

# DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

## Board of Directors

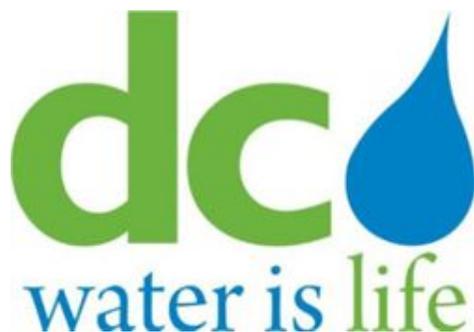
*Finance and Budget Committee*

*Thursday, February 22, 2018*

11:00 a.m.

1. **Call to Order**..... Timothy L. Firestine, Chairperson
2. **January 2018 Financial Report (Attachment 1)** ..... Matthew T. Brown
3. **Proposed FY 2019 Budget (Attachment 2)**..... Matthew T. Brown
4. **Capital Improvement Program Quarterly Update (Attachment 3)** ..... Paul Guttridge
5. **Reserves & Rate Stabilization Fund Study (Attachment 4)** ..... Matthew T. Brown
6. **Action Items**..... Matthew T. Brown
  - A. **Recommendation for Approval of the FY 2019 Proposed Budget (Attachment 5)**  
 Action Item 5A: Fiscal Year 2019 Proposed Operating Budget  
 Action Item 5B: Fiscal Year 2018 – FY 2027 Capital Improvement Program and Lifetime Budget  
 Action Item 5C: Fiscal Year 2018 – FY 2027 Ten Year Financial Plan  
 Action Item 5D: Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing
  - B. **Recommendation for Approval of Financial Staff Augmentation (Attachment 6)**
7. **Agenda for March Committee Meeting (Attachment 7)**..... Timothy L. Firestine
8. **Executive Session**
9. **Adjournment**

\* The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); contract negotiations under D.C. Official Code § 2-575(b)(1); legal, confidential or privileged matters under D.C. Official Code § 2-575(b)(4); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2-575(b)(10); proprietary matters under D.C. Official Code § 2-575(b)(11); decision in an adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14), and other matters provided in the Act.



Fiscal Year 2018

# Monthly Financial Report

Period Ending January 31, 2018

**DEPARTMENT OF FINANCE, ACCOUNTING & BUDGET**

**Matthew T. Brown**, Chief Financial Officer

**Ivan Boykin**, Director (Acting), Finance

**Syed Khalil**, Director, Rates & Revenue

**John Madrid**, Controller

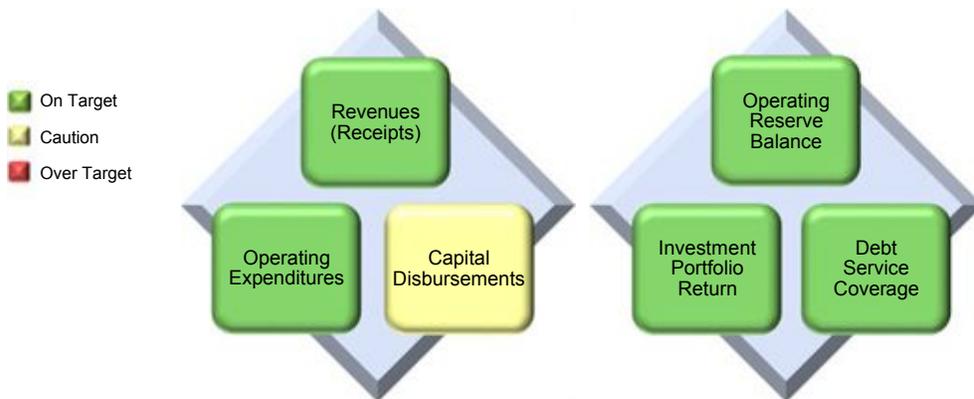
**Lola Oyeyemi**, Director, Budget

**Monthly Financial Report**

**JANUARY 2018**

**EXECUTIVE SUMMARY**

As of the end of January 2018, with approximately 33 percent of the fiscal year completed, we are on track with budgetary expectations and targeted performance, with the exception of capital disbursements.



(\$ in millions)

	Budget	YTD Budget	Actual	Variance		Actual % Budget
				Favorable (Unfavorable)		
<b>Revenues (Receipts)*</b>	\$617.2	\$205.7	\$200.3	(\$5.4)	(2.6%)	32.5%
<b>Expenditures</b>	\$561.9	\$187.3	\$168.9	\$18.4	9.8%	30.1%
<b>Capital Disbursements*</b>	\$387.3	\$157.9	\$205.0	(\$47.1)	(29.9%)	52.9%

\* Board approved budgets are subject to revision as part of the FY 2019 budget process

Highlights:

- Kubra has been selected for the Alternative Payment Sites (APS) to process water bills for retail cash paying customers at our authorized walk-in payment locations
- FY 2017 Comprehensive Annual Financial Report (CAFR) has been completed
- FY 2017 Green Bond attestation engagement underway
- FY 2018 Cost of Service Studies on-going and anticipated for committee review in February
  - Fire Protection Fee (D.C. Retail Water & Sewer Rates Committee)
  - Water & Sewer Rates (D.C. Retail Water & Sewer Rates Committee)
  - Renewal & Replacement Reserve (Finance & Budget Committee)
  - Operating Reserve & Rate Stabilization Fund (RSF) (Finance & Budget Committee)
- Fitch Rating Agency surveillance discussion at DC Water on February 16, 2018
- DC Council Public Oversight Hearing for FY 2017 – FY 2018 Performance is scheduled for March 2, 2018
- The bond sale for Series 2018A/B series of \$300 million is scheduled for the second week in April 2018

**Matthew T. Brown, Chief Financial Officer**

## Monthly Financial Report

Fiscal Year-to-Date  
As of January 31, 2018

### Operating Revenues (\$000's)

Category	A	B	C	D = C/A	E = C-B	F = E/B
	FY 2018 BUDGET	YTD BUDGET*	ACTUAL	ACTUAL % BUDGET	VARIANCE \$ Fav/(Unfav)	VARIANCE % Fav/(Unfav)
Res. / Comm. / Multi.	\$353,039	117,680	\$110,600	31.3%	(\$7,079)	(6.0%)
Federal	58,494	19,498	30,509	52.2%	11,011	56.5%
Municipal (DC Govt.)	19,066	6,355	6,545	34.3%	190	3.0%
DC Housing Authority	8,825	2,942	2,415	27.4%	(527)	(17.9%)
Metering Fee	10,776	3,592	3,708	34.4%	116	3.2%
Water System Replacement Fee (WSRF)	39,717	13,239	13,223	33.3%	(16)	(0.1%)
Wholesale	76,028	25,343	18,990	25.0%	(6,353)	(25.1%)
PILOT/ROW	21,511	7,170	6,963	32.4%	(207)	(2.9%)
All Other	29,703	9,901	7,369	24.8%	(2,533)	(25.6%)
<b>TOTAL</b>	<b>\$617,159</b>	<b>\$205,720</b>	<b>\$200,322</b>	<b>32.5%</b>	<b>(\$5,398)</b>	<b>(2.6%)</b>

\*Straight-lined (4/12 of approved budget)

### VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of January 2018, cash receipts totaled \$200.3 million, or 32.5 percent of the approved FY 2018 budget. Several categories of customers make payments on a quarterly basis, including the Federal Government (who made their second quarterly payment in January), and wholesale customers (who made their first quarterly payment in November).

Residential, Commercial and Multi-Family – Receipts for this category are slightly lower at \$110.6 million or 31.3 percent of the approved budget. The lower receipts as compared to budget are on account of delay in billing of some accounts in the new billing system VertexOne, which was implemented in December 2017.

District Government – Receipts are higher at \$6.5 million or 34.3 percent of the approved budget. The District Government did not pay the August billed amount of \$2.0 million as anticipated in September 2017. The overdue amount was received in October 2017 (FY 2018), which resulted in higher receipts compared to the approved budget. Due to post-implementation issues of the new billing system VertexOne, the December 2017 bill for the District Government was sent in February 2018 and the billed amount is anticipated to be received in February.

DC Housing – Receipts are slightly lower at \$2.4 million or 27.4 percent of the approved budget. Due to post-implementation issues of the new billing system VertexOne, the December 2017 bill for the DC Housing was sent in February 2018 and the billed amount is anticipated to be received in February.

Wholesale – The Wholesale customers' actual receipts through January 2018 total \$19.0 million or 25.0 percent of the approved FY 2018 budget. Wholesale customers' second quarter payment is anticipated to be received during the month of February 2018.

Other Revenue – Receipts are lower than the straight-lined budget at \$7.4 million or 24.8 percent of the budgeted category primarily due to IMA Indirect Cost Reimbursement, which is not anticipated to be received until the third quarter of the fiscal year.

## Monthly Financial Report

Fiscal Year-to-Date  
As of January 31, 2018

### Operating Expenditures (\$000's)

Category	A	B	C	D=C/A	E=B-C	F=E/B
	FY 2018 BUDGET	YTD BUDGET*	ACTUAL	ACTUAL % BUDGET	VARIANCE \$ Fav/(Unfav)	VARIANCE % Fav/(Unfav)
Personnel	\$149,193	\$49,731	\$52,923	35.5%	(\$3,192)	(6.4%)
Contractual Services	79,353	26,451	24,377	30.7%	2,074	7.8%
Water Purchases	30,156	10,052	7,803	25.9%	2,249	22.4%
Supplies & Chemicals	30,659	10,220	10,517	34.3%	(297)	(2.9%)
Utilities	29,399	9,800	8,818	30.0%	982	10.0%
Small Equipment	1,071	357	200	18.7%	157	44.0%
<b>SUBTOTAL O&amp;M</b>	<b>\$319,831</b>	<b>\$106,610</b>	<b>\$104,637</b>	<b>32.7%</b>	<b>\$1,973</b>	<b>1.9%</b>
Debt Service	185,480	61,827	57,165	30.8%	4,662	7.5%
PILOT/ROW	21,376	7,125	7,125	33.3%	0	0.0%
Cash Financed Capital Improvements	35,260	11,753	0	0.0%	11,753	100.0%
<b>TOTAL OPERATING</b>	<b>\$561,947</b>	<b>\$187,316</b>	<b>\$168,927</b>	<b>30.1%</b>	<b>\$18,388</b>	<b>9.8%</b>
Capital Labor	(21,061)	(7,020)	(5,486)	26.0%	(1,534)	21.9%
<b>TOTAL NET OPERATING</b>	<b>\$540,886</b>	<b>\$180,295</b>	<b>\$163,441</b>	<b>30.2%</b>	<b>\$16,854</b>	<b>9.3%</b>

\*Straight-lined (4/12 of approved budget)

#### VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of January 2018, operating expenditures totaled \$168.9 million or 30.1 percent of the FY 2018 budget of \$561.9 million and are in line with expectations. These numbers include estimated incurred but unpaid invoices and are subject to revision in subsequent months.

Personnel Services – YTD overspending is consistent with expectations due to impact of the Board-ratified union labor contract and other employee salary adjustments, coupled with unusually high overtime spending. YTD overtime spending of \$3.2 million is mainly for the after-hour work performed in response to emergencies and historically high water main breaks experienced during the winter season (Bomb Cyclone), support for the on-going Automated Meter Reader (AMR) Program and additional staff time to support the increase in permit applications in the District. Of the 1260 positions authorized, 1139 were filled at the end of January with a year-to-date vacancy rate of 11 percent.

Contractual Services – Underspending is attributable to a lag in various operational contracts throughout the Authority. Biosolids production during the fiscal year to date averaged 436 wet tons/day as compared to the 450 wet tons/day assumed value in the budget.

Supplies & Chemicals – YTD overspending is due to higher unit prices of some chemicals (methanol and sodium bisulfite), coupled with higher than anticipated usage of methanol for nitrogen removal. The operations team anticipates a decline in the use of methanol following the full commissioning of the Filtrate Treatment Facility in summer 2018.

Utilities – Slight underspending is mainly from onsite electricity generation from the Combined Heat and Power project (CHP) which represents approximately 7MW or 21 percent of Authority-wide usage. Presently, 15MW of the Authority's electricity load is locked at an average Western Hub unit price of \$34.30/MWh for the remainder of the year, and 15MW at \$31.40/MWh for FY 2019.

Debt Service – YTD actuals are in line with budget and debt service payment schedule.

Capital Labor – YTD spending is consistent with historical trend.

## Monthly Financial Report

Fiscal Year-to-Date  
As of January 31, 2018

### Capital Disbursements (\$000's)

Service Area	A	B	C	D = C/A	E = B-C	F = E/B
	FY 2018 BUDGET	YTD BUDGET*	ACTUAL	ACTUAL % BUDGET	VARIANCE \$ Fav/(Unfav)	VARIANCE % Fav/(Unfav)
Non Process Facilities	\$20,030	\$6,610	\$12,600	62.9%	(5,990)	(90.6%)
Wastewater Treatment	98,423	35,585	44,989	45.7%	(9,404)	(26.4%)
Combined Sewer Overflow	130,475	69,261	85,884	65.8%	(16,622)	(24.0%)
Stormwater	2,682	793	831	31.0%	(37)	(4.7%)
Sanitary Sewer	39,294	12,567	17,688	45.0%	(5,121)	(40.7%)
Water	51,738	18,175	21,277	41.1%	(3,101)	(17.1%)
<b>SUBTOTAL: CAPITAL PROJECTS</b>	<b>\$342,642</b>	<b>\$142,991</b>	<b>\$183,267</b>	<b>53.5%</b>	<b>(\$40,276)</b>	<b>(28.2%)</b>
Capital Equipment	32,897	10,966	16,592	50.4%	(5,627)	(51.3%)
Washington Aqueduct	11,768	3,923	5,154	43.8%	(1,231)	(31.4%)
<b>SUBTOTAL: ADD'L CAPITAL PROGRAMS</b>	<b>\$44,665</b>	<b>\$14,888</b>	<b>21,746</b>	<b>48.7%</b>	<b>(\$6,858)</b>	<b>(46.1%)</b>
<b>TOTAL</b>	<b>\$387,307</b>	<b>\$157,880</b>	<b>\$205,014</b>	<b>52.9%</b>	<b>(\$47,134)</b>	<b>(29.9%)</b>

### VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of January 2018, capital disbursements totaled \$205.0 million or 52.9 percent of the FY 2018 Board-approved budget, which is subject to revision.

The Proposed Ten-Year CIP (baseline), currently under review by the Committees, includes an increase of \$62.6 million to the FY 2018 disbursements budget. YTD disbursements is 45.6 percent of the FY 2018 revised budget of \$449.9 million.

Capital Projects – The detailed project performance and cost drivers will be reviewed by the Department of Engineering & Technical Services in February 2018.

Capital Equipment – The FY 2018 revised budget for the AMR program is higher than the approved budget and can accommodate higher disbursements for the bulk purchases made during the latter part of FY 2017. Approximately 85,000 small meters were planned to be replaced over a two-year period through FY 2018. At the end of January 2018, 61,256 meters have been installed.

Washington Aqueduct – A payment of \$5.1 million was made in December 2017 to execute contracts consistent with prior year budget authority for the following projects: McMillan Clearwell North, West Filter, Reservoir 3<sup>rd</sup> High, and Dalecarlia Clearwell.

**Monthly Financial Report**

Fiscal Year-to-Date  
As of January 31, 2018

**Cash Investments (\$ in millions)**

**Cash Balances**

Rate Stabilization Fund Account (RSF)	\$61.5
DC Insurance Reserve	1.0
Operating Reserve Accounts	<u>147.4</u>
<b>Operating Cash Balance Including RSF</b>	<b>\$209.9</b>
Debt Service Reserve - Series 1998	23.4
Bond Fund - Construction Fund 2015A	1.0
Bond Fund - Construction Fund 2016B	24.7
Bond Fund - Construction Fund 2017B	<u>6.1</u>
<b>Total All Funds</b>	<b>\$265.1</b>

**OVERALL PORTFOLIO PERFORMANCE**

- The operating reserve balance was \$147.4 million as compared to the operating reserve level objective of \$125.5 million for FY 2018
- Average cash balance for the month of January was \$152.9 million
- Total investment portfolio was in compliance with the Authority's Investment Policy
- Operating funds interest income for January (on a cash basis) was \$192,906; YTD \$672,899
- A detailed investment performance report is attached

## Monthly Financial Report

### Fiscal Year-to-Date As of January 31, 2018

#### Cash Flow Summary (\$000's)

	Annual Budget Cash Basis	YTD 33% Cash Budget	YTD Actual Cash Oct. 1, 2017 - Jan. 31, 2018	Variance Favorable (Unfavorable)	
<b>OPERATING BUDGET</b>					
<b>Cash Provided</b>					
Retail	\$489,917	\$163,306	\$167,001	\$3,695	2%
Wholesale	76,028	\$25,343	18,990	(6,353)	-25%
Other	50,762	\$16,921	14,225	(2,695)	-16%
<b>Total Cash Provided</b>	<b>616,707</b>	<b>205,569</b>	<b>200,216</b>	<b>(5,353)</b>	<b>-3%</b>
<b>Operating Cash Used</b>					
Personnel Services	128,132	42,711	45,694	(2,984)	-7%
Contractual Services	79,353	26,451	27,280	(829)	-3%
Chemicals & Supplies	30,659	10,220	10,627	(407)	-4%
Utilities	29,399	9,800	6,942	2,858	29%
Water Purchases	30,156	10,052	8,823	1,229	12%
Small Equipment	1,071	357	146	211	59%
<b>Total Operating Cash Used</b>	<b>298,770</b>	<b>99,590</b>	<b>99,512</b>	<b>78</b>	<b>0%</b>
Defeasance D.S./Cash Financed Capital Construction	35,260	11,753	0	11,753	100%
<b>Other Cash Used</b>					
Debt Service	185,480	61,827	57,165	4,661	8%
Payment In Lieu of Taxes/Right of Way	21,376	7,125	5,344	1,781	25%
<b>Total Other Cash Used</b>	<b>206,856</b>	<b>68,952</b>	<b>62,510</b>	<b>6,442</b>	<b>9%</b>
<b>Total Cash Used</b>	<b>540,886</b>	<b>180,295</b>	<b>162,022</b>	<b>18,273</b>	<b>10%</b>
<b>Net Cash Provided (Used) by Operating Act.</b>	<b>75,821</b>	<b>25,274</b>	<b>38,194</b>	<b>12,920</b>	
<b>CAPITAL BUDGET</b>					
<b>Cash Provided</b>					
Debt Proceeds	119,827	39,942	139,066	99,123	248%
EPA Grants	23,092	7,697	6,988	(709)	-9%
System Availability Fee	1,925	642	0	(642)	-100%
Transfer from Operations	93,589	31,196	0	(31,196)	-100%
Interest Income	1,365	455	699	244	54%
Wholesale Capital Contributions	80,043	26,681	24,652	(2,029)	-8%
<b>Total Cash Provided</b>	<b>319,841</b>	<b>106,614</b>	<b>171,404</b>	<b>64,790</b>	<b>61%</b>
<b>Cash Used</b>					
DC Water Capital Program	375,539	125,180	199,860	(74,680)	-60%
Washington Aqueduct Projects	11,768	3,923	5,154	(1,231)	-31%
<b>Total Cash Used</b>	<b>387,307</b>	<b>129,102</b>	<b>205,014</b>	<b>(75,912)</b>	<b>-59%</b>
<b>Net Cash/PAYGO Provided (Used) by Cap. Act.</b>	<b>(\$67,466)</b>	<b>(\$22,489)</b>	<b>(\$33,610)</b>	<b>(\$11,121)</b>	
<b>Beginning Balance, October 1 (Net of Rate Stab. Fund) Projected</b>	<b>\$147,212</b>		<b>\$147,212</b>		
Plus (Less) Operating Surplus	75,821	25,274	38,194		
Wholesale Customer Refunds from Prior Years	(7,000)	(2,333)	0		
Interest Earned From Bond Reserve	451	150	106		
Prior Year Federal Billing Reconciliation	(9,019)	(3,006)	(4,510)		
Cash Used for Capital	(67,466)	(22,489)	(33,610)		
<b>Balance Attributable to O&amp;M Reserve</b>	<b>\$140,000</b>		<b>\$147,393</b>		
<b>OTHER CASH RESERVES</b>					
<b>Rate Stabilization Fund</b>	<b>\$61,450</b>				
<b>DC Insurance Reserve</b>	<b>1,000</b>				

**Monthly Financial Report**

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APPENDIX

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Monthly Financial Report

Fiscal Year-to-Date  
As of January 31, 2018

Operating Revenues Detail

(\$ in millions)

Revenue Category	FY 2018 Budget	YTD Budget	Actual	Variance Favorable / (Unfavorable)	Actual % of Budget	
Residential, Commercial, and Multi-family	\$353.0	\$117.7	\$110.6	(\$7.1)	-6.0%	31.3%
Federal	\$58.5	19.5	30.5	11.0	56.5%	52.2%
District Government	\$19.1	6.4	6.6	0.2	3.0%	34.3%
DC Housing Authority	\$8.8	2.9	2.4	(0.5)	-17.9%	27.4%
Customer Metering Fee	\$10.8	3.6	3.7	0.1	3.2%	34.4%
Water System Replacement Fee (WSRF)	\$39.7	13.2	13.2	(0.0)	-0.1%	33.3%
Wholesale	\$76.0	25.3	19.0	(6.3)	-25.1%	25.0%
Right-of-Way Fee/PILOT	\$21.5	7.2	7.0	(0.2)	-2.9%	32.4%
<b>Subtotal (before Other Revenues)</b>	<b>\$587.4</b>	<b>\$195.8</b>	<b>\$192.9</b>	<b>(\$2.9)</b>	<b>-1.5%</b>	<b>32.8%</b>
Other Revenue without RSF						
IMA Indirect Cost Reimb. For Capital Projects	5.0	1.7	0.0	(1.7)	-100.0%	0.0%
DC Fire Protection Fee	10.8	3.6	2.7	(0.9)	-25.0%	25.0%
Stormwater (MS4)	1.0	0.3	0.6	0.3	100.0%	60.0%
Interest	2.6	0.9	0.8	(0.1)	-11.1%	30.8%
Developer Fees (Water & Sewer)	6.0	2.0	2.0	0.0	0.0%	33.3%
Others	4.3	1.4	1.2	(0.2)	-14.3%	27.9%
<b>Subtotal</b>	<b>\$29.7</b>	<b>\$9.9</b>	<b>\$7.4</b>	<b>(\$2.5)</b>	<b>-25.6%</b>	<b>24.8%</b>
Rate Stabilization Fund Transfer	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	0.0%
<b>Other Revenue Subtotal</b>	<b>\$29.7</b>	<b>\$9.9</b>	<b>\$7.4</b>	<b>(\$2.5)</b>	<b>-25.6%</b>	<b>24.8%</b>
<b>Grand Total</b>	<b>\$617.2</b>	<b>\$205.7</b>	<b>\$200.3</b>	<b>(\$5.4)</b>	<b>-2.6%</b>	<b>32.5%</b>

BREAKDOWN OF RETAIL RECEIPTS BY CUSTOMER CATEGORY  
(\$ in 000's)

Customer Category	Water	Sewer	Clean Rivers IAC	Metering Fee	WSRF	Total
Residential	\$11,079	\$13,487	\$10,814	\$1,671	\$2,988	\$40,039
Commercial	18,397	18,622	12,378	1,028	4,679	55,104
Multi-family	9,828	11,725	4,271	457	2,000	28,281
Federal	9,868	9,368	11,274	387	2,826	33,722
District Govt	1,577	1,927	3,041	126	564	7,235
DC Housing Authority	889	1,073	453	40	165	2,620
<b>Total:</b>	<b>\$51,637</b>	<b>\$56,201</b>	<b>\$42,231</b>	<b>\$3,708</b>	<b>\$13,223</b>	<b>\$167,001</b>

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)

Customer Category	FY2018 Budget	Year-To-Date Budget	Actual Received	Variance Favorable / <Unfavorable>	Variance % of YTD Budget	Actual % of Budget
Residential	\$31,810	\$10,603	\$10,814	\$210	2%	34%
Commercial	40,078	13,359	12,378	(981)	-7%	31%
Multi-family	12,816	4,272	4,271	(1)	0%	33%
Federal	18,874	6,291	11,274	4,983	79%	60%
District Govt	10,486	3,495	3,041	(454)	-13%	29%
DC Housing Authority	1,515	505	453	(52)	-10%	30%
<b>Total:</b>	<b>\$115,579</b>	<b>\$38,526</b>	<b>\$42,231</b>	<b>\$3,705</b>	<b>10%</b>	<b>37%</b>

## Monthly Financial Report

Fiscal Year-to-Date  
As of January 31, 2018

### Overtime by Department

Department	FY 2018			
	Budget	YTD Actual	YTD Actual % of Budget	% of Regular Pay
Office of the Board Secretary	\$8,000	\$3,506	43.8%	3.9%
General Manager	9,000	1,911	21.2%	0.2%
General Counsel	2,000	129	6.5%	0.0%
External Affairs	27,000	-	0.0%	0.0%
Internal Audit	-	-	0.0%	0.0%
Information Technology	15,000	2,036	13.6%	0.2%
Procurement	30,000	4,519	15.1%	0.4%
Customer Service*	260,000	229,681	88.3%	6.9%
Finance, Accounting & Budget	40,000	17,106	42.8%	0.8%
Assistant General Manager - Support Services	0	-	0.0%	0.0%
Human Capital Management	4,000	1,450	36.3%	0.1%
Occupational Safety and Health	1,000	57	5.7%	0.0%
Facilities Management	238,000	93,102	39.1%	7.1%
Department of Security	-	257	0.0%	0.1%
Water Quality and Technology	-	299	0.0%	0.0%
Distribution and Conveyance System	541,000	278,201	51.4%	10.9%
Engineering and Technical Services	1,024,000	295,220	28.8%	4.7%
Water Services**	1,047,000	860,096	82.1%	18.2%
Clean Rivers	0	17,400	0.0%	6.7%
Sewer Services ****	900,000	544,894	60.5%	21.6%
Wastewater Treatment - Operations	1,463,300	563,308	38.5%	14.8%
Wastewater Treatment - Process Engineering	64,000	11,593	18.1%	1.0%
Maintenance Services	500,000	241,233	48.2%	9.1%
Permit Operations***	2,000	8,454	422.7%	1.7%
Fleet Management	3,000	585	19.5%	0.3%
<b>Total DC WATER</b>	<b>\$6,178,300</b>	<b>\$3,175,037</b>	<b>51.4%</b>	<b>8.3%</b>

**Notes:**

\* Increased overtime to support the on-going Automated Meter Reader (AMR) project

\*\* High overtime usage due to increased after-hour work performed in response to emergencies and historically high water main breaks experienced during the winter season (Bomb Cyclone)

\*\*\* High spending due to additional staff time needed to process increase in permit applications to support development in the District

\*\*\*\* Sewer Services has experienced similar OT resulting from emergency backups that are also caused by rain events. In addition, shift coverage is also a major contributor, particularly since crews are not regularly assigned to work on rotational shifts or weekends and are deployed on an on-call/emergency basis

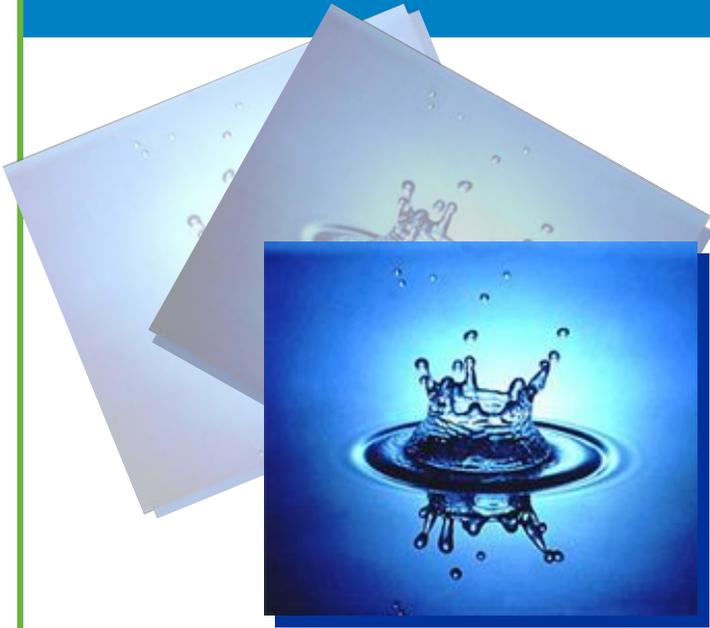
Monthly Financial Report

Fiscal Year-to-Date  
As of January 31, 2018

Capital Disbursements Detail by Program (\$000's)

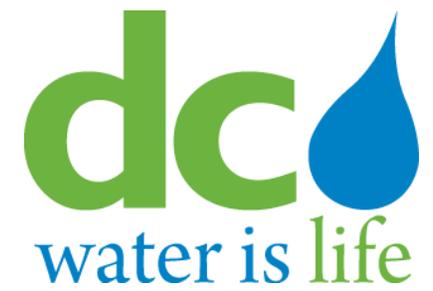
Service Areas	Budget		Actual			Variance		
	A	B			C	D=C/A	E=B-C	F=E/B
	Annual	YTD	Oct - Dec 2017	Jan. 2018	YTD	YTD Actual % Budget	YTD \$ Fav/(Unfav)	YTD % Fav/(Unfav)
<b>NON PROCESS FACILITIES</b>								
Facility Land Use	\$20,030	\$6,610	\$7,213	\$5,387	\$12,600	62.9%	(\$5,990)	(90.6%)
<b>Subtotal</b>	<b>20,030</b>	<b>6,610</b>	<b>7,213</b>	<b>5,387</b>	<b>12,600</b>	<b>62.9%</b>	<b>(5,990)</b>	<b>(90.6%)</b>
<b>WASTEWATER TREATMENT</b>								
Liquid Processing	24,883	8,958	7,153	1,499	8,651	34.8%	307	3.4%
Plantwide	14,562	4,806	4,220	1,383	5,603	38.5%	(798)	(16.6%)
Solids Processing	4,836	1,789	5,836	816	6,652	137.5%	(4,863)	(271.8%)
Enhanced Nitrogen Removal Facilities	54,141	20,032	19,433	4,649	24,082	44.5%	(4,050)	(20.2%)
<b>Subtotal</b>	<b>98,423</b>	<b>35,585</b>	<b>36,642</b>	<b>8,347</b>	<b>44,989</b>	<b>45.7%</b>	<b>(9,404)</b>	<b>(26.4%)</b>
<b>COMBINED SEWER OVERFLOW</b>								
D.C. Clean Rivers	116,713	64,192	60,993	19,435	80,428	68.9%	(16,236)	(25.3%)
Program Management	5,355	1,874	183	320	504	9.4%	1,371	73.1%
Combined Sewer	8,407	3,195	4,077	875	4,952	58.9%	(1,757)	(55.0%)
<b>Subtotal</b>	<b>130,475</b>	<b>69,261</b>	<b>65,253</b>	<b>20,631</b>	<b>85,884</b>	<b>65.8%</b>	<b>(16,622)</b>	<b>(24.0%)</b>
<b>STORMWATER</b>								
Local Drainage	8	8	37	0	37	457.3%	(29)	(371.4%)
On-Going	572	0	0	433	433	75.7%	(433)	0.0%
Pumping Facilities	1,743	662	252	0	252	14.5%	410	62.0%
DDOT	19	0	0	0	0	0.0%	0	0.0%
Research and Program Management	238	83	0	43	43	18.1%	40	48.1%
Trunk/Force Sewers	102	40	66	0	66	64.3%	(26)	(64.9%)
<b>Subtotal</b>	<b>2,682</b>	<b>793</b>	<b>354</b>	<b>476</b>	<b>831</b>	<b>31.0%</b>	<b>(37)</b>	<b>(4.7%)</b>
<b>SANITARY SEWER</b>								
Collection Sewers	2,249	967	4,621	78	4,699	208.9%	(3,732)	(385.9%)
On-Going	11,645	4,192	4,439	848	5,287	45.4%	(1,095)	(26.1%)
Pumping Facilities	290	87	261	105	366	126.1%	(279)	(320.3%)
Program Management	11,917	3,098	758	203	961	8.1%	2,138	69.0%
Interceptor/Trunk Force Sewers	13,194	4,222	3,730	2,645	6,375	48.3%	(2,153)	(51.0%)
<b>Subtotal</b>	<b>39,294</b>	<b>12,567</b>	<b>13,809</b>	<b>3,879</b>	<b>17,688</b>	<b>45.0%</b>	<b>(5,121)</b>	<b>(40.7%)</b>
<b>WATER</b>								
Distribution Systems	28,847	10,962	6,316	1,960	8,277	28.7%	2,685	24.5%
Lead Program	720	324	1,491	224	1,715	238.2%	(1,391)	(429.3%)
On-Going	6,886	1,790	2,239	952	3,191	46.3%	(1,401)	(78.2%)
Pumping Facilities	1,958	744	1,076	487	1,564	79.9%	(820)	(110.2%)
DDOT	516	289	0	0	0	0.0%	289	100.0%
Storage Facilities	8,072	2,502	3,918	1,156	5,074	62.9%	(2,572)	(102.8%)
Program Management	4,739	1,564	907	550	1,456	30.7%	108	6.9%
<b>Subtotal</b>	<b>51,738</b>	<b>18,175</b>	<b>15,948</b>	<b>5,329</b>	<b>21,277</b>	<b>41.1%</b>	<b>(3,101)</b>	<b>(17.1%)</b>
<b>Capital Projects</b>	<b>\$342,642</b>	<b>\$142,991</b>	<b>\$139,218</b>	<b>\$44,049</b>	<b>\$183,267</b>	<b>53.5%</b>	<b>(40,276)</b>	<b>(28.2%)</b>
<b>CAPITAL EQUIPMENT</b>	<b>32,897</b>	<b>10,966</b>	<b>13,053</b>	<b>3,539</b>	<b>16,592</b>	<b>50.4%</b>	<b>(5,627)</b>	<b>(51.3%)</b>
<b>WASHINGTON AQUEDUCT</b>	<b>11,768</b>	<b>3,923</b>	<b>5,154</b>	<b>0</b>	<b>5,154</b>	<b>43.8%</b>	<b>(1,231)</b>	<b>(31.4%)</b>
<b>Additional Capital Programs</b>	<b>44,665</b>	<b>14,888</b>	<b>18,207</b>	<b>3,539</b>	<b>21,747</b>	<b>48.7%</b>	<b>(6,858)</b>	<b>(46.1%)</b>
<b>Total</b>	<b>\$387,307</b>	<b>\$157,880</b>	<b>\$157,425</b>	<b>\$47,589</b>	<b>205,014</b>	<b>52.9%</b>	<b>(47,134)</b>	<b>(29.9%)</b>

Based on approved budget, which is subject to revision



# DC Water

*Investment Performance Report – January 2018*



**DC Water  
Finance Division  
Economic Update**

### ECONOMIC COMMENTARY

- According to the Bureau of Economic Analysis' first reading, U.S. Gross Domestic Product ("GDP") expanded at an annual rate of 2.6% during the fourth quarter of 2017, which resulted in an annual growth rate of 2.5% for 2017.
- At the FOMC's January meeting, members unanimously decided to leave the federal funds target range unchanged in the 1.25% to 1.50% range. As of January 31, 2018, the probability implied by market participants suggested a 90% likelihood that the first rate hike in 2018 will occur at the FOMC's March meeting.
- The January FOMC meeting marked Janet Yellen's last meeting serving as the Fed Chair; current Fed Governor Jerome Powell will replace her, which is widely perceived by market participants as monetary policy continuation.
- U.S. Treasury yields moved higher during the month of January, as the market continued to price in future interest rate hikes by the FOMC. The yield on the 3-month Treasury bill increased by 0.08% from 1.38% to 1.46% while the 2-year Treasury note's yield increased by 0.25% from 1.89% to 2.14%.
- The United States labor market added 200,000 jobs in January, above the 180,000 expectation. The unemployment rate remained unchanged at 4.1%, continuing to hold steady at the lowest level in 17 years.

