



FY 2022 Approved Budget

Adopted by the Board of Directors on April 1, 2021

District of Columbia Water and Sewer Authority



DC Water Headquarters from the Anacostia River

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DC Water Budget Overview

Approved FY 2021-2030 Capital Investments of **\$5.4 billion**



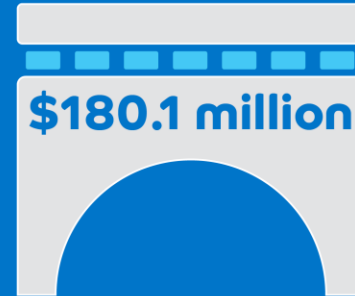
Fully funds DC Clean Rivers and other CSO projects to meet Consent Decree requirements



\$336 million

Invests in process equipment, specialized vehicles, and information technology infrastructure; establishes funding for the innovation program

Invests in the Aqueduct's capital infrastructure

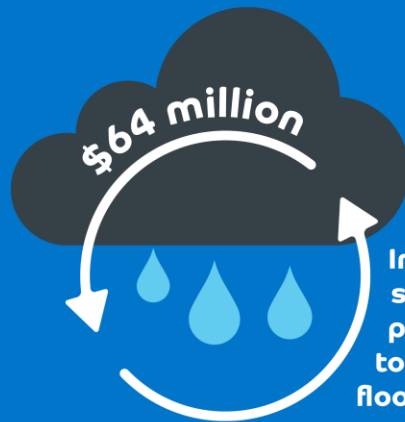


Continues investment in Water & Sewer infrastructure

Ramps up to 1.5% replacement for small diameter water mains per year in FY 2028 and beyond

Ramps up to 1.0% rehabilitation for small sewer lines per year in FY 2024 and beyond, and 1.5% in FY 2031 and beyond

\$2.46 billion



Improves stormwater pump stations to relieve local flooding

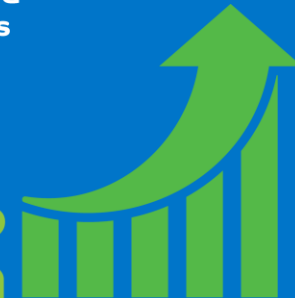
\$109.8 million



Constructs the new Fleet and Sewer Facilities, renovates the Historic Main Pump Station, and restores the Main & O campus seawall

\$1.16 billion

Funds rehabilitation and upgrades at Blue Plains



DC Water Budget Overview

FY 2022 Operating Budget of \$658.4 million

\$178.8 million

Supports DC Water's 1231 employees who deliver for our customers every day, including 14 apprentices to achieve service levels



Adds two positions for LeadFree DC program inspections and eight positions to insource activities

\$1.6 million



\$85.4 million



Funds core operations like infrastructure maintenance and repairs, strategic programs, software technology, legal, compliance, insurance, credit card fees, facilities and biosolids hauling services

\$0.7 million



Continues expansion of the Backwater Valve Program

\$269 million

Funds debt service and Paygo for the capital program

paygo



\$22.7 million

Makes PILOT & ROW payments to the District

\$96.7 million



Provides for chemicals, supplies, water purchase and utilities



\$2 million

Funds maintenance of the Green Infrastructure (GI) facilities to manage stormwater, and security guards needed for the new Fleet and Sewer facilities

\$1.5 million



Establishes programs to repair property side leaks and perform comprehensive inspection and maintenance of small sewers

Executive Budget Summary

💧 **Operating Budget of \$658.4 million**

- Operations and Maintenance (O&M) budget of \$366.7 million for personnel and non personnel
- Debt Service budget of \$231.2 million and Cash Financed Capital Improvements budget of \$37.8 million
- PILOT & ROW payments to the District of \$22.7 million or an increase of \$0.3 million

💧 **10-year Capital Budget of \$5.4 billion**

- Capital Projects – \$4.92 billion for mandated projects, equipment upgrades and rehabilitation at Blue Plains, and continues investments in the aging water and sewer infrastructure
- Capital Equipment – \$336.0 million for equipment including pumps, motors, meters, backhoes, jet-vacs, catch basin trucks and other aged vehicles to meet operational needs and completion of the ERP Project in FY 2022
- Washington Aqueduct (WAD) –\$180.1 million for DC Water’s share of WAD’s capital program

💧 **Includes Previously Approved FY2022 Rates**

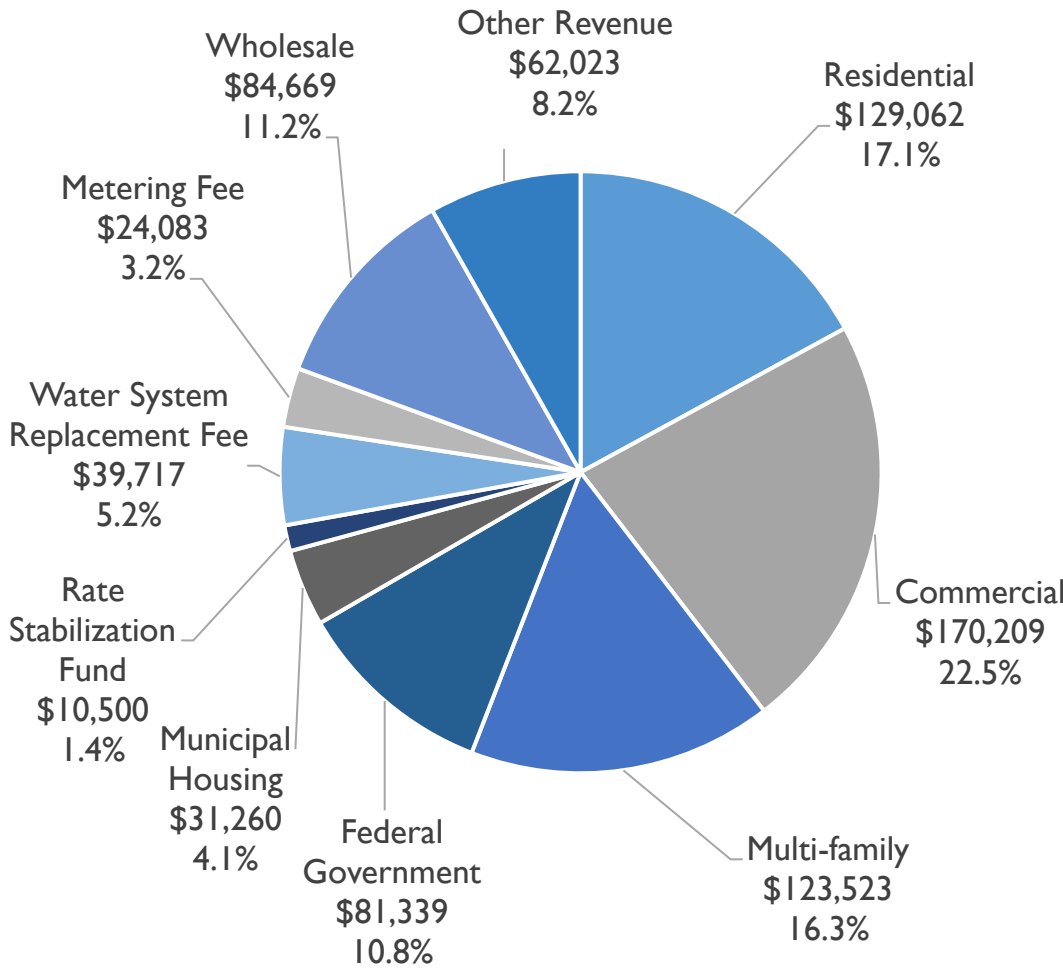
- Applies \$10.5 million from the Rate Stabilization Fund
- Completes “shift” of 37% of Clean Rivers costs from the Clean Rivers Impervious Area Charge to the sewer volumetric rate



