



**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
291st MEETING OF THE BOARD OF DIRECTORS**

Thursday, November 3, 2022

9:30 a.m.

via Microsoft Teams

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- I. **Call to Order (Chairperson Tommy Wells)**
- II. **Roll Call (Alfonzo Kilgore Stukes, Acting Board Secretary)**
- III. **[Approval of the October 6, 2022, Meeting Minutes](#)**
- IV. **Chairman's Overview**
- V. **Committee Reports**
 1. [Environmental Quality and Operations Committee \(Sarah Motsch\)](#)
 2. [Audit and Risk Committee \(Floyd Holt\)](#)
 3. [Finance and Budget Committee \(Anthony Giancola\)](#)
- VI. **Issues of General Interest**
- VII. **[CEO/General Manager's Report \(David Gadis\)](#)**
- VIII. **[Contract Summary \(FYI\)](#)**
- IX. **Consent Items (Joint Use)**
 1. [Approval to Execute Supplemental Agreement No. 2 of Contract No. DCFA-496, Ramboll \(Formally O'Brian & Gere Engineers, Inc.\)- Resolution No. 22-67 \(Recommended by the Environmental Quality and Operations Committee 10/20/2022\)](#)
- X. **Consent Items (Non-Joint Use)**
 1. [Approval of Execute Contract No. DCFA-530A, Cube Root – Resolution No. 22-68 \(Recommended by the Environmental Quality & Operations Committee 10/20/2022\)](#)
 2. [Approval to Execute Contract No. DCFA-530B, A. Morton Thomas, and Associates, Inc. -Resolution No. 22-69 \(Recommended by the Environmental Quality and Operations Committee 10/20/2022\)](#)

3. Approval to Rollover the FY 2022 RAP and MAP Programs Remaining Balance of \$6,024,764.48 to the FY 2023 RAP and MAP Programs Budget; and Rollover the FY 2022 RAP, MAP, and CAP Programs Remaining Balance of \$202,853 for Administrative Costs to the FY 2023 RAP, MAP, and CAP Programs Administrative Costs Budget – Resolution No. 22-70 (Recommended by the Finance and Budget Committee 10/27/2022)

XI. Executive Session*

XII. Adjournment (Chairperson Tommy Wells)

Upcoming Committee Meetings– (via Microsoft Teams)

- **Executive Committee- Monday, November 7th @ 2:00 pm**
- **Governance Committee – Tuesday, November 8th @ 9:00 am**
- **Human Resources and Labor Relations Committee- Wednesday, November 9th @11:00 am**
- **DC Retail Water and Sewer Rates Committee – Tuesday, November 15th @ 9:30 am**
- **Finance and Budget Committee – Tuesday, November 15th @ 9:30 am**
- **Environmental Quality and Operations Committee – Thursday, November 17th @9:30am**

¹The 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 certain matters, including but not limited to: matters prohibited from public disclosure pursuant to a court order or law under DC Official Code § 2-575(b)(1); terms for negotiating a contract, including an employment contract, under DC Official Code § 2-575(b)(2); obtain legal advice and preserve attorney-client privilege or settlement terms under DC Official Code § 2-575(b)(4)(A); collective bargaining negotiations under DC Official Code § 2-575(b)(5); facility security matters under DC Official Code § 2-575(b)(8); disciplinary matters under DC Official Code § 2-575(b)(9); personnel matters under DC Official Code § 2-575(b)(10); third-party proprietary matters under DC Official Code § 2-575(b)(11); train and develop Board members and staff under DC Official Codes § 2-575(b)(12); adjudication action under DC Official Code § 2-575(b)(13); civil or criminal matters or violations of laws or regulations where disclosure to the public may harm the investigation under DC Official Code § 2-575(b)(14); and other matters provided under the Act.



**District of Columbia
Water and Sewer Authority**

Board of Directors

**Environmental Quality and Operations
Committee Meeting**

Thursday, October 20, 2022

9:30 am

MEETING SUMMARY

Committee Members

Sarah Motsch
Howard Gibbs
Steven Shofar
Jared McCarthy
Andrea Crooms
Christopher Herrington

DC Water Staff Present

Marc Battle, Chief Legal Officer, and EVP
Kishia Powell, Chief Operating Officer, and EVP
Alfonzo Kilgore Stukes, Acting Secretary to the Board
Salil Kharkar, SVP, Operations and Engineering
Aklile Tesfaye, VP Wastewater Operations
Moussa Wone, Director, Clean Rivers
David Parker, Acting VP, Engineering
Joel Grosser, Director of Procurement, Goods, and Services
Dan Bae, VP, Procurement
Rudy Gonzalez, Director of Procurement, Capital Programs
Sylvia Okogi, Acting Senior Manager, Water Operations
Maureen Schmelling, Director, Water Quality

I. CALL TO ORDER

Sarah Motsch called the meeting to order at 9:30 am. The meeting was conducted via MS Teams.

II. ROLL CALL

Alfonzo Kilgore Stukes, Acting Secretary to the Board of DC Water, conducted a roll call of the Committee members present for the meeting.

III. AWTP STATUS UPDATE

1. BPAWTP PERFORMANCE

Aklile Tesfaye, VP Wastewater Operations, DC Water, briefed the Committee on the performance of Blue Plains Advanced Wastewater Treatment Plant (BPAWTP). The specific details of the presentation can be found on pages 3 to 9 of the EQ & Ops Meeting package 10.20.2022 (subsequently referred to as "meeting package"). The notes below abbreviate critical topics discussed during the presentation.

Aklile updated the complete treatment performance and the wet weather treatment facility (WWTF) at the BPAWTP for September 2022. It was reported that all performance parameters for the month were excellent, and all operational and effluent parameters were within the NPDES permit limits. Total precipitation for the month was lower than normal for the region - a total of 44 MG of combined wet weather flows were captured by the tunnel system and treated through the WWTF. It was noted that there were no flows through the CSO Outfall (associated with the Tunnel system) for the month.

Aklile discussed electrical energy use and generation at the BPAWTP. Onsite energy generation from the Combined Heat and Power (CHP) facility and solar panels for the month was 25% of the average consumption at the BPAWTP, which exceeded the goal of 20% per month. Aklile also discussed biosolids production and Bloom marketing at the BPAWTP. Over 13,500 wet tons of biosolids were produced for the month, and all biosolids met the Class A Exceptional Quality (EQ) requirements required by the EPA. Almost 3,500 wet tons of biosolids were sold as Bloom for the month. For FY2022, 56,310 tons of Bloom were sold, exceeding the goal of 55,000 tons - about a third of the Bloom produced during the fiscal year was sold.

Aklile provided an update on PFAS (Per and Polyfluoroalkyl Substances) Monitoring as a follow-up to the PFAS Briefing presented at the Committee meeting in July 2022. At that briefing, it was noted that DC Water would conduct preliminary sampling in wastewater treatment and biosolids processes at BPAWTP for PFAS analysis. PFAS preliminary sampling commenced in September and will continue through October 2022.

Aklile discussed why PFAS sampling was being conducted, noting that one of the objectives was to identify potential PFAS sources, including industrial, landfill leachate, and hauled waste sources. This will help to understand what monitoring and source control plan should be included in DC Water's pretreatment program. Further, preliminary sampling is aligned with the EPAs PFAS strategic roadmap, which will require pretreatment programs to include monitoring and source control plans to protect wastewater treatment plant discharges and biosolids applications. The EPA plans to require its' permitted utilities to prepare source control plans starting this winter.

Aklile described sampling taking place within treatment processes at BPAWTP, including in the influent, effluent, and biosolids, to understand the transformation of PFAS within these processes. Analysis of samples collected at BPAWTP is underway. Other proposed sampling locations include seven of the nine most significant industrial users permitted by DC Water and three landfills within the service area (including two landfills with leachate hauled to disposal sites within the service area).

The Committee asked what the abbreviation PFAS stands for and asked that staff define abbreviations in presentations to the Committee. Aklile clarified that PFAS stands for Per- and Poly-fluoroalkyl Substances. Kisha Powell, Chief Operating Officer and EVP, DC Water added that the presentation given during the July Committee meeting was in response to the EPA's drinking water health advisory related to PFOA (Perfluorooctanoic Acid) and PFOS (Perfluorooctane Sulfonic Acid) which are members of the chemical group called PFAS. A presentation is planned for the November Committee meeting to address questions previously raised by the Board. The presentation will also provide information on regulatory progress related to PFAS, including the proposed designation of PFOA and PFOS as CERCLA (Comprehensive Environmental Response, Compensation, and Liability Act) Hazardous Substances.

The Committee enquired about the type of landfills included as locations in the preliminary sampling plan, and it was clarified that non-industrial landfills are included in the sampling plan.

The Committee clarified that one of the three proposed sampling locations listed as a landfill (on the map included on p. 9 of the meeting package) is a composting facility in Prince George's County. These types of facilities are regulated differently from landfills. The Committee asked that this distinction be made in reporting leachate sampling results from this facility, as this type of facility is held to different standards. Further, this distinction will help with Research and Development to understand how PFAS breakdown works with land application of composting material. Kisha Powell noted that this update will be made in the reporting and that DC Water will consult all stakeholders prior to commencing sampling at these proposed locations.

IV. FIRST STREET TUNNEL OUTAGE FOR NORTHEAST BOUNDARY TUNNEL COMMISSIONING

Moussa Wone, Director of Clean Rivers, DC Water, gave a presentation on updates to the Northeast Boundary (NEB) Tunnel Commissioning Plan. It was noted that the currently approved plan is to commission the NEB Tunnel during the summer months. Given the trend of heavy rainfall events experienced during these months and the resulting impacts to businesses and residents these events can cause, it has been decided to revisit the plan to reduce risks related to heavy rainfall events during commissioning. The purpose of the presentation was to inform the Committee of updates to the plan prior to release to the general public.

Moussa discussed the layout of the Anacostia River Tunnel system, noting that the system comprises the Blue Plains Tunnel, Anacostia River Tunnel, Northeast Boundary Tunnel (NEBT), and the First St Tunnel. The NEBT is the only tunnel not in service for Anacostia River Tunnel System, as it is currently under construction. Mining of the NEBT is complete; however, work on diversion structures to connect the tunnel to the rest of the system is ongoing. As part of the commissioning of the NEBT, permanent connections to the First St Tunnel and the Anacostia River Tunnel will be made.

Moussa discussed the methodology included in the currently approved NEBT commissioning plan, including taking the First St Tunnel out of service during the summer to connect this tunnel to the NEBT. The concrete cunette inside the First St Tunnel will be demolished to execute this connection. Demolition of the cunette is the most time-consuming commissioning activity and requires the First St Tunnel to be out of service for up to three months.

Moussa discussed the methodology proposed in the revised plan for commissioning the NEBT. As part of this plan, the First St Tunnel will be taken out of service during winter months, when no heavy rainfall events are expected, and the concrete cunette will be demolished. Once demolition is complete, the First St Tunnel will be placed back in service. The Contractor will then return during the summer months to execute the remaining activities to complete the commissioning of the NEBT. This revised plan mitigates the risk of taking the First St Tunnel out of service during periods of increased flood risk. Demolition of the cunette is anticipated to start in December 2022 and carry on through February 2023. The remaining commissioning activities are expected to be completed during the summer of 2023.

Moussa described how rainfall event data was evaluated to inform the most suitable time to take the First St Tunnel out of service. Data going back to 2018 was reviewed, and the trend of intense rain events that cause flooding was found typically to occur in summer months and sometimes during fall. If a significant storm event is predicted to occur during the demolition of the cunette, a contingency plan is in place to suspend construction activities and place the First St Tunnel back in service, which requires 24 hours' notice.

Moussa discussed the communications plan to notify all stakeholders of the revised commissioning plan and the impending shutdown of service of the First St Tunnel. Following the briefing to the Committee, communications will be sent to the affected Advisory Neighborhood Commissions (ANCs), community forums will be held, and there will be press release notifications to inform the public of the plans.

The Committee queried whether the First St Tunnel will be permanently connected to the NEB Tunnel once the bulkhead is removed and the cunette is demolished. Moussa clarified that the bulkhead would remain in place during the demolition of the cunette, and once all commissioning activities are completed, the bulkhead will be removed. When the bulkhead is removed, the connection between the First St and NEB Tunnels is permanent.

The Committee praised the efforts of the Clean Rivers team for pursuing alternative methods of working to minimize the risk of significant impacts to the customers and the affected community.

V. INTEGRATED SUPPLY CHAIN MANAGEMENT

Dan Bae, VP, Procurement, DC Water, presented the strategy to address ongoing supply chain issues. The presentation was given in response to comments from the Committee at previous meetings; the presentation will also be given at the Finance and Budget Committee meeting later this month.

Dan Bae gave an overview of the current issues facing supply chain management, noting severe shortages of goods; long lead times for construction equipment and materials; and increasing prices of goods, services, and commodities as factors currently influencing the supply chain landscape. He discussed the global factors causing these issues, noting the pandemic, inflation, monetary policies, and ongoing geopolitical tensions as factors influencing the supply chain. He said that typical procurement processes are inadequate in addressing these supply chain issues, and DC Water is looking to expand procurement processes to total supply chain management.

Dan discussed the relationship between procurement and supply chain management, noting that procurement is a subset of supply chain management. Whereas procurement seeks to source and establish contracting vehicles, it does not extend upstream into the supply chain to deal with supply chain issues. Total supply chain management actively engages the entire supply chain, from manufacturing to logistics. Further, it was discussed that the strategy to adopt total supply chain management would allow DC Water to better manage supply chain risk by actively engaging and procuring directly from manufacturers or key suppliers and forming strategic partnerships. As part of the strategy, these key partners will be engaged at the project planning stage, and DC Water will contract with them early for the purchase of certain construction materials in order to get ahead of supply chain issues affecting Capital Improvement Program (CIP) Projects. With current procurement processes, the Contractor orders materials from suppliers after the award of construction contracts. By engaging suppliers directly, DC Water could potentially reduce the lead time for procurement of materials by 10-12 months on some projects.

Dan further discussed some of the pros and cons of adopting total supply chain management, noting that the strategy supports some of the imperatives in BluePrint 2.0, reduces bonding and working capital requirements for contractors, and could reduce potential large material markups by contractors. Some of the cons include the fact that this is a new process for DC Water and the additional work associated with this new process. In addition, the increased financial risk from inaccurate forecasting of required material was noted as a con. Some of the measures to mitigate

this risk were discussed. There is a plan to establish a Materials Planning Team to foster collaboration internally as well as externally with suppliers and contractors.

Rudy Gonzalez, Director of Procurement, Capital Programs, discussed components of the integrated supply chain management strategy for Capital Programs. Capital Projects for which this strategy will be adopted include Small Diameter Water Main Replacement, Lead-Free DC, and Sewer Pipe Rehabilitation Projects. DC Water has done extensive research over the past year and put out a Request for Information for suppliers of pipe, warehousing, and material management services. There are two major vendors in the area with the capacity and facilities to address DC Water's needs. It was discussed that the plan is to engage these suppliers early during planning phases, develop a Bill of Materials (BOM) and forecast material needs, and order materials during the design phase of projects.

Joel Grosser, Director of Procurement, Goods, and Services, discussed supply security in the chemical supply chain. It was clarified that supply security entails ensuring DC Water can source the chemicals it needs when needed. Some of the measures taken were discussed, including sourcing from multiple suppliers when possible, maintaining multiple inventory locations, and maintaining consistent communication with suppliers. Solicitations are done for individual chemicals, and after the contract award, DC Water ensures they pay their bills on time to remain a customer of choice. Joel discussed some of the major chemicals sourced and the sourcing posture to maintain security. It was noted that sourcing from multiple suppliers with independent supply chains is very important, along with sourcing directly from chemical manufacturers and, when necessary, from large distributors.

Joel discussed some of the 'watch-out' factors that may influence the availability and pricing of specific chemicals, and a table of chemicals and factors was presented. It was noted that the availability of trucks and drivers to transport these chemicals had been a concern affecting the supply chain. Joel further described how staff sometimes consider alternate chemicals if sourcing a particular chemical is challenging; for example, alum and ferrous chloride can sometimes be used in place of ferric chloride. Joel discussed some of the cost driver markets that influence pricing based on data published by the Bureau of Labor Statistics. Joel also detailed some of the contracting options employed by DC Water in chemical supply chain solicitations and which contract types are appropriate for the different scenarios in procurement. Staff always pursue competitive procurement to ensure DC Water receives the most competitive price.

The Committee queried where purchased material will be stored between the time it is purchased and hauled to the site for construction. Dan clarified that additional space at Blue Plains would be sought, and it is anticipated that DC Water will work with manufacturers and suppliers to utilize their storage space before delivery to DC Water. DC Water used this method for the Meter Replacement Project, so this is not entirely new to DC Water.

