, on a year-to-date basis amounted to \$28 million. Over 90 percent of the under-spending resides in two program areas: Enhanced Nitrogen Removal Facilities (ENRF) under the Wastewater Service Area, and DC Clean Rivers Project under the Combined Sewer Overflow Service Area. With regards to the former, the shortfall in spending is the result of lag in procurement of pre-selected equipment associated with the second construction contract. There has been no impact on the schedule of the project and the shortfall in spending is expected to recover over the coming months.

With regards to the Clean Rivers Project, the project remains on schedule. Some non-critical job sites have slipped behind their schedule causing spending to fall short of estimated

disbursements; however, Clean Rivers put in place remediation measures to recover schedule delays. For example, Clean Rivers requested the contractor to replace the superintendent responsible for poor management including schedule performance. A new superintendant is now in charge. Clean Rivers is on target to meet all consent decree requirements.

**FY 2013 Capital Disbursements Compared to Plan
By Service Area
(\$ in 000's)
As of November 30, 2012**



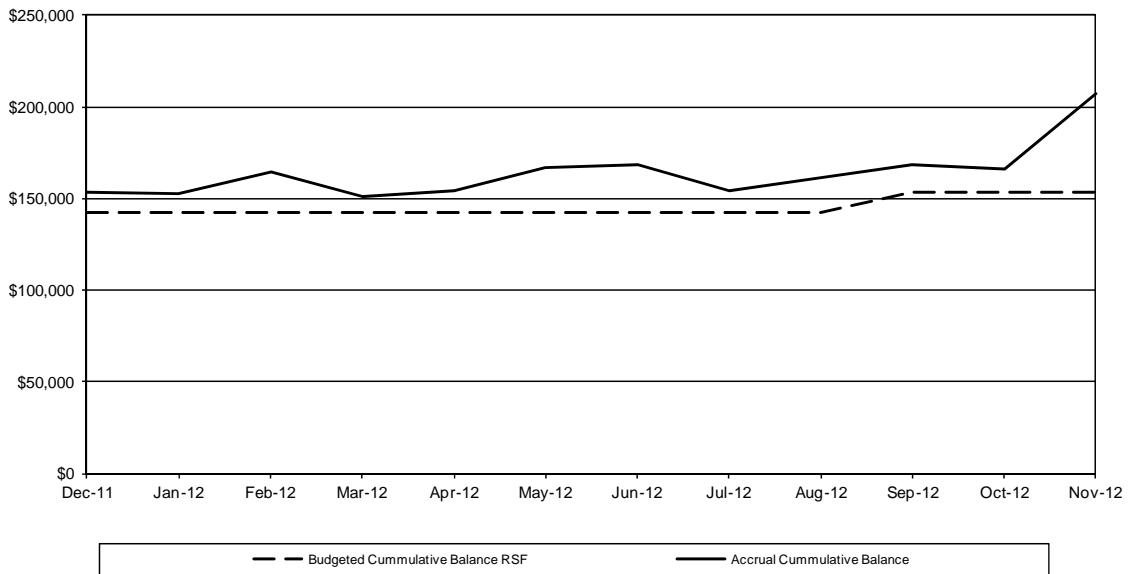
CASH AND INVESTMENT BALANCES

At the end of November, our operating reserve balance was \$180.4 million as compared to the FY 2013 operating reserve level objective of \$125.5 million. The following table provides a summary of all cash and investment account balances.

**Cash Balances
As of November 30, 2012
(\$ in millions)**

Rate Stabilization Fund Account (RSF)	\$27.9
Operating Reserve Accounts	180.4
DC PILOT Fund	14.5
Operating Cash Balance Including RSF	222.8
Debt Service Reserve - Series 98	23.5
Bond Construction Fund - Series 10	41.1
Bond Construction Fund - Series 12	165.3
CSO LTCP Appropriations Account	40.1
Total All Funds	\$492.8

**FY 2013 Operating Cash Balances
(\$ in 000's)
(Operating Reserve and RSF)**



Overall Portfolio Performance

At the end of November, DC Water's total investment portfolio performed well and complied with the Authority's Investment Policy. Returns exceeded the established benchmarks for short term (less than one year) and core (one plus years) funds. Interest income for November (on a cash basis) was \$132,971, with year-to-date totals of \$177,228 as compared to the budget of \$539,336 for the year. A detailed investment performance report is attached.

Bank Collateral

DC Water Investment Policy requires that all cash in any financial institution in excess of the amount protected by federal deposit insurance be collateralized by either U.S. Treasury obligations, Federal Agency obligations, or a Letter of Credit issued by a Federal Home Loan Bank, the amount of which shall be 102 percent of the deposits held.

At the beginning of the financial crisis in 2008, the Federal Deposit Insurance Corp. (FDIC) established a Temporary Liquidity Guarantee Program known as the Transaction Account Guarantee Program (TAG). This provided unlimited FDIC insurance on any non-interest bearing accounts held by the banks. DC Water has certain accounts at TD Bank that are non-interest bearing. These account balances are used to offset banking fees. The amounts earned on these accounts are calculated using an earnings credit rate (ECR) – currently at 0.90 (or 90 basis points). The TAG program is set to expire on December 31, 2012. We have consulted with TD Bank and the funds on deposit earning the ECR will now be collateralized as our other accounts are at TD Bank with a Letter of Credit from the Federal Home Loan Bank – Pittsburgh at no cost to DC Water.

OTHER STATUS REPORTS

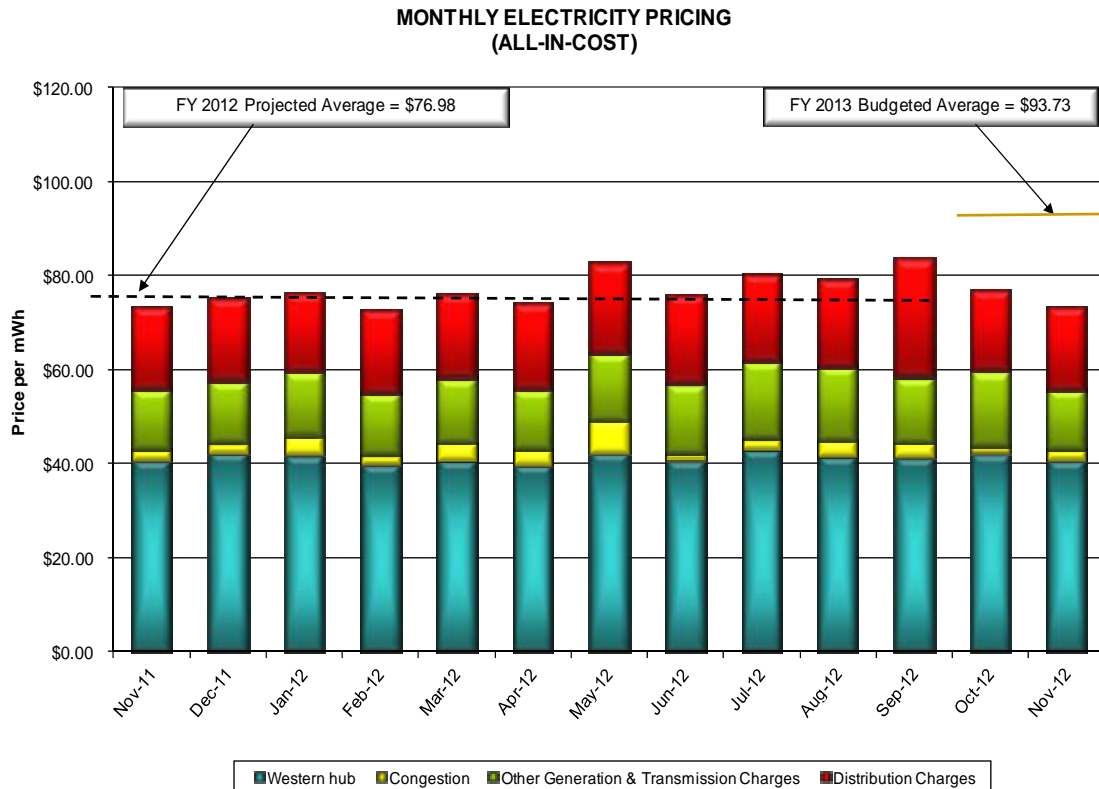
ELECTRICITY

The revised FY 2013 electricity budget of \$25.2 million represents approximately 80 percent of the total utilities budget and 6 percent of the total operations and maintenance budget. The FY 2013 electricity expenditures of \$3.4 million or approximately 14 percent of the FY 2013 electricity budget is slightly higher than the \$3.3 million or 11 percent spent during similar period in FY 2012.

As of November 2012, we have purchased approximately 69 percent, or 20MW, of the Authority's electric load through January 31, 2013 at the Western Hub average unit price of \$39.98/mWh.

The electricity market conditions continue to be significantly below prior years' experience. Staff continues to monitor the futures market with intent to purchase additional electric loads for FY 2013 if market conditions are appropriate and in line with budget assumptions.

The chart below depicts the all-in-cost for the electricity purchased by the Authority. As indicated in the chart, electricity prices generally increase during the winter and summer peak months. The average all-in-cost paid for November 2012 was \$72.96/mWh, with the year-to-date average price of \$74.95/mWh.



Notes: A) Other generation charges include the capacity charges, loss factor adjustments, ancillary costs, and other adder (administrative) fees associated with electricity procurement over the spot market
 B) Prices include accruals for invoices not yet received.

RETAIL & WHOLESALE ACCOUNTS RECEIVABLE

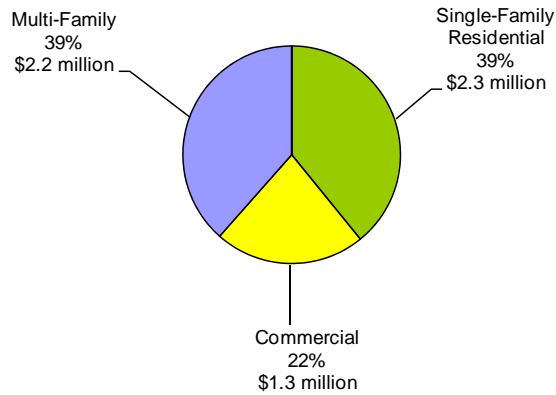
The following tables and chart show retail and wholesale accounts receivable over 90 days including a breakdown by customer class.

**Delinquent Accounts Receivable
Greater Than 90 Days by Customer
November 30, 2012**

	RETAIL		WHOLESALE		TOTAL	
	Greater than 90 Days		Greater than 90 Days		Greater than 90 Days	
	\$ in millions	# of accounts	\$ in millions	# of accounts	\$ in millions	# of accounts
September 30, 2008	\$6.1	15,635	\$0.0	0	\$6.1	15,635
September 30, 2009	\$4.9	10,211	\$0.0	0	\$4.9	10,211
September 30, 2010	\$5.1	13,441	\$0.0	0	\$5.1	13,441
September 30, 2011	\$5.5	13,039	\$0.0	0	\$5.5	13,039
September 30, 2012	\$5.5	13,063	\$0.0	0	\$5.5	13,063
October 31, 2012	\$5.7	12,537	\$0.0	0	\$5.7	12,537
November 30, 2012	\$5.8	12,876	\$0.0	0	\$5.8	12,876

** In June 09 the Authority wrote off approximately \$1.3M of bad debt*

**Retail Accounts
Greater Than 90 Days by Customer Class
November 30, 2012**



**Delinquent Accounts Receivable
Greater Than 90 Days by Customer
November 30, 2012**

	Number of Accounts			Month of November (All Categories)				Total Delinquent			
				Active		Inactive					
	W & S a/c	Impervious Only a/c	Total No. of a/c	No. of a/c	Amount (\$)	No. of a/c	Amount (\$)	No. of a/c Oct.	Amount (\$)	No. of a/c Nov.	Amount (\$)
Commercial	11,867	3,360	15,227	1,235	1,182,459.93	155	124,467.38	1,514	1,296,031.91	1,390	1,306,927.31
Multi-family	7,371	451	7,822	836	2,139,295.69	149	108,083.12	966	2,190,883.79	985	2,247,378.81
Single-Family Residential	103,968	3,226	107,194	8,742	1,680,938.92	1,759	605,320.05	10,057	2,176,435.03	10,501	2,286,258.97
Total	123,206	7,037	130,243	10,813	5,002,694.54	2,063	837,870.55	12,537	5,663,350.73	12,876	5,840,565.09

-Included in the above \$5.00m (or 10,813 accounts) of the DC Water Over 90 days delinquent accounts, 941,897.20 (or 2,258 accounts) represents Impervious only Accounts over 90 days delinquent.

-Reportable delinquencies do not include balances associated with long standing disputes between DC Water and two large commercial customers.

D.C. WATER AND SEWER AUTHORITY
 FY 2013 CASH FLOW SUMMARY
 through 11/30/12
 (\$ in 000's)

	Annual Budget Cash Basis	YTD 17% Cash Budget	YTD Actual Cash Oct. 1, 2012 - Nov. 30, 2012	Variance Favorable (Unfavorable)	
OPERATING BUDGET					
Cash Provided					
Retail	318,168	53,028	60,481	7,453	14%
Wholesale	75,195	12,532	18,257	5,724	46%
Other	47,497	7,916	5,978	(1,938)	-24%
Transfer from Rate Stabilization Fund	6,500	1,083		(1,083)	-100%
Total Cash Provided	447,359	74,560	84,717	10,157	14%
Operating Cash Used					
Personnel Services	99,919	16,653	15,461	1,192	7%
Contractual Services	82,350	13,725	17,214	(3,489)	-25%
Chemicals & Supplies	31,360	5,227	4,976	251	5%
Utilities	34,185	5,698	1,088	4,609	81%
Water Purchases	31,513	5,252	5,193	59	1%
Small Equipment	993	166	264	(98)	-59%
Total Operating Cash Used	280,320	46,720	44,195	2,525	5%
Other Cash Used					
Debt Service	116,179	19,363	17,235	2,128	11%
Payment in Lieu of Taxes/Right of Way	21,982	3,664	4,379	(715)	-20%
Total Other Cash Used	138,161	23,027	21,614	1,413	6%
Total Cash Used	418,481	69,747	65,809	3,938	6%
Net Cash Provided (Used) by Operating Act.	28,878	4,813	18,907	14,094	
CAPITAL BUDGET					
Cash Provided					
Debt Proceeds	319,568	53,261	42,325	(10,936)	-21%
Capital Equipment Financing	10,799	1,800		(1,800)	-100%
EPA Grants	32,424	5,404	3,351	(2,053)	-38%
CSO Grants	30,000	5,000	8,136	3,136	63%
Interest Income	303	51	199	149	295%
Wholesale Capital Contributions	225,614	37,602	47,269	9,667	26%
Total Cash Provided	618,709	103,118	101,280	(1,838)	-2%
Cash Used					
WASA Capital Program	631,968	105,328	80,055	25,273	24%
Washington Aqueduct Projects	10,598	1,766		1,766	100%
Total Cash Used	642,566	107,094	80,055	27,040	25%
Net Cash/PAYGO Provided (Used) by Cap. Act.	(23,857)	(3,976)	21,225	25,201	
Beginning Balance, October 1 (Net of Rate Stab. Fund) Projected					
Plus (Less) Operating Surplus	28,878	4,813	18,907		
Wholesale Customer Refunds from Prior Years	(5,800)	(967)			
Interest Earned From Bond Reserve	120	20	26		
Transfer to Rate Stabilization Fund	(4,100)	(683)			
Prior Year Federal Billing Reconciliation	(5,105)	(851)			
Customer Rebate	(4,200)	(700)			
Cash Used for Capital	(23,857)	(3,976)	21,225		
Balance Attributable to O&M Reserve	126,187		180,410		
OTHER CASH RESERVES					
		Current Balance			
Rate Stabilization Fund	27,950				
CSO Long-Term Control Plan Appropriation	40,051				
DC PILOT Reserve Fund	14,474				

Finance and Budget Committee - 2. November 2012 Financial Report (Attachment 1) - Yvette Downs and Robert Hunt

**FY 2013 Overtime
Budget vs Actual
Period Ended November 30, 2012**

Department	FY 2012						FY 2013				
	FY 2013 Year-to-Date						YTD Overtime as % of YTD Regular				
	Annual Budget	Actual	Percent of Budget Expended	Actual to Budget \$ Variance	Annual Budget	Percent of Annual Budget Expended		Straight-Line Budget 10/01/12 - 11/30/12	Actual 10/01/12 - 11/30/12	Actual to Straight-Line Budget Variance	Percentage YTD Straight- Line Budget Expended
Office of the Secretary	4,000	2,729.28	68%	1,271	4,000	3%	667	134	533	20%	0%
General Manager	13,000	1,493	11%	11,507	10,000	2%	1,667	210	1,457	13%	0%
General Counsel	2,000	619	31%	1,381	2,000	0%	333	0	333	0%	0%
External Affairs	2,000	1,090	54%	910	2,000	18%	333	360	(26)	108%	0%
Internal Audit	-	-	0%	-	-	0%	0	0	0	0%	0%
Information Technology	24,006	23,207	97%	799	20,000	45%	3,333	9,029	(5,695)	271%	5%
Procurement	30,000	15,792	53%	14,208	30,000	36%	5,000	10,919	(5,919)	218%	3%
Customer Service	240,000	178,495	74%	61,505	240,000	17%	40,000	40,320	(320)	101%	3%
Finance & Budget	30,000	18,725	62%	11,275	30,000	39%	5,000	11,824	(6,824)	236%	2%
Risk Management	1,000	132	13%	868	1,000	0%	167	0	167	0%	0%
Assistant General Manager	1,000	1,040	104%	(40)	1,000	29%	167	293	(126)	176%	1%
Human Capital Management	5,000	26,255	525%	(21,255)	5,000	10%	833	518	315	62%	0%
Occupational Safety & Health	2,000	924	46%	1,076	2,000	1%	333	24	309	7%	0%
Facilities & Security	150,000	190,193	127%	(40,193)	200,000	26%	33,333	52,788	(19,455)	158%	8%
Water / Sewer Pump Maintenance	200,000	142,036	71%	57,964	200,000	25%	33,333	50,835	(17,501)	153%	11%
Engineering & Technical Services	548,481	784,446	143%	(235,965)	680,000	17%	113,333	117,482	(4,148)	104%	6%
Water Services	1,080,000	880,798	82%	199,202	1,080,000	19%	180,000	205,650	(25,650)	114%	11%
Clean Rivers	25,000	0	0%	25,000	5,000	16%	833	820	13	98%	1%
Sewer Services	900,000	872,734	97%	27,266	900,000	30%	150,000	272,171	(122,171)	181%	14%
Wastewater Treatment - Operations	956,000	1,092,676	114%	(136,676)	847,209	22%	141,202	188,091	(46,889)	133%	12%
Process Engineering	0	0	-	-	195,000	4%	32,500	8,523	23,977	26%	3%
Maintenance Services	800,000	717,769	90%	82,231	700,000	15%	116,667	104,550	12,116	90%	8%
Permit Operations	2,500	1,803	72%	697	11,000	0%	1,833	0	1,833	0%	0%
Fleet Management	1,000	808	81%	192	1,000	44%	167	435	(269)	261%	1%
Total DC WATER	\$5,016,987	\$4,953,761	99%	\$63,226	\$5,166,209	21%	\$861,035	\$1,074,975	-\$213,940	125%	7.5%

Notes:

