



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
305th MEETING OF THE BOARD OF DIRECTORS
Thursday, February 1, 2024
9:30 am

This Board Meeting can be viewed via livestream: <https://dcwater.com/watch-board-meetings>

- I. **Call to Order (Rachna Butani Bhatt, Interim Chairperson)**
- II. **Roll Call (Michelle Rhodd, Board Secretary)**
- III. **[Approval of the January 4, 2024 Meeting Minutes](#)**
- IV. **Chairperson's Overview**
- V. **Committee Reports**
 1. [Governance Committee \(Christopher Herrington\)](#)
 2. [Human Resources and Labor Relations Committee \(Steven Shofar\)](#)
 3. [Environmental Quality and Operations Committee \(Sarah Motsch\)](#)
 4. [DC Retail Water and Sewer Rates Committee \(Howard Gibbs\)](#)
 5. [Joint Meeting | DC Retail Water and Sewer Rates & Finance and Budget Committees \(Howard Gibbs\)](#)
 6. [Finance and Budget Committee \(Anthony Giancola\)](#)
 7. [Audit and Risk Committee \(Floyd Holt\)](#)
- VI. **Issues of General Interest**
- VII. **[CEO and General Manager's Report \(David L. Gadis\)](#)**
- VIII. **[Summary of Resolutions and Contracts \(FYI\)](#)**
- IX. **Consent Items (Joint Use)**
 1. [Approval to Add Additional Funding to Task Order No. 2 of Contract No. 10402, Human Capital Transformation Services, Accenture LLP – Resolution No. 24-05 \(Recommended by the Human Resources and Labor Relations Committee 01-08-24\)](#)
- X. **Consent Items (Non-Joint Use)**

No Action Items
- XI. **Executive Session¹ (Rachna Butani Bhatt, Interim Chairperson)**
- XII. **Adjournment (Rachna Butani Bhatt, Interim Chairperson)**

This meeting is governed by the Open Meetings Act. Please address any questions or complaints arising under this meeting to the Office of Open Government at opengovoffice@dc.gov.

Upcoming Committee Meetings | via Microsoft Teams

- February 15th @ 9:30 am Environmental Quality & Operations Committee
- February 22nd @ 9:30 am Finance and Budget Committee
- February 27th @ 9:30 am DC Retail Water and Sewer Rates Committee

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.



**304TH BOARD OF DIRECTORS MEETING
MINUTES OF THE MEETING
JANUARY 4, 2024
(In-Person)**

DIRECTORS PRESENT

District of Columbia Members

1. Rachna Bhatt, Chairperson
2. Anthony Giancola, Principal (via MS Teams)
3. Howard Gibbs, Principal
4. Jed Ross, Principal

Prince George's County Members

1. Tara Jackson, Principal
2. Floyd Holt, Principal
3. Jared McCarthy, Alternate

Montgomery County Members

1. Jon Monger, Principal
2. Steven Shofar, Alternate

Fairfax County Members

1. Christopher Herrington, Principal

DC WATER STAFF

1. David Gadis, CEO and General Manager
2. Marc Battle, Chief Legal Officer, EVP, Government and Legal Affairs
3. Matthew Brown, Chief Financial Officer and EVP, Finance, Procurement and Compliance
4. Wayne Griffin, Chief Administration Officer and EVP
5. Jeffrey Thompson, Chief Operating Officer and EVP
6. Michelle Rhodd, Board Secretary

The 304th meeting of the District of Columbia Water and Sewer Authority's Board of Directors was called to order by Chairperson Rachna Bhatt at 9:38 a.m. The meeting was held via Microsoft Teams and streamed live at www.dewater.com. Board Secretary Michelle Rhodd called the roll, and a quorum was established.

I. APPROVE MINUTES

Chairperson Bhatt asked for a motion to approve the minutes of the December 7, 2023, Board meeting and the December 11, 2023, Special Board Meeting.

Upon a motion duly made and seconded, the Board of Directors approved the minutes of the December 7, 2023, Board meeting and the December 11, 2023, Special Board meeting as presented.

II. CHAIRPERSON'S OVERVIEW

Chairperson Bhatt informed the other Directors that after several years of service, board member David Franco stepped down from the Board. She thanked Mr. Franco for his service. Due to the timing of Mr. Franco's notification of his departure from the Board, his Water Drop award will be sent to him.

Chairperson Bhatt acknowledged the service of Past Director Wendell Felder, Past Chairperson Tommy Wells, and outgoing Director Tara Jackson. She thanked them for their service and presented each with a Water Drop.

III. COMMITTEE REPORTS

*Environment Quality and Operations Committee Report
Reported by Howard Gibbs*

Environmental Quality and Operations Committee member, Howard Gibbs, reported that the Committee met on December 14, 2023 and received an update on Blue Plains Advanced Wastewater Treatment Plant Performance (BPAWTP) by Nicholas Passarelli, VP of Wastewater Treatment Operations. Mr. Passarelli reported that all parameters were within the National Pollution Discharge Elimination Standard permit limits. The monthly average flow to complete treatment was 233 million gallons per day for October. The tunnel systems and wet weather treatment captured 193 million gallons with 100% capture. Onsite energy generation from the Combined Heat and Power facility and solar panels for the month was 26% of the average consumption at the treatment plant; and 7,005 wet tons of biosolids were sold as Bloom in October, towards an FY24 goal of 65,000 tons.

Next, Paul Guttridge, Director of CIP Infrastructure Management, Daniel Nguyen, Senior Manager of CIP Program Services, and Ali Mohammad, Manager of Documents Management reviewed how a major initiative has expanded user support by scanning and digitizing DC Water's Technical Information Center physical document archive. The

department started the initiative in 2015 and over 9 million physical pages of documents dating back to 1870 have been transitioned to digital records and those digital records are now available to all users.

Mr. Mohammad reported that archives from 1870 through 2018 posed a risk of becoming damaged or lost due to being almost entirely physical without backup. These files must be preserved in support of retention policy and for historic preservation.

The scanning project and the user facing Technical Information Center SharePoint portal were completed in the summer of 2023, with record consolidation and SOP updates beginning in Fall of 2023. The portal is available for internal users with multiple search capabilities using process areas and metadata filters to speed up search queries. All documents were categorized in collaboration with engineering and operations departments, and with the assistance of legal counsel to ensure ease of access, retention, and confidentiality. Over 5.5 terra bytes of data from over 5,000 boxes of material, and more were scanned.

As a benefit of the project, capital project closeout record turnover will now only take days in contrast with the previous 4-6 months duration, and record retrieval for users will now be accessible within minutes from a user's workstation rather than the 3-5 days required in the past.

The Document Management System provides intelligent, efficient, and secure access. Anyone with DC Water network account access can review the records but only certain documents are available to all users.

*Retail Water and Sewer Rates Committee
Reported by Howard Gibbs*

Retail Rates Committee Chair, Howard Gibbs, reported that the Committee met on December 19, 2023. The meeting began with the Monthly Report as of November 30, 2023 from Matthew Brown, Chief Financial Officer and EVP, Finance, Procurement and Compliance. Overall, revenue was favorable to budget. Collections for Residential, Commercial, and Multi-Family were \$7 million above budget, mainly from revenues received in the first month of the fiscal year. However, November receipts were slightly lower than the budget for this category, and trends will be analyzed after the first quarter. The District Government showed a larger negative variance of \$1.2 million or 29%, primarily due to a partial payment in November that was fully paid in December. Additional details are available in the report.

Mr. Brown reported a decrease in 90-day delinquent accounts to 10,099, though the total balance slightly increased. The largest delinquent balances are in the multi-family category.

Next, Meisha Thomas, Director of Customer Care, presented the final proposal to extend the Residential Assistance Program (RAP) program to FY 2024. A public hearing was held on December 5, 2023, to hear public testimony for the rulemaking related to extending the RAP program. No public testimony was provided at the hearing, and no comments were received by the end of the public comment period on December 12. The Committee recommended that the Board approve the final proposed rule to extend the Residential Assistance Program extension to 2024 until funds are exhausted.

Then, Ivan Boykin, VP of Finance, on DC Water's new Merchant Care fees presented an update on Merchant Credit Card Fees absorbed by DC Water and noted an increase from \$26,000 per month in FY 2017 to \$46,000 in FY 2018, prompting a review of fees and processes. Credit card processing costs increased from \$1 million in FY 2018 to \$2.7 million in FY 2023, a 26% annual increase. Currently, DC Water absorbs these fees, but due to the substantial rise, DC Water is working to pass them on to customers so that fees are charged by the customers that incur them. Starting February 2024, the Residential credit card fee will be \$1.95 up to a \$500 transaction and the Non-Residential credit card fee will be 2.65%. DC Water will continue to absorb ACH fees for both Residential and Non-Residential members so that customers have a free payment option.

Mr. Boykin presented a Communication Plan to inform customers about the fee increase and the reasons behind it. The website will be updated with payment options, and online pay will remain available.

*Finance and Budget Committee Report
Reported by Anthony Giancola*

Finance and Budget Committee Chairperson Anthony Giancola reported on the committee that was held on December 19, 2023. The meeting began with a November 2023 Financial Report by Lola Oyeyemi, VP of Budget. Total operating revenues were \$169.9 million, or 19.3% of the budget; operating expenditures were \$93.8 million or 12.7% of the budget; and capital disbursements were \$52 million or 8.6% of the budget. She stated that the Proposed 2025 Budget and two-year rate proposal would be presented to the Board today. Staff continues to work on various FY 2023 year-end audit activities.

Next, Mr. Brown informed the Committee that the Government Finance Officers Association (GFOA) offers three awards programs for budget and financial documents. DC Water's Budget and Annual Financial Report have been recognized with GFOA awards for about 22 years. This year, for the first time, DC Water's Financial Report, referred to as the Annual Report, was also recognized. Mr. Brown stated that recognition and thanks for the achievement belongs to staff from the Budget, Financial Reporting, Accounting as well as the Office of Marketing and Communications departments.

Winning all three awards is referred to as the “Triple Crown.” Mr. Brown thanked Chief Communications and Stakeholder Engagement Officer and Executive Vice President Kirsten Williams and her staff for their outstanding work in preparing the Annual Report. Mr. Giancola also thanked the team for this great achievement.

Mr. Giancola went on to report that in response to his question whether temporary staff had been engaged to assist with the backlog of permit refunds, Ogechi Okpechi, Director of Permit Operations, stated the consultants were engaged in July. Ms. Okpechi explained that when responses were not received from developers, the consultants moved on to process other requests. The process begins with emails, and calls are only placed if there is an escalation with the issue. Ms. Okpechi stated she was collaborating with the developers to process the refunds more quickly. The refunds are being processed slowly due to requirements including proof of as-built documents, closed work orders, and proof of payment.

In response to Mr. Franco’s request for clarification on the 55% of accounts refunded from June to date, Ms. Okpechi stated that out of the 124 accounts refunded since October 2022, 68 were done in the last six months, which reflects the assistance of the consultants. Mr. Franco asked for the total number of account refund requests to date as a percentage of the total number of accounts with credit balances. Ms. Okpechi explained that each refund request may have multiple accounts. She reported that 1,295 accounts had requested refunds out of about 4,364 accounts with credit balances.

Mr. Giancola stated that the narrative section of the monthly report should be refined to capture detailed information about the questions asked in the meeting both that day and in future meetings. The report should be considered in that narrative to track their progress.

Then, the Committee received a Capital Improvement Program (CIP) Q4 update through 2023 from Dave Parker, Vice President Engineering. Mr. Parker reviewed the Clean Rivers Project, the Blue Plains Advanced Wastewater Treatment Plan, The Combined Sewer Overflow and Sanitary Sewer Projects, the Water Linear Projects, and the Lead-Free DC Program.

