

**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

Finance and Budget Committee

Thursday, May 25, 2017

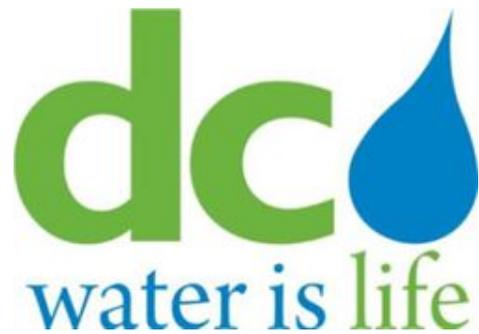
11:00 a.m.

- 1. **Call to Order**..... Timothy L. Firestine, Chairperson
- 2. **April 2017 Financial Report** Lola Oyeyemi
- 3. **FY 2017 Year-End Projections** Robert Hunt
- 4. **Capital Improvement Program Quarterly Update** Paul Guttridge
- 5. **Insurance Renewal Update** Tanya DeLeon
- 6. **Rolling Owner Controlled Insurance Program Update** Tanya DeLeon
- 7. **Action Items**..... Robert Hunt
 - A. **Aon Risk Services/Ace dba Chubb Insurance Premium – Modification (ROCIP 2 Additional Audited Premium)**
 - B. **Annual Property & Casualty Insurance Renewals**
- 8. **Main and O Campus Update** George Hawkins
- 9. **Agenda for June Committee Meeting**..... Timothy L. Firestine
- 10. **Executive Session***
- 11. **Adjournment**

FOLLOW-UP ITEM – Follow-up items from the meeting held April 27, 2017.

- 1. Prepare more in depth review of the Impervious Area Charge (IAC) to the DC Retail Water & Sewer Rates Committee (Chairman Brown). **Status:** *To be provided at the July 25, 2017 meeting.*

* 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 2017

Monthly Financial Report

Period Ending April 30, 2017

DEPARTMENT OF FINANCE, ACCOUNTING & BUDGET

Robert Hunt, Chief Financial Officer (Acting) & Director, Finance

Syed Khalil, Director, Rates & Revenue

John Madrid, Controller

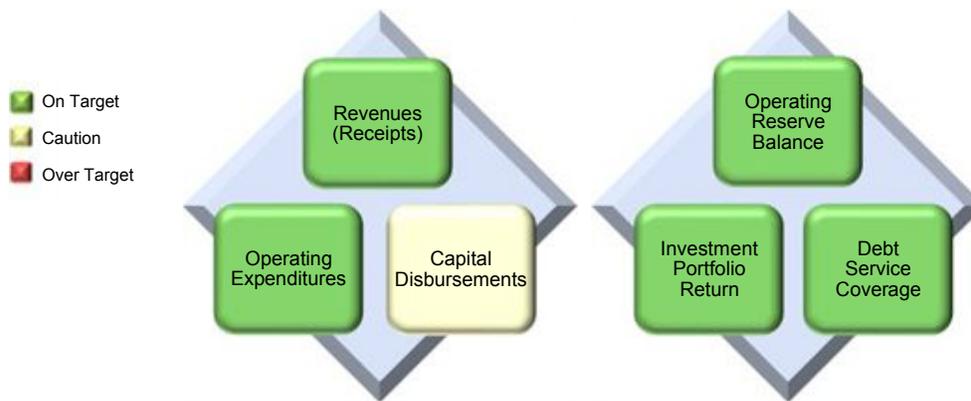
Lola Oyeyemi, Director, Budget

Monthly Financial Report

APRIL 2017

EXECUTIVE SUMMARY

As of the end of April 2017, with approximately 58 percent of the fiscal year completed, we are on track with budgetary expectations and targeted performance with the exception of capital disbursements. The table below summarizes detailed information provided in the report.



(\$ in millions)

	Budget	YTD Budget	Actual	Variance		Actual % Budget	Year-End Projections
				Favorable (Unfavorable)			
Revenues (Receipts)*	\$595.4	\$347.3	\$350.2	\$2.9	0.8%	58.8%	\$600.6
Expenditures*	\$535.8	\$312.6	\$276.7	\$35.9	11.5%	51.6%	\$518.0
Capital Disbursements	\$507.0	\$305.8	\$308.1	(\$2.3)	(0.7%)	60.8%	\$512.5

* *Straight-lined (7/12 of budget)*

Highlights:

- Completion of preliminary FY 2017 year-end projections with favorable performance in revenue (receipts) and operating expenditures. However, year-end capital disbursements are projected to slightly exceed budget
- The CEO/GM kick off of the FY 2019 proposed budget is scheduled for May 30 with departmental submissions and reviews anticipated in June/July 2017

Robert Hunt, Chief Financial Officer (Acting)

Monthly Financial Report

Fiscal Year-to-Date
As of April 30, 2017

Operating Revenues (\$000's)

Category	A	B*	C	D = C/A	E = C-B	F = E-B	G	H = G/A
	FY 2017 BUDGET	YTD BUDGET	ACTUAL	ACTUAL % BUDGET	VARIANCE \$ Fav/(Unfav)	VARIANCE % Fav/(Unfav)	Year-End Projections	% of Budget
Res. / Comm. / Multi.	\$328,988	191,910	\$193,639	58.9%	\$1,729	0.9%	\$333,139	101.3%
Federal	57,540	33,565	41,743	72.5%	8,178	24.4%	57,540	100.0%
Municipal (DC Govt.)	17,505	10,211	9,553	54.6%	(658)	(6.4%)	16,503	94.3%
DC Housing Authority	8,372	4,884	4,944	59.1%	60	1.2%	8,554	102.2%
Metering Fee	10,776	6,286	6,866	63.7%	580	9.2%	11,510	106.8%
Water System Replacement Fee (WSRF)	39,717	23,168	24,483	61.6%	1,315	5.7%	40,319	101.5%
Wholesale	81,468	47,523	41,045	50.4%	(6,478)	(13.6%)	81,468	100.0%
PILOT/ROW	21,082	12,298	12,385	58.7%	87	0.7%	20,606	97.7%
All Other	29,998	17,499	15,565	51.9%	(1,934)	(11.1%)	30,965	103.2%
TOTAL	\$595,446	\$347,344	\$350,224	58.8%	\$2,880	0.8%	\$600,604	100.9%

*Straight-lined (7/12 of budget)

VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of April 2017, cash receipts totaled \$350.2 million, or 58.8 percent of the revised FY 2017 budget. Several categories of customers make payments on a quarterly basis, including the Federal Government and wholesale customers.

Residential, Commercial and Multi-Family – Receipts for this category are slightly higher at \$193.6 million or 58.9 percent of the revised budget. The higher receipts are on account of slightly higher Clean Rivers Impervious Area Charge (CRIAC) as compared to budget.

District Government – Receipts are slightly lower at \$9.6 million or 54.6 percent of the revised budget. The lower receipts are on account of slightly lower amount of CRIAC billed as compared to the budget.

Wholesale – Receipts are lower at \$41.0 million or 50.4 percent of the revised budget. The wholesale customers made their quarterly payment in the month of May 2017.

Other Revenue – Receipts are lower than the straight-lined budget at \$15.6 million or 51.9 percent of the budgeted category primarily due to IMA Indirect Cost Reimbursement on Capital Projects. The \$1.9 million for this category has been received and will be reflected in the May 2017 report.

Monthly Financial Report

Fiscal Year-to-Date
As of April 30, 2017

Operating Expenditures (\$000's)

Category	A	B*	C	D=C/A	E=B-C	F=E/B	G	H=G/A
	FY 2017 BUDGET	YTD BUDGET	ACTUAL	ACTUAL % BUDGET	VARIANCE \$ Fav/(Unfav)	VARIANCE % Fav/(Unfav)	Year-End Projections	% of Budget
Personnel	\$144,761	\$84,444	\$83,511	57.7%	\$933	1.1%	\$148,514	102.6%
Contractual Services	82,760	48,277	40,159	48.5%	8,118	16.8%	75,641	91.4%
Water Purchases	29,278	17,079	15,015	51.3%	2,064	12.1%	28,435	97.1%
Supplies & Chemicals	34,709	20,247	17,779	51.2%	2,468	12.2%	29,661	85.5%
Utilities	28,670	16,724	15,926	55.5%	798	4.8%	25,781	89.9%
Small Equipment	1,230	718	711	57.8%	7	0.9%	1,261	102.5%
SUBTOTAL O&M	\$321,408	\$187,488	\$173,100	53.9%	\$14,388	7.7%	\$309,293	96.2%
Debt Service	169,346	98,785	91,329	53.9%	7,456	7.5%	163,500	96.5%
PILOT/ROW	21,057	12,283	12,283	58.3%	0	0.0%	21,057	100.0%
Cash Financed Capital Improvements	24,014	14,008	0	0.0%	14,008	100.0%	24,199	100.8%
TOTAL OPERATING	\$535,825	\$312,565	\$276,712	51.6%	\$35,852	11.5%	\$518,049	96.7%
Capital Labor	(21,934)	(12,795)	(9,573)	43.6%	(3,222)	25.2%	(17,674)	80.6%
TOTAL NET OPERATING	\$513,891	\$299,770	\$267,139	52.0%	\$32,630	10.9%	\$500,375	97.4%

*Straight-lined (7/12 of budget)

VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of April 2017, operating expenditures totaled \$276.7 million, or 51.6 percent of the Board-approved budget. These numbers include estimated, incurred but unpaid, invoices and are subject to revision in subsequent months.

Personnel Services – Expenditures total \$83.5 million or 57.7 percent of budget and due to annualized salary adjustments and increased hiring efforts to reduce Authority-wide vacancies. Of the 1260 positions authorized, 1118 were filled at the end of April with YTD vacancy rate of 11 percent. Overtime spending totals \$4.6 million of the annual budget of \$6.8 million. As previously reported, increased overtime spending was during the winter season and due to unusually high water main breaks partly caused by fluctuations in temperature, shift coverage for the command center and support of the ongoing Automated Meter Reading (AMR) replacement program.

Contractual Services – Underspending is attributable to lag in various operational contracts throughout the Authority. This includes materialized savings from biosolids hauling costs due to the Digester Project. Biosolids production during the fiscal year to date averaged 432 wet tons/day as compared to the 500 wet tons/day assumed value when the budget was prepared.

Supplies & Chemicals – YTD underspending is primarily due to lower unit prices for some chemicals (methanol and sodium hydroxide), coupled with the continued use of safer and less expensive chemical (lime slurry in lieu of sodium hydroxide) as a main source to control alkalinity and pH balance in the wastewater treatment process.

Utilities – YTD underspending is consistent with expectation and primarily associated with onsite electricity generation from the Combined Heat and Power project (CHP) which represents approximately 7MW or 23 percent of Authority-wide usage. Presently, 17MW of the Authority's electricity load is locked at an average Western Hub unit price of \$36.95/MWh for the remainder of the year, and 10MW at \$35.75/MWh for FY 2018. Staff continues to monitor the market with plans to hedge additional load when market conditions are favorable.

Debt Service – YTD actual debt service is trending lower than budget primarily due to current interest rates being lower than forecast and refinancing of the Authority's debt.

Capital Labor – Underspending is attributable to completion of major capital projects and changes to the Authority's capitalization policy that limits activities charged to capital projects.

Monthly Financial Report

Fiscal Year-to-Date
As of April 30, 2017

Capital Disbursements (\$000's)

Service Area	A	B	C	D = C/A	E = B - C	F = E/B	Year-End Projections	% of Budget
	FY 2017 BUDGET	YTD BUDGET	ACTUAL	ACTUAL % BUDGET	VARIANCE \$ Fav/(Unfav)	VARIANCE % Fav/(Unfav)		
Non Process Area	\$34,150	\$19,853	\$14,084	41.2%	5,769	29.1%	\$33,064	96.8%
Wastewater Treatment	123,789	77,396	85,210	68.8%	(7,814)	(10.1%)	130,954	105.8%
Combined Sewer Overflow	184,387	117,545	138,627	75.2%	(21,082)	(17.9%)	210,782	114.3%
Stormwater	1,706	784	1,060	62.1%	(276)	(35.2%)	1,310	76.8%
Sanitary Sewer	38,302	17,796	19,288	50.4%	(1,492)	(8.4%)	33,293	86.9%
Water	58,819	34,265	28,020	47.6%	6,245	18.2%	56,163	95.5%
SUBTOTAL: CAPITAL PROJECTS	\$441,153	\$267,639	\$286,289	64.9%	(\$18,650)	(7.0%)	\$465,564	105.5%
Capital Equipment	54,949	31,870	21,794	39.7%	10,076	31.6%	38,945	70.9%
Washington Aqueduct	10,896	6,320	0	0.0%	6,320	100.0%	8,008	73.5%
SUBTOTAL: ADD'L CAPITAL PROGRAMS	\$65,845	\$38,190	21,794	33.1%	\$16,396	42.9%	\$46,953	71.3%
TOTAL	\$506,998	\$305,829	\$308,083	60.8%	(\$2,254)	(0.7%)	\$512,517	101.1%

VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of April 2017, total capital disbursements are \$308.1 million or 60.8 percent of the revised FY 2017 budget. Disbursements are slightly above the budget for Capital Projects and offset by under-spending in Additional Capital Programs.