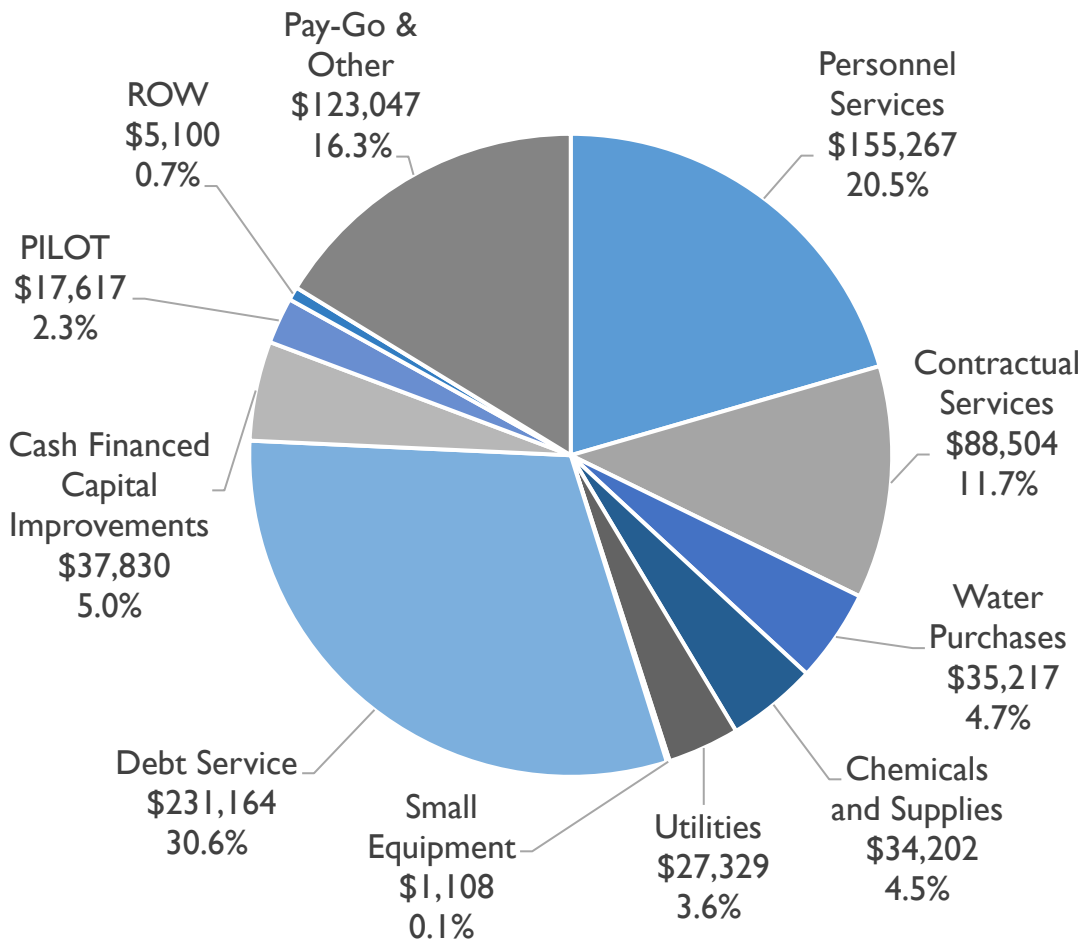
FY 2022 Operating: Sources and Uses of Funds