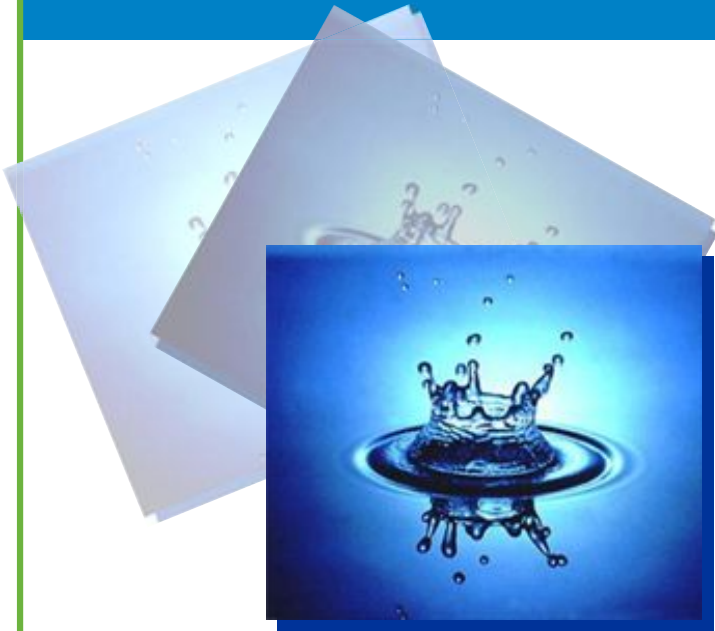
- (1) "Budget 10/01/12 - 11/30/12 " reflects annual budget straight-lined
- (2) "% YTD Budget Expended" reflects variance between straight-lined budget to-date and actual overtime
- (3) "Actual 10/01/12 thru. 11/30/12" includes 13 days accruals for November.
- (3) YTD payroll does not include fringe benefits

Finance and Budget Committee - 2. November 2012 Financial Report (Attachment 1) - Yvette Downs and Robert Hunt

Capital Projects
 FY 2013 Disbursements Analysis
 as of November 30, 2012
 (000's)

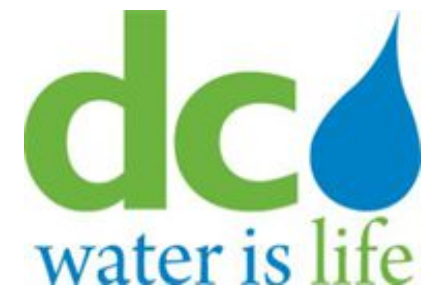
Description	(Proposed) FY 2013 Revised Disbursements Budget		Actual Disbursements		% of (Proposed) FY 2013 Revised Disbursements Budget		Commitments
	Annual	YTD	NOV. '12	¹ YTD	Annual	YTD	
Wastewater Treatment						<i>16% of Fiscal Year Completed</i>	
Liquid Processing Projects	\$23,884	\$4,492	\$424	\$2,992	13%	67%	31,054
Plantwide Projects	27,128	\$3,243	488	2,368	9%	73%	38,255
Solids Processing Projects	159,690	\$23,421	9,468	27,019	17%	115%	331,825
Enhanced Nitrogen Removal Facilities (formerly Total Nitrogen Program)	<u>147,842</u>	<u>30,171</u>	<u>4,862</u>	<u>16,136</u>	11%	53%	<u>213,766</u>
Total Wastewater Treatment	358,543	61,327	15,242	48,514	14%	79%	614,900
Sanitary Sewer							
Sanitary Collection Sewers	858	177	-	56	6%	31%	1,717
Sanitary On-Going Projects	10,544	558	177	931	9%	167%	6,230
Sanitary Pumping Facilities	679	143	-	170	25%	119%	460
Sanitary Sewer Program Management	4,229	768	617	875	21%	114%	15,668
Sanitary Interceptor/Trunk Force Sewers	<u>12,774</u>	<u>1,829</u>	<u>309</u>	<u>1,316</u>	10%	72%	<u>16,562</u>
Total Sanitary Sewer	29,084	3,474	1,102	3,347	12%	96%	40,636
Combined Sewer Overflow							
CSO Program Management	1,634	223	227	227	14%	102%	11,600
Combined Sewer Projects D.C. Clean Rivers Project (aka Long-Term Control Plan)	<u>8,955</u>	<u>1,926</u>	<u>89</u>	<u>407</u>	5%	21%	<u>7,209</u>
Total Combined Sewer Overflow	163,509	29,897	1,887	16,336	10%	55%	254,537
Stormwater							
Stormwater Local Drainage	28	2	-	0	0%	0%	239
Stormwater On-Going Program	812	109	3	4	1%	4%	381
Stormwater Pumping Facilities	-	-	-	0	-	-	0
DDOT Stormwater Program	2	0	-	0	0%	-	0
Stormwater Research and Program Management	289	45	57	57	20%	127%	1,240
Stormwater Trunk/Force Sewers	<u>2,120</u>	<u>196</u>	<u>138</u>	<u>231</u>	11%	118%	<u>735</u>
Total Stormwater	3,252	352	197	291	9%	83%	2,595
Water							
Water Distribution Systems	25,445	4,987	513	4,257	17%	85%	30,193
Water On-Going Projects	10,321	1,074	400	935	9%	87%	2,150
Water Pumping Facilities	3,226	475	86	304	9%	64%	15,423
DDOT Water Projects	5,791	1,047	-	0	-	-	6,663
Water Storage Facilities	1,353	268	-	7	1%	3%	1,385
Water Projects Program Management	4,332	635	-	975	22%	153%	9,622
Water Lead Program	1,860	348	-	323	17%	93%	6,211
AMR Installation / Replacement	<u>8,529</u>	<u>1,422</u>	<u>0</u>	<u>739</u>	9%	52%	<u>498</u>
Total Water	60,858	10,254	998	7,539	12%	74%	72,144
Washington Aqueduct	10,598	0	-	0	0%		
Capital Equipment	16,722	2,787	941	4,027	24%	144%	5,652
Total Capital Projects	\$642,565	\$108,091	\$20,367	\$80,055	12%	74%	990,465

¹ Includes actual OCIP related disbursements of \$206,071



DC Water

Investment Performance Report – November 2012



DC Water
Finance Division
Economic Update

ECONOMIC COMMENTARY

- The first revision to third-quarter gross domestic product (GDP) growth showed that the U.S. economy expanded at a 2.7% annual rate.
- The Conference Board's consumer confidence index rose to 73.7 in November from 73.1 in October; both of these readings are the highest since February 2008.
- The markets have begun to worry about the fiscal cliff. The fiscal cliff is caused by the Bush era tax cuts expiring, the payroll tax break ending, and budget cuts kicking in. In the extreme, failure to resolve these issues could drag the economy back into recession, though it may take months to feel the effects.
- Payrolls increased by 146,000 in November and the jobless rate fell to 7.7%, almost a four year low.

PORTFOLIO RECAP

- The portfolio is diversified among Bank Deposits, Commercial Paper, Federal Agencies, U.S. Treasuries, FDIC Insured CDs, and SEC registered money market funds.
- The overall yield-to-cost of the portfolio is 0.31%.
- The portfolio is in compliance with the Authority's Investment Policy.

Operating Reserve Fund

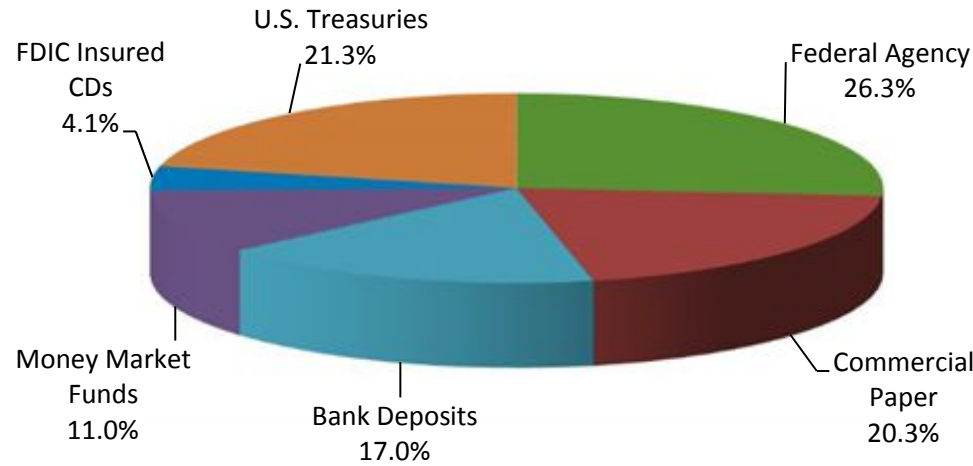
- The Authority purchased \$30 million of 2 to 4 month Federal Agency discount notes at an average yield of 0.10%.
- The Authority purchased \$45 million of 2 to 4 month commercial paper with an average yield of 0.20%.

2012 Bond Construction Fund

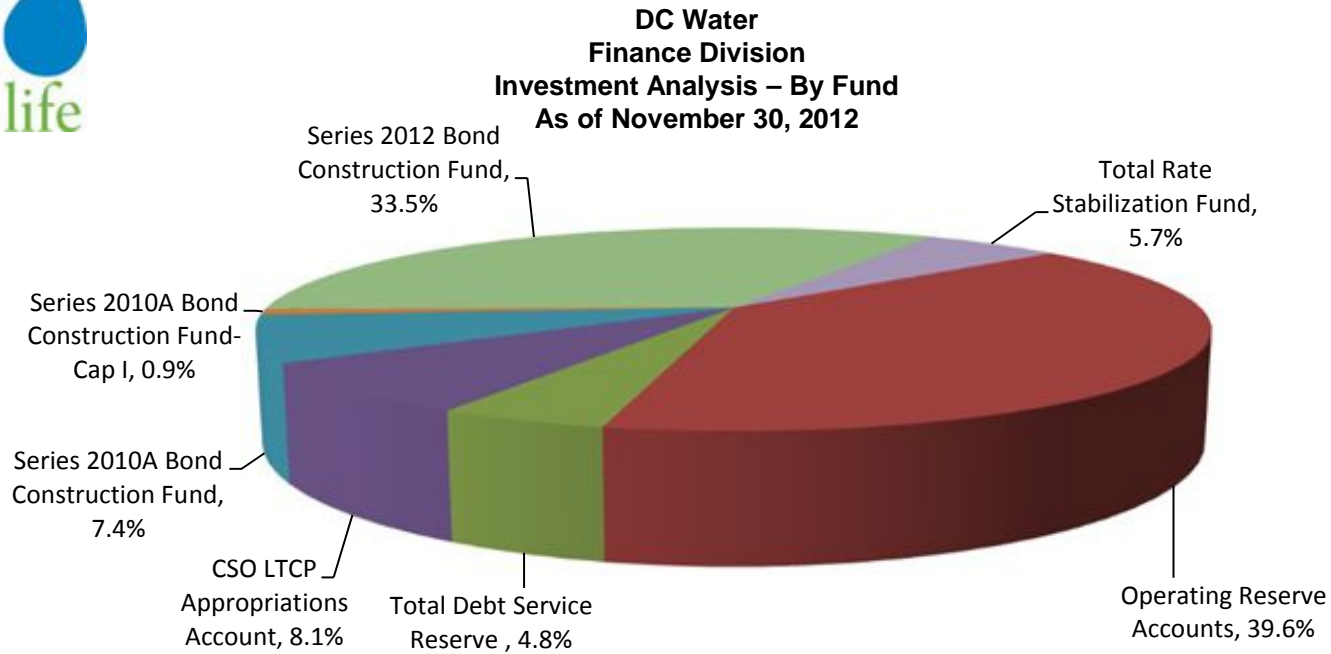
- The Authority purchased \$15 million of 3 month Federal Agency discount notes with a yield of 0.10%.
- The Authority purchased \$25 million of 3 month U.S. Treasury notes with a yield of 0.09%.



**DC Water
Finance Division
Investments - By Security Type
As of November 30, 2012**



Security Type	Book Value + Accrued Interest	Asset Allocation	Permitted By Policy
Bank Deposits	\$ 83,616,223	17.0%	100.0%
Money Market Funds	54,328,900	11.0%	100.0%
Bankers Acceptances	-	0.0%	40.0%
Commercial Paper	99,962,613	20.3%	35.0%
U.S. Treasuries	104,997,019	21.3%	100.0%
Federal Agency	129,773,723	26.3%	80.0%
FDIC Insured CDs	20,056,270	4.1%	30.0%
Municipal Obligations	-	0.0%	20.0%
Total	\$ 492,734,747	100.0%	

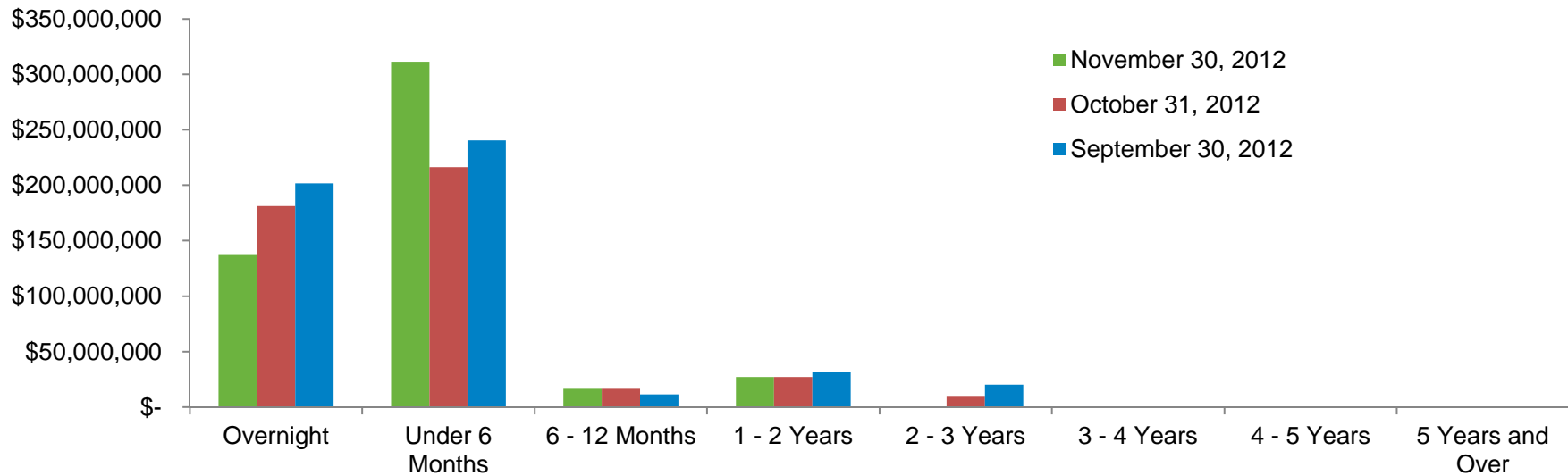


Fund Name	Book Value + Accrued Interest	Yield-to- Maturity at Cost	Effective Duration (years)	Weighted Average Maturity (days)
Total Rate Stabilization Fund	\$ 27,962,150	0.44%	0.06	23.5
Operating Reserve Accounts	\$ 194,964,360	0.50%	0.31	112.5
Total Debt Service Reserve	\$ 23,408,465	0.24%	0.26	95.9
Series 2010A Bond Construction Fund	\$ 36,512,162	0.07%	0.04	15.2
Series 2010A Bond Construction Fund- Cap I	\$ 4,560,099	0.88%	0.73	268.7
Total CSO LTCP Appropriations Account	\$ 40,055,279	0.39%	0.06	21.2
2012 Bond Construction Fund	\$ 165,272,231	0.11%	0.11	39.5
Total	\$ 492,734,747	0.31%	0.19	69.0



**DC Water
Finance Division
Investment Analysis – By Maturity**

Maturity Distribution	November 30, 2012	October 31, 2012	September 30, 2012
Overnight \$	137,945,122.36 \$	181,277,552.58 \$	201,530,950.36
Under 6 Months	311,385,371.64	216,277,509.14	240,361,970.84
6 - 12 Months	16,413,698.05	16,441,628.36	11,433,371.94
1 - 2 Years	26,990,554.76	26,971,088.16	31,968,862.75
2 - 3 Years	-	10,040,590.28	20,056,464.10
3 - 4 Years	-	-	-
4 - 5 Years	-	-	-
5 Years and Over	-	-	-
Totals \$	492,734,746.81 \$	451,008,368.52 \$	505,351,619.99





**DC Water
Finance Division
Investments – Issuer Allocation**

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
Bank Deposits					
TD Bank		73,557,448.50	14.9%	100.0%	Yes
Premier Bank		5,027,924.71	1.0%	100.0%	Yes
Capital One Bank		5,030,849.42	1.0%	100.0%	Yes
Sub-Total Bank Deposits		83,616,222.63	17.0%	100.0%	Yes
Money Market Mutual Funds					
American Beacon MMF	AAA	1,483,101.65	0.3%	50.0%	Yes
Williams Capital Money Market Fund	AAA	2,500,188.78	0.5%	50.0%	Yes
Merrill Lynch MMF	AAA	1,184,794.66	0.2%	50.0%	Yes
Wells Fargo Advantage Treasury Plus	AAA	14,633,699.51	3.0%	50.0%	Yes
Wells Fargo Government MMF	AAA	34,527,115.13	7.0%	50.0%	Yes
Sub-Total Money Market Mutual Funds		54,328,899.73	11.0%	100.0%	Yes
Certificates of Deposit					
CDARs - Placed by Industrial Bank	NR / NR	15,037,260.28	3.1%	30.0%	Yes
CDARs - Placed by City First Bank	NR / NR	5,019,009.56	1.0%	30.0%	Yes
Sub-Total Certificates of Deposit		20,056,269.84	4.1%	30.0%	Yes
Commercial Paper					
Baylor University Comm Paper	A-1+ / NR	9,998,166.70	2.0%	5.0%	Yes
Bank Of Nova Scotia Ny Comm Paper	A-1+ / P-1	9,998,866.70	2.0%	5.0%	Yes
Fcar Owner Trust Comm Paper	A-1+ / P-1	9,991,188.90	2.0%	5.0%	Yes
General Elec Cap Corp Comm Paper	A-1+ / P-1	9,992,911.10	2.0%	5.0%	Yes
Jp Morgan Chase & Co Comm Paper	A-1 / P-1	4,998,675.00	1.0%	5.0%	Yes
Metlife Short Term Funding Comm Paper	A-1+ / P-1	4,997,969.45	1.0%	5.0%	Yes
Mizuho Funding Llc Comm Paper	A-1 / P-1	9,998,100.00	2.0%	5.0%	Yes
Nestle Finance Intl Ltd Comm Paper	A-1+ / P-1	9,998,122.20	2.0%	5.0%	Yes
Private Export Fund Comm Paper	A-1 / P-1	9,994,250.00	2.0%	5.0%	Yes
Sumitomo Corp Of America Comm Paper	A-1 / P-1	9,994,487.80	2.0%	5.0%	Yes
Wells Fargo & Company Comm Paper	A-1 / P-1	9,999,875.00	2.0%	5.0%	Yes
Sub-Total Commercial Paper		99,962,612.85	20.3%	35.0%	Yes
Federal Agencies					
Fannie Mae	AA+ / Aaa	2,808,198.77	0.6%	40.0%	Yes
Freddie Mac	AA+ / Aaa	59,986,950.10	12.2%	40.0%	Yes
Federal Home Loan Bank	AA+ / Aaa	66,978,574.12	13.6%	40.0%	Yes
Sub-Total Federal Agencies		129,773,722.99	26.3%	100.0%	Yes
Treasuries					
Treasury Note	AA+ / Aaa	104,997,018.77	21.3%	100.0%	Yes
Sub-Total Treasuries		104,997,018.77	21.3%	100.0%	Yes
Total		\$ 492,734,746.81	100.0%		



**DC Water
Finance Division
Book Value Performance
As of November 30, 2012**

The portfolio is in compliance with the Authority's Investment Policy

	Trailing 1 Months		Trailing 3 Months		Trailing 6 Months		Trailing 12 Months
	Periodic	Annualized	Periodic	Annualized	Periodic	Annualized	
Total Rate Stabilization Fund	0.03%	0.42%	0.13%	0.53%	0.32%	0.64%	0.60%
Operating Reserve Accounts	0.00%	0.02%	0.11%	0.44%	0.25%	0.51%	0.56%
Total Debt Service Reserve	0.04%	0.48%	0.12%	0.49%	0.26%	0.51%	0.54%
Total CSO LTCP Appropriations Account	0.01%	0.13%	0.03%	0.13%	0.07%	0.14%	0.25%
2010A Construction Fund	0.01%	0.07%	0.01%	0.04%	0.03%	0.06%	0.10%
2010A Capitalized Interest Fund	0.08%	0.92%	0.21%	0.86%	0.41%	0.82%	0.77%
2012 Construction Fund	0.01%	0.10%	0.02%	0.09%	0.05%	0.10%	n/a
Short-Term	0.02%	0.28%	0.08%	0.33%	0.16%	0.31%	0.34%
Merrill Lynch 3-Month Treasury Index (Book Value) ¹	0.01%	0.08%	0.02%	0.10%	0.05%	0.09%	0.07%
Core (1+ Years)	0.07%	0.87%	0.21%	0.86%	0.42%	0.84%	0.87%
Merrill Lynch 1-3 Year Treasury Index (Book Value) ²	0.02%	0.26%	0.07%	0.27%	0.13%	0.27%	0.28%

- (1) The Merrill Lynch 3-Month Treasury Bill is an unmanaged index tracking the on-the-run Treasury Bill. The Index is produced and maintained by Merrill Lynch & Co. Performance for this index is shown on a book value basis.
- (2) The Merrill Lynch 3-Month Treasury Bill is an unmanaged index tracking a basket of U.S. Treasuries with 1 to 3 year maturities. The Index is produced and maintained by Merrill Lynch & Co. Performance for this index is shown on a book value basis.