Capital Projects – The project performance will be reviewed in detail as part of the quarterly CIP update by the Department of Engineering and Technical Services to the Environmental Quality & Operations and Finance & Budget Committees in May.

Capital Equipment – Lower than planned disbursements are primarily attributable to unused funds in the Authority-wide reserve as well as a lower than expected spending related to the Automated Meter Reading (AMR) Replacement Program.

Washington Aqueduct (WAD) – Non-disbursement to date represents WAD's plan to draw-down prepaid balances currently in escrow and US Treasury accounts, and postpone customer billing until third quarter of FY 2017.

Monthly Financial Report

Fiscal Year-to-Date
As of April 30, 2017

Cash Investments and Insurance (\$ in millions)

Rate Stabilization Fund Account (RSF)	\$51.5
DC Insurance Reserve	1.0
Operating Reserve Accounts	<u>138.2</u>
Operating Cash Balance Including RSF	\$190.7
Debt Service Reserve - Series 1998	23.8
Bond Fund- Construction Fund 2015A	1.0
Bond Fund- Construction Fund 2016B	24.5
Bond Fund- Construction Fund 2017A	77.9
Bond Fund- Construction Fund 2017B	<u>210.1</u>
Total All Funds	\$528.0

OVERALL PORTFOLIO PERFORMANCE

- The operating reserve balance was \$138.2 million as compared to the operating reserve level objective of \$125.5 million for FY 2017
- Average cash balance for the month of April was \$155.1 million
- Total investment portfolio was in compliance with the Authority's Investment Policy
- Operating funds interest income for April (on a cash basis) was \$22,544; YTD \$815,134
- A detailed investment performance report is attached

Monthly Financial Report

Fiscal Year-to-Date
As of April 30, 2017

Cash Flow Summary (\$000's)

	Annual Budget Cash Basis	YTD 58% Cash Budget	YTD Actual Cash Oct. 1, 2016 - Apr. 30, 2017	Variance Favorable (Unfavorable)		FY17 Year End Projection
OPERATING BUDGET						
Cash Provided						
Retail	\$462,898	\$270,024	\$281,229	\$11,205	4%	467,565
Wholesale	81,468	\$47,523	41,045	(6,478)	-14%	81,468
Other	50,757	\$29,608	27,810	(1,798)	-6%	51,570
Total Cash Provided	595,123	347,155	350,084	2,929	1%	600,603
Operating Cash Used						
Personnel Services	122,827	71,649	68,919	2,731	4%	130,840
Contractual Services	82,760	48,277	45,779	2,498	5%	75,641
Chemicals & Supplies	34,709	20,247	19,076	1,170	6%	29,662
Utilities	28,670	16,724	13,290	3,434	21%	25,781
Water Purchases	29,278	17,079	15,769	1,309	8%	28,435
Small Equipment	1,230	718	540	177	25%	1,261
Total Operating Cash Used	299,474	174,693	163,374	11,320	6%	291,620
Defeasance D.S./Cash Financed Capital Improvements	24,199	14,116	0	14,116	100%	24,199
Other Cash Used						
Debt Service	167,733	97,844	91,329	6,515	7%	163,500
Payment In Lieu of Taxes/Right of Way	21,057	12,283	10,529	1,755	14%	21,057
Total Other Cash Used	188,790	110,127	101,857	8,270	8%	184,557
Total Cash Used	512,463	298,937	265,231	33,706	11%	500,376
Net Cash Provided (Used) by Operating Act.	82,660	48,218	84,853	36,635		100,227
CAPITAL BUDGET						
Cash Provided						
Debt Proceeds	195,903	114,277	148,329	34,052	30%	181,779
EPA Grants/DC Reimbursements	25,013	14,591	11,703	(2,888)	-20%	21,617
Transfer from Operations	100,633	58,703	0	(58,703)	-100%	105,104
CSO Grant	0	0	0	0		14,000
Interest Income	1,283	748	519	(229)	-31%	1,283
Wholesale Capital Contributions	107,732	62,844	55,159	(7,684)	-12%	107,752
Total Cash Provided	430,564	251,162	215,710	(35,452)	-14%	431,535
Cash Used						
DC Water Capital Program	496,102	289,393	308,083	(18,691)	-6%	504,432
Washington Aqueduct Projects	10,896	6,356	0	6,356	100%	8,008
Total Cash Used	506,998	295,749	308,083	(12,335)	-4%	512,440
Net Cash/PAYGO Provided (Used) by Cap. Act.	(\$76,434)	(\$44,586)	(\$92,373)	(\$47,787)		(\$80,905)
Beginning Balance, October 1 (Net of Rate Stab. Fund) Projected						
Plus (Less) Operating Surplus	\$162,652		\$162,652			\$162,652
Wholesale Customer Refunds from Prior Years	82,660	48,218	84,853			100,227
Interest Earned From Bond Reserve	(10,000)	(5,833)	(2,665)			(12,000)
Prior Year Federal Billing Reconciliation	323	188	140			323
Cash Used for Capital	(19,201)	(11,200)	(14,401)			(19,201)
	(76,434)	(44,586)	(92,373)			(80,905)
Balance Attributable to O&M Reserve	\$140,000		\$138,206			\$150,773
OTHER CASH RESERVES						
	Current					
Rate Stabilization Fund	Balance					
	\$51,450					
DC Insurance Reserve	1,045					

Monthly Financial Report

APPENDIX

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Monthly Financial Report

Fiscal Year-to-Date
As of April 30, 2017

Operating Revenues Detail

(\$ in millions)

Revenue Category	Budget	YTD Budget	YTD Actual	Variance Favorable / (Unfavorable)		YTD % of Budget	Year End Projections	Variance Proj v. Bud	% of Budget
Residential, Commercial, and Multi-family	\$329.0	\$191.9	\$193.6	\$1.7	0.9%	58.9%	\$333.1	4.1	101.3%
Federal	\$57.5	33.5	41.7	8.2	24.4%	72.5%	57.5	0.0	100.0%
District Government	\$17.5	10.2	9.6	(0.6)	-6.4%	54.6%	16.5	(1.0)	94.3%
DC Housing Authority	\$8.4	4.9	4.9	0.1	1.2%	59.1%	8.6	0.2	102.2%
Customer Metering Fee	\$10.8	6.3	6.9	0.6	9.2%	63.7%	11.5	0.7	106.8%
Water System Replacement Fee (WSRF)	\$39.7	23.2	24.5	1.3	5.7%	61.6%	40.3	0.6	101.5%
Wholesale	\$81.5	47.5	41.0	(6.5)	-13.6%	50.4%	81.5	0.0	100.0%
Right-of-Way Fee/PILOT	\$21.1	12.3	12.4	0.1	0.7%	58.7%	20.6	(0.5)	97.7%
Subtotal (before Other Revenues)	\$565.5	\$329.8	\$334.6	\$4.8	1.5%	59.2%	\$569.6	\$4.1	100.7%
Other Revenue without RSF									
IMA Indirect Cost Reimb. For Capital Projects	6.4	3.7	1.3	(2.4)	-64.9%	20.3%	6.5	0.0	100.8%
DC Fire Protection Fee	10.8	6.3	5.4	(0.9)	-14.3%	50.0%	10.8	0.0	100.0%
Stormwater (MS4)	1.0	0.6	0.8	0.2	33.3%	80.0%	1.0	0.0	100.0%
Interest	1.8	1.1	1.0	(0.1)	-9.1%	55.6%	1.8	0.0	100.0%
Developer Fees (Water & Sewer)	7.0	4.1	4.9	0.8	19.5%	70.0%	8.0	1.0	113.7%
Others	2.9	1.7	2.2	0.5	28.6%	75.3%	2.9	0.0	100.7%
Subtotal	\$29.9	\$17.5	\$15.6	(\$1.9)	-11.1%	51.9%	\$31.0	\$1.1	103.3%
Rate Stabilization Fund Transfer	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	0.0%	\$0.0	\$0.0	0.0%
Other Revenue Subtotal	\$29.9	\$17.5	\$15.6	(\$1.9)	-11.1%	51.9%	\$31.0	\$1.1	103.3%
Grand Total	\$595.4	\$347.3	\$350.2	\$2.9	0.8%	58.8%	\$600.6	\$5.2	100.9%

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

Customer Category	Water	Sewer	Clean Rivers IAC	Metering Fee	WSRF	Total
Residential	\$19,640	\$23,908	\$18,177	\$3,029	\$5,436	\$70,189
Commercial	30,679	31,436	22,352	1,998	9,201	95,667
Multi-family	18,082	21,571	7,794	931	4,099	52,477
Federal	13,483	12,800	15,461	575	4,231	46,550
District Govt	2,223	2,717	4,613	252	1,175	10,979
DC Housing Authority	1,874	2,263	807	82	341	5,367
Total:	\$85,981	\$94,695	\$69,203	\$6,866	\$24,483	\$281,229

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	FY2016 Budget	Year-To-Date Budget	Actual Received	Variance Favorable / <Unfavorable>	Variance % of YTD Budget	Actual % of Budget
Residential	\$27,286	\$15,917	\$18,177	\$2,260	14%	67%
Commercial	33,037	19,272	22,352	3,080	16%	68%
Multi-family	10,516	6,134	7,794	1,660	27%	74%
Federal	20,615	12,025	15,461	3,436	29%	75%
District Govt	9,258	5,401	4,613	(788)	-15%	50%
DC Housing Authority	1,337	780	807	27	3%	60%
Total:	\$102,049	\$59,529	\$69,203	\$9,674	16%	68%

Monthly Financial Report

Fiscal Year-to-Date
As of April 30, 2017

Retail Accounts Receivable (Delinquent Accounts)

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

Greater Than 90 Days by Month

	\$ in millions	# of accounts
September 30, 2012	\$5.5	13,063
September 30, 2013	\$4.9	11,920
September 30, 2014	\$5.3	12,442
September 30, 2015	\$6.5	11,981
September 30, 2016	\$7.7	12,406
October 31, 2016	\$7.8	12,040
November 30, 2016	\$7.9	12,114
December 31, 2016	\$8.2	12,861
January 31, 2017	\$8.5	13,046
February 28, 2017	\$9.1	12,873
March 31, 2017	\$8.5	11,915
April 30, 2017	\$8.1	11,544

Greater Than 90 Days by Customer

	Number of Accounts			Month of April (All Categories)				Total Delinquent			
	W & S a/c	Impervious Only a/c	Total No. of a/c	Active		Inactive		No. of a/c Mar.	Amount (\$)	No. of a/c Apr.	Amount (\$)
				No. of a/c	Amount (\$)	No. of a/c	Amount (\$)				
Commercial	10,454	3,360	13,814	888	2,118,357	179	\$ 108,391	1,229	\$ 2,683,904	1,067	\$ 2,226,748
Multi-family	8,407	462	8,869	698	2,024,839	184	\$ 74,384	881	1,898,298	882	\$ 2,099,223
Single-Family Residential	106,357	3,392	109,749	7,175	3,313,948	2,420	\$ 502,567	9,805	3,875,677	9,595	\$ 3,816,515
Total	125,218	7,214	132,432	8,761	\$ 7,457,144	2,783	\$ 685,342	11,915	\$ 8,457,879	11,544	\$ 8,142,486

Notes: Included in the above \$7.45M (or 8,761 accounts) of the DC Water Over 90 days delinquent accounts, \$3,186,205.97 (or 1,756 accounts) represents Impervious only accounts over 90 days delinquent.

-Reportable delinquencies do not include balances associated with a long standing dispute between DC Water and a large commercial customer.