\$ in thousands

Sources - \$756.4 Million



Uses - \$756.4 Million

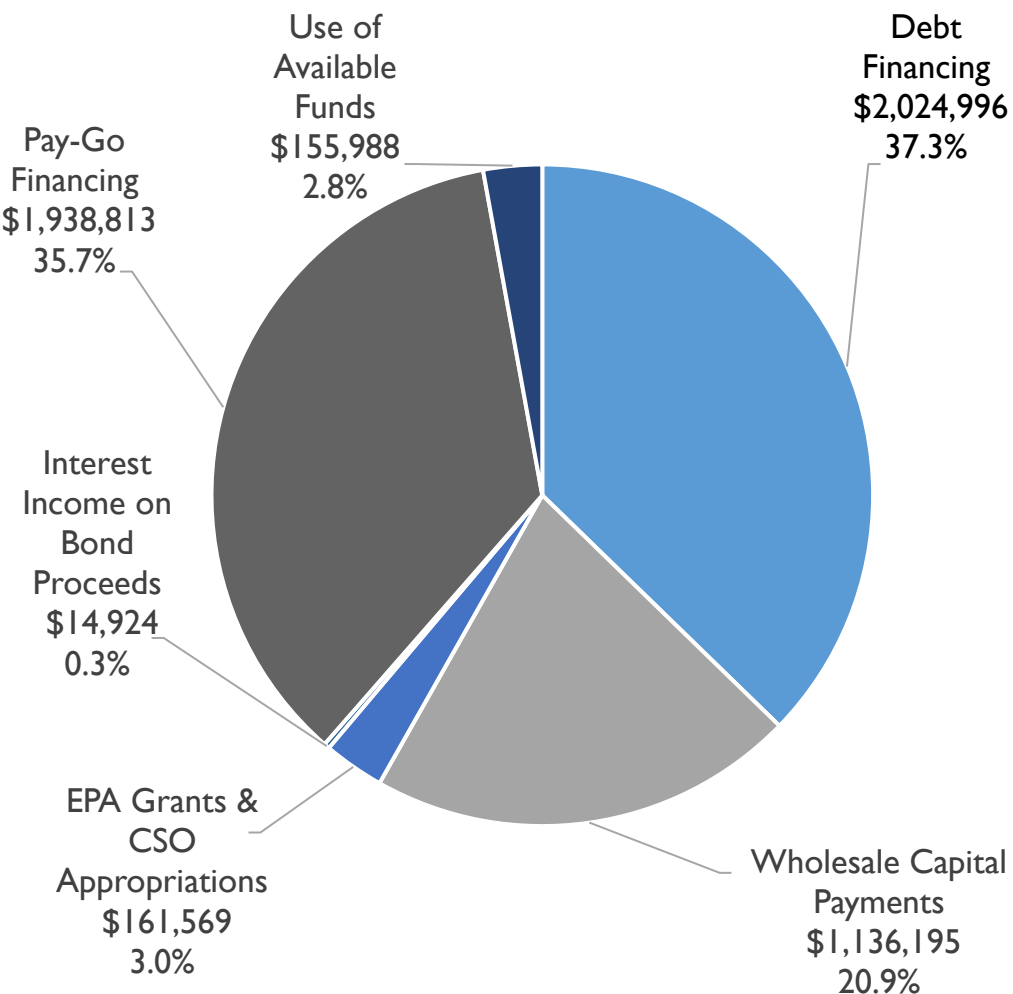




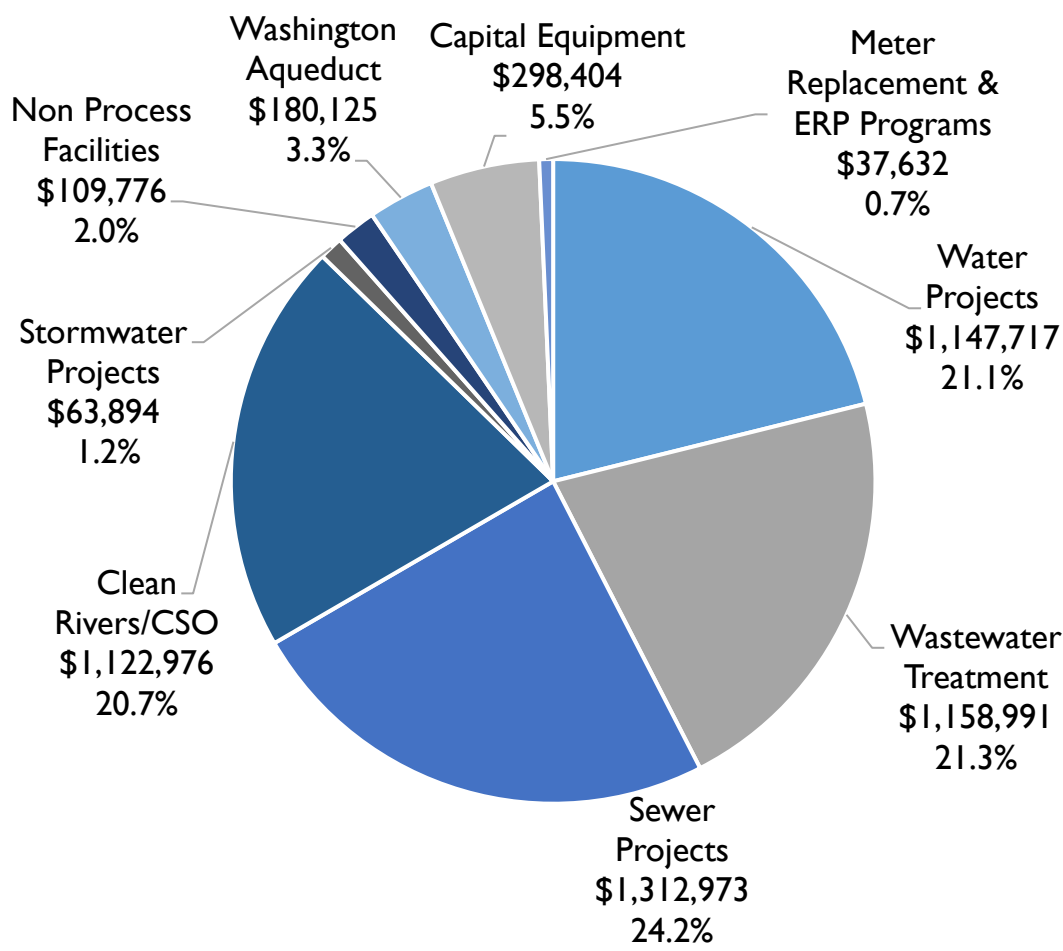
Ten Year CIP: Sources and Uses of Funds

\$ in thousands

Sources - \$5.43 Billion

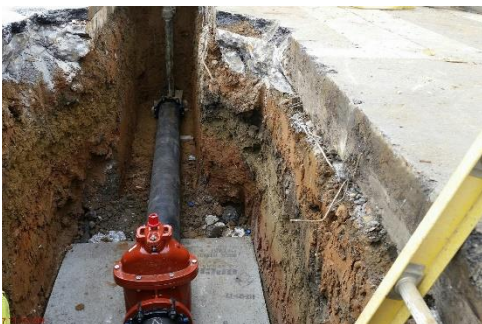


Uses - \$5.43 Billion



Capital Improvement Program

- Funds \$476 million in FY 2022 and \$5.4 billion over the ten-year period for infrastructure improvements
- Prioritizes projects currently under construction, including the Clean Rivers program, and those that leverage outside funds
- Funds replacement of 1.0% small diameter water mains and ramps up to 1.5% replacement per year for small diameter lines in FY 2028 and beyond
- Ramps up to 1.0% rehabilitation per year for small sewer lines in FY 2024 and beyond, and 1.5% rehabilitation in FY 2031 and beyond
- Includes \$63.9 million in FY 2022 and \$1.16 billion over the ten-year period for projects at Blue Plains including \$50.9 million for Enhanced Nitrogen Removal Facilities and \$643.4 million for Liquid Processing
- Continues construction of new Fleet and Sewer Facilities
- Advances funding for innovation program initiatives to continue to improve operational efficiencies and/or generate new revenues
- Funds \$336 million for planned equipment to meet purchases/replacement of mechanical equipment, operational facilities, vehicle equipment, office renovations, and IT software/hardware
- Funds projects for Washington Aqueduct delayed from prior year due to COVID-19 impact



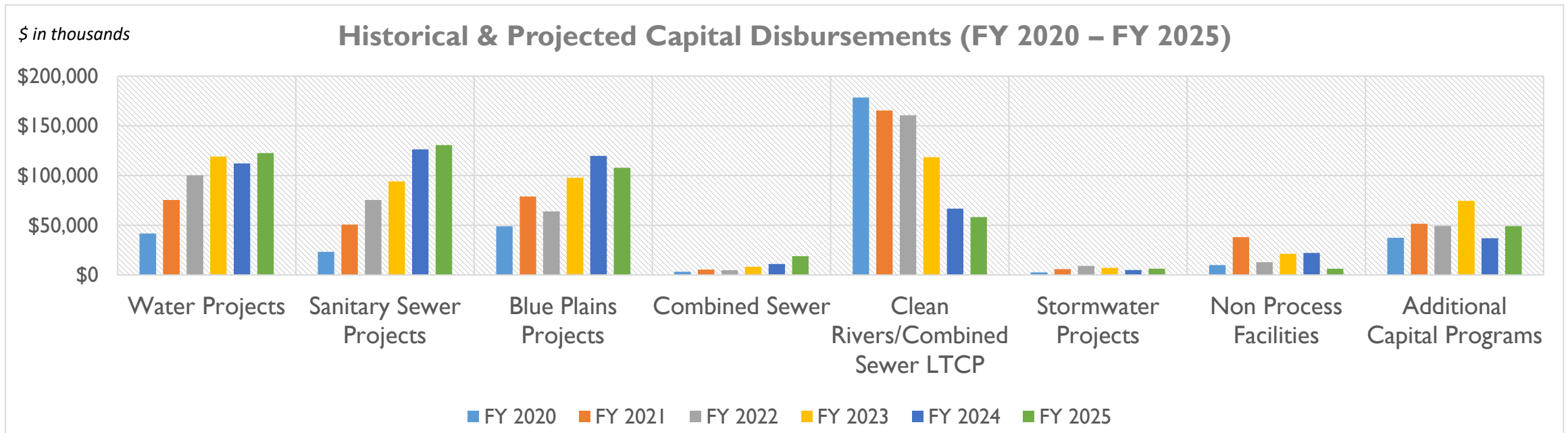


The Capital Improvement Program

- Total spending is \$5.4 billion in the ten-year plan, a decrease of \$17.5 million from previous CIP
- The Approved FY 2021 – FY 2030 CIP disbursements include spending reductions of \$36.3 million in FY 2021 and \$134.9 million in FY 2022 compared to last year's plan due to the impact of the COVID-19 pandemic on revenues
- The approved lifetime budget is \$12.13 billion and covers total commitments, including labor, for active projects prior to, during, and beyond the ten-year window