### PORTFOLIO RECAP

- The portfolio is diversified among Bank Deposits, U.S. Treasuries, Federal Agencies, Supranational Bonds, Commercial Paper, Negotiable CDs, Corporate Notes/Bonds, Municipal Bonds, FDIC Insured CDs, and SEC registered money market funds.
- The overall yield-to-maturity on cost of the portfolio is 1.26%.

#### Operating Reserve

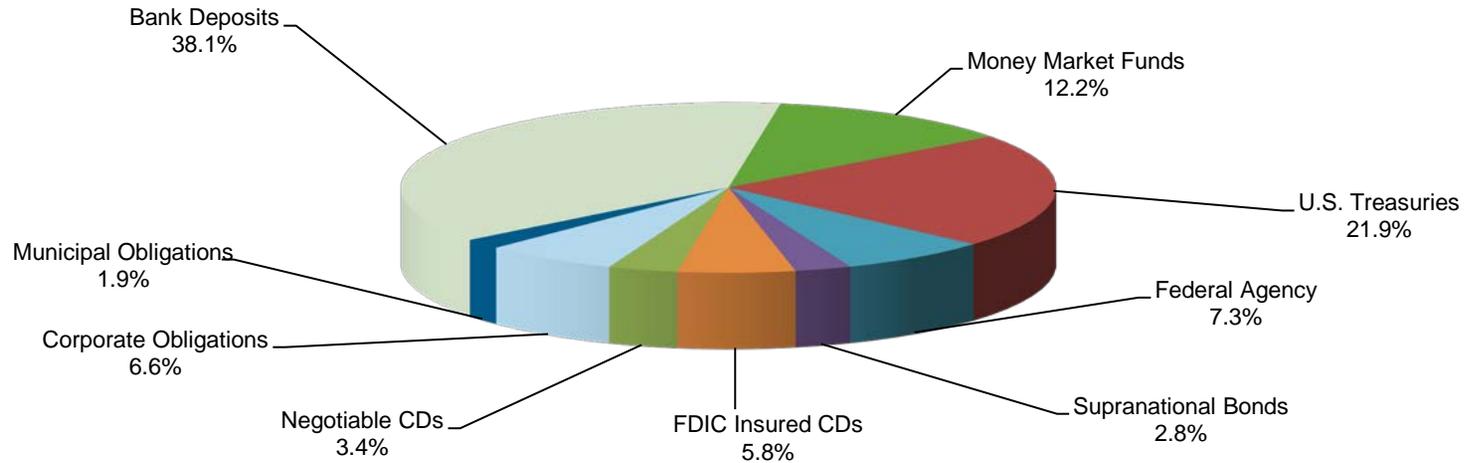
- PFM purchased \$2.55 million of 3-year US Treasuries at an average yield of 2.06%, and \$700,000 of 3-year supranational notes.
- The Authority purchased \$5.19 million of 1-year CDs through CDARS.

#### 2017B Construction Fund

- PFM sold \$11.56 million of 3-month US Treasuries.



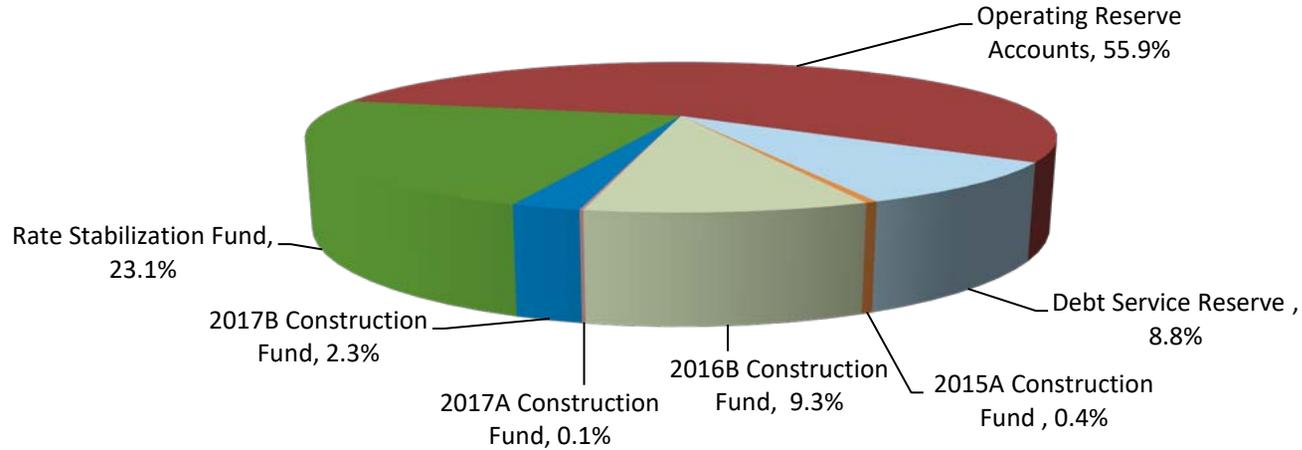
**DC Water  
Finance Division  
Investments - By Security Type  
As of January 31, 2018**



Security Type	Book Value + Accrued Interest	Asset Allocation	Permitted By Policy
Bank Deposits	101,279,471	38.1%	100.0%
Money Market Funds	32,449,660	12.2%	100.0%
U.S. Treasuries	58,107,110	21.9%	100.0%
Federal Agency	19,527,609	7.3%	80.0%
Supranational Bonds	7,389,124	2.8%	30.0%
Commercial Paper	-	0.0%	35.0%
FDIC Insured CDs	15,324,862	5.8%	30.0%
Negotiable CDs	9,117,329	3.4%	30.0%
Corporate Obligations	17,522,519	6.6%	30.0%
Municipal Obligations	5,144,511	1.9%	20.0%
<b>Total</b>	<b>\$ 265,862,194</b>	<b>100.0%</b>	



**DC Water  
Finance Division  
Investment Analysis – By Fund  
As of January 31, 2018**

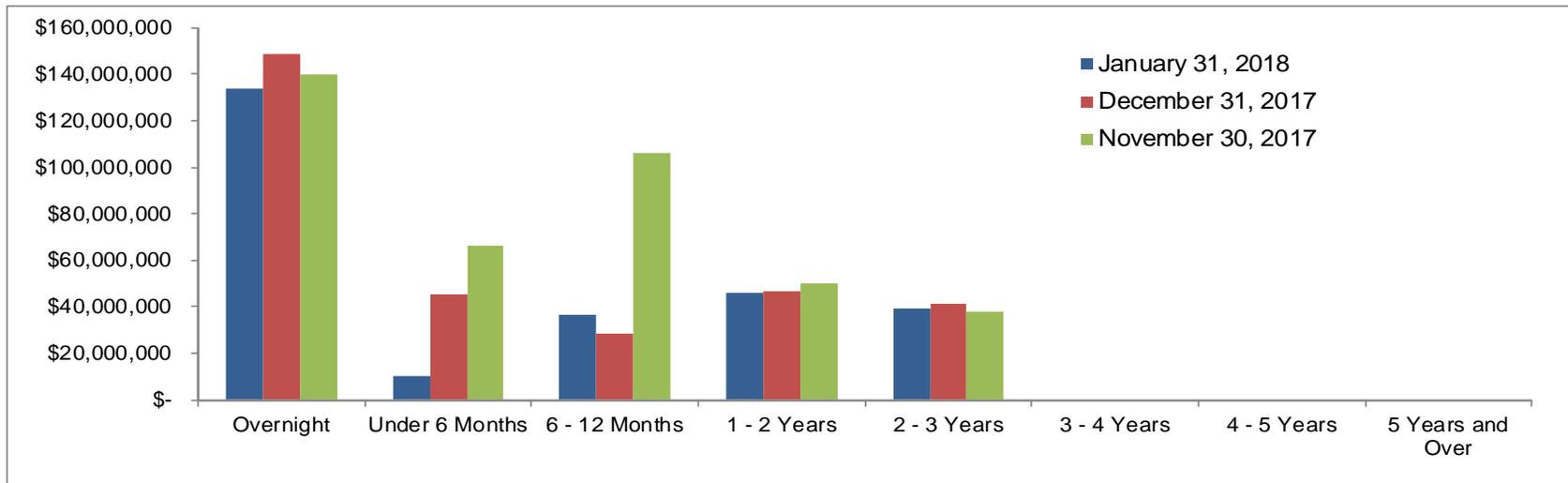


Fund Name	Book Value + Accrued Interest	Yield-to- Maturity at Cost	Effective Duration (years)	Weighted Average Maturity (days)
Rate Stabilization Fund	\$ 61,450,000	1.15%	0.00	1.0
Operating Reserve Accounts	\$ 148,642,612	1.35%	1.18	440.4
CSO LTCP Appropriations Account	\$ 2,441	1.19%	0.00	1.0
Debt Service Reserve	\$ 23,502,710	1.08%	0.62	228.8
2015A Construction Fund	\$ 1,045,388	1.17%	0.00	1.0
2015B Construction Fund	\$ 31,501	1.17%	0.00	1.0
2016B Construction Fund	\$ 24,736,564	1.17%	0.00	1.0
2017A Construction Fund	\$ 331,605	1.17%	0.00	1.0
2017B Construction Fund	\$ 6,119,373	1.17%	0.00	1.0
<b>Total</b>	<b>\$ 265,862,194</b>	<b>1.26%</b>	<b>0.71</b>	<b>266.8</b>



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

<b>Maturity Distribution</b>	<b>January 31, 2018</b>	<b>December 31, 2017</b>	<b>November 30, 2017</b>
Overnight \$	133,729,130.41 \$	148,510,488.00	\$139,825,195.49
Under 6 Months	10,453,715.32	45,606,492.15	66,591,127.60
6 - 12 Months	36,620,528.81	28,201,069.22	105,835,104.22
1 - 2 Years	46,016,244.82	46,376,573.11	49,705,838.61
2 - 3 Years	39,042,574.46	40,925,580.81	38,206,517.25
3 - 4 Years	-	-	-
4 - 5 Years	-	-	-
5 Years and Over	-	-	-
<b>Totals \$</b>	<b>265,862,193.82 \$</b>	<b>309,620,203.29</b>	<b>\$400,163,783.17</b>





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

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
<b>Bank Deposits</b>					
TD Bank		101,279,470.85	38.1%	100.0%	Yes
<b>Sub-Total Bank Deposits</b>		<b>101,279,470.85</b>	<b>38.1%</b>	100.0%	Yes
<b>Money Market Mutual Funds</b>					
Wells Fargo Treasury Plus MMF	AAA	32,271,752.06	12.1%	50.0%	Yes
Wells Fargo Government MMF	AAA	177,907.50	0.1%	50.0%	Yes
<b>Sub-Total Money Market Mutual Funds</b>		<b>32,449,659.56</b>	<b>12.2%</b>	100.0%	Yes
<b>U.S. Treasuries</b>					
Treasury Note	AA+ / Aaa	58,107,110.07	21.9%	100.0%	Yes
<b>Sub-Total Treasuries</b>		<b>58,107,110.07</b>	<b>21.9%</b>	100.0%	Yes
<b>Federal Agencies</b>					
Fannie Mae	AA+ / Aaa	10,963,774.77	4.1%	40.0%	Yes
Federal Home Loan Bank	AA+ / Aaa	4,609,674.39	1.7%	40.0%	Yes
Freddie Mac	AA+ / Aaa	3,954,160.02	1.5%	40.0%	Yes
<b>Sub-Total Federal Agencies</b>		<b>19,527,609.18</b>	<b>7.3%</b>	80.0%	Yes
<b>Supranational Bonds</b>					
African Development Bank	AAA / Aaa	1,743,641.33	0.7%	5.0%	Yes
Asian Development Bank	AAA / Aaa	1,625,377.05	0.6%	5.0%	Yes
Inter-American Development Bank	AAA / Aaa	2,188,228.10	0.8%	5.0%	Yes
International Bank for Reconstruction and Development	AAA / Aaa	1,831,877.04	0.7%	5.0%	Yes
<b>Sub-Total Supranational Bonds</b>		<b>7,389,123.52</b>	<b>2.8%</b>	30.0%	Yes
<b>FDIC Insured Certificates of Deposit</b>					
CDARS - Placed by Industrial Bank	NR / NR	15,324,861.81	5.8%	5.0%	No
<b>Sub-Total FDIC-Insured Certificates of Deposit</b>		<b>15,324,861.81</b>	<b>5.8%</b>	30.0%	Yes
<b>Negotiable Certificates of Deposit</b>					
Canadian Imperial Bank NY	A-1 / P-1	1,804,783.16	0.7%	5.0%	Yes
Nordea Bank Finland NY	A-1+ / P-1	1,805,544.00	0.7%	5.0%	Yes
Skandinav Enskilda Banken NY	A+ / Aa3	1,866,572.44	0.7%	5.0%	Yes
Svenska Handelsbanken NY	A-1+ / P-1	1,802,079.00	0.7%	5.0%	Yes
Swedbank NY	AA- / Aa3	929,432.81	0.3%	5.0%	Yes
Westpac Banking Corp NY	AA- / Aa3	908,917.50	0.3%	5.0%	Yes
<b>Sub-Total Negotiable Certificates of Deposit</b>		<b>9,117,328.91</b>	<b>3.4%</b>	30.0%	Yes

CDARS holdings are not managed by PFMAM, and we therefore cannot guarantee the accuracy of holdings information provided.



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

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
<b>Corporate Obligations</b>					
Apple Inc.	AA+ / Aa1	1,453,445.23	0.5%	5.0%	Yes
Bank of Montreal	A+ / A1	900,060.99	0.3%	5.0%	Yes
Bank of New York Mellon	A / A1	1,805,502.68	0.7%	5.0%	Yes
Bank of Nova Scotia	A+ / A1	925,832.64	0.3%	5.0%	Yes
Berkshire Hathaway Inc	AA / Aa2	130,797.35	0.0%	5.0%	Yes
Chevron	AA- / Aa2	902,926.88	0.3%	5.0%	Yes
Coca-Cola	AA- / Aa3	386,198.74	0.1%	5.0%	Yes
Colgate-Palmolive Company	AA- / Aa3	933,187.10	0.4%	5.0%	Yes
Exxon Mobil	AA+ / Aaa	934,788.75	0.4%	5.0%	Yes
General Electric Capital	A / A2	459,510.00	0.2%	5.0%	Yes
Johnson & Johnson	AAA / Aaa	195,662.17	0.1%	5.0%	Yes
Microsoft	AAA / Aaa	1,046,632.18	0.4%	5.0%	Yes
Pfizer Inc.	AA / A1	896,538.92	0.3%	5.0%	Yes
Procter & Gamble	AA- / Aa3	441,919.59	0.2%	5.0%	Yes
Royal Bank of Canada	AA- / A1	899,558.01	0.3%	5.0%	Yes
Toronto Dominion Bank NY	AA- / Aa2	906,047.63	0.3%	5.0%	Yes
Total Capital	A+ / Aa3	901,017.14	0.3%	5.0%	Yes
Toyota	AA- / Aa3	930,061.36	0.3%	5.0%	Yes
Wal-Mart Stores Inc.	AA / Aa2	432,103.36	0.2%	5.0%	Yes
Wells Fargo & Company Notes	A / A2	1,107,998.25	0.4%	5.0%	Yes
Westpac Banking	AA- / Aa3	932,729.55	0.4%	5.0%	Yes
<b>Sub-Total Corporate Obligations</b>		<b>17,522,518.52</b>	<b>6.6%</b>	30.0%	Yes
<b>Municipal Obligations</b>					
Connecticut State	A+ / A1	992,007.47	0.4%	5.0%	Yes
Florida State	AA / Aa3	1,803,244.50	0.7%	5.0%	Yes
New York City	AAA / Aa1	542,646.00	0.2%	5.0%	Yes
Regional Transportation Authority, IL	AA / NR	1,806,613.43	0.7%	5.0%	Yes
<b>Sub-Total Municipal Obligations</b>		<b>5,144,511.40</b>	<b>1.9%</b>	20.0%	Yes
<b>Grand Total</b>		<b>\$ 265,862,193.82</b>	<b>100.0%</b>		

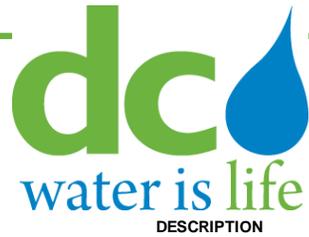


**DC Water  
Finance Division  
Book Value Performance  
As of January 31, 2018**

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

	Trailing 1 Months		Trailing 3 Months		Trailing 6 Months		Trailing 12 Months	Trailing 24 Months
	Periodic	Annualized	Periodic	Annualized	Periodic	Annualized		
Total Rate Stabilization Fund	0.04%	0.50%	0.13%	0.51%	0.29%	0.59%	0.54%	0.57%
Operating Reserve Accounts	0.12%	1.47%	0.31%	1.25%	0.62%	1.23%	1.20%	1.24%
Total Debt Service Reserve	0.09%	1.09%	0.28%	1.10%	0.51%	1.02%	0.92%	0.82%
2016B Construction Fund	0.07%	0.81%	0.18%	0.71%	0.63%	1.25%	0.84%	n/a
2017A Construction Fund	0.07%	0.86%	0.17%	0.67%	0.55%	1.09%	n/a	n/a
2017B Construction Fund	0.01%	0.10%	0.07%	0.26%	0.31%	0.61%	n/a	n/a
<b>Short-Term</b>	<b>0.10%</b>	<b>1.14%</b>	<b>0.27%</b>	<b>1.09%</b>	<b>0.53%</b>	<b>1.05%</b>	<b>0.95%</b>	<b>0.83%</b>
Merrill Lynch 3-Month Treasury Index (Book Value) <sup>1</sup>	0.11%	1.34%	0.31%	1.25%	0.57%	1.14%	0.96%	0.64%
<b>Core (1+ Years)</b>	<b>0.13%</b>	<b>1.52%</b>	<b>0.38%</b>	<b>1.50%</b>	<b>0.73%</b>	<b>1.46%</b>	<b>1.36%</b>	<b>1.30%</b>
Merrill Lynch 1-3 Year Treasury Index (Book Value) <sup>2</sup>	0.18%	2.13%	0.49%	1.94%	0.85%	1.70%	1.50%	1.22%

- (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.



**DC Water  
Finance Division  
Portfolio Holdings by Fund**

DESCRIPTION	CUSIP	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
<b>Rate Stabilization Fund</b>										
TD BANK BANK DEPOSIT		\$ 61,450,000		2/1/2018		1.15%	\$ 61,450,000	\$ 61,450,000	\$ 61,450,000	\$ 61,450,000.00
<b>Operating Reserve Accounts</b>										
TD BANK BANK DEPOSIT		\$ 39,827,030		2/1/2018		1.19%	\$ 39,827,030	\$ 39,827,030	\$ 39,827,030	
WELLS FARGO GOVERNMENT MMF		177,908		2/1/2018		1.18%	177,908	177,908	177,908	
REGIONAL TRANS AUTH, IL TXBL REV BONDS	7599112M1	1,800,000	1.250	5/4/2018	5/20/2016	1.44%	1,793,358	1,805,898	1,806,613	
BANK OF NEW YORK MELLON CORP (CALLABLE)	06406HDB2	1,800,000	1.600	5/22/2018	5/29/2015	1.60%	1,799,838	1,804,096	1,805,503	
INDUSTRIAL BANK CDARS		5,035,026	0.500	10/11/2018	10/12/2017	0.50%	5,035,026	5,042,815	5,042,815	
INDUSTRIAL BANK CDARS		5,085,490	0.500	11/8/2018	11/9/2017	0.50%	5,085,490	5,091,423	5,091,423	
CANADIAN IMPERIAL BANK NY CD	13606A5Z7	1,800,000	1.760	11/30/2018	12/5/2016	1.78%	1,798,596	1,801,484	1,804,783	
NORDEA BANK FINLAND NY CD	65558LWA6	1,800,000	1.760	11/30/2018	12/5/2016	1.74%	1,800,000	1,806,088	1,805,544	
US TREASURY NOTES	912828A75	1,500,000	1.500	12/31/2018	12/4/2015	1.22%	1,512,715	1,496,305	1,505,810	
SVENSKA HANDELSBANKEN NY LT CD	86958JHB8	1,800,000	1.890	1/10/2019	1/12/2017	1.91%	1,800,000	1,793,745	1,802,079	
WELLS FARGO & COMPANY NOTES	94974BFQ8	1,103,000	2.150	1/15/2019	10/7/2015	1.77%	1,116,225	1,104,307	1,107,998	
FHLB NOTES	3130AAE46	1,800,000	1.250	1/16/2019	12/8/2016	1.25%	1,799,928	1,788,995	1,800,902	
INDUSTRIAL BANK CDARS		2,614,746	1.000	1/17/2019	1/18/2018	1.00%	2,614,746	2,615,763	2,615,763	
INDUSTRIAL BANK CDARS		2,573,871	1.000	1/17/2019	1/18/2018	1.00%	2,573,871	2,574,861	2,574,861	
APPLE INC CORP NOTES	037833BQ2	545,000	1.700	2/22/2019	2/23/2016	1.71%	544,907	547,311	549,033	
FNMA BENCHMARK NOTE	3135G0J53	2,250,000	1.000	2/26/2019	2/23/2016	1.08%	2,244,690	2,236,387	2,257,780	
FNMA BENCHMARK NOTE	3135G0J53	825,000	1.000	2/26/2019	8/8/2016	0.90%	827,087	820,008	829,434	
FNMA BENCHMARK NOTE	3135G0J53	1,425,000	1.000	2/26/2019	9/2/2016	0.97%	1,425,926	1,416,378	1,431,537	
BERKSHIRE HATHAWAY INC NOTES	084664CG4	130,000	1.700	3/15/2019	3/15/2016	1.73%	129,901	130,166	130,797	
COLGATE-PALMOLIVE COMPANY CORP NOTES	19416QEF3	925,000	1.750	3/15/2019	5/1/2017	1.55%	928,432	926,974	933,187	
FREDDIE MAC NOTES	3137EADZ9	1,700,000	1.125	4/15/2019	5/31/2016	1.10%	1,701,309	1,687,332	1,706,188	
US TREASURY NOTES	912828D23	1,465,000	1.625	4/30/2019	6/29/2016	0.70%	1,502,998	1,463,962	1,487,858	
US TREASURY NOTES	912828D23	2,820,000	1.625	4/30/2019	11/14/2016	1.06%	2,858,555	2,818,003	2,851,367	
INTER-AMERICAN DEVELOPMENT BANK	458182DX7	1,260,000	1.000	5/13/2019	4/12/2016	1.10%	1,256,220	1,243,917	1,261,142	
CHEVRON CORP NOTES	166764BH2	900,000	1.561	5/16/2019	5/16/2016	1.56%	900,000	895,203	902,927	
FHLB GLOBAL NOTE	3130A8DB6	1,840,000	1.125	6/21/2019	6/3/2016	1.14%	1,839,227	1,818,341	1,841,944	
FL ST BOARD ADMIN FIN CORP TXBL REV BD	341271AA2	1,800,000	2.163	7/1/2019	3/8/2016	2.16%	1,800,000	1,797,737	1,803,245	
BANK OF MONTREAL	06367THQ6	900,000	1.500	7/18/2019	7/18/2016	1.53%	899,136	888,299	900,061	
FHLMC REFERENCE NOTE	3137EAEB1	2,250,000	0.875	7/19/2019	7/20/2016	0.96%	2,244,555	2,211,648	2,247,972	
ROYAL BANK OF CANADA CORP NOTES	78012KRK5	900,000	1.500	7/29/2019	7/29/2016	1.54%	898,974	888,381	899,558	
APPLE INC CORP NOTES	037833CB4	900,000	1.100	8/2/2019	8/4/2016	1.13%	899,100	889,810	904,412	
SKANDINAV ENSKILDA BANKEN NY CD	83050FTX3	1,850,000	1.840	8/2/2019	8/4/2017	1.85%	1,849,279	1,840,589	1,866,572	
MICROSOFT CORP NOTES	594918BN3	595,000	1.100	8/8/2019	8/8/2016	1.14%	594,387	588,601	597,832	
TORONTO DOMINION BANK NY CORP NOTES	89114QBJ6	900,000	1.450	8/13/2019	7/13/2016	1.45%	899,919	893,111	906,048	
CT ST TXBL GO BONDS	20772JD2	985,000	1.300	8/15/2019	8/17/2016	1.23%	987,128	973,322	992,007	
INTL BANK OF RECON AND DEV SN NOTE	459058FK4	900,000	0.875	8/15/2019	7/13/2016	0.88%	899,811	885,532	903,536	
FNMA NOTES	3135G0P49	1,450,000	1.000	8/28/2019	9/2/2016	1.05%	1,447,738	1,431,685	1,454,962	
FNMA NOTES	3135G0P49	1,975,000	1.000	8/28/2019	10/5/2016	1.02%	1,973,815	1,950,054	1,982,747	
AFRICAN DEVELOPMENT BANK NOTE	00828EBQ1	700,000	1.125	9/20/2019	9/20/2016	1.16%	699,258	690,465	702,458	
WAL-MART STORES INC CORP NOTE	931142DY6	430,000	1.750	10/9/2019	10/20/2017	1.75%	429,991	428,768	432,103	
THE PROCTER & GAMBLE CO CORP NOTES	742718EZ8	440,000	1.750	10/25/2019	10/25/2017	1.77%	439,846	438,259	441,920	
US TREASURY NOTES	912828G61	2,325,000	1.500	11/30/2019	12/5/2016	1.45%	2,328,633	2,304,970	2,333,278	

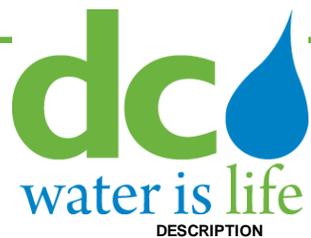
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**DC Water  
Finance Division  
Portfolio Holdings by Fund**