Monthly Financial Report

Fiscal Year-to-Date
As of April 30, 2017

Overtime by Department

Department	FY 2017			
	Budget	YTD Actual	YTD Actual % of Budget	% of Regular Pay
Office of the Board Secretary	\$5,000	\$7,074	141.5%	4.7%
General Manager	7,500	4,825	64.3%	0.3%
General Counsel	2,000	273	13.7%	0.0%
External Affairs	27,000	491	1.8%	0.1%
Internal Audit	-	0	0.0%	0.0%
Information Technology	26,670	10,729	40.2%	0.6%
Procurement	30,000	5,021	16.7%	0.3%
Customer Service	260,000	342,910	131.9%	6.9%
Finance, Accounting & Budget	30,000	14,896	49.7%	0.5%
Assistant General Manager - Support Services	1,000	292	29.2%	0.1%
Human Capital Management	5,000	1,580	31.6%	0.1%
Occupational Safety and Health	2,000	264	13.2%	0.0%
Facilities Management	250,000	168,003	67.2%	7.6%
Department of Security	-	837	0.0%	0.2%
Distribution and Conveyance System	750,000	450,569	60.1%	11.8%
Engineering and Technical Services*	1,063,000	452,616	42.6%	4.6%
Water Services	1,100,000	967,047	87.9%	12.4%
Clean Rivers	5,000	0	0.0%	0.0%
Sewer Services	900,000	666,034	74.0%	16.2%
Wastewater Treatment - Operations	1,450,780	1,030,973	71.1%	16.7%
Wastewater Treatment - Process Engineering	120,000	14,776	12.3%	0.8%
Maintenance Services	700,000	409,431	58.5%	8.9%
Permit Operations	15,000	3,233	21.6%	0.4%
Fleet Management	3,500	912	26.1%	0.2%
Total DC WATER	\$6,753,450	\$4,552,784	67.4%	7.5%

Notes:

- * Engineering and Technical Services Department include overtime that will be charged/transferred to capital projects at the end of the fiscal year

Fiscal Year-to-Date
As of April 30, 2017

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

Service Areas	Budget		Actual			Variance			Year-End	
	Annual	YTD	Oct. 2016 - Mar. 2017	Apr. 2017	YTD	YTD % Budget	YTD \$ Fav/(Unfav)	YTD % Fav/(Unfav)	Projection	% of Budget
NON PROCESS FACILITIES										
Facility Land Use	\$34,150	\$19,853	\$13,900	\$184	\$14,084	41.2%	\$5,769	29.1%	\$33,064	96.8%
Subtotal	34,150	19,853	13,900	184	14,084	41.2%	5,769	29.1%	33,064	96.8%
WASTEWATER TREATMENT										
Liquid Processing	16,152	8,774	6,371	2,298	8,669	53.7%	105	1.2%	15,526	96.1%
Plantwide	11,313	6,127	6,206	907	7,112	62.9%	(985)	(16.1%)	11,762	104.0%
Solids Processing	7,654	7,148	6,462	3,387	9,849	128.7%	(2,701)	(37.8%)	11,660	152.3%
Enhanced Nitrogen Removal Facilities	88,670	55,347	48,812	10,767	59,579	67.2%	(4,232)	(7.6%)	92,006	103.8%
Subtotal	123,789	77,396	67,851	17,360	85,210	68.8%	(7,813)	(10.1%)	130,954	105.8%
COMBINED SEWER OVERFLOW										
D.C. Clean Rivers	171,300	110,200	107,611	22,583	130,194	76.0%	(19,994)	(18.1%)	195,849	114.3%
Program Management	3,827	2,047	2,133	629	2,762	72.2%	(715)	(34.9%)	4,133	108.0%
Combined Sewer	9,260	5,298	4,864	807	5,671	61.2%	(373)	(7.0%)	10,800	116.6%
Subtotal	184,387	117,545	114,608	24,019	138,627	75.2%	(21,081)	(17.9%)	210,782	114.3%
STORMWATER										
Local Drainage	172	171	300	0	300	173.8%	(129)	(75.2%)	330	191.4%
On-Going	424	102	199	0	199	46.9%	(97)	(95.1%)	213	50.2%
Pumping Facilities	368	168	0	0	0	0.0%	168	100.0%	162	44.1%
DDOT	16	10	0	0	0	0.0%	10	100.0%	14	85.0%
Research and Program Management	270	190	337	118	454	168.5%	(264)	(139.1%)	388	143.9%
Trunk/Force Sewers	456	143	107	0	107	23.5%	36	25.1%	203	44.6%
Subtotal	1,706	784	942	118	1,060	62.1%	(276)	(35.2%)	1,310	76.8%
SANITARY SEWER										
Collection Sewers	4,890	3,180	2,851	164	3,015	61.7%	165	5.2%	5,407	110.6%
On-Going	11,838	5,097	3,937	244	4,181	35.3%	916	18.0%	9,180	77.5%
Pumping Facilities	2,806	1,965	1,916	611	2,527	90.0%	(562)	(28.6%)	3,233	115.2%
Program Management	8,755	3,376	4,005	802	4,807	54.9%	(1,431)	(42.4%)	6,329	72.3%
Interceptor/Trunk Force Sewers	10,013	4,178	4,248	509	4,757	47.5%	(579)	(13.9%)	9,144	91.3%
Subtotal	38,302	17,796	16,957	2,330	19,288	50.4%	(1,493)	(8.4%)	33,293	86.9%
WATER										
Distribution Systems	30,148	17,614	9,980	1,088	11,068	36.7%	6,546	37.2%	22,438	74.4%
Lead Program	1,050	598	1,238	118	1,356	129.2%	(758)	(126.8%)	2,298	218.9%
On-Going	10,643	6,999	3,625	419	4,043	38.0%	2,956	42.2%	11,880	111.6%
Pumping Facilities	2,598	1,631	1,496	313	1,810	69.7%	(179)	(11.0%)	3,955	152.6%
DDOT	830	531	0	424	424	51.1%	107	20.2%	275	33.1%
Storage Facilities	7,728	3,576	4,597	592	5,189	67.1%	(1,613)	(45.1%)	9,388	121.5%
Program Management	5,823	3,316	3,329	802	4,131	70.9%	(815)	(24.6%)	5,919	101.6%
Subtotal	58,819	34,265	24,265	3,755	28,020	47.6%	6,245	18.2%	56,163	95.5%
Capital Projects	\$441,153	\$267,639	\$238,523	\$47,768	\$286,289	64.9%	(\$18,650)	(7.0%)	\$465,564	105.5%
CAPITAL EQUIPMENT	54,949	31,870	17,631	4,163	21,794	39.7%	10,076	31.6%	38,945	70.9%
WASHINGTON AQUEDUCT	10,896	6,320	0	0	0	0.0%	6,320	100.0%	8,008	73.5%
Additional Capital Programs	\$65,845	\$38,190	\$17,631	\$4,163	\$21,794	33.1%	\$16,396	42.9%	\$46,953	71.3%
Total	\$506,998	\$305,829	\$256,154	\$51,931	\$308,083	60.8%	(\$2,254)	(0.7%)	\$512,517	101.1%



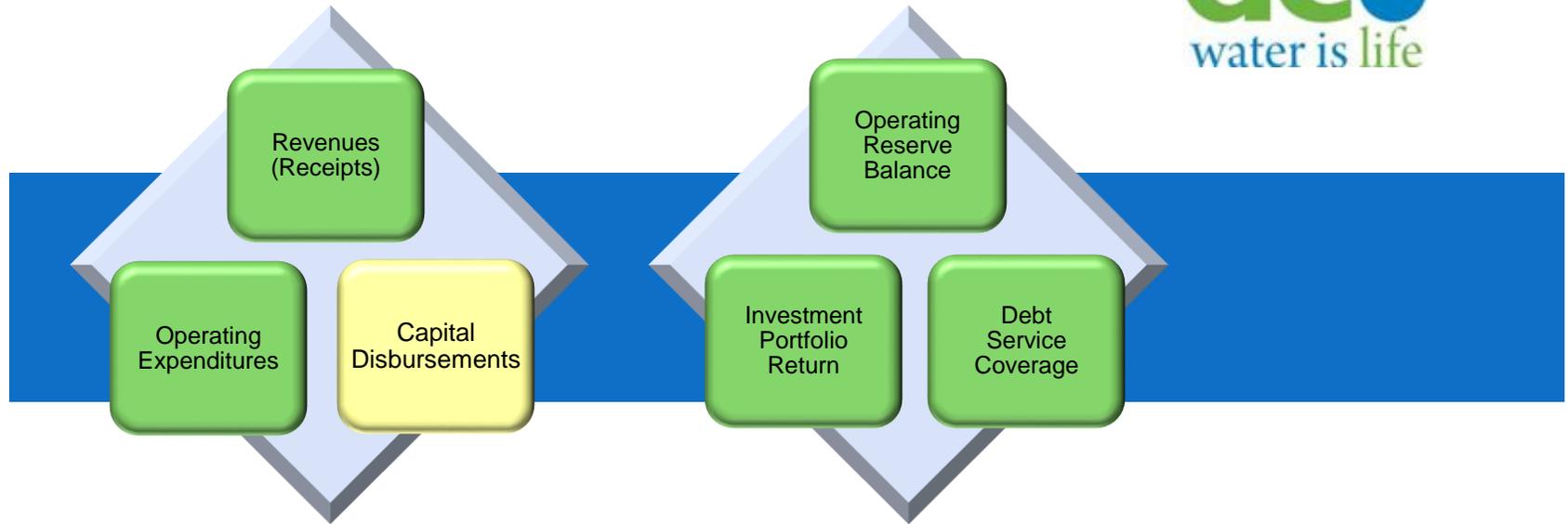
FY 2017 Operating and Capital Budget (Year-End Projections)

Presentation to the Finance & Budget Committee

Robert Hunt, Chief Financial Officer (Acting)

May 25, 2017

Summary (as of April 30, 2017)



(\$ in Millions)	Annual Budget	YTD Actual	Year-End Projections	Projected Variance	Projected % of Budget
Revenues/Receipts	\$595.4	\$350.2	\$600.6	\$5.2	100.9%
Operating Expenditures	\$535.8	\$276.7	\$518.0	\$17.8	96.7%
Capital Disbursements	\$507.0	\$308.1	\$512.5	\$5.5	101.1%



OPERATING REVENUES (\$000'S)

Category	FY 2017 Budget	YTD Actual	Year-End Projections	Projected Variance (\$)	Projected % of Budget
Residential and Commercial	\$328,988	\$193,639	\$333,139	\$4,151	101.3%
Federal Government	57,540	41,743	57,540	-	100.0%
District Government	17,505	9,553	16,503	(1,002)	94.3%
DC Housing Authority	8,372	4,944	8,554	182	102.2%
Customer Metering Fee	10,776	6,866	11,510	734	106.8%
Water System Replacement Fee (WSRF)	39,717	24,483	40,319	602	101.5%
Wholesale	81,468	41,045	81,468	-	100.0%
Right-of-Way Fee/PILOT Fee	21,082	12,385	20,606	(476)	97.7%
Subtotal (before Other Revenues)	\$565,448	\$334,659	\$569,639	\$4,191	100.7%
IMA Indirect Cost Reimbursement for Capital Project	6,456	1,358	6,456	-	100.0%
DC Fire Protection Fee	10,796	5,398	10,796	-	100.0%
Stormwater	1,000	736	986	(14)	98.6%
Interest Income	1,828	955	1,828	-	100.0%
Developer Fees (Water & Sewer)	7,000	4,910	7,960	960	113.7%
Others	2,918	2,208	2,939	21	100.7%
Subtotal	\$29,998	\$15,565	\$30,965	\$967	103.2%
Rate Stabilization Fund Transfer	-	-	-	-	
Grand Total	\$595,446	\$350,224	\$600,604	\$5,158	100.9%



OPERATING EXPENDITURES (\$000'S)

Category	FY 2017 Budget	YTD Actual	Year-End Projections	Projected Variance (\$)	Projected % of Budget
Personnel	\$144,761	\$83,511	\$148,514	(\$3,753)	102.6%
Contractual Services	82,760	40,159	75,641	7,119	91.4%
Water Purchases	29,278	15,015	28,435	843	97.1%
Supplies & Chemicals	34,709	17,779	29,662	5,047	85.5%
Utilities	28,670	15,926	25,781	2,889	89.9%
Small Equipment	1,230	711	1,261	(31)	102.5%
SUBTOTAL O&M	\$321,408	\$173,100	\$309,293	\$12,115	96.2%
Debt Service	169,346	91,329	\$163,500	5,846	96.5%
Cash Financed Capital Improvements*	24,014	0	24,199	(185)	100.8%
PILOT/ROW	21,057	12,283	21,057	0	100.0%
TOTAL OPERATING	\$535,825	\$276,712	\$518,049	\$17,776	96.7%
Capital Labor	(21,934)	(9,573)	(17,674)	(4,260)	80.6%
TOTAL NET OPERATING	\$513,891	\$267,139	\$500,375	\$13,516	97.4%

*CFCI – Anticipated PAYGO financing due to favorable preliminary O&M position



CAPITAL DISBURSEMENTS (\$000'S)

Service Area	FY 2017 Budget	YTD Actual	Year-End Projections	Projected Variance (\$)	Projected % of Budget
Non Process Area	\$34,150	\$14,084	\$33,064	\$1,086	96.8%
Wastewater	123,789	85,210	130,954	(7,165)	105.8%
Combined Sewer Overflow	184,387	138,627	210,782	(26,395)	114.3%
Stormwater	1,706	1,060	1,310	396	76.8%
Sanitary Sewer	38,302	19,288	33,293	5,009	86.9%
Water	58,819	28,020	56,163	2,656	95.5%
SUBTOTAL: CAPITAL PROJECTS	\$441,153	\$286,289	\$465,564	(\$24,411)	105.5%
Capital Equipment	54,949	21,794	38,945	16,004	70.9%
Washington Aqueduct	10,896	0	8,008	2,888	73.5%
SUBTOTAL: ADD'L CAPITAL PROGRAMS	\$65,845	\$21,794	\$46,953	\$18,892	71.3%
TOTAL	\$506,998	\$308,083	\$512,517	(\$5,519)	101.1%