Investment Performance Report – November 2012



DC Water
Finance Division
Portfolio Holdings by Fund

DESCRIPTION	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
Total Rate Stabilization Fund									
TD BANK BANK DEPOSIT	\$ 7,965,883		12/1/2012		0.90%	\$ 7,965,883	\$ 7,965,883	\$ 7,965,883	
MIZUHO FUNDING LLC COMM PAPER	10,000,000	-	12/20/2012	8/29/2012	0.36%	9,988,700	9,999,060	9,998,100	
BAYLOR UNIVERSITY COMM PAPER	10,000,000	-	1/14/2013	9/26/2012	0.15%	9,995,417	9,995,417	9,998,167	
									\$ 27,962,150.03
Operating Reserve Accounts									
TD BANK BANK DEPOSIT	\$ 52,044,873		12/1/2012		0.90%	\$ 52,044,873	\$ 52,044,873	\$ 52,044,873	
CAPITAL ONE BANK	5,030,849		12/1/2012		0.50%	5,030,849	5,030,849	5,030,849	
WILLIAMS CAPITAL MONEY MARKET FUND	2,500,189		12/1/2012		0.00%	2,500,189	2,500,189	2,500,189	
WELLS FARGO & COMPANY COMM PAPER	10,000,000	-	12/4/2012	8/29/2012	0.15%	9,995,958	9,999,840	9,999,875	
SUMITOMO CORP OF AMERICA COMM PAPER	10,000,000	-	1/14/2013	8/29/2012	0.45%	9,982,712	9,997,380	9,994,488	
NESTLE FINANCE INTL LTD COMM PAPER	10,000,000	-	1/22/2013	11/20/2012	0.13%	9,997,725	9,998,530	9,998,122	
FHLB DISC NOTE	10,000,000	-	1/25/2013	11/20/2012	0.07%	9,998,808	9,997,918	9,999,007	
INDUSTRIAL BANK CDARS	2,500,000	0.500	1/27/2013	1/26/2012	0.50%	2,500,000	2,510,616	2,510,616	
METLIFE SHORT TERM FUNDING COMM PAPER	5,000,000	-	2/25/2013	11/27/2012	0.17%	4,997,875	4,997,875	4,997,969	
FHLMC DISC NOTE	15,000,000	-	2/28/2013	11/20/2012	0.11%	14,995,417	14,994,047	14,995,921	
CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,500,000	0.500	3/23/2013	3/23/2012	0.50%	2,500,000	2,510,378	2,508,641	
PRIVATE EXPORT FUND COMM PAPER	10,000,000	-	3/26/2013	11/27/2012	0.18%	9,994,050	9,994,050	9,994,250	
GENERAL ELEC CAP CORP COMM PAPER	10,000,000	-	3/27/2013	11/27/2012	0.22%	9,992,667	9,992,667	9,992,911	
FHLMC DISC NOTE	5,000,000	-	3/28/2013	11/27/2012	0.12%	4,997,983	4,997,983	4,998,050	
FCAR OWNER TRUST COMM PAPER	10,000,000	-	4/2/2013	11/27/2012	0.26%	9,990,900	9,990,900	9,991,189	
FHLB NOTES	10,000,000	0.750	8/28/2013	5/18/2011	0.72%	10,008,025	10,042,825	10,005,626	
INDUSTRIAL BANK CDARS	5,000,000	0.600	10/17/2013	10/18/2012	0.60%	5,000,000	5,003,616	5,003,616	
FHLB TAP BONDS	10,000,000	3.125	12/13/2013	5/19/2011	0.99%	10,675,134	10,443,453	10,364,771	
INDUSTRIAL BANK CDARS	2,500,000	0.900	1/27/2014	1/26/2012	0.90%	2,500,000	2,519,110	2,519,110	
CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,500,000	0.600	3/23/2014	3/23/2012	0.60%	2,500,000	2,516,158	2,510,369	
INDUSTRIAL BANK CDARS	5,000,000	0.650	10/16/2014	10/18/2012	0.65%	5,000,000	5,003,918	5,003,918	
									\$ 194,964,360.01
Total Debt Service Reserve									
MERRILL LYNCH MMF	1,184,795		12/1/2012		0.06%	1,184,795	1,184,795	1,184,795	
WELLS FARGO GOVERNMENT MMF	12,036,351		12/1/2012		0.02%	12,036,351	12,036,351	12,036,351	
JP MORGAN CHASE & CO COMM PAPER	5,000,000	-	1/23/2013	10/24/2012	0.18%	4,997,725	4,999,310	4,998,675	
FHLB TAP BONDS	5,000,000	3.125	12/13/2013	5/25/2011	0.87%	5,354,034	5,221,727	5,188,645	
									\$ 23,408,465.08

Investment Performance Report – November 2012



DC Water
Finance Division
Portfolio Holdings by Fund

DESCRIPTION	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
Series 2010A Bond Construction Fund									
WELLS FARGO ADVANTAGE TREASURY PLUS	\$ 14,396,111		12/1/2012		0.01%	\$ 14,396,111	\$ 14,396,111	\$ 14,396,111	
WELLS FARGO GOVERNMENT MMF	2,117,640		12/1/2012		0.02%	2,117,640	2,117,640	2,117,640	
US TREASURY BILL	20,000,000	-	12/27/2012	10/24/2012	0.11%	19,996,089	19,998,600	19,998,411	
									\$ 36,512,162.26
Series 2010A Bond Construction Fund- Cap I									
WELLS FARGO GOVERNMENT MMF	\$ 89,869		12/1/2012		0.02%	\$ 89,869	\$ 89,869	\$ 89,869	
WELLS FARGO ADVANTAGE TREASURY PLUS	237,589		12/1/2012		0.01%	237,589	237,589	237,589	
FHLB TAP BONDS	1,400,000	3.875	3/8/2013	3/16/2011	0.70%	1,488,359	1,426,146	1,424,443	
FNMA NOTES	1,400,000	1.125	9/30/2013	3/16/2011	0.97%	1,412,681	1,413,222	1,404,456	
FNMA NOTES (EX-CALLABLE)	1,400,000	1.250	3/14/2014	3/16/2011	1.19%	1,402,617	1,421,659	1,403,743	
									\$ 4,560,099.10
Total CSO LTCP Appropriations Account									
TD BANK BANK DEPOSIT	\$ 13,546,692		12/1/2012		0.90%	\$ 13,546,692	\$ 13,546,692	\$ 13,546,692	
PREMIER BANK DEPOSIT	5,027,925		12/1/2012		0.24%	5,027,925	5,027,925	5,027,925	
AMERICAN BEACON MMF	1,483,102		12/1/2012		0.11%	1,483,102	1,483,102	1,483,102	
BANK OF NOVA SCOTIA NY COMM PAPER	10,000,000	-	1/4/2013	9/26/2012	0.12%	9,996,667	9,998,670	9,998,867	
FHLB DISC NOTE	10,000,000	-	1/17/2013	9/27/2012	0.10%	9,996,889	9,998,109	9,998,694	
									\$ 40,055,279.34
Series 2012 Bond Construction Fund									
WELLS FARGO GOVERNMENT MMF	\$ 20,283,255		12/1/2012		0.02%	\$ 20,283,255	\$ 20,283,255	\$ 20,283,255	
US TREASURY NOTES	24,500,000	1.125	12/15/2012	3/27/2012	0.18%	24,743,133	24,633,958	24,636,086	
US TREASURY NOTES	35,000,000	1.125	12/15/2012	10/24/2012	0.13%	35,126,785	35,191,369	35,195,065	
FHLB DISC NOTE	20,000,000	-	1/17/2013	9/27/2012	0.10%	19,993,778	19,996,217	19,997,389	
FHLMC DISC NOTE	25,000,000	-	1/29/2013	9/26/2012	0.09%	24,992,188	24,994,579	24,996,313	
US TREASURY NOTES	25,000,000	1.375	2/15/2013	11/20/2012	0.08%	25,076,210	25,164,358	25,167,457	
FHLMC DISC NOTE	15,000,000	-	2/19/2013	11/20/2012	0.10%	14,996,208	14,994,932	14,996,667	
									\$ 165,272,230.99
						\$ 493,129,854.98	\$ 492,903,718.68	\$ 492,734,746.81	\$ 492,734,746.81

Investment Performance Report – November 2012



DC Water
Finance Division
Security Transactions
Last 6 Months

ACCOUNT	CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
Purchases								
DC WASA 2010A CONSTRUCTION FUND	92181NJD0	V ANDERBILT UNIVERSITY COMM PAPER	10,000,000	-	09/13/12	06/26/12	0.152	\$ 9,996,708.33
DC WASA 2010A CONSTRUCTION FUND	06416JJB0	BANK OF NOVA SCOTIA NY COMM PAPER	10,000,000	-	09/11/12	07/31/12	0.107	\$ 9,998,775.00
DC WASA 2010A CONSTRUCTION FUND	90526MJE8	UNION BANK NA COMM PAPER	10,000,000	-	09/14/12	07/31/12	0.071	\$ 9,999,125.00
DC WASA 2010A CONSTRUCTION FUND	9127956Y2	US TREASURY BILL	20,000,000	-	12/27/12	10/24/12	0.112	\$ 19,996,088.89
DC WASA OPERATING RESERVE ACCOUNTS	36959HJT5	GENERAL ELEC CAP CORP COMM PAPER	10,000,000	-	09/27/12	06/29/12	0.152	\$ 9,996,250.00
DC WASA OPERATING RESERVE ACCOUNTS	86561ANE3	SUMITOMO CORP OF AMERICA COMM PAPER	10,000,000	-	01/14/13	08/29/12	0.458	\$ 9,982,711.67
DC WASA OPERATING RESERVE ACCOUNTS	9497F0M41	WELLS FARGO & COMPANY COMM PAPER	10,000,000	-	12/04/12	08/29/12	0.152	\$ 9,995,958.33
DC WASA OPERATING RESERVE ACCOUNTS	RE0937269	INDUSTRIAL BANK CDARS	5,000,000	0.650	10/16/14	10/18/12	0.659	\$ 5,000,000.00
DC WASA OPERATING RESERVE ACCOUNTS	RE0937277	INDUSTRIAL BANK CDARS	5,000,000	0.600	10/17/13	10/18/12	0.608	\$ 5,000,000.00
DC WASA OPERATING RESERVE ACCOUNTS	64105RNN6	NESTLE FINANCE INTL LTD COMM PAPER	10,000,000	-	01/22/13	11/20/12	0.132	\$ 9,997,725.00
DC WASA OPERATING RESERVE ACCOUNTS	313385BA3	FHLB DISC NOTE	10,000,000	-	01/25/13	11/20/12	0.066	\$ 9,998,808.33
DC WASA OPERATING RESERVE ACCOUNTS	313397CL3	FHLMC DISC NOTE	15,000,000	-	02/28/13	11/20/12	0.112	\$ 14,995,416.67
DC WASA OPERATING RESERVE ACCOUNTS	3024A6R20	FCAR OWNER TRUST COMM PAPER	10,000,000	-	04/02/13	11/27/12	0.264	\$ 9,990,900.00
DC WASA OPERATING RESERVE ACCOUNTS	36959HQT7	GENERAL ELEC CAP CORP COMM PAPER	10,000,000	-	03/27/13	11/27/12	0.223	\$ 9,992,666.67
DC WASA OPERATING RESERVE ACCOUNTS	59157TPR8	METLIFE SHORT TERM FUNDING COMM PAPER	5,000,000	-	02/25/13	11/27/12	0.172	\$ 4,997,875.00
DC WASA OPERATING RESERVE ACCOUNTS	7426M4QS9	PRIVATE EXPORT FUND COMM PAPER	10,000,000	-	03/26/13	11/27/12	0.183	\$ 9,994,050.00
DC WASA OPERATING RESERVE ACCOUNTS	313397DQ1	FHLMC DISC NOTE	5,000,000	-	03/28/13	11/27/12	0.122	\$ 4,997,983.33
DC WASA TOTAL CSO LTCP APPROPRIATIONS	313396H22	FHLMC DISC NOTE	10,000,000	-	09/24/12	06/26/12	0.101	\$ 9,997,500.00
DC WASA TOTAL CSO LTCP APPROPRIATIONS	313588G58	FANNIE MA E DISC NOTE	10,000,000	-	09/19/12	06/29/12	0.112	\$ 9,997,494.45
DC WASA TOTAL CSO LTCP APPROPRIATIONS	06416JN41	BANK OF NOVA SCOTIA NY COMM PAPER	10,000,000	-	01/04/13	09/26/12	0.122	\$ 9,996,666.67
DC WASA TOTAL CSO LTCP APPROPRIATIONS	313385AS5	FHLB DISC NOTE	10,000,000	-	01/17/13	09/27/12	0.101	\$ 9,996,888.89
DC WASA TOTAL DEBT SERVICE RESERVE	4662J0NP3	JP MORGAN CHASE & CO COMM PAPER	5,000,000	-	01/23/13	10/24/12	0.183	\$ 4,997,725.00
DC WASA RATE STABILIZATION FD	60688FML0	MIZUHO FUNDING LLC COMM PAPER	10,000,000	-	12/20/12	08/29/12	0.365	\$ 9,988,700.00
DC WASA RATE STABILIZATION FD	07286MNE7	BAYLOR UNIVERSITY COMM PAPER	10,000,000	-	01/14/13	09/26/12	0.152	\$ 9,995,416.67
DC WASA 2012 CONSTRUCTION FUND	66844CHW7	NORTHWEST UNIVERSITY COMM PAPER	10,000,000	-	08/30/12	06/26/12	0.172	\$ 9,996,930.56
DC WASA 2012 CONSTRUCTION FUND	313384H69	FHLB DISC NOTE	20,000,000	-	09/28/12	07/31/12	0.101	\$ 19,996,722.22
DC WASA 2012 CONSTRUCTION FUND	313397BE0	FHLMC DISC NOTE	25,000,000	-	01/29/13	09/26/12	0.091	\$ 24,992,187.50
DC WASA 2012 CONSTRUCTION FUND	313385AS5	FHLB DISC NOTE	20,000,000	-	01/17/13	09/27/12	0.101	\$ 19,993,777.78
DC WASA 2012 CONSTRUCTION FUND	912828MB3	US TREASURY NOTES	35,000,000	1.125	12/15/12	10/24/12	0.135	\$ 35,190,151.13
DC WASA 2012 CONSTRUCTION FUND	912828MN7	US TREASURY NOTES	25,000,000	1.375	02/15/13	11/20/12	0.085	\$ 25,166,817.77
DC WASA 2012 CONSTRUCTION FUND	313397CB5	FHLMC DISC NOTE	15,000,000	-	02/19/13	11/20/12	0.101	\$ 14,996,208.33

Securities highlighted in **blue font** denote trades executed during the current month.



**DC Water
Finance Division
Upcoming Transaction Cash Flows
Next 30 Days**

DATE	TRANSACTION	CUSIP	DESCRIPTION	COUPON	MATURITY DATE	PAR VALUE/SHARES	PRINCIPAL	INTEREST	TOTAL
<u>Total Rate Stabilization Fund</u>									
12/20/12	MATURITY	60688FML0	MIZUHO FUNDING LLC COMM PAPER		12/20/12	10,000,000	9,988,700.00	11,300.00	10,000,000.00
<u>Operating Reserve Accounts</u>									
12/04/12	MATURITY	9497F0M41	WELLS FARGO & COMPANY COMM PAPER		12/04/12	10,000,000	9,995,958.33	4,041.67	10,000,000.00
12/13/12	INTEREST	3133XSP93	FHLB TAP BONDS	3.125	12/13/13	10,000,000	0.00	156,250.00	156,250.00
<u>Total Debt Service Reserve</u>									
12/13/12	INTEREST	3133XSP93	FHLB TAP BONDS	3.125	12/13/13	5,000,000	0.00	78,125.00	78,125.00
<u>Series 2010A Bond Construction Fund</u>									
12/27/12	MATURITY	9127956Y2	US TREASURY BILL		12/27/12	20,000,000	19,996,088.89	3,911.11	20,000,000.00
<u>Series 2012 Bond Construction Fund</u>									
12/15/12	MATURITY	912828MB3	US TREASURY NOTES	1.125	12/15/12	24,500,000	24,500,000.00	137,812.50	24,637,812.50
12/15/12	MATURITY	912828MB3	US TREASURY NOTES	1.125	12/15/12	35,000,000	35,000,000.00	196,875.00	35,196,875.00



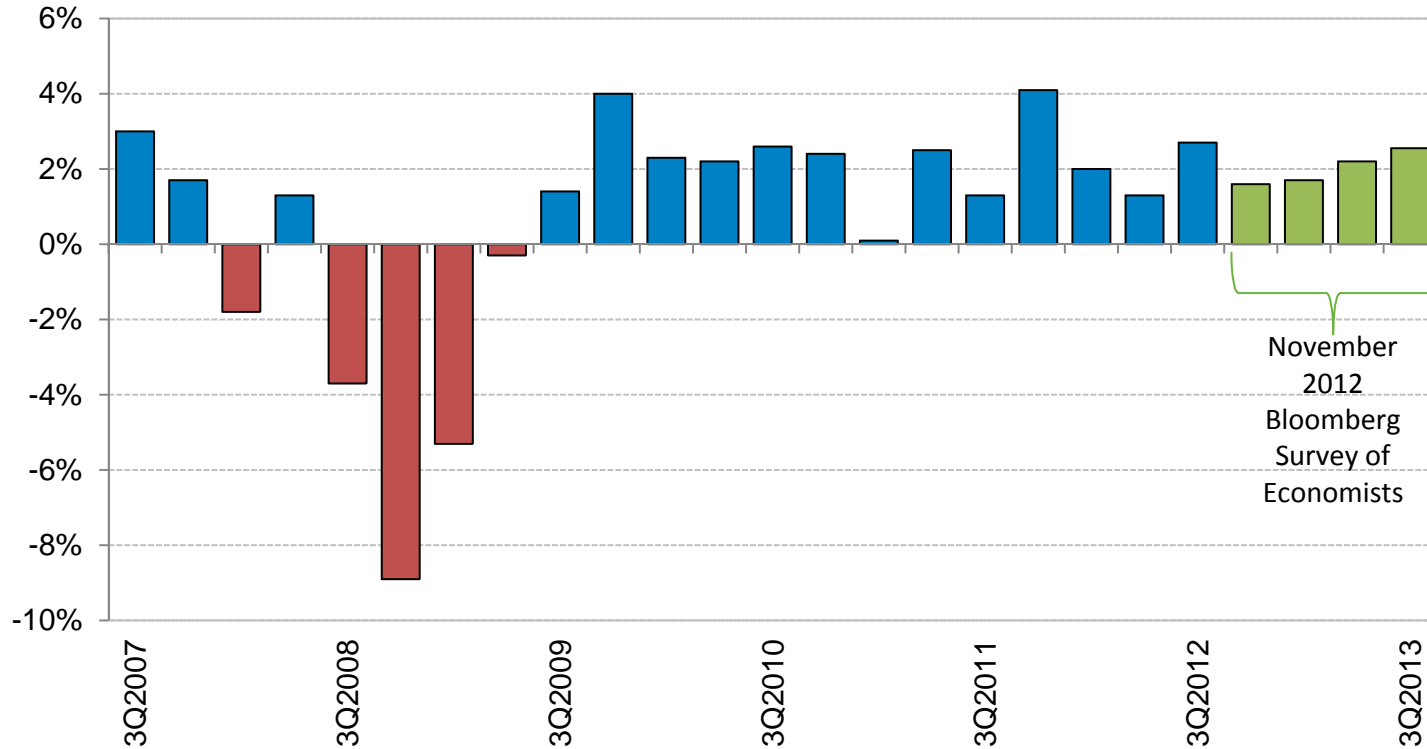
Appendix: Economic Update



GDP Grows at a Modest Rate

- Third-quarter gross domestic product in the U.S. rose at an annual rate of 2.7%
- Much of the quarter’s GDP growth was a result of inventory accumulation rather than consumption. Meanwhile, business investment and government spending lagged.