DESCRIPTION	CUSIP	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
<b>Operating Reserve Accounts</b>										
PFIZER INC CORP NOTE	717081EB5	595,000	1.700	12/15/2019	11/21/2016	1.72%	594,572	589,767	596,027	
PFIZER INC CORP NOTE	717081EB5	300,000	1.700	12/15/2019	11/21/2016	1.73%	299,775	297,362	300,512	
ASIAN DEVELOPMENT BANK NOTE	045167DT7	925,000	1.750	1/10/2020	1/12/2017	1.77%	924,464	916,861	925,593	
US TREASURY NOTES	912828H52	3,475,000	1.250	1/31/2020	1/5/2017	1.52%	3,447,309	3,414,036	3,456,970	
MICROSOFT CORP NOTES	594918BV5	445,000	1.850	2/6/2020	2/6/2017	1.87%	444,702	444,929	448,800	
FNMA NOTES	3135G0T29	1,150,000	1.500	2/28/2020	2/28/2017	1.52%	1,149,264	1,141,170	1,156,819	
US TREASURY NOTES	912828J50	725,000	1.375	2/29/2020	2/3/2017	1.58%	720,610	717,516	726,252	
US TREASURY NOTES	912828J50	2,900,000	1.375	2/29/2020	9/1/2017	1.38%	2,899,887	2,870,065	2,916,869	
EXXON MOBIL (CALLABLE) CORP NOTE	30231GAG7	925,000	1.912	3/6/2020	4/28/2017	1.77%	928,635	923,161	934,789	
WESTPAC BANKING CORP NOTES	961214DJ9	925,000	2.150	3/6/2020	3/6/2017	2.16%	924,602	925,091	932,730	
AFRICAN DEVELOPMENT BANK NOTE	00828ECA5	1,035,000	1.875	3/16/2020	3/16/2017	1.93%	1,033,468	1,033,169	1,041,183	
TOYOTA MOTOR CREDIT CORP (CALLABLE)	89236TDU6	630,000	1.950	4/17/2020	4/17/2017	1.97%	629,710	627,102	633,334	
TOYOTA MOTOR CREDIT CORP (CALLABLE)	89236TDU6	295,000	1.950	4/17/2020	4/17/2017	1.94%	295,089	293,643	296,728	
US TREASURY NOTES	912828K58	2,750,000	1.375	4/30/2020	4/5/2017	1.53%	2,737,646	2,709,978	2,750,637	
US TREASURY NOTES	912828K58	1,575,000	1.375	4/30/2020	4/10/2017	1.55%	1,566,879	1,552,078	1,574,568	
NYC TRANS FIN AUTH, NY TXBL REV BONDS	64971W5W6	540,000	1.960	5/1/2020	6/29/2017	1.98%	540,000	536,998	542,646	
TOTAL CAPITAL SA CORP NOTES	89152UAD4	850,000	4.450	6/24/2020	4/10/2017	2.07%	912,492	892,308	901,017	
US TREASURY NOTES	912828XH8	1,825,000	1.625	6/30/2020	6/16/2017	1.51%	1,830,988	1,801,958	1,832,399	
US TREASURY NOTES	912828XH8	3,650,000	1.625	6/30/2020	6/28/2017	1.50%	3,663,117	3,603,917	3,665,815	
BANK OF NOVA SCOTIA HOUSTON CORP BOND	064159JX5	925,000	2.150	7/14/2020	7/14/2017	2.15%	924,871	915,512	925,833	
FNMA NOTES	3135G0T60	1,850,000	1.500	7/30/2020	9/1/2017	1.49%	1,850,481	1,815,780	1,850,496	
US TREASURY NOTES	912828XM7	825,000	1.625	7/31/2020	7/7/2017	1.60%	825,516	812,759	825,461	
WESTPAC BANKING CORP NY CD	96121T4A3	900,000	2.050	8/3/2020	8/7/2017	2.05%	900,000	904,281	908,918	
INTL BANK OF RECONSTRUCTION AND DEV NOTE	45905UP32	925,000	1.561	9/12/2020	9/19/2017	1.64%	922,780	908,515	928,341	
GENERAL ELECTRIC CAPITAL CORP CORP NOTE	36962G4R2	425,000	4.375	9/16/2020	8/31/2017	1.84%	456,790	448,582	459,510	
FHLB NOTES	3130ACE26	965,000	1.375	9/28/2020	9/8/2017	1.48%	961,902	946,943	966,829	
US TREASURY NOTES	912828L99	250,000	1.375	10/31/2020	10/17/2017	1.71%	247,539	244,887	248,656	
INTER-AMERICAN DEVELOPMENT BANK	4581X0CD8	915,000	2.125	11/9/2020	10/10/2017	1.81%	923,481	912,854	927,086	
JOHNSON & JOHNSON CORP NOTE	478160CH5	195,000	1.950	11/10/2020	11/10/2017	1.99%	194,791	194,098	195,662	
COCA-COLA CO/THE GLOBAL NOTES	191216AR1	370,000	3.150	11/15/2020	9/12/2017	1.78%	385,584	380,003	386,199	
SWEDBANK (NEW YORK) CERT DEPOS	87019U6D6	925,000	2.270	11/16/2020	11/17/2017	2.30%	925,000	920,984	929,433	
US TREASURY NOTES	912828M98	3,000,000	1.625	11/30/2020	11/3/2017	1.77%	2,986,992	2,954,180	2,996,463	
US TREASURY N/B	912828N48	1,975,000	1.750	12/31/2020	12/5/2017	1.91%	1,965,588	1,947,504	1,969,128	
US TREASURY N/B	912828N48	975,000	1.750	12/31/2020	12/6/2017	1.96%	968,830	961,426	970,649	
ASIAN DEVELOPMENT BANK NOTE	045167EF6	700,000	2.250	1/20/2021	1/19/2018	2.29%	699,251	699,085	699,784	
US TREASURY NOTES	912828N89	1,750,000	1.375	1/31/2021	1/4/2018	2.05%	1,715,000	1,702,557	1,715,915	
US TREASURY NOTES	912828N89	800,000	1.375	1/31/2021	1/4/2018	2.08%	783,188	778,312	783,625	
										\$ 148,642,612.23
<b>Debt Service Reserve</b>										
WELLS FARGO TREASURY PLUS MMF		\$ 7,321		2/1/2018		1.17%	\$ 7,321	\$ 7,321	\$ 7,321	
US TREASURY NOTES	912828Q45	6,820,000	0.875	3/31/2018	11/2/2016	0.76%	6,831,189	6,834,593	6,841,599	
US TREASURY NOTES	912828RH5	4,975,000	1.375	9/30/2018	11/15/2016	1.00%	5,009,786	4,984,896	5,010,619	
US TREASURY NOTES	912828T42	6,460,000	0.750	9/30/2018	5/19/2017	1.19%	6,421,644	6,432,848	6,457,931	
US TREASURY N/B	912828W97	5,175,000	1.250	3/31/2019	10/10/2017	1.45%	5,160,041	5,152,966	5,185,239	
										\$ 23,502,709.72

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**DC Water  
Finance Division  
Portfolio Holdings by Fund**

DESCRIPTION	CUSIP	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
<b>CSO LTCP Appropriations Account</b>										
TD BANK BANK DEPOSIT		2,441		2/1/2018		1.19%	2,441	2,441	2,441	\$ 2,441.09
<b>2015A Construction Fund</b>										
WELLS FARGO TREASURY PLUS MMF		\$ 1,045,388		2/1/2018		1.17%	\$ 1,045,388	\$ 1,045,388	\$ 1,045,388	\$ 1,045,388.29
<b>2015B Construction Fund</b>										
WELLS FARGO TREASURY PLUS MMF		\$ 31,501		2/1/2018		1.17%	\$ 31,501	\$ 31,501	\$ 31,501	\$ 31,500.83
<b>2016B Construction Fund</b>										
WELLS FARGO TREASURY PLUS MMF		\$ 24,736,564		2/1/2018		1.17%	\$ 24,736,564	\$ 24,736,564	\$ 24,736,564	\$ 24,736,564.41
<b>2017A Construction Fund</b>										
WELLS FARGO TREASURY PLUS MMF		\$ 331,605		2/1/2018		1.17%	\$ 331,605	\$ 331,605	\$ 331,605	\$ 331,604.69
<b>2017B Construction Fund</b>										
WELLS FARGO TREASURY PLUS MMF		\$ 6,119,373		2/1/2018		1.17%	\$ 6,119,373	\$ 6,119,373	\$ 6,119,373	\$ 6,119,372.56
							<b>\$ 265,513,198.77</b>	<b>\$ 264,704,795.00</b>	<b>\$ 265,862,193.82</b>	<b>\$ 265,862,193.82</b>

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Investment Performance Report – January 2018



DC Water  
Finance Division  
Security Purchases  
Last 6 Months

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
<b>Operating Reserve Accounts</b>							
83050FXT3	SKANDINAV ENSKILDA BANKEN NY CD	1,850,000.00	1.84	8/2/2019	8/4/2017	1.88	1,849,278.50
96121T4A3	WESTPAC BANKING CORP NY CD	900,000.00	2.05	8/3/2020	8/7/2017	2.05	900,000.00
36962G4R2	GENERAL ELECTRIC CAPITAL CORP CORP NOTE	425,000.00	4.38	9/16/2020	8/31/2017	1.84	465,312.14
3135G0T60	FNMA NOTES	1,850,000.00	1.50	7/30/2020	9/1/2017	1.49	1,852,793.50
912828J50	US TREASURY NOTES	2,900,000.00	1.38	2/29/2020	9/1/2017	1.38	2,899,996.87
3130ACE26	FHLB NOTES	965,000.00	1.38	9/28/2020	9/8/2017	1.48	961,902.35
191216AR1	COCA-COLA CO/THE GLOBAL NOTES	370,000.00	3.15	11/15/2020	9/12/2017	1.78	389,372.28
45905UP32	INTL BANK OF RECONSTRUCTION AND DEV NOTE	925,000.00	1.56	9/12/2020	9/19/2017	1.64	922,780.00
4581X0CD8	INTER-AMERICAN DEVELOPMENT BANK	915,000.00	2.13	11/9/2020	10/10/2017	1.81	931,636.80
RE0959834	INDUSTRIAL BANK CDARS	5,035,025.80	0.50	10/11/2018	10/12/2017	0.51	5,035,025.80
912828L99	US TREASURY NOTES	250,000.00	1.38	10/31/2020	10/17/2017	1.71	249,127.04
931142DY6	WAL-MART STORES INC CORP NOTE	430,000.00	1.75	10/9/2019	10/20/2017	1.75	429,991.40
742718EZ8	THE PROCTER & GAMBLE CO CORP NOTES	440,000.00	1.75	10/25/2019	10/25/2017	1.77	439,846.00
912828M98	US TREASURY NOTES	3,000,000.00	1.63	11/30/2020	11/3/2017	1.77	3,007,770.88
RE0959842	INDUSTRIAL BANK CDARS	5,085,490.22	0.50	11/8/2018	11/9/2017	0.51	5,085,490.22
478160CH5	JOHNSON & JOHNSON CORP NOTE	195,000.00	1.95	11/10/2020	11/10/2017	1.99	194,791.35
87019U6D6	SWEDBANK (NEW YORK) CERT DEPOS	925,000.00	2.27	11/16/2020	11/17/2017	2.30	925,000.00
912828N48	US TREASURY N/B	2,675,000.00	1.75	12/31/2020	12/5/2017	1.91	2,682,350.80
912828N48	US TREASURY N/B	975,000.00	1.75	12/31/2020	12/6/2017	1.96	976,202.19
<b>912828N89</b>	<b>US TREASURY NOTES</b>	<b>1,750,000.00</b>	<b>1.38</b>	<b>1/31/2021</b>	<b>1/4/2018</b>	<b>2.05</b>	<b>1,725,265.79</b>
<b>912828N89</b>	<b>US TREASURY NOTES</b>	<b>800,000.00</b>	<b>1.38</b>	<b>1/31/2021</b>	<b>1/4/2018</b>	<b>2.08</b>	<b>787,880.43</b>
<b>RE0959859</b>	<b>INDUSTRIAL BANK CDARS</b>	<b>2,614,746.18</b>	<b>1.00</b>	<b>1/17/2019</b>	<b>1/18/2018</b>	<b>1.01</b>	<b>2,614,746.18</b>
<b>RE0959867</b>	<b>INDUSTRIAL BANK CDARS</b>	<b>2,573,870.75</b>	<b>1.00</b>	<b>1/17/2019</b>	<b>1/18/2018</b>	<b>1.01</b>	<b>2,573,870.75</b>
<b>045167EF6</b>	<b>ASIAN DEVELOPMENT BANK NOTE</b>	<b>700,000.00</b>	<b>2.25</b>	<b>1/20/2021</b>	<b>1/19/2018</b>	<b>2.29</b>	<b>699,251.00</b>
<b>Total Debt Service Reserve</b>							
912828W97	US TREASURY N/B	5,175,000.00	1.250	3/31/2019	10/10/2017	1.449	5,161,818.15
<b>2017B Construction Fund</b>							
06538BZ48	BANK OF TOKYO MITSUBISHI COMM PAPER	1,650,000.00	0.000	12/4/2017	9/1/2017	1.323	1,644,399.17
22533TZ58	CREDIT AGRICOLE CIB NY COMM PAPER	7,000,000.00	0.000	12/5/2017	9/1/2017	1.302	6,976,355.56
46640QEV9	JP MORGAN SECURITIES LLC COMM PAPER	7,000,000.00	0.000	5/29/2018	9/1/2017	1.576	6,919,150.00
89233GZ41	TOYOTA MOTOR CREDIT CORP COMM PAPER	5,700,000.00	0.000	12/4/2017	9/1/2017	1.231	5,681,991.17
06538CEV9	BANK OF TOKYO MITSUBISHI UFJ LTD COMM PA	5,350,000.00	0.000	5/29/2018	9/1/2017	1.576	5,288,207.50
13607FDD5	CANADIAN IMPERIAL HOLDING COMM PAPER	7,000,000.00	0.000	4/13/2018	9/14/2017	1.459	6,941,412.33

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

## Investment Performance Report – January 2018



**DC Water  
Finance Division  
Security Sales  
Last 6 Months**

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
<b>Operating Reserve Accounts</b>							
83050FBG5	SKANDINAVISKA ENSKILDA BANKEN NY CD	1,800,000.00	1.48	11/16/2017	8/4/2017	1.27	1,820,226.62
961214BZ5	WESTPAC BANKING CORP NOTES	475,000.00	1.60	1/12/2018	8/7/2017	1.41	475,903.03
40428AR41	HSBC BANK USA NA FLOATING CERT DEPOS	275,000.00	1.90	11/17/2017	8/7/2017	1.29	276,514.99
17275RAU6	CISCO SYSTEMS INC CORP NOTE	375,000.00	1.65	6/15/2018	8/31/2017	1.48	376,808.75
3137EAED7	FHLMC REFERENCE NOTES	2,375,000.00	0.88	10/12/2018	9/1/2017	1.30	2,371,932.62
78010U4A2	ROYAL BANK OF CANADA CORP NOTES	850,000.00	1.40	10/13/2017	9/1/2017	1.36	854,595.67
40428AR41	HSBC BANK USA NA FLOATING CERT DEPOS	1,525,000.00	1.90	11/17/2017	9/1/2017	1.33	1,527,976.26
912828XM7	US TREASURY NOTES	950,000.00	1.63	7/31/2020	9/8/2017	1.37	958,389.95
17275RAU6	CISCO SYSTEMS INC CORP NOTE	390,000.00	1.65	6/15/2018	9/12/2017	1.45	392,147.93
912828XM7	US TREASURY NOTES	925,000.00	1.63	7/31/2020	9/19/2017	1.45	931,522.76
912828A34	US TREASURY NOTES	925,000.00	1.25	11/30/2018	10/10/2017	1.39	927,724.77
084670BX5	BERKSHIRE HATHAWAY INC GLOBAL NOTES	220,000.00	1.15	8/15/2018	10/17/2017	1.44	219,905.52
912828A34	US TREASURY NOTES	250,000.00	1.25	11/30/2018	10/20/2017	1.44	250,685.09
17275RAU6	CISCO SYSTEMS INC CORP NOTE	425,000.00	1.65	6/15/2018	10/25/2017	1.46	428,050.79
00828EBB4	AFRICAN DEVELOPMENT BANK NOTE	700,000.00	1.63	10/2/2018	11/3/2017	1.61	701,099.12
912828A34	US TREASURY NOTES	955,000.00	1.25	11/30/2018	11/3/2017	1.51	957,476.78
912828A34	US TREASURY NOTES	1,295,000.00	1.25	11/30/2018	11/3/2017	1.51	1,298,358.58
912828A34	US TREASURY NOTES	195,000.00	1.25	11/30/2018	11/10/2017	1.55	195,468.56
58933YAG0	MERCK & CO GLOBAL NOTES	731,000.00	1.30	5/18/2018	11/17/2017	1.57	734,738.25
912828A34	US TREASURY NOTES	175,000.00	1.25	11/30/2018	11/17/2017	1.60	175,387.14
912828A34	US TREASURY NOTES	1,335,000.00	1.25	11/30/2018	12/5/2017	1.67	1,329,753.63
912828A75	US TREASURY NOTES	1,225,000.00	1.50	12/31/2018	12/5/2017	1.70	1,230,353.14
17275RAU6	CISCO SYSTEMS INC CORP NOTE	360,000.00	1.65	6/15/2018	12/6/2017	1.72	362,688.30
89236TCP8	TOYOTA MOTOR CREDIT CORP	600,000.00	1.55	7/13/2018	12/6/2017	1.78	602,872.17
<b>912828A75</b>	<b>US TREASURY NOTES</b>	<b>1,500,000.00</b>	<b>1.50</b>	<b>12/31/2018</b>	<b>1/4/2018</b>	<b>1.83</b>	<b>1,495,443.93</b>
<b>064159GM2</b>	<b>BANK OF NOVA SCOTIA CORP NOTE (CALLABLE)</b>	<b>875,000.00</b>	<b>1.70</b>	<b>6/11/2018</b>	<b>1/4/2018</b>	<b>1.87</b>	<b>875,311.60</b>
<b>912828N48</b>	<b>US TREASURY N/B</b>	<b>700,000.00</b>	<b>1.75</b>	<b>12/31/2020</b>	<b>1/19/2018</b>	<b>2.10</b>	<b>693,697.65</b>
<b>2017A Construction Fund</b>							
89233GX27	TOYOTA MOTOR CREDIT CORP COMM PAPER	2,015,000.00	-	10/2/2017	8/8/2017	1.19	2,011,398.19
89233GYQ3	TOYOTA MOTOR CREDIT CORP COMM PAPER	2,350,000.00	-	11/24/2017	8/8/2017	1.26	2,341,258.00
89233GYQ3	TOYOTA MOTOR CREDIT CORP COMM PAPER	4,200,000.00	-	11/24/2017	8/9/2017	1.24	4,184,770.33

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

Investment Performance Report – January 2018



DC Water  
Finance Division  
Security Sales  
Last 6 Months

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
<b>2017B Construction Fund</b>							
912828XF2	US TREASURY NOTES	12,195,000.00	1.13	6/15/2018	9/1/2017	1.24	12,213,281.56
912828K25	US TREASURY NOTES	6,950,000.00	0.75	4/15/2018	9/14/2017	1.19	6,954,001.06
89233GZ41	TOYOTA MOTOR CREDIT CORP COMM PAPER	2,000,000.00	-	12/4/2017	9/27/2017	1.22	1,995,466.67
912828XK1	US TREASURY NOTES	12,750,000.00	0.88	7/15/2018	10/23/2017	1.35	12,736,985.82
22533TZ58	CREDIT AGRICOLE CIB NY COMM PAPER	7,000,000.00	-	12/5/2017	10/23/2017	1.27	6,989,548.61
89233GZ41	TOYOTA MOTOR CREDIT CORP COMM PAPER	3,700,000.00	-	12/4/2017	10/23/2017	1.21	3,694,863.17
912828J68	US TREASURY N/B	19,250,000.00	1.00	3/15/2018	11/22/2017	1.27	19,269,617.25
<b>912828K25</b>	<b>US TREASURY NOTES</b>	<b>11,555,000.00</b>	<b>0.75</b>	<b>4/15/2018</b>	<b>1/16/2018</b>	<b>1.37</b>	<b>11,559,538.47</b>

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

Investment Performance Report – January 2018



DC Water  
Finance Division  
Security Maturities  
Last 6 Months

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
<b>Operating Reserve Accounts</b>							
605581FX0	MS ST TXBL GO BONDS	120,000.00	1.09	10/1/2017	10/1/2017	0.00	120,000.00
RE0959594	INDUSTRIAL BANK CDARS	5,035,025.80	0.35	10/12/2017	10/12/2017	0.00	5,052,600.24
RE0959610	INDUSTRIAL BANK CDARS	5,065,244.30	0.40	11/9/2017	11/9/2017	0.00	5,085,450.22
<b>RE0959529</b>	<b>INDUSTRIAL BANK CDARS</b>	<b>2,563,284.34</b>	<b>0.60</b>	<b>1/18/2018</b>	<b>1/18/2018</b>	<b>0.00</b>	<b>2,594,001.96</b>
<b>RE0959685</b>	<b>INDUSTRIAL BANK CDARS</b>	<b>2,562,345.78</b>	<b>0.45</b>	<b>1/18/2018</b>	<b>1/18/2018</b>	<b>0.00</b>	<b>2,573,876.34</b>
<b>Total Debt Service Reserve</b>							
912828TS9	US TREASURY NOTES	5,415,000.00	0.63	9/30/2017	9/30/2017	0.00	5,415,000.00
<b>2017A Construction Fund</b>							
09659BYQ7	BNP PARIBAS NY BRANCH COMM PAPER	16,500,000.00	-	11/24/2017	11/24/2017	0.00	16,500,000.00
89233GYQ3	TOYOTA MOTOR CREDIT CORP COMM PAPER	1,700,000.00	-	11/24/2017	11/24/2017	0.00	1,700,000.00
<b>2017B Construction Fund</b>							
912796LR8	US TREASURY BILL	11,135,000.00	-	8/31/2017	8/31/2017	0.00	11,135,000.00
06538BW17	BANK TOKYO MITSUBISHI UFJ LTD COMM PAPER	16,500,000.00	-	9/1/2017	9/1/2017	0.00	16,500,000.00
21687AW17	COOPERATIEVE RABOBANK U.A. COMM PAPER	16,500,000.00	-	9/1/2017	9/1/2017	0.00	16,500,000.00
22533TW10	CREDIT AGRICOLE CIB NY COMM PAPER	16,500,000.00	-	9/1/2017	9/1/2017	0.00	16,500,000.00
46640PW17	JP MORGAN SECURITIES LLC COMM PAPER	16,500,000.00	-	9/1/2017	9/1/2017	0.00	16,500,000.00
<b>912828H37</b>	<b>US TREASURY N/B</b>	<b>17,485,000.00</b>	<b>0.88</b>	<b>1/15/2018</b>	<b>1/15/2018</b>	<b>0.00</b>	<b>17,485,000.00</b>

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
02/02/18	INTEREST	83050FXT3	SKANDINAV ENSKILDA BANKEN NY CD	1.840	08/02/19	1,850,000.00	0.00	17,209.11	17,209.11
02/04/18	INTEREST	037833CB4	APPLE INC CORP NOTES	1.100	08/02/19	900,000.00	0.00	4,950.00	4,950.00
02/06/18	INTEREST	594918BV5	MICROSOFT CORP NOTES	1.850	02/06/20	445,000.00	0.00	4,116.25	4,116.25
02/07/18	INTEREST	96121T4A3	WESTPAC BANKING CORP NY CD	2.050	08/03/20	900,000.00	0.00	9,225.00	9,225.00
02/08/18	INTEREST	594918BN3	MICROSOFT CORP NOTES	1.100	08/08/19	595,000.00	0.00	3,272.50	3,272.50
02/13/18	INTEREST	89114QBJ6	TORONTO DOMINION BANK NY CORP NOTES	1.450	08/13/19	900,000.00	0.00	6,525.00	6,525.00
02/15/18	INTEREST	20772J3D2	CT ST TXBL GO BONDS	1.300	08/15/19	985,000.00	0.00	6,402.50	6,402.50
02/15/18	INTEREST	459058FK4	INTL BANK OF RECON AND DEV SN NOTE	0.875	08/15/19	900,000.00	0.00	3,937.50	3,937.50
02/23/18	INTEREST	037833BQ2	APPLE INC CORP NOTES	1.700	02/22/19	545,000.00	0.00	4,632.50	4,632.50
02/26/18	INTEREST	3135G0J53	FNMA BENCHMARK NOTE	1.000	02/26/19	825,000.00	0.00	4,125.00	4,125.00
02/26/18	INTEREST	3135G0J53	FNMA BENCHMARK NOTE	1.000	02/26/19	1,425,000.00	0.00	7,125.00	7,125.00
02/26/18	INTEREST	3135G0J53	FNMA BENCHMARK NOTE	1.000	02/26/19	2,250,000.00	0.00	11,250.00	11,250.00
02/28/18	INTEREST	3135G0P49	FNMA NOTES	1.000	08/28/19	1,450,000.00	0.00	7,250.00	7,250.00
02/28/18	INTEREST	3135G0P49	FNMA NOTES	1.000	08/28/19	1,975,000.00	0.00	9,875.00	9,875.00
02/28/18	INTEREST	3135G0T29	FNMA NOTES	1.500	02/28/20	1,150,000.00	0.00	8,625.00	8,625.00
02/28/18	INTEREST	912828J50	US TREASURY NOTES	1.375	02/29/20	725,000.00	0.00	4,984.38	4,984.38
02/28/18	INTEREST	912828J50	US TREASURY NOTES	1.375	02/29/20	2,900,000.00	0.00	19,937.50	19,937.50



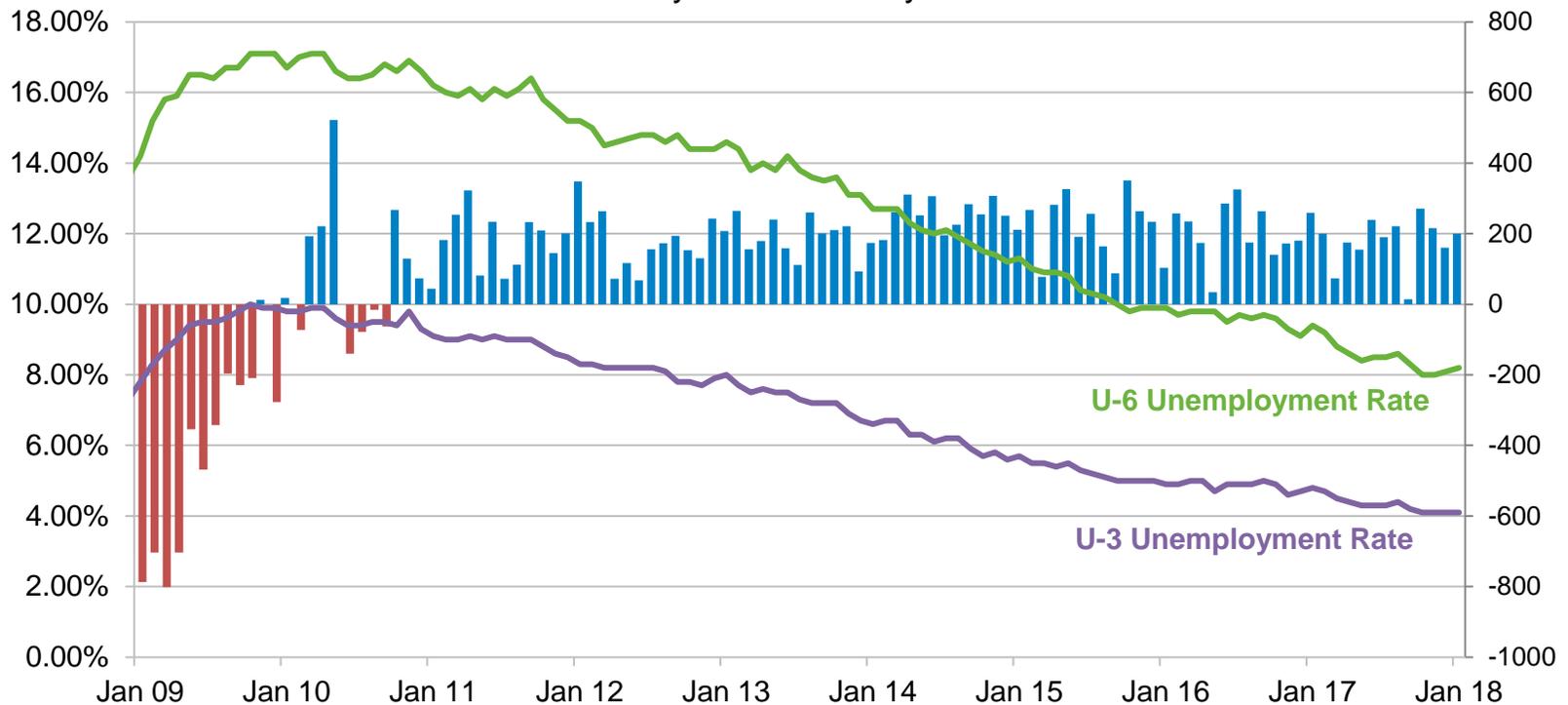
# Appendix: Economic Update



## U.S. Labor Market

- In January, the United States labor market added 200,000 jobs, above the 180,000 expectation.
- The unemployment rate was unchanged at 4.1%, continuing the recent trend of lows for U.S. unemployment.

**Unemployment vs. Non-Farm Payrolls**  
January 2009- January 2018



Source: Bloomberg



## FOMC Statement Highlights

January

31

- Information received since the FOMC met in December indicates that the labor market has continued to strengthen and that economic activity has been **rising at a solid rate. Gains in employment, household spending, and business fixed investment have been solid**, and the unemployment rate has **stayed low**.
- On a 12-month basis, inflation – both overall and excluding food and energy – have **continued to run below 2 percent. Market based measures of inflation compensation have increased in recent months but remain low**.
- Inflation on a 12-month basis **is expected to move up this year** and to stabilize around the Committee's 2 percent objective over the medium term.

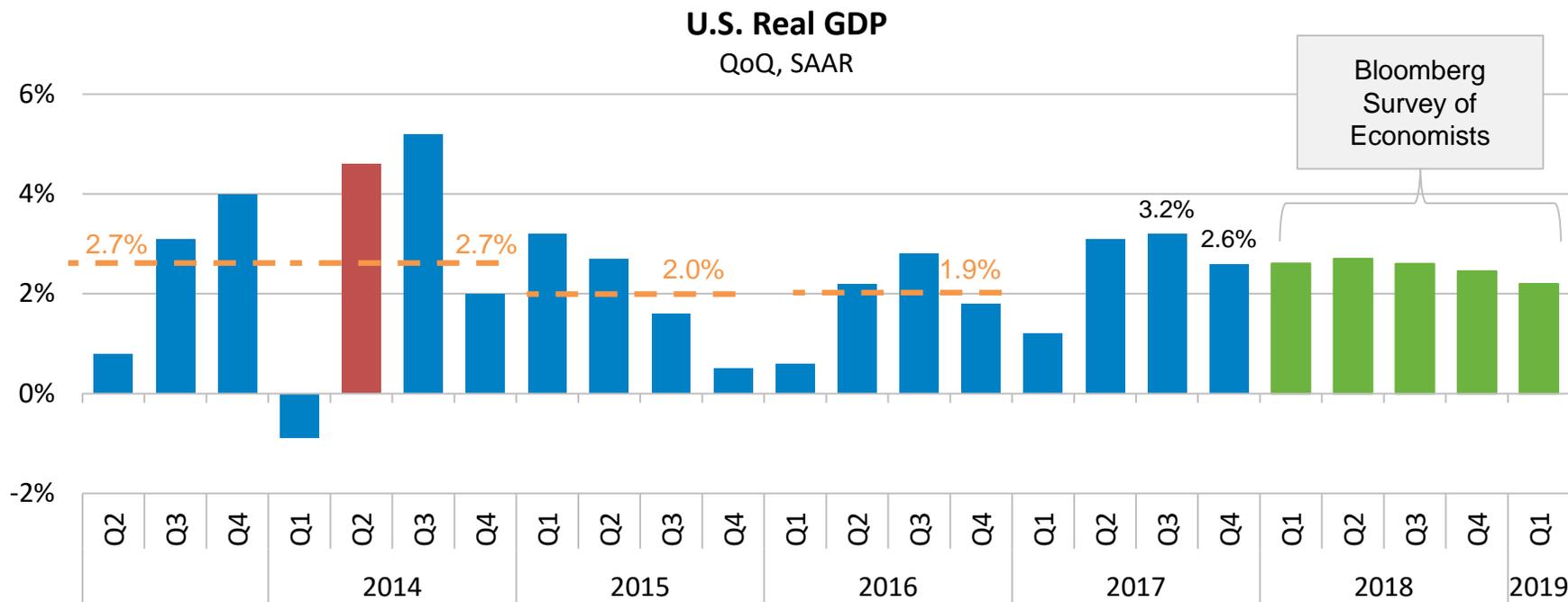
- The Committee decided to **maintain the target range for the federal funds rate to 1¼ to 1½ percent**.
- The Committee expects that economic conditions will evolve in a manner that will warrant **further gradual increases in the federal funds rate**.
- All voting members of the FOMC supported the monetary policy action in a unanimous vote.
- This was Janet Yellen's last meeting as Fed Chair; Jerome Powell is the new Chair.

Source: Federal Reserve



## Economic Growth in the 4<sup>th</sup> Quarter

- Gross domestic product increased at an annualized rate of 2.6% during the fourth quarter of 2017, resulting in an annual growth rate of 2.5% for 2017.
- Fourth quarter GDP growth reflected positive contributions from personal consumption expenditures and fixed investments which were offset by detractors in inventories and net exports.