FY 2017 NET CASH SURPLUS (\$000'S)

Category	Board Approved Financial Plan	Year-End Projection*	Variance Positive / (Negative)
Total Revenue	\$595,446	\$600,604	\$5,158
Total Expense	488,264	476,162	12,102
Cash Financed Capital Improvements (CFCI)	24,199	24,199	-
OPERATING INCOME	\$82,983	\$100,243	\$17,260
Other Transfers/Credits	(29,201)	(31,201)	(2,000)
NET INCOME	\$53,782	\$69,042	\$15,260
Beginning Cash Balance over Target	22,652	22,652	-
Transfer to Capital Improvement Program (CIP)	(76,434)	(80,905)	(4,471)
Transfer to Rate Stabilization Fund (RSF)	-	-	-
SURPLUS	-	\$10,789	\$10,789

Recommendation:

Additional Transfer to RSF

Additional Transfer to PAYGO

Additional Cash Balance over Target

* Preliminary unaudited year-end projections, subject to change



NEXT STEPS

- ✓ FY 2017 Net Cash Surplus
 - Committee Recommendation – July
 - Board Adoption – September



APPENDIX

Annual Operating Expenditures

(\$000's)	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Approved Budget	FY 2017 Midyear Projections	FY 2017 Variance	FY 2018 Approved Budget
Authorized Headcount	1243	1260	1260	1260	1260	0	1260
Filled/Budgeted Headcount	1079	1084	1121	1260	1153	107	1260
Vacant Headcount	164	176	139		107		
Salary	\$98,865	\$105,146	\$110,936	\$110,665	\$116,689	(\$6,024)	\$113,796
Regular Pay	90,716	96,956	103,432	103,200	108,827	(5,627)	106,874
On-call	624	708	619	711	606	105	744
Overtime	7,525	7,482	6,884	6,754	7,256	(502)	6,178
Benefits	26,891	28,789	30,950	34,096	31,825	2,271	35,397
Total Personnel Services	\$125,756	\$133,935	\$141,885	\$144,761	\$148,514	(\$3,753)	\$149,193
Chemicals	24,141	22,441	21,007	26,288	21,473	4,815	22,303
Supplies	6,577	7,865	7,958	8,421	8,189	232	8,356
Utilities	29,939	30,848	23,934	28,670	25,781	2,889	29,399
Contractual Services	68,178	66,241	74,086	82,760	75,641	7,119	79,353
Water Purchases	28,407	29,109	26,345	29,278	28,435	843	30,156
Small Equipment	317	531	672	1,230	1,261	(31)	1,071
Total Non-Personnel Services	\$157,559	\$157,035	\$154,003	\$176,647	\$160,779	\$15,868	\$170,638
Total O&M Expenses	\$283,316	\$290,970	\$295,888	\$321,408	\$309,293	\$12,115	\$319,831
Debt Service	120,165	134,845	149,781	169,346	163,500	5,846	185,480
PILOT / ROW	11,458	20,437	20,744	21,057	21,057	-	21,376
Payment in Lieu of Taxes	6,358	15,337	15,644	15,957	15,957	-	16,276
Right of Way	5,100	5,100	5,100	5,100	5,100	-	5,100
Cash Financed Capital Improvements	-	20,058	23,475	24,014	24,199	(185)	35,260
Total Debt Service/PILOT/ROW/CFCI	\$131,623	\$175,340	\$194,000	\$214,417	\$208,756	\$5,661	\$242,116
Total Operating Expenditures	\$414,939	\$466,310	\$489,888	\$535,825	\$518,049	\$17,776	\$561,947
<i>Less: PS charged to Capital Projects</i>	<i>(17,289)</i>	<i>(18,702)</i>	<i>(17,648)</i>	<i>(21,934)</i>	<i>(17,674)</i>	<i>(4,260)</i>	<i>(21,061)</i>
Total Net Operating Expenditures	\$397,650	\$447,608	\$472,240	\$513,891	\$500,375	\$13,516	\$540,886

District of Columbia Water and Sewer Authority

Capital Improvement Program Report



FY-2017 2nd Quarter
January 1st through March 31st, 2017

Board of Directors
Finance and Budget Committee

George S. Hawkins, General Manager
Leonard R. Benson, Chief Engineer

May 2017

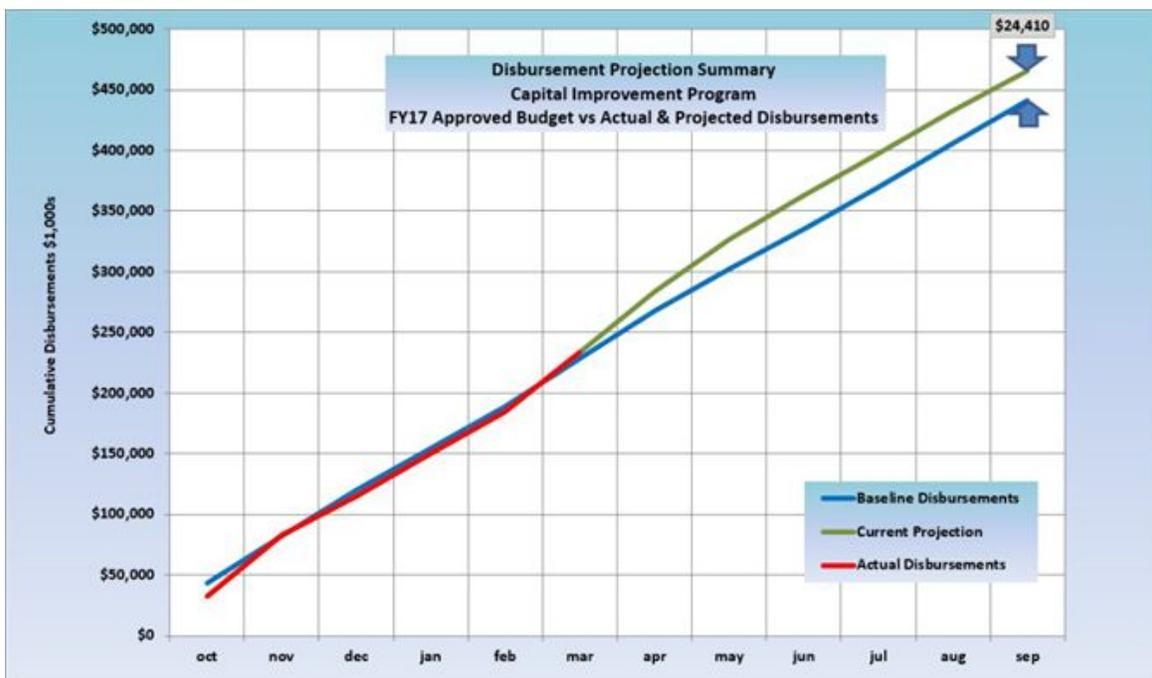


Capital Improvement Program Report 2nd Quarter FY2017

CIP Disbursement Performance

Current projected program disbursements through the end of the fiscal year compared with the approved FY17 baseline are shown in the chart below:

Disbursement Summary



Current projected fiscal year 2017 CIP disbursements are \$465,564,000 through the end of September 2017, which is \$24.4M (5.5%) above the baseline disbursement projection of \$441,154,000.

Current disbursement projections within the service areas are as follows:

Non Process Facilities

Baseline Disbursements \$34,150,000
 Projected Disbursements \$33,064,000 (\$1.1M below baseline projection)
 There are no significant project variances.



Capital Improvement Program Report 2nd Quarter FY2017

Wastewater Treatment Service Area

Baseline Disbursements \$123,789,000
 Projected Disbursements \$130,954,000 (\$7.2M above baseline projection)
 Significant project variances are listed below:

- *Solids Processing Projects – (\$4.0M above baseline)*
 - The disbursements for project XA – New Digestion Facilities are projected to be \$2.6M above the baseline largely due to the execution of Change Orders and retention releases of CHP and FDF.
- *Nitrogen Removal Facilities - (\$3.3M above baseline)*
 - The projected disbursements for project E9 - Nitrogen Removal Facilities are \$3.0M above baseline partly due to an equitable adjustment payment resulting from a changed condition associated with high ground water at the ENRF drop shaft.
 - The projected disbursements for project E8 - Enhanced Clarification Facilities are \$4.2M above the baseline mainly due to greater than anticipated spending due to recovery efforts from slower progress in FY16.
 - The disbursements for project EE - Filtrate Treatment Facilities are projected to be \$5.4M below the baseline largely due to greater than anticipated payments that occurred at the end of FY16 after the FY17 disbursement baseline was established

CSO Service Area

Baseline Disbursements \$184,387,000
 Projected Disbursements \$210,782,000 (\$26.4M above baseline projection)
 Significant project variances are listed below:

- *DC Clean Rivers Program Area – (\$24.5M above baseline)*
 - The projected disbursements for project CY - Anacostia Long Term Control Plan are \$29.5M above the baseline disbursement due to a ramp up in the construction activity in order to meet the Consent Decree date of March 23rd 2018 to place in operation all Anacostia controls south of RFK stadium. In addition, baseline disbursement projections did not include expenditures for risks that have materialized on the Anacostia River Tunnel job (ground inflow incident) and the First Street Tunnel job (cumulative delay impacts); resulting in an increase of spending over the baseline projections. However, risks such as these were contemplated when the contracts were procured and funds are included in the Board-approved contract amounts. As a result, it is projected that both jobs will be completed within the Board-approved contract cost.

Stormwater Service Area

Baseline Disbursements \$1,706,000
 Projected Disbursements \$1,308,000 (\$0.4M below baseline projection)
 There are no significant project variances for this service area.



Capital Improvement Program Report 2nd Quarter FY2017

Sanitary Sewer Service Area

Baseline Disbursements \$38,302,000

Projected Disbursements \$33,294,000 (\$5.0M below baseline projection)

There are no significant project variances for this service area:

- There are no significant project variances in the Sewer Service Area, however; the Sanitary Ongoing Sewer Projects and Sanitary Interceptor/Trunk Force Main Programs - have several small individual project variances, which collectively contributed to the projected \$5M below baseline disbursements for the Service Area.

Water Service Area

Baseline Disbursements \$58,819,000

Projected Disbursements \$56,163,000 (\$2.7M below baseline projection)

There are no significant project variances for this service area this period.



Capital Improvement Program Report
2nd Quarter FY2017

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

All priority 1 projects are on schedule and within budget.

Large Contract Actions Anticipated – 6 Month Look-Ahead

Project	Name	Contract Type	Joint Use?	Cost Range	Committee	BOD
H6	Emergency Sanitary Sewer Main IR&R Contract FY18- FY20	Construction	Yes	\$15M - \$20M	EQ&Ops Jun	Jul
CY	Northeast Boundary Tunnel	Construction	Yes	\$500M-\$600M	EQ&Ops Jun	Jul
DE	Small Diameter Watermain Rehab 12b	Construction	No	\$5M - \$10M	EQ&Ops Sep	Oct
F1	Small Diameter Watermain Rehab 13a	Construction	No	\$5M - \$10M	EQ&Ops Sep	Oct

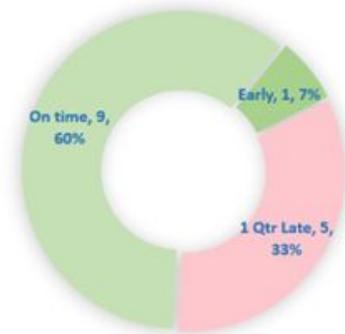


Capital Improvement Program Report 2nd Quarter FY2017

Schedule - Key Performance Indicators, Capital Improvement Program

KPI Performance Through End Quarter 2

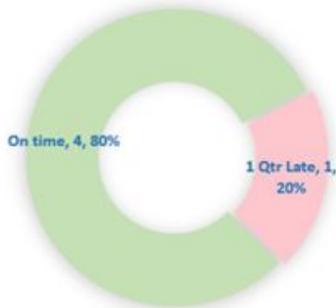
All KPIs



For the 2nd Quarter, four of the Key Performance Indicators (KPIs) were achieved on time; the other four remaining planned KPIs were not achieved, as follows:

1. GA01 - *Sewer Rehab 4* Substantial Completion – not achieved due to delays in permitting process.
2. NG04 –*Storm PS Rehab* Design Start Postponed due to scope change during planning phase and subsequent budget increase not within FY17 budget limit.
3. DE01 – *SDWWR 12a* NTP not issued due to contested bid.
4. XA10 – *Biosolids CHP* Mech. Completion not met due to CAMBI sludge valve leaking slowing final testing.