GDP Growth
July 2007 – September 2012 (projected)



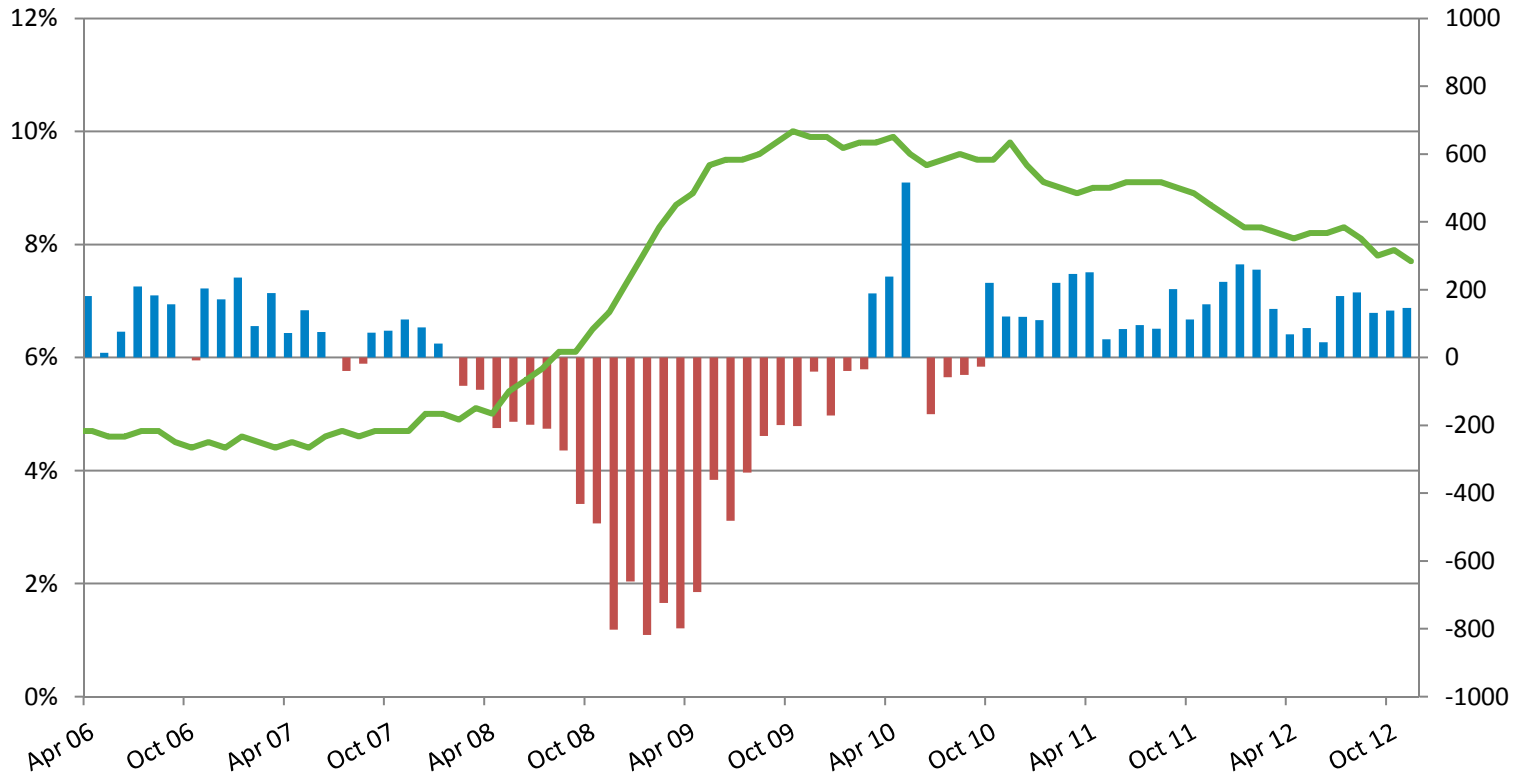
Source: Bloomberg



Encouraging Employment Report

- In November, the unemployment rate fell to 7.7%. Non-farm payrolls increased by 146,000, higher than the expected value of 85,000.

Unemployment vs. Non-Farm Payrolls
April 2006 – November 2012



Source: Bloomberg



End of FDIC TAG Program is Near

- The FDIC’s unlimited guarantee of noninterest-bearing transaction accounts is set to end at the close of the year.
- The program has been quite popular with \$1.4 trillion of deposits insured under the program.
- Some community banks support program extension, but many large financial institutions seem to oppose program extension.

Non-Interest Bearing Balances
4th Quarter 2008 – 2nd Quarter 2012

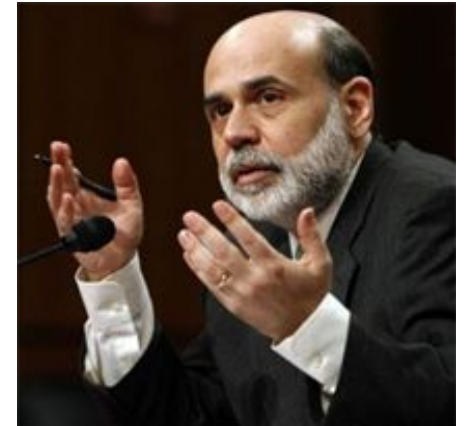




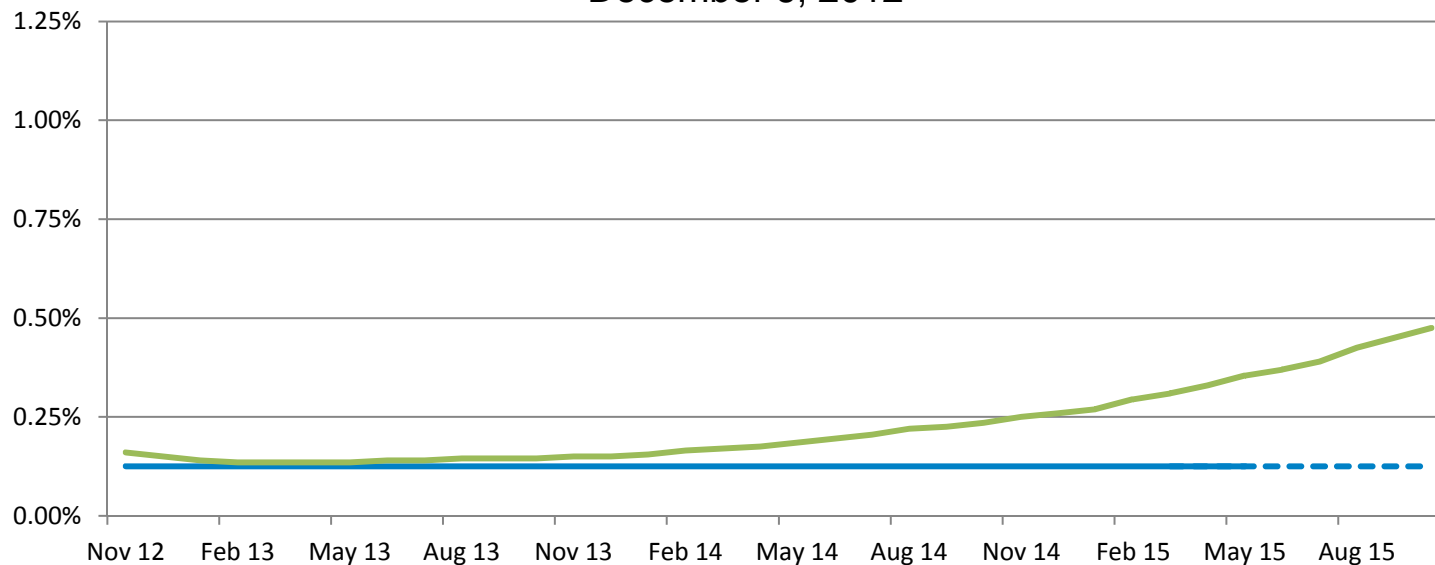
Federal Reserve Will Likely Remain on Hold

From the FOMC’s statement from its October 24, 2012, meeting:

- *“To support continued progress toward maximum employment and price stability, the Committee expects that a highly accommodative stance of monetary policy will remain appropriate for a considerable time after the economic recovery strengthens. In particular, the Committee also decided today to keep the target range for the federal funds rate at 0 to 1/4 percent and currently anticipates that exceptionally low levels for the federal funds rate are likely to be warranted at least through **mid-2015.**”*



Fed Funds Futures Contracts
December 6, 2012



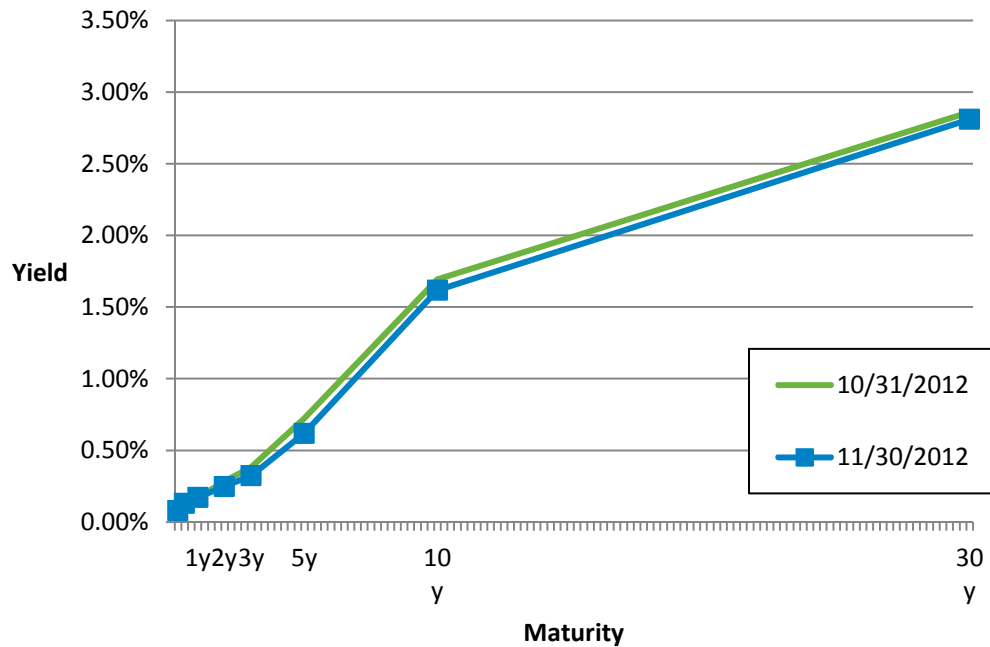
Source: Bloomberg



Interest Rates Decreased Modestly

U.S. Treasury Yield Curve

October 31, 2012 versus November 30, 2012



	10/31/2012	11/30/2012	Change
3 month	0.11%	0.08%	-0.03%
6 month	0.16%	0.13%	-0.03%
1 year	0.17%	0.17%	0.00%
2 year	0.28%	0.25%	-0.04%
3 year	0.38%	0.32%	-0.06%
5 year	0.72%	0.62%	-0.10%
10 year	1.69%	1.62%	-0.07%
30 year	2.86%	2.81%	-0.05%

Source: Bloomberg



Disclosure

This material is based on information obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC (PFMAM) cannot guarantee its accuracy, completeness or suitability.

PFMAM makes judgmental evaluations before recommending specific investment opportunities. In making these evaluations, PFMAM uses its best efforts to review sources of information that it has found to be valuable, accurate and reliable, but it may not survey all sources of publicly available information.

The views expressed within this material constitute the perspective and judgment of PFMAM at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon current opinion as of the date of issue, and are also subject to change. Opinions and data presented are not necessarily indicative of future events or expected performance. PFMAM cannot and does not claim to be able to accurately predict the future investment performance of any individual security or of any asset class.

PFMAM's investment consulting recommendations involve some degree of risk. Investment activity involving a client's assets shall be at the client's own risk, which can result in loss of investment capital, income, and/or tax benefits respecting such assets.

Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.



District of Columbia Water and Sewer Authority
George S. Hawkins, General Manager

Facilities Master Plan Update on the:
***Administrative Headquarters
Building over O Street Pump Station***

Presented to the DC Water Board of Directors

Finance & Budget Committee

***Chairman, Timothy Firestine
December 21, 2012***



Update on the Facilities Master Plan

Background:

- The 2009 Master Facilities Plan called for \$8.9 million to be expended to renovate COF
- Since completion of Master Facilities Plan - DC Water needs for space at Blue Plains have increased exponentially
 - Full renovation/expansion to meet growing needs at COF now estimated at \$42 million (\$36 million, plus \$6 million for a parking structure to accommodate all staff & contractors)
- In February 2012, the Environmental Quality and Sewerage Services Committee was briefed on the updated space requirements
 - Based on increased needs/costs, management reviewed options for new administrative space outside of Blue Plains
 - The cost of leasing space was approx. \$10 million more than building a new facility over a 30 year span and does not result in ownership or decision control
 - As lease options were not cost effective, staff proposed continuing examination of building a new facility located on DC Water land (\$400k)



Update on the Facilities Master Plan

Solution to Space Needs

New Administrative Headquarters vs. Expansion of COF

A New Administrative Headquarters Off-Site Would.....

- Address the overcrowded existing headquarters building (COF)
- Reduce the staff & visitor traffic at Blue Plains – allowing for the projected increase in construction traffic and improving safety & logistics
- Give us the ability to free up space for plant operations and future processing

.....And Ideally include:

- Location near public transit and Metro stations
- Location in Southwest DC close to DDOT, DC Office of Planning, and DC government permitting functions (inc. DC Water permitting staff at SW Waterfront)
- Green building features with LEED certification
- Administrative personnel that are not critical at Blue Plains
- Accessible public space for community outreach and education
- A start of construction within 2 years



Update on the Facilities Master Plan

At GM's directive a study was completed to look at a new Administration Building at O Street – Property under DC Water control.

Two Options/Strategies Examined

Option I: Building at 'O' Street

- Two Scenarios – Building over the 'O' pump Station or Constructing a Building adjacent to the 'O' Street pump station
- **Both Options appear feasible – estimated cost \$50 - \$63 million**

Option II: Outside of 'O' Street in SW Waterfront Area

- Land/development of potential sites already under control of developers
- Developers willing to build-to-sell for DC Water – but will not sell land – want development rights
- **Cost estimates based on figures from developers... \$63 - \$73 million**



Update on the Facilities Master Plan

Proposal to locate new Administrative Headquarters Building over the O Street pump station

Analysis Results:

- Demonstrated that long-term DC Water would be better suited on it's own land, with full control over building design & operations
- Geotechnical analysis of O Street options revealed that building over O Street was technically feasible
- Development and refinement of cost estimates based on site conditions and limitations – finalize the funding request to be made during the Revised FY13 budget process.
- Move proposal for New Headquarters to Preliminary Regulatory approval stage (CFA, Planning, NCPC, Zoning)

The goal is to design a world-class office building, with a minimum certification of LEED Gold, in order to demonstrate DC Water's commitment to Green Building principles, stormwater management and sustainable operations.



Update on the Facilities Master Plan

Coordination with the District and private developers:

- Moved proposal for Headquarters to preliminary regulatory approval stage
 - Initial Feedback positive, looking forward to a favorable review of our proposal
- Ongoing development of master plan for 'O' Street site to include concept of new Administrative Headquarters, with future needs of the Department of Sewer Services and Fleet
 - In conjunction with DC/Forest City we are looking at relocation opportunities for DSS and Fleet, to support DC Water's operations as well as allow for economic growth.
 - Growth along the waterfront area further supports our desire to be more centrally located, improving the efficiency of our operations while supporting local businesses.
 - Potential opportunity for public/private partnerships in environmental programming & education on site, as well as others.



Update on the Facilities Master Plan

Coordination with the District and private developers...

- *Good relationship with Forest City Washington*
- *Outline of the existing and proposed property lines, delineating critical DC Water facilities from the development efforts*





Update on the Facilities Master Plan



Coordination with the District and private developers...

- *Working on meeting DC Water's operational needs, incorporating long-term facility planning efforts, as well as considering larger goals for the community*
- *Potential WIN – WIN for all involved*



Update on the Facilities Master Plan

The goal is to design a world-class office building, with a minimum certification of LEED Gold, in order to demonstrate DC Water’s commitment to Green Building principles, stormwater management and sustainable operations.

Total project cost estimate = \$63 million

\$5.5M reallocated from the Anacostia Pump station conversion project

\$39.5M eliminated from 2009 plan for sewer service facilities

TOTAL IMPACT TO 2009 MASTER FACILITIES PLAN= \$18 million

Estimated Timeline:

- Year 2012: Feasibility study complete
- Year 2013: Initiate design
- Year 2014: Start Construction
- Year 2016: Complete Construction and LEED Certification

Budget	
Study/Design	\$5 million
Construction	\$53 million
Project Mgmt. / LEED Cert.	\$5 million
Total	\$63 million



Update on the Facilities Master Plan

The goal is to design a world-class office building, with a minimum certification of LEED Gold, in order to demonstrate DC Water's commitment to Green Building principles, stormwater management and sustainable operations.