Next, Paul Guttridge, Director of CIP Infrastructure Management, presented the CIP Financial Report. The total CIP Disbursement actuals were \$333 million, or 86% of the Revised Budget for FY23. This was a major improvement over the previous year.

The meeting concluded with a report on the Merchant Credit Card fee update and a review of the January 2024 workplan.

IV. ISSUES OF GENERAL INTEREST

Mr. Giancola commented on Tommy Wells' retirement from the Board. He shared his experience working with Mr. Wells. Mrs. Bhatt and Mr. Gibbs also shared their experiences working with Mr. Wells.

V. CEO AND GENERAL MANAGER'S REPORT

CEO and General Manager, David Gadis, began his report by thanking Mr. Wells for his leadership and friendship. He thanked the other Board members who were leaving for their service.

Mr. Gadis provided an update on the Sustainability imperative. In December, Fitch Ratings affirmed DC Water's Double-A Plus Rating on senior bonds. DC Water received the Government Finance Officer Association's Award for Outstanding Achievement in Popular Annual Financial Reporting for the Annual Report covering FY22. For the first time, DC Water has earned the "Triple Crown" for the comprehensive annual and financial report. He thanked Mr. Brown and his team for their hard work that led DC Water to achieve this accomplishment. He also thanked the Marketing and Communications team for their contribution to the publications that helped them achieve the award.

On December 19 and 20, Mr. Gadis participated in "Deck the Employee Town Halls," in which they went to various locations to review the accomplishments achieved over the last year and thank the employees for their efforts. He thanked those who organized the meetings and the ugly sweater competitions.

In relation to the Reliability imperative, Mr. Gadis thanked the front-line crews that conducted out-of-door repairs and delivered water bottles during the cold weather that was experienced on December 24 and 25. Mr. Gadis commended the DC Water crews for their commitment to the Authority and the citizens of the District.

In coordination with the Mayor's Office, all water main breaks reported; and homes without water had bottled water delivered to them. All water breaks were repaired quickly, and there were no remaining issues.

VI. CONSENT ITEMS (JOINT USE)

1. Approval to Add Funding to Option Year 5 and Exercise Option Year 6 of Contract No. WAS-13-048-AA-SS, Constellation New Energy, Inc. – Resolution No. 24-00 (Recommended by the Environmental Quality and Operations Committee 12-14-23).
2. Approval to Execute Contract No. 230050, Emergency Sewer Main IR&R Contract for FY24-FY27, Anchor Construction Company, Inc. – Resolution No. 24-01 (Recommended by the Environmental Quality and Operations Committee 12-14-23).

3. Approval to Execute Contract No. 230080, Water and Sewer IDIQ, Fort Myer Construction Corporation – Resolution No. 24-02 (Recommended by the Environmental Quality and Operations Committee 12-14-23).

Upon a motion duly made and seconded, the Board of Directors voted and unanimously approved the joint use resolutions as presented.

VII. CONSENT ITEMS (NON-JOINT USE)

1. Approval to Add Funding to Option Years 1 and 2 of Contract No. 200070, Green Infrastructure Maintenance Contract B, National Services Contractor, Inc. – Resolution No. 24-03 (Recommended by the Environmental Quality and Operations Committee 12-14-23).
2. Approval and Adoption of Notice of Final Rulemaking (NOFR) for Publication in D.C. Register – Resolution No. 24-04 (Recommended by the DC Retail Water and Sewer Rates Committee 12-19-23).

Upon a motion duly made and seconded, the Board of Directors voted and unanimously approved the non-joint use resolutions as presented.

VIII. ADJOURN

There being no further business to come before the Board, Mrs. Bhatt adjourned the meeting at 10:26 a.m.

Michelle Rhodd
Secretary to the Board of Directors



**GOVERNANCE COMMITTEE
MINUTES OF THE MEETING**

JANUARY 10, 2024
(via Microsoft Teams)

COMMITTEE MEMBERS PRESENT

1. Christopher Herrington, Chairperson
2. Fariba Kassiri, Principal, Montgomery County
3. Rachna Bhatt, Principal, District of Columbia
4. Jon Monger, Principal, Montgomery County

DC WATER STAFF

1. David Gadis, Chief Executive Officer and General Manager
2. Wayne Griffith, Chief Administrative Officer & EVP
3. Marc Battle, Chief Legal Officer Government and Legal Affairs & EVP
4. Matthew Brown, Chief Financial Officer, Finance, Procurement and Compliance & EVP
5. Jeffrey Thompson, Chief Operating Officer & EVP
6. Michelle Rhodd, Secretary to the Board

The Governance Committee meeting was called to order by Christopher Herrington, Chairperson, at 9:30 AM. The meeting was held via Microsoft Teams. Board Secretary Michelle Rhodd called the roll.

I. BLUE DROP FY23 YEAR END UPDATE

Chris Peot, President, Blue Drop, presented the Blue Drop FY23 Year-End Update. FY23 was a record for Bloom sales. Sixty-four thousand seven hundred seventy tons of Bloom were sold, which was 112% of the 58,000-ton goal. The mailing list for Bloom increased to 2,300. Bloom now has more customers than products, as it has become better known in key industries. Mr. Peot noted that in Spring demand outstrips supply.

The largest portion of sales comes from farms at 53,436 tons, or 82.5% of sales. Smaller sales, while they make up a smaller portion of the total sales, bring in additional revenue and savings. For example, construction sales, 6.1% of total sales, are beneficial as there are no hauling costs accrued through those sales.

Mr. Peot informed the Committee that PFAS levels in Bloom were tested and was found to be of very low risk. The amount of PFAS present in the product is about 1/10 of the amount found in household dust or 1/2,000 of what is allowed in food packaging. These results were presented at conferences and to government entities.

Typically, material runs out in the Spring, which creates an issue for market availability. Storage options are being investigated to control inventory and have materials available when there is demand in the market.

Mr. Peot reported that for the first four months of FY23, Bloom sales goal was not met, but sales increased in the Spring. For the first four months of FY24, Bloom sales goal was surpassed each month; overall, sales are projected to exceed goal and surpass the FY23 sales record. Mr. Peot went on to note that the greatest value for Bloom is its savings from outsourcing contracts. In FY23, Blue Drop saved \$2.5 million, and their partners in Maryland and Virginia saved \$1 million and \$408,000, respectively. Since this project began, there have been total renewable energy credits (REC) sales of \$11.38 million and Bloom sales were \$1.45 million. REC revenue is calculated based on the price of the product. Maryland, DC, and Pennsylvania have high baselines for renewable energy, which will rise every year, meaning that upward growth is expected for REC.

Next, Mr. Peot reported on HQO events. There were 63 HQO events held in FY23, surpassing the goal of 50 events, meaning that 126% of the goal was attained. With the hiring of a full-time event coordinator margins thinned while the number of events increased. Pricing was re-established based on feedback from a consultant and the events goal for FY24 was increased.

Mr. Peot reported that additional revenues included cell towers sales, which brought in \$282,000 or 81% of the budgeted goal. Additional revenue also included intellectual property sales (IP) of \$278,000, or 49% of the budgeted goal. There was a deficit due to the renegotiation of one of the IP sales plans.

The year-end financial position reflected \$7.5 million in income and \$4.1 million in expenses for a net revenue of \$3.3 million. Most of the revenue came from RECs which have little expense. Bloom sales contributed to revenues; however, expenses were higher when compared to other items. Though events increased net positive revenue, revenues from cell phone towers and IP sales were higher than expenses. Work to improve the business and decrease margins is ongoing. While cell towers and IP sales were below expected revenue goals, all other items were overstated goals.

Mr. Peot presented the FY24 budget. REC demand is expected to increase, along with prices. An increase in Bloom sales is also expected. Projected revenue for FY24 is \$5.1 million.

Committee member Jon Monger asked for a summary of budgeted savings. Mr. Peot stated that the savings of \$2.5 million that was previously reported were calculated based on the cost of Blue Plains hiring a traditional biosolids recycling contractor. Mr. Peot stressed the importance of this change, noting that DC Water previously had a vendor who provided resources at market rate rather than an internal rate.

Committee member Christopher Herrington noted that the mailing list had grown and asked if customers received physical mail or emails. Mr. Peot stated that for customers in the Amish community, letters were sent, but otherwise messages were sent via email.

Mr. Herrington noted that additional storage had been previously approved for Bloom and asked for status on the search for the storage facility. Mr. Peot stated staff were considering using an unused parking lot that would be covered for storage along with a curing pad, which had finished the design phase. Ideally, Blue Drop could buy a piece of land to store larger amounts of the product. Of the areas that will soon be available, 2,000 to 3,000 tons can be stored, but additional space will be needed.

Mr. Herrington asked if the Authority could recover lost customers due to PFAS misinformation. Mr. Peot stated the farming customers who were no longer customers experienced a lot of community pressure to disengage. Mr. Peot went on to note that a meeting was held with farmers to educate them about the risk, however, due to community pressure the farmers stated they would wait. Mr. Peot expects that some of those farmers will request more product in the Spring.

Mr. Herrington asked how Blue Drop profits are allocated. Mr. Peot stated there was an ongoing discussion with Intermunicipal Agreement (IMA) partners to discuss how the money should be used. The founding Blue Drop documents provide that those profits should be returned to DC Water. Mr. Peot explained that Blue Drop profits are meant to be used to control rates for all IMA partners; however, there is discussion about using those funds to fuel future investments as well.

Ms. Bhatt asked how the Bloom product was being stored. Mr. Peot responded that to preserve the quality of the product staff is looking to do covered storage.

II. FY23 CBE REPORT

Korey Gray, VP of Contract Compliance and Business Development, presented the FY23 Certified Business Utilization Report. Within the Certified Business Program (CBE), there are three smaller programs: The Local Small Business Enterprise (LSBE) Program for projects under \$1 million, the DC Water Disadvantaged Business Enterprises (DBE)/ Women Business Enterprises (WBE) Program to increase equitable access to available procurement, and the Fair Share Objectives that establish utilization goals for DBEs/WBEs.

Good faith efforts within DC Water govern the interaction between DC Water and their contractors to ensure that the certified firms are getting paid for the work that they do in a timely manner, with clear communication, and with engagement so that the results show themselves accordingly. The DC Water Compliance Process involves every aspect of the Authority to ensure success from the Pre-Award Phase to the Award Phase to the Post-Award Phase.

In FY23, certified firms received 38.1%, or \$155.4 million, of the \$407.5 million total awards or task orders, which included large projects like the integrative supply program and Lead-Free DC. DC Water met its utilization goals for FY23.

Goods and Services Awards of over \$1 million to certified firms attained 33% DBE utilization and 6% WBE utilization. There were 26 large Goods and Services projects worth \$65.1 million. Goods and Services Certified Firm Participation for FY23 was 47.1%, which exceeded the goal of 33.6%.

There were 15 Architect and Engineering (A/E) projects in FY23 for a total value of \$171.1 million. The value of DBE participation was \$46.97 million, or 27.5% of the total value, distributed amongst 35 DBE firms. The value of WBE participation was \$14.35 million, or 8.4% of the total value, distributed amongst 25 WBE firms. Many of the WBEs happen also to be DBEs but that determination is left to the enterprise based on the value of their opportunity. DBE participation has remained consistent over the last four years. WBE participation peaked in FY21 and has maintained its frequency at around 8.5% over the last two years.