\$ in 000's	FY 2021 – FY 2030 Approved Disbursement Plan											Last Year's CIP	(Increase)/ Decrease	Lifetime Budget
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	10-yr Total			
NON PROCESS FACILITIES	\$38,004	\$12,725	\$21,321	\$22,204	\$6,350	\$5,262	\$3,066	\$844	\$0	\$0	\$109,776	\$137,479	\$27,703	\$210,031
WASTEWATER TREATMENT	78,992	63,922	97,737	119,659	107,822	139,953	133,832	127,553	133,746	155,775	1,158,991	1,049,252	(109,739)	3,475,135
COMBINED SEWER OVERFLOW	170,842	165,276	126,598	77,962	77,216	157,621	104,808	91,414	124,593	26,645	1,122,976	1,311,366	188,390	2,979,072
STORMWATER	5,931	9,228	7,209	5,109	6,328	5,297	5,089	7,718	5,057	6,928	63,894	58,690	(5,204)	121,310
SANITARY SEWER	50,547	75,437	94,116	126,383	130,552	182,891	214,243	166,734	138,047	134,024	1,312,973	1,228,922	(84,052)	2,095,695
WATER	75,362	100,209	119,090	112,118	122,534	122,944	126,693	129,781	118,831	120,155	1,147,717	1,136,112	(11,605)	2,346,963
CAPITAL PROJECTS	419,678	426,797	466,072	463,435	450,803	613,968	587,731	524,044	520,274	443,526	4,916,327	4,921,821	5,493	11,228,206
CAPITAL EQUIPMENT	36,207	36,019	36,611	28,578	33,103	33,103	33,103	33,103	33,103	33,103	336,036	333,015	(3,021)	336,036
WASHINGTON AQUEDUCT	15,382	13,324	37,903	8,414	16,012	34,208	11,240	10,919	18,885	13,838	180,125	195,178	15,053	180,125
ADDITIONAL CAPITAL PROGRAMS	51,589	49,343	74,513	36,992	49,115	67,312	44,344	44,023	51,988	46,942	516,161	528,193	12,032	516,161
LABOR													-	388,747
TOTAL CAPITAL BUDGETS	471,267	476,140	540,585	500,427	499,918	681,280	632,075	568,067	572,262	490,468	5,432,489	5,450,013	17,524	12,133,115
Last Years CIP	507,590	611,008	531,323	438,195	461,193	580,092	589,978	628,404	650,006	-	5,450,013	5,450,013	17,524	12,390,598
(Increase)/Decrease	\$36,323	\$134,868	(\$9,262)	(\$62,232)	(\$38,725)	(\$101,188)	(\$42,096)	\$60,338	\$77,744	(\$490,468)	\$17,524	-	-	\$257,483

- DC Water is proceeding with the increased investment in water and sewer projects over the next five years as we approach the completion of the Clean Rivers tunneling program, though due to the pandemic the ramp up will be slower than previously planned
 - Spending on water projects will double from \$42 million in FY 2020 to \$100 million in FY 2022
 - Significant growth in sewer projects from \$23 million in FY 2020 to \$75 million by FY 2022
 - Clean Rivers program is anticipated at 52 percent of the overall CIP in FY 2020, but only 12 percent by FY 2025



Operating Expenditures

- FY 2022 Proposed Operating Budget of \$658.4 million
- Advances LeadFree DC with the support of two new positions responsible for inspections
- Expands assistance through a new \$1 million program to repair property side leaks impacting water bills
- Implements a new comprehensive inspection and maintenance program for small local sewers in FY 2022 for \$0.5 million, with future ramp-up estimated at \$0.9 million
- Funds eight new positions to reduce continued reliance on consultants for support of Helpdesk, Cyber Security, Automatic Meter Reader Administration, schedulers for capital project planning, hazard mitigation grants, budgeting, and payroll functions
- Continues to invest in the local community by providing 14 jobs through the Apprentice program
- Funds \$1.3 million for the maintenance of the Green Infrastructure (GI) facilities to manage stormwater and \$0.7 million for additional security guards needed at the new locations for the Fleet Service and Sewer Service facilities
- Provides \$720,000 for the Backwater Valve Program through FY 2023 for the installation of backwater valves on private properties in response to the September 10, 2020 storm event
- Includes \$231.2 million for debt service costs