Total project cost estimate = \$63 million

BUILD to OWN (DEBT SERVICE) vs. RENT OPTIONS*

Capital Funding needs for a new HQ on DC Water property

\$63M borrowed = approx. \$4.7M annually in debt service for 30 years

O&M Costs for a new HQ building estimated at \$1M annually

Total actual cost to own a HQ building at O Street = \$171M

Est. rent for 135,000 sq. ft. office space = approx. \$6M annually

\$6M annually for 30 yrs., no benefit of ownership & total control = \$180M

* without escalation being included

** does not include savings from moving Customer Service out of lease space in FY 2017



Update on the Facilities Master Plan





Update on the Facilities Master Plan





Update on the Facilities Master Plan

Next Steps:

- Board Approval of the Revised Ten Year CIP, which includes the funding for the new Administrative HQ building over the O Street Pumping Station
- Full and complete revision of the Master Facilities Plan to incorporate new information and Board's strategic goals related to sustainability
- DC Water to begin public outreach to various stakeholders throughout the community, such as Council, ANCs, and the Capitol Riverfront BID, as well as District agencies
- Provide updates to DC Water Board Committees as requested



DC Water Health Plans

Finance and Budget Committee

Timothy L. Firestine, Chair

December 21, 2012



DC Water Medical, Dental and Vision Benefits

Benefit	Participation	2013 Estimated Cost	
		DC Water	Employee
CIGNA PPO Medical	315	\$4,226,722	\$1,056,682
CIGNA HMO Medical	169	\$2,269,289	\$567,321
Kaiser HMO Medical	234	\$2,517,999	\$629,493
FEGLI (Federal Medical)	195	\$1,772,592	\$829,661
Delta Dental	474	\$184,559	\$184,559
United Concordia Dental	525	\$233,183	\$0
United Healthcare Vision	1,018	\$127,535	\$0



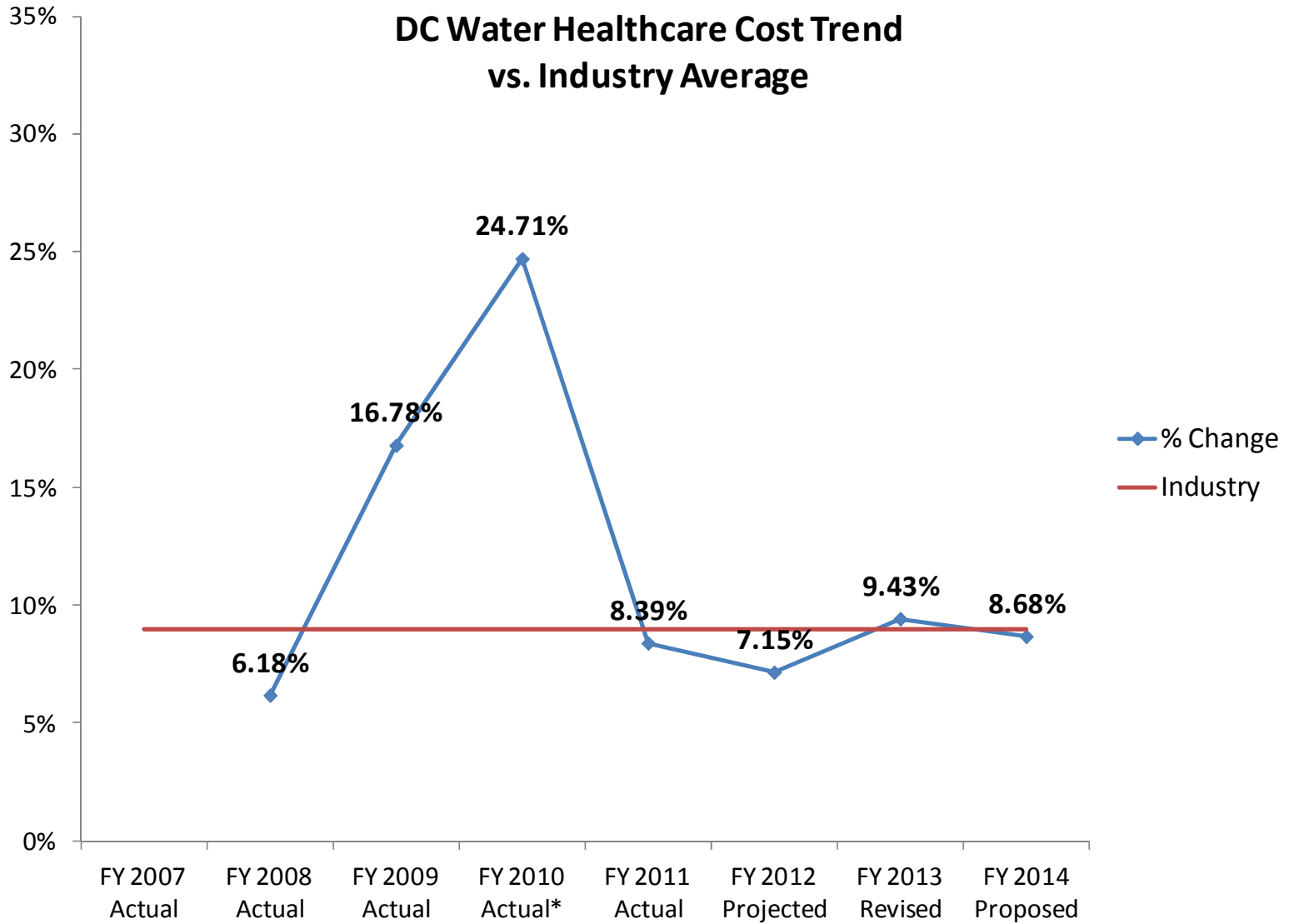
Details of DC Water Health Plans

- Compliance with Mental Health Parity Act (MHPA) legislation
 - Annual or lifetime dollar limits on mental health benefits can be no lower than any such dollar limits for medical and surgical benefits
- Health Plans are fully insured
 - Premiums are paid to insurance carriers who accept all risk associated with employee claims
- Coalition/Pooling possibilities have been reviewed periodically
 - Previous considerations
 - Funding arrangements (fully insured vs. self insured)
 - Plan design flexibility
 - Union contracts
 - Viable groups/partners
 - Budget concerns (possible fluctuations)



Details of DC Water Health Plans

- Continuous actions to ensure competitive and cost effective plans
 - Consistent benchmarking of local municipalities and FEHBP
 - Health plan bidding every 5 years
 - Annual evaluation of medical claims and projected renewal costs
 - Market trend analysis (various initiatives such as Wellness, Dependent Audit)
- Given DC Water's size, competitive plan design and relatively stable rate history the current arrangement provided the most flexibility and least possibility of budget fluctuations
- Exploring coalition/pooling alternatives can be revisited again



**Significant premium increases attributable to record historical rate spike in FY 2010*



Cost Containment

- Recent cost containment strategies include
 - Wellness Program
 - Free health screenings and seminars
 - Offer incentives for employees to take Health Risk Assessments
 - Engage employees in ongoing wellness activities e.g. weight loss and walking challenge programs
 - A dependent eligibility audit conducted in 2012 resulted in the removal of 296 (19% of enrolled dependents) ineligible dependents
 - Projected one year savings of \$618,000¹
 - Projected 5 year savings of \$1,280,000²

1. Employer cost per dependent of \$240 per month is the National Average
2. Savings are estimated to decrease approximately 20% per year



Healthcare Reform Impact

2012

- Medical Loss Ratio Rebates
 - Medical Plans must spend at least 85% of premiums on healthcare services
 - CIGNA Healthcare missed the target by 9.2% resulting in a \$564,793 rebate
 - Checks totaling \$112,958 mailed to employees
 - Remaining \$451,835 used to offset DC Water costs
 - Summary of Benefits Coverage
 - Cost sharing provisions
 - Benefit limitations

2013

- W-2s are required to report the value of health coverage



Healthcare Reform Impact Continued

2014

- All U.S. Citizens and legal residents will be required to maintain “minimal essential coverage”
 - Individuals who do not maintain coverage will be taxed
 - A credit will be available to individuals and families with incomes between 100% and 400% of the federal poverty level
- Employer Mandate
 - Employers that do not offer minimum essential coverage to full-time (30 hrs/wk) employees are subject to a \$166 non-deductible assessment for any month (\$2,000 annually) in which any full-time employee is enrolled in an Exchange and receives the federal premium tax credit or cost-sharing reduction (assessment imposed for all full-time employees less the first 30 employees)



Healthcare Reform Impact Continued

- Employers that offer minimum essential coverage that is either unaffordable (>9.5% of income) or not of minimum actuarial value (<60% actuarial value) are subject to a \$250 non-deductible assessment for any month (\$3,000 annually) in which any full-time (30 hrs/wk) employee is enrolled in an Exchange and receives the federal premium tax credit or cost-sharing reduction (assessment imposed only for full-time employees receiving the credit or cost-sharing reduction)
- Auto enrollment for New Hires
 - Automatically enroll new hires into one of DC Water's medical plans
 - Offer an opt-out mechanism



Questions

2013 Healthcare Benchmarking - PPO/POS

	DC Water Open Access Plan PPO	Montgomery County BCBS CareFirst Standard POS	Prince Georges County CIGNA POS/PPO	WSSC UHC POS	Fairfax County CareFirst POS	FEHB Benefit Plan (Standard)	
Annual Deductible (Individual)							
In-Network	\$200	N/A	\$50	None	None	\$350	
Out-of-Network	\$400	\$300	\$300	\$250	\$250	\$350	
Annual Deductible (Family)							
In-Network	\$400	N/A	\$50 per person	None	None	\$700	
Out-of-Network	\$800	\$600	\$550	\$500	\$500	\$700	
Office Co-Pays (In-Network)	\$15 - PCP \$20 - Spec	\$15 - PCP \$30 - Spec	\$30 PCP, \$35 Spec	\$20 PCP, \$25 Spec	\$10 PCP, \$15 Spec	\$20 PCP, \$30 Spec	
ER Copay	\$50 (waived if admitted)	\$35 (waived if admitted)	\$150 (waived if admitted)	\$75 (waived if admitted)	\$150 Copay (waived if admitted)	15% coinsurance	
Coinsurance (In-Network)	0%	0%	0%	0%	0%	15% after deductible is met	
Coinsurance (Out-of-Network)	20% after deductible is met	20% after deductible is met	20%	30%	30%	35% after deductible is met	
Out-of-Pocket Max (Individual)							
In-Network	\$1,500 for single coverage \$3,000 for family	\$1,000 per person plus deductible	\$2,000	N/A	None	\$5,000	
Out-of-Network			\$2,000	\$2,250	\$4,000	\$5,000	
Out-of-Pocket Max (Family)							
In-Network			\$4,000	N/A	None	\$7,000	
Out-of-Network			\$4,000	\$4,500	\$8,000	\$7,000	
RX Plan Retail		RX Ded: \$50 per Individual/Family	RX Ded: \$50 per Individual		RX Ded - \$50 Ind/ \$100 Family RX OOP - \$1,000 Ind/\$2,000 Fam		
Generic	\$5	\$10	\$10	\$5	\$7	20% with preferred provider, 45% with non preferred provider	
Brand Formulary	\$15	\$20	Greater of \$20 or 20% to a max of \$50	\$15	20% to a max of \$50	30% with preferred provider, 45% with non preferred provider	
Brand Non Formulary	\$30	\$35	Greater of \$40 or 30% to a max of \$50	\$30	30% to a max of \$100	45% with preferred provider, 45% with non preferred provider	
RX Plan Mail							
Generic	\$10	\$10	\$20	\$10	\$14	\$15	
Brand Formulary	\$30	\$20	Greater of \$40 or 20% to a max of \$100	\$25	20% to a max of \$100	\$70	
Brand Non Formulary	\$60	\$35	Greater of \$80 or 30% to a max of \$100	\$55	30% to a max of \$200	\$95	
Employee Cost Share Percent	20%	25%	27%	22%	15% for EE, 25% for EE+1 and family/Fixed Subsidy varies by YOS	31% for individual coverage, 32% for family coverage	
Total Monthly Costs							
Employee	\$650.43	\$569.29	\$644.42	\$897.00	\$574.53	\$599.63	
Employee +1	\$1,369.92	\$1,000.20	\$1,297.92	\$1,772.00	\$1,129.07		
Family	\$1,958.56	\$1,652.32	\$1,793.46	\$2,241.00	\$1,660.51	\$1,354.36	
Note: Montgomery County, Prince Georges County and Fairfax County offer different rates for employees who are Medicare eligible							



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

ATTACHMENT 4



OPERATING and CAPITAL BUDGETS

LEADERSHIP
VALUE
INNOVATION



REVISED FY 2013 PROPOSED FY 2014
Presentation to the Finance and Budget Committee
December 21, 2012

George S. Hawkins, *General Manager*

Yvette Downs, *Chief Financial Officer, Acting*

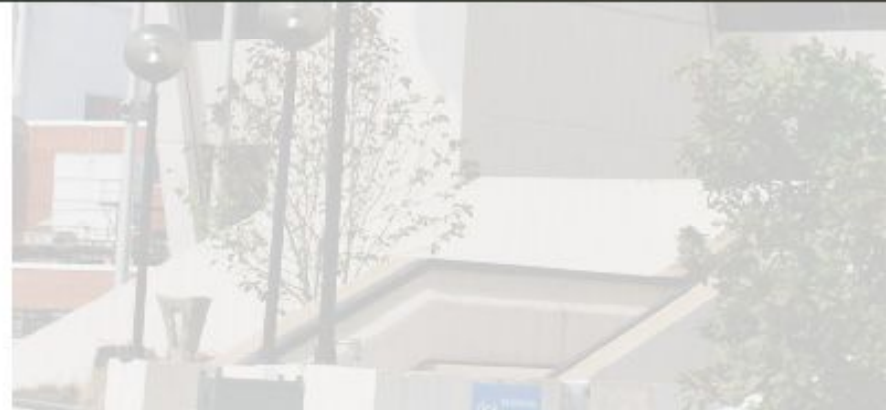


Table of Contents

Section 1	Budget Calendar
Section 2	General Manager's Budget Overview
Section 3	Budget Assumptions
Section 4	Budget Summary <ul style="list-style-type: none">• Operating Budget• Capital Improvement Program• Revenues, Rates & Fees
Section 5	Emerging Topics and Opportunities

Section 1

BUDGET CALENDAR

FY 2014 Budget Calendar

Month	Event
May 16	General Manager's Budget Kickoff Meeting
May 16	Distribute budget manual and other preparation materials
May 18	CIP draft submitted for initial review
May 21	FY 2014 Final Capital and Operating numbers submitted to update Financial Plan
May 28 – June 4	CIP Program area meetings with CFO/Finance and Budget
June 13	Proposed FY 2014 Operating Budget Submission due to Budget Office
June 18 – June 29	Budget Staff Review of Departmental submissions
June 21 – 29	CIP Program area meetings with CFO/Finance and Budget
July 5	Revised FY 2013 Budget Proposal Delivered to Full Board for Action
July – August	Begin Preliminary 10-year Financial Plan update IMA and Treasury (Submit IMA, CSO and EPA grants) CFO Budget review
August	Operating and Capital Budget Review with General Manager/Chief of Staff
August 31	FY 2014 Final Budget Decision Process Completed
September – October	Budget Preparation and Production
October 4	GM's Proposal to the Board for Proposed FY 2014 Budget
October 25	Submit Proposed FY 2014 Budget to Joint Committees
October – December	Board Committees Conduct In-depth Review of Budget Proposal
December 2012	Committees forward Recommendations to full Board for Deliberation/Action
January 2013	▪ Board Adoption ▪ Submission to the District of Columbia
April 2013	▪ District submits budget for Congressional Review

Section 2


GENERAL MANAGER'S BUDGET OVERVIEW

General Manager's Budget Proposal

-  Revised FY 2013 operating budget totals \$440.3 million
- As revised by Board on July 5, 2012
 - \$16.5 million below the Board-approved FY 2013 budget

-  Proposed FY 2014 operating budget totals \$479.5 million (including capital charge backs)
- \$39.2 million increase above the revised FY 2013 budget
 - \$6.96 million O&M increase

-  Capital Budget
- Lifetime Budget totals \$8.4 billion¹
 - Disbursements Budget totals \$3.8 billion (FY 2012 – 2021)²
 - Authority Request totals \$557 million³

-  Additional FY 2014 revenue requirement would be funded through:
- Retail Revenue – increase of \$22.6 million
 - Proposed FY 2014 combined water and sewer rate increase of \$0.42 per Ccf {\$0.56 per 1,000 gallons}
 - Proposed FY 2014 monthly Clean Rivers Impervious Area Charge (IAC) increase of \$3.20 per ERU
 - Proposed FY 2014 PILOT fee increase of \$0.03 per Ccf {\$0.04 per 1,000 gallons}
 - Proposed FY 2014 ROW fee increase of \$0.01 per Ccf {\$0.01 per 1,000 gallons}
 - Wholesale Revenue – increase of \$5.7 million
 - Other Revenue – increase of \$1.27 million

¹Lifetime budget includes total budgeted costs for all activities planned from the inception of the project until its completion; this includes all activities whether they pre-date, or extend beyond the current 10-year CIP.

²Capital Improvement Program (CIP) Disbursements Budget projects disbursements for various projects by fiscal year. Includes estimates for FY 2012 and may be adjusted slightly once year-end data is available.

³Appropriations Authority – As part of DC Water's enabling legislation, Congressional appropriation authority is required before any capital design or construction contract can be entered into.

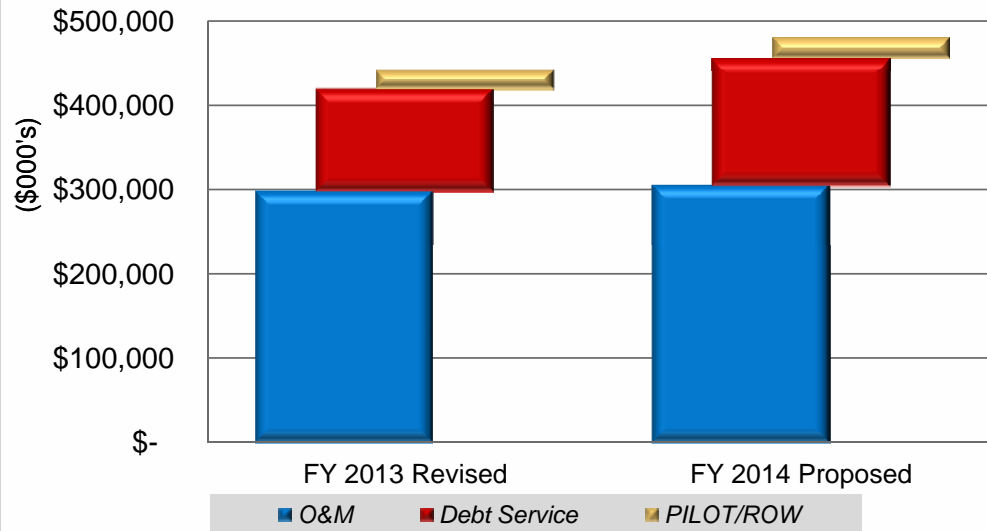
General Manager's Recommended Rate Adjustments

	Units	Revised FY 2013	Proposed FY 2014
DC Water Retail Rates – Water	Ccf	\$3.42	\$3.61
DC Water Retail Rates – Sewer	Ccf	\$4.18	\$4.41
DC Water Clean Rivers IAC	ERU	\$9.57	\$12.77
DC Water Customer Metering Fee	5/8"	\$3.86	\$3.86
District of Columbia PILOT Fee	Ccf	\$0.50	\$0.53
District of Columbia Right of Way Fee	Ccf	\$0.16	\$0.17
District of Columbia Stormwater Fee	ERU	\$2.67	\$2.67

New Customer Classification

- In FY 2011/2012, a Customer Segmentation Study was performed to identify classes of customers for the purpose of cost analysis, planning, supply management and rate-setting
- Budget proposal includes recommendations from the FY 2012 Cost of Service Study for creation of a new customer classification of **“Multi-family Residential”**

Comparative Operating Budget Overview



- Proposed FY 2014 O&M budget maintained at nearly the same level as the Revised FY 2013 budget
- Debt Service in line with expectations

	FY 2013 Revised Budget	FY 2014 Proposed Budget	Increase / (Decrease)
O&M	\$297,009	\$303,973	\$6,964
Debt Service	\$121,330	\$150,389	\$29,059
PILOT/ROW	\$21,982	\$25,181	\$3,199

	Total O&M
Initial Departmental Submissions	\$315.2M
Department/AGM Requests	\$311.5M
GM Recommendation	\$304.0M

Section 3

BUDGET ASSUMPTIONS

Major Budget Development Assumptions

Expenditures:

- **Financial Plan Operating Expenditure Increases**
 - Debt service – 11.2 percent average annual increase
 - All other O&M – 3.1 percent average annual increase
- **Financial Plan CIP**
 - No additional federal funding for Clean Rivers
 - \$168.6 million received to date
 - IMA commitment to share in multi jurisdictional sewer projects
 - Biosolids Management Project – Digester
 - Financing assumed to be rate neutral during most of the construction period
- **PILOT**
 - Consistent with conditions in the current MOU
- **FY 2014 Debt Service Interest Rates**
 - Budget:
 - Variable Rate - 3.25 percent
 - Fixed Rate - 5.50 percent
 - Financial Plan:
 - Variable Rate - 2.50 percent
 - Fixed Rate - 5.50 percent
- **Personnel**
 - Merit Increase - 3.0 percent
 - Increased head count - 17 positions to support the Digester Project
- **Chemicals**
 - Average flow of 290 MGD
 - Unit costs based on contract prices

Major Budget Development Assumptions – cont.