There were 15 actions for Construction Projects for a total value of \$146 million. The participation goals were achieved at 54 DBE firms, totaling a value of \$46.1 million, or 31.6% of the total value. This goal was also met with 38 WBE firms totaling \$11.7 million, or 8% of the total value. Over the last four years, DBE participation was consistent at 32%, while WBE dipped in FY21 and FY22 but rose to 8% in FY23, which DC Water hopes to maintain.

Mr. Gray presented demographic data for these awards. An effort was made to award contracts within the user jurisdiction, and DC Water attained 60% of contracts within the jurisdiction. DC-based firms made up 97 of the awards for a total of \$127.56 million, making up the largest percentage of their contracts. DC Water is not race-based but socially and economically driven; however, demographics on race were requested by the Board, so this data was tracked. Minority-owned DBE firms received \$250.67 million, which made up 62% of the awards. Contracts granted to firms and certified firms were presented by race.

Over FY23, DC Water staff attended several speaking engagements to meet certified local firms. Working with their partners, DC Water became a leader in ensuring that local-based contractors are hired. Recognition and acknowledgment are still being received for the work DC Water does in this area. Mr. Gray informed the Committee that he was a

panelist at the Congressional Black Caucuses Annual Legislative Conference. These connections allow the Authority to develop new ideas on how to improve its work. Mr. Gray highlighted the accomplishments of DC Water in FY23 noting that more than 180 certified firms were hired to work with the Authority to grow their business and enhance the Authority's ability to serve their clients.

David Gadis, Chief Executive Officer and General Manager congratulated Mr. Gray on his work building the CBE Program. He shared that the National Environmental Achievement Award would be granted to Mr. Gray and his team for their work on the Workforce Development Program.

Mr. Herrington thanked Mr. Gray for gathering the demographics of the firms with which the Authority engaged, as it was important for the Committee's consideration. He went on to ask if the \$1 million threshold for small businesses should be updated based on the current economy. Mr. Gray stated that the Board set a threshold in the 2018 Business Development Plan. Typically, the larger the project, the fewer preference points it receives. By identifying items less than \$1 million, the Authority can generate business utilization for smaller businesses on projects. A recommendation will be made to the Board this year about the Business Development Plan.

III. EXECUTIVE SESSION

The Committee moved into executive session pursuant to the Open Meetings Amendment Act of 2010 to obtain legal advice and preserve attorney-client privilege under DC Official Code § 2-575(b)(4)(A).

IV. ADJOURNMENT

There being no further business, the meeting was adjourned at 10:55 AM.



**MINUTES OF THE MEETING OF
HUMAN RESOURCES AND LABOR RELATIONS COMMITTEE
JANUARY 10, 2024
(via Microsoft Teams)**

COMMITTEE MEMBERS PRESENT

1. Steven Shofar, Chairperson
2. Tara Jackson, Principal, Prince George’s County
3. Rachna Bhatt, Principal, District of Columbia

DC WATER STAFF

1. David L. Gadis, Chief Executive Officer and General Manager
2. Marc Battle, Chief Legal Officer and Executive Vice President Legal and Government Affairs
3. Matt Brown, Chief Financial Officer and Executive Vice President, Finance, Procurement and Compliance
4. Joy Dorsey, Chief People Officer and Executive Vice President
5. Wayne Griffith, Chief Administrative Officer and Executive Vice President
6. Jeff Thompson, Chief Operating Officer and Executive Vice President
7. Michelle Rhodd, Secretary to the Board

The Human Resources and Labor Relations Committee meeting was called to order by Chairperson Steven Shofar at 11:02 AM. The meeting was held via Microsoft Teams. Board Secretary Michelle Rhodd called the roll.

I. ACTION ITEM (JOINT USE)

Joel Grosser, Director of Procurement, Goods and Services informed the Committee that he was presenting a Fact Sheet for Accenture to continue work on the Human Capital Strategy Development (HCM) project in the amount of \$475,000. Mr. Grosser went on to explain that ordinarily a \$475,000 contract would not rise to the level of a fact sheet. However, the new contract in addition to the original contract increases the sum of the HCM project to over \$1,000,000 – which triggers committee review and Board approval.

Following Mr. Grosser’s presentation, the Committee agreed to seek Board approval for the Joint Use Action.

Mr. Shofar thanked Mr. Grosser for his service to the Authority over the years and wished him a good retirement. Dan Bae, Vice President Procurement and Compliance also shared his thanks and appreciation. Committee members and staff gave their thanks.

II. UNION TOPICS

Paid Parental Leave

Mr. Shofar informed the Committee that as the Authority was involved in litigation related to this matter, the agenda item will be discussed in executive session with Barbara Milton, AFGE 631 Union President.

Jonathan Shanks, AFGE 872 Union President explained that his members experienced harm as a result of this matter and asked for the opportunity to address the impact on his members. Mr. Shanks was advised to send a statement to the Committee in an email via the Board Secretary.

Engineer PE License

Ms. Milton expressed concern about changes to engineer working divisions without finalization job descriptions to address licensing exemptions, including that of the civil engineer techs. Ms. Milton stated that a copy of the finalized job descriptions was requested from DC Water, but none was received.

George Spears, VP Labor Relations and Compliance stated that legal counsels represent both the Union and the Authority, and there is a difference in opinion about the exemptions. The Union was given an initial draft of the positions that will be impacted by the change, and an updated version will be provided in the near future. Communication with the Union has taken place to address areas that may change, and communication will be ongoing as they move forward.

Ms. Milton responded that a letter was received by the Union's legal counsel stating that negotiations would be ongoing, but they have not received updates. In the proposed positions, one change included engineers no longer doing inspections but observing inspections. In order to establish compliance, job descriptions are needed. Mr. Shofar noted that the job descriptions will be sent soon, according to Mr. Spears.

Job Classification and Compensation Review

Ms. Milton stated that the Union distrusts DC Water's administration at the moment, especially after the email from Chief Executive Officer and General Manager David Gadis stating that paid parental has been negotiated with all unions except AFGE 631 members. Ms. Milton went on to explain that a guarantee that current employees won't be demoted in the job reclassification process was requested but denied, creating a lot of concern amongst the union members.

Mr. Spears stated that given the Authority's track record, including maintaining staff during Covid despite strong financial concerns, there isn't a need for alarm as the Authority will be applying the same approach in reclassifying jobs. A guarantee cannot be given that people won't be demoted, but the knowledge and experience of the current staff members are critical to DC Water. Those in the positions being considered will be consulted about their positions as decisions are made.

DC Water Fleet Management Concerns

Mr. Shanks expressed concern that the Fleet Director did not have the necessary resources to manage a 24-hour operation. He suggested hiring more staff to decrease the turnaround for vehicle approval and work could be done more efficiently. He encouraged the Authority to treat this as a top priority to allow the fleet to work efficiently. Additional and new vehicles could also help address the delays in response.

Wayne Griffith, Chief Administrative Officer, thanked Mr. Shanks for his comments on Fleet Management and his work with the team. Mr. Griffith explained that there have been significant transitions with the recent relocation of the Fleet facility, and it is expected that the response time will improve over time. A new fleet contracting model was implemented six months ago that led to dramatic improvements in fleet operations. Thanks to the Board's direction, additional funds were being directed towards investing in the fleet. Leasing options were also previously pursued when there was a gap in need and supply.

Mr. Shanks noted that even with those efforts in place, a lot of the operations are done in the field, so shortening the time it takes to reach the field is integral to performance.

Mr. Shofar asked if the amount of time vehicles were out, was documented. Mr. Griffith stated he would review the matter and provide information to the Committee about the contracts and potential KPIs. Mr. Gadis stated that contracts could be provided, and if there was an overlap, then vehicles would be rented. It is a top priority to address the fleet concerns. With the storms over the last several days, units were used to prevent any water issues in the area, but it did take additional units away for the time being.

Employee Scheduled Leave Discussion

Michelle Rhodd, Board Secretary informed the Committee that this matter was settled and did not need to be discussed at this time.

III. EXECUTIVE SESSION

The Committee moved into Executive Session, pursuant to the Open Meeting Amendment Act of 2010, to plan, discuss, or conduct specific collective bargaining negotiations under D.C. Official Code § 2-575(b)(5).

IV. ADJOURN

The meeting adjourned the meeting at 11:56 AM.



**MINUTES OF THE MEETING
ENVIRONMENTAL QUALITY AND OPERATIONS COMMITTEE
JANUARY 18, 2024
(via Microsoft Teams)**

COMMITTEE MEMBERS PRESENT

1. Sarah Motsch, Chairperson
2. Howard Gibbs, Principal, District of Columbia
3. Steven Shofar, Alternate, Montgomery County
4. Christopher Herrington, Principal, Fairfax County
5. Jared McCarthy, Alternate, Prince George's County
6. Andrea Crooms, Alternate, Prince George's County

DC WATER STAFF

1. David L. Gadis, CEO and General Manager
2. Matthew T. Brown, Chief Financial Officer & EVP
3. Jeffrey Thompson, Chief Operating Officer and EVP
4. Marc Battle, Chief Legal Officer and EVP, Government and Legal Affairs
5. Wayne Griffith, Chief Administration Officer and EVP
6. Michelle Rhodd, Board Secretary

The Environmental Quality and Operations Committee meeting was called to order by Sarah Motsch, Chairperson, at 9:32 AM. The meeting was held via Microsoft Teams. Board Secretary Michelle Rhodd called the roll.

I. BPAWTP PERFORMANCE UPDATE

Nicholas Passarelli, Vice President of Wastewater Treatment Operations, DC Water, presented a comprehensive overview of the Blue Plains Advanced Wastewater Treatment Plant's (BPAWTP's) performance. In December, all NPDES permit requirements were met. The average flow through to complete treatment was 291 million gallons, which was a significant increase from the month before due to the total amount

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of rainfall of 6.4 inches. Over 500 million gallons were captured in December, however, about 50 million gallons overflowed due to an event on December 17 and 18. Onsite energy generated 23% of the total usage. The Combined Heat and Power (CHP) Facility generated an average of 7.9 megawatts of which 6.6 megawatts went to the Blue Plains net power. The solar system generated 0.6 megawatts, which is average for this time of year. Electrical consumption increased due to pumping and heating to 29.7 megawatts for the month. The total purchased power from PEPCO averaged 21.8 megawatts.

Biosolids production was 11,633 tons, of which just over 2,200 tons were sold as Bloom and the remaining managed through land application contracts. Less Bloom was produced in December due to the time of year and the increased rainfall.

II. CLEAN RIVERS PROJECT STATUS UPDATE

Moussa Wone, Vice President of DC Clean Rivers Project, DC Water, presented the Clean Rivers Project quarterly update and updates various tunnels. More than 16 billion gallons were captured by the Anacostia River Tunnel in the last six years, along with over 10,000 tons of trash. The work on the Northeast Boundary Tunnel is now addressing road and sidewalk restoration.

The Potomac River Tunnel will be under construction in 2024 for which the contract was given to CBNA. Mobilization on the Potomac River Tunnel will begin by the end of the month and is expected to be operational in February 2030. Tunnel boring machines for rock and soil will be used for the project. A temporary bypass road will be placed on the West Potomac Mining Site, as a portion of Ohio Drive will be closed during construction. The West Potomac Park will be occupied for the duration of the project.