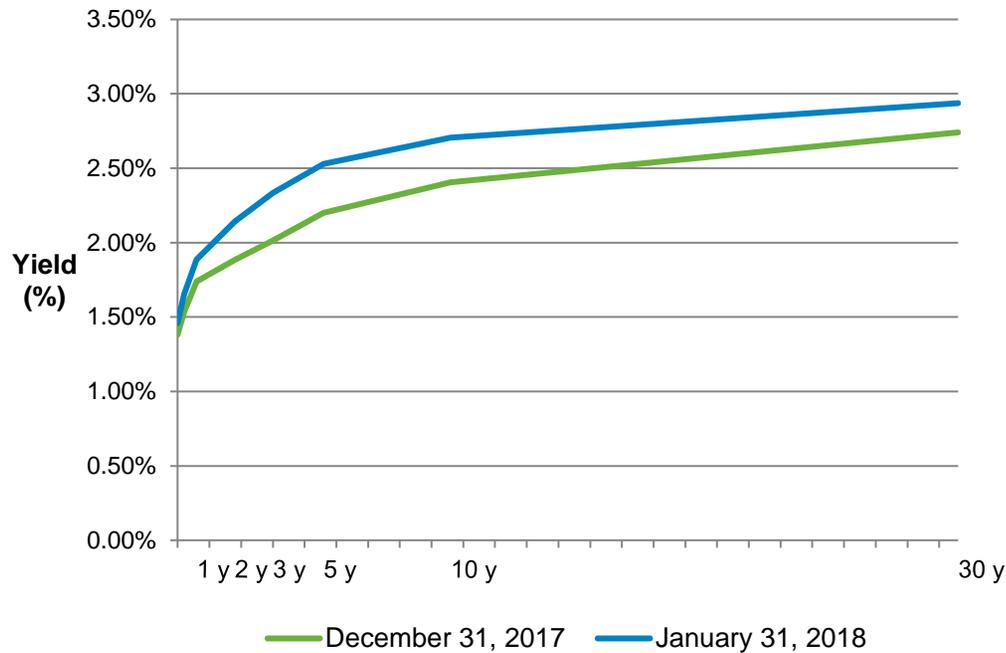


Source: Bloomberg



# U.S. Treasury Yields

**U.S. Treasury Yield Curve**  
December 31, 2017 vs. January 31, 2018



	<b>12/31/2017</b>	<b>1/31/2018</b>	<b>Change</b>
3 month	1.38%	1.46%	0.08%
6 month	1.53%	1.65%	0.12%
1 year	1.74%	1.89%	0.15%
2 year	1.89%	2.14%	0.25%
3 year	2.01%	2.33%	0.32%
5 year	2.20%	2.53%	0.33%
10 year	2.41%	2.71%	0.30%
30 year	2.74%	2.94%	0.20%

Source: Bloomberg



## Disclosure

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## FY 2019 Proposed Budget Review

Presentation to the Finance and Budget Committee on February 22, 2018

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY



*Enhanced Clarification Facility*



*"Lucy" Tunnel Boring Machine – First Street Tunnel Project*

*Optimization, Accountability, and Transparency*



# Agenda

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- I. Budget Calendar..... 3
- II. Budget Update..... 4
- III. Capital Improvement Program ..... 5
- IV. Operating Expenditure Budget ..... 11
- V. Revenues, Rates, Fees, & Ten-Year Financial Plan ..... 15
- VI. Next Steps ..... 25
- VII. Appendix ..... 28



# Budget Adoption Calendar

Timeline (2018)	Activity	Status
January 4	<b>Budget Workshop with Board of Directors</b>	✓
January 5	Wholesale Customer Briefing	✓
	<b>Committee Discussions &amp; Reviews</b>	
January 18	Environmental Quality & Operations	✓
January 23	Joint D.C. Retail Water & Sewer Rates and Finance & Budget	✓
February 1	Board Meeting <i>(No Board Action Required)</i>	
	<b>Committee Reviews &amp; Recommendations to Full Board</b>	
February 15	Environmental Quality & Operations	✓
February 20	DC Retail Water & Sewer Rates	✓
→ <b>February 22</b>	Finance & Budget	
<b>March 1</b>	<b>Board Adoption</b>	



# Budget Update

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## **Board Briefing:** Management budget proposals (Baseline)

- FY 2019 total operating budget of \$582.8M
- 10-year (FY 2018 – FY 2027) CIP of \$4.0B, an increase of \$250M over previously approved 10-year CIP
- Two-year (FY 2019 and FY 2020) rate proposal

## **Committee Discussions:** Management presented alternative scenarios for the CIP including major project funding levels, associated risks and related customer impacts

- Constrained – \$4.6 Billion
- Asset Management Ramp-up – \$5.1 Billion
- Consideration of other options

## **Management Recommendation:**

- Approve proposed baseline 10-year CIP proposal of \$4.0B
- Advance asset management principles while addressing customer affordability



# Proposed FY 2018 – FY 2027 Capital Improvement Program



# 10-Year CIP: Disbursements & Lifetime

- Proposed ten-year capital disbursement is \$4.0B
- Proposed lifetime budget of \$11.1B is for active projects prior to, during, and beyond the ten-year window

Service Area (\$000's)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	10-Yr Disbursement	Lifetime Budget
Non Process Facilities	\$ 32,194	\$ 33,107	\$ 18,907	\$ 7,860	\$ 1,551	\$ 25	\$ 6,615	\$ 7,773	-	-	\$ 108,032	\$ 169,147
Wastewater Treatment	95,485	74,617	77,853	87,960	89,820	69,560	51,607	62,172	117,623	129,252	855,948	3,551,799
Combined Sewer Overflow	13,502	10,951	12,511	9,831	10,227	13,397	20,124	15,593	7,393	5,622	119,151	387,665
DC Clean Rivers	168,314	189,392	148,042	138,289	192,859	151,111	59,569	50,018	128,404	87,197	1,313,196	2,764,255
Stormwater	945	4,909	2,400	2,312	5,839	1,212	1,784	1,642	1,276	2,133	24,452	81,392
Sanitary Sewer	29,802	32,947	34,045	53,050	74,492	73,917	75,912	58,882	60,769	38,672	532,490	1,530,036
Water	58,044	45,747	84,256	62,341	48,241	53,471	88,055	99,661	101,344	89,510	730,672	1,939,272
<b>Capital Projects</b>	<b>398,285</b>	<b>391,670</b>	<b>378,015</b>	<b>361,644</b>	<b>423,029</b>	<b>362,694</b>	<b>303,665</b>	<b>295,742</b>	<b>416,809</b>	<b>352,386</b>	<b>3,683,941</b>	<b>10,423,566</b>
Capital Equipment	39,898	34,518	29,383	27,998	9,579	10,306	10,850	11,177	12,122	12,303	198,133	198,133
Washington Aqueduct	11,768	12,930	12,944	13,039	13,039	12,312	11,768	11,441	10,496	10,315	120,052	120,052
<b>Additional Capital Programs</b>	<b>51,665</b>	<b>47,448</b>	<b>42,327</b>	<b>41,037</b>	<b>22,618</b>	<b>22,618</b>	<b>22,618</b>	<b>22,618</b>	<b>22,618</b>	<b>22,618</b>	<b>318,185</b>	<b>318,185</b>
Labor												390,145
<b>Total CIP</b>	<b>\$449,950</b>	<b>\$439,118</b>	<b>\$420,342</b>	<b>\$402,681</b>	<b>\$445,647</b>	<b>\$385,312</b>	<b>\$326,284</b>	<b>\$318,360</b>	<b>\$439,427</b>	<b>\$375,004</b>	<b>\$4,002,125</b>	<b>11,131,895</b>
Last Year's CIP	387,306	394,843	427,208	378,542	335,725	321,367	315,467	302,588	381,579		3,751,623	
(Increase) / Decrease	(62,644)	(44,274)	6,865	(24,139)	(109,923)	(63,945)	(10,817)	(15,772)	(57,849)	(375,004)	(250,503)	



# Comparative Ten-Year CIP Budget

- 💧 **Capital Projects** – Projected increase of \$237.6M to meet the Consent decree requirements, National Pollutant Discharge Elimination System (NPDES) Permit requirements and other service levels to maintain the water and sewer systems
- 💧 **Additional Capital Programs** – Projected increase of \$12.9M mainly for Capital Equipment and Washington Aqueduct. This proposal excludes the WAD Advanced Treatment Project (Total estimated cost of \$359.8M; DCW - \$265M)

Service Area (\$000's)	FY 2017 - FY 2026 Disbursement Approved		FY 2018 - FY 2027 Disbursement Proposed		(Increase)/ Decrease
Non Process Facilities	\$	85,486	\$	108,032	\$ (22,546)
Wastewater Treatment		844,706		855,948	(11,242)
Combined Sewer Overflow		117,826		119,151	(1,325)
DC Clean Rivers		1,222,320		1,313,196	(90,876)
Stormwater		23,055		24,452	(1,397)
Sanitary Sewer		513,517		532,490	(18,973)
Water		639,387		730,672	(91,285)
<b>Capital Projects</b>		<b>3,446,297</b>		<b>3,683,941</b>	<b>(237,644)</b>
Capital Equipment		193,119		198,133	(5,014)
Washington Aqueduct		112,207		120,052	(7,845)
<b>Additional Capital Programs</b>		<b>305,326</b>		<b>318,185</b>	<b>(12,859)</b>
<b>Total CIP</b>	\$	<b>3,751,623</b>	\$	<b>4,002,125</b>	\$ <b>(250,503)</b>



## FY 2018 CIP: Proposed Adjustments

💧 The FY 2018 revised budget of \$450M reflects an increase of \$62.6M above the approved FY 2018 budget

Service Area (\$000's)	Actual FY 2017	Approved FY 2018	Revised FY 2018	(Increase) Decrease	Proposed FY 2019
Non Process Facilities	\$25,189	\$20,030	\$32,194	(\$12,165)	\$33,107
Wastewater Treatment	148,104	98,423	95,485	2,938	74,617
Combined Sewer Overflow	13,127	13,762	13,502	260	10,951
DC Clean Rivers	216,298	116,713	168,314	(51,601)	189,392
Stormwater	1,384	2,682	945	1,738	4,909
Sanitary Sewer	40,059	39,294	29,802	9,493	32,947
Water	47,309	51,738	58,044	(6,306)	45,747
<b>Capital Projects</b>	<b>491,470</b>	<b>342,642</b>	<b>398,285</b>	<b>(55,643)</b>	<b>391,670</b>
Capital Equipment	38,362	32,897	39,898	(7,001)	34,518
Washington Aqueduct	15,483	11,768	11,768	0	12,930
<b>Additional Capital Programs</b>	<b>53,845</b>	<b>44,665</b>	<b>51,665</b>	<b>(7,001)</b>	<b>47,448</b>
<b>Total CIP</b>	<b>\$545,315</b>	<b>\$387,306</b>	<b>\$449,950</b>	<b>(\$62,644)</b>	<b>\$439,118</b>



# Path to Achieve Asset Management

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## • Collaborative effort by Residents and Ratepayers, the Board of Directors, and the Executive Team

- Explore investment in infrastructure
  - What is needed to fully meet asset management principles?
  - What are our peer utilities doing?
  - What is the cost of pro-active investment, as compared with addressing issues as they arise?
- Exploration of alternative revenue sources
  - What funds could be available, other than from ratepayers?
- Community outreach and education
  - Explain infrastructure investment, and consequences of investment
  - Gather ideas about addressing affordability
- Impact on the financial plan
  - What is the impact on the operating budget, and what is the impact of pro-active investment as compared with addressing issues as they arise?
  - What could be financed through debt?
  - What are appropriate levels of PAYGO?
- Customer affordability
  - What ways can we help ensure affordability?
  - What are our peer utilities doing to meet this challenge?



## Path to Achieve Asset Management, cont.

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- 💧 Management will propose work plans for each Board committee in March
  - Committees will have the opportunity to review and finalize plans
- 💧 Work will be coordinated with the budget process
  - Board to consider the next budget in November



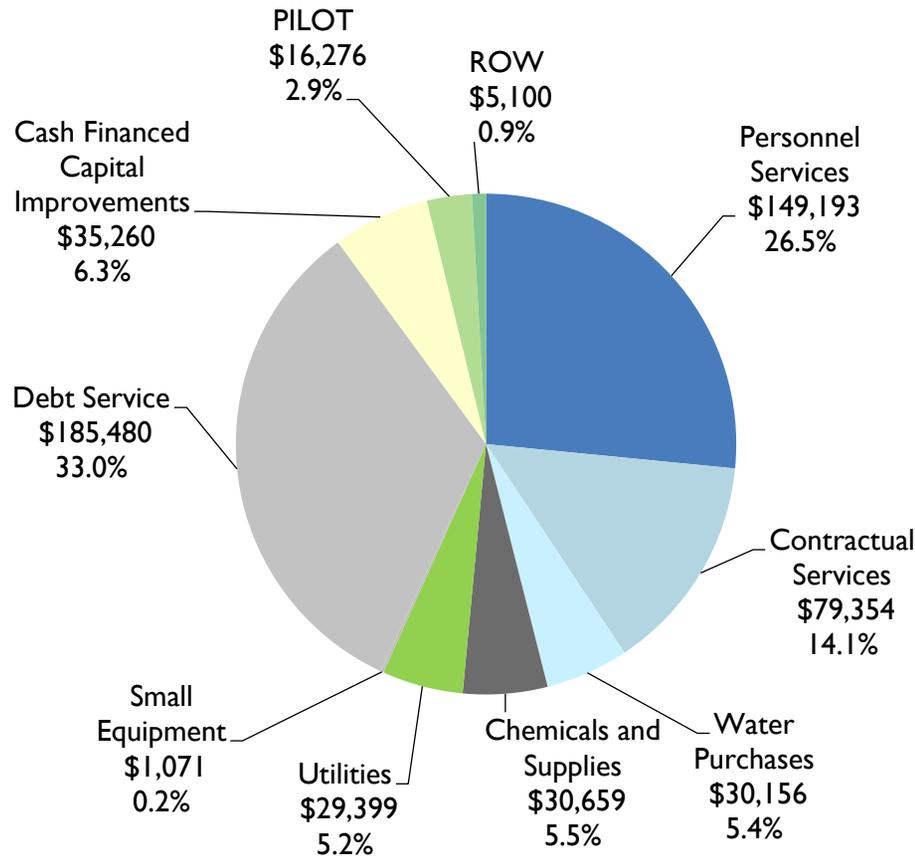
# Operating Expenditure



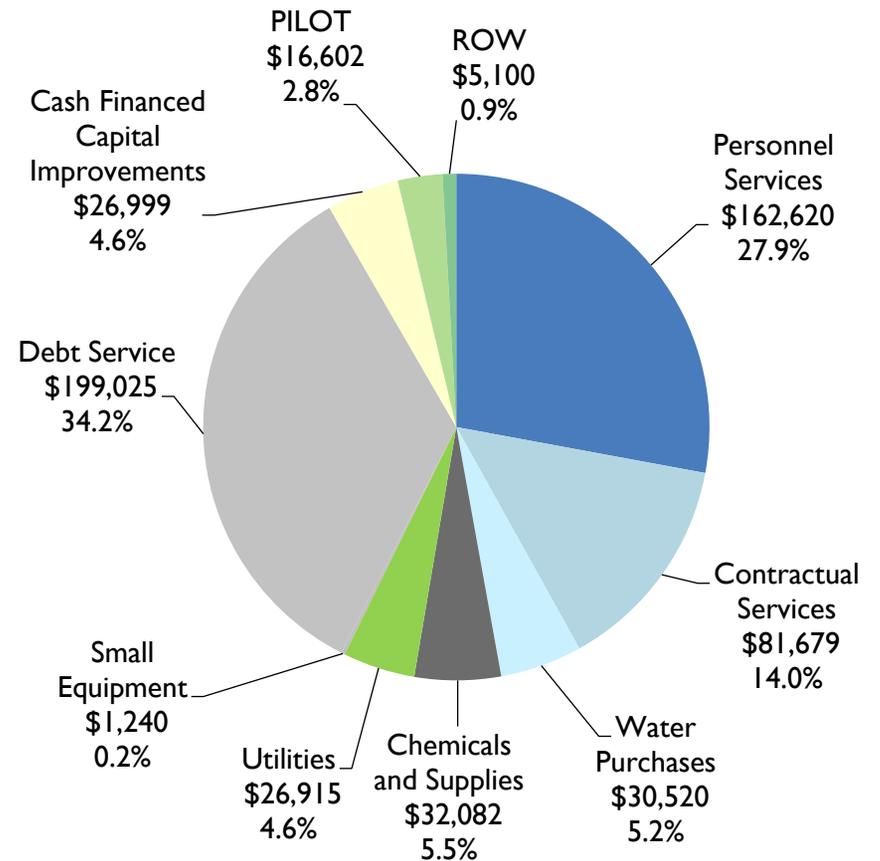
# FY 2018 vs. FY 2019 Expenditure Budgets

**Approved FY 2018**  
\$561,947

(\$000's)



**Proposed FY 2019**  
\$582,781





## Comparative Operating Budgets

- 🔥 Total Operating expenditure is projected to increase by \$20.8M or 3.7%
- 🔥 Total O&M expenditure is projected to increase by \$15.2M or 4.8%

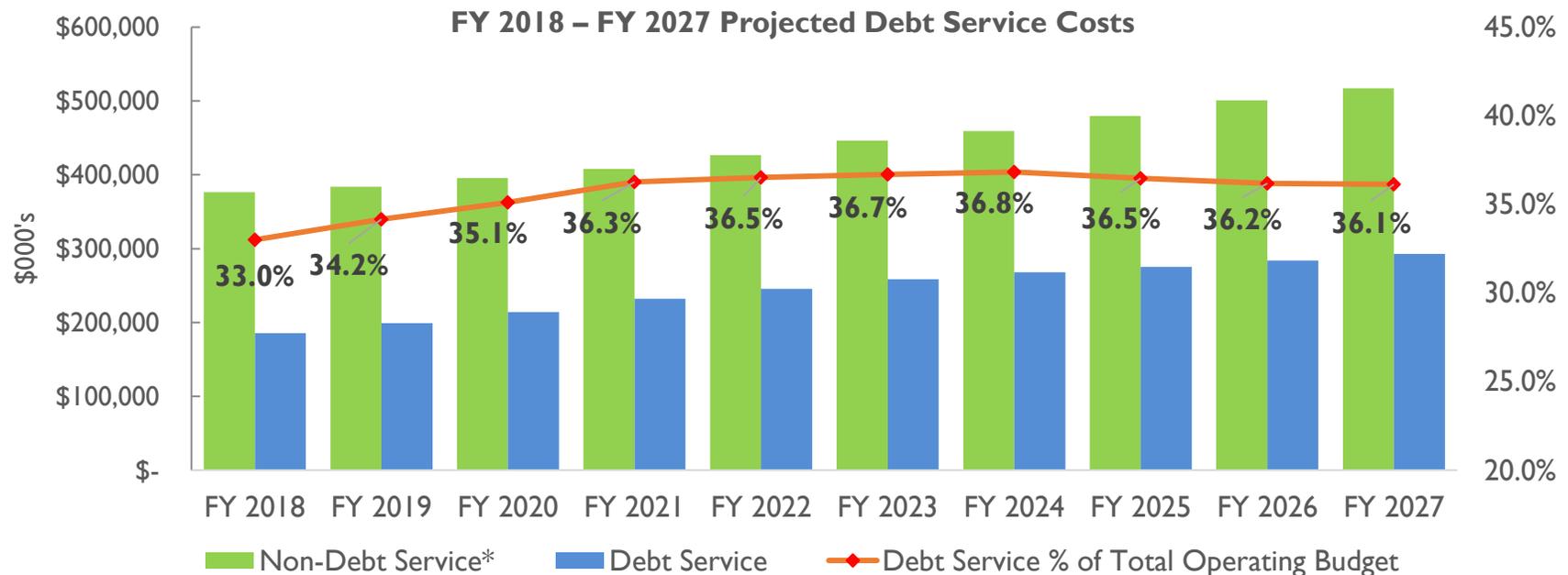
(\$000's)	FY 2017 Approved	FY 2017 Actual	FY 2017 Variance	FY 2018 Approved	FY 2019 Proposed	(Increase)/ Decrease
<i>Authorized Headcount</i>	1260	1260	0	1260	1274	(14)
Regular Pay	\$ 103,910	\$ 108,676	\$ (4,766)	\$ 107,618	\$ 118,909	\$ (11,291)
Benefits	34,096	32,466	1,630	35,397	36,137	(740)
Overtime	6,755	8,150	(1,395)	6,178	7,575	(1,397)
<b>Total Personnel Services</b>	<b>144,761</b>	<b>149,293</b>	<b>(4,532)</b>	<b>149,193</b>	<b>162,620</b>	<b>(13,427)</b>
Chemicals & Supplies	34,709	31,373	3,336	30,659	32,082	(1,423)
Utilities	28,670	24,260	4,410	29,399	26,915	2,484
Contractual Services	82,760	72,951	9,809	79,354	81,679	(2,325)
Water Purchases	29,278	26,796	2,482	30,156	30,520	(364)
Small Equipment	1,230	1,178	52	1,071	1,240	(169)
<b>Total Non-Personnel Services</b>	<b>176,647</b>	<b>156,557</b>	<b>20,090</b>	<b>170,638</b>	<b>172,435</b>	<b>(1,797)</b>
<b>Total Operations &amp; Maintenance</b>	<b>\$ 321,408</b>	<b>\$ 305,850</b>	<b>\$ 15,558</b>	<b>\$ 319,831</b>	<b>\$ 335,055</b>	<b>\$ (15,224)</b>
Debt Service	169,346	161,208	8,138	185,480	199,025	(13,545)
PILOT & ROW	21,057	21,057	-	21,376	21,702	(326)
Cash Financed Capital Improvement	24,014	24,199	(185)	35,260	26,999	8,261
<b>Total Non-O&amp;M</b>	<b>214,417</b>	<b>206,464</b>	<b>7,953</b>	<b>242,116</b>	<b>247,726</b>	<b>(5,610)</b>
<b>Total Operating Expenditure</b>	<b>\$ 535,825</b>	<b>\$ 512,314</b>	<b>\$ 23,511</b>	<b>\$ 561,947</b>	<b>\$ 582,781</b>	<b>\$ (20,834)</b>
Capital Labor Charges	(21,934)	(17,231)	(4,703)	(21,061)	(18,259)	(2,802)
<b>Net Operating Expenditure</b>	<b>\$ 513,891</b>	<b>\$ 495,083</b>	<b>\$ 18,808</b>	<b>\$ 540,886</b>	<b>\$ 564,522</b>	<b>\$ (23,636)</b>

\* FY 2017 actual has been updated to reflect the audited financial statement and is consistent with previously reported total operating budget projections of \$512.8M



# Debt Service

- 🔹 New Bond Issuance - \$300M anticipated during Spring 2018
- 🔹 Debt Service – Overall increase is to support the Capital Improvement Programs
  - Represents 33% and 34.2% of the total operating budgets in FY 2018 and FY 2019, respectively
  - Projected to grow from \$185.5M in FY 2018 to \$292.7M by FY 2027 (approx. 58% increase)
  - Projected ten-year average of 36% of total operating budget



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



# Proposed Revenues, Rates, Fees, & Financial Plan



# Overview of Rates & Revenue

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## Proposed FY 2019 and FY 2020 Rates, Fees and Charges

- Management recommends a multi-year rate proposal covering FY 2019 and FY 2020
- Proposed annual water and sewer rate increase of 13% for FY 2019 and 5% for FY 2020
- Proposed Clean Rivers Impervious Area Charge (CRIAC) of \$23.00 per ERU in FY 2019 and \$25.58 per ERU in FY 2020. CRIAC decreased from projected \$28.41 in FY 2019 to \$23.00 per ERU per month.
- Customer Metering Fee and Water System Replacement Fee (WSRF) will remain the same as in FY 2018
- Combined rate increase for water, sewer and CRIAC lowered from 6.1% forecasted last year to 5.9% (revised)

# dc FY 2018 Cost of Service Study Findings

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- 🔹 Every three years DC Water conducts Cost of Service Study for the Water and Sewer rates, and the Clean Rivers Impervious Area Charge (CRIAC) to update actual and projected expenditures to ensure that these charges are appropriately recovering costs.
- 🔹 DC Water has taken several actions over the last several years to lower CRIAC costs including Century Bonds, refinancing older debt for savings, and restructuring debt so the relief is provided to today's customers. These savings are now reflected in the projected charges.
- 🔹 A reallocation of the costs associated with the Clean Rivers Impervious Area Charge (CRIAC) to the Sewer utility results in a reduction in the CRIAC and an increase in the Sewer volumetric charge.
- 🔹 The revenue collected from the Water System Replacement Fee, originally designed to fund the annual costs of 1% of DC Water's water service line renewal and replacement program, has been used in its entirety to offset the Water utility's revenue requirements, resulting in a decrease to all Water volumetric charges.
- 🔹 Although these two reallocations cause shifts in the cost structure, and subsequent rates, DC Water customers will see only minimal changes to their bills.

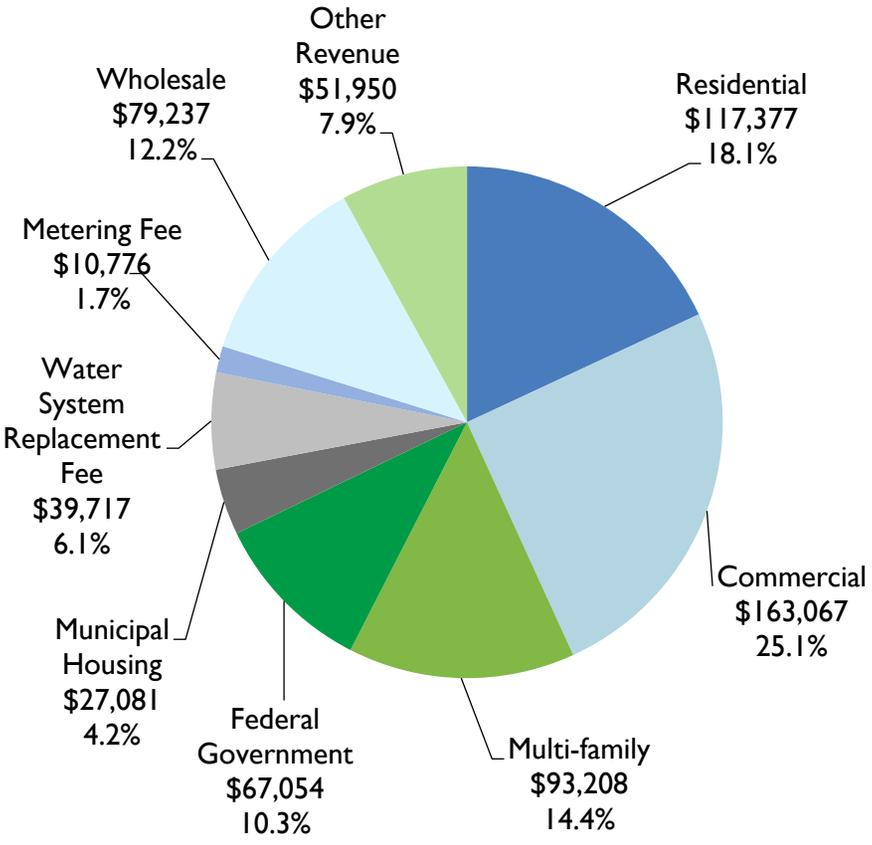
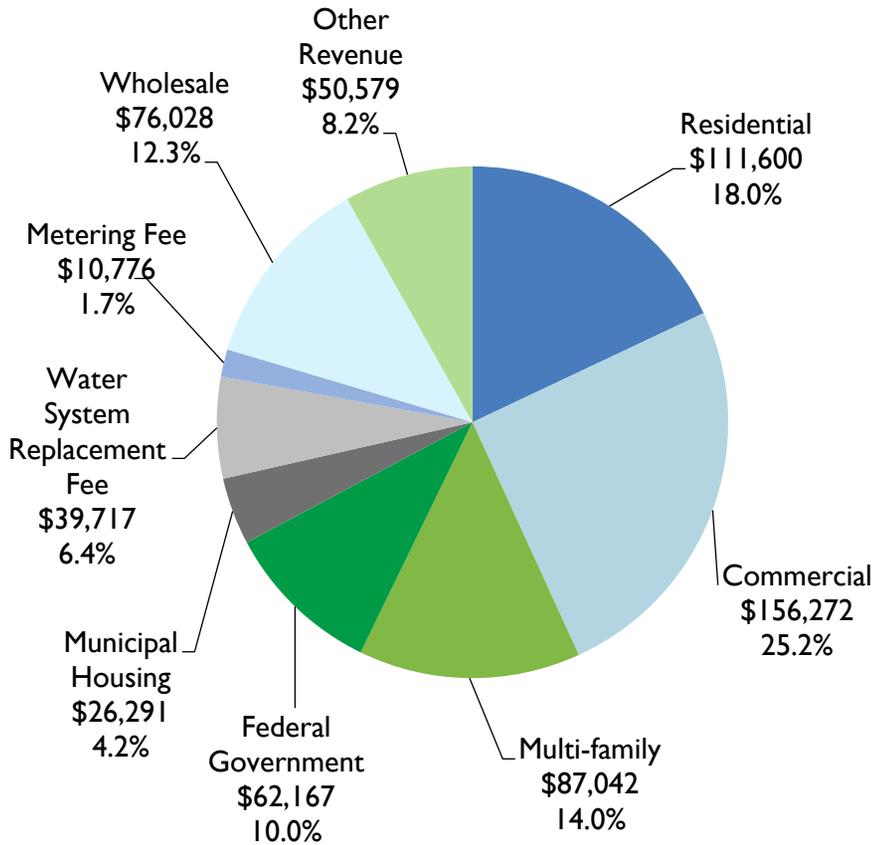


# FY 2018 vs. FY 2019 Operating Revenues

**Revised FY 2018**  
**\$620,472**

(\$000's)

**Proposed FY 2019**  
**\$649,467**



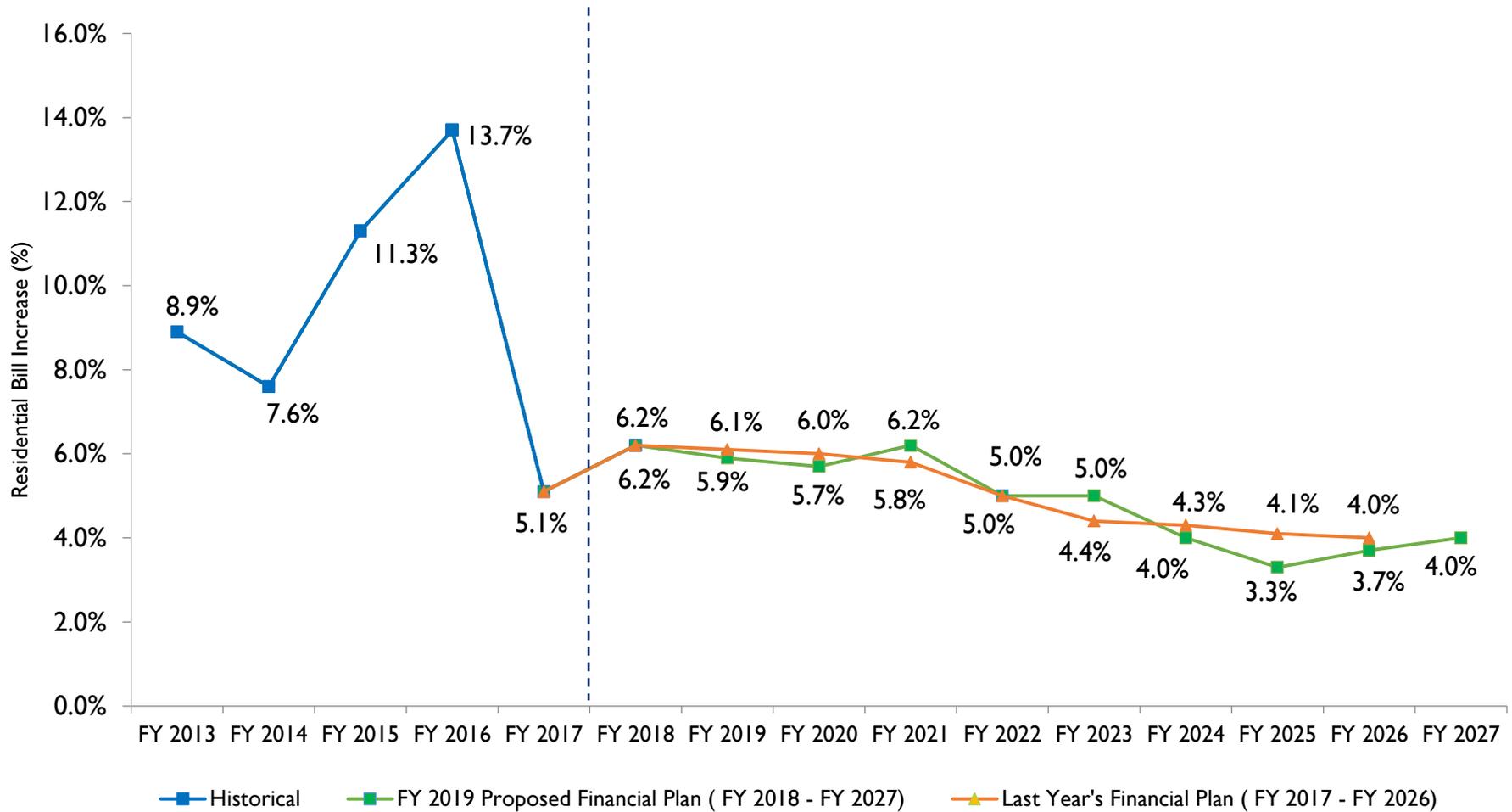


## Comparative Revenue Budgets

	Revised FY 2018	Proposed FY 2019	FY 2019 vs FY 2018	
			Incr/(Decr)	
	(\$000's)		\$	%
Residential & Commercial	\$268,463	\$299,927	\$31,464	11.7%
D. C. Government	8,122	9,082	\$960	11.8%
Federal Government	39,620	41,525	\$1,905	4.8%
D. C. Housing Authority	7,429	8,303	\$874	11.8%
Groundwater	5	5	-	-
Metering Fee	10,776	10,776	-	-
Water System Replacement Fee (WSRF)	39,717	39,717	-	-
Right-of-Way Fee / PILOT	21,601	21,701	\$100	0.5%
CR-IAC CSO Revenue	119,733	108,945	(\$10,788)	-9.0%
<b>Retail Revenue</b>	<b>\$515,467</b>	<b>\$539,981</b>	<b>\$24,515</b>	<b>4.8%</b>
Wholesale Revenue	76,028	79,237	3,209	4.2%
Other Revenue	28,978	30,249	1,271	4.4%
<b>Total Revenues</b>	<b>\$620,473</b>	<b>\$649,467</b>	<b>\$28,995</b>	<b>4.7%</b>
Rate increase - Proposed Plan	5.0%	13.0%		
Rate increase - Last Year's Adopted Plan	5.0%	5.0%		
CRIAC - Proposed Plan	\$25.18	\$23.00	(\$2.18)	
CRIAC - Last Year's Board Adopted Plan	\$25.18	\$28.41	\$3.23	