Revenues:

- **Board Financial Policies**
 - Rate setting – reliable, predictable and transparent
 - Debt coverage – 140 percent Senior debt coverage
 - Operating Reserves – target \$125.5 million
- **Fire Protection fee**
 - Assumes new charges based on FY 2012 Cost of Service Study (COS)
- **PILOT**
 - Consistent with conditions in the current MOU
- Assumes no change in **metering fee**
- Reduced **consumption** due to conservation of 2.24 percent in FY 2013 and 1.0 percent in FY 2014 and onwards in all classes
- **Interest Rate Assumptions (Investments)**
 - 0.375 percent in FY 2013
 - 0.450 percent in FY 2014
- **Rate Stabilization Fund**
 - \$6.5 million utilization in FY 2013 and \$7.0 million in FY 2014
 - Balance of \$18.55 million by the end of FY 2021

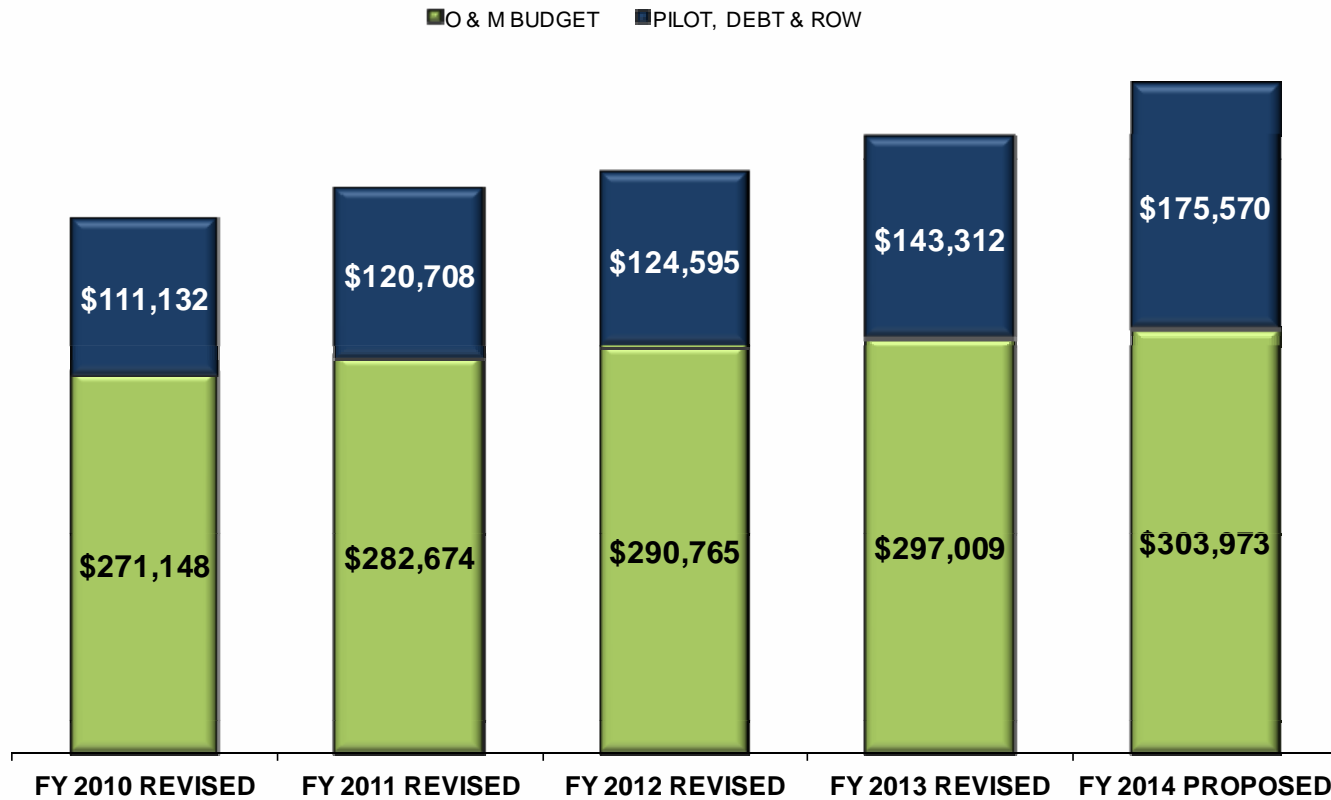
Section 4

BUDGET SUMMARY

OPERATING BUDGET

Comparative Operating Budgets

Operating Budget Historical Trend FY 2010 - FY 2014

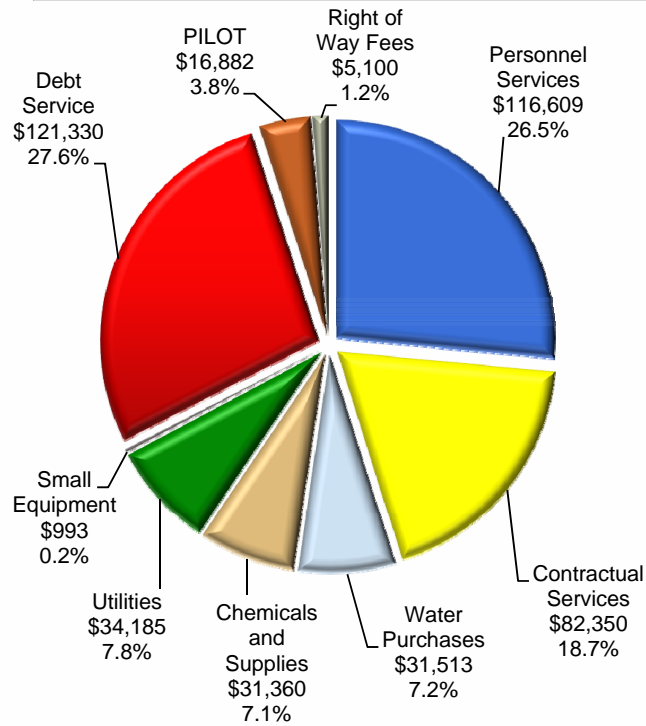


Comparative Operating Budgets

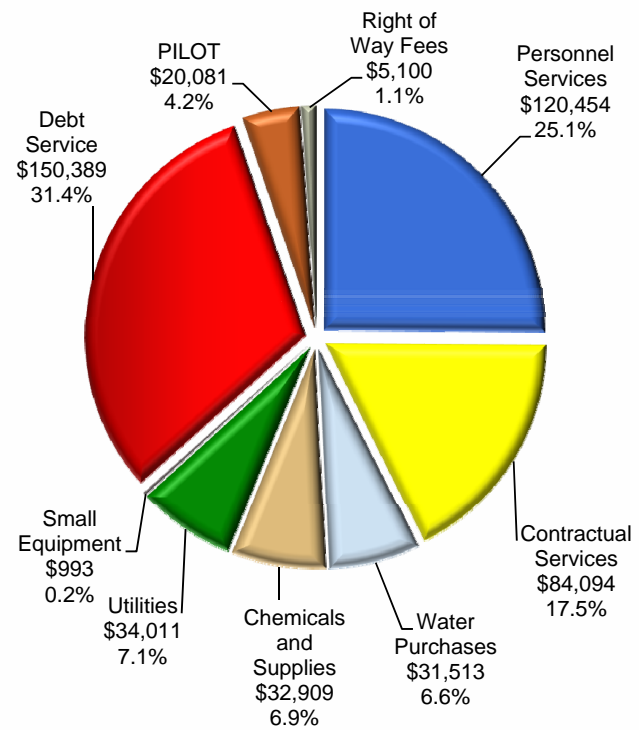
Revised FY 2013
\$440,321

(\$000's)

Proposed FY 2014
\$479,543

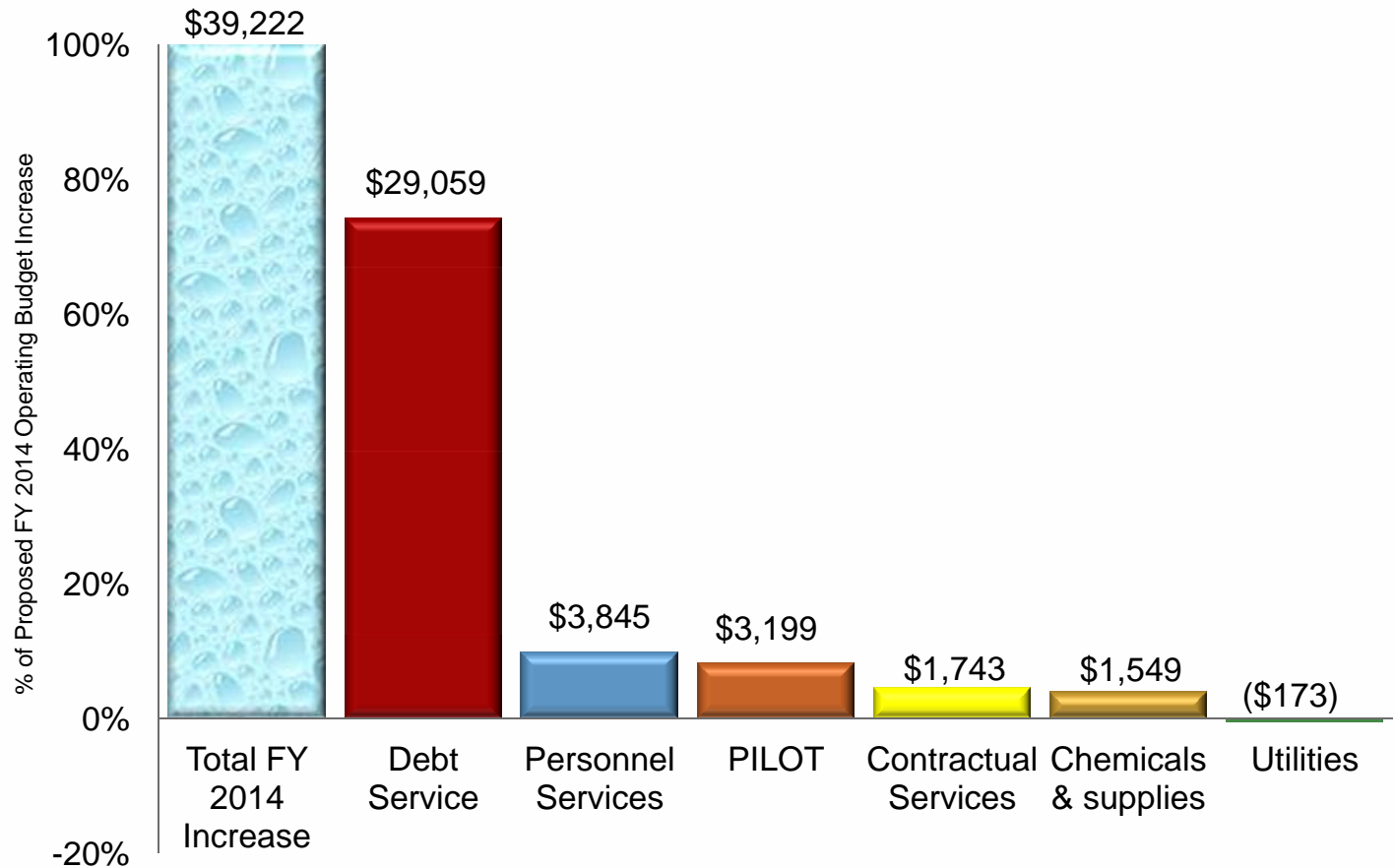


Approved July 5, 2012



Note: Full discussion can be found in Section VII of the Operating Budget Book

FY 2014 Operating Budget Increases



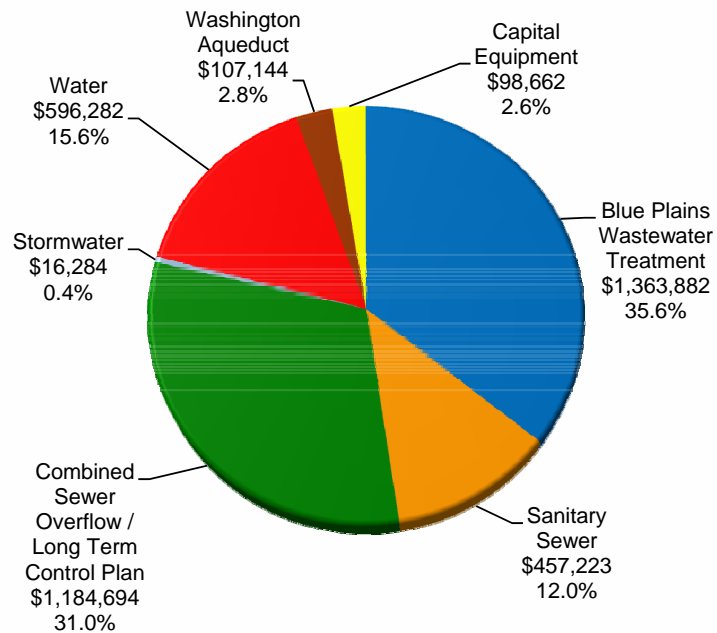
CAPITAL IMPROVEMENT PROGRAM

\$3.8 Billion Ten-Year CIP by Service Area

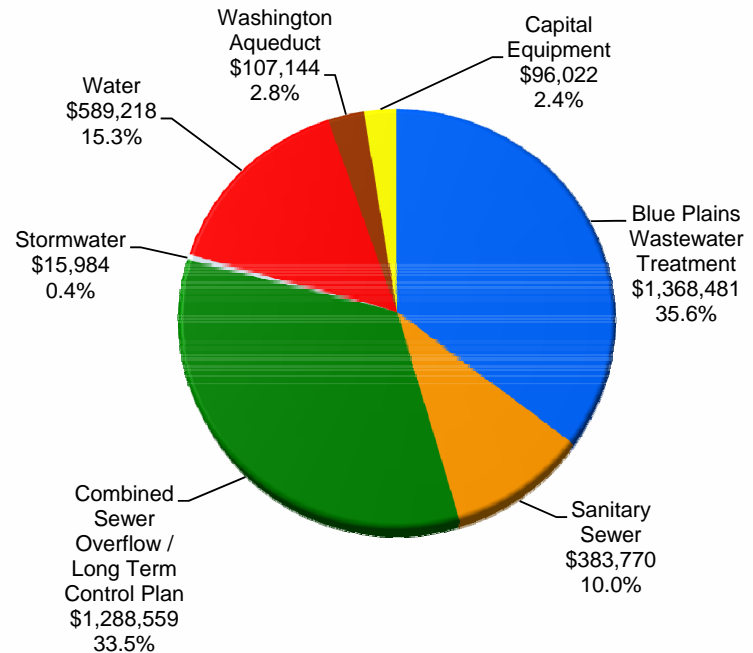
FY 2011 – FY 2020

(\$000's)

FY 2012 – FY 2021



Total \$3.8 billion (Cash Disbursements)



Total \$3.8 billion (Cash Disbursements)

Note: Full discussion on debt financing can be found in the Capital Budget Book and Section V of the Operating Budget Book

Overview of CIP Budget Request

- **10-Year CIP Disbursements**
 - Proposed FY 2012 – FY 2021 CIP disbursements at \$3.8 billion are the same as the Board-approved FY 2011 – FY 2020 CIP disbursements
- **Lifetime Budget**
 - Proposed lifetime budget of \$8.4 billion - Increase of \$429.3 million over last year's Board-approved plan primarily for the Sanitary Sewer and Water service areas
- **Capital Authority Request**
 - Proposed FY 2014 authority request totals \$557 million - Decrease of \$49.1 million over the FY 2013 authority request

See Appendix for details

FY 2012 – FY 2021 CIP (Cash Disbursements)

Summary by Service Area

(\$000's)

	FY 2012 Actual	FY 2013 Revised	FY 2014 Proposed	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Total FY '12 -'21
Wastewater Treatment	253,305	358,543	267,836	180,493	113,542	100,679	59,777	18,896	7,289	8,120	1,368,481
Sanitary Sewer	23,783	29,084	42,136	43,170	48,458	45,989	43,023	38,259	35,620	34,249	383,770
Combined Sewer Overflow / Long Term Control Plan	112,658	163,509	152,345	207,115	194,390	112,044	63,893	72,005	102,612	107,988	1,288,559
Stormwater	3,315	3,252	3,680	952	859	736	795	866	793	736	15,984
Water	44,553	60,858	66,841	64,133	60,332	61,763	59,765	53,051	62,176	55,745	589,218
Washington Aqueduct	11,286	10,598	10,744	11,016	11,280	11,588	10,891	10,323	9,842	9,576	107,144
Capital Equipment	13,713	18,422	13,543	9,529	6,998	7,133	7,211	6,531	6,481	6,461	96,022
Total FY 2014 DC Water CIP	\$462,613	\$644,265	\$557,125	\$516,408	\$435,861	\$339,931	\$245,355	\$199,930	\$224,813	\$222,876	\$3,849,179

Summary of Disbursements between Retail & Wholesale Customers

Description	FY 2012										Total
	Projected*	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	
EPA/FED	53,445	62,424	54,710	26,579	16,009	13,882	15,385	13,882	13,882	13,882	284,080
Retail	234,796	354,528	326,742	362,638	331,690	257,538	188,794	169,716	201,478	199,036	2,626,956
Wholesale	174,259	225,614	175,673	127,191	88,162	68,511	41,176	16,332	9,454	9,959	936,331
	\$462,500	\$642,566	\$557,125	\$516,408	\$435,861	\$339,931	\$245,355	\$199,930	\$224,814	\$222,876	\$3,847,366

*The year-end projections were made as of August 2012 and may change based on the final year-end results.