The remaining Rock Creek CSO Projects include the Piney Branch Tunnel and Green Infrastructure Projects C and D. The Green Infrastructure Project requires a total of 92 acres of green infrastructure, of which 42 were completed. The Piney Branch Tunnel will hold up to 4.2 billion gallons for the Green Infrastructure Project. Overflow before the project was 39.7 million gallons from 25 overflows, but after the tunnel, they are expected to have only 1.4 million gallons in overflow from just one overflow. The Piney Branch Tunnel is expected to capture 96% of overflows at CSO 049. In conjunction with the National Park Service, an Environmental Assessment is underway. The Piney Branch Tunnel will intercept the CSO 049 outfall to drain an area of more than 2,300 acres. The geographic profile has already been prepared and presented to the committee. Six additional borings will be done this fiscal year to understand the strength of the rock in the area. The RFP will be prepared in 2024, with procurement in 2025 and construction sometime between late 2025 and 2029. The consent decree deadline is set for November 23, 2029. Clean Rivers has predicted that there will only be one wet overflow per average year of rainfall. Any other overflow will be captured by tunnel and discharged back because the tunnel will be able to handle it.

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An outreach effort for the Piney Branch Storage Project has begun with residents and businesses to inform and get comments from these groups about the Environmental Assessment (EA) to allow Clean Rivers to address the public comments within the EA. Regular community outreach is done with the Northeast Boundary Tunnel to explain that contractor must be in area to do restoration. The Project Kick-off with Ward 2 Councilmember Pinto was completed, and regular updates will be provided to the Councilmember as the project continues.

The Clean Rivers Budget is under \$42.6 million. The Northeast Boundary Tunnel is expected to be under budget.

III. TEN-YEAR FY24 TO FY33 PROPOSED CIP BUDGET

Matthew Brown, Chief Financial Officer and EVP Finance, Procurement and Compliance, presented an overview of the budget proposal including the calendar and timelines. He reported that the Board is half a month into the two-month budget review process. At the next EQ&OPs meeting, this committee will be asked to recommend the CIP to the Board so it can be approved at the March 7, 2024, Board meeting. In April, the budget will be sent through the District to Congress and the ratemaking process will begin. Questions from the Board members about the budget are being incorporated into the presentations to the various committees and a formal memo will be delivered to the Board members.

The proposed operating budget is \$788.2 million and comprises of the Operations and Maintenance (O&M) Budget, the Non-O&M Budget, and the PILOT and ROW payments. The proposed 10-year CIP is \$7.74 billion, which is \$792 million more than the current approved plan. The Capital Budget is made up of Capital Projects, Capital Equipment, and the Washington Aqueduct. Although this budget includes the proposed rate increases for ratepayers, it is less than anticipated mainly because no new debt was issued in FY 2023. The budget includes a multi-year rate proposal of 4.8% increase for FY 2025, and 6.5% increase for FY 2026. Multiple capital budget scenarios were considered during this budget cycle, and the rate impacts were prepared, all of which would result in higher rate increases and additional debt issuance. The 10-year CIP would grow from the proposed budget of \$7.7 billion to \$8.3 million for the Additional Investment scenario and \$9.1 million for the Full Asset Management scenario. The average household charge by FY 2033 is estimated at \$229.50 under the proposed budget and \$253.26 under the full asset management scenario.

Jurisdictional Cost Shares: the cost allocation for the shares were presented as per the Intermunicipal Agreement (IMA) from 2012. Both DC Ratepayers and Wholesale Customers are responsible for the costs of joint-use capital projects and operation and maintenance costs of wastewater treatment and multi-jurisdictional use facilities. The Board-approved operating and capital budgets are the basis for the annual billings for the IMA partners. The Blue Plains Operating and Maintenance cost allocation is comprised

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of direct (e.g. treating wastewater) and indirect costs (e.g. facilities and IT). The operating costs are allocated based on flows to Blue Plains. Billing for Blue Plains comes quarterly, along with the mid-year review, IMA Settlement, and WSSC Audit. The cost shares for joint use capital projects are based on capacity allocation or specially negotiated agreements with the IMA partners.

David Parker, Vice President of Engineering, DC Water, presented the DC Water Capital Improvement Program Budget Overview. Proposed Capital Investments from FY24-FY33 are \$7.7 billion. These investments will be applied to Lead-Free DC, DC Clean Rivers, the DC Aqueduct, Blue Plains, water and sewer infrastructure, stormwater pump stations, equipment investments, vehicle investments, and renovations at non-process facilities. One hundred fifty miles of small-diameter water main replacement is also included in this fund allocation. Overall, there will be a 12% increase in the current budget as compared to the previous budget. Increases from the previous budget proposal were presented, with the only decrease coming from stormwater due to project completion.

Non-process facilities are budgeted for \$197 million, which will include a new combined water and wastewater lab, electric vehicle infrastructure, and a new operations training center. Wastewater Blue Plains is budgeted for \$1.33 billion, which will include liquids processing, solids processing, Plantwide, and enhanced nitrogen removal facilities. Blue Plains projects are prioritized based on risk, and major projects that are included in the ten-year budget were presented. The Combined Sewer System is budgeted for \$60 million, which will include inflatable dams at Combined Sewer System outfalls, tide gate rehabilitation, and pump station upgrades. The Stormwater Pumping Facilities are budgeted for \$45 million with optimization of grant funding. The DC Clean Rivers project is budgeted for \$1.17 billion, which is a \$207 million increase from the previous budget and includes Anacostia, Potomac, and Rock Creek projects. The Sewer and Water Linear Infrastructure aims to balance affordability with the need for replacement of aging infrastructure. The Sanitary Sewer service area was budgeted for \$1.86 billion to address the reliability of the sewer collection system, rehabilitation the high-risk interceptors, trunk force sewers, fund the Sewer Ongoing program, and fund the sewer pumping system rehabilitation. A total of 49 miles of large sewers were identified as needing rehabilitation. For the water system, \$2.35 billion was budgeted for the water distribution system, the Lead-Free DC program, water pumping facilities, and water storage facilities. Both risk-based considerations and equity considerations were applied to prioritize the water system improvements. Lead-Free DC is budgeted for \$732 million, of which \$62 million was forecasted for FY24. Capital equipment is budgeted at \$31.5 million. For recurring capital equipment and reserves, IT projects, and fleet equipment. The Washington Aqueduct is budgeted for \$357.5 million, of which \$35.8 million is forecasted for FY25.

Risks that were being monitored but not budgeted included the Washington Aqueduct Capital Program Uncertainties, stormwater system performance, water supply, unfunded

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major buried infrastructure, regulatory risks, climate change, Anacostia River sediment contamination, and cured-in-place pipe curing methods.

Mr. Parker stated that opportunities for optimization and revenue included capturing federal and industry funding, the Blue Plains process pilot for intensification with granulated sludge to reduce future cost, Blue Plains PdNA, resource recovery, a Blue Plains microgrid, diversifying bloom products, and CIP execution improvements.

IV. EXECUTIVE SESSION

Upon a motion and a second, the Committee moved into executive session to discuss matters that may affect DC Water's bargaining position or negotiation strategy under DC Official Code § 2-575(b)(2).

V. ADJOURNMENT

The meeting was adjourned at 11:44 am.



**MINUTES OF THE MEETING
RETAIL WATER AND SEWER RATES COMMITTEE
JANUARY 23, 2024
(Via Microsoft Teams)**

COMMITTEE MEMBERS PRESENT

1. Howard Gibbs, Chair
2. Rachna Bhatt, Principal
3. Anthony Giancola, Principal
4. Jed Ross, Alternative

DC WATER STAFF

1. David L. Gadis, CEO and General Manager
2. Matthew T. Brown, CFO & EVP, Finance
3. Wayne Griffin, CAO and EVP
4. Jeff Thompson, COO and EVP
5. Michelle Rhodd, Board Secretary

CONSULTANT

1. John Davis, Raftelis

The DC Retail Water and Sewer Rates Committee meeting was called to order by Howard Gibbs, Chairperson, at 9:31 AM. Board Secretary Michelle Rhodd called the roll.

I. MONTHLY REPORT TO THE DC RETAIL WATER AND SEWER RATES COMMITTEE

Matthew Brown, Chief Finance Officer and EVP presented the Monthly Report as of December 31, 2023. The revenues were favorable to budget with positive variances in the Residential, Commercial, and Multi-Family category due to higher consumption as compared to budget. All other categories were also favorable except for the Other Revenue Category, which was 25.7% lower than the year-to-date budget. This is partly due to lower revenue from the Developer Fees, System Availability Fee, and the Washington Aqueduct Backwash. Overall, the revenue is slightly ahead of the budget by

3.5% or about \$7 million. Total Delinquent accounts were up in dollar amount as well as in number of accounts. Over half of the delinquent amounts were in the Multi-Family Category. Information on the Developer Deposits was also included in the packet.

Mr. Gibbs requested a report on the steps being taken to bring down the number of delinquent accounts at a future meeting.

II. DC WATER CARES PROGRAM EXPANSION

Meisha Thomas, Director of Customer Care, presented information on the proposed expansion of the DC Water Cares assistance programs that is part of the Proposed FY 2025 Budget. Currently, DC Water offers a variety of customer assistance programs including CAP, CAP2, CAP3, and CRIAC, as well as Residential Assistance, Homeowners' Assistance Fund, and Low-Income Household Water Assistance programs.

DC Water is participating in four of the five categories of EPA assistance programs. Meisha discussed an initiative to add a Leak Assessment Program. Additionally, she described the DC Water proposal to expand the programs:

- CAP+ would begin FY25 with a proposed budget of \$500,000 to provide all the current CAP benefits plus an additional credit of 2 CCF to customers at 20% or less MHI. This would provide an additional \$35.00 in credit on the monthly bill for customers who used six Ccfs of water and sewer services.
- A proposal for a Leak Assessment Program would also begin FY25 with a proposed budget of \$500,000, offering resources to assess and identify leaks for CAP, CAP2, and CAP+ customers who have a potential leak on their property.
- A proposal for retroactive enrollment for CAP, CAP2, and CAP+ customers would backdate customer enrollment date up to three months, with the latest enrollment date being October 1st. This will account for time to process applications and the enrollment. The proposed budget for retroactive enrollment is \$1 million.
- The Plan Incentive Program would begin on June 1, 2024, and end on September 30, 2025, with a proposed budget of \$4 million, \$2 million each year from the Rate Stabilization Fund. This program would bridge the expiration of the Residential Assistance Program by reducing past-due balances for residential customers with balances aged 60 days or greater and a total balance of \$500 or higher. DC Water would apply a credit equal to 40% of a customer's payments to the past due balance if a customer adhered to their payment plan for three months. Customers will forfeit their adjustment if they default on the payment plan before three months of payments.

Ms. Thomas requested that the committee recommend the program expansion to the Board for the February meeting.

III. REVIEW OF RATE SETTING POLICIES

Mr. Brown reviewed Board Policy #1-10 that approved rate settings. DC Water had proposed a two-year rate package that would be presented to the Board on March 7, 2024. The Board Policies were presented, and Mr. Brown confirmed that DC Water was following these policies.

IV. COST OF SERVICE STUDY OVERVIEW

John Davis of Raftelis presented an overview of the Cost-of-Service Study. This study is conducted every two years simultaneously with the rate setting process. The study strives to identify if rate revenue can cover expenditures, if rates equitably cover the cost of service, and if there are alternative rate structures to help DC Water meet its priority objectives.

The Revenue Sufficiency Analysis took into consideration the CAP expansion, the increased capital budget, the stabilized water consumption data post-COVID, and the Operation and Maintenance (O&M) budget increase for FY25. The Revenue Sufficiency Analysis found that the revenues from the proposed rates would cover expenditures forecasted for FY25-26, reserve funds can be maintained, debt service coverage was adequate, and the rate increase was in accordance with the Board's objective to increase the days cash on hand to 350 days. In comparing the FY25 projected revenues and expenses for the Financial Plan vs. the Raftelis Model, there was a slight positive delta of about \$29,000. In FY26, the projected revenues and expenses were expected to have a net delta of \$1.69 million.