The Committee commented that DC Water has to be careful about how far into the future they predict to need materials, given that the price of commodities can fluctuate significantly and influence the cost of construction materials. This can present significant financial risk. The Committee further questioned whether DC Water is taking on a lot of risks, which currently sits with its' contractors. Dan Bae concurred that there is significant financial risk. Rudy Gonzalez added that the risk of doing nothing is greater than the risk of taking action.

The Committee questioned how this new supply chain process will affect design-build contracts recently employed on Capital Projects and how this process accounts for the variability in required construction material, which is often unknown until late in the design process. Rudy Gonzalez

clarified that no significant impact is expected on the projects for which this process will apply. Further, he added that engaging suppliers during the design phase would allow DC Water to work with suppliers in the development of the BOM and keep them engaged as quantities are finalized throughout the design phase. David Parker, VP of Engineering & Technical Services, DC Water, added that the linear projects for which this process will apply are relatively predictable in the quantities of materials required.

The Committee questioned why sodium hydroxide demand is listed as a 'watch-out' factor for sourcing calcium hydroxide. Joel Grosser clarified that calcium hydroxide and sodium hydroxide can be used in the same application in many cases. If an exceedingly strong demand or a supply constraint affects one of the chemicals, it may affect the availability of the other chemical.

VI. ACTION ITEMS

JOINT USE

1. Contract No.: DCFA-496 - Basic Ordering Agreement 8 - Wastewater Treatment Facilities, Ramboll

NON-JOINT USE

1. Contract No.: DCFA 530A - Traffic Control Plans - Basic Ordering Agreement, Cube Root Corporation
2. Contract No.: DCFA 530B - Traffic Control Plans - Basic Ordering Agreement A. Morton Thomas and Associates, Inc.

David Parker, Acting VP, Engineering presented all action items.

ACTION ITEM HIGHLIGHTS:

For Joint Use Action Item 1, the Committee queried why there is a need to execute the Supplemental Agreement for the construction management contract, given that neither the contract scope nor the schedule is being extended for the construction contract for which these services are requested. David Parker clarified that the task for which construction management services are required extends beyond the term of the construction management contract. To maintain the continuity of construction management services for the task, this Supplemental Agreement is being requested.

For Non-Joint Use Action Item 1, it was noted that a Disadvantaged Business Enterprise (DBE) firm is the preferred bidder for the solicitation of Engineering Services. In response to this, the Committee asked that staff confirm that the individuals responsible for the project are licensed as Professional Engineers (PEs) in the District. David confirmed the firm had licensed PEs on the staff and that this was a requirement for prequalification for the solicitation.

The Committee recommended all Action Items to the full Board.

VII. WATER OPERATIONS UPDATES

FIRE HYDRANTS

Sylvia Okogi, Senior Manager, Water Operations, DC Water, briefed the Committee on the status of DC Water's fire hydrants. Sylvia noted that DC Water is below the 1% out-of-service (OOS) service level established in the Memorandum of Understanding (MOU) with the District of Columbia Fire and Emergency Medical Services Department (DC FEMS). As of October 3, 35 of

the approximately 9,830 public hydrants in the water system were Out-of-Service (OOS).

WATER QUALITY

Maureen Schmelling, Director, of Water Quality, DC Water, briefed the Committee on the status of EPA Drinking Water Regulated Monitoring for September 2022. Maureen reported zero positive coliform results from the 247 samples collected as part of the monthly EPA total coliform sampling. Maureen noted that the second semester of the Lead and Copper rule (LCR) sampling for 2022 had commenced, half the samples have been tested to date, and none of the samples have shown results greater than 15 ppb.

VIII. OTHER BUSINESS / EMERGING ISSUES

No Other Business

IX. EXECUTIVE SESSION

There was a motion to move into an Executive Session to consult with an attorney to obtain legal advice and to preserve the attorney-client privilege or to discuss a settlement agreement under D.C. Official Code Section 2-575(b)(4). It was so moved and seconded, and the motion carried. The meeting was cleared of non-Executive members and all public individuals. The Environmental Quality & Operations Committee went into Executive Section at 10:55 AM.

X. ADJOURNMENT

The meeting was adjourned at 11:35 am.

Follow-up Items

1. Chief Operating Officer and EVP to give a presentation at the November Committee meeting to address questions previously raised by the Board related to PFAS and to provide an update on regulatory progress.



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

Audit & Risk Committee

Thursday, October 27, 2022

9:30 a.m.

Meeting Minutes

COMMITTEE MEMBERS PRESENT

Floyd E. Holt, Chairperson
Anthony Giancola, Committee Vice-Chair
Howard Gibbs, Committee Member
Jed Ross, Alternate Committee Member
Steven Shofar, Alternate Committee Member

INTERNAL AUDIT STAFF PRESENT

Dan Whelan, RSM US LLP
Samantha Bement, RSM US LLP
Sophie Tomeo, RSM US LLP
Russell Ojers, RSM US LLP
Tara Tezik, RSM US LLP
Darby Hopson, RSM US LLP

DC WATER STAFF PRESENT

David Gadis, CEO & General Manager
Matthew Brown, EVP, & CFO
Wayne Griffith, EVP Strategy &
Performance
Marc Battle, EVP Legal Affairs
Salil Kharkar, EVP, Operations and Engineering
Alfonzo Stukes, Acting Board Secretary

Call to Order (Item 1)

Mr. Floyd Holt called the Audit & Risk Committee meeting to order at 9:31 AM.

Roll Call (Item 2)

Mr. Alfonzo Stukes performed roll call to confirm Committee members and management in attendance.

Enterprise Risk Management Briefing (Item 3)

Mr. Wayne Griffith provided a briefing on the Enterprise Risk Management (ERM) function. The ERM team is expanding the framework and beginning the planning efforts for phase 2. During phase 2, the ERM team will dive deeply into the risks identified during phase 1. One of the driving factors of the ERM program is engagement with staff. The team has a lot of talent and resources that provide input and perspective about the Authority's risks. The ERM team has been strategizing to support portions of the scope of work by leveraging internal resources. In parallel, as the Authority continues to face economic constraints, the team is working with the Budget Office to identify funds to finance components of phase 2, given that this is an enterprise function. As the ERM team prepares the Environment Social Governance (ESG) report for FY 2022, the team is emphasizing keeping pace with the industry's thoughts. Two of the components that are critical to ESG are risk and resilience. The team is also focusing on how to best promote the resilience of the Authority and the efforts that the ERM team is making to contribute to the resilience of the Authority. The ERM team will have further updates once they begin phase 2 in January of 2023.

Mr. Tony Giancola asked for further clarification of what economic constraints the Authority is facing since the Authority is ending the year with a large surplus, despite lower use of water and a large number of delinquent accounts.

Mr. Griffith responded that as they think about it from a budgeting standpoint, they are cautious in how they are advancing the ERM program and want to ensure they have the appropriate funding designated to this effort. When the Authority went through the budgeting process a few years ago, the ERM function was not in the budget and, therefore, is outside what the Authority had planned for. As a result, it is a consideration they need to understand.

Mr. Matthew Brown, CFO, stated that the Authority is in a constrained financial environment with regard to what they charge customers. The Authority has significant rate increases that are projected as the Authority works to address infrastructure needs. The Authority has been in a very uncertain environment, working to manage resources and ensuring they can maintain and not lay off staff, facing salary and wage pressures and chemical and energy pressures. The budget is currently fully allocated, so the Authority will need to identify resources for this effort; recognizing strategic management and identifying risks is essential. The preliminary year-end financials will be discussed more fully during the Budget Committee meeting.

Mr. Giancola thinks the Authority is conservative with its budget estimates and projections. The Authority should consider deploying more resources to the most critical areas.

Mr. Brown stated that the revenue for FY 2022 did exceed the budget. The budget was 96% correct with regard to the revenue forecast. The revenue budget for the most recently completed fiscal year was determined during a time when delinquencies were at a million dollars a month, overall consumption was down 4-5%, commercial consumption was down 15%, and they were operating in an environment with a lot of uncertainty. The budget was created during a fiscal year when they fell short of revenues by \$24M. Despite these challenges, the Authority was correct in the revenue forecast by 96% for FY22. Mr. Brown continued that the Authority does not want to take more from the customers than they need to operate. As a nonprofit, the additional 4% was brought to the Finance and Budget Committee in May of 2022, and that surplus was allocated to essential activities like the purchase of fleet vehicles and contribution to Washington Aqueduct.

Mr. Giancola responded that his thoughts were regarding the future state of the Authority, not what was done in the past.

Mr. Griffith continued to go over the next steps for phase 2. This content has been reviewed with the Committee previously. The goal of phase 2 is to get a deeper understanding of the top enterprise risks, look at the potential gaps, and report those risks at the executive team level. The ERM team believes that the Authority has a solid risk-aware culture and wants to continue to promote that. The ERM team will also begin to leverage the Origami solution to enable the function of ERM within the Authority. The ERM team has defined the top thirteen risks and designated the various tiers and how they will advance with those deep risk dives.

Mr. Jed Ross asked about the comment that all the resources have been expended and wanted to clarify that in those future conversations, they would discuss having the right people doing the proper workaround ERM.

Mr. Griffith responded that the Authority has a lot of talent that has helped manage its risks. The Authority may be able to enhance that with an additional resource. Through phase 1, the Authority has built some capability and taken it upon itself to further the development of its own risk maturity.

Internal Audit Update (Item 4)

Mr. Dan Whelan, RSM Partner, introduced the update on the Internal Audit progress. Mr. Whelan noted that the team would present a status update on the FY 2022 internal audit plan, prior audit findings, completed projects, hotline update, risk assessment results, and FY 2023 audit plan. The completed projects include one internal audit, one management assessment, the annual risk assessment during the open session, and one management assessment in the executive session.

Ms. Sophie Tomeo, RSM Manager, presented the status of high-risk prior audit findings. There is only one high-risk finding on the dashboard related to missing, incomplete, or outdated goals data. The target date for closure is March 31, 2023, and the team is still on track for closure. The Goal Master List has been updated to monitor the timeliness of inputs more easily from business units. The Strategic Management team is currently working on developing SOPs to address some of the other items in the finding and developing a process to validate the completeness and accuracy of the data used to monitor the progress of the strategic goals aligned to Blueprint 2.0.

Ms. Tomeo continued that there are three open items and four items pending testing from prior to FY 2021. Ms. Tomeo provided an update on Training, Licensing & Certification since this finding has been in the pending testing status for a while. This finding is related to assigning mandatory training by position. The mandatory compliance and cybersecurity training have been identified and assigned within Oracle and were sent out over the summer. However, there have been several employees who have been delinquent in completing the training, which the team is working on escalating at this time.

Mr. Giancola asked what two items, one open and one in pending testing, were identified in the Occupational Safety and Health Audit in 2019.

Ms. Tomeo responded that the item in pending testing is related to the full update of the safety policies. Those policies have been updated but have been going forth in buckets to the Union to review and provide comments. There is one more bucket to be reviewed by the Union. The open item is the socialization of the safety policies with the contractors who have implications within the safety environment, which will take place after the policies are finalized through Union review. Ms. Tomeo continued to give an update on the Customer Billing and Collections open item. This finding was related to a multi-family receiver contract. During the last Audit Committee meeting, Internal Audit provided an update that the receiver was in the final stages of the contracting process. However, that contract fell through, so they are still going through the procurement process and working to identify a new receiver.

Ms. Tomeo provided a status update on FY 2021 audit findings. Management has closed out seventeen findings since FY 2021 ended. There is currently only one open item related to the Contract Compliance Audit. In the past, an annual performance review for each vendor was maintained within a scorecard in a legacy system. When Oracle was implemented, the plan was

to transfer that over; however, it was not one of the top priorities during the Oracle transition. Currently, an Oracle consultant is working on building the vendor scorecard out in Oracle.

Mr. Giancola commented that the success rate in closing out FY 2021 audit findings is noteworthy and commendable, especially given the time it took to close out prior to FY 2021 audit findings.

Ms. Tomeo presented a graph that further supported Mr. Giancola's point. In 2018 and 2019, there was an average of five to seven quarters to closure, but in 2020 and 2021, that has decreased to less than three and a half quarters to closure on average. Ms. Tomeo noted a significant shift in awareness of the importance of closing out prior audit findings and the risk-aware culture that Mr. Griffith referenced earlier in the ERM presentation. Twenty-nine audit items were closed in FY 2022. 96% of all prior audit findings from FY 2016 – FY 2021 are now closed.

Mr. Russell Ojers, RSM Manager, presented the DSO Work Order Management Audit. This audit is performed yearly as a cycle audit, rotating through the departments. The audit in FY22 was focused on the Department of Sewer Operations. Internal Audit learned about the processes and internal controls and then conducted testing to evaluate the operating effectiveness of those controls. Internal Audit covered the entire lifecycle of the work orders, from the work order initiation and approval to work order execution and data entry, work order closeout, and reporting and monitoring. The team performed analytics over the work order data to identify process permutations, bottlenecks, and exceptions.

Additionally, the team identified process improvement opportunities and recommendations for internal control enhancements to improve the overall DSO work order management process. Mr. Ojers presented summary data for the different types of work orders, the number of work orders submitted for each type, and the average duration to complete each work order type. Mr. Ojers noted that preventative maintenance work orders make up over 50% of all work orders submitted.

Mr. Howard Gibbs inquired why Inspection work orders take an average of 47 days to complete.

Mr. Ojers responded that Inspection work orders are planned in advance and performed on a schedule. The work orders are created in the system and placed in a queue. The 47 days represent the time from creation to closure, not necessarily the length of time it takes to perform the work.

Mr. Gibbs inquired whether that is the appropriate metric to track or whether they should instead track the time to completion from when work on the inspection began.

Ms. Tomeo responded that Mr. Gibbs' inquiry would be related to one of the findings that the team would present shortly. Within the application, there is an ability to track labor hours which would be more impactful for the actual inspection time. For catch basins, there is an application they use in the field with a start time and stop time to capture the length of time the maintenance takes. The emergency investigation work order is initiated and needs to be acted upon quickly because they have identified an emergency. Inspections are part of a compliance requirement in which the Department of Sewer Operations is reporting out on metrics to the Board in each of the monthly CEO reports regarding the completion of those required annual inspections. To Mr. Gibbs' point, there is an ability to capture that information, and the team will touch on how it is currently being captured in the findings and the planned future state.

Ms. Tara Tezik, RSM Senior Associate, presented the two high-risk observations found during the DSO Work Order Management Audit. The first high-risk observation was failing to capture the work order labor hours and material costs consistently. Regarding labor hours, about 65% of work orders should've required labor hours but did not have any captured within Maximo, with 60% of work orders being catch basins. During discussions with the DSO Management team, they learned that the cash basin application they use in the field doesn't capture zero-hour labor records in Maximo. The first management action plan is an upgrade of the application, which is anticipated to begin this fiscal year.

Regarding labor hours, there is another management action plan to develop a weekly labor report to list all DSO work orders in the complete status that do not have any labor hours listed. For material costs, Ms. Tezik noted that several work orders were not expected to have any material costs due to the nature of the work. However, the emergency maintenance work order type is consistently subject to those material costs. For emergency maintenance work orders, 5% should have captured material costs in Maximo but did not. Like the management action plan for labor costs, management plans to develop a weekly material report to list all emergency maintenance work orders in completed status with zero material. The final management action plan is to administer mandatory Maximo training, which will begin on October 26, 2022, and all staff members will be required to attend no later than January 25, 2023.

Mr. Giancola inquired about the first management action plan. Mr. Giancola recalled that there were IT issues with a staff shortage and becoming behind in preventative maintenance.

Mr. Sahil Kharkar responded that the first item in the management action plan is not related to IT bandwidth. It is related to the application itself and how it is being used.

Ms. Tezik continued on to the second high-risk observation, which was related to an inaccuracy in reported KPI data. For one out of the eight metrics reported in June, we noted a discrepancy between the actual KPI data monitored by DSO and the KPI data presented in the monthly CEO report. This data entry error hadn't made its way to the CEO report. For this metric, management plans to develop an actual percentage report that will be generated from Maximo every month. Additionally, management has already begun creating standard operating procedures over the review process for reported KPIs to ensure there is appropriate data oversight. The target date for this observation is November 30th, 2022.

Ms. Darby Hopson, RSM Senior Associate, presented the employee retention management assessment. The purpose of the assessment was to analyze employee satisfaction and engagement at the Authority. Internal Audit evaluated risks related to various phases of the employee lifecycle and provided an analysis to management to inform their decision-making surrounding employee engagement initiatives. The scope of the assessment focused on three specific employee lifecycle areas: (1) leadership and management, (2) culture, vision, and values, (3) performance management, feedback, and recognition. Within those employee lifecycle phases, data were analyzed in the context of employee department or cluster, location, tenure, and Union membership. The assessment was analytics driven and did not include transactional testing to determine the operating effectiveness of controls. As part of procedures, Internal Audit met with leadership to identify any concerns within the phases of the employee lifecycle cross-sections and designed and administered an employee survey distributed to a representative

sample of 220 DC Water employees. There was a 44% response rate to the survey. Internal Audit analyzed the survey data to identify trends and aggregate them into themes. Internal Audit conducted targeted confidential employee interviews to supplement the survey data. Internal Audit provided management with a report highlighting the analysis and insights from survey data and interviews. The report will allow management to identify trends, scrutinize our approach, and inform decision-making.