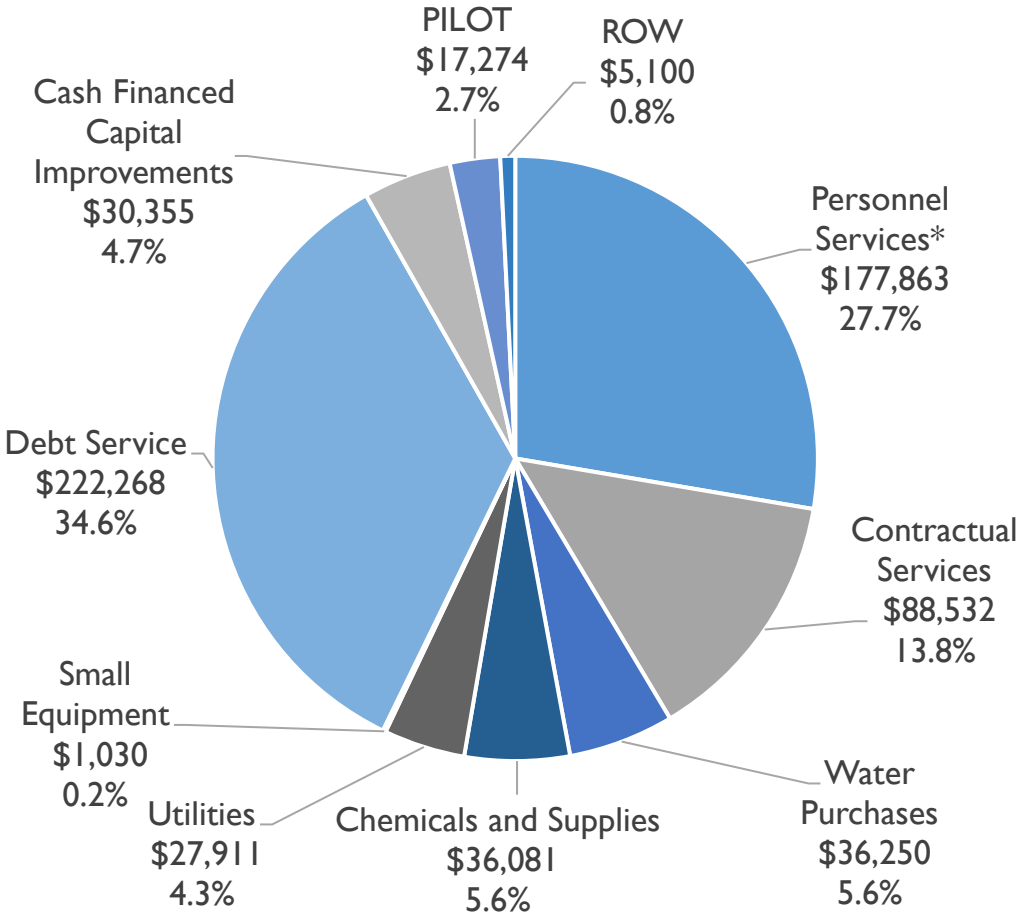




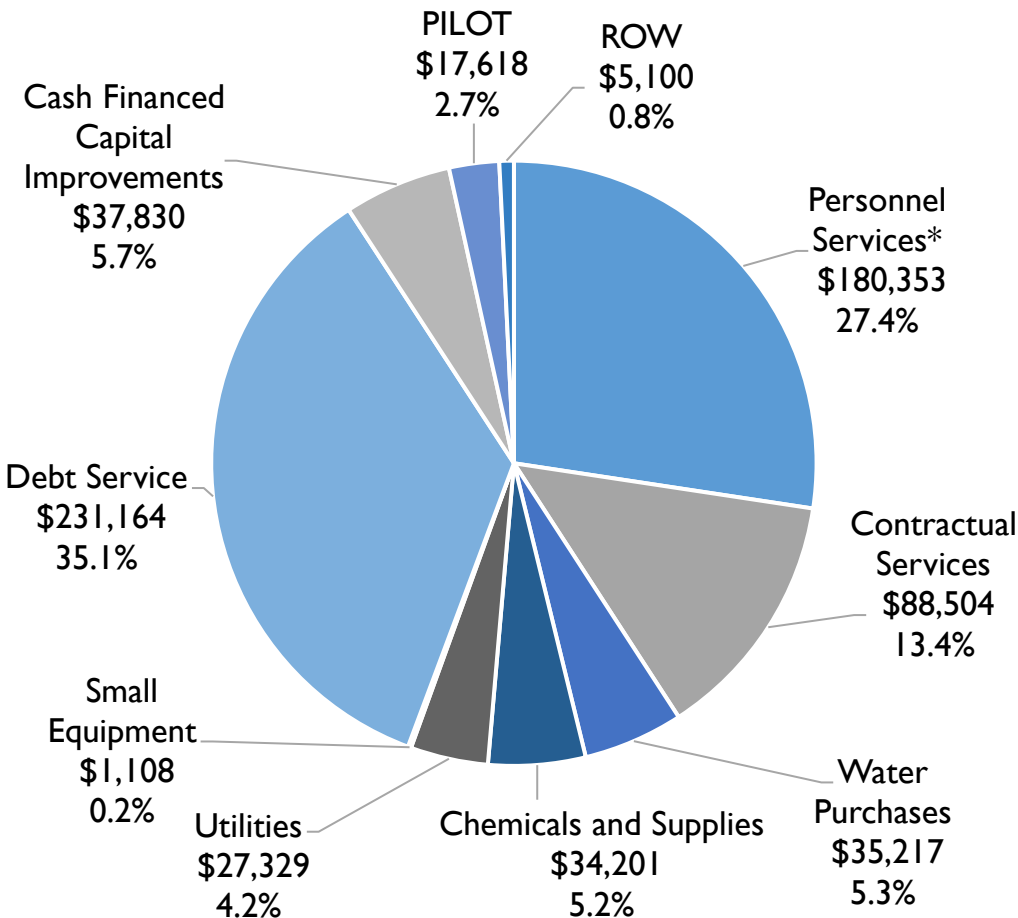
FY 2021 vs. FY 2022 Expenditure Budgets

\$ in thousands

Approved FY 2021
\$642,663



Proposed FY 2022
\$658,423



* Personnel Services includes capital labor charges

- 💧 Total Operations & Maintenance expenditure is projected to decrease by \$0.95 million or 0.3%
- 💧 Overall Operating Expenditure is projected to increase by \$15.8 million or 2.4%

(\$000's)	FY 2021 Approved		FY 2021 Forecast		(Increase)/ Decrease		FY 2022 Approved		(Increase)/ Decrease			
Regular Pay	\$	127,675	\$	121,994	\$	5,681	4.7%	\$	132,146	\$ (4,471)	-3.4%	
Benefits		42,034		39,153		2,881	7.4%		40,064		1,970	4.9%
Overtime		8,154		7,062		1,092	15.5%		8,143		11	0.1%
Total Personnel Services		177,863		168,209		9,654	5.7%		180,353		(2,490)	-1.4%
Chemical & Supplies		36,081		33,763		2,318	6.9%		34,201		1,880	5.5%
Utilities		27,911		27,771		140	0.5%		27,329		582	2.1%
Contractual Services		88,532		82,987		5,545	6.7%		88,504		28	0.0%
Water Purchases		36,250		33,750		2,500	7.4%		35,217		1,033	2.9%
Small Equipment		1,030		1,028		2	0.2%		1,108		(78)	-7.0%
Total Non-Personnel Services		189,804		179,299		10,505	5.9%		186,359		3,445	1.8%
Total Operations & Maintenance		367,667		347,508		20,159	5.8%		366,711		956	0.3%
Debt Service		222,268		222,268		-	0.0%		231,164		(8,896)	-3.8%
PILOT & ROW		22,372		22,372		-	0.0%		22,718		(346)	-1.5%
Cash Financed Capital Improvement		30,355		30,355		-	0.0%		37,830		(7,475)	-19.8%
Total Non-O& M		274,995		274,995		-	0.0%		291,712		(16,717)	-5.7%
Total Operating Expenditure		642,662		622,503		20,159	3.2%		658,423		(15,761)	-2.4%
Capital Labor Charges		(24,382)		(24,382)		-	0.0%		(25,086)		704	-2.8%
Net Operating Expenditure		618,280		598,121		20,159	3.4%		633,337		(15,057)	-2.4%