The Cost-of-Service Analysis considered equity in comparison with affordability, assumed that service-based charges were not taxes but cost recovery for providing water and sewer service, and costs were distributed solely based on the demands they place on the water and wastewater systems. 37% of the costs associated with the Clean Rivers Impervious Area Charge (CRIAC) was reallocated to the Sewer Volumetric Rate based on Engineering assessment. The Clean Rivers allocation of capital costs was implemented so that CRIAC recovered stormwater contribution and the sewer rate recovered wastewater contribution. The revenue collected from the ongoing Water System Replacement Fee funds the annual costs of 1% of DC Water's water renewal and replacement program and offsets costs recovered through the water volumetric rates.

Mr. Davis presented the proposed rates, charges and fees and explained the rate impact for Residential regular and CAP customers for FY25 and FY26. Mr. Davis stated that the cost of recovery shifted slightly from sewer to water from FY24 to FY25 due to the

proposed capital spending. The meter and WSRF remained the same whereas the CRIAC charge decreased from FY25 due to changes in debt assumptions for bond refinancing. The Cost of Service study updated the Groundwater Charge and the Washington Aqueduct Discharge Rate for FY25 and FY26.

Interim Board Chair, Rachna Bhatt, asked what debt assumptions had been considered. John Davis stated that it had previously been projected to increase debt in FY23 and FY24, but DC Water deferred issuance of debt and refinanced their debt which impacted the payments for FY25-26.

Mr. Davis presented a standard residential customer bill as an example of allocated fees per customer. The price is expected to increase 4.8% in FY25 and 6.5% in FY26 which is less than seen in other calculations. A standard CAP residential customer bill was presented as another example. The price in this case is expected to increase 4.7% in FY25 and 5.8% in FY26.

The overall bill increases for FY25 and FY26 are primarily driven by increases in water volumetric rates. The metering fee and the water system replacement fee remain constant. The PILOT and ROW district charges are increasing slightly in FY26. Average customer usage remains at 5.42 Ccf/month.

Alternative Rate Structures with respect to stormwater were presented to the committee. The responsibilities of DC Water and the District were reviewed. It was suggested that the proposal should be deferred until the assessment of capital and operating costs for stormwater are completed.

Next steps include rate proposal to the Board on March 7, 2024, public hearings will be held in May, and the COS study report will be submitted to the Mayor and Council and posted on the DC Water's website on March 4, 2024.

V. WATER AND SEWER RATES COMMITTEE WORKPLAN

Mr. Brown stated he would primarily focus on the rate setting process. The committee will be asked to recommend approval of the rates for the rate-setting process to the Board in March. The committee will also be asked to recommend the approval of the Customer Service expansions. At the next committee meeting in February, a Independent Rate Consultant will present a review of the rates as well. Town halls will be held in April, both in person and online. The public hearing will be held on May 9, 2024, and the public hearing record will close on May 16, 2024. From May 16 to May 31, the DC Water staff will be busy responding to public comments. The committee will be presented with a final proposal on June 25, 2024, and requested to recommend the proposal for Board approval on July 3, 2024.

Mr. Giancola stated at the last Board meeting he had requested information on the impact of increasing investment in the small-diameter water and sewer lines, which could impact rates. He also expressed concern about the 100% growth in the CIP program from FY23 to FY26, as DC Water might not be able to meet such an aggressive goal. He requested an update on how decreasing that growth could impact the budget. Mr. Brown stated that staff are working on addressing these questions among others and including additional information in the presentations. Ms. Oyeyemi stated the responses would be finalized by the end of the week.

VI. AGENDA FOR MARCH 26, 2024 COMMITTEE MEETING

The Agenda for the next committee meeting was presented.

VII. ADJOURNMENT

Chairperson Howard Gibbs adjourned the meeting at 10:19 am.



**MINUTES OF THE MEETING
JOINT MEETING
DC RETAIL WATER AND SEWER RATES COMMITTEE &
FINANCE AND BUDGET COMMITTEE
JANUARY 23, 2024
(Via Microsoft Teams)**

RETAIL COMMITTEE MEMBERS PRESENT

1. Howard Gibbs, Chair
2. Rachna Bhatt, Principal
3. Anthony Giancola, Principal

FINANCE COMMITTEE MEMBERS PRESENT

1. Anthony Giancola, Chair

DC WATER STAFF

1. David L. Gadis, CEO and General Manager
2. Matthew Brown, Chief Finance Officer & EVP
3. Marc Battle, Chief Legal Officer & EVP
4. Wayne Griffin, Chief Administration Officer & EVP
5. Jeff Thompson, Chief Operating Officer & EVP
6. Michelle Rhodd, Board Secretary

The DC Water Joint Meeting with the DC Retail Water and Sewer Rates Committee and the Finance and Budget Committee meeting was called to order by Howard Gibbs, DC Retail Water and Sewer Rates Committee Chairperson at 10:30 AM. Board Secretary Michelle Rhodd called the roll.

I. PROPOSED FY 2025 BUDGET

Matthew Brown, Chief Finance Officer, presented the proposed FY 2025 Budget and two-year rates. This proposal will be discussed again at the February committee meetings. The Board will approve the budget at the March 7, 2024, Board meeting. The proposed FY 2025 Operating Budget is \$788.2 million, which is an increase of \$50.7 million over the current fiscal year. The proposed Ten-Year Capital Improvement Program (CIP) is \$7.74 billion, which is an increase of \$792 million over the current CIP. The proposed rate

increase is 4.8 percent for FY 2025 and 6.5 percent for FY 2026 for the average household.

The EPA recognizes five categories of customer assistance programs, and DC Water offers four of these. DC Water is proposing a leak assessment so that it will have programs in all five categories. Mr. Brown discussed the proposed expansion of customer programs, including the leak assessment program,

Next, Mr. Brown went on to review the proposed FY 2025 Budget's sources and uses of funds totaling \$926.3 million. The sources and uses of the Ten-Year CIP totaled \$7.74 billion of which 43.0 percent is financed by debt.

Lola Oyeyemi, Vice President of Budget, provided details of the Proposed Revised FY 2024 Operating Budget of \$737.6 million and Proposed FY 2025 Operating Budget of \$788.2 million, highlighting that debt service is one of the fastest-growing components of the overall budget and is driven by the ten-year Capital Improvement Program (CIP). She explained that the historical trends for the operations and maintenance (O&M) costs have grown in average by 3.2 percent per year from FY 2019 to FY 2022. In FY 2023 the O&M grew by 10.2 percent due to the chemical and energy cost pressures. The Revised FY 2024 budget would remain at the Board-approved level of \$737.6 million and reflects a reprogramming of \$10.3 million from debt service to Cash Financed Capital Improvements (CFCI) that will reduce borrowing and future debt service costs.

Next, Ms. Oyeyemi reviewed the Proposed FY 2025 Operating Budget cost categories. This includes an increase of \$7.8 million in personnel costs for salaries and wages, employee health benefits, and funds the apprenticeship and summer internship programs. She stated that the current union agreement expired on September 30, 2023 and any changes negotiated could impact the budget. Vacancies were budgeted at seven percent.

Anthony Giancola, Finance and Budget Committee Chairperson inquired about the overtime budget and if it was exceeded in the last three years. Ms. Oyeyemi stated in FY 2020, 84 percent of the budget was spent. In FY 2021, 94 percent of the budget was spent. In FY 2022, 114 percent of the budget was spent, and in FY 2023, \$8.2 million was budgeted for overtime, but \$9.8 million was spent; there were \$1.6 million in additional costs due to ERP stabilization, weather events, etc. The FY 2025 budget includes \$9.1 million for overtime with the intention to reduce the vacancy rate and decrease the need for overtime.

Mr. Giancola expressed concern about budgeting seven percent for vacancies when, historically, DC Water has had a higher rate of vacancies. Ms. Oyeyemi responded she is optimistic that DC Water would achieve closer to the budgeted vacancy rate FY 2025 due to the active recruitment efforts by People and Talent.

Ms. Oyeyemi reported that 45 new positions were requested through the budget process but only 11 positions were deemed critical and recommended for the Board's consideration. To meet the current authorized headcount of 1325, departments were directed to provide justifications for 55 vacant positions which were vacant for over 180 days. Eleven of those positions were not being actively recruited and were repurposed to other areas of the Authority.

Mr. Giancola stated that the analysis looked good, but DC Water had a history of vacancies. He suggested including a nine percent vacancy rate in the budget and adjusting the rates accordingly over time.

Ms. Oyeyemi went on to review the chemicals and supplies budget which includes an increase of \$1.0 million and the utility budget includes an increase of \$1.1 million mainly for water usage, electricity and telecommunications. Ms. Oyeyemi discussed details of contractual services, highlighting the areas of increases for existing and new programs including rising cost in various professional services, insurance premiums, maintenance of operational facilities, critical equipment, and operating software system needs.

Water purchases are budgeted at \$45.3 million, an increase of \$1.3 million based on DC Water's share of the Washington Aqueduct's budget which includes funding for the McMillan Sewer backwash system. Small equipment was budgeted at \$1.4 million and did not significantly increase from the previous approved budget.

Ms. Oyeyemi reviewed the non-O&M cost categories of the operating budget which includes debt service, Cash Financed Capital Improvements (CFCI) and payments to the District for Payment In Lieu of Taxes (PILOT) and Right of Way (ROW) fees. She reported that \$3.3 billion is anticipated to be borrowed to fund the capital program over the ten-year period, with debt service costs projected to grow from \$221.6 million in FY 2024 to \$462.9 million by FY 2033.

Ms. Oyeyemi concluded with potential budget risks, which included personnel, union agreements, chemicals, utilities, equipment & facilities, and litigation & insurance.

Mr. Brown presented information on the jurisdictional cost shares. The costs for direct departments and indirect costs are allocated according to the Intermunicipal Agreement (IMA). Mr. Brown provided additional information for the Blue Plains Operating & Maintenance cost share allocation and billing cycle as well as the Wholesale Customer capital cost shares.

The Proposed FY 2024 – FY 2033 CIP of \$7.74 billion is an increase of \$792 million over the current Board-approved CIP. The CIP funds major programs like the mandated Clean Rivers program and the Lead-Free DC program to remove all lead service lines in the District. Mr. Brown noted multiple capital budget scenarios were considered when preparing the Ten-Year CIP. The proposed rate changes will cover a 1.5 percent annual

replacement rate for small-diameter water mains and a 1 percent increase in sewer rehabilitation. Additional investments were also considered but ultimately not included in the recommended Capital Budget. Additionally, the CIP allocates \$1.3 billion for major rehabilitation and upgrades at Blue Plains and continues the ramp up investments in our aging water and sewer system infrastructure with \$3.5 billion. The CIP includes \$357.5 million for capital projects at Washington Aqueduct and \$347.4 million for capital equipment projects which includes Information Technology projects and purchase of fleet vehicles.

Mr. Giancola asked how additional investment in water and sewer lines would impact the rate schedule. Mr. Brown responded that the increased investment would not affect rates in FY 2025 FY 2026, but the higher increases would occur beginning in FY 2027.

Next, Mr. Giancola inquired if there were any vacancies still in the Engineering department. Jeffery Thompson, COO & EVP replied that there were, but there are contracts with consultants that would be leveraged to complete this work. He continued that the organization is working to increase the rate of spend on the capital program. Mr. Giancola stated he appreciated the work but will keep an eye on the progress.