Ms. Samantha Bement, RSM Director, provided an update on the hotline. Eighteen cases originated during FY 2022. There are currently zero cases open.

Ms. Bement then went over the risk assessment approach. This year, Internal Audit modified its approach to ensure they were leveraging the ERM efforts and minimizing the burden on management. Historically, Internal Audit conducted interviews with more than thirty members of management. This year, Internal Audit distributed a survey to members of management and Board members, but respondents could opt into an interview. Additionally, Internal Audit took the enterprise risk management results and did a mapping exercise to reconcile enterprise risks to the eighty Internal Audit risks in the risk register. Management can leverage that mapping going forward from an ERM perspective and an Internal Audit risk management perspective.

Ms. Tomeo presented the top themes that emerged from the risk assessment. The top risk themes included: internal and external threat detection, asset management, and aging infrastructure; capital program funding and execution; compliance governance; spend management; emergency preparedness and business continuity; training and development; policies and procedure management and governance; and endpoint security.

Mr. Giancola inquired if human resources tracks which employees are eligible for retirement and whether there was a trend year over year in that area.

Mr. David Gadis responded that human resources perform that analysis, and oversight of it falls under the HR Committee.

From a risk perspective, Mr. Giancola inquired whether it would fall under policies and procedures, management, and governance.

Ms. Tomeo responded that it would not necessarily fall into that bucket. The risks presented are just a small snippet of the larger risk register. That risk would fall under the talent management area, potentially related to employee retention and recruitment.

Ms. Bement presented the Board and management survey results. For the highest priority strategic plan imperatives, there was an overlap between the responses from the Board members and the responses from DC Water leadership. Both groups identified safeguarding a high-performing network of system assets and delivering world-class healthy water services as top priorities. The Board also identified securing the resilience of the water supply as well as providing affordable and equitable rates as top priority imperatives, while DC Water leadership identified a totally engaged and aligned DC Water, a safe DC Water for all above all else, and securing assets through value-driven asset management and proactive maintenance as high priority imperatives.

Mr. Giancola responded that this is an interesting survey result that the full Board should see. Mr. Giancola suggested that David Gadis include the results at the next retreat.

Ms. Bement presented the next survey question, which asked management and the Board to identify which areas of the Authority have the highest degree of risk exposure. The top three responses were people and culture, legal and regulatory compliance, and operational.

Ms. Bement reminded the Committee of the three types of projects Internal Audit incorporates into the annual audit plan. Cycle audits are formal reviews of management's controls. These audits are recurring, set based on a determined frequency, and scheduled in advance. Ad hoc audits are also management control reviews, but these are based on emerging risks identified through the risk assessment process. Management assessments are an opportunity to leverage subject matter experts to provide management with additional insights to drive future decision-making. Those insights might be related to process improvements, best practices, automation opportunities, or benchmarking analysis.

Ms. Tomeo presented the details of the proposed FY 2023 audit plan. Internal Audit has been working to evolve how we approach audits, including finding opportunities to incorporate analytics so Internal Audit can provide data-driven, value-add conclusions more quickly than we have been able to in the past. For FY 2023, proposed projects include (1) Payroll & Timekeeping Audit, (2) Procurement Audit with CIP scoping, (3) Work order Management Audit specific to DWO, (4) Contract Compliance Audit with CIP scoping, (5) Metering, Billings and Collections, (6) Penetration Testing Audit, (7) Fleet Management Audit, (8) Business Continuity Assessment, (9) Oracle IT General Controls, and (10) Oracle Identity and Access Management.

Mr. Giancola responded that he was very comfortable with the audit plan upon initial review. He agreed that the issues of CIP and fleet management are very important this coming year.

Mr. Holt thanked the internal audit management for their work in keeping the Authority apprised of the risk environment.

Executive Session (Item 5)

There was a motion to move into an Executive Session to discuss legal, confidential, and privileged matters pursuant to Section 2-575(b)(11) of the DC Official Code. It was so moved and seconded, and the motion carried. The meeting was cleared of non-Executive members and all public individuals. The Audit & Risk Committee went into Executive Section at 10:30 AM.

Adjournment (Item 6)

The Audit & Risk Committee meeting adjourned at 10:54 AM.



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

Finance and Budget Committee

Thursday, October 27, 2022

11:00 a.m.

Committee Members

Anthony Giancola, Chairperson
Adriana Hochberg
Jared McCarthy
Sarah Motsch

DC Water Staff

David L. Gadis, CEO & General Manager
Matthew T. Brown, CFO & EVP, Finance and Procurement
Marc Battle, Chief Legal Officer & EVP, Legal Affairs
Kisha Powell, Chief Operating Officer & EVP
Lola Oyeyemi, Director, Budget
Ivan Boykin, Director, Debt and Treasury Management
Rudy Gonzalez, Director of Procurement, Capital Programs
Joel Grosser, Director of Procurement, Goods & Services
Alfonzo Kilgore Stukes, Board Secretary (Acting)

Call to Order

Chairperson Anthony Giancola called the meeting to order at 11:00 a.m. The meeting was held via Microsoft Teams.

Roll Call

Acting Board Secretary Alfonzo Kilgore Stukes performed a roll call to confirm Committee members and management in attendance.

September 2022 Financial Report

Mr. Brown, Chief Financial Officer, and EVP, Finance, and Procurement provided an overview of the financial performance for FY 2022, noting that the report contains estimates that are preliminary until the financial audit is complete. At the end of September 2022, operating revenues were \$833.6 million, or 104.2 percent of the budget; operating expenditures were \$623.9 million, or 94.8 percent of the budget, and capital disbursements were \$345.3 million, or 60.9 percent of the budget.

Mr. Brown explained that FY 2022 was the second fiscal year impacted by COVID and that staff has successfully navigated an uncertain financial environment. He highlighted that DC Water kept our employees and customers safe during this difficult time and expanded our customer assistance programs. Mr. Brown reported that overall revenue was within four percent of the budget for the year. He reminded the Committee that this budget was developed approximately eight months into the COVID-19 Pandemic in the fall of 2020 when there was much uncertainty with COVID cases rising in the fall and before the availability of vaccines. Overall water

consumption was down, and commercial consumption alone was down by 15 to 20 percent. Customer delinquencies were increasing by about a million dollars every month, and DC Water implemented new assistance programs to help. During that same year, customer delinquency had increased by 78 percent, and fiscal year FY2022 ended with a revenue shortfall of \$24 million. Despite all of this uncertainty, for FY 2022, the revenue budget was within four percent of the budget and operating expenditures were within three percent of the budget. Mr. Brown thanked the staff of the Rates & Revenues and Budget teams who worked on behalf of all our customers.

Ms. Oyeyemi reminded the Committee that the report contains preliminary estimates and that the annual financial audit was underway. Staff is also working on the green bond attestation, and both the financial audit and the green bond attestation will be completed by the end of the calendar year. Also, the Budget Office is working closely with all the departments to finalize the FY 2024 operating and 10-year capital budgets and they are expected to be delivered to the Board in early 2023.

Ms. Oyeyemi reported that the overall revenues were favorable at \$834 million and within four percent of the budget. The higher receipts are in the areas of Residential, Commercial, and Multi-family categories due to higher consumption than anticipated when the budget was developed. DC Water received all the revenues from the wholesale customers, and the other revenue category includes the previously Board-approved transfers of \$41.6 million from the Rate Stabilization Fund (RSF) as well of the application of \$10.5 million in August 2022.

The overall operating expenditures reflect favorably in the preliminary end-of-the-year numbers at \$624 million and 5.2 percent below the budget. The overall operations and maintenance (O&M) expenditure was 96.7 percent of the budget, with underspending in personnel and contractual services and higher spending for chemicals and energy due to prevailing market conditions. Ms. Oyeyemi highlighted the ongoing monitoring of chemicals and electricity prices and that these cost pressures are expected to have a significant impact in FY 2023 and beyond. The year-end vacancy rate was 12 percent compared to the budgeted rate of five percent. Efforts continue to backfill vacant positions as well as the additional 73 new positions approved for FY 2023. The Non-O&M category was 95 percent of the budget, with the majority of the savings from the refinancing of higher-cost debt early in the year. Due to the favorable O&M position, CFCI (Cash Financed Capital Improvements) budget was fully used for Pay-Go financing for the capital program.

Ms. Oyeyemi reported that at the end of September 2022, capital disbursements totaled \$345.3 million, or 60.9 percent of the FY 2022 revised budget. Generally, the lower disbursements for the capital projects were due to project delays, contract negotiation delays, permitting issues with DDOT projects, and lower-than-anticipated customer participation in the Lead-Free DC program. The capital equipment budget shows underspending due to the delay in the purchase and delivery of some fleet equipment. She reported that the Board already took action to carry forward funds from the FY 2022 net cash position into FY 2023 to cover the purchase of vehicles and payment of the fourth quarter invoice from the Washington Aqueduct.

Next, Ms. Oyeyemi reported that the total cash balance was \$824 million, including an RSF balance of \$35.6 million, operating reserves, and restricted and unrestricted accounts, including debt proceeds. The interest income for FY 2022 was \$995 thousand. The Retail Accounts

Receivable were at \$29.1 million, representing 9.4 percent of total accounts. The Delinquent Impervious Only accounts are one percent of total accounts and 10.1 percent of total delinquent accounts. The Accounts Payable performance for the year was 96.5 percent, which is almost at the Authority's goal of 97 percent for payments on undisputed invoices within 30 days. She thanked the Accounts Payable team for improving the metrics for which the performance had been low since FY 2020 when the new Enterprise Resource Planning (ERP) system was implemented. Ms. Oyeyemi reviewed the grants report and stated that DC Water is awaiting payment from the Federal Emergency Management Agency (FEMA) on approved additional submission of \$190,869 on COVID-19 eligible costs for FY 2020 and FY 2021.

In closing, Ms. Oyeyemi congratulated the DC Water management team as well as staff for their dedication in providing superior service, whether in an operational role or support role, their commitment to addressing the infrastructural issues as well as their continued partnership with the Finance Department. She stated that the team's support has been phenomenal, especially as the FY 2022 budgets were formulated during the pandemic with so many unknowns impacting families, our local and global economy, and our customers.

Ms. Oyeyemi also reported that DC Water received its twenty-second consecutive Distinguished Budget Presentation Award from the Government Financed Officer Association for the approved FY 2023 budget. She congratulated the Budget team led by Ms. Annie Fulton-George and Mr. Pade Zuokemefa, the Revenue team led by Mr. Syed Khalil, the Finance team led by Mr. Ivan Boykin, and the collaboration with the Engineering team and other departments as we all leveraged the new ERP tool to author and publish the budget document. Mr. Giancola also gave kudos to the staff for their great job and the fiscal year report, noting that he was very disappointed in the execution of the capital program.

Credit Card Fees and Charges Update

CFO Brown said that staff had been working on an effort to pass credit card fees to customers and the effort was put on hold during COVID. Mr. Ivan Boykin, Director of Finance, updated the Committee about the plan to reduce credit card fees for retail service and how the effort aligns with the strategic plan, Blueprint 2.0, as a sustainable imperative ensuring efficient use of economic resources and providing affordable and equitable rates. Mr. Boykin stated credit card costs have grown from \$555 thousand in FY 2016 to \$2.2 million in FY 2022, which is a 29 percent increase in fees annually. These increased costs are mainly driven by commercial and multi-family customers through the online website payment channel at approximately 84 percent of the overall credit card costs. A review of local and national utilities shows how fees are passed to their customers, whereas DC Water continues to absorb these fees at approximately \$2.0 million annually.

Mr. Boykin went on to review the costs for three merchant card fee options. These include DC Water continuing to absorb the fees (\$2.8 million annually), hybrid option where the residential customers would not pay, non-residential customers would pay a percentage and ACH will be free for non-residential customers (\$1.4 million annually), and DC Water passing the fees to all customers and CAP customers would not be charged (\$200 thousand annually). He explained that out of the 7,356 CAP customers sampled over a two-month period in FY 2022, only 1,496

customers, or 20 percent, paid by credit card. The cost to DC Water for absorbing these fees at \$4.80 per transaction is between \$75 to \$100 thousand in FY 2022.

In closing, Mr. Boykin stated that the plan forward is for DC Water to pass all merchant credit card fees to all customers to eliminate high rewards card charges via payment aggregators. He noted that the residential CAP and non-profit customers would not be charged a merchant fee. DC Water would preserve a free payment option via ACH for all customers (retail and non-retail). He stated that staff continues to work with various departments on public outreach and other required activities.

Integrated Supply Chain Management

Mr. Brown expressed that the Committee should be aware that the effort of this initiative is to assist the capital program with the pre-purchase of some materials and to discuss chemical purchase strategies.

Mr. Rudy Gonzalez, Director of Procurement, Capital Programs, provided an overview of the DC Water supply chain landscape and strategy to address supply chain issues. The current supply chain landscape shows escalating prices, long delivery dates, shortages in stockouts that are happening around us as well supply chain disruptions that are affecting DC Water. He also highlighted the geopolitical and economic pressures that have introduced uncertainties to the current supply chain. Even with the circumstances of material shortage or stockouts, DC Water is facing, there have been no major disruptions. DC water has experienced price increases and drastically long lead times. The steps taken over the past five years helped DC Water to manage chemicals, supplies, and materials. During the pandemic, DC Water handled the challenges of chemical markets in this environment. These practices help us with best practices for the acquisition of goods and services.

Next, Mr. Gonzalez highlighted some of the strategies identified with research completed in the last eight months. This includes the move from a more passive approach that we use now with contractors that are contractually responsible for buying materials to a more active approach where DC Water actively takes a greater role. DC Water will be monitoring our supply chain and developing new contractual relationships with distributors and manufacturers to secure access to other pipeline materials. Additionally, we plan to manage the risks by actively engaging our suppliers and contractors earlier for the material planning and forecasting activities.

Mr. Gonzalez highlighted the pros and cons of this new strategy and reviewed the mitigation efforts that would be undertaken to ensure the overall strategy aligns with the Blueprint 2.0 imperatives (Reliable, Resilience, & Sustainable) for our infrastructure. The plan is to reduce lead time and improve materials availability by as much as 10-12 months. This strategy also reflects the latest market conditions into planning and will reduce potential large material markup by contractors if we start buying pipe materials ourselves, which will also lower the entry barrier. The cons include additional work on staff, and DC Water will be taking a little more risk because the contracts were given to the contractors and the material supplier with this strategy, as we are not in a contractual agreement with these new suppliers.

Ms. Sarah Motsch asked if we have current issues in our capital program in terms of delivering, what we thought we were able to deliver in the past year, and how are we are merging that with

being able to project materials with this new supply chain management piece. Mr. Gonzalez responded that the current market challenges include increases in prices as well as demand increases, and lower inventory along with supply chain disruption. Currently, DC water is dependent on contractors to purchase a large inventory of our materials. Our market reach has only two suppliers in the region with enough capability and scope able to meet our CIP needs. We engage with them and work with them to help in the supply chain disruption.

Next, Mr. Gonzalez reported details on the integrated supply chain for capital programs and current challenges, focusing on the following projects: Small Diameter Water Main Replacement, Lead-Free DC, Sewer Pipe Rehabilitation, Operational Spares for Water and Sewer Operations for repairs and maintenance.

DC Water is working to ensure that contractors are in a position to execute and hit the productivity targets needed each year to deliver by 2030 and be successful. Mr. Giancola asked if additional staff would be needed to undertake the inventory and disbursement activities. Mr. Gonzalez responded that no additional staff would be needed, and there is going to be additional work on Procurement staff because we would have more oversight and planning; the other areas that will require additional work will be the materials planning processes. He said that DC Water has the skill set and resources internally, as well as the project manager, to develop the details.

Mr. Joe Grosser, Director of Procurement, Goods & Services, presented the chemical supply chain management report. With the high volume, and commodity chemicals, our sourcing strategy have three fundamental elements: communication, business relationship management, and supply security. He spoke about the availability of multi-sourcing and manufacturing locations for major chemicals.

Next, Mr. Grosser highlighted the various contracting options, which include rider contracts such as with the Metropolitan Washington Council of Government (MWCOC), individually with other agencies and GSA, joint procurement with other utilities in the region, and DC Water's contracting approach. He explained that the team undertakes competitive procurement and negotiates contracts to assure price competitiveness, performance, and risk mitigation. They also utilize an individualized strategy for critical supplies such as chemicals to assure supply security.