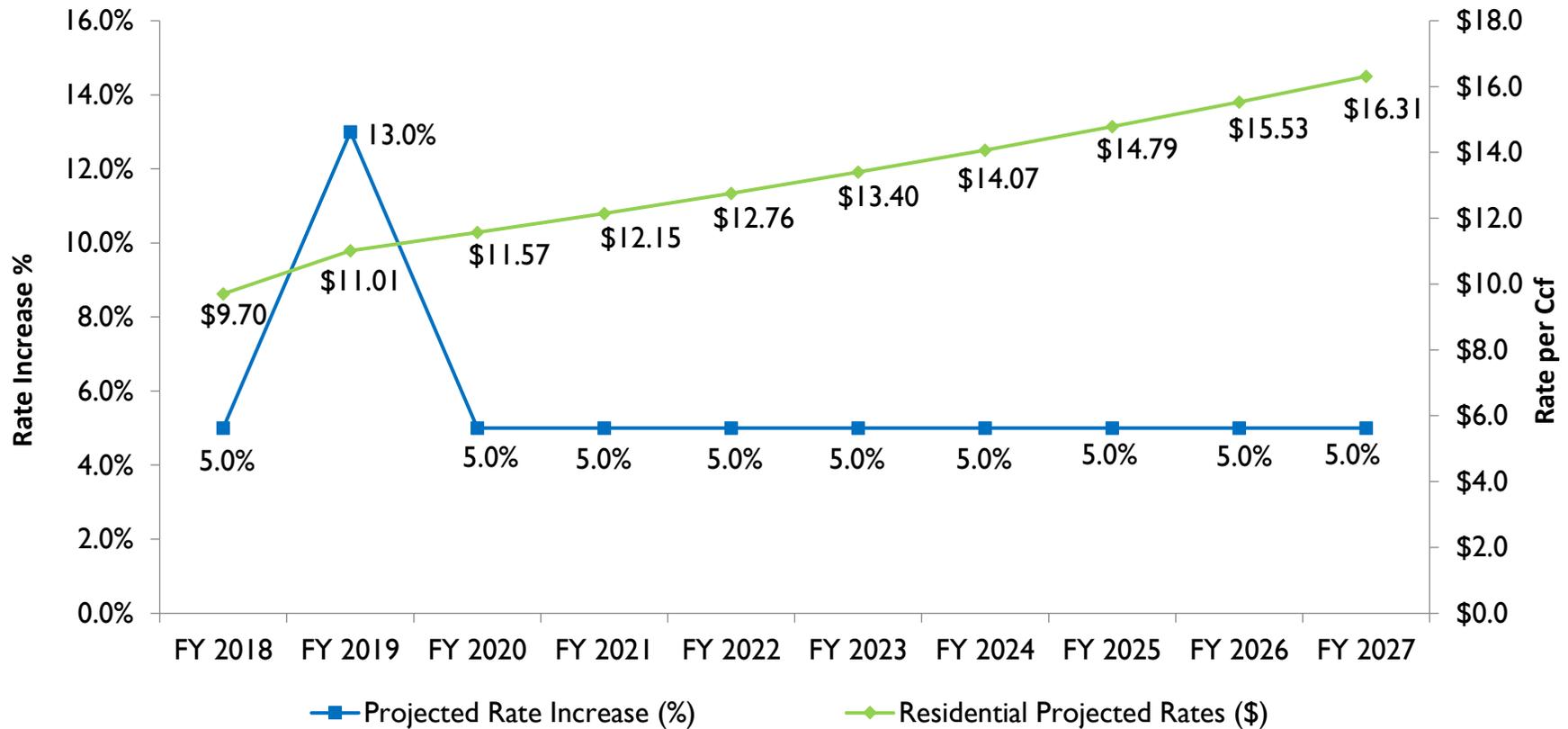
# Historical and Projected Combined Rate Increases





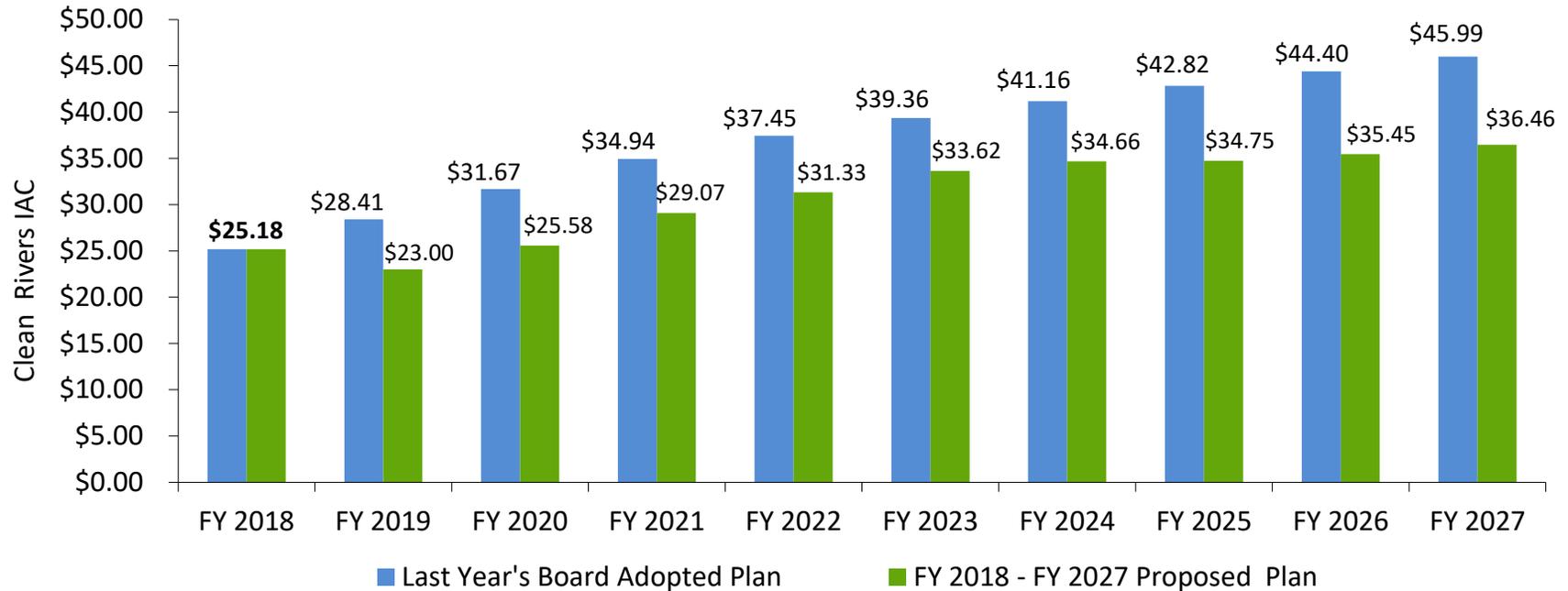
# Projected Water & Sewer Rates

- Projected annual rate increase of 13% in FY 2019 and 5% from FY 2020 to FY 2027
- Projected water and sewer rate increase from \$9.70 to \$16.31/Ccf





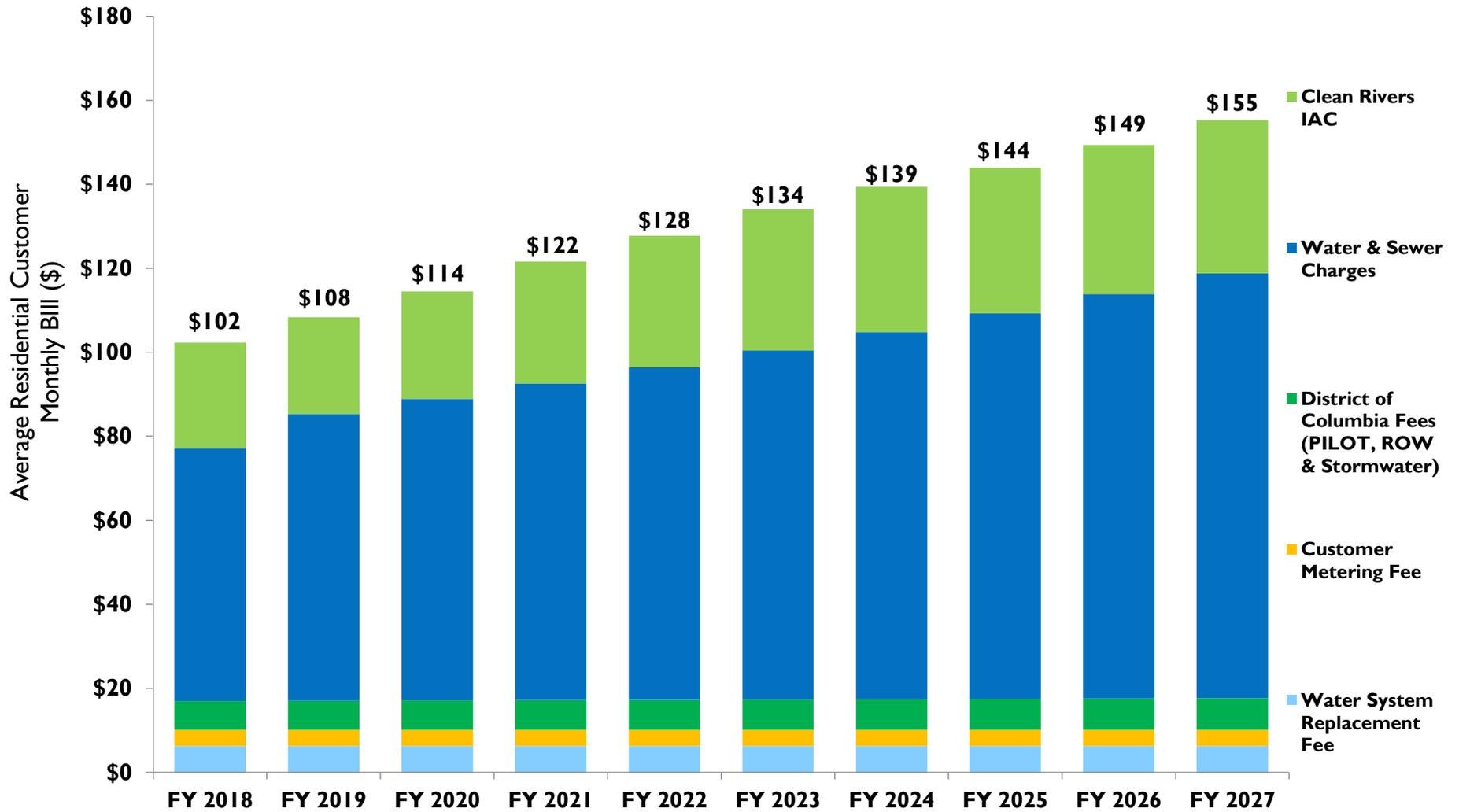
# Projected Clean Rivers Impervious Area Charge



- The projected charges displayed in the chart above are primarily driven by anticipated debt service costs necessary to support the \$2.6 billion Clean Rivers Project, which includes the federally mandated CSO-LTCP and the nine minimum controls program
- The annual Clean Rivers Project costs for the average Tier 2 residential customer (700 – 2,000 sq. ft. of impervious area) is projected to increase from \$276.00 in FY 2019 to \$437.52 in FY 2027



# Projected Average Residential Customer Bills





# 10-Year Financial Plan

DISTRICT OF COLUMBIA WATER & SEWER AUTHORITY  
 FY 2018 - 2027 FINANCIAL PLAN  
 (In 000's)

OPERATING	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Retail*	\$ 515,466	\$ 539,982	\$ 571,113	\$ 602,587	\$ 629,109	\$ 656,446	\$ 678,437	\$ 696,598	\$ 718,313	\$ 742,257
Wholesale*	76,028	79,237	81,614	84,062	86,584	89,182	91,857	94,613	97,451	100,375
Other	28,978	30,249	33,041	39,588	42,764	43,199	42,708	42,789	44,418	44,803
RSF	-	-	-	-	-	-	-	-	-	-
Operating Receipts (1)	\$ 620,472	\$ 649,467	\$ 685,768	\$ 726,237	\$ 758,456	\$ 788,827	\$ 813,002	\$ 834,000	\$ 860,182	\$ 887,436
Operating Expenses	(320,146)	(338,499)	(348,335)	(358,462)	(368,891)	(379,628)	(390,684)	(402,068)	(413,790)	(427,381)
Debt Service	(184,278)	(199,025)	(214,119)	(232,128)	(245,477)	(258,537)	(267,811)	(275,215)	(283,955)	(292,699)
Cash Financed Capital Improvement	\$ (35,260)	\$ (26,999)	\$ (28,556)	\$ (30,129)	\$ (37,747)	\$ (45,951)	\$ (47,491)	\$ (55,728)	\$ (64,648)	\$ (66,803)
Net Revenues After Debt Service	\$ 80,789	\$ 84,944	\$ 94,758	\$ 105,518	\$ 106,342	\$ 104,711	\$ 107,017	\$ 100,989	\$ 97,788	\$ 100,553
Operating Reserve-Beg Balance	147,212	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
Other Misc (Disbursements)/Receipts										
Wholesale/Federal True Up	(16,019)	(7,321)	(1,500)	-	-	-	-	-	-	-
Project Billing Refunds	(4,000)	(4,000)	(4,000)	-	-	-	-	-	-	-
Transfers To RSF	-	-	-	-	-	-	-	-	-	-
Pay-Go Financing	(67,982)	(73,624)	(89,258)	(105,518)	(106,342)	(104,711)	(107,017)	(100,989)	(97,788)	(100,553)
Operating Reserve - Ending Balance	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000
Rate Stabilization Fund Balance RSF (2)	\$ (61,450)	\$ (61,450)	\$ (61,450)	\$ (61,450)	\$ (61,450)	\$ (61,450)	\$ (61,450)	\$ (61,450)	\$ (61,450)	\$ (61,450)
Senior Debt Service Coverage	489%	561%	545%	544%	575%	559%	659%	674%	648%	624%
Combined Debt Service Coverage	164%	161%	165%	168%	168%	167%	166%	166%	166%	166%
Actual/Projected Water/Sewer Rate Increases	5.0%	13.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
*Operating Receipts \$ Increase/Decrease										
Retail	20,228	24,515	31,131	31,474	26,522	27,338	21,991	18,161	21,715	23,945
Wholesale	(5,108)	3,209	2,377	2,448	2,522	2,598	2,675	2,756	2,838	2,924
*Operating Receipts % Increase/Decrease										
Retail	4.1%	4.8%	5.8%	5.5%	4.4%	4.3%	3.3%	2.7%	3.1%	3.3%
Wholesale	-6.3%	4.2%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

(1) Includes interest earnings on senior lien revenue bonds' debt service reserve fund  
 (2) FY 2018 planned transfers of \$0.0 million to Rate Stabilization Fund will maintain the total fund balance at \$61.45 million



# Next Steps



## Management Recommendations

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Management recommends the approval of the following -

- 💧 Proposed FY 2018 – FY 2027 Capital Disbursements of \$4.0B and Lifetime Project Budget of \$11.1B
  - Committee review of detailed management plan in March 2018 to address asset management principles
- 💧 Proposed FY 2019 Operating Expenditure Budget of \$582.8M
- 💧 Proposed FY 2019 and FY 2020 Combined Rate Increases
- 💧 Proposed FY 2018 – FY 2027 Financial Plan, including the revenue requirements to support the operating and capital budgets



# Committee Recommendations & Actions

	Environmental Quality & Operations	DC Retail Water & Sewer Rates	Finance & Budget
Capital Budget - FY 2018 – FY 2027 Disbursements - Lifetime Project	Action Taken		Action Required
FY 2019 Operating Budget			Action Required
Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing			Action Required
- FY 2019 & FY 2020 Rates, Fees and Revenues - FY 2018 – FY 2027 Financial Plan		Action Taken	Action Required



# Appendix



# Rolling 10 year CIP Options Compared

## Summary of EQ and Ops Discussion 1-18-18

Service Area	Current Baseline	Constrained Plan	Asset Management Plan
<b>DCCR</b>	<b>Fully funded</b> to meet Consent Decree	<b>Fully funded</b> to meet Consent Decree	<b>Fully funded</b> to meet Consent Decree
<b>Wastewater</b>	<b>Generally funded</b> to reduce the risk of critical infrastructure failure	<b>Fully funded</b>	<b>Fully funded</b>
<b>Water</b>			
Pump Stations & Storage Facilities	<b>Generally funded</b> to current service levels	<b>Fully funded</b>	<b>Fully funded</b>
Small Diameter WMs ≤ 12” dia.	<b>Generally funded to meet 1% replacement/rehab goal [11 mi/year]</b>	<b>Funded to ramp up to 1.5% per year replacement level [17 mi/year]</b>	<b>Fully funded to ramp up to 2% replacement level [22 mi/year]</b>
Large Diameter WMs > 12” dia.	<b>Generally funded</b>	<b>Generally funded</b>	<b>Generally funded</b>
<b>Sewer</b>			
Pump Stations	<b>Underfunded</b>	<b>Fully funded</b>	<b>Fully funded</b>
Sewer Lines < 60” dia.	<b>Substantially underfunded [6.2 mi/year]</b>	<b>Funded to ramp up to 1.0% per year rehabilitation level [17.5 mi/year]</b>	<b>Fully funded to ramp up to 2.7% rehabilitation level [40 mi/year]</b>
Sewer Lines ≥ 60” dia.	<b>Generally Funded</b>	<b>Generally Funded</b>	<b>Generally Funded</b>
<b>Non Process</b>	<b>Fully funded</b> for HQ, Fleet and Sewer Operations Facilities	<b>Fully funded</b> for HQ, Fleet and Sewer Operations Facilities	<b>Fully funded</b> for HQ, Fleet and Sewer Operations Facilities

'Generally Funded' = What we know or expect to find can be fixed 'Underfunded' = What we know or expect to find is not all funded

'Fully Funded' = All needs known or expected are met



# CIP: Proposed & Alternative Scenarios

\$ in thousands

Baseline (Proposed) \$4 Billion	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	10-Yr Total
Non Process Facilities	\$ 32,194	\$ 33,107	\$ 18,907	\$ 7,860	\$ 1,551	\$ 25	\$ 6,615	\$ 7,773	\$ -	\$ -	\$ 108,032
Wastewater Treatment	95,485	74,617	77,853	87,960	89,820	69,560	51,607	62,172	117,623	129,252	855,948
Combined Sewer Overflow	181,816	200,343	160,554	148,121	203,086	164,508	79,692	65,611	135,797	92,819	1,432,348
Stormwater	945	4,909	2,400	2,312	5,839	1,212	1,784	1,642	1,276	2,133	24,452
Sanitary Sewer	29,802	32,947	34,046	53,050	74,492	73,917	75,912	58,882	60,769	38,672	532,490
Water	58,044	45,747	84,256	62,341	48,241	53,471	88,055	99,661	101,344	89,510	730,672
Additional Capital Programs	51,665	47,448	42,327	41,037	22,618	22,618	22,618	22,618	22,618	22,618	318,185
<b>Proposed - Total CIP</b>	<b>\$ 449,950</b>	<b>\$ 439,118</b>	<b>\$ 420,342</b>	<b>\$ 402,681</b>	<b>\$ 445,647</b>	<b>\$ 385,312</b>	<b>\$ 326,284</b>	<b>\$ 318,360</b>	<b>\$ 439,427</b>	<b>\$ 375,004</b>	<b>\$ 4,002,125</b>
Constrained \$4.6 Billion	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	10-Yr Total
Non Process Facilities	32,194	33,107	18,907	7,860	1,551	25	6,615	7,773	-	-	108,032
Wastewater Treatment	95,485	74,617	77,853	94,301	104,728	90,636	86,767	117,352	157,870	145,528	1,045,135
Combined Sewer Overflow	181,816	200,343	160,554	158,551	219,449	178,924	93,022	80,838	168,524	120,865	1,562,887
Stormwater	945	4,909	2,400	6,858	9,546	11,489	11,816	11,721	12,006	12,210	83,898
Sanitary Sewer	29,802	32,947	34,046	60,123	64,397	69,072	67,420	66,553	63,214	62,139	549,711
Water	58,044	45,747	84,256	87,555	97,791	103,823	115,717	100,622	99,841	100,023	893,419
Additional Capital Programs	51,665	47,448	42,327	41,037	22,618	22,618	22,618	22,618	22,618	22,618	318,185
<b>Total CIP</b>	<b>\$ 449,950</b>	<b>\$ 439,118</b>	<b>\$ 420,343</b>	<b>\$ 456,285</b>	<b>\$ 520,079</b>	<b>\$ 476,587</b>	<b>\$ 403,974</b>	<b>\$ 407,477</b>	<b>\$ 524,073</b>	<b>\$ 463,382</b>	<b>\$ 4,561,268</b>
Increases vs. Proposed CIP	-	-	-	(53,604)	(74,432)	(91,276)	(77,690)	(89,118)	(84,645)	(88,378)	(559,142)
Asset Management Ramp-up \$5.1 Billion	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	10-Yr Total
Non Process Facilities	32,194	33,107	18,907	7,860	1,551	25	6,615	7,773	-	-	108,032
Wastewater Treatment	95,485	74,617	77,853	94,301	104,728	90,636	86,767	117,352	157,870	145,528	1,045,136
Combined Sewer Overflow	181,816	200,343	160,554	158,551	219,449	178,924	93,022	80,838	168,524	120,865	1,562,887
Stormwater	945	4,909	2,400	6,858	9,546	11,489	11,816	11,721	12,006	12,210	83,898
Sanitary Sewer	29,802	32,947	34,046	85,811	116,478	142,718	145,436	115,238	110,489	99,957	912,921
Water	58,044	45,747	84,256	92,392	110,939	121,149	150,640	140,445	141,230	141,003	1,085,845
Additional Capital Programs	51,665	47,448	42,327	41,037	22,618	22,618	22,618	22,618	22,618	22,618	318,185
<b>Total CIP</b>	<b>\$ 449,950</b>	<b>\$ 439,118</b>	<b>\$ 420,342</b>	<b>\$ 486,809</b>	<b>\$ 585,309</b>	<b>\$ 567,559</b>	<b>\$ 516,914</b>	<b>\$ 495,985</b>	<b>\$ 612,737</b>	<b>\$ 542,182</b>	<b>\$ 5,116,904</b>
Increases vs. Proposed CIP	-	-	-	(84,128)	(139,661)	(182,247)	(190,630)	(177,625)	(173,310)	(167,178)	(1,114,779)



# Comparative Scenarios & Customer Impacts

<b>Baseline (Proposed) \$4.0 Billion</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Water & Sewer Rate (%)	5.0%	13.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
CRIAC (\$/ERU)	\$25.18	\$23.00	\$25.58	\$29.07	\$31.33	\$33.62	\$34.66	\$34.75	\$35.45	\$36.46
Avg. Customer Bill (\$)	\$102	\$108	\$114	\$121	\$127	\$134	\$139	\$143	\$149	\$154
Avg. Customer Bill (%)	6.2%	5.6%	5.6%	6.3%	5.0%	4.9%	3.9%	3.2%	3.7%	4.0%

<b>Constrained \$4.6 Billion</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Water & Sewer Rate (%)	5.0%	13.0%	5.0%	5.5%	7.0%	6.5%	6.5%	6.5%	6.0%	5.5%
CRIAC (\$/ERU)	\$25.18	\$23.00	\$25.58	\$29.07	\$31.33	\$33.62	\$34.72	\$34.93	\$35.84	\$37.11
Avg. Customer Bill (\$)	\$102	\$108	\$114	\$122	\$129	\$137	\$144	\$150	\$157	\$164
Avg. Customer Bill (%)	6.2%	5.6%	5.6%	6.6%	6.3%	5.9%	5.0%	4.3%	4.5%	4.5%

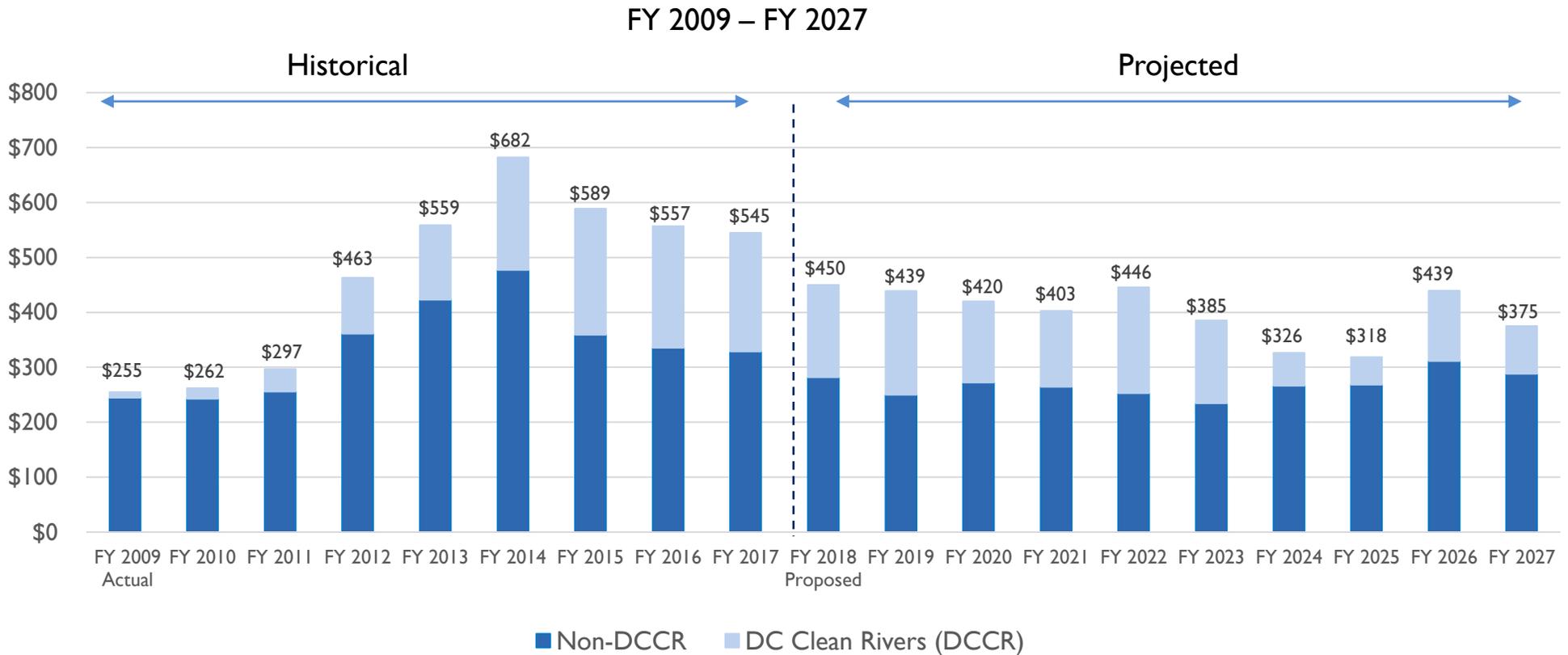
  

<b>Asset Mgt. Ramp-up \$5.1 Billion</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Water & Sewer Rate (%)	5.0%	13.0%	5.0%	6.0%	8.0%	8.0%	8.5%	8.0%	7.0%	6.5%
CRIAC (\$/ERU)	\$25.18	\$23.00	\$25.58	\$29.07	\$31.33	\$33.62	\$34.72	\$34.93	\$35.84	\$37.11
Avg. Customer Bill (\$)	\$102	\$108	\$114	\$122	\$130	\$139	\$148	\$156	\$164	\$172
Avg. Customer Bill (%)	6.2%	5.6%	5.6%	6.9%	6.9%	6.8%	6.3%	5.3%	5.3%	5.2%



# CIP: Historical & Projected Disbursements

- DC Clean Rivers is a major driver of the total CIP
  - Historical (FY 2009 – FY 2017) CIP totals \$4.2B / DC Clean Rivers' portion - \$1.2B or 28.1%
  - Proposed (FY 2018 – FY 2027) CIP totals \$4.0B / DC Clean Rivers' portion - \$1.3B or 32.8%





# 10-Year CIP: Disbursements & Lifetime by Program Area

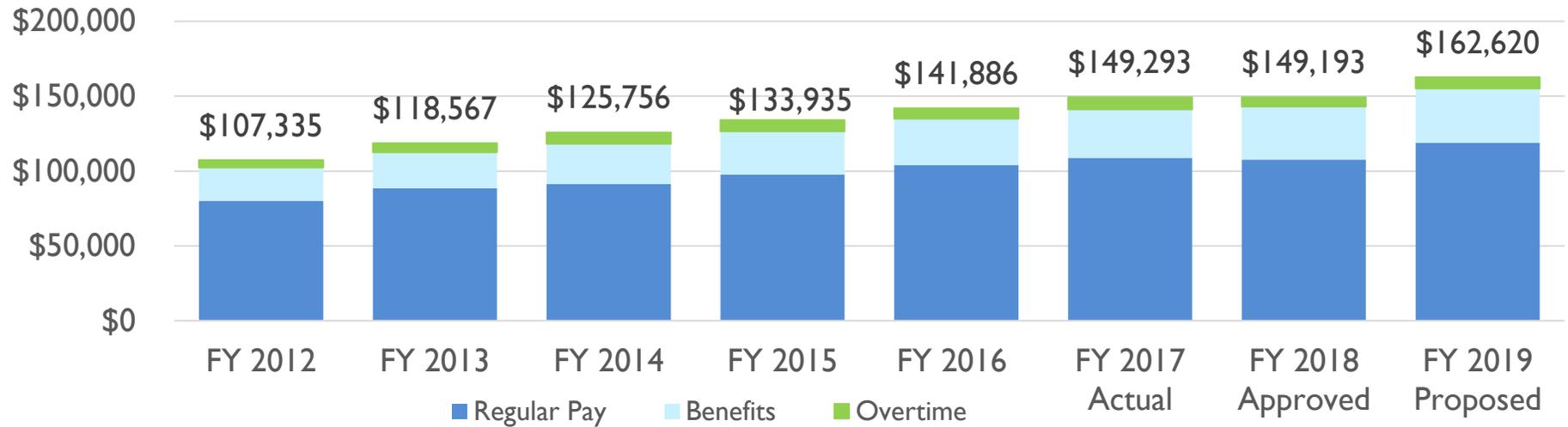
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY2027	10-Yr Total	Lifetime Budget
<b>NON PROCESS FACILITIES</b>												
Facility Land Use	\$32,194	\$33,107	\$18,907	\$7,860	\$1,551	\$25	\$6,615	\$7,773	\$0	\$0	\$108,032	\$169,147
Subtotal	32,194	33,107	18,907	7,860	1,551	25	6,615	7,773	0	0	108,032	169,147
<b>WASTEWATER TREATMENT</b>												
Liquid Processing	18,554	30,869	37,604	38,228	44,507	35,458	29,607	31,846	74,033	109,131	449,838	1,224,582
Plantwide	12,099	15,060	19,331	32,895	35,204	30,100	18,795	17,671	20,384	10,534	212,072	488,216
Solids Processing	11,229	13,942	18,154	15,302	8,770	1,953	1,288	723	533	555	72,448	802,911
Enhanced Nitrogen Removal Facilities	53,603	14,746	2,763	1,535	1,339	2,049	1,918	11,932	22,673	9,032	121,590	1,036,089
Subtotal	95,485	74,617	77,853	87,960	89,820	69,560	51,607	62,172	117,623	129,252	855,948	3,551,799
<b>COMBINED SEWER OVERFLOW</b>												
DC Clean Rivers	168,314	189,392	148,042	138,289	192,859	151,111	59,569	50,018	128,404	87,197	1,313,196	2,764,255
Program Management	1,934	1,969	2,518	3,495	4,373	4,339	3,012	1,821	0	0	23,460	64,663
Combined Sewer	11,568	8,982	9,993	6,337	5,853	9,058	17,112	13,772	7,393	5,622	95,691	323,002
Subtotal	181,816	200,343	160,554	148,121	203,086	164,508	79,692	65,611	135,797	92,819	1,432,348	3,151,920
<b>STORMWATER</b>												
Local Drainage	92	75	354	69	629	267	861	1,050	219	0	3,617	14,230
On-Going	375	1,074	668	617	744	722	760	464	752	736	6,912	11,315
Pumping Facilities	69	3,410	375	1,134	4,065	19	0	0	305	1,397	10,774	25,232
DDOT	0	0	0	0	0	0	0	0	0	0	0	3,237
Research and Program Management	314	156	36	115	402	204	163	128	0	0	1,517	12,013
Trunk/Force Sewers	95	194	966	377	0	0	0	0	0	0	1,632	15,365
Subtotal	945	4,909	2,400	2,312	5,839	1,212	1,784	1,642	1,276	2,133	24,452	81,392
<b>SANITARY SEWER</b>												
Collection Sewers	4,488	1,244	1,088	7,929	19,594	9,139	11,139	25,253	31,888	18,343	130,105	407,999
On-Going	10,001	9,618	9,475	10,399	9,982	10,535	11,079	11,402	11,589	12,023	106,103	206,045
Pumping Facilities	1,294	428	842	2,332	1,005	1,559	214	0	0	0	7,674	36,151
Program Management	2,999	3,075	7,205	5,032	6,410	6,977	6,128	5,151	1,624	115	44,716	124,972
Interceptor/Trunk Force Sewers	11,019	18,583	15,436	27,358	37,501	45,706	47,353	17,076	15,667	8,191	243,890	754,870
Subtotal	29,802	32,947	34,046	53,050	74,492	73,917	75,912	58,882	60,769	38,672	532,490	1,530,036
<b>WATER</b>												
Distribution Systems	28,353	22,924	56,015	35,946	23,051	29,648	52,339	79,039	81,503	69,487	478,306	1,235,949
Lead Program	3,422	1,487	1,252	1,422	1,528	1,658	1,718	903	235	75	13,700	209,245
On-Going	11,079	11,044	7,569	9,982	9,930	10,183	10,793	11,157	12,429	12,636	106,802	143,288
Pumping Facilities	3,286	1,857	4,561	4,248	4,193	1,840	8,023	1,668	211	0	29,887	118,394
DDOT	904	486	208	2	2	0	0	0	0	0	1,604	33,933
Storage Facilities	7,560	4,967	8,088	3,488	2,099	5,106	9,371	2,343	0	0	43,021	107,520
Program Management	3,441	2,982	6,563	7,252	7,438	5,035	5,812	4,551	6,966	7,312	57,352	90,944
Subtotal	58,044	45,747	84,256	62,341	48,241	53,471	88,055	99,661	101,344	89,510	730,672	1,939,272
<b>CAPITAL PROJECTS</b>												
	398,285	391,670	378,015	361,644	423,029	362,694	303,666	295,742	416,809	352,386	3,683,941	10,423,566
<b>CAPITAL EQUIPMENT</b>												
WASHINGTON AQUEDUCT	11,768	12,930	12,944	13,039	13,039	12,312	11,768	11,441	10,496	10,315	120,052	120,052
<b>ADDITIONAL CAPITAL PROGRAMS</b>												
	51,665	47,448	42,327	41,037	22,618	22,618	22,618	22,618	22,618	22,618	318,185	318,185
<b>LABOR</b>												
												390,145
<b>TOTAL CAPITAL BUDGETS</b>												
	\$449,950	\$439,118	\$420,342	\$402,681	\$445,647	\$385,312	\$326,284	\$318,360	\$439,427	\$375,004	\$4,002,125	\$11,131,895