FY 2022 vs. FY 2021 Operating Budget Variances

- 💧 **Personnel Services** – \$2.5 million increase mainly for salaries, employee health benefits and overtime costs for 1241 FTEs and 14 apprentices. This includes two new positions to support inspection work for the LeadFree DC program and eight new positions to reduce continued reliance on consultants for support of Helpdesk, Cyber Security, Automatic Meter Reader Administration, schedulers for capital project planning, hazard mitigation grants, budgeting, and payroll functions
- 💧 **Chemicals & Supplies** – \$1.9 million decrease in fixed costs for major chemicals (methanol, sodium bisulfite and ferric chloride) used in the wastewater treatment process
- 💧 **Utilities** – \$0.6 million decrease mainly for water usage on the Plant due to changes made in the treatment process and comparatively reduced flow on the Plant. Additional decreases in electricity and fuel costs based on current market forecasts
- 💧 **Water Purchase** – \$1.0 million increase reflects continued decline in water demand and based on DC Water's share of 75% of the Aqueduct's operating costs
- 💧 **Contracts** – Relatively flat compared to FY 2021 level. Funds new programs such as the leak repairs, Backwater Valve Program, inspection of small local sewers and the maintenance of the Green Infrastructure (GI) facilities), and the facilities and maintenance needs for the new Fleet Service and Sewer Service locations. There were offsetting reductions in various professional services including the Environmental Impact Bond (based on the effectiveness of GI in managing stormwater)
- 💧 **Small Equipment** – Budget is relatively flat and is mainly for the purchase of small items such as office equipment, cameras, small appliances and tools and rental of postage machines
- 💧 **Non O&M** - \$8.9 million increase in debt service costs, \$7.5 million increase in Cash Financed Capital Improvements (CFCI) for Paygo and \$0.3 million for PILOT consistent with the MOU with the District