KPI Performance Through End Quarter 2
Design Start



KPI Performance Through End Quarter 2
Construction Start



KPI Performance Through End Quarter 2
Construction Substantial Completion





Capital Improvement Program Report 2nd Quarter FY2017

FY2017 - KPI Report

DS	Design Start	Planned		On time	
CS	Construction Start	Early		1 Quarter Late	
CSC	Construction Substantial Completion			> 1 Quarter Late	
CO/PC	Consent Oder/Permit Compliance				

Qtr.	Project	Job Name	KPI Name	QUARTER				To Date
				1	2	3	4	
1	G800	Small Local Sewer Rehab 2	CSC					On time
1	CY25	Div P - First Street NW Branch Tunnel (Bloomingdale)	CSC					On time
1	G101	Rehab of Sewers in Georgetown	CS					On time
1	O302	Small Dia Watermain Repl 11b	CS					1 Qtr Late
1	IL10	Creekbed Sewer Rehabilitation Rock Creek Oregon Avenue	CS					On time
1	J001	B Street/New Jersey Ave. Trunk Sewer Rehab	DS					On time
1	F102	Small Diameter Water Main Repl 13B	DS					On time



Capital Improvement Program Report 2nd Quarter FY2017

FY2017 - KPI Report

DS	Design Start
CS	Construction Start
CSC	Construction Substantial Completion
CO/PC	Consent Oder/Permit Compliance

Planned		On time	
Early		1 Quarter Late	
		> 1 Quarter Late	

Qtr.	Project	Job Name	KPI Name	QUARTER				To Date
				1	2	3	4	
2	GA01	Small Local Sewer Rehab 4	CSC					1 Qtr Late
2	XA10	Biosolids Combined Heat and Power (CHP)	CSC					1 Qtr Late
2	DE01	Small Diameter Water Main Repl 12A	CS					1 Qtr Late
2	DZ02	Div RC-A - Rock Creek Project 1 (GI)	CS					On time
2	F201	Small Diameter Water Main Repl 14A	DS					On time
2	FA03	Soldiers Home Reservoir Upgrade	DS					On time
2	NG04	Stormwater Pumping Stations Rehabilitation - Non-Grant Activities	DS					1 Qtr Late



Capital Improvement Program Report 2nd Quarter FY2017

FY2017 - KPI Report

DS	Design Start
CS	Construction Start
CSC	Construction Substantial Completion
CO/PC	Consent Oder/Permit Compliance

Planned		On time	
Early		1 Quarter Late	
		> 1 Quarter Late	

Qtr.	Project	Job Name	KPI Name	QUARTER				To Date
				1	2	3	4	
3	BI01	Enhanced Nitrogen Removal (ENR) North	CSC					On time
3	G601	Sanitary Sewer Rehab and Repair Phase 2 (SUB)	CSC					On time
3	O301	Small Dia Watermain Repl 11a	CSC					On time
3	Q302	Pope Branch Stream Restoration and Sewer Replacement	CSC					On time
3	I802	Large Valve Replacements 12	CSC					On time
3	FQ01	FQ01 Main & O St. PS Intermediate Upgrades	CS					On time
3	CZ07	Potomac Project 1 (GI)	CS					Early
3	IM09	Joyce Road/Morrow Dr Sewer Rehabilitation	DS					On time



Capital Improvement Program Report 2nd Quarter FY2017

FY2017 - KPI Report

DS	Design Start
CS	Construction Start
CSC	Construction Substantial Completion
CO/PC	Consent Oder/Permit Compliance

Planned		On time	
Early		1 Quarter Late	
		> 1 Quarter Late	

Qtr.	Project	Job Name	KPI Name	QUARTER				To Date
				1	2	3	4	
4	EE01	Biosolids Filtrate Treatment Facilities	CSC					On time
4	G100	Lining & Repair of Local Sewers	CSC					On time
4	I801	Large Valve Replacements 11R	CSC					On time
4	CY14	Div J - Northeast Boundary Tunnel	CS					On time
4	DE02	Small Diameter Water Main Repl 12B	CS					On time
4	LZ03	PI Phase 1 Pipe Rehab at Clara Barton Pkwy	DS					On time
4	F202	Small Diameter Water Main Repl 14B	DS					On time

ATTACHMENT 4

**INSURANCE RENEWAL UPDATE
FINANCE AND BUDGET COMMITTEE
May 25, 2017**

The Authority's property, excess liability, worker's compensation, public officials', crime, fiduciary liability and cyber insurance policies are up for renewal covering the period July 1, 2017 to July 1, 2018. The property and excess liability insurance coverages are brokered by Alliant Insurance Services and premiums exceed \$1 million.

Property

The Authority buys a layered and quota share property insurance placement to protect its more than \$3 billion insurable assets from fires and natural catastrophes. Property insurance market conditions are relatively stable. The expiring premium as bound on last renewal was \$764,000. We expect renewal premiums to increase to approximately \$1,050,000, or 37%. The primary reason for the expected premium increase is newly completed construction at Blue Plains and a recent reappraisal of the facility. Total values are up 30% year over year. Additionally, the premium rate for the combined heat and power plant is slightly higher than the remainder of our properties due to associated risk exposures.

Excess Liability

The Authority buys a layered excess liability placement with a \$100 million total limit and total premium of \$1,193,000. Excess liability insurance market conditions for water organizations remain somewhat challenging in the wake of Flint, Michigan. At this time, we anticipate a 5% renewal premium increase to \$1,252,000.

An informational update will be provided at the next committee meeting regarding these policies as well as others that do not require board approval due to the dollar amount.

Rolling Owner Controlled Insurance Programs (ROCIP)

Update on ROCIP 1,2,3,4 Accomplishments

Update of ROCIP 2 & 3 for Key Milestone Actions

May 25, 2017

Briefing for:

Finance & Budget Committee



DC Water Rolling Owner Controlled Insurance Programs (ROCIP)

- AGENDA

What is a ROCIP?

~ History and Background

ROCIP Goals and Accomplishments

~ Consistent with DC Water Goals

Current Programs Overview and Results

~ Positive and achieving forecasted goals

Status report on activity to extend the program for the next period of planned construction

~ Upcoming key action plan

Overview

An OCIP is an alternative insurance program in which a project owner (ex. DC Water) provides and maintains insurance coverages to protect the owner, design builders, prime contractors and subcontractors working on identified projects; OCIP's are typically used on large construction projects involving multiple contractors and subcontractors.

OCIPs provide an opportunity to achieve:

- Strengthened construction risk management and insurance program
- Multiple interests coverage using master insurance policies
 - allows for multiple insureds to be bundled (or wrapped up) into one combined and controlled program
- Mutual identified insurance coverage including higher limits
- Uniform insurance claims handling, loss prevention and safety
- Joint defense, limited cross-liability and coordinated post-loss management

A “Rolling” OCIP covers a long-term capital improvement plan or similar group of separate projects.

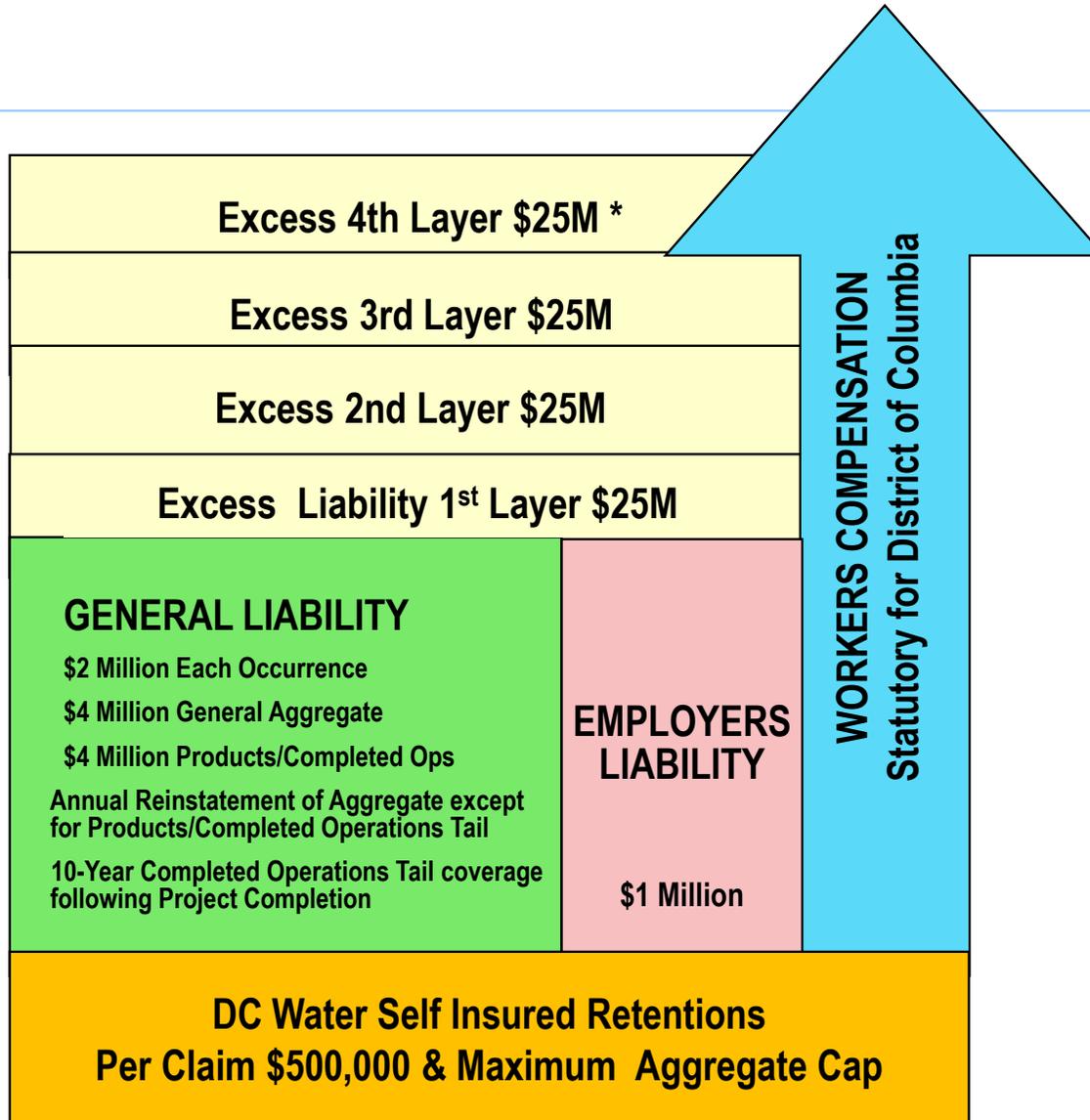
Background – History - Update

- **2003** Study Project to improve Construction Insurance Practices
- **2004** ROCIP 1 Program authorized to facilitate DC Water Goals through 4-15-12
- **2009** ROCIP 2 For Construction projects enrolled during the period 10-15-09 through 10-15-12, completion expected by 1-15-16 (several exception projects with extended coverage beyond 1-15-16)
 - (1) Deferred premium totaling \$2.14MM due to 5 insurers pursuant to forecasts/budgets
- **2012** ROCIP 3 For Construction projects enrolled during the period 10-15-2012 through 11-15-15 and complete by 10-15-17
 - (2) Four projects will not reach completion by the planned date. We recommend extension through completion for the present broker/administrator (AON)
- **2015** ROCIP 4 For Construction projects enrolled during the period 11-15-15 through 10-15-20 and complete by 10-15-22

ROCIP Program Overview

- Insurance Plan Components
 - Combined Workers Compensation and General Liability **paid** loss rating plan includes a fixed premium rate based upon Contractor site payroll
 - Deductible -\$500,000/ per line per loss deductible \$750,000 all lines per loss “clash”
 - Maximum aggregate stop loss rate locked, amount variable based on actual contractor payroll
- General Liability Limits are \$2 MIL/ \$4 MIL per Occurrence/ Aggregate
 - Extended Term Completed Operations
- Excess General Liability limits are \$100MM (1-3)* Increased to \$200 MIL for R4
- Workers Compensation limits are statutory
- Employers Liability limits are \$1 MIL

ROCIP Insurance Limits



Program Goals

- Availability of controlled insurance terms and condition protection with higher dedicated limits for contractors (provides better protection for DC Water)
 - An opportunity for lower construction cost resulting from:
 - lower overall insurance costs
 - volume discounts on insurance purchases; and
 - reduced losses from effective, comprehensive, safety and loss control programs
 - lock in insurance rates over several years
 - Targeted, superior, safety programs are included
 - Multiple layers of oversight are initiated
 - Contractor accountability is enhanced

Program Goals (*Continued*)

- Simplified insurance claims procedures
 - Reduced litigation since one insurance company defends all protected parties in a lawsuit
 - Increased ability to influence the claim handling and outcome
 - Reduction in delays that may result from sorting out multiple insurers and agendas

- Substantial reduction in the amount of time required for obtaining certificates of insurance from contractors

- Insurance requirements no longer an obstacle for contractors bidding work
 - Barriers removed for Disadvantaged Business Enterprises (MBE/LSDBE) firms