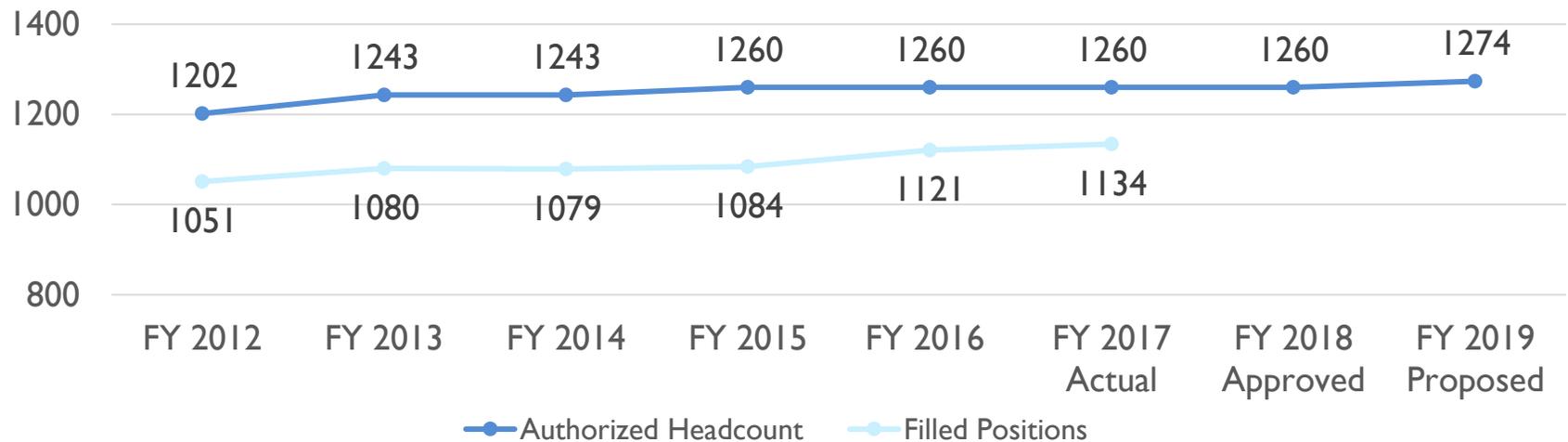
# Personnel Services

\$ in thousands

### Historical & Projected Personnel Expenditure



### Historical & Projected Headcount





## Personnel Services: Benefits

- Major drivers of employee benefits include DCW's share of health coverage costs, retirement and employment taxes
- Proposed FY 2019 benefit at 30.6% of regular pay is consistent with historical trends

Historical & Projected Costs	Actual FY 2015	Actual FY 2016	Actual FY 2017	Approved FY 2018	Proposed FY 2019	(Increase)/Decrease
Life Insurance	\$ 124	\$ 138	\$ 179	\$ 151	\$ 160	\$ (9)
Health	12,375	13,464	13,369	16,504	16,087	417
Dental	445	477	467	529	545	(16)
Optical	133	137	135	194	198	(4)
Retirement	9,206	9,848	10,579	10,035	10,620	(585)
Employment Taxes	6,452	6,797	7,671	7,722	8,054	(332)
Moving/Transit Subsidy	54	90	65	262	473	(211)
<b>Total Benefits</b>	<b>\$ 28,789</b>	<b>\$ 30,951</b>	<b>\$ 32,466</b>	<b>\$ 35,397</b>	<b>\$ 36,137</b>	<b>\$ (740)</b>

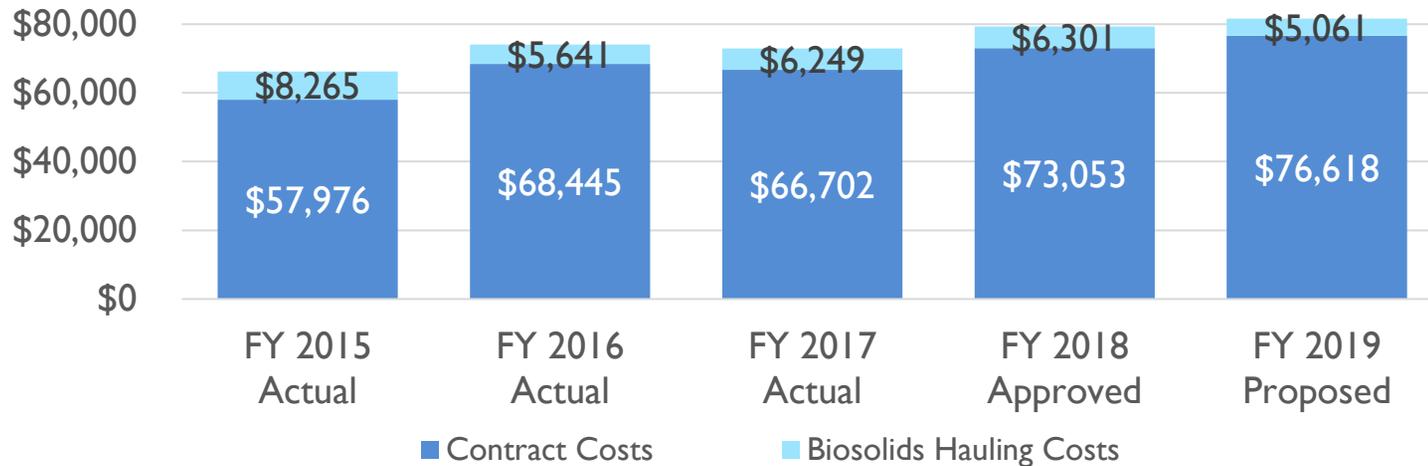
Benefits % of Regular Pay	Actual FY 2015	Actual FY 2016	Actual FY 2017	Approved FY 2018	Proposed FY 2019	(Increase)/Decrease
Life Insurance	0.1%	0.1%	0.2%	0.1%	0.1%	0.0%
Health	12.7%	13.3%	11.3%	14.0%	13.6%	0.4%
Dental	0.5%	0.5%	0.4%	0.4%	0.5%	-0.1%
Optical	0.5%	0.1%	0.1%	0.2%	0.2%	0.0%
Retirement	9.4%	9.7%	8.9%	8.5%	9.0%	-0.5%
Employment Taxes	6.6%	6.7%	6.5%	6.5%	6.8%	-0.3%
Moving/Transit Subsidy	0.1%	0.1%	0.1%	0.2%	0.4%	-0.2%
<b>Total % of Pay</b>	<b>29.5%</b>	<b>30.5%</b>	<b>30.0%</b>	<b>33.1%</b>	<b>30.6%</b>	<b>2.5%</b>



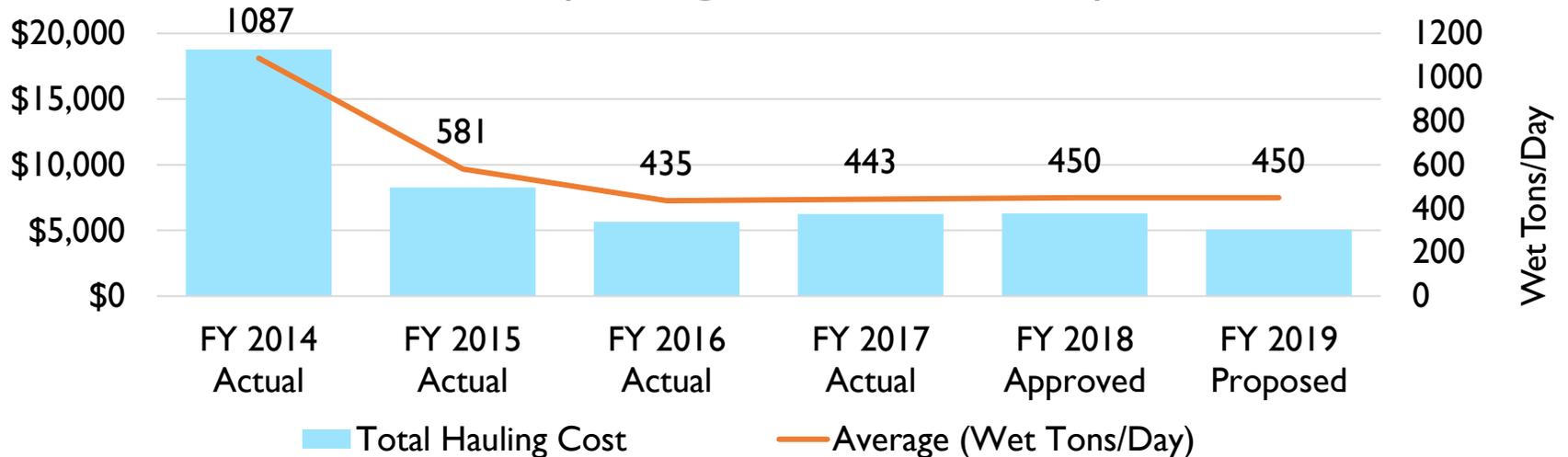
# Contracts & Biosolids

\$ in thousands

## Contract Services (inclusive of Biosolids)



## Biosolids (Hauling Costs & Production)

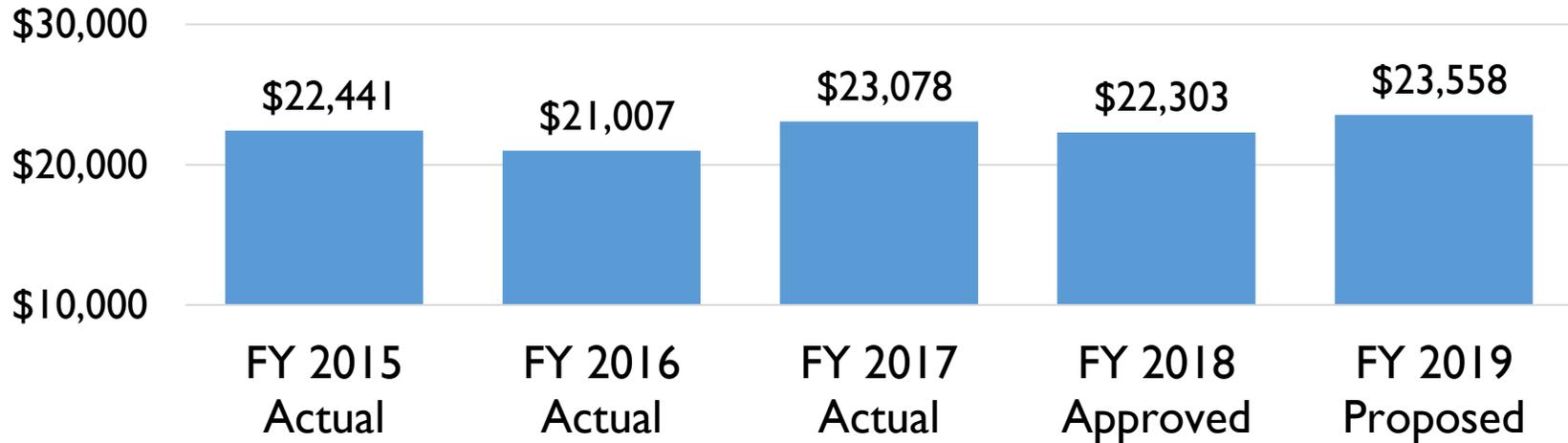




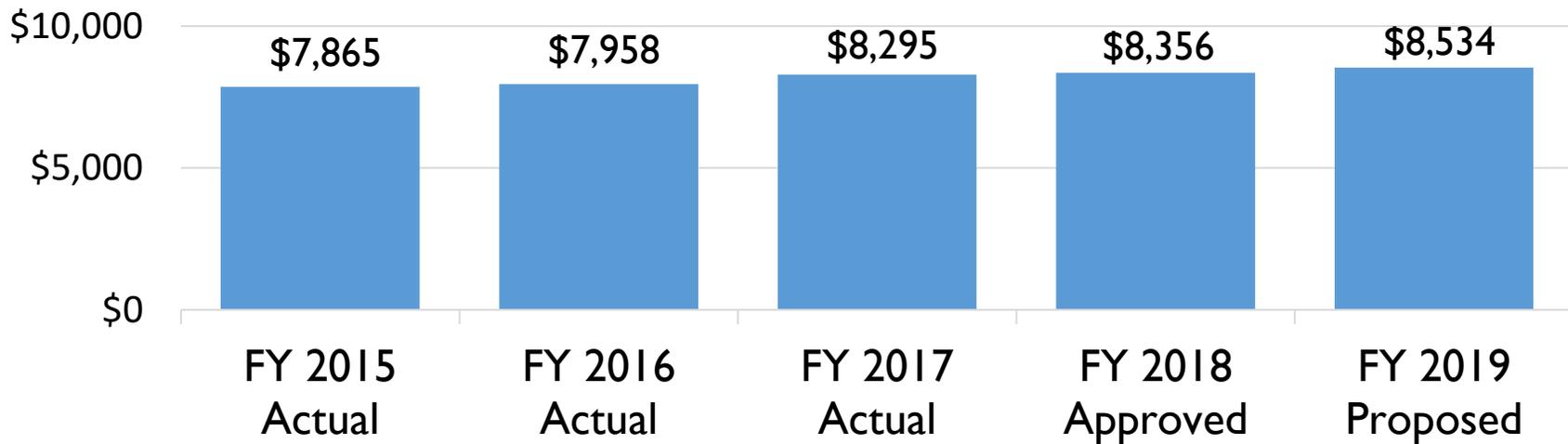
# Chemicals & Supplies

\$ in thousands

## Chemicals



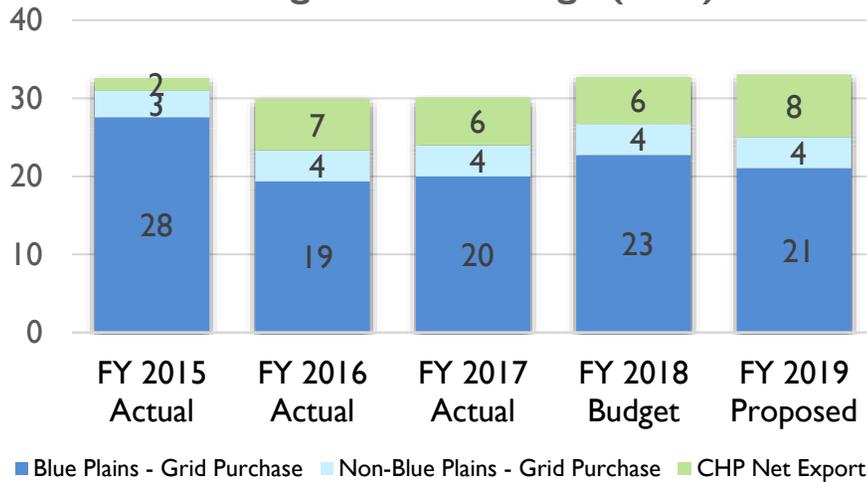
## Supplies



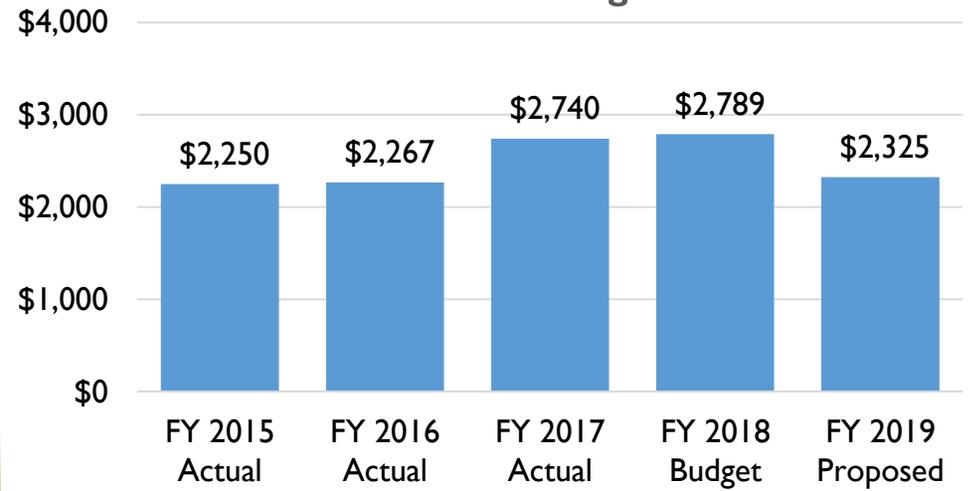


# Utilities

### Average Electric Usage (MW)

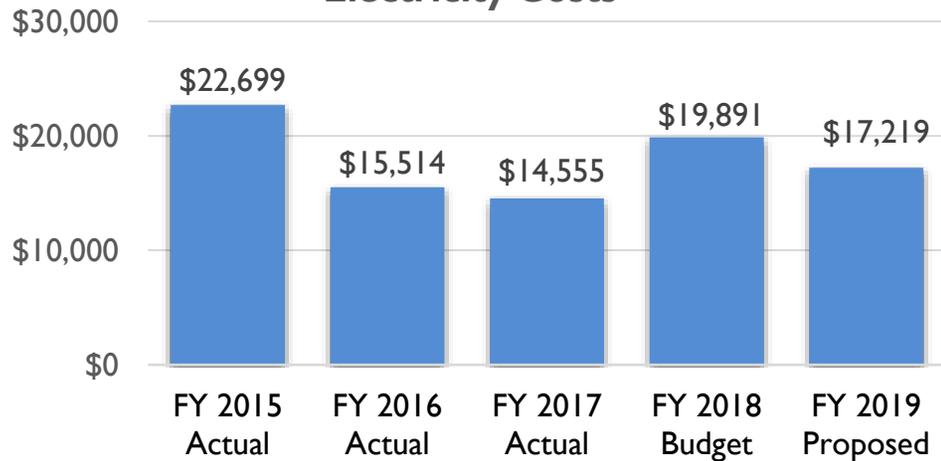


### Water Usage

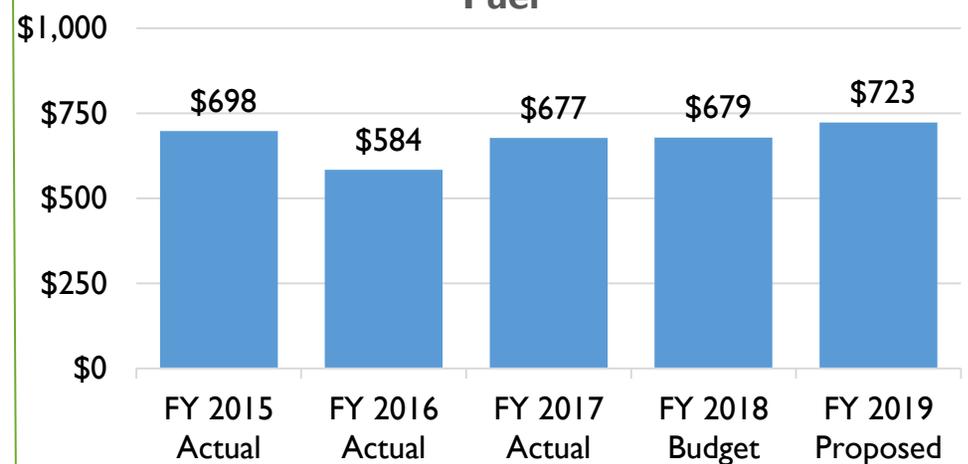


\$ in thousands

### Electricity Costs



### Fuel

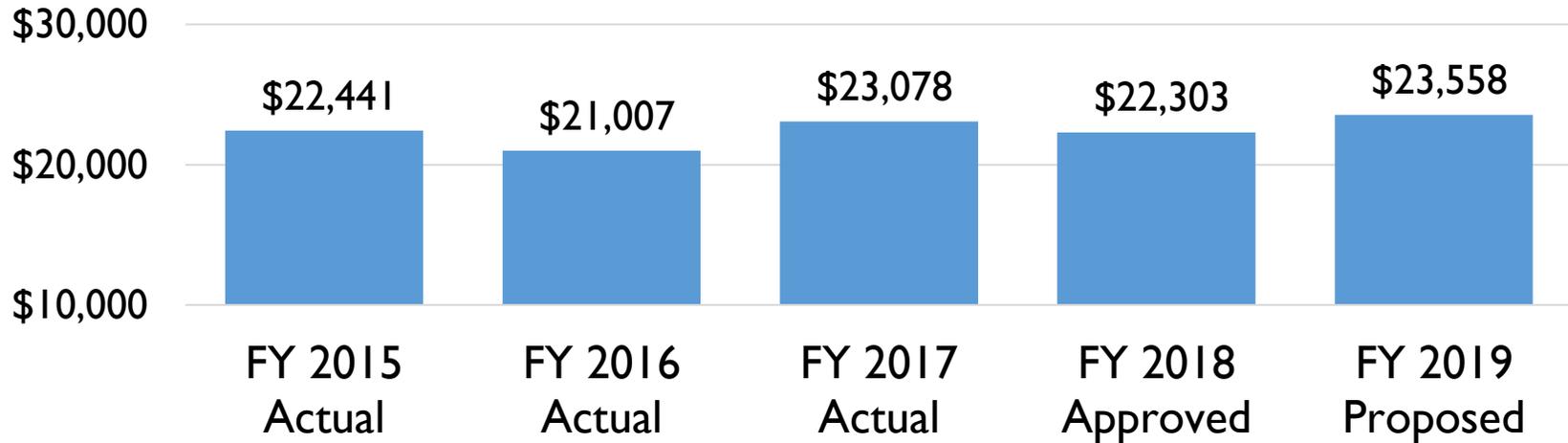




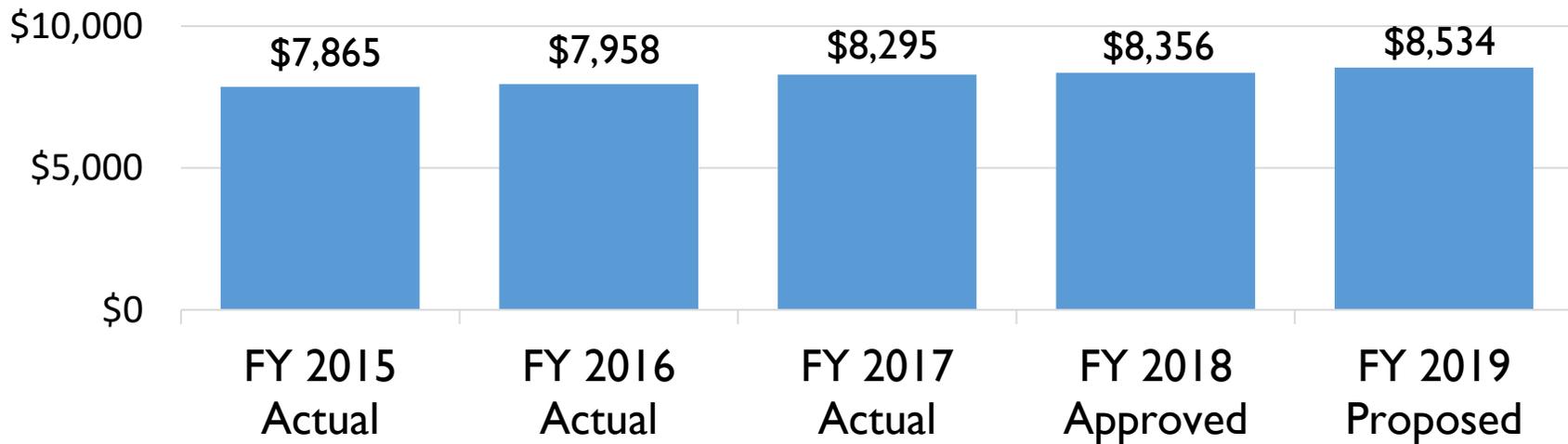
# Chemicals & Supplies

\$ in thousands

## Chemicals



## Supplies





# Average Residential Customer Monthly Bill FY 2018- FY 2027

## District of Columbia Water & Sewer Authority Average Residential Customer Monthly Bill FY 2018 - FY 2027

	Units	Current FY 2018	Proposed FY 2019	Proposed FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
DC Water Water and Sewer Retail Rates <sup>(1)</sup>	Ccf	\$ 60.13	\$ 68.27	\$ 71.73	\$ 75.33	\$ 79.12	\$ 83.10	\$ 87.26	\$ 91.67	\$ 96.27	\$ 101.13
DC Water Clean Rivers IAC	ERU	25.18	23.00	25.58	29.07	31.33	33.62	34.66	34.75	35.45	36.46
DC Water Customer Metering Fee	5/8"	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86
DC Water Water System Replacement Fee <sup>(3)</sup>	5/8"	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30
<b>Subtotal DC Water Rates &amp; Charges</b>		<b>\$ 95.47</b>	<b>\$ 101.43</b>	<b>\$ 107.47</b>	<b>\$ 114.56</b>	<b>\$ 120.61</b>	<b>\$ 126.88</b>	<b>\$ 132.08</b>	<b>\$ 136.58</b>	<b>\$ 141.88</b>	<b>\$ 147.75</b>
Increase / Decrease		\$ 5.82	\$ 5.96	\$ 6.04	\$ 7.09	\$ 6.05	\$ 6.27	\$ 5.20	\$ 4.50	\$ 5.30	\$ 5.87
District of Columbia PILOT Fee <sup>(1)</sup>	Ccf	\$ 3.04	\$ 3.10	\$ 3.16	\$ 3.22	\$ 3.29	\$ 3.35	\$ 3.41	\$ 3.47	\$ 3.53	\$ 3.60
District of Columbia Right-of-Way Fee <sup>(1)</sup>	Ccf	1.12	1.12	1.18	1.18	1.18	1.18	1.24	1.24	1.24	1.24
District of Columbia Stormwater Fee <sup>(2)</sup>	ERU	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67
<b>Subtotal District of Columbia Charges</b>		<b>\$ 6.83</b>	<b>\$ 6.89</b>	<b>\$ 7.01</b>	<b>\$ 7.07</b>	<b>\$ 7.14</b>	<b>\$ 7.20</b>	<b>\$ 7.32</b>	<b>\$ 7.38</b>	<b>\$ 7.44</b>	<b>\$ 7.51</b>
<b>Total Amount Appearing on DC Water Bill</b>		<b>\$ 102.30</b>	<b>\$ 108.32</b>	<b>\$ 114.48</b>	<b>\$ 121.63</b>	<b>\$ 127.75</b>	<b>\$ 134.08</b>	<b>\$ 139.40</b>	<b>\$ 143.96</b>	<b>\$ 149.32</b>	<b>\$ 155.26</b>
Increase / Decrease Over Prior Year		\$ 5.95	\$ 6.02	\$ 6.16	\$ 7.15	\$ 6.12	\$ 6.33	\$ 5.32	\$ 4.56	\$ 5.36	\$ 5.94
<b>Percent Increase in Total Bill</b>		<b>6.2%</b>	<b>5.9%</b>	<b>5.7%</b>	<b>6.2%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>4.0%</b>	<b>3.3%</b>	<b>3.7%</b>	<b>4.0%</b>

(1) Assumes average monthly consumption of 6.2 Ccf, or (4,638 gallons)

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

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



# Retail Rates, Charges and Fees FY 2018 - FY 2020

## District of Columbia Water & Sewer Authority Retail Rates, Charges and Fees FY 2018 - FY 2020

	Units	Current FY 2018	Proposed FY 2019	Proposed FY 2020
DC Water Retail Rates Water (Residential Lifeline 0 - 4 Ccf)	Ccf	\$ 3.39	\$ 2.91	\$ 3.06
DC Water Retail Rates Water (Residential > 4 Ccf)	Ccf	\$ 4.26	\$ 3.90	\$ 4.10
DC Water Retail Rates Water (Multi-Family)	Ccf	\$ 3.80	\$ 3.37	\$ 3.54
DC Water Retail Rates Water (Non-Residential)	Ccf	\$ 4.40	\$ 4.05	\$ 4.25
DC Water Retail Rates Sewer	Ccf	\$ 6.00	\$ 7.75	\$ 8.14
DC Water Clean Rivers IAC	ERU	\$ 25.18	\$ 23.00	\$ 25.58
DC Water Customer Metering Fee	5/8"	\$ 3.86	\$ 3.86	\$ 3.86
DC Water Water System Replacement Fee	5/8"	\$ 6.30	\$ 6.30	\$ 6.30
District of Columbia PILOT Fee	Ccf	\$ 0.49	\$ 0.50	\$ 0.51
District of Columbia Right-of-Way Fee	Ccf	\$ 0.18	\$ 0.18	\$ 0.19
District of Columbia Stormwater Fee	ERU	\$ 2.67	\$ 2.67	\$ 2.67

**District of Columbia  
Water and Sewer Authority  
Capital Improvement Program  
Report**



**FY-2018 1<sup>st</sup> Quarter  
October 1<sup>st</sup> through December 31<sup>st</sup>, 2017**

**Board of Directors  
Finance and Budget Committee**

**Henderson J. Brown IV, Interim CEO & General Manager  
Leonard R. Benson, Chief Engineer**

**February 2018**

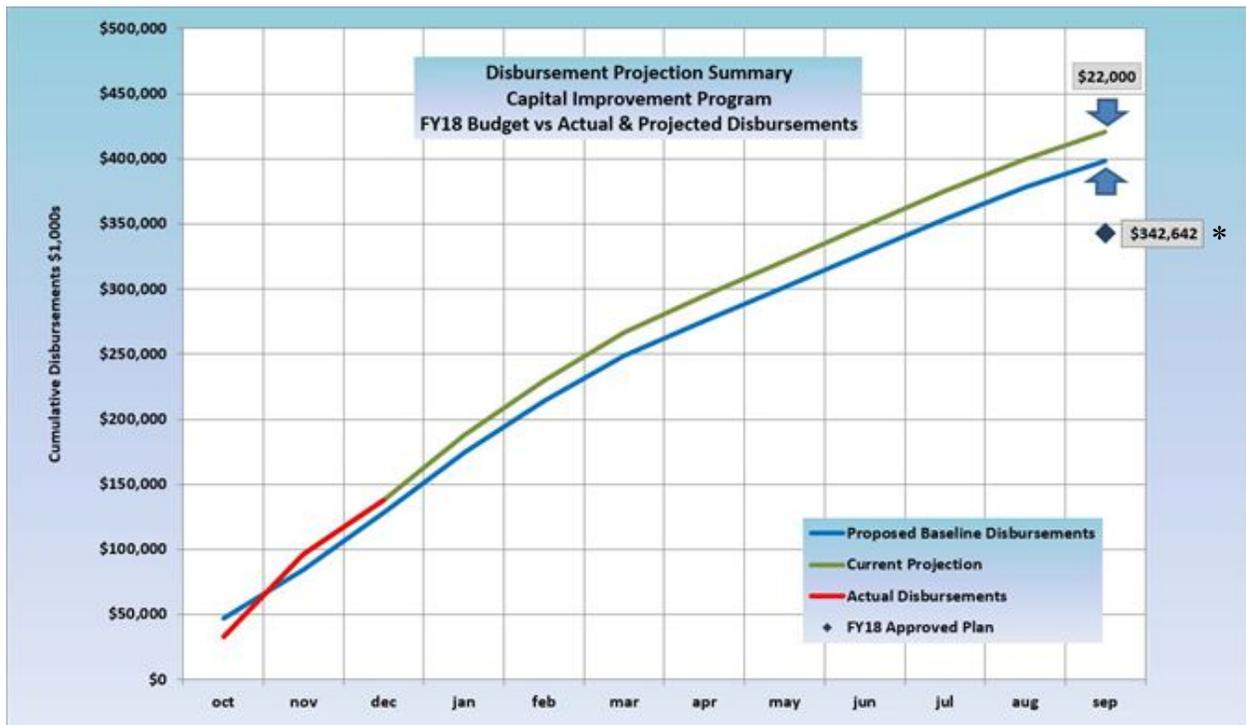


## Capital Improvement Program Report 1<sup>st</sup> Quarter FY2018

### CIP Disbursement Performance

Current projected program disbursements through the end of the fiscal year compared with the FY18 baseline are shown in the chart below:

### Disbursement Summary



\* The current approved capital disbursement plan as agreed by the DC Water Board of Directors on December 1, 2016, included an FY18 disbursement projection of \$342,642. Although the FY18-FY27 capital disbursement plan has not currently been adopted by the DC Water Board of Directors, the three plans currently proposed all include a projection of \$398,285 for FY18. This quarterly report has been written with the assumption that \$398,285 will be the approved baseline for FY18.