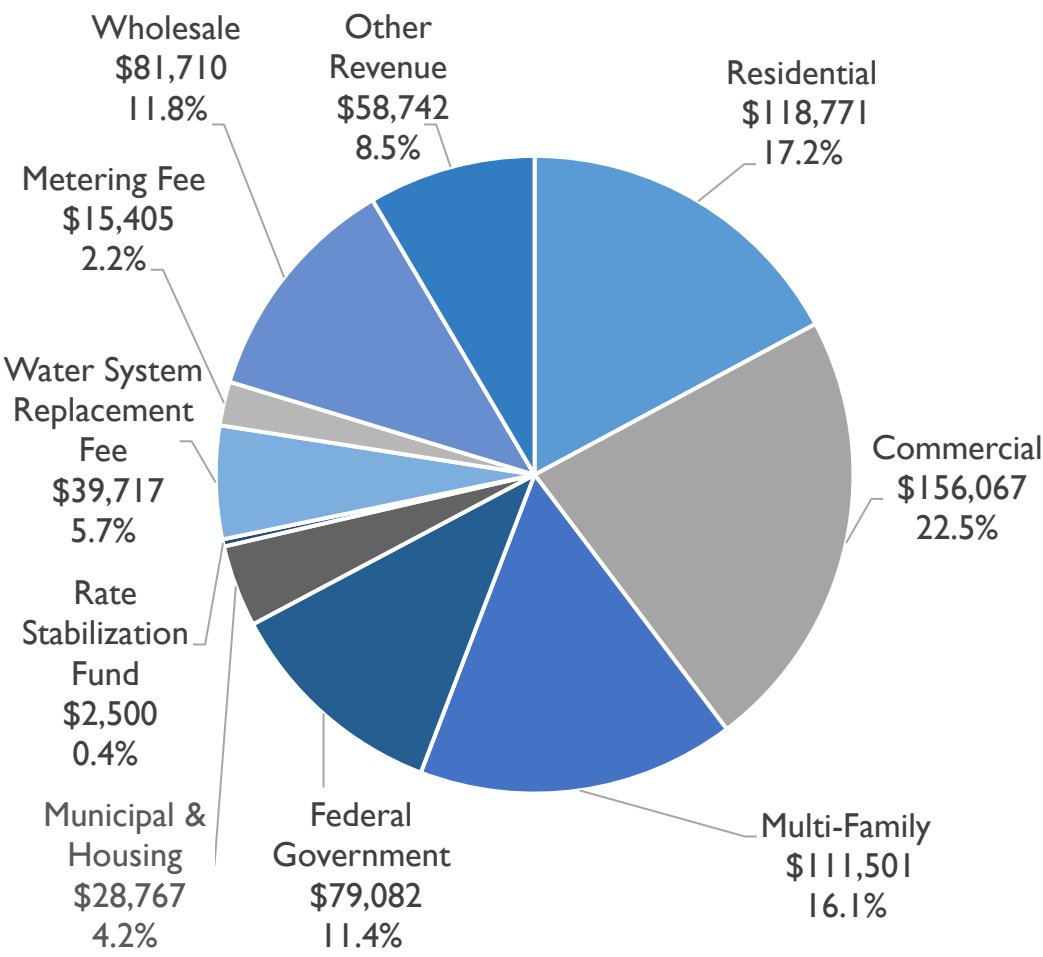
Operating Revenues



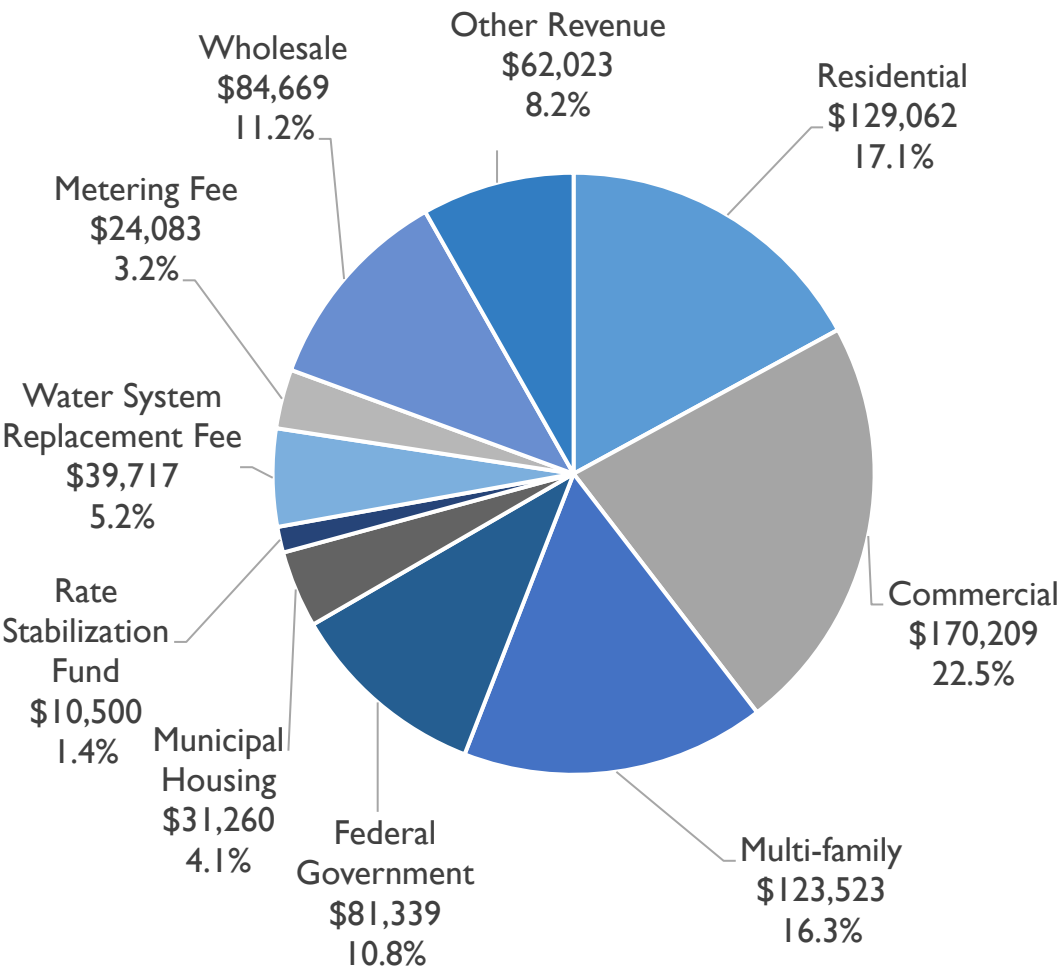
FY 2021 vs. FY 2022 Operating Revenues

\$ in thousands

Revised* FY 2021
\$692,262



Approved FY 2022
\$756,385



*Reduced from the Board-adopted FY 2021 revenue budget of \$733.7 million



Revenue Comparison by Customer Class

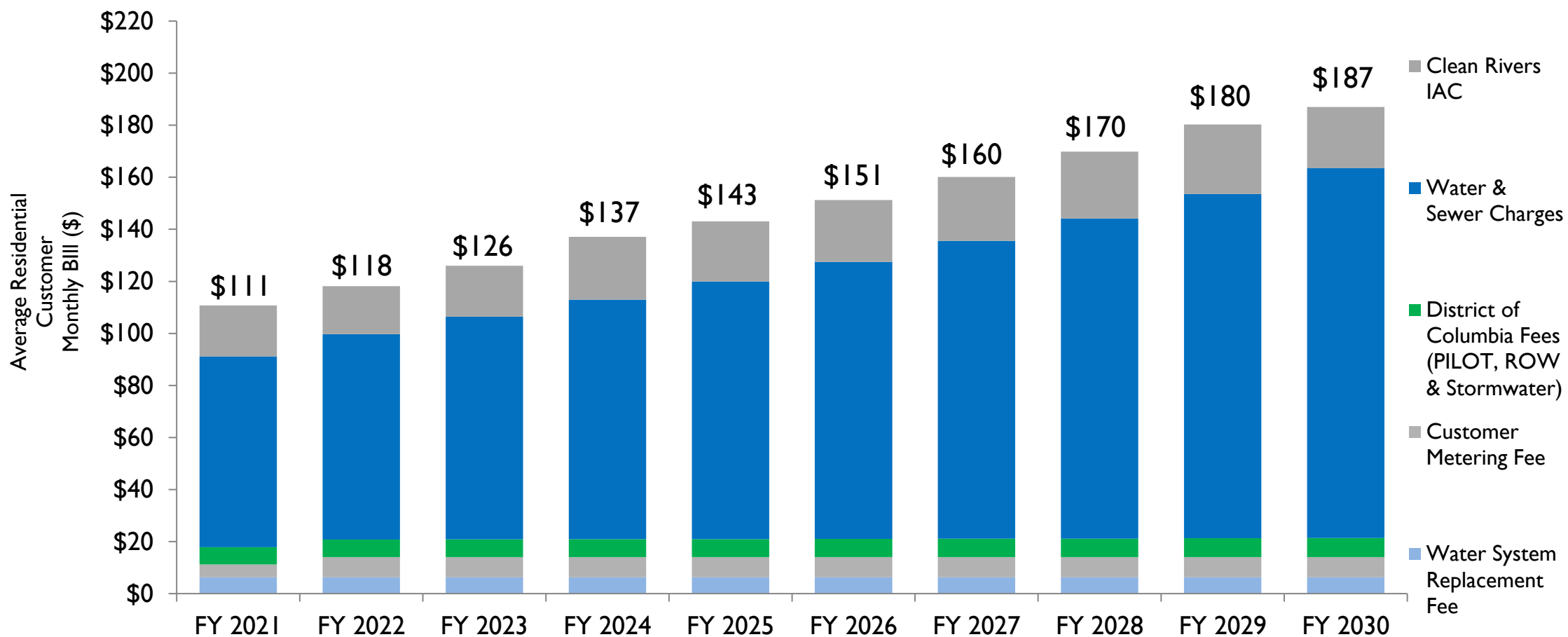
- Total revenue is projected to decrease by \$17.8 million or -2.5% for FY 2021 due to impact of COVID-19 and increase by \$64.1 million or 9.3% for FY 2022 mainly due to rate increase
- Retail revenue is projected to decrease by \$1.9 million or -0.3% for FY 2021 and increase by \$49.9 million or 9.1% for FY 2022
- Wholesale revenue is projected to increase by \$2.6 million or 3.2% for FY 2021 and increase by \$3.0 million or 3.6% for FY 2022 mainly due to 3.0 percent escalation

\$ in thousands	FY 2020	Revised FY 2021	Proposed FY 2022	FY 2021 vs FY 2020		FY 2022 vs FY 2021	
				Incr/(Decr) \$	%	Incr/(Decr) \$	%
Retail Revenue	\$551,188	\$549,310	\$599,193	-\$1,878	-0.3%	\$49,883	9.1%
Wholesale Revenue							
Potomac Interceptor (PI)	2,648	3,547	3,547	899	34.0%	-	-
Loudoun County Sanitation Authority (LCSA)	7,488	6,620	6,897	-868	-11.6%	277	4.2%
Washington Suburban Sanitary Commission (WSSC)	54,520	56,954	59,049	2,434	4.5%	2,095	3.7%
Fairfax County	14,501	14,589	15,176	88	0.6%	587	4.0%
Total Wholesale Revenue	\$79,157	\$81,710	\$84,669	\$2,553	3.2%	\$2,959	3.6%
Other Revenue	79,752	58,742	62,023	-21,010	-26.3%	3,281	5.6%
Rate Stabilization Fund	-	2,500	10,500	2,500	-	8,000	320.0%
Total Revenues	\$710,097	\$692,262	\$756,385	-\$17,835	-2.5%	\$64,123	9.3%



Projected Average Residential Customer Bill

💧 Projected average monthly residential customer bill ranges from \$111 in FY 2021 to \$187 in FY 2030



* Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons

Customer Assistance Programs

- 💧 Five most common water and wastewater programs (US Environmental Protection Agency)

https://www.epa.gov/sites/production/files/2016-04/documents/dw_ww_utilities_cap_combined_508-front2.pdf

- ✓ **Bill Discount** – CAP, CAP2, CAP3, CRIAC Non-Profit Relief
- ✓ **Flexible Terms** – Customer Service provides to our customers
- ✓ **Lifeline Rate** – For the first four Ccf of water
- ✓ **Temporary Assistance** – SPLASH, DC Water cares, Multi-family assistance
- ✓ **Water Efficiency** – Proposed new program

For more information on customer assistance programs, see: <https://www.dcwater.com/customer-assistance>

💧 **CAP**

- Discount on the first 3,000 gallons of water, sewer, PILOT and ROW services each month. 75 percent reduction in CRIAC and Water Service Replacement Fee waiver; monthly discount is approximately \$77

💧 **CAP 2**

- Discount on the first 2,250 gallons of water and sewer services used each month (with the exception of PILOT and ROW fees) and a 50 percent reduction in CRIAC fee; monthly discount is approximately \$50