Major Accomplishments

Broader Insurance Coverage with Higher Limits

- All enrolled contractors have dedicated limits & comprehensive coverage
- \$100MM(ROCIP1-3) \$200MM (ROCIP4) in excess liability coverage under the ROCIP
- Completed Operations coverage to Statute of Repose (Ten Years)

Lower Construction Costs with Reduced Insurance Costs

- Purchasing insurance for the Contractors on a wholesale basis generates insurance savings for DC Water; on target for significant avoided costs savings as demonstrated by successful ROCIP 1,2,3 & 4
- DC Water has maximized its purchasing power because of large volume of the CIP
- Cost avoidance concept and implementation verified by outside Audit in October 2015

Enhanced Risk Services for Claims Handling and Loss Prevention

- Quarterly insurance claim review with Insurers/ Adjusters
- All enrolled contractors are required to adhere to DC Water safety standards for their safety programs for ROCIP work
- Centralized oversight of all ROCIP Contractor safety
- Additional safety staff reflects strong commitment to safety by DC Water

Major Accomplishments

Reduced Litigation

- Single insurance carrier for all enrolled Contractors minimizes cost with respect to subrogation and litigation

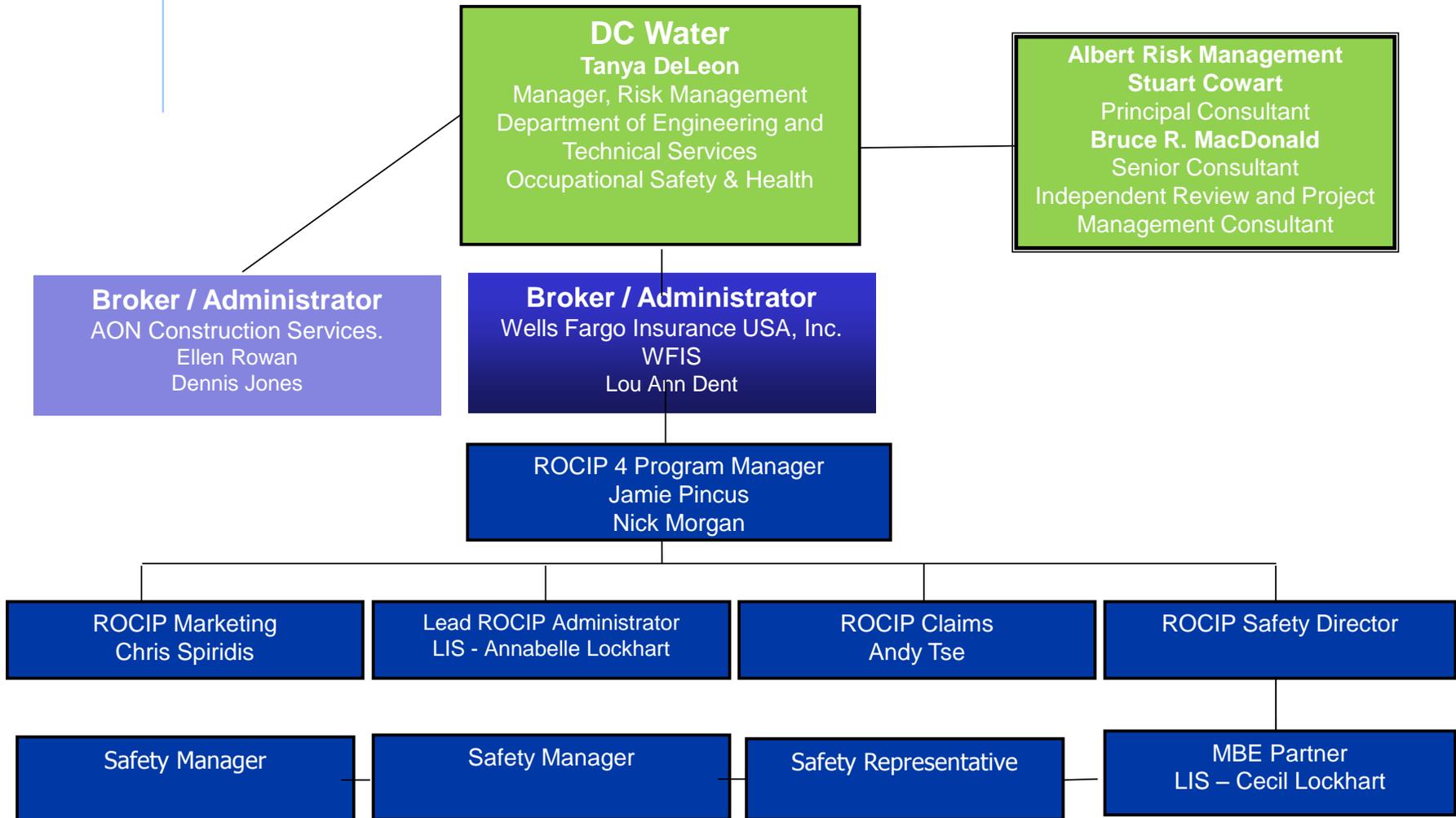
Insurance requirements are no obstacle for Contractors

- Allows and encourages Design Builder & Prime Contractors to hire sub-contractors that might not be in a position to bid without a ROCIP Insurance program in place
- Contractors without high limits of insurance can win bids
- Helps local small business build experience to develop their businesses
- Qualified MBE/LSDBE participants may end up bidding as Prime Contractors on future jobs
- DC Water MBE/LSDBE participation is above national wrap-up average

Program Utilization

	ROCIP 1	ROCIP 2	ROCIP 3	ROCIP Total 1-3		ROCIP 4
Projects Included	65	47	59	171		17
Contractors Covered	391	771	757	1,919		93
Construction Value	\$598 MIL	\$1,185 MIL <i>Original CV Est. \$688MIL</i>	\$1,178 MIL	\$2,961 MIL		\$1,401 MIL Planned
Contractor Payroll	\$102 MIL	\$213 MIL <i>Original Payroll Est. \$151MIL</i>	\$212 MIL	\$527 MIL		\$230 MIL
Avoided Insurance Cost	\$ 5.3 MIL	\$ 8.2 MIL <i>Original Est. Avoided Cost \$6.8MIL</i>	\$ 10.6 MIL	\$ 24.1 MIL		\$9.3MIL
As of 4/1/2017						

ROCIP Teams Composition



Key Observations

- Documented, audited and verified avoided insurance cost benefit opportunities achieved for ROCIPS 1-3 and forecast for the ROCIP 4 plan
- Actual insurance claim amounts continue to exhibits rates better than expected for ROCIP 2 & 3
- Utilization is high all other program factors are on or exceeding forecast
- High level of MBE/LSDBE contractor participation continue
- This multi department initiative continues to promote enhanced internal information sharing/communication and construction risk management beneficial financial protection practices

ROCIP Actions

<u>Task</u>	<u>Status</u>	<u>Proposed Action</u>
<u>ROCIP 2</u>		
(1) Final funding for insurance premiums (claim payments remain open).	Pending	If acceptable to the F&B Committee authorize management to transfer funding of invoiced insurance premiums to the appropriate ROCIP 2 primary and excess liability insurers
<u>ROCIP 3</u>		
(2) Extend the term of the Services Agreement with AON to coordinate with the dates of the particular project completion dates	Pending	If acceptable to the F&B Committee authorize management to accept the Vendors proposal to extend the term of their ROCIP 3 services agreement to the date of planned project completion.

Recommendations

- Our independent insurance advisor, Albert Risk Management Consultants, and the project team recommend DC Water proceed to approve the actions identified
- This recommendation is based upon the successful implementation and achievement of the ROCIP goals to date, and the shared knowledge of future planned construction project activity.

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

ACTION REQUESTED

GOODS AND SERVICES CONTRACT MODIFICATION

Insurance Premium Audit Adjustment

(Joint Use)

Approval to pay an audit adjustment insurance premium for the Rolling Owner-Controlled Insurance Program (ROCIP II) through DC Water's broker of record Aon Risk Solutions in the amount of \$1,404,802.00.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: Aon Risk Solutions 1120 20 th St., NW, Suite 600 Washington, DC 20036	SUBS: Ace American Insurance Company (Chubb) 436 Walnut Street Philadelphia, PA 19106-3703	PARTICIPATION: N/A
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DESCRIPTION AND PURPOSE

Original Contract Value: \$4,638,477.00
 Original Contract Dates: 10-15-2009 – 10-15-2014
 Modification Value: \$0.00
 Modification Dates: 10-16-2014 – 10-15-2015
This Premium Adjustment Value: \$1,404,802.00
This Premium Adjustment Dates: 10-15-2009 – 06-08-2015

Purpose of the Premium Adjustment:

To provide for the payment of additional insurance premiums based upon the Insurance Carrier's (Ace/Chubb) recent payroll audit. Original program costs are based on the estimated payroll of \$151,438,452.00. The actual audited payroll is \$213,736,521.00. This action represents the reconciliation pursuant to the Authority's contractual agreement. The amount has been verified by the broker of record.

Original Contract Scope:

The purpose of this contract was to procure insurance coverage for construction contractors on DC Water capital project identified in ROCIP II. This methodology provided greater insurance coverage on DC Water projects, increased the number of eligible firms that could bid on DC Water contracts and cost savings.

Spending Previous Year:

Cumulative Contract Value: 10-15-2009 – 10-15-2015: \$4,638,477.00
 Cumulative Contract Spending: 10-15-2009 – 10-15-2015: \$4,638,477.00

Contractor's Past Performance:

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

No LBE/LSBE participation.

PROCUREMENT INFORMATION

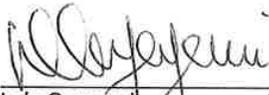
Contract Type:	Firm Fixed	Award Based On:	Competitive Proposals
Commodity:	Insurance Services	Contract Number:	WAS-09-014-AA-GA
Contractor Market:	Open Market with Preference Points for LBE and LSBE Participation		

BUDGET INFORMATION

Funding:	Various Capital Projects	Department:	Risk Management
Service Area:	DC Water Wide	Acting Department Head:	Robert Hunt

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	41.22%	\$579,059.00
Washington Suburban Sanitary Commission	45.84%	\$643,961.00
Fairfax County	8.38%	\$117,723.00
Loudoun County	3.73%	\$52,399.00
Other (PI)	0.83%	\$11,660.00
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$1,404,802.00

 , 05/18/17
 Lola Oyeyemi Date
 Director, Budget

 Dan Bae Date
 Director of Procurement

 , 5/18/17
 Robert Hunt Date
 Acting Chief Financial Officer

 George S. Hawkins Date
 General Manager

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

ACTION REQUESTED

GOODS AND SERVICES CONTRACT MODIFICATION

Property and Casualty Insurance Premiums

(Joint Use - Indirect)

Approval to pay property and excess liability insurance premiums through DC Water's broker of record, Alliant Insurance Services, Inc. in the amount not to exceed \$2, 301,000.00.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: Alliant Insurance Services, Inc. 100 Pine Street, 11 th Floor San Francisco, CA 94111	SUBS: To be determined	PARTICIPATION: N/A
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DESCRIPTION AND PURPOSE

Original Contract Value: \$116,920.00
 Original Contract Dates: 05-01-2017 – 04-30-2018
 Premium Value: \$2,301,000.00
 Premium Dates: 07-1-2017 – 06-30-2018

Purpose of the Premium Adjustment:

To provide for the payment of insurance premiums based upon the marketing of DC Water's property and casualty insurance program. This action represents the best value from the three (3) current brokers.

Original Contract Scope:

The purpose of this contract was to provide a pool of insurance brokers to market DC Water's property and casualty insurance program. Three (3) brokers were selected through a competitive proposal process to market the DC Water program.

Spending Previous Year:

Cumulative Contract Value: 05-01-2017 – 04-30-2018: \$116,920.00
 Cumulative Contract Spending: 05-01-2017 – 04-30-2018: \$0.00
 Property Premium \$1,051,000.00
 Excess Premium \$1,250,000.00

Contractor's Past Performance:

According to the COTR, Alliant was one of the three (3) prior brokerage firms whose service level; timeliness of service delivery; conformance to DC Water's policies, procedures and contract terms; and invoicing all meet expectations.

No LBE/LSBE participation.