Carryover of Unexpended MAP and RAP funds

Mr. Brown, CFO & EVP of Finance and Procurement, informed the Committee that they would be asked to recommend to the Board the carryover of unexpended funds from FY 2022 to FY 2023. He reminded the Committee that the Board had already approved the extension of the Multi-Family and Residential Assistance Programs. He went on to review the various timelines of Board approval of the Notice of Emergency and Proposed Rulemaking (NOEPR) to continue the implementation of the DC Water Cares RAP and MAP for FY 2023 and rescind the CAP2 recertification waiver provisions, publication in the D.C. Register, Public Comment Period and Public Hearing. The Public Comment period was open from July 22, 2022, and closed on September 19, 2022. The Board held a Public Hearing on September 14, 2022, for which we received no comment.

Next, Mr. Brown reviewed the financial data highlighting the budgets, actuals, and remaining balances for the Residential Assistance Program (RAP), Multi-Family Assistance Program (MAP),

and Administrative costs for DC Water and DOEE. He requested that the Committee recommends to the Board the carryover of the FY 2022 unexpended funds to FY 2023, which include \$1.68 million for RAP, \$4.34 million for MAP, and \$202 thousand for administration costs.

Mr. Giancola asked if we should consider revising future budgets given the large unexpended balances. Mr. Brown responded that \$15 million was set aside at the beginning of COVID, and two new assistance programs were launched to provide one-time assistance to residential and multi-family customers who were falling behind on their bills. He reported that DC Water was perhaps the first utility to launch a multi-family assistance program. The high balance is due to the creation of new programs and the availability of other programs launched by the District and the federal government to assist customers. The Board had approved changes to MAP for the reimbursement to the property owner from ten percent to twenty percent to encourage additional buildings to participate. DC Water also prioritized the use of non-ratepayer funds first. Mr. Brown further explained that MAP and RAP are one-time programs and that the programs would end once the funds are expended.

Action Items

The Committee members agreed to move the following action item to the full Board:

- A. Recommendation for Approval to Carryover FY 2022 RAP and MAP Funds of \$6.02 million for MAP and RAP and \$202 thousand for the Administrative costs to FY 2023

Mr. Brown explained that the amendments to the FY 2023 budgets will be removed from next month's agenda and will be discussed as part of the FY 2024 budget in January 2023.

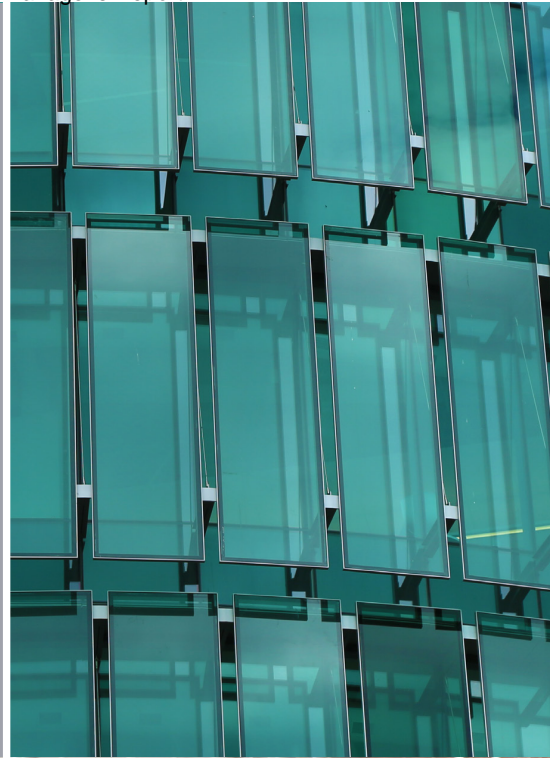
Adjournment

Hearing no further business, Mr. Giancola adjourned the meeting at 12:07 p.m.



CEO's Report

NOVEMBER
2022



ACCOUNTABILITY TRUST TEAMWORK CUSTOMER FOCUS SAFETY WELL-BEING

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dc Highlights

Chairman Wells and members of the Board, it is my pleasure to present you with the CEO's Monthly Report for November 2022. This report captures the highlights of the team's efforts over the past month, across the five imperatives of the Blueprint 2.0 strategic plan: **Sustainable, Equitable, Reliable, Resilient, and Health, Safe and Well.**

Resilient

DC Water Support of Jackson, Mississippi Water Crisis

We are all moved by the ongoing water crisis in Jackson, Mississippi. It is important that we do what we can to assist our sister utilities on the ground as they continue to face setbacks amid an extended Boil Water Advisory. To that end, the Office of Emergency Management (OEM) has received employee interest from Wastewater Operations, and Pumping and Sewer Operations to potentially support Jackson. A team of seven DC Water employees has been submitted to HSEMA for short-term deployment consideration. OEM will continue to coordinate with HSEMA and will provide updates as we receive additional information. I will update the board as more details are provided concerning deployment.

Employee Town Hall Meetings

In October, I had the pleasure of leading a series of Employee Town Hall Meetings at Bryant Street, Blue Plains and at HQO. More than 300 employees attended one of the meetings in person, and many others joined our Microsoft Teams Live event, broadcast from the HQO session.

We strive to schedule these employee meetings between 2-4 times per year, and the sessions often offer important insights into the concerns and morale of our workforce. From the standpoint of delivering equity to our employees, the Employee Town Halls allow us to recognize the excellent work of our high performing employees and teams and offer transparency on issues that matter most to them.

Each Employee Town Hall Meeting featured a Healthy, Safe, and Well moment, led by Marc Battle (Chief Legal Officer and EVP / Government and Legal Affairs) on staying safe during flooding entitled 'Turn Around, Don't Drown.' Mr. Battle also offered staff an update on our efforts around the Resilient imperative through an update on the \$20 million FEMA Building Resilient Infrastructure and Communities (BRIC) grant the Authority has secured for the completion of a flood wall to protect the Blue Plains campus from Potomac River flooding.

I used the opportunity to engage staff on our many accomplishments during FY22, including our tenth consecutive NACWA Platinum Peak Performance Award, NACWA Excellence in Management (Gold Recognition), the Smart Water Project of the Year at the Global Water Summit (Event Management System), the WEF Utility of the Future Award, the 2022 Trailblazer Award (Capital Programs Procurement Transformation), the progress of Lead Free DC, the launch of our Innovation Hub and more.

Lisa Stone (Chief People and Inclusion Officer and EVP / People and Talent) led a presentation to update staff on recruiting and hiring efforts at the Authority. Ms. Stone described several improvements and a streamlined process for recruiting, reducing the number of days required to fill a vacancy. The People and Talent team remains on track to exceed our hiring goals for the year.

Overall, these meetings were a tremendous success, and I would like to thank Ms. Stone, Mr. Battle, and the teams from Information Technology, Marketing and Communications, and Facilities for their efforts with set-up and promotion for the meetings.




Resilient continued

Continuity of Operations Drill

On October 11, the Department of Pumping and Sewer Operations (DPSO) conducted a Continuity of Operations (COOP) Drill that tested Supervisory Control and Data Acquisitions (SCADA) operations and the implementation of flood control barriers at Main Pump Station. This drill, funded by EPA Region 3, was the accumulation of a coordinated planning effort by the Office of Emergency Management, DPSO, Safety, Security, Facilities, and Fleet.

Using a tropical storm and storm surge scenario, personnel at Main Pump Station simulated their response by securing the building, relocating SCADA operations from Main Pump Station to Poplar Point Pump Station, and installed flood hardening protection measures.

The drill was a success, as the SCADA continued without impact, and the team was able to assemble (for the first time) flood control barriers at Main Pump Station. The DC Water employees who participated in the drill deserve recognition for their tremendous work, ingenuity, and problem solving abilities. This teamwork and commitment to preparedness continues to help DC Water to be more resilient to the ever-changing environment.



Equitable

WEFTEC Conference Highlights

DC Water's stature as one of the leading water utilities in the nation was reaffirmed by the Authority's impressive showing at the Water Environment Federation's Technical Exhibition and Conference (WEFTEC) in New Orleans. WEFTEC is the world's largest annual water conference with almost 18,000 attendees this year. Team Blue was well-represented, picking up multiple awards and presenting in various workshops and panel discussions with water professionals from around the world.

On October 11, it was my honor to accept the Utility of the Future Today award on behalf of DC Water, which was recognized in the area of Partnerships and Engagement. In addition, a team of data scientists from DC Water and Virginia Tech won the Intelligent Water Systems Challenge – and the \$10,000 first prize - for their wet weather forecasting model to manage our deep tunnel system and keep our waterways clean.

DC Water's Operations Challenge Team competed at WEFTEC for the first time in several years, and it was a thrill to watch our frontline workers demonstrate their skills against other teams from around the country.

DC Water's leadership and subject matter experts also represented us well in a number of important discussions. **Lisa Stone** (Chief People and Inclusion Officer) participated in the Water Woman Table conversation, where she discussed the importance of gender parity in water management and prioritizing a gender-inclusive approach to solving our global water challenges. This event was sponsored by the WaterRising Institute, a women-led organization that envisions an equitable, water positive future, one where all voices are heard, all barriers to gender are removed, and more water is replenished than used in every aspect of water management.

In addition, Ms. Stone and **Sheryl Ude** (Senior Advisor to the COO) moderated the inspirational WEFTEC panel, "DEI Aspects of Resource Planning: Timing and Approach to Embedding DEI into Organizational Strategy."



dc Highlights



Equitable continued



Attending his first WEFTEC conference, **Robert Bornhofen** (Director of Innovation) shared the DC Water story specific to how we're executing our Innovation Refresh strategy. Entitled "Unleashing Creativity: A Comprehensive X-Functional Approach to Innovation," Robert outlined how an organizational-wide approach is being used to raise the visibility of problem solving through innovation. He highlighted the importance of active engagement among employees, contractors, and partners - how widespread participation is essential to solving defined problem areas through new and improved ways of serving ratepayers.

Good dialogue followed among the conference attendees. DC Water and its approach to innovation is getting good visibility. What we do is unique from most other water utilities. By aligning innovation activities to

Blueprint 2.0, we are able to solve the right challenges, enable strategic goals, and position DC Water to take on new challenges and opportunities.

New Lead Free DC Program Management Team

On October 14, the Department of Engineering and Technical services (DETS) held a contract kick-off meeting with departments across the Authority and the Lead Free Group (LFG) – the incoming Program Management team comprising the joint venture between CDM Smith and Ramboll. The LFG team presented a high-level overview of their short-term plan to transition work smoothly this year and their long-term strategy to ramp up lead replacement and meet the 2030 Lead Free DC goal. The team will hold an official program chartering session in mid-November.

DC Water more than doubled our lead replacement rate this year, removing almost 1,800 lead pipes in FY22 compared to 800 in FY21. LFG will build on this progress of increased lead replacement, as well as focus on investment in disadvantaged communities, improve DC Water's service line records, and pursue external funding sources.



DC Water Awards Contracts to Mid-size Firms

I am pleased to announce that DC Water is awarding two 5-year \$2 Million contracts to two firms for the development of traffic control plans (TCP) for various capital improvement projects. The two firms are Cube Root, a DBE; and A. Morton Thomas and Associates, Inc. Both firms are located in the District. In the past, this work has been part of larger program management contracts where small and mid-sized firms would have been subcontractors. In an effort to increase contracting opportunities to small and mid-size engineering firms, the Capital Procurement Department collaborated with Engineering and solicited TCP as a stand-alone contract. This effort resulted in the award of contracts to two local DC firms who are now the prime contractors of their own contracts. Both firms also proposed a 10% WBE utilization.

dc Highlights



DC Water Hosts Malaysian Delegation as Part of State Department Exchange

On October 13 and 14, DC Water once again hosted our partners from PDT, the water utility in Johor Bahru, Malaysia in Washington, DC after the WEFTEC conference. This visit is part of our 3-year Water Smart Exchange (WiSE) program sponsored by the US State Department and administered by the US Water Partnership and the Water Environment Federation.

Now in the 2nd year, the partnership provides funding for both DC Water and PDT to send a staff delegation to Singapore International Water Week or WEFTEC, respectively, plus visit each other's facilities and participate in peer learning exchanges.

This year's visit to DC Water focused on our drinking water supply, treatment, and distribution on the first day, including touring the Aqueduct facilities with our US Army Corps partners. Day 2 centered on Blue Plains with a focus on renewable energy, the urban-agriculture interface, R&D, and the "digital utility."

Special thanks to **Robert Bornhofen** (Director, Innovation), for helping organize and participate in the overall visit and to **Matt Ries** (Director, Strategic Leadership & Sustainability) and **Apera Nwora** (Director, Government Affairs and Public Policy) for their engagement with the Malaysian delegation both at WEFTEC and in DC, and to Operations staff **Chris Peot** (Director, Resource Recovery), **Saul Kinter** (Program Manager, Business Development), **Haydee DeClippeleir** (Director, Clean Water & Technology), and **Tom Kuczynski** (Vice President, Information Technology) for leading the learning exchanges.

IdeaScale Campaign Launch

Our official launch of DC Water's first-ever Crowdsourcing Platform occurred on July 13, 2022. Entitled "How Can We Become More Reliable, Resilient, Sustainable, Equitable, & Healthy/Safe/Well in How we Operate," employees and contractors from across DC Water were encouraged to share ideas on what could be done differently to create new value.

For our first time doing a Crowdsourcing Challenge, the results were encouraging. Fourteen (14) ideas were shared among a diverse set of participants. Over 182 views and 42 comments helped build up & strengthen ideas. The top-ranked suggestions are currently undergoing review and will soon be shared with DC Water leadership for direction.

Next, two new Innovation Challenges were introduced on October 2. The scope involves smart AMI water meters installed at ratepayer locations. Specifically, how some meters are unable to electronically transmit water usage data to DC Water. **Kishia Powell** (Chief Operating Officer and Executive Vice President) is the Executive Sponsor. **Meisha Lorick** (Interim Director, Customer Care), **Sheena Robinson** (Manager, Customer Service Meter and Field Services), **Marcus McKenzie** (Manager, Revenue Assurance), and **Sohail Moinuddin** (AMR System Administrator) were instrumental in defining the problem with some AMI meters.

These two Challenges remain open until October 28, at which time the ideas will be evaluated for leadership review and potential implementation. Everyone is encouraged to review the ideas submitted and, if motivated, submit their own idea(s) to help us solve the problem. We welcome your participation.



Why Your Voice Matters!

By asking the right questions, we tap into a very experienced and skilled workforce across DC Water. Our aim is to leverage this strength by what gets shared to benefit our customers, our communities, and our employees.

We want to hear from you. You're encouraged to share your ideas, comment on other ideas, and even vote on what you believe are the best idea(s) worth considering. What gets evaluated for implementation are the best ideas that flow to the top.





Sustainable

GFOA Distinguished Budget Presentation Award

DC Water was awarded its twenty-second consecutive Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for its Board-adopted FY 2023 budget. This award is the highest form of recognition in governmental budgeting and the attainment represents a significant achievement by any governmental organization.



We congratulate **Lola Oyeyemi** (Budget Director) and the members of the Budget Office who led the Finance team in deploying the budgeting and reporting module of the newly implemented Oracle Enterprise Resource Planning (ERP) system to author and publish the annual budget document.

The Rise of Sustainable Finance in the US Municipal Market Conference in NYC

Ivan Boykin (Director of Finance) was a panel member on September 28 to discuss "The Rise of Sustainable Finance in the US Municipal Market." Topics included factors driving increasing volumes of sustainable bond issuance from US municipal markets, how investors and other market participants assess ESG and sustainability risks and opportunities for governmental issuers, along with the development of regulatory and market standards affect ESG & sustainability.

Bloom Featured in Wired Magazine

In October, our soil amendment product, Bloom, was featured in Wired magazine in a story entitled 'US Cities are Recycling Trees and Poop to Make Compost.' The article extensively quotes **Chris Peot** (Director, Resource Recovery / Wastewater Treatment) and **April Thompson** (Senior Director, Bloom / Blue Drop) on the benefits of Bloom, and the different types of Bloom available on the market, including mixes that add sand, aged hardwood, or are similar to potting soil.



Additionally, the story highlights the partnership between the District and DC Water to use Bloom to reverse the trend of urban tree loss and improve canopy coverage and cites' recent research that "suggests the cooling effect this will provide could be lifesaving, particularly given the ability of trees to temper the rapid rise in urban surface temperatures.

I encourage all Board members to read this excellent piece, [wired.com/story/crowdsourced-compost-tree-waste-poop/](https://www.wired.com/story/crowdsourced-compost-tree-waste-poop/), and I would like to thank Mr. Peot and Ms. Thompson for sharing their expertise to educate readers on the many potential benefits of Bloom.