💧 **CAP 3**

- Provides a discount of 75 percent off of the CRIAC; monthly discount is approximately \$15

💧 **Emergency Residential Relief Program**

- Eligible households may receive bill assistance up to \$2,000 as a one-time emergency benefit

💧 **Nonprofit Relief Program**

- Assists eligible organizations with Clean Rivers Impervious Area Charge (CRIAC). Participants can receive credits of up to 90 percent of the CRIAC portion of their water bill



Let us help with your water bill

💧 **DC Water Cares Emergency Residential Relief Program for Low-Income Customers**

- Eligible households may receive bill assistance up to \$2,000 as a one-time emergency benefit

💧 **DC Water Multi-family Emergency Assistance Program**

- Eligible Multi-family Customers may receive bill assistance up to \$2,000 as a one-time emergency benefit



Financial Plan

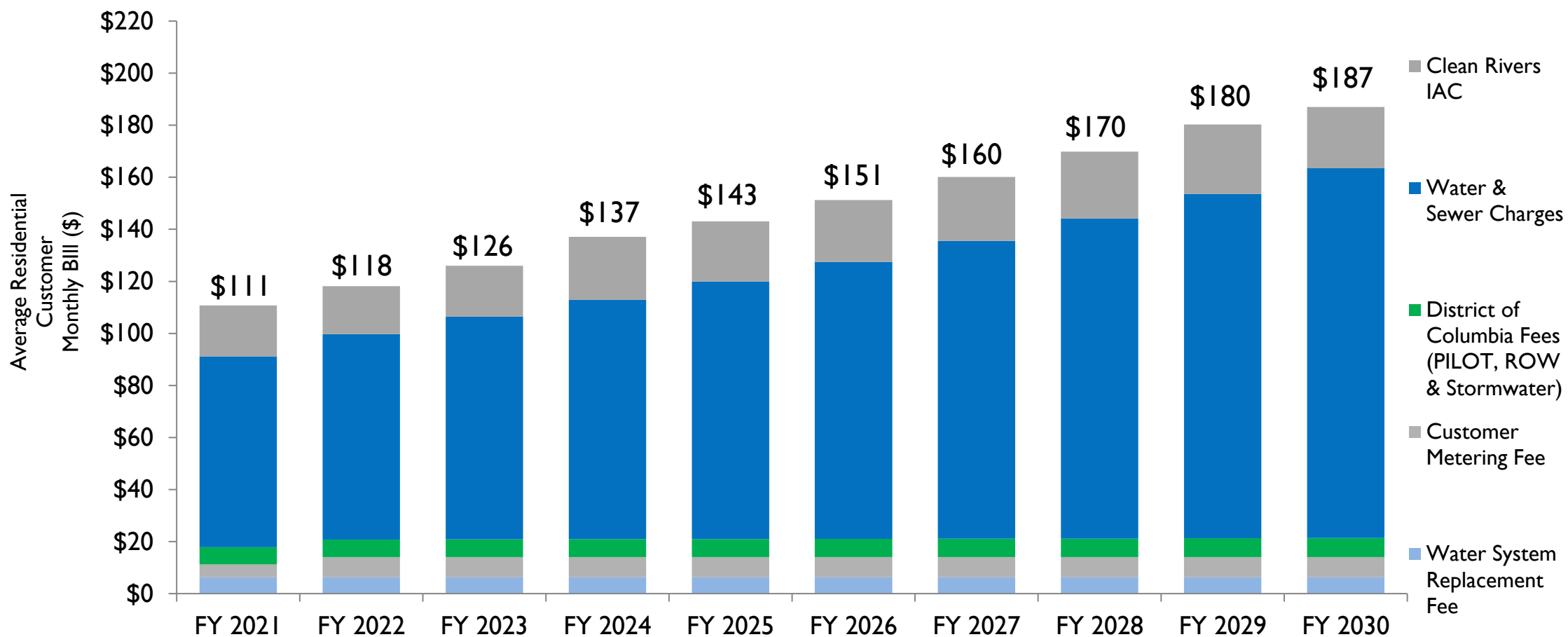
- 💧 DC Water's 10-year financial plan serves as the fiscal roadmap to achieve the Board's strategic plan
- 💧 It is one of management's key tools to monitor progress in meeting financial goals and targets
- 💧 It also ensures meeting or exceeding all debt-related legal and policy requirements, as well as maintaining sufficient liquidity to meet all current financial obligations
- 💧 DC Water's financial plan objectives focus on:
 - minimizing rate increases while meeting all financial obligations;
 - satisfying all indenture requirements and Board policies; and
 - maintaining the DC Water's current credit ratings of AAA/Aa1/AA+

Metrics	Indenture Requirement	Board Policy	Management Target	Financial Plan
Days of Cash on Hand	60 days	\$125.5 million or 120 Days	250 Days	276 - 306 Days
Combined Coverage Ratio	—	—	1.6X	1.68X – 1.88
Senior Coverage	1.2X	1.4X	—	4.77X – 6.42X
Subordinate Coverage	1.0X	1.0X	—	2.05X – 2.26X
Debt Service as a % of Revenue	—	—	33% of Revenue or Less	28.2% - 32.9%
Rate Stabilization Fund	—	—	10% of Revenue	




Projected Average Residential Customer Bill

💧 Projected average monthly residential customer bill ranges from \$111 in FY 2021 to \$187 in FY 2030



* Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons


Complete Budget Briefing available online at <https://www.dcwater.com/budget-and-rate-review-documents-0>








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Ratemaking Process

The Board's Strategic Plan and 10-year financial plan provide the framework for the formulation, prioritization, implementation and monitoring of the annual budget process.

The annual budget process typically begins with planning in June and official kickoff in July of each year for the Operating and Capital Budgets. Plans and budgets are prepared at an appropriate level of detail for each management level. Assumptions inherent in the plans and budgets reflect the entity's historical experience, current conditions and Executive Team's directives. Once decisions are finalized for the operating and capital budgets, management develops the financial plan and rate model including various scenarios to ensure a balanced budget for recovery of costs. Further review is undertaken with independent consultants including benchmarking our proposed rates with peers in the industry. DC Water develops two-year rate proposals. The benefits of multi-year rates include greater revenue certainty, increased budget discipline and better alignment between revenues and expenditures.


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- [Impervious Area Calculator](#)








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Budget and Rate Review Documents

Date	Title
April 1, 2021	Board of Director's Meeting FY 2022 Approved Budget
March 25, 2021	Finance and Budget Committee Overview of Proposed FY 2022 Budget
March 23, 2021	DC Retail Water & Sewer Rates Committee FY 2021 - FY 2030 Proposed Ten-Year Financial Plan
March 18, 2021	Environmental Quality and Operations Committee FY 2021 - FY 2030 Proposed Capital Improvement Program Budget
February 23, 2021	Joint DC Retail Water & Sewer Rates and Finance and Budget Committee Overview of Proposed FY 2022 Budget
February 4, 2021	Environmental Quality and Operations Committee FY 2021 - FY 2030 Proposed Capital Improvement Program Budget
February 4, 2021	Budget Workshop with the Board FY 2022 Proposed Budget
January 28, 2021	Finance and Budget Committee Overview of Operating Budget Drivers