PROCUREMENT INFORMATION

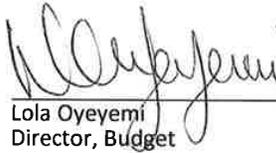
Contract Type:	Firm Fixed	Award Based On:	Highest Rated Firm
Commodity:	Insurance Services	Contract Number:	17-PR-CFO-20A
Contractor Market:	Open Market with Preference Points for LBE and LSBE Participation		

BUDGET INFORMATION

Funding:	Operating	Department:	Risk Management
Service Area:	DC Water Wide	Acting Department Head:	Robert Hunt

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	83.65%	\$1,924,786.00
Washington Suburban Sanitary Commission	12.07%	\$277,730.00
Fairfax County	2.84%	\$65,349.00
Loudoun County	1.25%	\$28763.00
Other (PI)	0.19%	\$4,372.00
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$2,301,000.00

 , 05/18/17
 Lola Oyeyemi Date
 Director, Budget

_____/_____
 Dan Bae Date
 Director of Procurement

 , 5/12/17
 Robert Hunt Date
 Acting Chief Financial Officer

_____/_____
 George S. Hawkins Date
 General Manager



Main & O Campus Update

**Headquarters (HQO) Development
Fleet, Sewer Services & Floatable Debris Relocation**

Briefing for DC Water Board of Directors

**Environmental Quality & Operations Committee
May 18, 2017**

**Finance & Budget Committee
May 25, 2017**



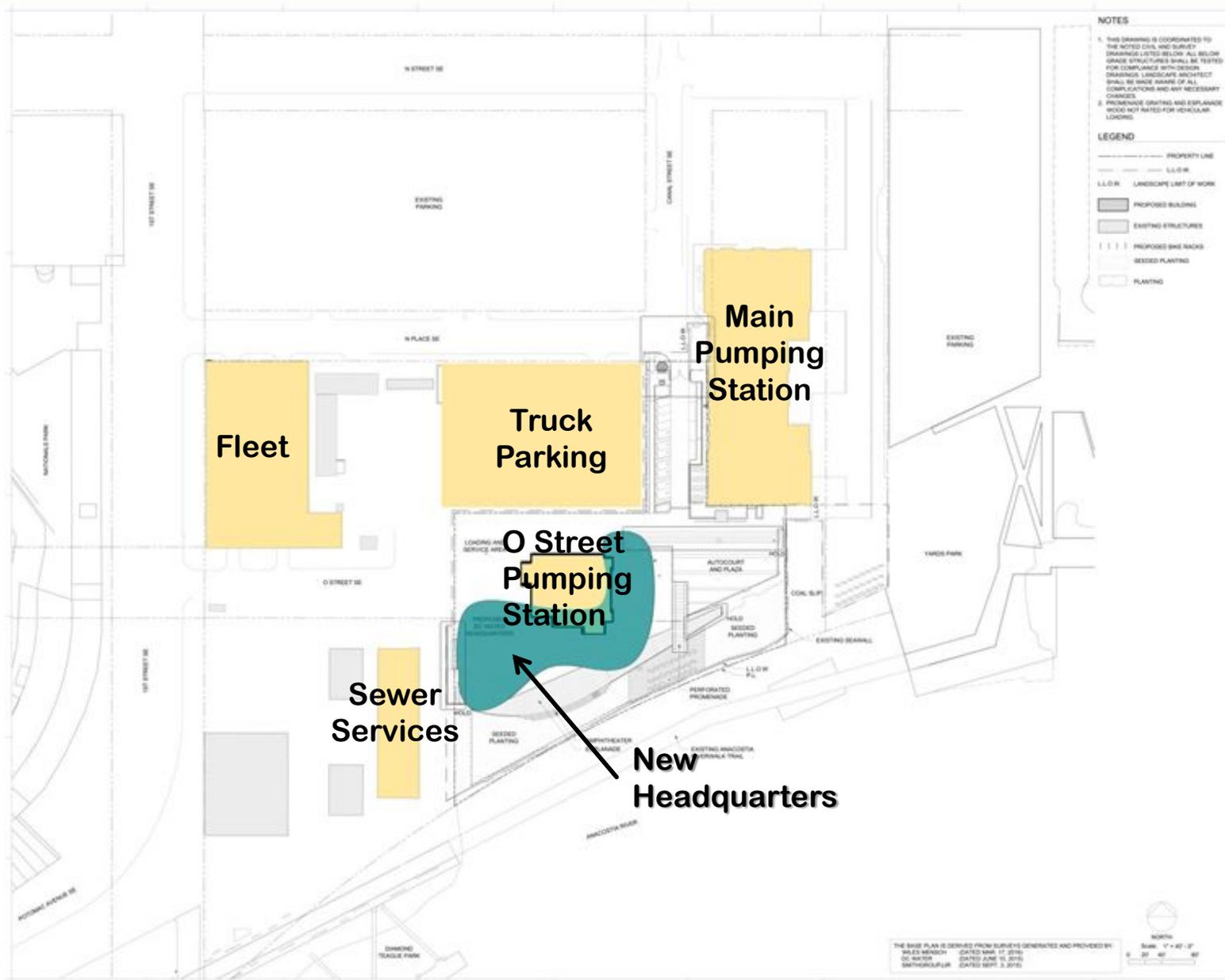
District of Columbia Water and Sewer Authority
George S. Hawkins, General Manager

Main & O Campus Update

HQO DEVELOPMENT



NEW HEADQUARTERS BUILDING



NOTES

1. THIS DRAWING IS COORDINATED TO THE NOTED CIVIL AND SURVEY DRAWINGS LISTED BELOW. ALL BELOW GRADE STRUCTURES SHALL BE TESTED FOR COMPLIANCE WITH DESIGN CRITERIA. LANDSCAPE ARCHITECT SHALL BE MADE AWARE OF ALL UTILITIES AND ANY NECESSARY CHANGES.
2. FURNISHING GRATING AND EXPLAINAGE WOULD NOT BE RATED FOR VEHICULAR LOADING.

LEGEND

- PROPERTY LINE
- L.L.O.W. LANDSCAPE LIMIT OF WORK
- PROPOSED BUILDING
- EXISTING STRUCTURES
- PROPOSED BIKE RACKS
- SEEDING/PLANTING



SMITHGROUP JJR
1700 NEW YORK AVENUE, NW
WASHINGTON, DC 20006

SKANSKA
1000 K STREET, NW
WASHINGTON, DC 20004

SKANSKA
1000 K STREET, NW
WASHINGTON, DC 20004

GENSLER and **SWEDEN** | **DBI**

WMC



THE BASE PLAN IS DERIVED FROM SURVEYS GENERATED AND PROVIDED BY:
 SALES MARCHON (DATED MARCH 17, 2010)
 DC SURVEY (DATED JUNE 15, 2010)
 SMITHGROUP JJR (DATED MARCH 3, 2010)

Scale: 1" = 40'-0"
 NORTH
 0 20 40 80

CONTEXT PLAN

Scale: 1" = 40'-0"

CD L-0101



Current Status of Negotiations with District on Relocation from Main & O Campus

- **All legal documents have been drafted; final reviews are underway.**
- **District (DMPED) introducing a funding resolution and other documents to Council the week of May 22, 2017 after DC Attorney General's review.**
- **After funding approved, and documents have been fully executed, first funding will be deposited in Escrow Account for DC Water's benefit.**
- **DC Water plans to introduce a Supplemental Agreement to Non-Process Facilities Master Plan Architect for design of new facilities for approval at July Board Meeting**
- **DGS acquisition of Ames Place projected for week of May 22, 2017.**



Relocation Project Negotiated Funding Amount

DCW Relocation Project Budget Items	Allocated Cost
Fleet Services Relocation	
-Design & Preconstruction	\$ 2,500,000.
-Construction of Facilities	\$13,000,000.
Sewer Services Relocation	
-Design & Preconstruction	\$ 1,500,000.
-Phase One	\$ 7,000,000.
-Phase Two	\$ 3,500,000.
Ames Place Acquisition	\$ 8,529,000.**
Ames Place Due Diligence	\$ 171,000.
DCW Staff & Consultant Cost	\$ 160,000.
Floatable Debris Offices & Storage Relocation	\$ 350,000.
Perimeter Fence at the Main Pumping Station	\$ 1,500,000.
Total Budgeted Costs to be Funded	\$38,210,000

****To be paid directly by District to WMATA.**



Relocation Project Milestone Dates

DCW Relocation Project Milestones	Estimated Date	Outside Date
Commence Design of Fleet & Sewer Services	July 1, 2017	August 1, 2017
Vacate F1 (Theatre) Parcel + 1 ½ Street (to west curb of proposed street) adjacent to F1	September 1, 2017	November 1, 2017
Complete Design of Fleet Services Facility	May 1, 2018	October 1, 2018
Complete Design of Sewer Services Phases 1 and 2	May 1, 2018	October 1, 2018
Commence Construction of Fleet Services	September 1, 2018	December 1, 2018
Complete Construction of Fleet Services	December 1, 2019	May 1, 2020
Relocate Fleet Services	February 1, 2020	June 1, 2020
Certify Cost of Fleet Services	June 1, 2020	November 1, 2020
Commence Design of Floatable Debris Services	August 1, 2017	October 1, 2017
Complete Design of Floatable Debris Services	August 1, 2018	October 1, 2018
Commence Construction of Floatable Debris Services	December 1, 2018	February 1, 2019
Complete Construction of Floatable Debris Services	November 1, 2019	February 1, 2020
Relocate Floatable Debris Offices/Storage	December 1, 2019	March 1, 2020
Certify Cost of Floatable Debris Offices	March 1, 2020	June 1, 2020
Commence Construction Phase 1 Sewer Services	February 1, 2019	April 1, 2019
Complete Construction Phase 1 Sewer Services	October 1, 2019	February 1, 2020
Relocate Phase 1 of Sewer Services	December 1, 2019	March 1, 2020
Vacate G1 Parcel*	April 1, 2020	August 1, 2020
Commence Construction Phase 2 Sewer Services**	August 1, 2020	October 1, 2020
Complete Construction Phase 2 Sewer Services	June 1, 2021	September 1, 2021
Relocate Phase 2 of Sewer Services	July 1, 2021	October 1, 2021
Vacate G2, G3 (South) Parcels + adjacent streets of 1 ½ Street and Potomac Avenue	September 1, 2021	December 1, 2021
Certify Cost of Sewer Services	January 1, 2022	April 1, 2022
Complete Construction of Security Fence at Main Pumping Station and Certify Cost	January 1, 2022	June 1, 2022

*Outside date may be extended depending on DCW's need for service vehicle parking, or the availability of alternative parking locations, or the date of completion of Sewer Services construction. **Outside date can be extended in order to complete environmental remediation of Ames Place property after WMATA vacates the leased portion of the property.