DC Water Apprenticeship Program – Cohort 2 Reports to Their Worksites

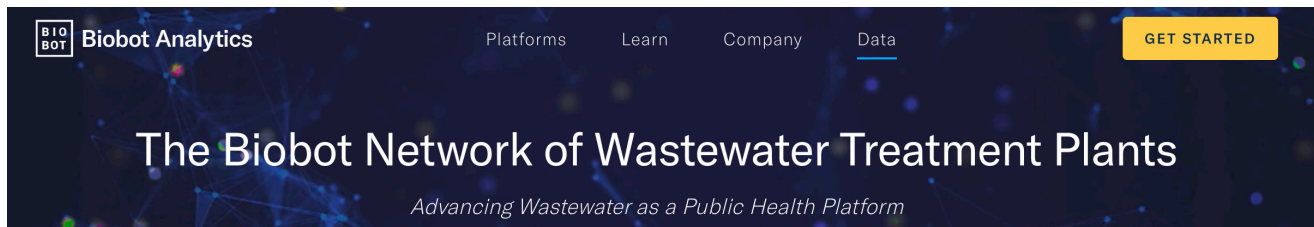
Members of Cohort 2 of our apprenticeship program were excited to report to their worksites on October 11 after completing a 4-week Orientation and Job Readiness Training with our partner, the DC Office of Employment Services (DOES). As a reminder, Year 1 of Cohort 2 is funded through an MOU with DOES who will also provide support services to the apprentices as needed. Cohort 2 includes five trades – Buildings & Grounds, Painter, Utility Service Worker, Utility System Operator, and Maintenance Mechanic, and fifteen apprentices. Cohort 2 is 100% minority and 33% women which exceeds the EEO and affirmative action goals for the program.

The program is headed by **Korey Gray** (Vice-President, Contract Compliance and Business Development / Finance & Procurement) and **Yvette Judge** (Director, Business Analysis / Office of the CEO), leveraging the years of experience of **Linda Fennell** (Contract Compliance Specialist II / Finance & Procurement) and various staff across the Authority including **Sharon Talley** (Contract Specialist 1 / Finance & Procurement). Ms. Fennell shepherded the partnership with DOES to help provide wrap around services and financial support during the apprentices' first year.

Healthy, Safe and Well

Biobot COVID Surveillance Data

Biobot Analytics is publicly sharing data showing the SARS-CoV-2 virus concentration present in samples of wastewater taken from across the United States. After consulting with the DC Department of Health (DOH), DC Water has given Biobot permission to include our COVID-related surveillance data on their website. Our sample results are now displaying on the public data visualization at biobot.io/data/. DC Water remains committed to supporting public health in the battle against COVID. Making the data available through the Biobot site provides additional data and graphics to the public which are not currently available on the CDC website.

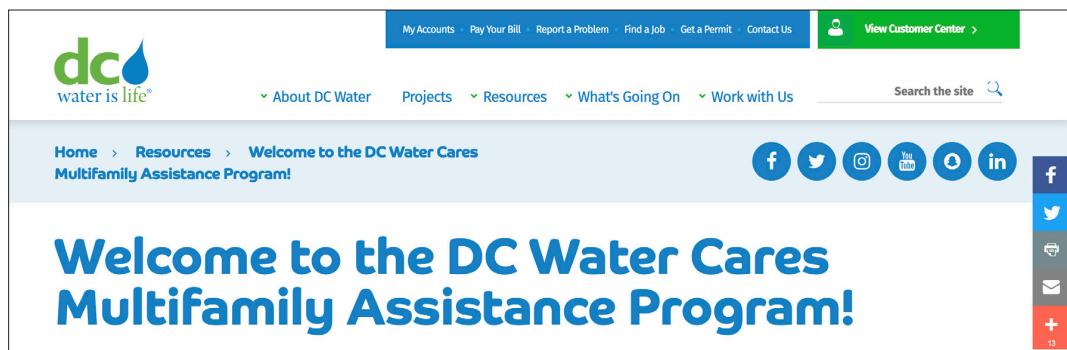


Multifamily Housing Assistance Program

I am proud to announce the continuation of our efforts to bring equity and affordability to multifamily customers throughout the District. DC Water Cares Multifamily Assistance Program (MAP) was successfully launched in the FY2023 application and associated sites with renewed program updates and improvements. Many thanks to the IT, General Counsel, and Customer Service teams for a smooth collaboration and implementation, and to the Office of Marketing and Communications (OMAC) for their continued partnership with Customer Service on provider strategy and engagement. OMAC will distribute a press release on the continuation of the program. I look forward to these teams working together on program outreach and education in the coming fiscal year.

Customer Service has done an excellent job of identifying and moving past the barriers of our first year, most significantly, encouraging HOAs and providers to register. So, for FY23 we are boosting the incentive for property owners with more administrative cost support and increasing the amount of aid we provide per unit. These efforts will help the Authority to advance our big picture goals of keeping ratepayer revenue intact for the overall benefit of the communities we serve.

The DC Water program information page, dcwater.com/MAP, has been updated to reflect our new program messaging and applicants may now visit our assistance page(s) to apply and obtain application information. I am excited that this program will again be available to multifamily properties through September 2023.





Divisions

The CEO report includes service level based key performance indicators. These are indicators for which the teams have established or confirmed response and resolution times in which to perform the related work. This is assisting us in identifying productivity and resource needs as well as benchmarking ourselves against other utilities. It is important to note that where teams may not meet the Service Level Targets set for a specific metric, it does not mean the work is not getting accomplished. The teams are doing a tremendous job and continue to strive to meet high performance expectations.

Financial Metrics

Metric	Target	June-22	July-22	Aug-22	Sept-22
Operating Cash Balance (millions \$)	\$235.6	\$244.6	\$248.2	\$270.6	\$258.2
Delinquent Account Receivables (%)†	3.3%	4.6%	4.6%	4.5%	4.5%
On-time Vendor Payments (%)††	97%	96%	96%	96%	96%
Investment Earnings Data (Thousands \$)	\$2,234.0	\$55.0	\$70.4	-\$7.3	\$111.8
Core Investment Yield Data (%) - Merrill Lynch 1-3 Year Treasury Index *		3.0%	2.9%	3.5%	4.3%
Core Investment Yield Data (%) - Actual Monthly Yield †††	0.2%	1.1%	1.2%	1.5%	1.7%
Short Term Investment Yield Data (%) - Merrill Lynch 3-Month Treasury Index *		1.7%	2.3%	2.9%	3.2%
Short Term Investment Yield Data (%) - Actual Monthly Yield †††	0.1%	1.0%	1.1%	1.3%	1.6%
Days of Cash on Hand ** and ***	250.0**	322	346	337	320***

* Represent annual Treasury Index targets developed and provided by the Authority's investment advisor.

** 250 days of cash is the Board policy requirement for annual days of operating reserves excluding the Rate Stabilization Fund.

***326 days of cash is made up of 39 days in the Rate Stabilization Fund and 281 days in the operating cash balance.

Metrics Explanations:

† Delinquent account receivables as a percentage of 12-month rolling average revenue. The delinquent account receivables increased due to the impact of COVID-19.

†† Vendor payments percentage is not at the desired target primarily due to performance related to the transition from the legacy system to the new system, which includes tolerance configuration (Materials Management invoices), retention invoices, or system entries (non-payment entries, e.g., ROCIP funding), and user training related to receipts issues.

††† Investment earnings lag the benchmarks. We are in a rising interest rate environment. As lower yielding investments are sold and reinvested, performance is expected to improve.

Finance Highlights

FY 2022 Financial Performance YTD

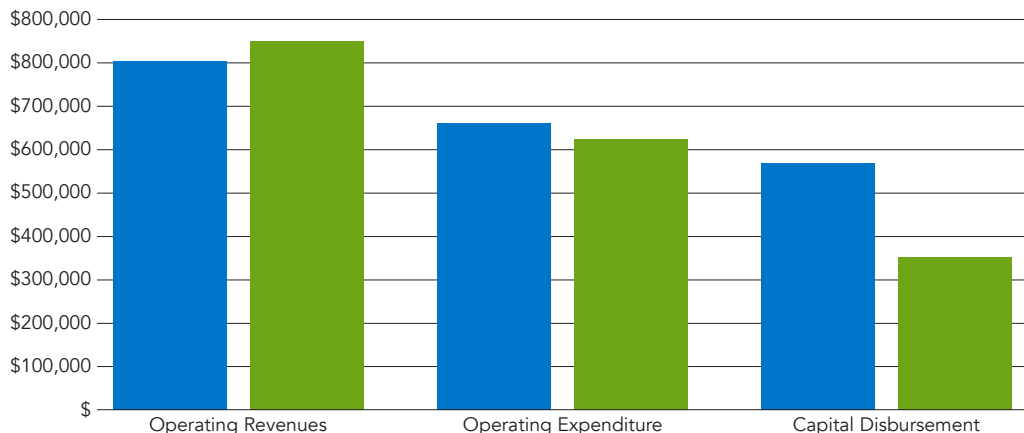
The information presented here are preliminary estimates that could change based on year-end financial entries and the annual financial statement audit.

DC Water ended FY 2022 favorable with revenues above budget and the operating expenses and capital disbursements below the respective budgets. At the end of the fiscal year, the total operating revenues are \$833.6 million or 104.2 percent of the budget. Total operating expenditures are \$623.5 million, or 94.7 percent and capital disbursements are \$345.3 million, or 60.9 percent of the respective budgets.

The FY2022 Revenue Budget was formulated during COVID and prior to the release of the vaccine. At the time there was much uncertainty about economic recovery as overall water usage was down, especially the commercial category. Delinquencies were increasing at about \$1 million a month and DC Water had discontinued disconnections and late charges. Despite all of the unknowns when the forecast was developed, ultimately it was within four percent of actual results for FY 2022.

Total operating expenditures were at 94.7 percent or \$34.9 million below the budget with underspending mainly in personnel services due to higher than anticipated vacancy rate, contractual services and debt service costs. The underspending in debt service costs was due to the release from the 1998 Debt Service Reserve Fund in excess of the requirement and the refinancing of higher cost debt. Additionally, there were significant cost pressures in chemicals, supplies and utilities due to the prevailing energy market conditions and supply chain issues during the year. With the favorable operations and maintenance expenditures, the cash financed capital improvement was fully utilized for pay-go financing. Capital disbursements were at 60.9 percent or \$222.2 million below the budget due to several factors including permitting delays, project delays, lower customer participation rate in the LeadFree DC program and long lead times for delivery of specialized vehicle equipment.

FY 2022 Year to Date Performance Budget vs. Actuals (\$000's)



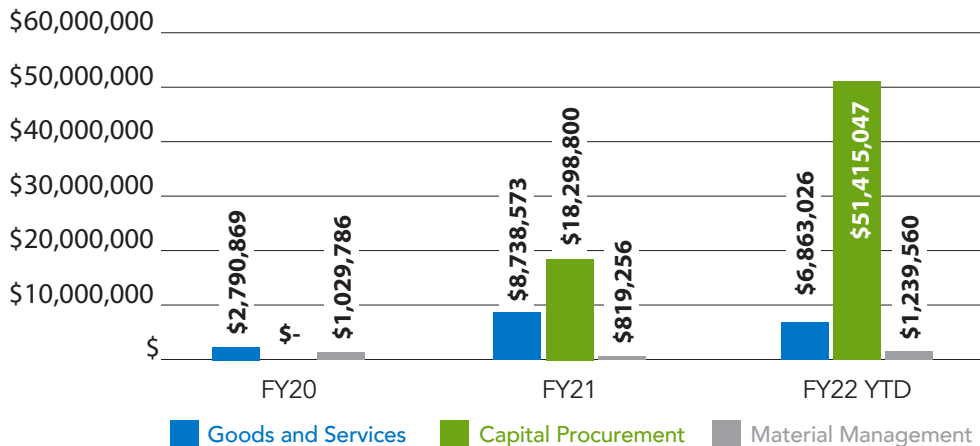
Procurement

Key Highlights:

- DC Water is awarding two 5-year \$2 Million contracts to two firms for the development of traffic control plan (TCP) for various capital improvement projects. The two firms are Cube Root, a DBE, and A. Morton Thomas and Associates, Inc. and both firms are located here in DC. This work in the past has been a part of larger program management contracts and these firms would have been subcontractors to these contracts. But in an effort to increase contracting opportunities to small and mid-size engineering firms, Capital Procurement Department collaborated with Engineering and solicited TCP as a stand-alone contract. This effort resulted in the award of contracts to two local DC firms who are now the prime contractors of their own contracts. Both firms also proposed a 10% WBE utilization.

Cost Savings (negotiated savings and cost avoidance)

The chart shows the cost savings from FY 2020 to FY 2022 year-to-date achieved by Procurement through the competitive solicitation process in the Capital Project and Goods/Service solicitations and the cost avoidance achieved in the Materials Management through the inventory optimization. The cost savings for Capital Procurement was not tracked in FY 2020.



Procurement - continued**Upcoming Business Opportunities**

All current and planned solicitations are available at dcwater.com/procurement.

Those upcoming in the next two months are shown below:

Capital Procurement

Planned Solicitation	Project Title	Solicitation Type	Estimated Total Contract Value	Delivery Type	Eligible Inclusion Program
October, 2022	Piney Branch Sewershed Rehab, Phase 1	IFB	\$17M	Bid Build	DBE/WBE
October, 2022	Wastewater Treatment Facility	RFP	\$10M	Professional Service Agreement	DBE/WBE
October, 2022	Fort Stanton Solar Project (Phase 2)	RFP	\$2.7M	Design Build	DBE/WBE
October, 2022	Subsurface Utility Engineering BOA	RFP	\$2.5M	AE Design	DBE/WBE
February, 2023	Construction of Flood Seawall Segment A, B, D	RFP	TBD	Design Build	DBE/WBE
March, 2023	Sanitary Sewer Rehabilitation 10	TBD	TBD	TBD	TBD
March, 2023	Major Sewer Rehab 1-5 Northeast Boundary	TBD	TBD	Construction Contract	DBE/WBE
March, 2023	COF/IT Electrical System Upgrade	RFP	\$10M	Bid Build	DBE/WBE
March, 2023	Service Life Restoration Program (SLRP) 2	TBD	TBD	TBD	DBE/WBE

Goods and Services Procurement:

Planned Solicitation	Project Title	Solicitation Type	Estimated Total Contract Value	Eligible Inclusion Program
October, 2022	Financial Staff Augmentation	RFP	\$1-\$5M	DBE/WBE
October, 2022	Emergency Preparedness Planning and Related Services	RFQ/RFP	< \$1M	LSBE
October, 2022	Tank Reservoir	RFP	< \$1M	LSBE
October, 2022	Small Construction Projects and Renovations	RFP	\$1-\$5M	DBE/WBE
November, 2022	Medical Benefit Plans for Employees	RFP	> \$10M	DBE/WBE
November, 2022	Protective Services	RFI	> \$10M	DBE/WBE
December, 2022	Investment Advisory Services	RFP	< \$1M	LSBE

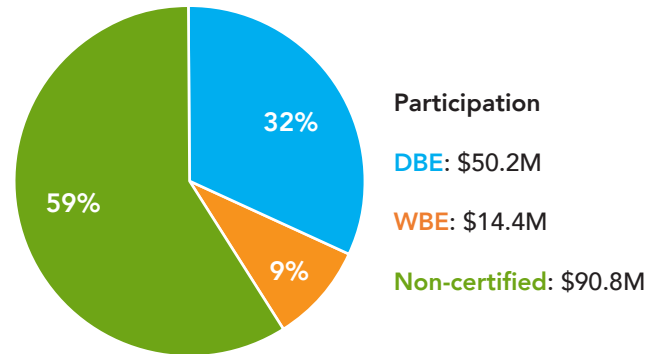
Compliance

Certified Business Utilization

As part of its strategic initiatives, DC Water continues to ensure certified businesses (Disadvantaged Business Enterprises, Local Small Business Enterprises, Minority Business Enterprises, and Women Business Enterprises) have meaningful participation in its procurement activities.

During this reporting period, DC Water approved nine (9) different procurement actions, totaling \$155.4M. Of this total, certified firms were awarded \$64.6M in prime and subcontracting opportunities.

Certified Firm Participation September 2022 Awards



The following table summarizes the certified firm participation:

Construction Projects (3 Awards)		A/E Projects (4 Awards)	
Total Value	\$54.4M	Total Value	\$92.5M
DBE Participation (7 firms)	\$15.3M (28%)	DBE Participation (26 firms)	\$29.4M (32%)
WBE Participation (5 firms)	\$3.1M (6%)	WBE Participation (12 firms)	\$8.1M (9%)

Goods & Service Projects (1 Award)	
Total Value	\$8.5M
DBE Participation (2 firms)	\$5M (64%)
WBE Participation (1 firms)	\$3.1M (36%)

Also during this period:

- Two certified firms (one DBE and one WBE) won contracts as a prime (Goods and Services project).
- Three firms obtained their first subcontract.
- Four Mentor Protégé relations were established.