Current projected fiscal year 2018 CIP disbursements are \$420,284,000 through the end of December 2016, which is 5.5% above the baseline disbursement projection of \$398,285,000.



## Capital Improvement Program Report 1<sup>st</sup> Quarter FY2018

Current disbursement projections within the service areas are as follows:

### Non Process Facilities

Baseline Disbursements      \$31,678,000  
 Projected Disbursements      \$30,341 (\$1.3M below baseline projection)

There are no significant project variances for this service area.

### Wastewater Treatment Service Area

Baseline Disbursements      \$95,520,000  
 Projected Disbursements      \$107,292,000 (\$11.8M above baseline projection)

Significant project variances are listed below:

- *Solids Processing Program Area – (\$3.4M above baseline)*
  - The disbursements for project XA - New Digestion Facilities are projected to be \$3.8M above the baseline due to a retention release executed in FY17 but disbursed in FY18, and supplemental agreements issued for the close out stages of the project that were not included in the baseline spending projections.
- *ENR Facilities Program Area – (\$5.5M above baseline)*
  - The disbursements for project E8 - Enhanced Clarification Facilities are projected to be above the baseline due to an early retention release and a payment accounted for in FY17 that were disbursed in FY18.

### CSO Service Area

Baseline Disbursements      \$181,897,000  
 Projected Disbursements      \$179,801,000 (\$2.1M below baseline projection)

There are no significant project variances for this service area.

### Stormwater Service Area

Baseline Disbursements      \$944,000  
 Projected Disbursements      \$1,034,000 (\$90k above baseline projection)

There are no significant project variances for this service area.

### Sanitary Sewer Service Area

Baseline Disbursements      \$30,191,000  
 Projected Disbursements      \$36,601,000 (\$6.4M above baseline projection)

Significant project variances are listed below:

- *Sanitary Collection Sewers Program Area – (\$3.7M above baseline)*
  - The disbursements for project J3 – Sewer Upgrade City Wide are projected to be greater than anticipated in the baseline. This is mainly due to the work progressing at a faster pace than anticipated.



## Capital Improvement Program Report 1<sup>st</sup> Quarter FY2018

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### **Water Service Area**

Baseline Disbursements      \$58,054,000

Projected Disbursements      \$65,215,000 (\$7.1M above baseline projection)

Significant project variances are listed below:

- *Water Storage Facilities Program Area – (\$5.2M above baseline)*
  - The projected disbursements for project MA - St. Elizabeth Water Tank are greater than anticipated in the baseline. This is mainly due to an incorrect entry into the database, we have since improved the process and procedure.



## Capital Improvement Program Report 1<sup>st</sup> Quarter FY2018

### Priority 1 Projects (Court Ordered, Stipulated Agreements, etc.)

All priority 1 projects are on schedule and within budget.

### Significant Contract Actions Anticipated – 6 Month Look-Ahead

Project	Name	Contract Type	Joint Use?	Cost Range	Committee	BOD
DR	Low Area Trunk Sewer Rehab	Construction	No	\$15M - \$20M	EQ & Ops Mar	Apr
CZ	Potomac Project 1(GI) PR-A	Design-Build	No	\$5M - \$10M	EQ & Ops Mar	Apr
C9	66" Steel Main at 8 <sup>th</sup> St., NE	Construction	No	\$5M - \$10M	EQ & Ops May	Jun
UC	Upgrades to FIPS 1-10	Construction	Yes	\$15M - \$20M	EQ & Ops Jun	Jul



## Capital Improvement Program Report 1<sup>st</sup> Quarter FY2018

### Schedule - Key Performance Indicators Capital Improvement Program

**Summary:**

For the 1<sup>st</sup> Quarter, both of the Key Performance Indicators (KPIs) completed this period were achieved within 90 days of their target date.

#	Performance
2	KPIs completed within threshold
0	KPIs completed outside threshold
2	Total KPIs completed to date
28	Total KPIs due this year

**Reasons for any KPIs not meeting the 90-day threshold this period:**

N/A

The table below provides a detailed breakdown of each KPI due date grouped by Quarter:

Quarter	Job Code	Job Name	Activity Name	Due Date (Baseline)	Estimated Complete Date	Actual Complete Date	Variance (positive is early)	Met within 90 days
Q1	F203	Small Diameter Water Main Repl 14C C&L	Design Start	30-Oct-17		20-Oct-17	10	✓
Q1	DE02	Small Diameter Water Main Repl 12B	Construction Start	5-Nov-17		3-Nov-17	2	✓
Q2	EE01	Biosolids Filtrate Treatment Facilities	Construction Substantial Completion	4-Jan-18	4-Jan-18		0	
Q2	IY03	High & Low PSW Pumps Evaluation and Replacement	Design Start	15-Jan-18	15-Jan-18		0	
Q2	GA01	Small Local Sewer Rehab 4	Construction Substantial Completion	31-Jan-18	31-Jan-18		0	
Q2	GR01	Small Diameter Water Main Rehab. 15A	Design Start	1-Feb-18	1-Feb-18		0	
Q2	LZ03	PI Phase 1 Pipe Rehab at Clara Barton Pkwy	Design Start	2-Feb-18	2-Feb-18		0	
Q2	BI01	Enhanced Nitrogen Removal (ENR) North	Construction Substantial Completion	8-Mar-18	8-Mar-18		0	
Q2	CY12	Div H - Anacostia River Tunnel	Project Consent Decree Place in Operation	23-Mar-18	23-Mar-18		0	



## Capital Improvement Program Report 1<sup>st</sup> Quarter FY2018

Quarter	Job Code	Job Name	Activity Name	Due Date (Baseline)	Estimated Complete Date	Actual Complete Date	Variance (positive is early)	Met within 90 days
Q2	CY13	Div I - Main Pumping Sta. Diversions and Outfall Sewer Diversion	Project Consent Decree Place in Operation	23-Mar-18	23-Mar-18		0	
Q2	CY18	Div Y - BP Tunnel Dewatering Pump Station	Project Consent Decree Place in Operation	23-Mar-18	23-Mar-18		0	
Q2	CY21	Div Z - Poplar Point Pumping Sta. Replacement	Project Consent Decree Place in Operation	23-Mar-18	23-Mar-18		0	
Q2	FS01	Div D - JBAB Overflow and Diversion Structures	Project Consent Decree Place in Operation	23-Mar-18	23-Mar-18		0	
Q2	E801	Enhanced Clarification Facilities	Project Consent Decree Place in Operation	23-Mar-18	23-Mar-18		0	
Q2	CY12	Div H - Anacostia River Tunnel	Project Consent Decree Place in Operation	23-Mar-18	23-Mar-18		0	
Q2	CY04	Div E - CSO 015-017 Structures/Diversions	Project Consent Decree Place In Operation	23-Mar-18	23-Mar-18		0	
Q2	CY06	Div G - CSO 005/007 Structures and Diversions	Project Consent Decree Place in Operation	23-Mar-18	23-Mar-18		0	
Q2	CY31	Div U - Advance Utility Relocations for NEBT	Design Build Substantial Completion	23-Mar-18	23-Mar-18		0	
Q3	J001	B Street/New Jersey Ave. Trunk Sewer Rehab and Cleaning Phase 1	Construction Start	4-Apr-18	4-Apr-18		0	
Q3	MA01	St. Elizabeth Water Tank	Construction Substantial Completion	10-Apr-18	10-Apr-18		0	
Q3	G100	Lining & Repair of Local Sewers	Construction Substantial Completion	31-May-18	31-May-18		0	
Q3	GR02	Small Diameter Water Main Rehab 15B	Design Start	1-Jun-18	01-Jun-18		0	
Q3	I801	Large Valve Replacements 11R	Construction Substantial Completion	30-Jun-18	30-Jun-18		0	
Q4	C904	66" Low Service Steel Main at 8th Street NE & SE	Construction Start	3-Jul-18	3-Jul-18		0	
Q4	LZ04	PI Phase 2 Pipe Rehab at Potomac Crossing	Design Start	5-Jul-18	5-Jul-18		0	
Q4	DR02	Low Area Trunk Sewer - Rehabilitation	Construction Start	12-Jul-18	9-May-18		64	
Q4	O302	Small Dia Watermain Repl 11b	Construction Substantial Completion	27-Jul-18	27-Jul-18		0	
Q4	UC06	Upgrades to FIPS 1-10	Construction Start	29-Sep-18	29-Sep-18		0	

**Table Key:** Positive variance = Finishing earlier than baseline plan    **Bold** = Actual Date achieved

# Reserves & Rate Stabilization Fund Study

February 22, 2018



**Amawalk**  
Consulting Group LLC

# Purpose of An Operating Reserve

- Contingency funds to sustain financial operations in response to significant unanticipated events or emergencies, examples include:
  - Operating revenues that are well below planned receipts
  - Substantial increases in operating expenses
- Support the utility's access to the credit markets at favorable terms – the confidence level of rating agencies, bond investors, vendors, etc. is enhanced by the maintenance of strong levels of reserves
- For DC Water, a portion of the Reserve serves as: 1) a source of liquidity to pay routine monthly bills and 2) a back-up source of funds to handle extraordinary fluctuations in cash flow

# Purpose of A Renewal & Replacement (R&R) Reserve

- Immediate source of funds for urgent, unplanned capital improvements or repairs
- R&R Reserve is a part of the total levels of reserves that support the utility's access to the credit markets at favorable terms
- For DC Water, the balance in the R&R Reserve counts towards the total Operating Reserve requirement that is set by Board policy

# Components of the Total O&M Reserve

- Components and current requirements:

Operating Reserve	60 Days O+M
+ R&R Reserve	+ 35.0 Million
+ Undesignated Moneys	+ As-needed for Minimums
<hr/>	
= Total O+M Reserve	= 120 Days O+M or \$125.5 Million, or Greater

- DC Water’s bond indenture requires: a) 60 day Operating Reserve, and b) a R&R Reserve (with the amount to be recommended by independent study – currently \$35.0 million). The specifications for days or dollars for the Total O&M Reserve are set by Board policy

# Total O&M Reserve – Historical Performance

- DC Water has surpassed the policy minimums from 2013-17

Summary of Reserve Requirements and  
Total System Fund on Hand Year-End (\$000)

	2013	2014	2015	2016	2017
1 <b>CASH BALANCE PER BANK:</b>	171,506	181,131	193,544	215,144	209,712
2 <b>RESERVE REQUIREMENTS:</b>					
3 <b>Operating Reserve</b> 60 days of prior year O&M Expenses	41,119	46,102	46,366	49,134	49,812
4 <b>Renewal / Replacement Reserve</b> Minimum of \$35.0 Million	35,000	35,000	35,000	35,000	35,000
5 <b>TOTAL DESIGNATED OPERATING RESERVES</b> Required to satisfy 60-day policy + R&R Reserve policy	76,119	81,102	81,366	84,134	84,812
6 <b>TOTAL UNDESIGNATED OPERATING RESERVES</b>	49,381	44,398	44,134	41,366	40,688
7 <b>TOTAL OPERATING &amp; MAINTENANCE RESERVES</b> Established by the Board to approximate 120 days O&M expenses or \$125.5 million, whichever is greater	125,500	125,500	125,500	125,500	125,500
8 <b>EXCESS LIQUIDITY</b> Maintained by DC Water for liquidity purposes and an additional reserve	16,018	32,142	34,554	37,152	21,712
9 <b>ENDING CASH BALANCE</b>	141,518	157,642	160,054	162,652	147,212
10 <b>OTHER RESERVES</b>					
11 <b>Rate Stabilization Fund</b>	28,950	22,450	32,450	51,450	61,450
12 <b>DC Insurance Reserve</b>	1,038	1,039	1,040	1,042	1,050
13 <b>TOTAL CASH BALANCE &amp; RESERVE FUNDS</b>	171,506	181,131	193,544	215,144	209,712

# Total O&M Reserve – Projected Performance

- The \$125.5 million minimum will continue to be > 120 days
- DC Water is expected to continue surpassing the minimums

**Projected Operating Reserves**  
(All Figures Except Days are in \$000)

Line No	2018	2019	2020	2021	2022	2023
1 Operating Expenses	320,146	338,499	348,335	358,462	368,891	379,628
2 Less:PILOT/ROW (A.)	21,376	21,702	22,034	22,372	22,718	23,070
3 Less: Stormwater (A.)	1,000	1,000	1,000	1,000	1,000	1,000
4 <b>Net O&amp;M Expenses</b>	<b>297,770</b>	<b>315,797</b>	<b>325,301</b>	<b>335,090</b>	<b>345,173</b>	<b>355,558</b>
<b>Available Reserves</b>						
5 60 Day Reserve (B.)	51,705	49,795	52,800	54,383	56,015	57,695
6 R&R Reserve (C.)	35,000	35,000	35,000	35,000	35,000	35,000
7 <b>Base Amount of Reserves</b>	<b>86,705</b>	<b>84,795</b>	<b>87,800</b>	<b>89,383</b>	<b>91,015</b>	<b>92,695</b>
8 <b>Days of Net O&amp;M (D.)</b>	<b>105</b>	<b>97</b>	<b>98</b>	<b>97</b>	<b>95</b>	<b>94</b>
9 120 Days of O&M Expenses (line 4 times 120/360)	99,257	105,266	108,434	111,697	115,058	118,519
10 <b>Value of greater of 120 Day Reserves or \$125.5M</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>
11 <b>Amount Above Base Attributable to 120 Day Reserve or \$125.5M (E.)</b>	<b>38,795</b>	<b>40,705</b>	<b>37,701</b>	<b>36,117</b>	<b>34,485</b>	<b>32,805</b>
12 Current DC Water Projection of Reserves	140,000	140,000	140,000	140,000	140,000	140,000
13 <b>Days of Net O&amp;M Using Projected Reserves (F.)</b>	<b>170</b>	<b>160</b>	<b>155</b>	<b>151</b>	<b>147</b>	<b>142</b>

# Purpose of A Rate Stabilization Fund (RSF)

## Benefits to the entire system:

- An additional contingency and a further source of liquidity to sustain financial operations in event of unexpected increases in expenses or capital costs, or reductions in revenues
- RSF is a part of the total levels of cash on hand that support DC Water access to the credit markets at favorable terms
- There is greater flexibility in using RSF moneys compared to the R&R Reserve or the non-discretionary portion of the Operating Reserve

## Benefits to the retail system:

- Can help provide some one-time smoothing of increases in rates

# Study Approach

- To assess the appropriateness of the current reserve and RSF policies and practices, we:
  - Reviewed DC Water’s track record relative to fluctuations in costs (operating & capital), as well as revenues:

Operating Reserve	R&R Reserve	RSF
<ul style="list-style-type: none"> <li>• Stability of revenues;</li> <li>• Predictability of expenditures;</li> <li>• Insurance and other resources; and</li> <li>• Liquidity.</li> </ul>	<ul style="list-style-type: none"> <li>• Infrastructure condition;</li> <li>• O&amp;M practices;</li> <li>• Capital planning &amp; implementation;</li> <li>• Experience with unforeseen events; and</li> <li>• Other available resources.</li> </ul>	<ul style="list-style-type: none"> <li>• Historical &amp; projected use of the RSF;</li> <li>• Comparison of DC Water rates and charges with other utilities;</li> <li>• Affordability of retail rates;</li> <li>• RSF practices of peer utilities; and</li> <li>• Reserve and RSF options.</li> </ul>

- Assessed the availability of sources of funds other than reserves, if the need arose
- Compared the policies and practices with peer utilities
- Considered the role of reserves and the RSF in supporting DC Water’s exceptional bond ratings

# Findings – Financial Measures

- DC Water has better debt service coverage, much higher levels of cash-financed construction and higher cash reserves vs 10 years ago – reflected in higher credit ratings:

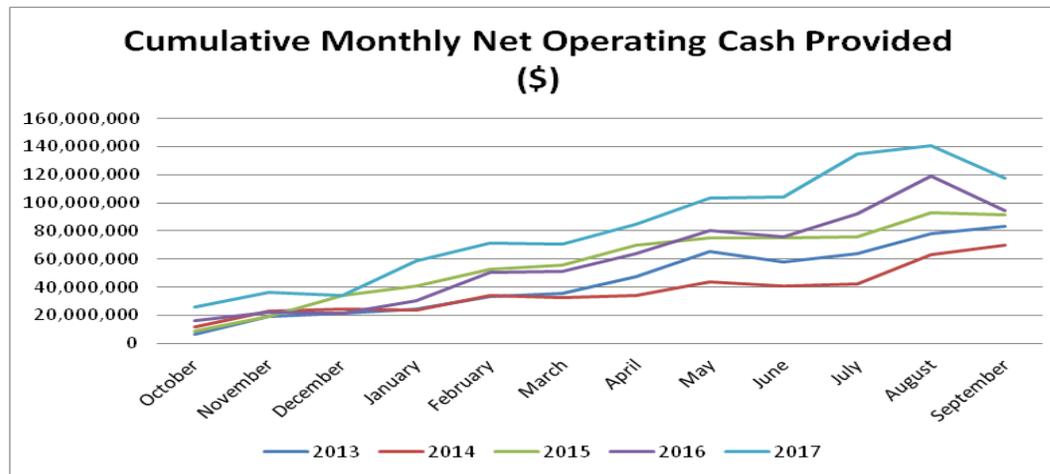
**Historical Measures of Financial Performance**  
 (All Figures Except Coverage and % are in \$000)

	2007	2012	2017
<b>Debt Service Coverage</b>			
Senior	3.43	3.50	5.47
Subordinate	2.07	1.83	2.12
Combined	1.58	1.48	1.76
Total Debt	1,046,189	1,809,871	3,083,461
10-Year CIP	3,057,268	3,849,178	3,751,626
PAYGO % of CIP Funding	1.6%	8.3%	34.5%
<b>Reserve Levels</b>			
RSF	68,500	27,950	61,450
Operating Reserve Including \$35M R&R	116,743	140,251	147,212
<b>Credit Ratings</b>			
S&P	AA-	AA+	AAA
Moody's	Aa3	Aa2	Aa1
Fitch	AA-	AA	AA

- The Financial Plan anticipates a continued high level of performance
- The total operating reserve is one factor in the overall assessment of DC Water’s credit strength by the bond rating agencies and investors

# Findings – Revenue/Expense/Liquidity Characteristics of DC Water

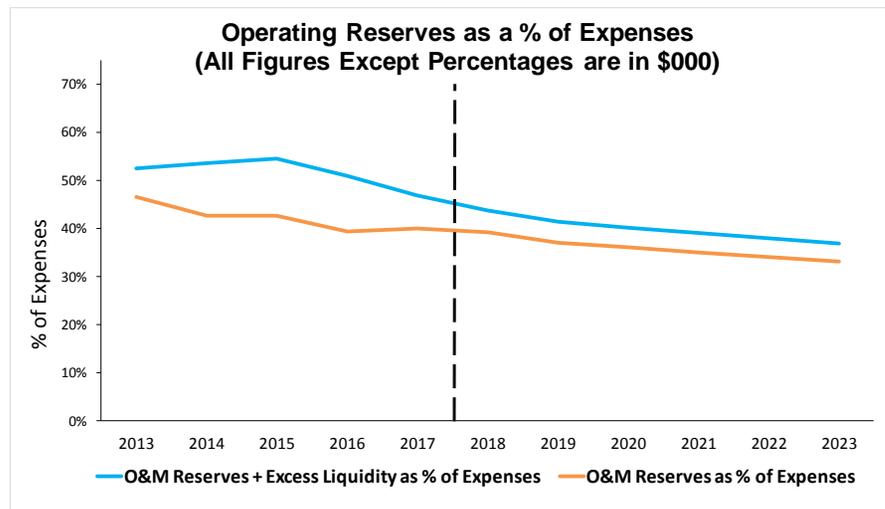
- The customer base is stable; receipts subject to changes in usage are estimated to be 54% of total revenues in 2018, excluding PILOT/ROW
- Even an extraordinary 10% year-over-year drop in usage would only reduce receipts by \$32.4 million in 2018
- Revenues and expenditures are reasonably budgeted and predictable – variations from budget are relatively minor and typically positive to cash flow



- Liquidity is strong for both operations and capital spending

# Findings – Reserve Levels

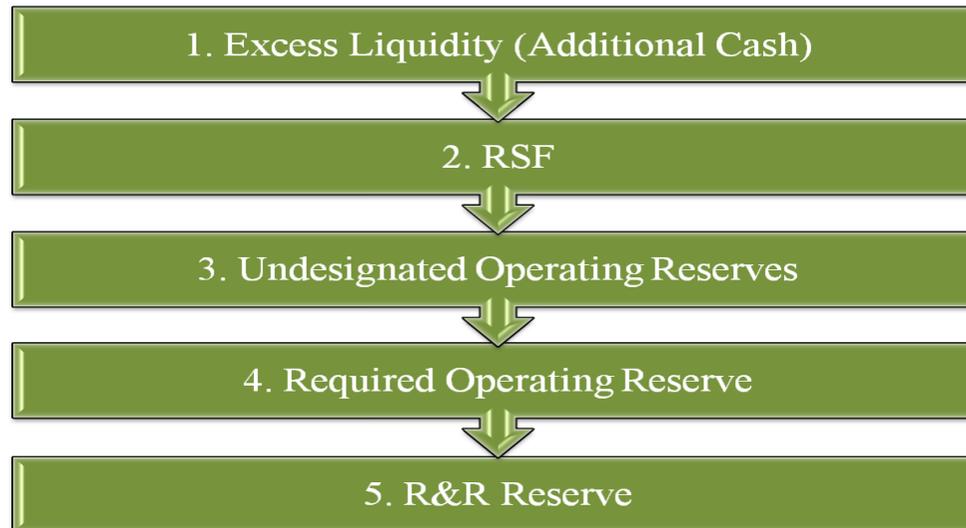
- If the level of reserves is kept constant, then such reserves will decline from 2018 through 2023 as a percentage of revenues and as a percentage of expenses, compared to the previous five year period:



- DC Water has \$3.1 billion in outstanding debt and expects to borrow \$1.6 billion over the next ten years – maintaining the current credit rating will help keep the cost of borrowing as low as possible; reserves are a key strength of DC Water

# Findings – Operating Reserve

- Recognizing that a catastrophic situation can never be ruled out, the historical experience is that unexpected changes in revenues or expenses are not substantial
- Wholesale customers have not contributed to the reserves
- The Financial Plan includes an average of \$125 million per year for 2018-23 for cash-financed construction or defeasance – such funding serves as a potential alternative source of funds. Other sources are summarized below:



## Findings – R&R Reserve

- The preliminary findings of JMT regarding the assets, CIP and O&M of DC Water are:
  - The Authority's assets overall are in adequate condition
  - Unexpected, immediate capital needs are infrequent and have historically been managed by modifying the CIP or tapping other available sources of funds
  - The CIP is comprehensive, prioritized and built-upon detailed studies and plans
  - DC Water operates, maintains and manages its facilities and services in a highly professional manner, in compliance with regulatory permits
- DC Water has a track record of handling unexpected needs for capital funds from within. While a catastrophic situation (with a resulting need for capital funds) can never be ruled out, the historical experience is that the R&R Reserve has never been needed

## Findings – R&R Reserve

- There is no uniformity in the industry regarding the use of a R&R Reserve. Some utilities do not have such a reserve but would instead handle the need for capital funds from other sources including short-term financing or rate stabilization. The Massachusetts Water Resources Authority (“MWRA”) recently reduced the cash portion of its R&R Reserve; MWRA now uses a \$35 million mix of cash and debt
- The R&R Reserve is a part of the balance in the Total Operating Reserve; the rating agencies view the collective reserves of DC Water as a key strength of the organization

## Findings – RSF

- Over the last ten years, DC Water has made contributions to the RSF and made withdrawals to help mitigate rate increases
- The current Financial Plan envisions no withdrawals from or deposits to the RSF for the period of 2018 through 2023
- The RSF is more flexible than the Operating Reserve or R&R Reserve in terms of the use of funds and deposits and withdrawals – there is no minimum required balance
- The historic and current RSF policy and practices compare favorably with those of peer utilities, many of which do not have a RSF
- DC Water’s typical annual single family residential charge is somewhat higher than that of other utilities – but the customer assistance program is robust in reducing the total bill for low income ratepayers

# Peer Comparison

- Peers were selected on the basis of similar, strong credit ratings as well as regional considerations
- DC Water's policies require higher operating reserves than most of the peer utilities; DC Water exceeds the minimums required by Board policy – peers often exceed minimum requirements as well
- About half of the peers do not have a specific R&R reserve requirement – funds, if needed, are drawn from other sources
- Tables are provided in the Appendix that summarize the ratings and policies/practices of peers

# Recommendations

1. Revise the current policy to set the total operating reserve at the higher of \$140 million or 140 days of O&M expenses
2. Maintain the cash requirement for the R&R reserve at \$35 million
3. Maintain current RSF policy of allowing management discretion on deposits and withdraws; consider adding to the RSF in future years from year-end operating balances to support one or more Board objectives
4. Review the reserve and RSF policies every 5 years (or sooner in event of changes in the underlying factors, assumptions, or market conditions)

# Appendix

# Peer Comparison: Operating Reserve (1 of 2)

- DC Water has strong operating reserve policies

Utility	Operating Reserve (Days)	Bond Rating	Coverage	Note
Baltimore DPW	29	S&P: AA; Moody's: Aa2	Resolution (both water and wastewater): 1.15 senior, 1.10 subordinate; recent coverage is water 1.87x, wastewater 1.66x	Both water and wastewater are required to maintain minimum reserve of 8% of operating expenses.
Boston Water and Sewer Commission	61	S&P: AA+; Moody's: Aa1; Fitch AA+	1.25 required for senior and for combined; recent coverage was 1.76 for senior & combined	The Operating Reserve Fund is required to be funded at not less than 1/6 of BWSC's annual direct operating expenses and the Massachusetts Water Resources Authority assessments.
Dallas Water Utilities	See note	S&P: AAA; Fitch: AA+	1.25 required; Internal policy requires 1.50 maximum debt service at year end and 1.30 maximum debt service at all times; recent coverage was 1.74	Unreserved cash balance at minimum 30 days of budgeted O&M expenses and to provide a quick ratio of 1.50
DC Water	60 (Indenture) and 120 (Board policy, see note)	S&P: AAA; Moody's: Aa1	1.20 required for senior and 1.00 required for subordinate; internal policy requires 1.40; recent senior coverage ranged from 3.50 to 5.28, subordinate coverage from 1.69 to 2.26 and combined coverage from 1.45 to 1.76	Operating reserves equal to 120 days of budgeted O&M costs with the objective of maintaining at least \$125.5 million.
Denver Water	91	S&P: AAA; Moody's: Aaa; Fitch: AAA	1.10 required, actual recent actual of 3.44	The Board's practice is to maintain reserves that are sufficient to provide: 25% of the next year's operating costs.
Great Lakes Water Authority (Water System)	See note	S&P: A- (senior), BBB+ (junior); Moody's: A3 (senior) and Baa1 (junior); Fitch: A (senior) and A- (junior)	1.20 required for senior lien bonds; 1.10 for junior lien bonds; and 1.00 for SRF/pension junior lien bonds. Internal policy targets coverages that are 0.15 higher than the minimum requirements. Recent actual coverages are: 1.87, 1.41 and 1.40, respectively.	Operating Fund appears to be discretionary, not restricted.
Louisville Water Company	See note	S&P: AAA; Moody's: Aaa	1.30 required; Internal target is 2.0; recent actual is 1.89	Restricted operating reserve is not specified. Targeted funding level is 200 days of funded operations (considering cash and unrestricted fund reserves) and 60 days of cash funded operations (considering only cash).
Massachusetts Water Resources Authority	61	S&P: AA+; Moody's: Aa1; Fitch: AA+	1.20 required for senior; 1.10 required for combined; recent coverage was 1.70 to 2.12 for senior & 1.18 to 1.20 combined	Operating reserve requirement is set at 1/6th of operating expenses.
		S&P: AAA; Moody's:	1.15 required for senior; 1.00 required for	Operating reserve requirement is set at 1/6th of operating expenses. In addition, there is an

# Peer Comparison: Operating Reserve (2 of 2)

Company Utility	Operating Reserve (Days)	Aaa Bond Rating	Coverage	Note
Denver Water	91	S&P: AAA; Moody's: Aaa; Fitch: AAA	1.10 required, actual recent actual of 3.44	The Board's practice is to maintain reserves that are sufficient to provide: 25% of the next year's operating costs.
Great Lakes Water Authority (Water System)	See note	S&P: A- (senior), BBB+ (junior); Moody's: A3 (senior) and Baa1 (junior); Fitch: A (senior) and A- (junior)	1.20 required for senior lien bonds; 1.00 for junior lien bonds. Internal policy targets coverages that are 0.15 higher than the minimum requirements. Recent actual coverages are: 1.87, 1.41 and 1.40, respectively.	Operating Fund appears to be discretionary, not restricted.
Louisville Water	See note	S&P: AAA; Moody's: Aaa	1.30 required; Internal target is 2.0; recent actual is 1.89	Restricted operating reserve is not specified. Targeted funding level is 200 days of funded operations (considering cash and unrestricted fund reserves) and 60 days of cash funded operations (considering only cash).
Massachusetts Water Resources Authority	61	S&P: AA; Moody's: Aa2; Fitch: AA+	Resolution debt, water, and wastewater, 1.15 combined; recent coverage was 1.07 for senior & 1.18 to 1.20 combined	Both water and wastewater are required to maintain minimum reserves of 8% of operating expenses.
Boston Water and Sewer Commission	61	S&P: AA+; Moody's: Aa1; Fitch: AA+	1.25 required for senior, and 1.00 required for combined; recent coverage was 1.76 for senior & 1.20 combined	The Operating Reserve Fund is required to be funded operating expenses than 1/6 of WSSC's annual direct operating expenses and the City's current City Water Resources Authority assessments.
Dallas Water Utilities	See note	S&P: AAA; Fitch: AA+	1.20 required for senior; 1.00 required for combined; recent coverage was 1.22 to 1.34	unlikely event that funds are not available
Philadelphia Water Department	See note	S&P: A+; Moody's: A1; Fitch: A+	1.20 required for senior; 1.11 to 1.13 combined	Rate stabilization fund and Residual fund are part of operating reserve. Draft policy for RSF is to maintain \$110 million; both funds together represent about 96 days of O&M.
DC Water	60 (Indenture) and 120 (Board policy, see note)	S&P: A; S&P: AA; Moody's: Aa1; Fitch: AA+; Junior: S&P: AA; Moody's: Aa2; Fitch: AA	subordinate; internal policy requires 1.40; recent coverage ranged from 3.50 to 5.28	Operating reserves equal to 120 days of budgeted O&M costs with the objective of maintaining at least \$125.5 million
San Antonio Water	See note	S&P: AA; Moody's: Aa2; Fitch: AA	1.25 required for senior; 1.00 required for junior; subordinate coverage from 1.69 to 2.76 and combined coverage from 1.45 to 1.76	The Board's practice is to maintain reserves that are sufficient to provide: 25% of the next year's operating costs or 25% of O&M expenses (exclude DS and PAYGO) throughout the 10-yr forecast period. Amount in excess of minimum will be considered for contingencies and rate stabilization.
Denver Water	91	S&P: AAA; Moody's: Aaa; Fitch: AAA	1.10 required, actual recent actual of 3.44	Full balance reserve policy is to maintain at least 90 days or 25% of O&M expenses (exclude DS and PAYGO) throughout the 10-yr forecast period. Amount in excess of minimum will be considered for contingencies and rate stabilization.
San Francisco Public Utilities Commission	91	S&P: AA-; Moody's: Aa3	1.20 required for senior lien bonds; 1.10 for junior lien bonds; and 1.00 for SRF/pension junior lien bonds. Internal policy targets coverages that are 0.15 higher than the minimum requirements. Recent actual coverages are: 1.87, 1.41 and 1.40, respectively.	The Commission's policy is to maintain a reserve based on a percentage of budgeted water and sewer operating revenues. The goal is to achieve an operating reserve of 10%.
Great Lakes Water Authority (Water System)	See note	S&P: A- (senior), BBB+ (junior); Moody's: A3 (senior) and Baa1 (junior); Fitch: A (senior) and A- (junior)	1.20 required for senior; 1.10 required for combined; recent coverage was 1.70 to 2.12 for senior & 1.18 to 1.20 combined	Operating reserve requirement is set at 1/6th of operating expenses.
Washington Suburban Sanitary Commission (WSSC)	See note	S&P: AA; Moody's: Aa1; Fitch: AA+	1.20 required for senior; 1.10 required for combined; recent coverage was 1.70 to 2.12 for senior & 1.18 to 1.20 combined	Operating reserve requirement is set at 1/6th of operating expenses.
Louisville Water Company	See note	S&P: AAA; Moody's: Aaa	1.30 required; Internal target is 2.0; recent actual is 1.89	Restricted operating reserve is not specified. Targeted funding level is 200 days of funded operations (considering cash and unrestricted fund reserves) and 60 days of cash funded operations (considering only cash).
Massachusetts Water Resources Authority	61	S&P: AA+; Moody's: Aa1; Fitch: AA+	1.20 required for senior; 1.10 required for combined; recent coverage was 1.70 to 2.12 for senior & 1.18 to 1.20 combined	Operating reserve requirement is set at 1/6th of operating expenses.