Mr. Brown provided additional details on the projected spending for the 10-Year CIP explaining that DC Water would continue to invest in water and sewer projects, the Lead-Free DC program, and the Clean Rivers program, among others. The Capital Equipment budget remains significantly the same as the current CIP, and \$31.5 million is budgeted for FY 2025. Debt Service will make up a large portion of the Operating Budget and will be a driver of future rate increases.

Mr. Brown provided details of the Proposed Revised FY 2024 Revenues of \$890.6 million and Proposed FY 2025 Revenues of \$926.3 million, highlighting the diverse sources of revenue. The FY 2025 and FY 2026 proposed rates are slightly lower than previously estimated in part because of higher consumption and because of the current plans regarding the issuance of debt. In FY 2027 and beyond, forecasted rates are slightly higher than previously estimated due to higher CIP costs, including the Clean Rivers Program. The average residential customer bill and the average Customer Assistance Program (CAP) customer bills were presented for the Committee's consideration. Projections for the average bill over the ten-year period were also presented.

DC Water uses the ten-year financial plan to monitor its financial progress and to maintain strong finances. The financial plan focuses on compliance with Board financial policies, maintaining a high credit rating which reduces borrowing costs, and a predictable annual increase in customer rates. The ten-year financial plan assumptions include maintaining debt service rate that is equal to or less than 33 percent of total revenue, maintaining combined coverage of at least 160 percent, increasing cash on hand from 250 days to

350 days, and tracking overall trends with consumption and debt. Details of the ten-year plan were included. Currently, DC Water has 267 days of cash on hand.

Mr. Brown discussed the Intent to Reimburse Capital Expenditures, which is a requirement in the Master Indenture that requires Board approval to allow DC Water to reimburse itself for capital expenditures with debt proceeds. The combined amount requested for FY 2024 and FY 2025 is \$325.0 million. He explained that due to reductions in capital spending, DC Water may delay entering the bond market until Winter 2025 and borrowing for FY 2024 and FY 2025 combined.

Mr. Brown reiterated the importance of public communication and the need to be as transparent as possible with our ratepayers, the Office of People's Counsel and other stakeholders about DC water, the proposed budget and how rate revenue is spent. As customer rates will impact customers information about the proposed rate increases and other relevant materials are available on the DC Water website. Communication with the public will be ongoing as they move forward, including town hall meetings.

In closing, Mr. Brown reminded the Committee of the respective recommendations and actions from the various Committees that will occur in February with final budget adoption by the full Board on March 7, 2024.

II. ADJOURNMENT

There were no other matters to come to the Committee, Mr. Gibbs adjourned the meeting at 11:30 am.



**FINANCE AND BUDGET COMMITTEE MEETING
MINUTES OF THE MEETING
JANUARY 23, 2024
(Via Microsoft Teams)**

COMMITTEE MEMBERS PRESENT

1. Anthony Giancola, Principal (Chairperson)
2. Sarah Motsch, Alternate, Fairfax County

DC WATER STAFF

1. David Gadis, CEO and General Manager
2. Matthew Brown, Chief Finance Officer & EVP
3. Wayne Griffith, Chief Administration Officer & EVP
4. Jeffery Thompson, Chief Operating Officer & EVP
5. Michelle Rhodd, Board Secretary

Anthony Giancola, Chair, called the meeting to order at 11:31 a.m. The meeting was conducted via MS Teams. Board Secretary Michelle Rhodd called the roll.

I. DECEMBER 2023 FINANCIAL REPORT

Lola Oyeyemi, Vice President of Budget, presented the monthly financial report for December by exception explaining that detailed information was included in the budget presentation to the Joint Committee. At the end of the first quarter of FY 2024, total operating revenues were at \$226.3 million or 25.8 percent of the budget. Operating expenditures were below budget at \$156.3 million, or 21.2 percent. Capital disbursements were \$107.7 million, or 17.8 percent of the budget.

Ms. Oyeyemi informed the Committee that the FY 2023 financial statement audit was completed, and DC Water received an unmodified “clean” opinion. An update on the audit will be presented at the Audit and Risk Committee on January 25. She congratulated the Finance staff for their work on the completed audit and ongoing activities to complete the Office of Management and Budget Uniform Guidance Audit and the Green Bond Attestation.

Total operating revenues through December were above the year-to-date budget mainly from the Residential, Commercial, and Multi-Family customers. This was due to higher

receipts in the first few months of the fiscal year, coupled with higher water consumption compared to budget. The lower collection in the Other Revenues category were due to lower Developer Fees, System Availability Fees, and the Washington Aqueduct Backwash compared to budget.

Total operating expenditure was \$156.3 million, or 21.2 percent of the FY 2024 budget with higher spending in utilities and chemicals. Ms. Oyeyemi explained that the higher year-to-date spending in utilities was due to increased water usage resulting from changes in the treatment process at the Plant. She also noted that the prices of some major chemicals are higher, and staff will continue to monitor the market for any significant budgetary impacts. The capital disbursements totaled \$1087.7 million or 17.8 percent of the budget. Details will be provided in the next CIP update to the Committee in February.

Cash investments totaled \$706 million at the end of December, including \$35.6 million in the Rate Stabilization Fund and additional reserve account balances. The year-to-date interest income was \$2.6 million. Delinquent accounts balance increased to \$29.9 million for 10,536 accounts.

Ms. Oyeyemi explained that the high overtime costs in some departments were mainly due to increased emergency responses during the winter season, increased demand for operating the tunnel dewatering pump station crane during wet weather conditions, additional shift coverage due to staff out on medical leave, and support of the year-end close and payroll activities.

The Developer Deposits credit balance was \$44.9 million while the debit balance was \$11 million at the end of December 2023. Total refund requests processed since June 2023 were 98, representing 64 percent of the 154 accounts refunded since October 2022. At the end of the first quarter, 97 percent of all undisputed invoices were paid within 30 days.

II. AGENDA FOR FEBRUARY 2024 COMMITTEE MEETING

The agenda for the February committee meeting was presented.

III. ADJOURN

There being no further business to come before the meeting, the meeting was adjourned at 11:42 a.m.



**MINUTES OF THE MEETING
AUDIT AND RISK COMMITTEE
JANUARY 25, 2024
(via Microsoft Teams)**

COMMITTEE MEMBERS

1. Floyd Holt, Chairperson
2. Jed Ross, Vice Chairperson
3. Howard Gibbs, District of Columbia

DC WATER STAFF

1. David L. Gadis, CEO and General Manager
2. Marc Battle, Chief Legal Officer and EVP, Government and Legal Affairs
3. Matt Brown, Chief Financial Officer and EVP, Finance and Procurement
4. Wayne Griffin, Chief Administration Officer and EVP, Strategy and Performance
5. Jeffrey Thompson, Chief Operating Officer and EVP
6. Joy Dorsey, Chief People Officer and Executive Vice President
7. Michelle Rhodd, Board Secretary

EXTERNAL AUDIT STAFF

1. Grega Brian, KPMG
2. Richard Mclean, KPMG

INTERNAL AUDIT STAFF

3. Sophie Tomeo, RSM US LLP
4. Stephanie McKee, RSM US LLP
5. Emily Lowien, RSM US LLP

The Audit and Risk Committee meeting was called to order by Floyd Holt, Chairperson, at 9:30 AM. The meeting was held via Microsoft Teams and streamed live at dcwater.com. Board Secretary Michelle Rhodd called the roll.

I. FY 2023 FINANCIAL STATEMENT BRIEFING

Genes Malasy, Controller, presented the FY 2023 financial statement performance. DC Water received an unmodified audit opinion from KPMG. DC Water was awarded the Government Finance Officers Association Certificate of Achievement for Excellence in

Financial Reporting for the 26th consecutive year and with the Popular Annual Financial Reporting Award for the first time for the FY 2022 Annual Financial Report.

For FY 2023, DC Water implemented GASB No. 96, which increased capital assets by \$52.9 million in FY 2023 and \$51.2 million in FY 2022 through asset reallocation. The implementation also increased accumulated depreciation and decreased expenditures for both of the years.

DC Water's net position increased from \$266.2 million, or 9.3 percent, in 2022 to \$3.1 billion. This was driven by a \$142 million increase in net investments as well as capital additions. The operating revenues increased \$66.5 million, or 8 percent, in 2022 to \$898.8 million. The revenue increase primarily came from rate increases and increased consumption, though the revenues remain diversified across DC Water. Operating expenses, including depreciation, increased \$36 million, or 7.2 percent, in 2022 to \$536.6 million. Expenses with the largest increase were personnel, chemicals, and utilities.

Net position can be broken down into four categories: net investments in capital assets, restricted funds for capital projects, restricted funds for debt services, and unrestricted. For 2022, net investments in capital projects were \$2.6 million, restricted funds for capital projects were almost \$8,000, restricted funds for debt services were \$76,260, and unrestricted funds were about \$426,000. Unrestricted funds are primarily comprised of funds that were not allocated to the other three categories.

At the end of 2022, DC Water had about \$4 billion in long-term debt outstanding, which decreased by \$23.9 million, or 0.6 percent, compared to 2021. Over the next ten years, DC Water is expected to take \$3.3 billion in new debt for capital programs.

Total restricted and unrestricted cash, as of September, was \$467,700. Unrestricted cash investments increased to \$345.9 million in FY 2023 from \$315.2 million in FY 2022. Unrestricted funds are comprised of cash reserves, the Rate Stability Fund, and funds to expand customer assistance programs. Restricted cash and investments decreased to \$549 million in FY 2023 from \$661.5 million in FY 2022 due to bond issues in FY 2022 and bond drawdowns in FY 2023.

Net capital assets increased by \$224.5 million, or 2.9 percent, to \$8.2 billion in FY 2023. The largest investment was \$3.4 billion into Blue Plains. There was \$2.4 billion in assets allocated to construction.

DC Water received a clean audit for the 26th year in a row and the third audit under the new Oracle financial system. The net position of DC Water continues to grow, and they

continue to invest in infrastructure. Mr. Malasy thanked his team for their work and dedication to getting work done correctly the first time and tracking diligently.

Floyd Holt, Committee Chairperson asked what changes were made with the update to GASB 96. Mr. Malasy stated the update from GASB 87 was making GASB an asset rather than an expense and was applied for the future as well as retroactively.

II. EXTERNAL AUDIT RESULTS

Grega Brian, KPMG, presented a summary of the results of the Financial Statement Audit results and a status update on the Single Audit. He thanked the team at DC Water for their assistance and their implementation of GASB 96.

The Financial Statement Audit FY 2022 to FY 2023 was conducted in accordance with the auditing standards generally accepted in the United States, and an unmodified opinion was issued as of December 21, 2023. An internal opinion was not given, though some items were reviewed, and no material weaknesses or deficiencies were identified.

Richard Mclean, KPMG, presented the significant accounting policies and practices. DC Water adopted GASB Statement No. 96, which reflects recorded balances for SBITA assets, liabilities, amortization expenses, and interest expenses moving forward and retroactively in all cases. It was noted that no significant accounting estimates or finance statement disclosures were identified in the audit. New accounting standards that went into effect in FY 2023 were GASB No. 91, No. 94, and No. 96. In FY 2024, the new accounting standards to add included GASB No. 99 and No. 100, neither of which are expected to have a significant impact as compared to GASB No. 96.

There were no uncorrected audit misstatements in FY 2023. There were three corrected misstatements about net position reclassifications, beginning balance retroactive adjustments in relation to SBITA assets, and security reclassifications. None of these items had an income statement impact.

Government Auditing Standards require KPMG to report significant deficiencies and material weaknesses in internal controls despite not running an audit on internal controls. No material weaknesses or significant deficiencies were found in the internal controls.