Several of DC Water’s Strategic Partners (the American Council of Engineering Companies – Small business Committee, the Capitol Regional Minority Supplier Development Council, the DC Anchor Partnership, the District Department of Small and Local Business Development, and the Women’s Business Enterprise National Council) were very active in supporting certified business engagement and partnering this month. In all, DC Water participated in five engagement activities with these partners in September leading to nine (9) of their constituent firms being awarded contracts and subcontracts on DC Water projects.

DC Water Works

Location	FY 21 New Hires
DC	40*
PGC	34
MC	6
FC	11
LC	2
Out of Jurisdiction	18

In FY, DC Water contractors made 98 new hires. As indicated in the table below, the 75% local hiring goal (hires within the user jurisdiction) continues to be met.

In September, DC Water participated in three external job fairs, with the District of Columbia Infrastructure Academy, the District Department of Employment Services, and the University of the District of Columbia. DC Water also provided the commencement address for the DC Sustainable Energy Utilities graduation ceremony.

*This figure includes the 15 apprentices from DC Water Apprenticeship Program - Cohort 2

Shared Services Critical Infrastructure Security and Resilience Month

November is Critical Infrastructure Security and Resilience Month

This is the Cybersecurity and Infrastructure Security Agency's (CISA) annual effort to educate and engage all levels of government, infrastructure owners and operators, and the American public about the role critical infrastructure plays in the nation's wellbeing and why it is important to strengthen critical infrastructure security and resilience.



What is critical infrastructure?

According to CISA, "Critical infrastructure includes the assets, systems, facilities, networks, and other elements that society relies upon to maintain national security, economic vitality, and public health and safety. We know critical infrastructure as the power used in homes, the water we drink, the transportation that moves us, the stores where we shop, and the Internet and communications we rely on to maintain our contact with friends, family, and colleagues."

Designation of Critical Infrastructure Sectors

energy • dams • critical manufacturing • communications
 chemical government • information technology • financial
 services defense industrial base • health & public health
 food & agriculture commercial facilities • emergency services
 water & wastewater nuclear reactors, materials & waste
 transportation system

DC Water collaborates to ensure our critical infrastructure is protected

- Department of Security has a robust electronic security program and utilizes Armed Special Police Officers as a means of deterrence as recommended in the White House's National Strategy for the Physical Protection of Critical Infrastructures and Key Assets.
- Department of Information Technology houses DC Water's cybersecurity efforts and ensures Team Blue is properly trained to recognize a potential cyber-attack, and continuously monitors and responds to cyber events of interest on the Authority's networks (both Operational Technology and Information Technology) and computing systems.
- Office of Emergency Management leads the Critical Infrastructure Protection program that focuses on establishing partnerships with federal, state, and local stakeholders to protect our infrastructure assets and our ability to provide service to our customers.
- Departments throughout DC Water maintain partnerships with the Department of Homeland Security and Metropolitan Washington Council of Governments, which allows DC Water involvement in a variety of protection, and prevention initiatives.



Fleet, Facilities, Safety, Security and Emergency Management

Shared Services Metrics

Metric	Target	June-22	July-22	Aug-22	Sep-22
Security: Camera operational uptime	90%	97%	97%	97%	96%
Security: Smart card readers operational uptime	90%	100%	100%	100%	99%
Security: Percent of security investigations completed within 21 days	95%	100%	100%	100%	100%
Facilities: Preventive Maintenance Completion Rate	90%	18%	89%	89%	41%
Facilities: Service Request Completion Rate	90%	69%	56%	56%	44%
Fleet: Preventive Maintenance (PM) on Schedule	96%	33%	37%	22%	14%
Fleet: Priority Vehicles/Equipment (In-Service)	96%	76%	72%	77%	76%
Safety: DC Water Employee Recordable Incident Rate (RIR) (FY)	< 5.3	2.9	2.9	2.8	3.1
Safety: DC Water Employee Lost Time Incident (LTI) (FY)	< 2.1	1.9	1.9	1.8	2
Safety: Contractor/ROCIP Recordable Incident Rate (RIR) (FY)	< 2.8	2.2	2.3	2.2	2
Safety: Contractor/ROCIP Lost Time Incident (LTI) (FY)	< 1.1	0.2	0.4	0.5	0.5

Facilities:

Preventive maintenance (PM) completion rate for September dropped to 41%. Total PMs completed was 170 which is close to the average monthly completion total of 182 per month. PM demand increased in the month of September. Monthly PM totals vary from month to month due to differing monthly, quarterly and seasonal PM needs. Facilities HVAC shop resources were strained in September: In September 2022, the Foreman for the HVAC shop retired and the Facilities HVAC shop now has just 3 filled journeymen HVAC mechanic and 2 fill apprentice positions. Facilities is working with People & Talent to get the HVAC Foreman position approved for recruitment and actively recruiting 3 additional journeyman HVAC mechanic positions since Spring of 2022. Per the American Physical Plant Association, HVAC staffing average is 1 journeyman FTE per 450,000 square feet of building space. For DC Water building space this works out to about 8 full time journeymen FTE. Facilities has 3 filled journeymen FTE, 3 vacant journeymen FTE and has requested FY24 FTE enhancement funding for the 2 HVAC apprentices who will graduate in late FY23. To help meet immediate demand, Facilities has secured the services of two retired employees through a temporary staffing arrangement while key recruitments are ongoing. The Facilities service request (SR) completion rate in September was 44% with 88 completed service requests. Facilities supported 40 events for OMAC, Blue Drop and internal DC Water events. Resources were strained with absences due to illness and use-or-lose leave high in September. In addition, there was one retirement from the buildings & grounds team. Facilities continues to work with People & Talent with 4 positions currently approved for recruitment and 4 cohort #2 apprentice positions starting the first week of October 2022. When PM and/or SR demand exceeds available resources' ability to complete, the work orders are prioritized by Health & Safety related requests followed by process criticality.

Fleet:

Preventative Maintenance completion rate for September 2022 was down to 14%, due to continued challenges with maintenance technician availability and the departmental work related to relocation. Fleet is also working to develop a more realistic Preventative Maintenance Schedule for the next few months while we transition to the new Fleet HQ. Previously the PMs would simply rollover from prior months without regard for maintenance bay capacity and technician resources, leading to a very poor PM completion rate. As we look to bring on a new maintenance contract in January, 2023 we are striving to manage the work more effectively and ensure that the work can be performed timely. The Availability of Priority 1 vehicles remains steady at 76%, as Fleet continues to perform necessary repairs to keep units operational and in-service.



Customer Assistance Programs (CAP)

As of September 30, 2022 (fiscal year end), we have 2650 total new enrollments across CAP, CAP2 and CAP3. In FY22, though eligibility recertification was waived for all CAP programs, DC Water assisted additional 50% more customers compared to FY21. In FY23, all CAP customers must recertify to receive assistance, however, DC Water will enlist many of the awareness and notification actions completed in FY22 to connect eligible customers with applicable assistance.

FY22 New Enrollment TOTAL			
Program	FY21 Rollover	FY22 New	TOTAL
CAP I	4453	2496	6949
CAP II	538	141	679
CAP III	191	13	204
Totals	5182	2650	7832

Customer Assistance Programs (CAP)

Program	FY2021 Enrolled	FY2021 Dollars	Sept. # Enrolled	Sept. Dollars	# FY22 Enrolled	FY2022 Dollars	FY2022 Budget
CAP I	4,453	\$2,378,326	88	\$462,709	6,949	\$4,871,357	\$2,737,865
CAP II	538	\$245,637	6	\$30,752	679	\$338,362	\$296,536
CAP III	191	\$36,059	1	\$166	204	\$33,026	\$100,000
Non-Profit CRIAC Relief	189	\$955,707	31	\$115,952	186	\$866,375	\$1,260,000
Emergency Relief Program	1,820	\$1,071,464	0	\$0	28	\$27,493	\$-
DC Water Cares Residential	2,842	\$1,892,843	467	\$413,985	1,690	\$1,318,242	\$3,000,000
DC Water Cares Multifamily (number of units)	5,978	\$2,507,484	17	\$16,280	4,313	\$1,880,830	\$6,223,837
STAY DC	304	\$352,419	0	\$0	1,100	\$1,106,974	N/A
Low Income Household Water Assistance Program	N/A	N/A	188	\$196,992	3,393	\$2,380,005	\$2,000,000

Customer Care

The Customer Care team met the metrics for September and met most of the year end targets. However, the Contact Center the talk time was below target by 20 seconds. As the disconnect population increases due to threshold changes, the number of incoming calls is slowly increasing. The team is filling vacancies and using contractor support to ensure the Contact Center metrics are met. In FY23, the new training team for the department will assist in ensuring the team is properly trained and offered tools to reduce talk time and other training opportunities. This group will assist in providing reliable service to our customers.

As we align our new fiscal year workplans to the strategic imperatives we look forward to the opportunity to support our customers through initiatives and activities that foster increased customer confidence through reliable service.

Key Performance Indicators

Metric	Target/ Service Level	July 22	Aug 22	Sept 22
% of Bills issued on time (w/in 5 days)	95%	98.0%	98.0%	98.0%
Estimated bills as a percent of meters read	4%	3.9%	4.0%	4.0%
Number of High Bill Complaints	trend only	50	76	73
% of OPC inquiries resolved within 14 days	90%	100%	100%	94%
% of calls answered in 40 seconds (Call Center)	85%	88%	91%	90%
Monthly Call Volume Served	trend only	7,005	7,669	7,679
Average Talk Time (minutes)	5:30	5:43	5:47	6:03
Average Wait Time (minutes)	1:30	0:23	0:18	0:20
Abandoned Calls (%)	6%	2%	1%	2%

September:**Five projects completed****Lawson Data Retention & Migration**

Historical financial data from the old financial system (Lawson) Data was migrated to a new cloud platform for long-term archival and the on premise infrastructure was retired.

Water Operation valve application

Enhanced QA/QC tools were added, and additional field mobility features were deployed.

FY22 Collection Response Program

This project completed a phased resumption of the automated collections process post COVID for payment arrangements and emergency assistance which helps DC Water to collect revenue on behalf of low-income families per DC City Council legislation.

FY22 VertexOne (Customer Information System) Enhancements

This project added a number of process automation features to improve the matching customers to contracts, automated payment file transfers from Western Union, automatically deactivated installment plans for missed payments, improved the account reconciliation process, and enhanced the exception processing.

IVR Upgrade to 15.0

Upgraded the operating system and database to ensure applications remained at a supported level and eliminated various potential cyber vulnerabilities.

Two new projects launched**MAPS 2023**

Implement enhancements to the Multi-Family Assistance Program to help increase participation rates.

CyberSenty

Leverages best in breed technologies to identify potential malicious activity on PCS, SCADA and administrative networks. CyberSentry's 24/7/365 monitoring and alerting capabilities will substantially improve our cyber resiliency.

IT Monthly Report

SR/WO Type	SL Target / SLA	July 22	Aug 22	Sept 22
Number of tickets submitted	Trend only	841	860	947
Number of open tickets	Trend only	24	23	20
Helpdesk SLA	96%	98.92%	98.3%	98.8%
Number of active projects	Trend only	19	19	18
Number of completed projects	Trend only	3	1	5
On schedule performance	90%	81.82%	90.48%	94.59%
On budget performance	90%	81.82%	88.1%	97.30%



Water Services, Sewer and Pumping Operations, Wastewater Treatment, Engineering, DC Clean Rivers

Featured Projects of the Month – Department of Wastewater Engineering

Stormwater Pump Station Rehabilitation – Kenilworth and Portland Street Pump Stations

Rehabilitation of these two pump stations is underway. These projects will upgrade the facilities and increase reliability and resiliency in alignment with our Strategic Initiatives, to maintain traffic flow on critical roadways during rain events. This includes the Kenilworth Road underpass near Benning Road NE, and the South Capitol Street underpass at Malcolm X Ave SE (formerly named Portland St).

The work has been released to the MFU7 contractor, and equipment procurement including submittals and delivery are ongoing. The final schedule for completion will be established after delivery dates are confirmed, with focus on long lead-time items. On-site construction is expected to start after equipment delivery.

Key Performance Indicators

Metric	Target/Service Level	June-22	July-22	Aug-22	Sept-22
Wastewater Operations					
NPDES Permit Compliance	100%	100%	100%	100%	100%
Air Permit Compliance	100%	100%	100%	100%	<100%
Biosolids Class A	100%	100%	100%	100%	100%
Tunnel Dewatering	100%	100%	100%	100%	100%
Combined Heat and Power	>20%	27%	24%	23%	25%
Reactive Maintenance	<20%	30%	36%	35%	35%
Critical Asset Availability	>95%	97%	98%	99%	97%
Sewer Operations					
CSS Structure Inspection (Regulators, Tide Gates, dams) %	100% monthly	100%	100%	100%	100%
MS4 Area Catch Basin Cleaning/Inspection- % of Monthly Target	100% monthly	337%	100%	100%	100%
MS4 Area Catch Basin Cleaning/Inspection- Cumulative % of annual Compliance (July 1- June 30)	100% annually	100%	2%	2%	3%
1X/Yr CSS Area Catch basin to Anacostia Clean/Inspect- % of Monthly Target	100% monthly	17%	100%	100%	100%
1X/Yr CSS Area Catch basins to Anacostia Cleaning/Inspect- % of annual compliance (Jan 1 - Dec 31)	1X - 100% annually	95%	97%	99%	100%
2X/Yr CSS Area Catch basin to Anacostia Clean/Inspect- Cumulative 2X - % of Monthly Target	100% monthly	100%	95%	38%	89%
2X/Yr CSS Area Catch basins to Anacostia – Cleaning/Inspections Cumulative % of annual compliance	2X - 100% annually	4%	4%	16%	39%
CSS Area Catch Basin Cleaning/Inspection- % of Monthly Target	100% monthly	50%	100%	100%	60%
CSS Area Catch Basins – Cleaning/Inspection Cumulative % of annual compliance	85% annually	12%	30%	44%	62%
Sewer Cleaning and Inspection (Miles) 10Yr Cycle	>12	2.7	24.7	58	38.17
Sewer Backup (Investigation to Resolution) -No line breaks	>95%	100%	100%	100%	100%
Sanitary Sewer Overflow	1.4 per 100 Miles	0.08	0.31	0	0.46
Combined Sewer Overflow	0	0	0	0	0

dc operations and Engineering

Water Services, Sewer and Pumping Operations, Wastewater Treatment, Engineering, DC Clean Rivers

Key Performance Indicators continued

Metric	Target/Service Level	June-22	July-22	Aug-22	Sept-22
Pumping Operations					
Firm Pumping Capacity Maintained	100%	100%	100%	100%	100%
Reactive Maintenance	<20%	11%	16%	10%	11%
Critical Asset Availability	>95%	95%	98%	98%	98%
Water Operations					
Safe Drinking Water Compliance	100%	100%	100%	100%	100%
Total Fire Hydrants Replaced	>21/Month	19	17	18	7
Hydrant Flow Tests (Non-Winter Months)	>180	280	437	433	336
Fire Hydrant Operational Rate	99%	99.69%	99.77%	99.72%	99.76%
Priority 5 Emergency Water Service work orders completed w/ in 24 hrs	>90%	100%	100%	100%	100%
Water Quality Complaint Resolution (within 48 hours)	>90%	88%	86.7%	85.7%	91%
Water Main Breaks	<28/Month	19	18	29	34
Water Main Break Rate /100 Miles (National Average is 25)	25	35.47	34.59	34.81	36.28
% of Hydrant Leaks in inventory that are not leaking	>90%	98%	98%	98%	99%
Permit Operations					
Overall On-time completion of Permit Reviews	90%	92%	90%	92%	94%



Explanation of Missed Targets

Wastewater Operations Reactive Maintenance (<20%)

DC Water has adopted a manufacturing industry best practice benchmark of less than 20 percent reactive maintenance hours as percent of total maintenance hours. To our knowledge, there is no similar benchmark used in the public water utility sector. Blue Plains manages around 45,000 assets within our asset management/maintenance management system, and this stringent industrial benchmark is tracked as a marker for continuous improvement. We observe a descending trend of percent of total reactive maintenance hours, measured as annual average during fiscal years 2019, 2020, 2021, and 2022 of 40%, 37%, 32%, and 34% respectively, for assets at the Blue Plains Advanced Wastewater Treatment Plant. The reduction realized is attributed to enhanced proactive and predictive maintenance programs, training of staff on precision maintenance and reliability centered maintenance, optimization of existing preventive maintenance plans, and improvements in processes and equipment through the Capital Improvement Program. The goal is to remain on the reduction path towards a benchmark that is applicable for Blue Plains.