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

Main & O Campus Update

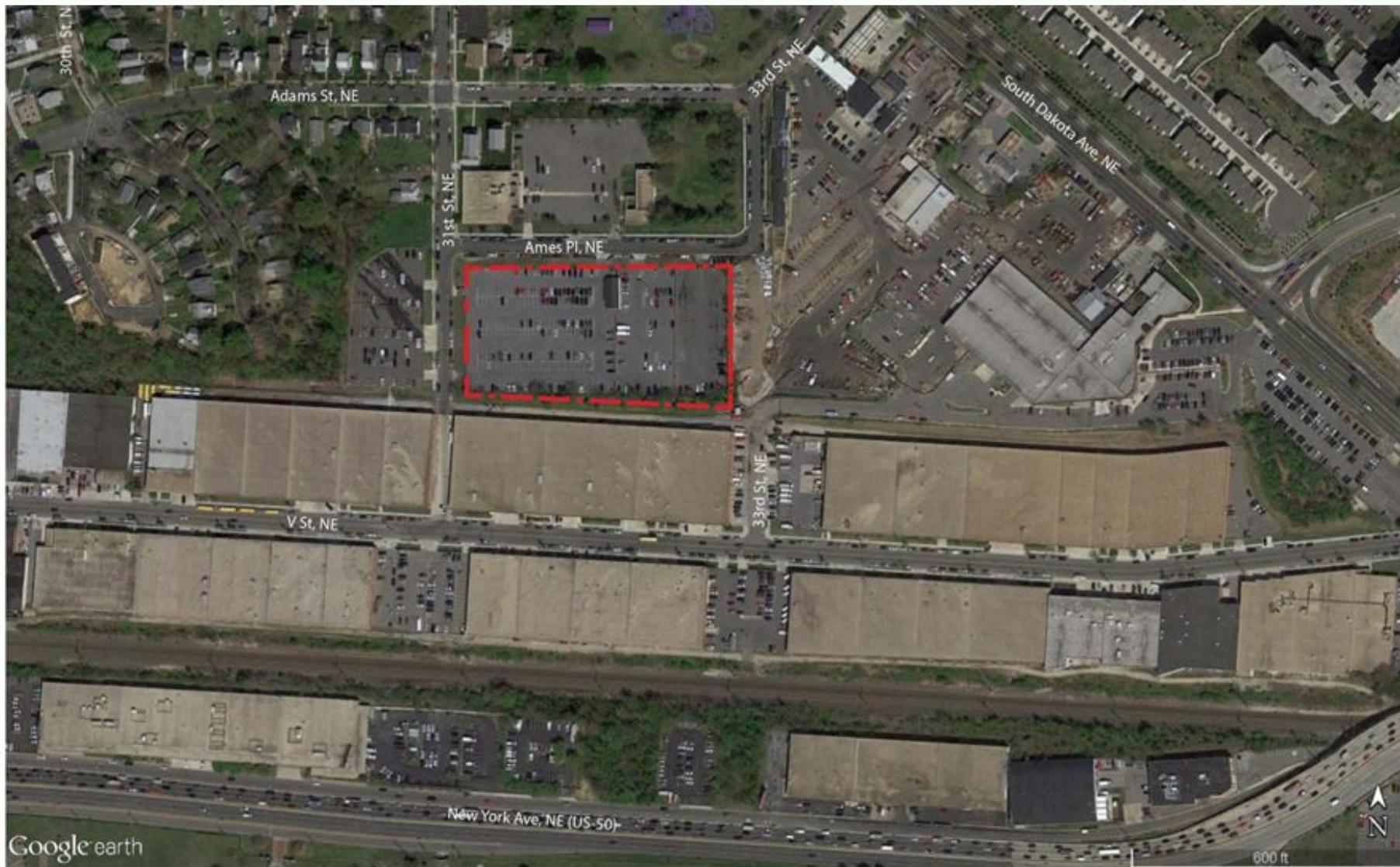
SEWER SERVICES RELOCATION

Sewer Services Relocation Project

Two Phase Development

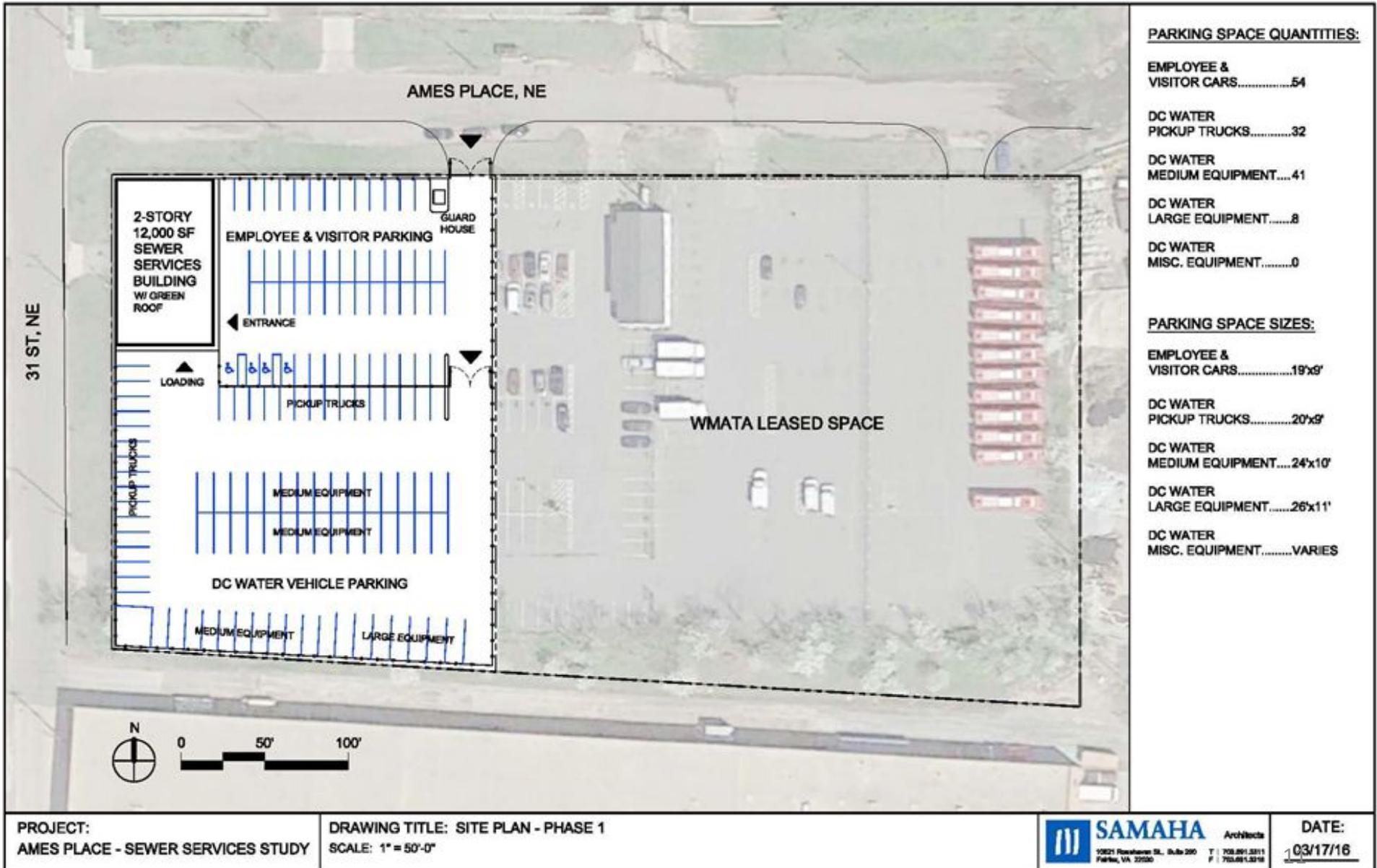
Phase I – One-Third of Site Design Phase to start immediately after Board Approval of Design Agreement

Phase II – Remaining two Thirds of Site – construction to begin once WMATA vacates property, estimated 3 years from date of acquisition by District



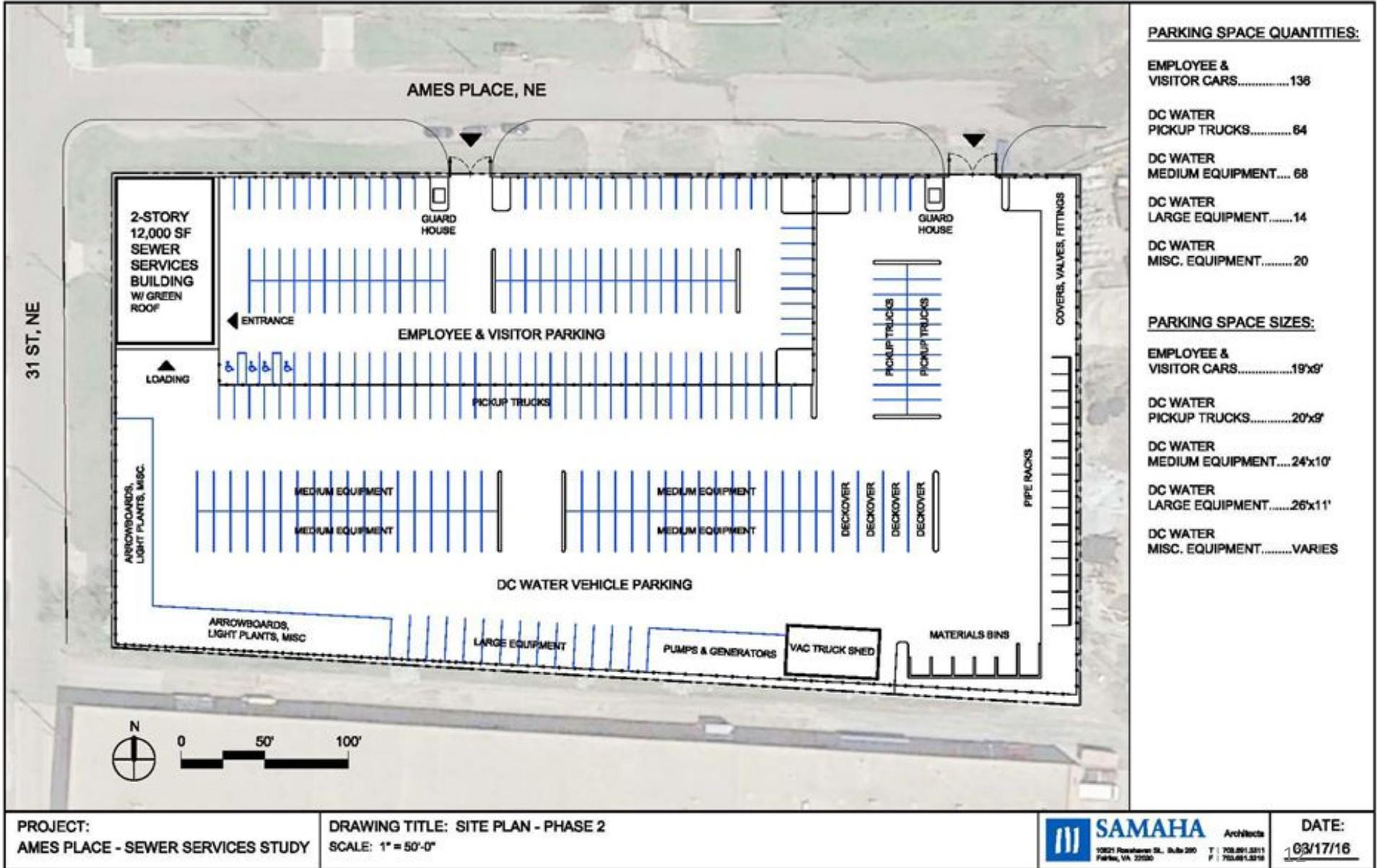


SEWER SERVICES RELOCATION





SEWER SERVICES RELOCATION





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

Main & O Campus Update

FLEET RELOCATION





DRAWING TITLE: **SITE PLAN - PHASE I**

SCALE: 1/32" = 1'-0"

PROJECT:
Fleet Building



A-1

DATE:
9/14/2015

16







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

Main & O Campus Update

FLOATABLE DEBRIS OPERATIONS



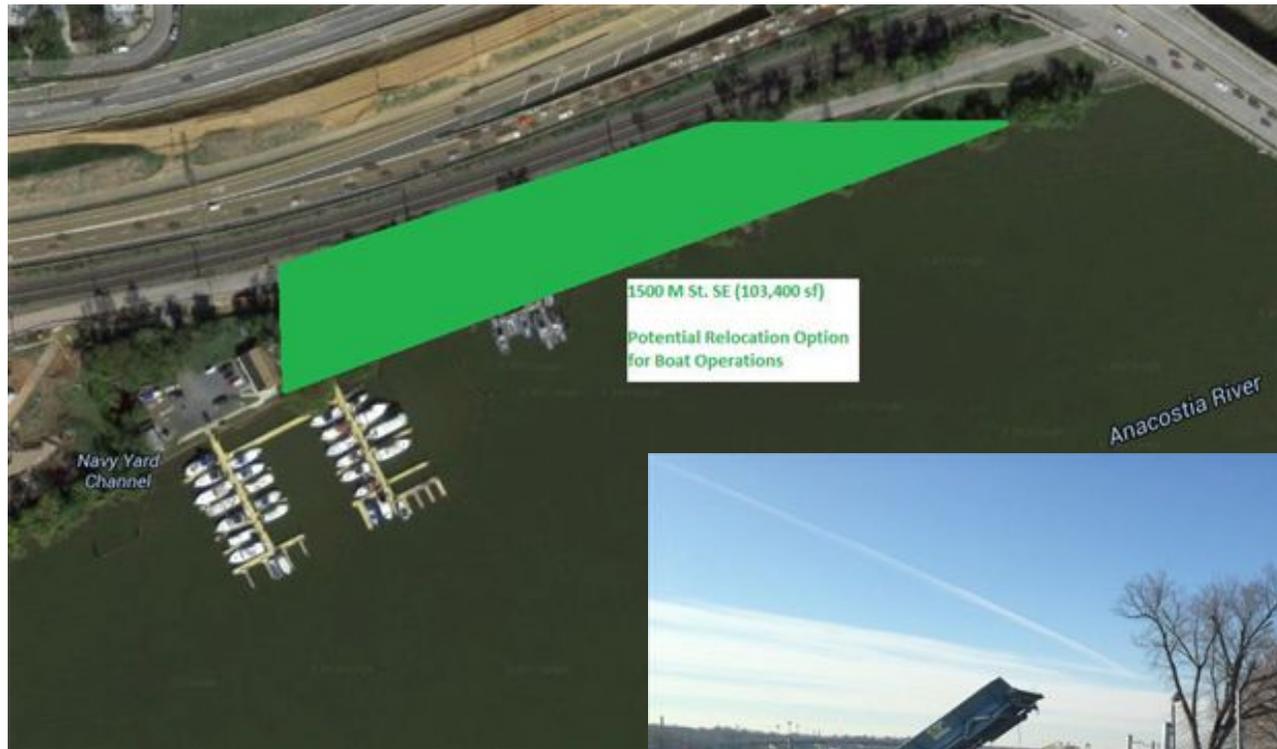
FLOATABLE DEBRIS OPERATIONS

Existing CIP Project (NZ) to improve the Docks/Boat Slips, relocating Floatable Debris Operations (offices/storage) to be done in conjunction

Immediately after Board approval of Design Contract:

- Design Phase of Office/Storage space to start
- Engagement with Permitting Authorities, including Corps







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

**Thursday, June 22, 2017; 11:00 a.m.
Blue Plains Wastewater Treatment Plant
5000 Overlook Avenue, SW, DC**

AGENDA

Call to Order	Chairman
May 2017 Financial Report	Chief Financial Officer
Agenda for July Committee Meeting	Chairman
Adjournment	Chairman

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