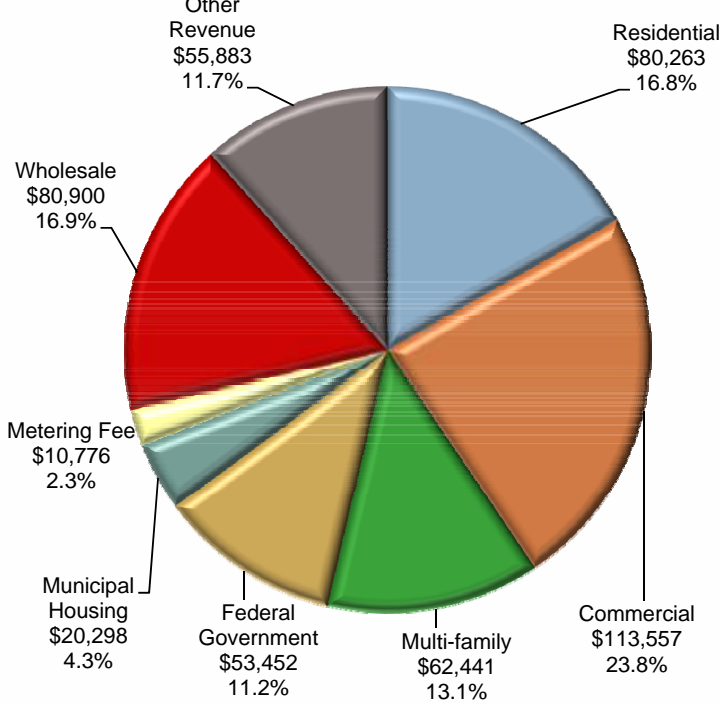
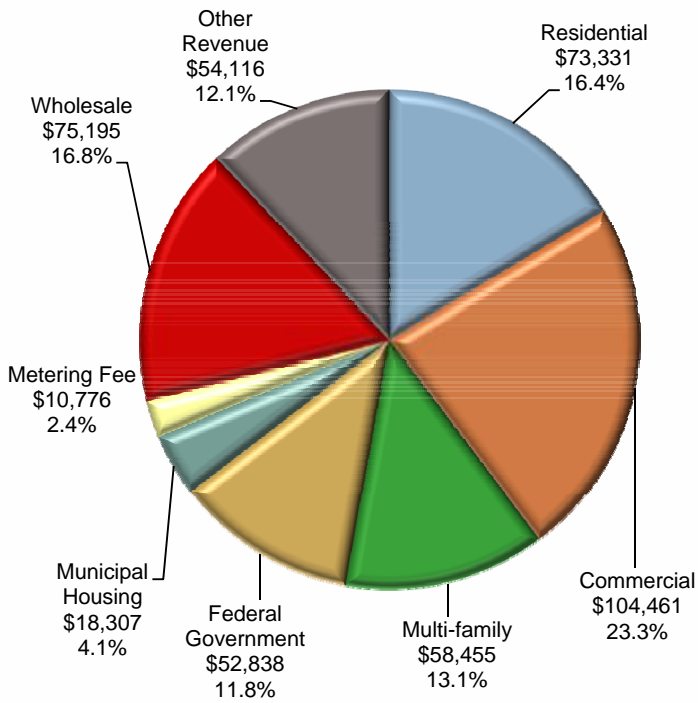
REVENUES, RATES AND FEES

Operating Revenues

Revised FY 2013
\$447,479

(\$000's)

Proposed FY 2014
\$477,570








Approved July 5, 2012

Note: Detailed discussion can be found in Section IV of the Operating Budget Book

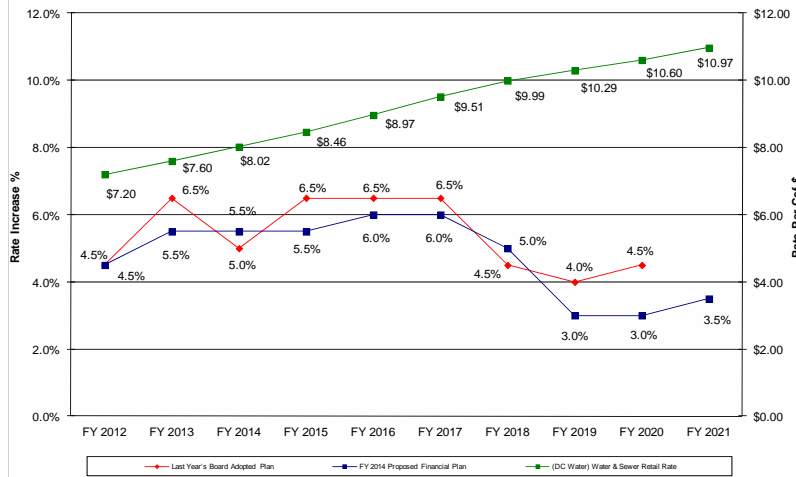


Proposed Retail Rates & Fees

-  Recommendation for creation of “Multi-family Residential” customer classification
-  FY 2014 combined Water and Sewer rate increase of \$0.42 per Ccf or {\$0.56 per 1,000 gallons}
 - Water rate increase of \$0.19 per Ccf to \$3.61 per Ccf {increase of \$0.26 to \$4.83 per 1,000 gallons}
 - Sewer rate increase of \$0.23 per Ccf to \$4.41 per Ccf {increase of \$0.30 to \$5.89 per 1,000 gallons}
-  FY 2014 monthly Clean Rivers Impervious Area Charge increase of \$3.20 to \$12.77 per ERU to recover the costs of the DC Clean Rivers Project
-  FY 2014 PILOT fee increase of \$0.03 per Ccf to \$0.53 per Ccf {increase of \$0.04 to \$0.71 per 1,000 gallons}
-  FY 2014 ROW increase of \$0.01 per Ccf to \$0.17 per Ccf {increase of \$0.01 to \$0.22 per 1,000 gallons} to recover full cost of District charge per current MOU

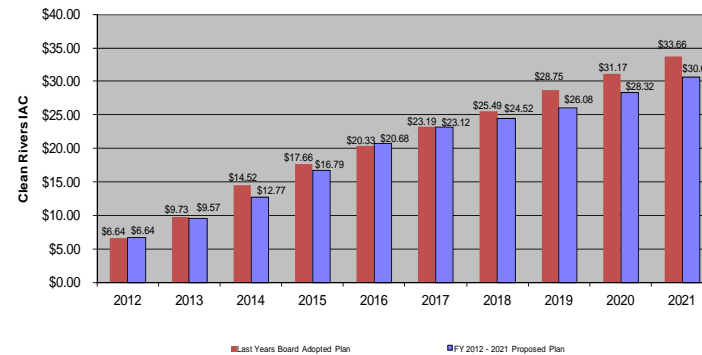
FY 2014 Proposed Retail Rate Changes

Water & Sewer Rates



- Proposed \$0.42 increase per Ccf, {\$0.56 per 1,000 gallons} in FY 2014
 - Combined Water and Sewer rate of \$8.02 per Ccf
- Rate increase ranging from 3.0% to 6.0% over ten years

Clean Rivers IAC



- Proposed Clean Rivers IAC ranges from \$6.64 to \$30.67 per monthly ERU
 - Annual revenues ranging from \$31.0 million to \$141.3 million over ten years
- Proposed PILOT increase of \$0.03 per Ccf (\$0.04 per 1,000 gallons)
- Proposed ROW increase of \$0.01 per Ccf (\$0.01 per 1,000 gallons)

SEARCHING THE HORIZON: EMERGING TOPICS & OPPORTUNITIES

Emerging Topics & Opportunities

- Implement Board Strategic Plan
- Negotiation of New Collective Bargaining Agreement
- Operational Impact of New Facilities
 - New Digester/Combined Heat & Power (CHP) Processes
 - Enhanced Nitrogen Removal Facilities
- Re-organizations and Business Process Re-engineering
- Unfunded CIP needs – approximately \$1 billion
- Bloomingdale/LeDroit Park Flooding Review

ATTACHMENT 5

FINANCE & BUDGET COMMITTEE

ACTION ITEMS

FY 2014 BUDGET

**FINANCE AND BUDGET COMMITTEE
FISCAL YEAR 2014 PROPOSED OPERATING BUDGET ACTION ITEM**

ACTION ITEM 5A: Proposed FY 2014 Operating Budget

The Proposed FY 2014 Operating Budget to be considered by the Board of Directors totals \$479,543,000.

FY 2014

Operations & Maintenance Expenditures	\$303,973,000
Debt Service	150,389,000
Payment In Lieu of Taxes	20,081,000
Right of Way Fee	<u>5,100,000</u>
Subtotal (Debt Service / PILOT / ROW)	\$175,570,000
 Proposed FY 2014 Operating Budget	 <u><u>\$479,543,000</u></u>

**FINANCE AND BUDGET COMMITTEE
FISCAL YEAR 2012 – 2021 TEN YEAR FINANCIAL PLAN ACTION ITEM**

ACTION ITEM 5B: FY 2012 – 2021 Ten Year Financial Plan

1. Attached is a summary of the 10-year plan, which is based on the following key assumptions for FY 2014:
 - Operating receipts totaling \$477.6, an increase of \$30.1 million funded through;
 - Retail Revenue – increase of \$25.6 million:
 - i. Proposed FY 2014 combined water and sewer rate increase of \$0.42 per Ccf {\$0.56 per 1,000 gallons}
 - ii. Proposed FY 2014 monthly Clean Rivers Impervious Area Charge (IAC) increase of \$3.20 per ERU
 - iii. Proposed FY 2014 PILOT fee increase of \$0.03 per Ccf {\$0.04 per 1,000 gallons}
 - iv. Proposed FY 2014 ROW fee increase of \$0.01 per Ccf {\$0.01 per 1,000 gallons}
 - Wholesale Revenue – increase of \$5.7 million
 - Other Revenue – increase of \$1.27 million
 - Operating disbursements of \$459.1 million in FY 2014; and
 - A ten-year capital improvement program of \$3.8 billion on a cash disbursement basis.

All years of this plan meet the Board's policy requirement of senior debt coverage of 140 percent and a reserve greater than 120 days' operating and maintenance costs or \$125.5 million.

District of Columbia Water & Sewer Authority
 FY 2012 – 2021 Financial Plan
 (In 000's)

OPERATING	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<i>Retail*</i>	321,702	340,310	365,968	397,732	430,974	458,277	478,207	492,574	510,169	524,915
<i>Wholesale*</i>	74,705	75,195	80,900	75,124	75,485	77,756	80,156	82,555	85,063	97,191
<i>Other</i>	23,998	25,474	23,703	25,650	26,419	29,259	32,128	33,258	33,423	27,008
<i>RSF</i>	6,500	6,500	7,000	-	-	-	-	-	-	-
Operating Receipts (1)	\$ 426,906	\$ 447,479	\$ 477,570	\$ 498,506	\$ 532,878	\$ 565,292	\$ 590,490	\$ 608,387	\$ 628,655	\$ 649,114
Operating Expenses	(271,659)	(302,302)	(311,295)	(304,976)	(310,711)	(320,565)	(330,632)	(343,388)	(353,596)	(365,853)
Debt Service	\$ (99,251)	\$ (116,179)	\$ (147,792)	\$ (168,985)	\$ (185,775)	\$ (206,160)	\$ (219,425)	\$ (227,102)	\$ (239,755)	\$ (253,255)
Net Revenues After Debt Service	\$ 55,996	\$ 28,998	\$ 18,484	\$ 24,545	\$ 36,392	\$ 38,567	\$ 40,433	\$ 37,898	\$ 35,305	\$ 30,006
Operating Reserve-Beg Balance	150,035	139,565	125,500	125,500	125,500	125,500	125,500	125,500	125,500	125,500
Other Misc (Disbursements)/Receipts										
Wholesale/Federal True Up	(6,660)	(10,905)	(7,500)	-	-	-	-	-	-	-
Customer Rebate	-	(4,200)								
Transfers To RSF	(17,750)	(4,100)								
Transfers To DC PILOT Fund	(4,468)									
Pay-Go Financing	<u>(37,588)</u>	<u>(23,857)</u>	<u>(10,984)</u>	<u>(24,545)</u>	<u>(36,392)</u>	<u>(38,567)</u>	<u>(40,433)</u>	<u>(37,898)</u>	<u>(35,305)</u>	<u>(30,006)</u>
Operating Reserve - Ending Balance	\$ 139,565	\$ 125,500	\$ 125,500	\$ 125,500	\$ 125,500	\$ 125,500	\$ 125,500	\$ 125,500	\$ 125,500	\$ 125,500
Rate Stabilization Fund Balance RSF (2)	\$ (27,950)	\$ (25,550)	\$ (18,550)	\$ (18,550)	\$ (18,550)	\$ (18,550)	\$ (18,550)	\$ (18,550)	\$ (18,550)	\$ (18,550)
Senior Debt Service Coverage	354%	325%	253%	250%	241%	221%	209%	197%	189%	179%
Combined Debt Service Coverage	149%	131%	124%	130%	134%	133%	132%	130%	128%	125%
Actual/Projected Water/Sewer Rate Incre:	4.5%	5.5%	5.5%	5.5%	6.0%	6.0%	5.0%	3.0%	3.0%	3.5%
*Operating Receipts \$ Increase/Decrease										
Retail	21,103	18,608	25,658	31,765	33,242	27,303	19,930	14,367	17,595	14,745
Wholesale	5,444	490	5,705	(5,776)	361	2,271	2,400	2,399	2,508	12,129
*Operating Receipts % Increase/Decrease										
Retail	7.0%	5.8%	7.5%	8.7% (3)	8.4% (3)	6.3%	4.3%	3.0%	3.6%	2.9%
Wholesale	7.9%	0.7%	7.6%	-7.1%	0.5%	3.0%	3.1%	3.0%	3.0%	14.3%

(1) Includes interest earnings on senior lien revenue bonds' debt service reserve fund
 (2) FY 2012 Rate Stabilization Fund utilization brought the total fund balance to \$27.95 million
 (3) Savings anticipated from implementation of new biosolids management beginning in FY 2015

District of Columbia Water & Sewer Authority
FY 2012 – 2021 Capital Improvement Plan

Description	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
BEGINNING BALANCE	\$ 132,634,951	\$ 243,694,951	\$ 224,126,854	\$ 222,002,311	\$ 526,279	\$ 2,153,598	\$ 2,112,202	\$ 1,828,113	\$ 1,624,885	\$ 2,056,841	\$ 832,760,984
SOURCES OF FUNDS:											
Proceeds from Rev. Bonds	250,000,000	\$ 300,000,000	\$ 300,000,000	\$ 105,255,859	\$ 287,146,349	\$ 211,220,217	\$ 146,249,047	\$ 129,990,771	\$ 164,547,265	\$ 166,971,154	\$ 2,061,380,662
Proceeds from Treasury Notes/Digesters Financing Option	50,000,000	-	-	-	-	-	-	-	-	-	\$ 50,000,000
Capital Equipment Financing (for 4 yrs @ 3.25%)	7,500,000	10,799,200	13,377,600	10,834,400	7,623,200	5,598,400	-	-	-	-	\$ 55,732,800
Transfer from Operations	37,588,000	23,857,475	10,983,820	24,545,430	36,392,173	38,566,785	40,432,751	37,898,115	35,304,851	30,006,005	\$ 315,575,404
EPA Grants /DC Reimbursement	25,455,000	32,424,000	36,541,000	26,579,000	16,009,000	13,882,000	15,385,000	13,882,000	13,882,000	13,882,000	\$ 207,921,000
CSO Grants	27,990,000	30,000,000	18,168,787	-	-	-	-	-	-	-	\$ 76,158,787
Wholesale Customer Capital Contributions	174,259,000	225,614,000	175,673,000	127,191,000	88,162,000	68,511,000	41,176,000	16,332,000	9,454,000	9,959,000	\$ 936,331,000
Interest Income	768,000	303,229	256,250	526,279	2,153,598	2,112,202	1,828,113	1,624,885	2,056,841	2,087,139	\$ 13,716,536
Total Sources	\$ 573,560,000	\$ 622,997,903	\$ 555,000,457	\$ 294,931,968	\$ 437,486,320	\$ 339,890,604	\$ 245,070,911	\$ 199,727,771	\$ 225,244,957	\$ 222,905,298	\$ 3,716,816,189
USES OF FUNDS:											
Water Projects	\$ 41,660,000	\$ 52,329,000	\$ 63,770,000	\$ 59,980,000	\$ 56,090,000	\$ 57,369,000	\$ 55,482,000	\$ 48,733,000	\$ 57,837,000	\$ 51,385,000	\$ 544,635,000
Blue Plains Projects	254,762,000	358,543,000	267,836,000	180,493,000	113,542,000	100,679,000	59,777,000	18,896,000	7,289,000	8,120,000	\$ 1,369,937,000
Sanitary Sewer Projects	23,074,000	29,084,000	42,136,000	43,170,000	48,458,000	45,989,000	43,023,000	38,259,000	35,620,000	34,249,000	\$ 383,062,000
Combined Sewer	10,942,000	10,589,000	19,434,000	27,922,000	41,897,000	16,742,000	13,064,000	10,919,000	13,070,000	22,758,000	\$ 187,337,000
Combined Sewer LTCP	102,111,000	152,920,000	132,911,000	179,193,000	152,493,000	95,302,000	50,829,000	61,086,000	89,542,000	85,230,000	\$ 1,101,617,000
Stormwater Projects	3,354,000	3,252,000	3,680,000	952,000	859,000	736,000	795,000	866,000	793,000	736,000	\$ 16,023,000
Washington Aqueduct Division Projects	11,286,000	10,598,000	10,744,000	11,016,000	11,280,000	11,588,000	10,891,000	10,323,000	9,842,000	9,576,000	\$ 107,144,000
Capital Equipment	13,499,000	16,722,000	13,543,000	9,529,000	6,998,000	7,133,000	7,211,000	6,531,000	6,481,000	6,461,000	\$ 94,108,000
Meter Replacement / AMR	1,812,000	8,529,000	3,071,000	4,153,000	4,242,000	4,394,000	4,283,000	4,318,000	4,339,000	4,360,000	\$ 43,501,000
Reimbursement for Prior Capital Expend.	-	-	-	-	-	-	-	-	-	-	\$ -
Total Uses	\$ 462,500,000	\$ 642,566,000	\$ 557,125,000	\$ 516,408,000	\$ 435,859,000	\$ 339,932,000	\$ 245,355,000	\$ 199,931,000	\$ 224,813,000	\$ 222,875,000	\$ 3,847,364,000
SOURCES MINUS USES	111,060,000	(19,568,097)	(2,124,543)	(221,476,032)	1,627,320	(41,396)	(284,089)	(203,229)	431,957	30,298	(130,547,811)
ENDING BALANCE	\$ 243,694,951	\$ 224,126,854	\$ 222,002,311	\$ 526,279	\$ 2,153,598	\$ 2,112,202	\$ 1,828,113	\$ 1,624,885	\$ 2,056,841	\$ 2,087,139	\$ 702,213,172

District of Columbia Water & Sewer Authority
FY 2012 - 2021 Projected Average Residential Monthly Bill