Air Permit Compliance (100%)

On August 31, 2022, DC Water received an Administrative Order relating to exceedances of emissions of sulfur oxides (SO_x) and Nitrogen Oxides (NO_x) from the Siloxane Destruction Flare at the Combined Heat and Power Facility, operated and maintained by Constellation. Constellation confirmed and DC Water verified that the required maintenance was performed prior to the emissions testing and that there is no additional maintenance that would bring the flare into compliance with the current permit limits. DC Water submitted a Technical Memorandum with data and information in support of a request for a permit modification. During a meeting held on September 29, 2022, DC Water and DOEE have agreed to additional discussions during which they will consider alternative methods for permit limit calculation.

CSS Area Catch Basin / inspection and 2X/Year Catch Basin to Anacostia Cleaning- 100% of monthly target

Resources are always directed based on equipment constraints, previous maintenance, and most acute compliance obligations. In September 2022, the target was to clean 1,000 catch basins in the CSS Area. However, we directed resources to clean 1335 basins in the CSS Anacostia Area. This resulted in cleaning only 60% of the target 1,000 catch basins in the CSS Area and 89% of the target in the CSS Anacostia Area.

Total Fire Hydrants Replaced (>21/Month)

The Department did not meet the monthly target due to limited availability of vehicles and staff that were away on scheduled leave.



dc DC Water Capital Improvement Program

Water, Sewer, Blue Plains, Lead Free DC and DC Clean Rivers



- The Team is currently onboarding new Program Management Staff – Lead Free Group (LFG) with various knowledge sharing meetings to transition program support.
- In addition, the Team has started the selection process for FY23 block-by-block projects and included Disadvantaged Communities defined by the White House’s Climate and Economic Justice

Screening Tool as part of the process. Lead Free DC is working with Procurement to pursue two change orders to execute the FY23 block projects with anticipated shovel in ground in early next calendar year.

- DC Water more than DOUBLED our replacement rate this year, removing almost 1800 lead pipes in FY22 compared to 800 in FY21.
- Communications and outreach efforts have ramped up with additional resources added beginning in January. This includes staff for more door-to-door campaigns, phone calls, and appointment scheduling. Signed agreements have been received from approximately 80% of customers.

Fiscal Year	LPRAP (Assistance Program)	Voluntary Full	CIP Full	CIP Partial	Emergency Full	Emergency Partial	Total LSRs	FY22 Goal	Total Partial	Partial %	Goal %
FY2022	240	306	1002	32	100	4	1769	2393	36	2.0%	2.10%

Other Construction Projects Updates

Headworks Influent Screens Rehabilitation is underway as a task under the Miscellaneous Facilities Upgrade Inflatable Dams Improvements for combined sewer overflow management construction task has been issued under the Miscellaneous Facilities Upgrade Phase 7 contract. Contractor is preparing shop drawings and other submittals for DC Water review. This project involves upgrading blowers, compressors, piping, electrical panels, and control devices that inflate and deflate dams at CSO structures 14, 15, 15A, 16, 34 and 52. The construction schedule was received in September and is currently under review. The contractor is coordinating the outage requirements for each dam structure’s vault to determine how many structures can be worked on at once. This will determine sequencing of work activities within their schedule.

Gravity Thickener Upgrades are approximately 90% complete and on schedule. Project work progressed this month includes completing tank cover for GT-1 and began installing cover for GT-2. Additional site work progressed includes installation of the cover ventilation ductwork for GT-1, placed grout at GT-3 base slab, completed installation of intake air ductwork at GT-6 and GT-1. Commissioning activities include vendor (WesTech) checkout of GT-1 mechanisms. Focus continues to be on electrical and mechanical installation as well as equipment startup at PSSDB.

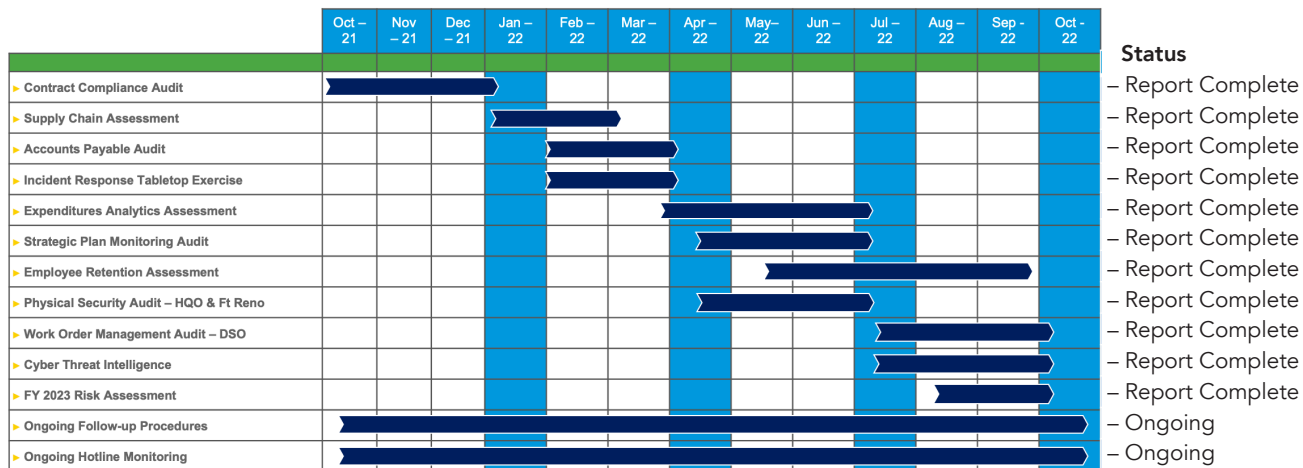
1st and D Street Stormwater Pump Station construction task has been issued under the Miscellaneous Facilities Upgrade Phase 7 contract. Contractor is preparing shop drawings and other submittals for DC Water review. The construction schedule was received in September and is currently under review. The physical work is anticipated to commence in January '23. Site drawings were submitted to Pepco for review.



Northeast Boundary Tunnel (NEBT) is a 23’ diameter, 5-mile-long tunnel designed to provide CSO control and flooding relief in northeast DC. Work continues at the satellite sites along Rhode Island Avenue and at the W Street and Mount Olivet Road sites that will connect the Near Surface Structures to the NEBT tunnel system. Upcoming work is focusing on installation of an internal concrete liner in the NEBT at the Florida Avenue adit/tunnel connection and construction of the concrete tunnel liner at the NEBT/First Street Tunnel connection while sequentially removing portions of the tunnel boring machine (TBM) “Lucy” cutterhead. Also continuing construction of the Rhode Island Avenue approach channel, T Street surface stormwater inlets, and the Ventilation Control Facility at W Street. Coordination with the community and third parties continues. The Northeast Boundary Tunnel Project is planned to be placed in operation in 2023.

Internal audit plan FY2022 timeline

This timeline represents the FY 2022 audit plan and the status of each project. Annually the Internal Audit team, RSM, conducts a risk assessment and presents the results and the audit plan to the Audit & Risk Committee in October. All FY22 projects have been completed and issued as of October 2022.



Audit FY	Issue Date	Audit Report	High Risk Open Finding	Original Target Date	New Target Date	# Extensions	
1	2022	7/28/2022	Strategic Plan Monitoring	Missing, incomplete, or outdated goals data	3/31/23	N/A	0
<i>Status notes: The Goal Master List has been updated to include an "as of" field to more easily monitor timeliness of inputs from the business units. The Strategic Management team will develop formal SOPs to address a notification / escalation protocol for goal data updates. The Strategic Management team is developing a process to validate the completeness, accuracy, and quality of data used to monitor progress of the strategic goals aligned to Blueprint 2.0.</i>							

*Open Prior Audit Findings

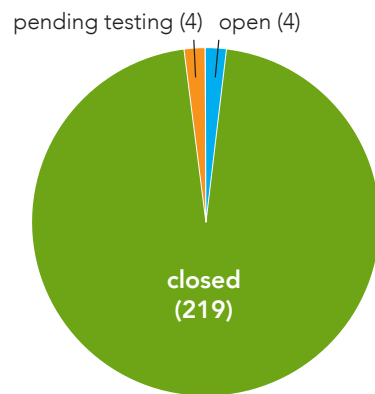
Audit Report / Subject	Issue Date	Open
Fleet Management Review	1/24/2019	1
Occupational Safety and Health	4/25/2019	1
Customer Billing and Collections Audit	10/22/2020	1
Succession Planning Review	4/22/2021	1
		total
		4

█ At least 1 original remediation target date has been extended

In total, 96% of all prior audit findings from FY16 – FY21 are closed. Management's target closure rate is 90%.

*Note that the audit findings reported above represent open findings through the FY21 Audit Plan year.

FY16 – FY21 prior audit findings status

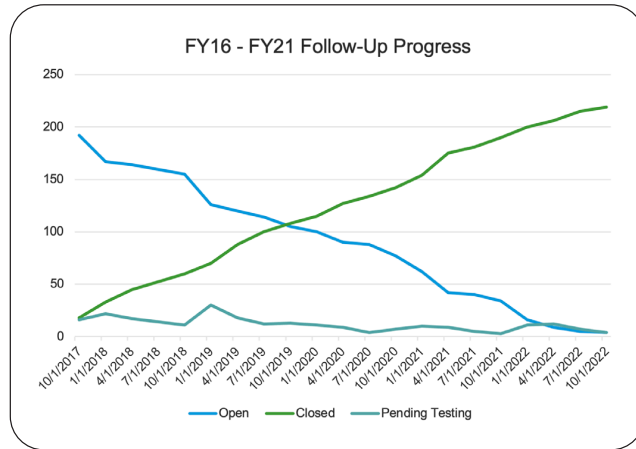


"Pending Testing" indicates that Management represents that the Action Plan is Completed, but Internal Audit has not yet performed testing to validate the status.

Follow-up Summary

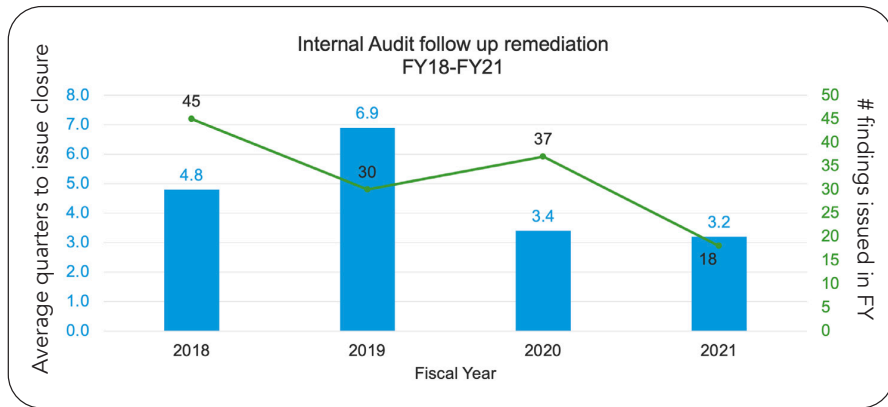
For FY16 – FY21 prior audit findings:
At the start of FY22 (October 2021), there were:

- 34 open audit items
- 190 closed audit items
- 3 pending testing
- As of October 2022, there are:
 - 4 open audit items
 - 219 closed audit items
 - 4 pending testing
- In total, 96% of all prior audit findings from FY16 – FY21 are closed
 - 29 audit items were closed in FY22



Time to closure by fiscal year

The graph illustrates the average number of quarters from audit finding issuance to audit finding closure year-over-year as of October 2022. Management has made significant improvements to achieve timelier audit finding closure as illustrated by the decline in time to close for FY20 and FY21 audits.



Proposed FY23 Internal Audit Plan

Proposed Project	Cycle Audit	Ad Hoc Audit	Management Assessment
1. Finance & Procurement			
Payroll & Timekeeping Audit	X		
Procurement Audit (CIP scope)	X		
2. Shared Services			
Fleet Management Audit		X	
Business Continuity Assessment (OEM)			X
3. Ops & Engineering			
Work Order Management Audit - DWO	X		
Contract Compliance Audit (CIP scope)	X		
4. Customer Care			
Metering, Billing and Collections Audit	X		

Proposed Project	Cycle Audit	Ad Hoc Audit	Management Assessment
5. Information Technology			
Oracle ITGC Assessment (CM & CO)			X
Oracle Identity & Access Management Assessment			X
Penetration Testing Audit – External Network	X		
6. Ongoing Activities			
Hotline Case Management			
Open Action Items - Remediation & Follow Up			
7. Authority-Wide			
FY24 Risk Assessment			







**Summary of Contracts on Consent Agenda
291st Meeting of the DC Water Board of Directors
Thursday, November 3, 2022**

Joint-Use Contracts

Resolution No. 22-67 - execute the award Supplemental Agreement No. 2 of Contract No. DCFA-496, Ramboll (Formally O'Brian & Gere Engineers, Inc.) The purpose of this supplemental agreement is to provide onsite construction management and related engineering services for the DC Water Blue Plains Advanced Wastewater Treatment Plant on an as-needed basis through individually negotiated task orders. The supplemental agreement amount is \$1,559,427.70. (Recommended by the Environmental Quality and Operations Committee 10/20/2022)

Non-Joint Use Contracts

Resolution No. 22-68 - execute Contract No. DCFA-530A, Cube Root. The purpose of the contract is to provide Engineering Services to produce Traffic Control Plans (TCPs) for Capital Improvement Projects at various locations throughout the District of Columbia. The contract not-to-exceed amount is \$2,000,000.00 for the contract period of three years plus two renewal periods each year. The renewal periods will be approved at DC Water's sole discretion. (Recommended by the Environmental Quality and Operations Committee 10/20/2022)

Resolution No. 22-69 - execute Contract No. DCFA-530B, A. Morton Thomas, and Associates, Inc. The purpose of the contract is to provide Engineering Services to produce Traffic Control Plans (TCPs) for Capital Improvement Projects at various locations throughout the District of Columbia. The contract not-to-exceed amount is \$2,000,000.00 for the contract period of three years plus two renewal periods each year. The renewal periods will be approved at DC Water's sole discretion. (Recommended by the Environmental Quality and Operations Committee 10/20/2022)

Presented and Adopted: November 3, 2022

SUBJECT: Approval to Execute Supplemental Agreement No. 1 of Contract No. DCFA-496, Ramboll (Formally O’Brian & Gere Engineers, Inc.)

**#22-67
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors (“Board”) of the District of Columbia Water and Sewer Authority (“the Authority”) at its meeting on November 3, 2022, upon consideration of a joint use matter, decided by a vote of ____ () in favor and ____ () opposed to approve the execution of Supplemental Agreement No. 2 of Contract No. DCFA-496, Ramboll (Formally O’Brian & Gere Engineers, Inc.)

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute Supplemental Agreement No. 2 of Contract No. DCFA-496, Ramboll (Formally O’Brian & Gere Engineers, Inc.) The purpose of this supplemental agreement is to provide onsite construction management and related engineering services for the DC Water Blue Plains Advanced Wastewater Treatment Plant on an as-needed basis through individually negotiated task orders. The supplemental agreement amount is \$1,559,427.70.

Acting Secretary to the Board of Directors

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

ACTION REQUESTED

ARCHITECTURAL AND ENGINEERING SERVICES SUPPLEMENTAL AGREEMENT:

**Basic Ordering Agreement 8 - Wastewater Treatment Facilities
Construction Management
(Joint Use)**

Approval to execute Supplemental Agreement No. 1 for \$1,559,427.70. The modification exceeds the Chief Executive Officer and General Manager's approval authority.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME:	SUBS:	PARTICIPATION:
Ramboll (Formally O'Brian & Gere Engineers, Inc.) 4201 Mitchellville Road – Suite 500 Bowie, MD 20716	BVF Engineering, Inc Columbia, MD	DBE 51.0%
	Bryant & Associates, Inc Landover, MD	DBE 15.0%
<u>Headquarters</u> Syracuse, NY 13221	The Robert B. Balter Co Owings Mill, MD	WBE 10.0%
	Keville Enterprise, Inc Herndon, VA	WBE 4.0%

DBE Total = 66.0% and WBE Total = 14.0%

DESCRIPTION AND PURPOSE

Original Contract Value:	\$6,000,000.00
Value of this Supplemental Agreement:	\$1,559,427.70
Cumulative SA Value, including this SA:	\$1,559,427.70
Current Contract Value, including this SA:	\$7,559,427.70
Original Contract Time:	1,825 Days
Time Extension, this SA:	0 Days
Total SA Contract Time Extension:	0 Days
Contract Start Date:	November 7, 2018
Contract Completion Date:	November 6, 2023

Purpose of the Contract:

To provide onsite construction management and related engineering services for the DC Water Blue Plains Advanced Wastewater Treatment Plant on as as-needed basis through individually negotiated task orders.