Mr. Brian presented the required communications to the Audit Committee. There were no significant changes to the planned risk assessment and audit strategy. There were also no significant findings or issues in connection with the Authority's related parties. For consistency, additional information and documents containing audit information were reviewed to ensure it was consistent. The audit did not find instances of non-compliance

with laws or regulations. There were also no significant unusual transactions or ongoing concerns found. The net position of DC Water was strong. There were no instances of non-GAAP accounting policies and practices. There were no instances of subsequent events or significant matters to report. There were no difficulties during the audit or disagreements with management. KPMG was not aware of management consulting with other accountants. Material written communications were provided to DC Water and all requested documents were given to KPMG. KPMG confirmed they were independent of DC Water during the audit and to date.

Mr. Mclean stated the Uniform Guidance Compliance Audit (Single Audit) reviewed the compliance for each of DC Water's major federal programs based on requirements within the OMB Compliance Supplement. There were three major programs: the Water Infrastructure Finance and Innovation Act, the Coronavirus State and Local Fiscal Recovery Funds, and the Combined Sewer Overflow. The Single Audit was in progress, so today's update would be verbal, followed by a finalized written audit around March. Thus far, no issues have been identified. The appendix was included in the packet.

III. ENTERPRISE RISK MANAGEMENT BRIEFING

Francis Cooper, Director of the Enterprise Program Management Office, presented the Enterprise Risk Management (ERM) briefing. Mr. Cooper provided the committee with a context about the overall ERM program. He spoke about the building of the core components of the ERM function - the policy, governance structure, and the four-step risk process for identifying and assessing, prioritizing, treating, and monitoring. Mr. Cooper continued to convey the activities undertaken. Specifically, the top-down enterprise risk assessment was advanced, and subsequently the prioritization of our enterprise risks. Stakeholder buy-in is critical to the success of the ERM program, as such authority-wide training was rolled out along with supplemental pieces of training for senior leadership. The Origami Risk and Policy modules were implemented. The Risk module provides timely identification of risks and visibility into risk response activities. The Policy module supports the management of policies and serves as a repository for Board Resolutions Risk deep dives were performed to better understand the risks, their underlying root causes, and drivers to enable more effective risk-informed decisions.

Helen Hagos, RIMS-CRMP Manager, reported that the risk deep dives were advanced at the end of FY 2023 to get a better understanding of the risks, raise awareness, and support the development of risk responses. Risk deep dives were conducted for two enterprise risks – Revenue Erosion & Expenditure Growth and New and Changing Regulations. Seven risk drivers were elevated to high priority, including non-revenue water loss, asset prioritization, O&M spending and capital costs, resources and competencies, third-party management, stakeholder relationships, and imposed

regulations. From these drivers, a focus was placed on non-revenue water loss mitigation and stakeholder relationship management. Details on the risk deep dive efforts were included in the appendix.

In Phase I, a top-down approach was taken to gather risk information from the perspective of senior leadership and specific board members. Now, a bottom-up risk assessment process is in motion to identify nuanced risks at the department and operational levels. With this method, it is expected to have a granular understanding of risks that may have been overlooked and to encourage individuals and teams to report risks. As this information comes from the operation itself, early detection and proactive mitigation are expected to emerge along with ownership and accountability among staff in areas of potential risk. With the risks being identified on a more granular level, DC Water can allocate resources to targeted areas of concern.

ERM is inextricably tied to ESG goals. The ERM team works closely with the ESG group to build the content for the annual ESG report. In the upcoming report, the plan is to feature the results from the risk deep dives, mitigation plans, and the bottom-up approach to inform stakeholders of DC Water's risk management capabilities. The FY23 ESG will be published in March.

Additional information can be found in the appendix, including the 2022 Enterprise Risk Assessment Results, details on the top enterprise risks and the findings from the deep-dive activities. Mr. Cooper noted that ERM was a dynamic and ongoing process to identify new or emerging risks over time. Currently, we have a list of 13 strategic risks but we continue to evaluate and monitor to keep our risk register updated and relevant.

Wayne Griffith, Chief Administrative Officer, noted that Deloitte had been integral in guiding the Authority through the process but was not included on the call today as the ultimate goal of ERM was to transfer the knowledge from Deloitte to DC Water so the process could be institutionalized. The DC Water team was very intentional in leveraging internal resources and consultant support to successfully build the ERM program. The intent is to continue to further advance and mature the program through the capabilities built in-house.

IV. INTERNAL AUDIT RESULTS

A. FY 2024 INTERNAL AUDIT PLAN STATUS UPDATE

RSM presented the audits approved by the Committee for FY 2024. One would be presented today, one had begun fieldwork, and three others were in the planning stage.

B. STATUS UPDATE ON PRIOR AUDIT FINDINGS

Emily Lowien, RSM, presented the two open high-risk prior audit findings, both of which were not yet due and were on track to be completed by the due date. The first item was a failure to capture work order labor and materials in the Department of Water Operations, which DC Water responded to by establishing a process to capture labor hours and material data that is monitored biweekly. Updates on the monitoring will be shared with RSM until the finding is closed. The second item was a lack of current policies and procedures in Fleet Management, which DC Water addressed by reviewing best practices and establishing a scope for policy development. This item will be tracked through September.

Sophie Tomeo, RSM, presented audit findings prior to the FY 2023 audit. Many prior audit reports had been closed. The only open item was in contract compliance, in which DC Water will re-establish a vendor scorecard and performance review for contractors, as it was removed with the implementation of Oracle. The plan was built and tested in Oracle, and the final step was to provide training on the new process.

This was the first meeting where the FY 2023 audit findings would be presented. Nine findings had already been closed out, and one that needs confirmation of controls. There were ten remaining open findings, but the work order management and fleet management findings were not yet due. There were two items in the payroll and timekeeping audit, one of which was on schedule for completion and the other was extended, but substantial progress had been made on timely payout for terminated employees. As DC Water is regularly meeting and exceeding the 90% closure rate, management has set a new target goal of 95%. In total, 92% of all prior audit findings were closed.

C. P-CARD AND EXPENSE REIMBURSEMENT AUDIT

Stephanie McKee, RSM, stated the P-Card and Expense Reimbursement Audit was conducted from January 1, 2023, to October 15, 2023, and the scope involved updating flowcharts, testing transaction samples from P-Card and expense reimbursements, and conducting analysis over total expenditures. This was the first review of the P-Card and expense reimbursement processes since the implementation of Oracle and the combination of the P-Card and Travel Card into a single card. \$1.2 million was spent on Authority issued P-Cards during the period of the audit, exclusive of permit fees. There were no high-risk findings and three low-risk findings as a result of this audit. The process appears to be functioning well, and the DC Water team was very helpful during this process.

D. HOTLINE UPDATE

Ms. Tomeo presented the hotline update. There were 5 FY 2024 calls received, and all of these items were closed. One allegation of time theft was substantiated, and DC Water took action in response to those results. An additional two calls were received since the data in the presentation was shared, but neither of them was under investigation for fraud, waste, or abuse.

V. ADJOURNMENT

There being no other matters to come before the Committee, the meeting was adjourned at 10:43 AM.

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dc Highlights

Interim Chair Bhatt, and members of the Board, it is my pleasure to present you with the CEO's Monthly Report for February 2024. This report captures the highlights of the team's efforts over the past month, across the five cascading imperatives of the Blueprint 2.0 strategic plan: **Equitable, Sustainable, Resilient, Reliable, and Healthy, Safe and Well.** There are also individual reports from Finance and Procurement; Shared Services; Customer Experience; Information Technology; Operations and Engineering; and People and Talent, as well as the monthly update from Internal Audit.



NACWA Honors DC Water with NEAA Community Leadership Award

On Wednesday, January 5, I was notified that the National Association of Clean Water Agencies (NACWA) will honor the Authority's Workforce Development Program, Contract Compliance and Business Development teams with a National Environmental Achievement Award for Community Leadership. The Award will be presented at the NACWA Winter Conference, in Austin, Texas, February 13-16, 2024.

In their reward notification, NACWA CEO Adam Krantz noted that those receiving an NEAA Award "represent the best in public service and environmental stewardship."

I must recognize the mastermind behind our honors, **Korey Gray** (Vice President, Contract Compliance and Business Development / Finance, Procurement, and Compliance). Over the last several years, Mr. Gray has transformed these areas of the enterprise and has been a major contributor to the Authority's renown for delivering equity throughout the community.

Authority Delivers for 'Bread for the Soul' Families

During the holidays, Authority employees conducted a Coat, Toy, and Book Drive in support of Bread for the Soul, a tax-free, all-volunteer organization that provides coats, toys, books, and gift cards to local families impacted by HIV/AIDS.

Lisa Barton (Senior Executive Coordinator to the CEO / Office of the CEO) once again led the effort and assisted with delivery of the donated goods. Over several weeks, Authority employees placed donations in specially marked receptacles across Authority work sites, and the team delivered those items to grateful families on Saturday, December 16.

This year marks the 24th consecutive year that the Authority has supported Bread for the Soul with a holiday donation drive. Through Ms. Barton's leadership, and the generosity of Authority employees, DC Water is also going the extra mile to support the health, safety, and wellness of our community, and to deliver equity to those we serve.



 Sustainable

Budget Support Letter (FY25) to Mayor Bowser

Over the last several weeks, the Office of Government and Legal Affairs has partnered with leaders from across the Authority to develop the Mayor’s Budget Support Letter for FY25. The letter makes the case for additional, dedicated District funding to support Lead Free DC, DC Water Cares, and DC Clean Rivers programs, as well as a leak detection program to assist low-income households.

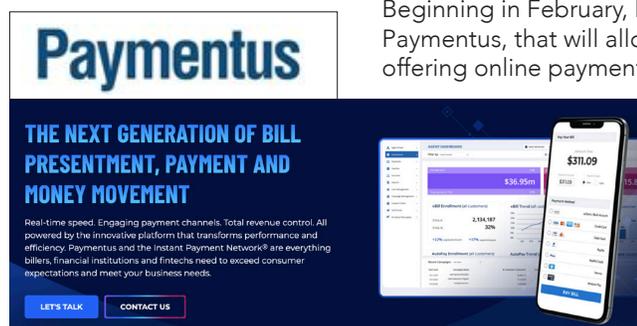


In my letter, I note that although the Mayor faces numerous competing demands for funding, it is our hope that Mayor Bowser will determine that nothing is more important than protecting our children from lead, and ensuring water equity for Washingtonians.

This effort has been led by **Apera Nwora** (Director, Government Affairs and Public Policy / Government and Legal Affairs), with significant contributions from **Matt Brown** (Chief Financial Officer and EVP / Finance and Procurement), **Kirsten Williams** (Chief Communications and Stakeholder Engagement Officer and EVP / Marketing and Communications), **Lola Oyeyemi** (Director, Budget / Finance and Procurement), **Dr. Jeannie Purchase** (Program Manager, Lead Services / Operations and Engineering), **Meisha Thomas** (Director, Customer Care / Customer Care), and **William Elledge** (Director / Engineering and Technical Services).

Implementation of Online Payment Fees

In recent years, more consumers are moving towards online bill management for convenience and budget management. However, online bill payments often require convenience surcharges for electronic payments, and the Authority has seen a steep increase in surcharges.



Beginning in February, DC Water will begin assessing a processing fee, through Paymentus, that will allow the Authority to recoup the costs associated with offering online payments. In fact, the fees DC Water pays to card issuers has increased 26 percent per year, from \$1 million in 2018 to \$2.7 million in 2023.

Although the Authority has absorbed these charges to date, it is not a sustainable long-term practice, because when fees rise, it will force us to raise rates, and every customer will have to pay more. The more equitable approach is to have the users who utilize the service pay for it.