	Units	Proposed									
		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
DC Water Retail Rates (1)	Ccf	\$ 48.17	\$ 50.84	\$ 53.65	\$ 56.60	\$ 60.01	\$ 63.62	\$ 66.83	\$ 68.84	\$ 70.91	\$ 73.39
DC Water Clean Rivers IAC	ERU	6.64	9.57	12.77	16.79	20.68	23.12	24.52	26.08	28.32	30.67
DC Water Customer Metering Fee		3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86
Subtotal DC Water Rates & Charges		\$ 58.67	\$ 64.27	\$ 70.28	\$ 77.25	\$ 84.55	\$ 90.60	\$ 95.21	\$ 98.78	\$ 103.09	\$ 107.92
Increase / Decrease		\$ 5.27	\$ 5.60	\$ 6.01	\$ 6.97	\$ 7.30	\$ 6.05	\$ 4.61	\$ 3.57	\$ 4.31	\$ 4.83
District of Columbia PILOT (1)	Ccf	3.28	3.35	3.55	\$ 3.75	\$ 3.95	\$ 4.21	\$ 4.42	\$ 4.55	\$ 4.68	\$ 4.82
District of Columbia Right of Way Fee (1)	Ccf	1.00	1.07	1.14	1.20	1.27	1.34	1.40	1.47	1.54	1.61
District of Columbia PILOT/ROW Fee	Ccf	4.28	4.42	4.69	4.95	5.22	5.55	5.82	6.02	6.22	6.43
District of Columbia Stormwater Fee (2)	ERU	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 6.95	\$ 7.09	\$ 7.36	\$ 7.62	\$ 7.89	\$ 8.22	\$ 8.49	\$ 8.69	\$ 8.89	\$ 9.10
Total Amount Appearing on DC Water Bill		\$ 65.62	\$ 71.36	\$ 77.64	\$ 84.87	\$ 92.44	\$ 98.82	\$ 103.70	\$ 107.47	\$ 111.98	\$ 117.02
Increase / Decrease Over Prior Year		\$ 5.33	\$ 5.74	\$ 6.28	\$ 7.23	\$ 7.57	\$ 6.38	\$ 4.88	\$ 3.77	\$ 4.51	\$ 5.04
Percent Increase in Total Bill		8.8%	8.7%	8.8%	9.3%	8.9%	6.9%	4.9%	3.6%	4.2%	4.5%

(1) Assumes average monthly consumption of 6.69 Ccf, or (5,004 gallons)

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

District of Columbia Water & Sewer Authority **FY 2014 Projected Retail Rates and Fee Changes**

	Units	FY 2012	FY 2013	Proposed FY 2014
DC Water Retail Rates Water	Ccf	\$ 3.24	\$ 3.42	\$ 3.61
DC Water Retail Rates Sewer	Ccf	<u>\$ 3.96</u>	<u>\$ 4.18</u>	<u>\$ 4.41</u>
DC Water Clean Rivers IAC	ERU	\$ 6.64	\$ 9.57	\$ 12.77
DC Water Customer Metering Fee		\$ 3.86	\$ 3.86	\$ 3.86
District of Columbia PILOT Fee	Ccf	\$ 0.49	\$ 0.50	\$ 0.53
District of Columbia Right of Way Fee	Ccf	<u>\$ 0.15</u>	<u>\$ 0.16</u>	<u>\$ 0.17</u>

**FINANCE AND BUDGET COMMITTEE
FISCAL YEAR 2012 – 2021 CAPITAL IMPROVEMENT PROGRAM
ACTION ITEM**

ACTION ITEM 5C: FY 2012 – 2021 Capital Improvement Program (Lifetime & Cash Disbursements Basis)

DC Water presents its ten-year capital improvement program on two different bases:

- a. **Project lifetime budgets** – Total project lifetime budgets reflect the total costs of each active project, as well as projects that are projected to begin over the ten-year planning period. These benefits include historical and projected spending as well as project contingencies. As shown in Attachment A-1, the Board of Directors will be asked to approve total project lifetime budgets of \$8.449 billion.
- b. **Disbursements-based CIP** - The disbursements-based capital improvement program is utilized to forecast the timing and amount of capital financings, which are the primary basis for projected retail rate increases. As shown in Attachment A-2, the Board of Directors will be asked to approve a cash disbursements-based CIP of \$3.849 billion.

FY 2012 - FY 2021 Capital Improvement Plan

Project Lifetime Budgets by Program Area (\$ 000's)

	FY 2013 Approved	FY 2013 Revised / FY 2014 Proposed	Variance
<u>Wastewater Treatment</u>			
Liquid Processing Projects	622,106	632,948	10,842
Plantwide Projects	345,887	360,994	15,107
Solids Processing Projects	719,537	772,912	53,375
Enhanced Nitrogen Removal Facilities (formerly BTN - Total Nitrogen Program)	988,778	966,888	(21,890)
Sub-total	2,676,308	2,733,742	57,434
<u>Sanitary Sewer</u>			
Sanitary Collection Sewers	133,906	162,656	28,750
Sanitary On-Going Projects	159,677	173,757	14,080
Sanitary Pumping Facilities	25,898	30,458	4,560
Sanitary Sewer Projects Program Management	103,135	91,086	(12,049)
Sanitary Interceptor/Trunk Force Sewers	432,583	466,541	33,958
Sub-total	855,199	924,498	69,299
<u>Combined Sewer Overflow</u>			
CSO Program Management	55,239	55,239	-
Combined Sewer Projects: Nine Minimum Controls	213,888	213,388	(500)
Combined Sewer Projects: Others	244,844	339,926	95,082
D.C. Clean Rivers Project (aka Long-Term Control Plan)			
Anacostia Tunnel	1,672,282	1,714,720	42,438
Potomac Tunnel	418,700	423,700	5,000
Rock Creek Tunnel	70,342	65,342	(5,000)
Sub-total	2,675,295	2,812,315	137,020
<u>Stormwater</u>			
Stormwater Extensions/Local Drainage	17,999	22,816	4,817
Stormwater On-Going Program	9,658	11,323	1,665
Stormwater Pumping Facilities	0	0	-
DDOT Stormwater Program	4,720	3,237	(1,483)
Stormwater Projects Program Management	10,630	10,630	-
Stormwater Trunk/Force Sewers	15,504	15,162	(342)
Sub-total	58,511	63,168	4,657
<u>Water</u>			
Water Distribution Systems	695,720	857,178	163,158
Water Lead Program	191,040	191,040	0
Water On-Going Projects	117,541	127,879	10,338
Water Pumping Facilities	161,372	155,908	(5,464)
DDOT Water Projects	91,538	38,184	(53,354)
Water Storage Facilities	74,311	75,762	1,451
Water Projects Program Management	47,559	78,756	31,197
Meter Replacement /AMR Installation	73,534	91,264	17,730
Sub-total	1,452,615	1,615,971	165,056
Washington Aqueduct	203,138	203,138	0
Capital Equipment	98,307	95,808	(4,199)
Total DC Water CIP Lifetime (see notes)	8,019,373	8,448,640	429,267

Notes:

1 Lifetime budgets shown here represent total budgets for projects that are active during the current 10-year CIP. Lifetime budgets include historical spending prior to the beginning of the current 10-year plan, spending during the 10-year plan, and projected spending beyond the current 10-year plan. Projects completed in FY 2012 will be dropped from the CIP next year.

2 These budgets do not include inhouse labor costs, estimated to be in the \$9 to \$10 million range, annually, and are applicable to, primarily, the time charged to capital projects by employees in the Departments of Engineering and Technical Services, Sewer Services, and Water Services.

FY 2012 – FY 2021 PROJECTED CAPITAL IMPROVEMENT PLAN (CIP) – DISBURSEMENTS BASIS (\$ in 000'S)

	FY 2012 Actual	FY 2013 Revised	FY 2014 Proposed	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Total FY '12 -'21
Wastewater Treatment											
Liquid Processing Projects	\$22,311	\$23,884	\$16,403	\$18,067	\$14,085	\$13,505	\$11,903	\$9,421	\$1,596	\$412	\$131,587
Plantwide Projects	17,060	27,128	15,590	10,545	6,298	6,708	13,671	7,505	3,152	1,807	109,463
Solids Processing Projects	95,923	159,690	128,116	44,194	12,305	10,389	3,531	80	-	-	454,228
Enhanced Nitrogen Removal Facilities (formerly BTN - Total Nitrogen Program)	118,011	147,842	107,728	107,687	80,855	70,077	30,673	1,890	2,540	5,901	673,202
Sub-total	253,305	358,543	267,836	180,493	113,542	100,679	59,777	18,896	7,289	8,120	1,368,481
Sanitary Sewer											
Sanitary Collection Sewers	1,386	858	6,694	11,466	8,289	4,094	5,666	6,735	6,912	7,088	59,187
Sanitary On-Going Projects	7,169	10,544	9,292	6,612	6,562	6,948	7,169	7,604	8,163	8,123	78,186
Sanitary Pumping Facilities	189	679	347	241	-	-	-	-	-	-	1,455
Sanitary Sewer Projects Program Management	5,108	4,229	4,906	4,570	4,160	5,351	5,191	4,218	3,891	3,540	45,164
Sanitary Interceptor/Trunk Force Sewers	9,931	12,774	20,897	20,282	29,447	29,596	24,997	19,702	16,654	15,498	199,778
Sub-total	23,783	29,084	42,136	43,170	48,458	45,989	43,023	38,259	35,620	34,249	383,770
Combined Sewer Overflow / Long Term Control Plan											
CSO Program Management	1,812	1,634	1,968	1,444	1,077	1,394	1,903	2,319	1,844	1,418	16,812
Combined Sewer Projects:Nine Minimum Controls	4,932	2,844	1,491	41	-	-	-	-	-	-	9,308
Combined Sewer Projects:Others	4,034	6,111	15,975	26,437	40,820	15,348	11,161	8,600	11,226	21,340	161,053
<i>D.C. Clean Rivers Project (aka Long-Term Control Plan)</i>											
Anacostia Tunnel	101,880	150,900	126,261	164,914	138,414	87,570	42,109	48,666	76,184	58,914	995,812
Potomac Tunnel	-	1,793	6,561	14,279	13,857	7,000	7,963	11,072	11,432	24,364	98,321
Rock Creek Tunnel	-	227	89	-	222	732	757	1,348	1,926	1,952	7,253
Sub-total	112,658	163,509	152,345	207,115	194,390	112,044	63,893	72,005	102,612	107,988	1,288,559
Stormwater											
Stormwater Local Drainage	-	28	115	67	209	160	152	158	151	126	1,166
Stormwater On-Going Program	1,192	812	436	390	452	407	421	458	456	467	5,492
Stormwater Pumping Facilities	-	-	-	-	-	-	-	-	-	-	-
DDOT Stormwater Program	-	2	8	18	32	29	30	16	-	-	136
Stormwater Research and Program Management	337	289	237	140	119	140	192	234	186	143	2,017
Stormwater Trunk/Force Sewers	1,786	2,120	2,883	337	47	-	-	-	-	-	7,173
Sub-total	3,315	3,252	3,680	952	859	736	795	866	793	736	15,984
Water											
Water Distribution Systems	22,020	25,445	39,605	36,632	31,269	34,343	34,256	34,287	44,823	40,936	343,616
Water On-Going Projects	7,361	10,321	8,074	6,807	5,676	6,633	5,768	6,326	6,057	6,066	69,089
Water Pumping Facilities	2,425	3,226	4,359	2,610	5,191	3,023	6,219	-	8	36	27,099
DDOT Water Projects	3,577	5,791	1,971	789	-	-	-	-	-	-	12,128
Water Storage Facilities	1,146	1,353	3,667	7,028	8,192	7,677	3,766	2,799	1,750	1,226	38,604
Water Projects Program Management	4,188	4,332	4,721	5,064	3,970	3,929	3,580	3,318	3,232	3,122	39,456
Water Lead Program	1,927	1,860	1,373	1,051	1,792	1,764	1,893	2,002	1,967	-	15,630
Meter Replacement /AMR Installation	1,909	8,529	3,071	4,153	4,242	4,394	4,283	4,318	4,339	4,360	43,597
Sub-total	44,553	60,858	66,841	64,133	60,332	61,763	59,765	53,051	62,176	55,745	589,218
Washington Aqueduct	11,286	10,598	10,744	11,016	11,280	11,588	10,891	10,323	9,842	9,576	107,144
Capital Equipment	13,713	18,422	13,543	9,529	6,998	7,133	7,211	6,531	6,481	6,461	96,022
Total FY 2014 DC Water CIP	\$462,613	\$644,265	\$557,125	\$516,408	\$435,861	\$339,931	\$245,355	\$199,930	\$224,813	\$222,876	\$3,849,179

**FINANCE AND BUDGET COMMITTEE
FY 2014 PROPOSED BUDGET ACTION ITEM**

ACTION ITEM 5D: FY 2014 Capital Authority Request

Congressional capital authority is required before DC Water can enter into any capital contracts. The amount of capital authority requested each year is based on the projected capital contracts to be executed in the upcoming two fiscal years, projected changes or risk and the carry-forward authority balance from prior years' appropriations. The U.S. Congress approves DC Water's capital authority in seven broad categories, which provides DC Water with additional flexibility in managing the capital improvement program, although capital budgets and spending are developed and monitored within DC Water at the project level. The FY 2014 capital authority request totals \$557,036 million, as shown in the table below.

Fiscal Year 2014		
*Capital Authority Request		
(\$ 000's)		
<u>Service Areas:</u>		
Blue Plains wastewater Treatment		\$49,419
Sanitary Sewer System		35,233
Combined Sewer Overflow	1, 2	379,603
Stormwater		0
Water System		73,839
Washington Aqueduct (DC Water share)		11,192
Capital Equipment		<u>7,750</u>
TOTAL		\$557,036

(*) The Authority's request includes a 24 month look-ahead, i.e., it also takes into account projected commitments for FY 2015 and FY 2016.

1. Includes Special Risk allowance of \$74 million for the DC Clean Rivers Project (a.k.a. Long Term Control Plan), although not part of this Project's Lifetime Budget.
2. Includes allowance of \$150 million in anticipation of advancement of the NE Boundary Tunnels and other activities in an effort to mitigate flooding issues in the Bloomingdale neighborhood of Washington DC.

Following the Joint Meeting of Environmental Quality and Sewer Services and Water Quality and Water Services Committees on December 20 and the Finance and Budget Committee Meeting on December 21, if any Committee approves a different level of CIP disbursements or lifetime budgets than shown in the attachments, staff will update this schedule and distribute to the Board prior to its January 3 meeting.

**FINANCE AND BUDGET COMMITTEE
INTENT TO REIMBURSE CAPITAL EXPENDITURES WITH PROCEEDS
OF A BORROWING ACTION ITEM**

ACTION ITEM 5E: Capital Projects Reimbursement Resolution

The Board will be asked to approve a reimbursement resolution, which would allow for reimbursement of eligible capital project expenditures from bond proceeds. The action under consideration is to utilize the proceeds of tax-exempt bonds, taxable bonds or notes (the "bonds") or other debt in an amount not currently expected to exceed \$358,000,000 to pay the costs of capital projects. These costs include amounts heretofore unreimbursed pursuant to Resolution 12-07 of the Board adopted on January 5, 2012, plus amounts projected to be reimbursed during Fiscal Year 2013 and through January 2014.

EXHIBIT A – LIST OF PROJECTS

Blue Plains Advanced Wastewater Treatment Plant Rehabilitation
Blue Plains Enhanced Nitrogen Removal Facilities
Blue Plains New Digestion Facilities
Sanitary Sewer System Improvement Projects
Combined Sewer System Improvement Projects
Stormwater Sewer System Improvement Projects
Water Pumping, Distribution and Storage Projects
Metering and Capital Equipment
Washington Aqueduct Projects
Combined Sewer Overflow/Long Term Control Plan (aka Clean Rivers Project)

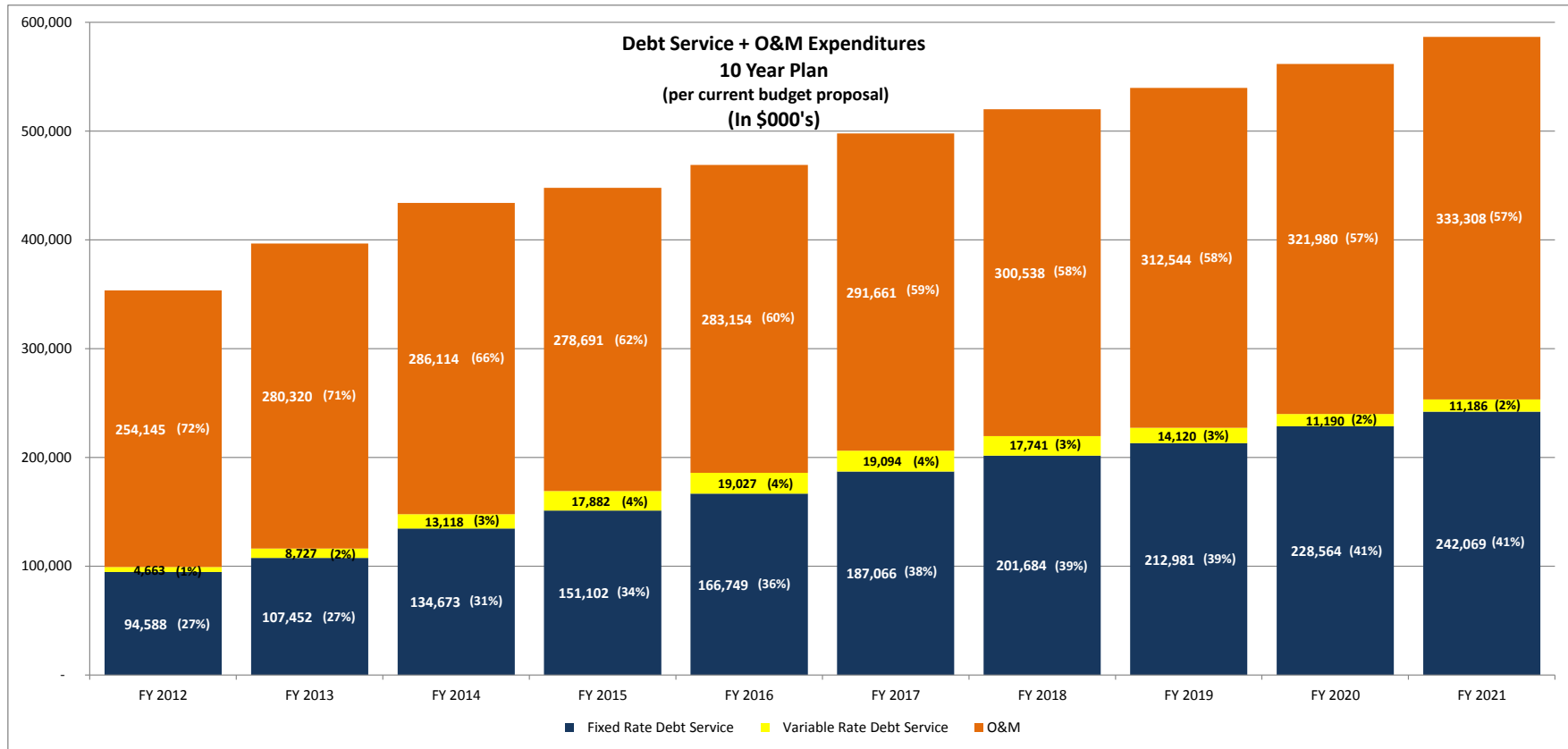


D.C. WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS
FINANCE & BUDGET
COMMITTEE MEETING

Thursday, January 24, 2013; 11:00 a.m.
Blue Plains Wastewater Treatment Plant
5000 Overlook Avenue, SW, DC
AGENDA

Call to Order	Chairman
December 2012 Financial Report	Director of Finance & Budget
Action Items	Chairman
Agenda for February Committee Meeting	Chairman
Adjournment	Chairman

*Detailed agenda can be found on DC Water's website at www.dewater.com/about/board_agendas.cfm



Finance and Budget Committee - Follow-up Items