Original Contract Scope:

- Task orders will provide construction management and related engineering services for CIP projects as needed.
- Professional services are anticipated in the following disciplines civil, structural architectural, process mechanical, plumbing, HVAC, instrumentation, and control and electrical.
- Projects will include upgrades and additions to various facilities and structures at the Blue Plains Advanced Wastewater Treatment Plant
- Work will be accomplished through a series of definitive Task Orders. Each task order will identify the scope of work, deliverables, compensation, and schedule for performance

Current Supplemental Agreement Scope:

- The scope remains the same as the original task order (Task Order no. 3); to provide construction management and related engineering services for the construction of the Reclaimed Final Effluent Pump System Upgrades (RFEPS) project. The additional amount is necessary to maintain minimum staffing levels to complete the RFEPS project. This will include a full-time project lead, an electrical inspector, and part time special inspections and project administration staff.

Future Supplemental Agreement Scope:

- No future supplemental agreement is anticipated at this time.

PROCUREMENT INFORMATION


Contract Type:	Cost Plus Fixed Fee	Award Based On:	Highest Ranking Score
Commodity:	Engineering Services	Contract Number:	DCFA-496
Contractor Market:	Open Market		

BUDGET INFORMATION

Funding:	Capital	Department:	Wastewater Engineering
Service Area:	Wastewater	Department Head:	David Parker
Project:	IY		

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	41.22%	\$ 642,796.10
Federal Funds	0.00%	\$
Washington Suburban Sanitary Commission	45.84%	\$ 714,841.66
Fairfax County	8.38%	\$ 130,680.04
Loudoun County & Potomac Interceptor	4.56%	\$ 71,109.90
Total Estimated Dollar Amount	100.00%	\$1,559,427.70

 / 10.11.22
 Kishia L. Powell Date
 COO and EVP

 /
 Dan Bae Date
 VP of Procurement

Dan Bae
 C=US; E=dan.bae@dcwater.com;
 O=District of Columbia Water and Sewer
 Authority; OU=VP of Procurement &
 Compliance; CN=Dan Bae
 2022-10-11 11:12:45-0400

_____/_____
 Matthew T. Brown Date
 CFO and EVP
 Finance and Procurement

_____/_____
 David L. Gadis Date
 CEO and General Manager

Presented and Adopted: November 3, 2022

SUBJECT: Approval to Execute Contract No. DCFA-530A, Cube Root

**#22-68
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors (“Board”) of the District of Columbia Water and Sewer Authority (“the Authority”) at its meeting on November 3, 2022, upon consideration of a non-joint use matter, decided by a vote of ____ () in favor and ____ () opposed to approve the execution of Contract No. DCFA-530A, Cube Root.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute Contract No. DCFA-530A, Cube Root. The purpose of the contract is to provide Engineering Services to produce Traffic Control Plans (TCPs) for Capital Improvement Projects at various locations throughout the District of Columbia. The contract not-to-exceed amount is \$2,000,000.00 for the contract period of three years plus two renewal periods each year. The renewal periods will be approved at DC Water’s sole discretion.

Acting Secretary to the Board of Directors

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

ACTION REQUESTED

ARCHITECTURAL AND ENGINEERING SERVICES:

Engineering Services to Produce Traffic Control Plans (TCP's) for Capital Improvement Projects - Basic Ordering Agreement (Non-Joint Use)

Approval to execute an architectural and engineering services contract not to exceed \$2,000,000 for the contract period of three years plus two renewal periods of one year each. The renewal periods will be approved at DC Water's sole discretion.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME:	SUBS:	PARTICIPATION:
Cube Root 1100 H ST NW 805 Washington, DC 20005	(PRIME PARTICIPATION)	DBE 50.0%
DBE	SZ PM Consultants Washington, DC	WBE 10.0%
	RK&K Washington, DC	N/A 40.0%

DESCRIPTION AND PURPOSE

Contract Value, Not-To-Exceed: \$2,000,000.00
 Contract Time: 1825 Calendar Days (5 Years)
 No. of Option Years in Contract: 2
 Anticipated Contract Start Date (NTP): 12-15-2022
 Anticipated Contract Completion Date: 12-14-2027
 Bid Opening Date: 06-07-2022
 Other Bids Received: 11

- A. Morton Thomas and Associates, Inc.*
- Alpha Sieger, LLC
- Daniel Consultants, Inc.*
- Delon Hampton & Associates, Chartered
- EBA ENGINEERING INC*
- EXP US Services Inc.*
- Hayat Brown LLC*
- Johnson Mirmiran & Thompson*
- Volkert, Inc.*
- Whitney, Bailey, Cox & Magnani, LLC

* Asterisk indicates shortlisted firms (DC Water intends to award two (2) contracts from this solicitation)

Purpose of the Contract:

The agreement will provide Engineering Services to produce Traffic Control Plans (TCPs) for Capital Improvement Projects at various locations throughout the District of Columbia.

Contract Scope:

- Preparing Traffic Control Plans (TCPS) for the Small Diameter Water Main Replacement (SDWMR) projects to obtain DDOT permits.

Federal Grant Status:

- This Contract is not eligible for Federal grant funding assistance.

PROCUREMENT INFORMATION

Contract Type:	Fixed Price	Award Based On:	Highest Ranking Score
Commodity:	Engineering Design Services	Contract Number:	DCFA-530A
Contractor Market:	Open Market		

BUDGET INFORMATION

Funding:	Capital	Department:	Engineering and Technical Services
Service Area:	Water	Department Head:	William Elledge
Project:	KH, KG		

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	100.00%	\$2,000,000.00
Federal Funds	0.00%	\$0.00
Washington Suburban Sanitary Commission	0.00%	\$0.00
Fairfax County	0.00%	\$0.00
Loudoun County & Potomac Interceptor	0.00%	\$0.00
Total Estimated Dollar Amount	100.00%	\$2,000,000.00

Kishia L. Powell _____
 October 11, 2022
 Date
 Kishia L. Powell
 COO and EVP

Dan Bae _____
 October 11, 2022
 Date
 Dan Bae
 VP of Procurement

Matthew T. Brown _____
 October 11, 2022
 Date
 Matthew T. Brown
 CFO and EVP
 Finance and Procurement

 _____
 10/26/2022
 Date
 David L. Gadis
 CEO and General Manager

Presented and Adopted: November 3, 2022
SUBJECT: Approval to Execute Contract No. DCFA-530B, A. Morton Thomas, and Associates, Inc.

#22-69
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY

The Board of Directors (“Board”) of the District of Columbia Water and Sewer Authority (“the Authority”) at its meeting on November 3, 2022, upon consideration of a non-joint use matter, decided by a vote of ___ () in favor and ___ () opposed to approve the execution of Contract No. DCFA-530B, A. Morton Thomas, and Associates, Inc.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute Contract No. DCFA-530B, A. Morton Thomas, and Associates, Inc. The purpose of the contract is to provide Engineering Services to produce Traffic Control Plans (TCPs) for Capital Improvement Projects at various locations throughout the District of Columbia. The contract not-to-exceed amount is \$2,000,000.00 for the contract period of three years plus two renewal periods each year. The renewal periods will be approved at DC Water’s sole discretion.

Acting Secretary to the Board of Directors

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

ACTION REQUESTED

ARCHITECTURAL AND ENGINEERING SERVICES:

Engineering Services to Produce Traffic Control Plans (TCP's) for Capital Improvement Projects - Basic Ordering Agreement (Non-Joint Use)

Approval to execute an architectural and engineering services contract not to exceed \$2,000,000 for the contract period of three years plus two renewal periods of one year each. The renewal periods will be approved at DC Water's sole discretion.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME:	SUBS:	PARTICIPATION:
A. Morton Thomas and Associates, Inc. 10 G ST NE 430 Washington, DC 20002	CV, Inc. Gaithersburg, MD	DBE 25.0%
	PEER Consultants Washington, DC	DBE 1.5%
	Symmetra Design Washington, DC	WBE 10.0%

DBE Total = 26.5% and WBE Total = 10.0%

DESCRIPTION AND PURPOSE

Contract Value, Not-To-Exceed: \$2,000,000.00
 Contract Time: 1825 Calendar Days (5 Years)
 No. of Option Years in Contract: 2
 Anticipated Contract Start Date (NTP): 12-15-2022
 Anticipated Contract Completion Date: 12-14-2027
 Bid Opening Date: 06-07-2022
 Other Bids Received: 11

Alpha Sieger, LLC
 Cube Root Corporation*
 Daniel Consultants, Inc.*
 Delon Hampton & Associates, Chartered
 EBA ENGINEERING INC*
 EXP US Services Inc.*
 Hayat Brown LLC*
 Johnson Mirmiran & Thompson*
 Volkert, Inc.*
 Whitney, Bailey, Cox & Magnani, LLC

* Asterisk indicates shortlisted firms (DC Water intends to award two (2) contracts from this solicitation)

Purpose of the Contract:

The agreement will provide Engineering Services to produce Traffic Control Plans (TCPs) for Capital Improvement Projects at various locations throughout the District of Columbia.

Contract Scope:

- Preparing Traffic Control Plans (TCPS) for the Small Diameter Water Main Replacement (SDWMR) projects to obtain DDOT permits.

Federal Grant Status:

- This Contract is not eligible for Federal grant funding assistance.

PROCUREMENT INFORMATION

Contract Type:	Fixed Price	Award Based On:	Highest Ranking Score
Commodity:	Engineering Design Services	Contract Number:	DCFA-530B
Contractor Market:	Open Market		

BUDGET INFORMATION

Funding:	Capital	Department:	Engineering and Technical Services
Service Area:	Water	Department Head:	William Elledge
Project:	KH, KG		

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	100.00%	\$2,000,000.00
Federal Funds	0.00%	\$0.00
Washington Suburban Sanitary Commission	0.00%	\$0.00
Fairfax County	0.00%	\$0.00
Loudoun County & Potomac Interceptor	0.00%	\$0.00
Total Estimated Dollar Amount	100.00%	\$2,000,000.00

Kishia L. Powell _____
 October 8, 2022
 Kishia L. Powell
 COO and EVP
 Date

Dan Bae _____
 October 11, 2022
 Dan Bae
 VP of Procurement
 Date

Matthew T. Brown _____
 October 12, 2022
 Matthew T. Brown
 CFO and EVP
 Finance and Procurement
 Date

 _____
 10/26/2022
 David L. Gadis
 CEO and General Manager
 Date

Presented and Adopted: November 3, 2022

SUBJECT: Approval to Rollover the FY 2022 RAP and MAP Programs Remaining Balance of \$6,024,764.48 to the FY 2023 RAP and MAP Programs Budget; and Rollover the FY 2022 RAP, MAP and CAP Programs Remaining Balance of \$202,853 for Administrative Costs to the FY 2023 RAP, MAP and CAP Programs Administrative Costs Budget.

#22-70

**RESOLUTION OF THE
BOARD OF DIRECTORS OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("DC Water") at the Board meeting held on November 3, 2022, upon consideration of a non-joint use matter decided by a vote of ____ () in favor and ____ () opposed, to approve the following action with respect to Approval to: (1) Rollover the FY 2022 RAP and MAP Programs remaining balance of \$ 6,024,764.48 to the FY 2023 RAP and MAP Programs Budget; and (2) Rollover the FY 2022 RAP, MAP and CAP Programs Administrative costs remaining balance of \$202,853 to the FY 2023 RAP, MAP and CAP Programs Administrative Costs Budget.

WHEREAS, the Board at its meeting September 3, 2020, approved Resolution #20-65, to direct the projected FY 2020 Net Cash Surplus to the customer assistance programs for low-income customers: 1) \$3.0 million to continue the Emergency Residential Relief Program in FY 2021 to provide one-time assistance to customers impacted by COVID; assistance up to \$2,000 per residential customers; 2) \$7.0 million for a new program to provide one-time assistance to multi-family buildings where occupants have been negatively impacted by COVID and payment plans are established and adhered to, and the amount of assistance to be determined and provided per affordable unit on a matching basis; 3) \$5.0 million held for FY 2022 targeted assistance for customers in need and transferring the remainder of approximately \$4.894 million to the Rate Stabilization Fund (RSF) to provide operational flexibility to address any contingencies in FY 2021; and

WHEREAS, on November 4, 2021 the Board, through Resolution #21-99 approved the: 1) transfer and allocation of \$5.0 million from the Targeted Assistance Fund: \$223,962.95 to the FY 2021 CAP and CAP2 Programs Budget, \$634,401.00 to the FY 2022 CAP and CAP2 Programs Budget, \$1,892,843.08 to the FY 2022 RAP Program Budget and \$2,248,792.97 to the MAP Program Budget, 2) rollover \$5,332,200.77 of the FY 2021 RAP and MAP balance amount for RAP and MAP Programs to the FY 2022 RAP and MAP Programs Budget, and 3) allocation of \$250,000.00 from FY 2021 MAP balance to Administrative Costs for RAP, MAP and CAP Programs for FY 2022; and

WHEREAS, on June 28, 2022, the DC Water and Sewer Rates Committee met to consider the status of the DC Water Cares: RAP and MAP programs and the General Manager's recommendations for Fiscal Year 2023; and

WHEREAS, the General Manager presented the status of the CAP2, RAP and MAP programs noting that CAP2 is anticipated to be over budget due to increased outreach and recertification waiver, RAP will be under budget due to the introduction of the federal funded Low Income Household Water Assistance Program (LIHWAP) in FY 2022, but without LIHWAP, RAP enrollment and disbursements will increase in FY 2023, and MAP is under budget, but enrollment is anticipated to increase in FY 2023 with more owner education and increased incentives; and

WHEREAS, the General Manger projected the unexpended balance for DC Water Cares: RAP and MAP at \$1.6 million and \$3.2 million, respectively, and recommended extending both programs for FY 2023 with changes to the MAP benefits calculation multiplier from three to six months average and modifying the tenant/owner credit distribution from 90/10 to 80/20 to increase MAP owner incentive and participation; and

WHEREAS, the General Manager recommended these amendments be made through an emergency rulemaking to maintain the continuity of benefits for customers that continue to be in need due to the economic impacts of COVID-19 until the Board holds a Public Hearing and the final rulemaking is published on October 21, 2022; and

WHEREAS, after further consideration and discussion, the DC Retail Water and Sewer Rates Committee recommended the Board adopt and approve the publication of the Notice of Emergency and Proposed Rulemaking to amend 21 DCMR 4102 Customer Assistance Program, revising CAP2 and DC Water Cares: RAP and MAP regulations as proposed by the General Manager; and

WHEREAS, on July 7, 2022, the Board, through Resolution #22-46, approved and adopted the Emergency and Proposed Rulemaking to, on an emergency basis, extend the DC Water Cares RAP and MAP programs for FY 2023, and rescind the recertification requirements for FY 2021 CAP2 participants to be categorically eligible for benefits in FY 2022, effective October 1, 2022.

WHEREAS, on October 6, 2022, the Board through Resolution 22-66, adopted and approved the publication of the Notice of Final Rulemaking (NOFR) to amend 21 DCMR 4102 Customer Assistance Program as recommended by the DC Retail Water and Sewer Rates Committee and the General Manager to extend the DC Water Cares: RAP and MAP for FY 2023 and amend the CAP2 recertification requirements; and

WHEREAS, on October 21, 2022, the General Manager published the NOFR in the *D.C. Register* at 69 DCR 012878, which was effective upon publication; and

WHEREAS, on October 27, 2022, the Finance and Budget Committee met to consider the General Manager's recommendation to carryover FY 2022 RAP and MAP funds to FY 2023; and

WHEREAS, the General Manager reported the unexpended balances of \$1,681,758 for RAP, \$4,343,006.48 for MAP, and a total of \$202,188.53 for DC Water and DOEE Administrative Costs and recommended these funds be rolled over to FY 2023, respectively; and

WHEREAS, on October 27, 2022, upon further review and consideration, the Finance and Budget Committee recommended to the Board the approval of the proposal to: (1) rollover FY 2022 RAP and MAP remaining balance of \$6,024,764.48 to the FY 2023 RAP and MAP Programs budget; and (2) rollover the FY 2022 RAP, MAP and CAP Program's Administrative costs remaining balance of \$202,853 to the FY 2023 RAP, MAP and CAP Program's Administrative costs budget.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board approves: (1) Rolling over the FY 2022 RAP and MAP remaining balance of \$6,024,764.48 to the FY 2023 RAP and MAP Programs Budget; and (2) Rolling over the FY 2022 RAP, MAP and CAP Program's Administrative costs remaining balance of \$202,853 to the FY2023 RAP, MAP and CAP Program's Administrative costs budget; and
2. This resolution is effective immediately.

Acting Secretary to the Board of Directors