# Peer Comparison: R&R Reserve

- R&R requirements vary significantly:

Utility	Requirement/Policy
Baltimore DPW	No R&R Reserve requirement
Boston Water and Sewer Commission	Set to 25% or more of current budgeted R&R expenditures. The Fund is to provide additional funds for R&R projects if there are insufficient funds in the R&R Account to pay for these projects.
Dallas Water Utilities	No R&R Reserve requirement
DC Water	Based on either 2% of original cost of assets or an amount recommended by an independent consultant; currently set at \$35.0 million.
Denver Water	Capital reserve is set at the greater of average annual depreciation expense and 2% of current total Capital Assets, before depreciation, for replacement capital and equipment purchases
Great Lakes Water Authority	Transfers to Extraordinary R&R Reserve are the lesser of a) 3% of budgeted O&M expenses; or b) which is necessary to enable aggregate fund to equal 15% of budgeted O&M. - to be used for major unanticipated repairs and replacement to the system with anticipated cost exceeding \$1 million.
Louisville Water Company	Infrastructure Replacement Reserve Fund supports infrastructure main replacement & rehabilitation projects, plus Depreciation Fund in which monthly deposit is set to 1/12 of the annual depreciation charge
Massachusetts Water Resources Authority	R&R requirement is \$35 million, comprised of \$10 million in cash and \$25 million through available commercial paper or other sources; adequacy reassessed every third fiscal year by the consulting engineer. Fund is to be used to fund emergency repairs or capital improvements of a major nature when funds are not otherwise available.
New York Water	No R&R Reserve requirement
Philadelphia Water Department	No R&R Reserve requirement
San Antonio Water	May be used to pay capital expenditures, unexpected repairs or replacements or O&M expenses when System funds are not available, paying bond obligations of the System, and in the last month of any Fiscal Year to make up any shortfall in the required payments to the City. All surplus Net Rev are deposited in the R&R.
San Francisco Public Utilities Commission	No R&R Reserve requirement
Washington Suburban Sanitary Commission (WSSC)	No R&R Reserve requirement

# Peer Comparison: RSF Reserve

- RSF requirements vary significantly:

Utility	Requirement/Policy
Baltimore DPW	Transfers to RSF are determined by the City. RSF may be used to pay operating expenses, to make pmts required under any Hedge Agreement, for pmt of principal, redemption premium and interest on any revenue bonds or notes.
Boston Water and Sewer Commission	Stabilization fund is to be used to minimize rate impact of extraordinary cost increases. The requirement is 4% of the aggregate principal amount of variable rate bonds outstanding. The current Commission Policy, amended in 12/2000, further states that the amount on deposit in Stabilization Fund will be the greater of the Resolution Requirement or 10% of previous FY's net billed charges.
Dallas Water Utilities	No RSF requirement
DC Water	RSF will be held in a separate account in accordance with the Indenture. The planned transfer out of the RSF will be formally approved by the Board as part of the 10-year financial plan. Transfers into the RSF is determined annually on DC Water's financial performance and approved by the Board.
Denver Water	No RSF requirement
Great Lakes Water Authority	Budget stabilization fund needs to be 20% of the ave ann bad debt expense for City of Detroit retail customers for the preceding 2 fiscal years.
Louisville Water Company	No RSF requirement
Massachusetts Water Resources Authority	In any year in which current revenue exceeds both current expenses on a budget basis and amounts required to meet bond coverage tests, the amount of over-recovery can be deposited into rate stabilization fund or bond redemption fund. Amounts deposited in these funds are used to offset rate requirements in subsequent years and such, to provide rate relief for our communities. With Board approval, surplus funds can also be used for targeted defeasance in future years and/or to reduce future liabilities, as part of a multi-year rate strategy.
New York Water	No RSF requirement
Philadelphia Water Department	Purpose is to maintain assets to be drawn down to offset future deficits and corresponding rate increase requirements; internal target min \$110M
San Antonio Water	No RSF requirement
San Francisco Public Utilities Commission	No RSF requirement
Washington Suburban Sanitary Commission (WSSC)	No RSF requirement

**ATTACHMENT 5**

**FINANCE & BUDGET COMMITTEE**

***ACTION ITEMS***

**FY 2019 BUDGET**

**FINANCE AND BUDGET COMMITTEE  
FISCAL YEAR 2019 PROPOSED OPERATING BUDGET ACTION ITEM**

**ACTION ITEM 5A: Proposed FY 2019 Operating Budget**

The Proposed FY 2019 Operating Budget to be considered by the Board of Directors totals \$582,781,000.

<b>Operations &amp; Maintenance Expenditures</b>	<b>\$335,055,000</b>
Debt Service	199,025,000
Cash Financed Capital Improvements (CFCI)	26,999,000
Payment In Lieu of Taxes (PILOT)	16,602,000
Right of Way Fee (ROW)	5,100,000
<b>Subtotal (Debt Service/CFCI/PILOT/ROW)</b>	<b>\$247,726,000</b>
<b>Proposed FY 2019 Operating Budget</b>	<b><u><u>\$582,781,000</u></u></b>

**FINANCE AND BUDGET COMMITTEE  
FISCAL YEAR 2018 – FY 2027 PROPOSED CAPITAL IMPROVEMENT PROGRAM  
ACTION ITEM**

**ACTION ITEM 5B: FY 2018 – FY 2027 Proposed Capital Improvement Program  
(10-Year Disbursement Plan and Lifetime Budget)**

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

- a. **10-Year Disbursement Plan** – The cash disbursement-based capital plan is utilized to forecast the timing and amount of capital financing, which is the primary basis for projected retail rate increases. As shown in Attachment A-1, the Board of Directors will be asked to approve a 10-year disbursement plan of \$4.00 billion.
- b. **Lifetime Budget** – The project lifetime budget reflects the total costs of each project active during the 10-year planning period. These costs include historical and projected spending, project contingencies, and labor (listed as separate line item). As shown in Attachment A-1, the Board of Directors will be asked to approve a lifetime budget of \$11.1 billion.

**Capital Improvement Program**

10-Year Disbursement Plan - projected annual cash disbursements, \$ in thousands

**Attachment A-1**

	FY 2018 - FY 2027 Proposed Disbursement Plan										10-Yr Total	Lifetime Budget	
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY2027			
<b>NON PROCESS FACILITIES</b>													
Facility Land Use	\$32,194	\$33,107	\$18,907	\$7,860	\$1,551	\$25	\$6,615	\$7,773	\$0	\$0	\$108,032	\$169,147	
Subtotal	32,194	33,107	18,907	7,860	1,551	25	6,615	7,773	0	0	108,032	169,147	
<b>WASTEWATER TREATMENT</b>													
Liquid Processing	18,554	30,869	37,604	38,228	44,507	35,458	29,607	31,846	74,033	109,131	449,838	1,224,582	
Plantwide	12,099	15,060	19,331	32,895	35,204	30,100	18,795	17,671	20,384	10,534	212,072	488,216	
Solids Processing	11,229	13,942	18,154	15,302	8,770	1,953	1,288	723	533	555	72,448	802,911	
Enhanced Nitrogen Removal Facilities	53,603	14,746	2,763	1,535	1,339	2,049	1,918	11,932	22,673	9,032	121,590	1,036,089	
Subtotal	95,485	74,617	77,853	87,960	89,820	69,560	51,607	62,172	117,623	129,252	855,948	3,551,799	
<b>COMBINED SEWER OVERFLOW</b>													
DC Clean Rivers	168,314	189,392	148,042	138,289	192,859	151,111	59,569	50,018	128,404	87,197	1,313,196	2,764,255	
Program Management	1,934	1,969	2,518	3,495	4,373	4,339	3,012	1,821	0	0	23,460	64,663	
Combined Sewer	11,568	8,982	9,993	6,337	5,853	9,058	17,112	13,772	7,393	5,622	95,691	323,002	
Subtotal	181,816	200,343	160,554	148,121	203,086	164,508	79,692	65,611	135,797	92,819	1,432,348	3,151,920	
<b>STORMWATER</b>													
Local Drainage	92	75	354	69	629	267	861	1,050	219	0	3,617	14,230	
On-Going	375	1,074	668	617	744	722	760	464	752	736	6,912	11,315	
Pumping Facilities	69	3,410	375	1,134	4,065	19	0	0	305	1,397	10,774	25,232	
DDOT	0	0	0	0	0	0	0	0	0	0	0	3,237	
Research and Program Management	314	156	36	115	402	204	163	128	0	0	1,517	12,013	
Trunk/Force Sewers	95	194	966	377	0	0	0	0	0	0	1,632	15,365	
Subtotal	945	4,909	2,400	2,312	5,839	1,212	1,784	1,642	1,276	2,133	24,452	81,392	
<b>SANITARY SEWER</b>													
Collection Sewers	4,488	1,244	1,088	7,929	19,594	9,139	11,139	25,253	31,888	18,343	130,105	407,999	
On-Going	10,001	9,618	9,475	10,399	9,982	10,535	11,079	11,402	11,589	12,023	106,103	206,045	
Pumping Facilities	1,294	428	842	2,332	1,005	1,559	214	0	0	0	7,674	36,151	
Program Management	2,999	3,075	7,205	5,032	6,410	6,977	6,128	5,151	1,624	115	44,716	124,972	
Interceptor/Trunk Force Sewers	11,019	18,583	15,436	27,358	37,501	45,706	47,353	17,076	15,667	8,191	243,890	754,870	
Subtotal	29,802	32,947	34,046	53,050	74,492	73,917	75,912	58,882	60,769	38,672	532,490	1,530,036	
<b>WATER</b>													
Distribution Systems	28,353	22,924	56,015	35,946	23,051	29,648	52,339	79,039	81,503	69,487	478,306	1,235,949	
Lead Program	3,422	1,487	1,252	1,422	1,528	1,658	1,718	903	235	75	13,700	209,245	
On-Going	11,079	11,044	7,569	9,982	9,930	10,183	10,793	11,157	12,429	12,636	106,802	143,288	
Pumping Facilities	3,286	1,857	4,561	4,248	4,193	1,840	8,023	1,668	211	0	29,887	118,394	
DDOT	904	486	208	2	2	0	0	0	0	0	1,604	33,933	
Storage Facilities	7,560	4,967	8,088	3,488	2,099	5,106	9,371	2,343	0	0	43,021	107,520	
Program Management	3,441	2,982	6,563	7,252	7,438	5,035	5,812	4,551	6,966	7,312	57,352	90,944	
Subtotal	58,044	45,747	84,256	62,341	48,241	53,471	88,055	99,661	101,344	89,510	730,672	1,939,272	
<b>CAPITAL PROJECTS</b>	<b>398,285</b>	<b>391,670</b>	<b>378,015</b>	<b>361,644</b>	<b>423,029</b>	<b>362,694</b>	<b>303,666</b>	<b>295,742</b>	<b>416,809</b>	<b>352,386</b>	<b>3,683,941</b>	<b>10,423,566</b>	
CAPITAL EQUIPMENT	39,898	34,518	29,383	27,998	9,579	10,306	10,850	11,177	12,122	12,303	198,133	198,133	
WASHINGTON AQUEDUCT	11,768	12,930	12,944	13,039	13,039	12,312	11,768	11,441	10,496	10,315	120,052	120,052	
<b>ADDITIONAL CAPITAL PROGRAMS</b>	<b>51,665</b>	<b>47,448</b>	<b>42,327</b>	<b>41,037</b>	<b>22,618</b>	<b>22,618</b>	<b>22,618</b>	<b>22,618</b>	<b>22,618</b>	<b>22,618</b>	<b>318,185</b>	<b>318,185</b>	
<b>LABOR</b>												<b>390,145</b>	
<b>TOTAL CAPITAL BUDGETS</b>	<b>\$449,950</b>	<b>\$439,118</b>	<b>\$420,342</b>	<b>\$402,681</b>	<b>\$445,647</b>	<b>\$385,312</b>	<b>\$326,284</b>	<b>\$318,360</b>	<b>\$439,427</b>	<b>\$375,004</b>	<b>\$4,002,125</b>	<b>11,131,895</b>	

**FINANCE AND BUDGET COMMITTEE  
FISCAL YEAR 2018 – 2027 TEN-YEAR FINANCIAL PLAN  
ACTION ITEM**

**ACTION ITEM 5C: FY 2018 – FY 2027 Ten-Year Financial Plan**

1. Attached is a summary of the 10-year Financial Plan, which is based on the following key assumptions for FY 2019 and FY 2020:

**FY 2019**

- Operating receipts totaling \$649.5 million, an increase of \$29.0 million over FY 2018 funded through;
  - Retail Revenue – increase of \$24.4 million
  - Wholesale Revenue – increase of \$3.2 million
  - Other Revenue – increase of \$1.4 million
- Operating disbursements of \$564.5 million in FY 2019; and
- A ten-year capital improvement plan (FY 2018 – FY 2027) of \$4.0 billion on a cash disbursement basis.

**FY 2020**

- Operating receipts totaling \$685.8 million, an increase of \$36.3 million over FY 2019 funded through;
  - Retail Revenue – increase of \$30.7 million
  - Wholesale Revenue – increase of \$2.4 million
  - Other Revenue – increase of \$3.2 million
- Operating disbursements of \$591.0 million in FY 2020; and
- A ten-year capital improvement plan (FY 2018 – FY 2027) of \$4.0 billion on a cash disbursement basis.

The FY 2018 – FY 2027 Financial Plan is projected to meet the Board's policy requirement of senior debt coverage of 140 percent and an operating reserve of 120 days of budgeted operations and maintenance costs with the objective of maintaining at least \$125.5 million in operating reserves.

**District of Columbia Water & Sewer Authority**  
**FY 2018 – 2027 Financial Plan**  
**(In 000's)**

<b>OPERATING</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<i>Retail*</i>	\$ 515,466	\$ 539,982	\$ 571,113	\$ 602,587	\$ 629,109	\$ 656,446	\$ 678,437	\$ 696,598	\$ 718,313	\$ 742,257
<i>Wholesale*</i>	76,028	79,237	81,614	84,062	86,584	89,182	91,857	94,613	97,451	100,375
<i>Other</i>	28,978	30,249	33,041	39,588	42,764	43,199	42,708	42,789	44,418	44,803
<i>RSF</i>	-	-	-	-	-	-	-	-	-	-
<b>Operating Receipts (1)</b>	<b>\$ 620,472</b>	<b>\$ 649,467</b>	<b>\$ 685,768</b>	<b>\$ 726,237</b>	<b>\$ 758,456</b>	<b>\$ 788,827</b>	<b>\$ 813,002</b>	<b>\$ 834,000</b>	<b>\$ 860,182</b>	<b>\$ 887,436</b>
<b>Operating Expenses</b>	<b>(320,146)</b>	<b>(338,499)</b>	<b>(348,335)</b>	<b>(358,462)</b>	<b>(368,891)</b>	<b>(379,628)</b>	<b>(390,684)</b>	<b>(402,068)</b>	<b>(413,790)</b>	<b>(427,381)</b>
<b>Debt Service</b>	<b>(184,278)</b>	<b>(199,025)</b>	<b>(214,119)</b>	<b>(232,128)</b>	<b>(245,477)</b>	<b>(258,537)</b>	<b>(267,811)</b>	<b>(275,215)</b>	<b>(283,955)</b>	<b>(292,699)</b>
<b>Cash Financed Capital Improvement</b>	<b>\$ (35,260)</b>	<b>\$ (26,999)</b>	<b>\$ (28,556)</b>	<b>\$ (30,129)</b>	<b>\$ (37,747)</b>	<b>\$ (45,951)</b>	<b>\$ (47,491)</b>	<b>\$ (55,728)</b>	<b>\$ (64,648)</b>	<b>\$ (66,803)</b>
<b>Net Revenues After Debt Service</b>	<b>\$ 80,789</b>	<b>\$ 84,944</b>	<b>\$ 94,758</b>	<b>\$ 105,518</b>	<b>\$ 106,342</b>	<b>\$ 104,711</b>	<b>\$ 107,017</b>	<b>\$ 100,989</b>	<b>\$ 97,788</b>	<b>\$ 100,553</b>
<b>Operating Reserve-Beg Balance</b>	<b>147,212</b>	<b>140,000</b>								
<b>Other Misc (Disbursements)/Receipts</b>										
Wholesale/Federal True Up	(16,019)	(7,321)	(1,500)	-	-	-	-	-	-	-
Project Billing Refunds	(4,000)	(4,000)	(4,000)	-	-	-	-	-	-	-
Transfers To RSF	-	-	-	-	-	-	-	-	-	-
Pay-Go Financing	(67,982)	(73,624)	(89,258)	(105,518)	(106,342)	(104,711)	(107,017)	(100,989)	(97,788)	(100,553)
<b>Operating Reserve - Ending Balance</b>	<b>\$ 140,000</b>									
<b>Rate Stabilization Fund Balance RSF (2)</b>	<b>\$ (61,450)</b>									
<b>Senior Debt Service Coverage</b>	<b>489%</b>	<b>561%</b>	<b>545%</b>	<b>544%</b>	<b>575%</b>	<b>559%</b>	<b>659%</b>	<b>674%</b>	<b>648%</b>	<b>624%</b>
<b>Combined Debt Service Coverage</b>	<b>164%</b>	<b>161%</b>	<b>165%</b>	<b>168%</b>	<b>168%</b>	<b>167%</b>	<b>166%</b>	<b>166%</b>	<b>166%</b>	<b>166%</b>
<b>Actual/Projected Water/Sewer Rate Increases</b>	<b>5.0%</b>	<b>13.0%</b>	<b>5.0%</b>							
<b>*Operating Receipts \$ Increase/Decrease</b>										
Retail	20,228	24,515	31,131	31,474	26,522	27,338	21,991	18,161	21,715	23,945
Wholesale	(5,108)	3,209	2,377	2,448	2,522	2,598	2,675	2,756	2,838	2,924
<b>*Operating Receipts % Increase/Decrease</b>										
Retail	4.1%	4.8%	5.8%	5.5%	4.4%	4.3%	3.3%	2.7%	3.1%	3.3%
Wholesale	-6.3%	4.2%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

(1) Includes interest earnings on senior lien revenue bonds' debt service reserve fund  
(2) FY 2018 planned transfers of \$0.0 million to Rate Stabilization Fund will maintain the total fund balance at \$61.45 million

**District of Columbia Water & Sewer Authority  
Average Residential Customer Monthly Bill  
FY 2018 - FY 2027**

	Units	Current FY 2018	Proposed FY 2019	Proposed FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
DC Water Water and Sewer Retail Rates <sup>(1)</sup>	Ccf	\$ 60.13	\$ 68.27	\$ 71.73	\$ 75.33	\$ 79.12	\$ 83.10	\$ 87.26	\$ 91.67	\$ 96.27	\$ 101.13
DC Water Clean Rivers IAC	ERU	25.18	23.00	25.58	29.07	31.33	33.62	34.66	34.75	35.45	36.46
DC Water Customer Metering Fee	5/8"	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86
DC Water Water System Replacement Fee <sup>(3)</sup>	5/8"	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30
<b>Subtotal DC Water Rates &amp; Charges</b>		<b>\$ 95.47</b>	<b>\$ 101.43</b>	<b>\$ 107.47</b>	<b>\$ 114.56</b>	<b>\$ 120.61</b>	<b>\$ 126.88</b>	<b>\$ 132.08</b>	<b>\$ 136.58</b>	<b>\$ 141.88</b>	<b>\$ 147.75</b>
Increase / Decrease		\$ 5.82	\$ 5.96	\$ 6.04	\$ 7.09	\$ 6.05	\$ 6.27	\$ 5.20	\$ 4.50	\$ 5.30	\$ 5.87
District of Columbia PILOT Fee <sup>(1)</sup>	Ccf	\$ 3.04	\$ 3.10	\$ 3.16	\$ 3.22	\$ 3.29	\$ 3.35	\$ 3.41	\$ 3.47	\$ 3.53	\$ 3.60
District of Columbia Right-of-Way Fee <sup>(1)</sup>	Ccf	1.12	1.12	1.18	1.18	1.18	1.18	1.24	1.24	1.24	1.24
District of Columbia Stormwater Fee <sup>(2)</sup>	ERU	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67
<b>Subtotal District of Columbia Charges</b>		<b>\$ 6.83</b>	<b>\$ 6.89</b>	<b>\$ 7.01</b>	<b>\$ 7.07</b>	<b>\$ 7.14</b>	<b>\$ 7.20</b>	<b>\$ 7.32</b>	<b>\$ 7.38</b>	<b>\$ 7.44</b>	<b>\$ 7.51</b>
<b>Total Amount Appearing on DC Water Bill</b>		<b>\$ 102.30</b>	<b>\$ 108.32</b>	<b>\$ 114.48</b>	<b>\$ 121.63</b>	<b>\$ 127.75</b>	<b>\$ 134.08</b>	<b>\$ 139.40</b>	<b>\$ 143.96</b>	<b>\$ 149.32</b>	<b>\$ 155.26</b>
Increase / Decrease Over Prior Year		\$ 5.95	\$ 6.02	\$ 6.16	\$ 7.15	\$ 6.12	\$ 6.33	\$ 5.32	\$ 4.56	\$ 5.36	\$ 5.94
<b>Percent Increase in Total Bill</b>		<b>6.2%</b>	<b>5.9%</b>	<b>5.7%</b>	<b>6.2%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>4.0%</b>	<b>3.3%</b>	<b>3.7%</b>	<b>4.0%</b>

(1) Assumes average monthly consumption of 6.2 Ccf, or (4,638 gallons)

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

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

**District of Columbia Water & Sewer Authority  
Retail Rates, Charges and Fees  
FY 2018 - FY 2020**

	<b>Units</b>	<b>Current FY 2018</b>	<b>Proposed FY 2019</b>	<b>Proposed FY 2020</b>
DC Water Retail Rates Water (Residential Lifeline 0 - 4 Ccf)	Ccf	\$ 3.39	\$ 2.91	\$ 3.06
DC Water Retail Rates Water (Residential > 4 Ccf)	Ccf	\$ 4.26	\$ 3.90	\$ 4.10
DC Water Retail Rates Water (Multi-Family)	Ccf	\$ 3.80	\$ 3.37	\$ 3.54
DC Water Retail Rates Water (Non-Residential)	Ccf	\$ 4.40	\$ 4.05	\$ 4.25
DC Water Retail Rates Sewer	Ccf	\$ 6.00	\$ 7.75	\$ 8.14
DC Water Clean Rivers IAC	ERU	\$ 25.18	\$ 23.00	\$ 25.58
DC Water Customer Metering Fee	5/8"	\$ 3.86	\$ 3.86	\$ 3.86
DC Water Water System Replacement Fee	5/8"	\$ 6.30	\$ 6.30	\$ 6.30
District of Columbia PILOT Fee	Ccf	\$ 0.49	\$ 0.50	\$ 0.51
District of Columbia Right-of-Way Fee	Ccf	\$ 0.18	\$ 0.18	\$ 0.19
District of Columbia Stormwater Fee	ERU	\$ 2.67	\$ 2.67	\$ 2.67

**FINANCE AND BUDGET COMMITTEE**

**INTENT TO REIMBURSE CAPITAL EXPENDITURES WITH PROCEEDS  
OF A BORROWING ACTION ITEM**

**ACTION ITEM 5D: 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 \$410,000,000 to pay the costs of capital projects. These costs include amounts heretofore unreimbursed pursuant to Resolution 16-95 of the Board adopted on December 1, 2016, plus amounts projected to be reimbursed during Fiscal Year 2018 and through September 2019.

**EXHIBIT A – LIST OF PROJECTS**

Blue Plains System  
Non Process Facilities  
Sanitary Sewer System  
Combined Sewer System  
DC Clean Rivers  
Stormwater Sewer System  
Water Pumping, Distribution and Storage  
Washington Aqueduct

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

**ACTION REQUESTED**

**GOODS AND SERVICES CONTRACT AWARD  
FINANCIAL STAFF AUGMENTATION SERVICES  
(Joint Use)**

Approval to execute new contract awards for financial staff augmentation services in the amount of \$1,600,000.00.

**CONTRACTOR/SUB/VENDOR INFORMATION**

<b>PRIME:</b>	<b>SUBS:</b>	<b>PARTICIPATION:</b>
IBS Management & Consultancy Services, LLC* 1627 K Street, NW, Suite 5027 Washington, DC 20036	N/A	100%
Mb Staffing Services* 819 7th Street, NW Washington, DC 20001	N/A	100%
SOA Financial* 4200 Forbes Boulevard, Suite 101 Lanham MD 20706	N/A	100%
SPS Consulting* 1901 Research Blvd., Suite 320 Rockville, MD 20850	N/A	100%
vTech Solution Inc.* 1100 H Street, NW Suite 450 Washington, DC 20005 *LSBE	N/A	100%

**DESCRIPTION AND PURPOSE**

Base Period Contract Value:	\$1,600,000.00
Base Contract Period:	1 Year
No. of Option Years:	2
Contract Start Date:	April 2, 2018
Base Period End Date:	April 3, 2019
Proposal Closing Date:	9-5-2017
Proposals Received:	21
First Year Estimate	\$0.00 - \$1,600,000.00
Preference Points Received:	10

**Purpose of the Contract:**

DC Water's Office of the Chief Financial Officer (CFO) and Department of Customer Service requires the services of competent and qualified firms to fulfill its on-going need for staff augmentation services for special projects, long and short-term projects and staff vacancies. These services are used when it is not feasible for DC Water to permanently hire staff for project of short duration such as support for budget preparation and analysis, annual financial audit, year-end close, future upgrade and/or replacement of financial system, insurance and risk analysis, temporary meter readers, customer service support and other projects. The services may be used when specialized or unique skills are required. This amount currently exceeds the budget available for this contract, and anticipated cost reductions in other line items will be used, as needed.

**Contract Scope:**

This contract will provide on an as-needed basis staffing support for Accounts Receivables, General Accounting, Accounts Payables, Internal Controls, Customer Service and Support and Financial Analysis.

**Supplier Selection:**

Procurement advertised and issued a Request for Proposal for the services. Twenty-one (21) firms responded to the solicitation. The award recommendation is based on the overall highest rated offerors.

Rank	Firm	Rank	Firm
1	Mb Staffing Services*	12	US IT Solutions
2	SPS Consulting*	13	Ask IT Consulting, Inc.
3	IBS Management & Consultancy Services, LLC*	14	Anglin Consulting Group*
4	vTech Solution Inc.*	15	New Beginnings, LLC*
5	SOA Financial*	16	Beyond The Bottom Line, Inc.*
6	Worldwide Staffing Exchange, LLC*	17	Midtown Personnel, Inc.*
7	Kforce, Inc. (Finance & Accounting)	18	Noor Associates, Inc.
8	Federal Management Systems, Inc.*	19	Tai Pedro & Associates, P.C.
9	Accurate Conceptions, LLC*	20	Infojini, Inc.
10	The CTS Group, LLC*	21	MindFinders*
11	NRI Staffing Resources*	*LBE/LSBE	

**PROCUREMENT INFORMATION**

<b>Contract Type:</b>	Fixed Price	<b>Award Based On:</b>	Highest Rating
<b>Commodity:</b>	Goods and Services	<b>Contract Number:</b>	17-PR-CFO-42
<b>Contractor Market:</b>	Open Market with Preference Points for LBE and LSBE Participation		

**BUDGET INFORMATION**

<b>Funding:</b>	Operating	<b>Department:</b>	Department of Customer Service and Office of the Chief Financial Officer
<b>Service Area:</b>	DC Water wide	<b>Department Heads:</b>	Carolyn A. MacKool and Matthew T. Brown

**ESTIMATED USER SHARE INFORMATION**

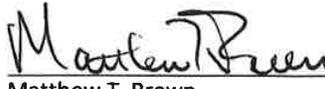
User	Share %	Dollar Amount
District of Columbia	83.65%	\$1,338,400.00
Washington Suburban Sanitary Commission	12.07%	\$193,120.00
Fairfax County	2.84%	\$45,440.00
Loudoun Water	1.25%	\$20,000.00
Other (PI)	.19%	\$3,040.00
<b>TOTAL ESTIMATED DOLLAR AMOUNT</b>	<b>100.00%</b>	<b>\$1,600,000.00</b>

 12/19/18  
Date

Charles Kiely  
Assistant General Manager  
Customer Care and Operations

\_\_\_\_\_  
Date

Dan Bae  
Director of Procurement

 2/15/18  
Date

Matthew T. Brown  
Chief Financial Officer

\_\_\_\_\_  
Date

Henderson J. Brown, IV  
Interim General Manager



**ATTACHMENT 7**

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

**Thursday, March 22, 2018; 11:00 a.m.  
Blue Plains Wastewater Treatment Plant  
5000 Overlook Avenue, SW, DC  
AGENDA**

<b>Call to Order</b>	Chairman
<b>February 2018 Financial Report</b>	Chief Financial Officer
<b>Agenda for April Committee Meeting</b>	Chairman
<b>Adjournment</b>	Chairman

\*Detailed agenda can be found on DC Water's website at [www.dewater.com/about/board\\_agendas.cfm](http://www.dewater.com/about/board_agendas.cfm)