There will be a \$1.95 transaction fee for residential customers, and a 2.65 percent charge for non-residential transactions. The Authority will continue to accept e-check payments from a checking or savings account at no additional charge.



Resilient

Sinkhole Opens Near Anacostia Main Interceptor

In late December, a 15' deep sinkhole opened at the intersection of Fairlawn Avenue and 16th Street, SE, over a 54" diameter concrete sewer pipe, the Anacostia Main Interceptor. The Interceptor carries sanitary flow from much of Ward 7, and some flow from WSSC as well. The cause of the ground collapse is believed to be related to a hole in the pipe.

Our Sewer Operations crews immediately cordoned off the area and posted signage to alert drivers and pedestrians to the danger. The team also used temporary bypass pumping to ensure continuous sewer services through the holiday season. The bypass pump will remain in place for a few months, while repairs are conducted.

I would like to thank our crews executing repairs, and **Emanuel Briggs** (Director, Community Affairs / Marketing and Communication) for their diligent efforts and keeping impacted customers informed of our progress with repairs.

ARTS Spares Anacostia from 267 MG of Sanitary Flow

On the evening of Tuesday, January 9, a powerful weather system brought intense rain and heavy winds to the Washington metropolitan area. Throughout the region, traffic was disrupted, trees were downed, and water spilled across roadways.

Historically, this sort of storm would have caused significant flooding and damage in low-lying neighborhoods. However, the Northeast Boundary Tunnel (NEBT), and entire Anacostia River Tunnel System, is now operational and mitigating flooding and reducing combined overflows to the Anacostia River by 98 percent.

This storm brought two inches of rain to the District, and the NEBT filled at 8:00 pm, at which time the tunnel began to overflow. While 112 million gallons overflowed, the system was able to capture an impressive 267 million gallons and convey it to Blue Plains for treatment. There were no reports of significant flooding.

Congratulations are in order for **Dr. Moussa Wone** (Vice President / Clean Rivers Project) and his team. The design, construction, and performance of the recently completed Anacostia River Tunnel System will be one of the most significant steps to addressing floods stemming from extreme weather events.



 **Healthy, Safe and Well**

Authority Contributes to Post Flooding Story

On Tuesday, December 19, the Washington Post published a multimedia story, 'The nation's capital, built on water, struggles to keep from drowning.' The in-depth piece was in production for more than a year, and features analysis of numerous experts, including input from Authority officials.

John Lisle (Vice President / Marketing and Communications) coordinated our input on a wide range of topics, including the history of water in the city, flooding around the National Mall, and the September 10, 2020, storm that flooded many neighborhoods.

I would also like to thank **Moussa Wone** (Vice President / Clean Rivers Project), **John Cassidy** (Engineer / Engineering and Technical Services), and the entire Clean Rivers team for the data and insight they supplied. I encourage our Board members to read the very informative story.





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.

The data in the CEO's Monthly Report reflects the most recent information available at the time of production and printing.



Finance, Procurement, and Compliance

Financial Metrics

Metric	Target	Sept-23	Oct-23	Nov-23	Dec-23
Operating Cash Balance (millions \$)	\$296.6	\$287.7	\$308.0	\$366.9	\$333.4
Delinquent Account Receivables (%) †	3.30%	3.99%	3.97%	3.99%	4.17%
On-time Vendor Payments (%) ††	97%	97%	97%	97%	97%
Investment Earnings Data (millions \$)	\$7.7	\$6.2	\$0.9	\$1.7	\$2.6
Core Investment Yield Data (%) - Merrill Lynch 1-3 Year Treasury Index *		5.1%	5.1%	4.8%	4.3%
Core Investment Yield Data (%) - Actual Monthly Yield †††	4.39%	4.3%	4.4%	4.4%	4.2%
Short Term Investment Yield Data (%) - Merrill Lynch 3-Month Treasury Index *		5.3%	5.4%	5.3%	5.1%
Short Term Investment Yield Data (%) - Actual Monthly Yield †††	5.03%	3.1%	3.0%	2.6%	3.0%
Days of Cash on Hand** and ***	267**	319.0	340.0	404.0	318***

Notes:

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

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

***318 days of cash is made up of 31 days in the Rate Stabilization Fund and 287 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.

†† The vendor payments goal may fluctuate slightly as we continue to research and resolve payments.

††† 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

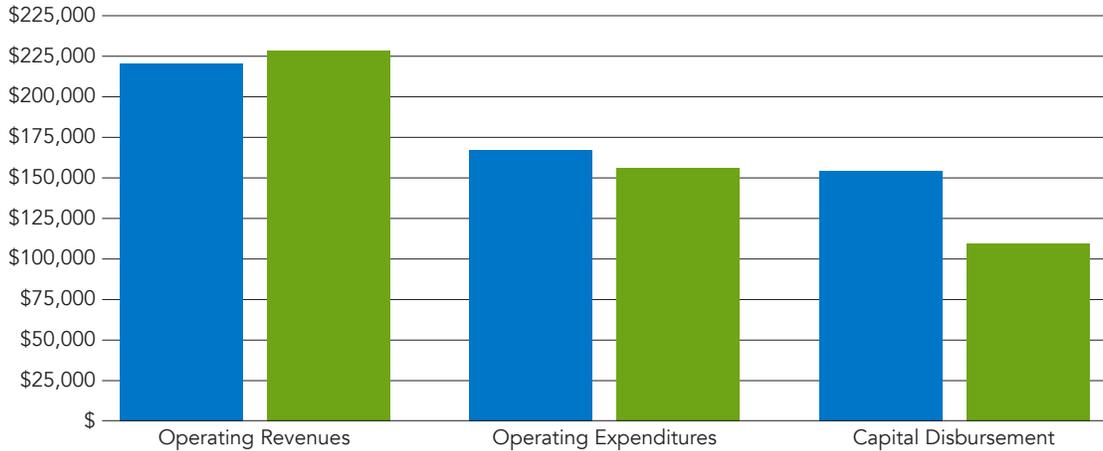
FY 2024 Financial Performance

As of December 31, 2023, DC Water is on track with the budget. As of the end of December 2023, with 25 percent of the fiscal year completed, total operating revenues were \$227.2 million or 25.9 percent of the budget. The higher receipts were mainly due to higher consumption in Residential, Commercial, and Multi-family categories as compared to the budget. Total operating expenditures were \$156.3 million or 11.2 percent and capital disbursements were \$107.7 million or 17.8 percent of the respective budgets.



Finance, Procurement, and Compliance

FY 2024 Year to Date Performance Budget vs. Actuals (\$000's)



FY 2025 Budget Process

The Proposed FY 2025 operating, FY 2024 – 2033 Capital Improvement Program, FY 2025 and 2026 rates and fees and FY 2024 – 2033 Financial Plan have been formulated. This budget proposal was delivered to the Board of Directors during the Budget Workshop on January 4, 2024, immediately after the Board meeting.

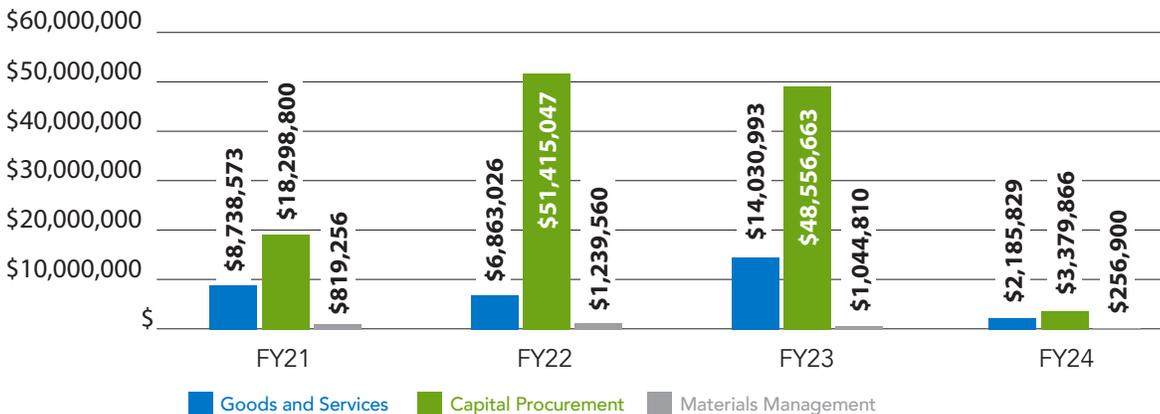
The proposed budgets and rates will be reviewed with the various Board Committees over a two-month process with budget adoption anticipated by the full board on March 7, 2024. Management and staff will then conduct extensive public outreach efforts which includes town hall meetings in each ward in the District and public hearing activities. Details of the budget proposal are available online at dcwater.com/ratemaking-process.

Procurement

Cost Savings (negotiated savings and cost avoidance):

The chart shows the cost savings from FY 2020 to FY 2024 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. Procurement achieved the total saving of \$63,632,466 in FY23 exceeding FY22 saving of \$59,517,633.

Cost Savings





Finance, Procurement, and Compliance

Procurement continued

Upcoming Business Opportunities: All current and planned solicitations are available at dcwater.com/procurement. Those upcoming in the next three months are shown below:

Capital Procurement

Planned Solicitation	Project Title	Solicitation Type	Estimated Total Contract Value	Delivery Type	Eligible Inclusion Program
Jan, 2024	Rehabilitation of Dewatered Sludge Loading Facility	RFP	\$3M	Design	DBE/WBE
Jan, 2024	Service Life Restoration Program (SLRP)-4	IFB	\$15M - \$16M	Bid Build	DBE/WBE
Jan, 2024	Biosolids Curing Pad and Solar PV	IFB	\$8M - \$10M	Bid Build	DBE/WBE
Jan, 2024	Sanitary Sewer Rehabilitation 10	IFB	\$10M - \$15M	Bid Build	DBE/WBE
Jan, 2024	Soldiers' Home Transmission Main	IFB	\$4M - \$5M	Bid Build	DBE/WBE
Jan, 2024	Normanstone Sewer Rehab	IFB	\$1M - \$2M	Bid Build	DBE/WBE
Feb, 2024	Water Condition Assessment Contract	RFP	\$3M - \$5M	Professional Service	DBE/WBE
Feb, 2024	Construction of Flood Seawall Segment A, B, D	RFP	\$24M - \$26M	Design Build	DBE/WBE
Feb, 2024	Heavy Cleaning Services	RFP	\$8M	Professional Service	DBE/WBE
Feb, 2024	PDNA	IFB	\$8M - \$10M	Bid Build	DBE/WBE
Feb, 2024	Local Inspection Services	RFP	\$12M	Professional Service	DBE/WBE
Feb, 2024	Pre-Dewatering Centrifuges Nos. 1 & 12	IFB	\$5M - \$6.5M	Bid Build	DBE/WBE
Feb, 2024	Plant Wide Storm Drainage Improve-ments	IFB	\$3M - \$4M	Bid Build	DBE/WBE
Feb, 2024	LFDC Task Order 09, Work Packages 18	IFB	\$55M - \$60M	Bid Build	DBE/WBE
Feb, 2024	Blue Plains SB-1 Warehouse - CMF Build-ing	IFB	\$6M - \$8M	Bid Build	DBE/WBE
Mar, 2024	SDWMR-18A	IFB	\$8M - \$10M	Bid Build	DBE/WBE
Mar, 2024	PI Program Delivery Consultant	RFP	\$17M	TBD	TBD
Mar, 2024	COF Building	RFP	\$2M - \$4M	Bid Build	DBE/WBE
Mar, 2024	COF/IT Electrical System Upgrade	IFB	\$9M - \$11M	Bid Build	DBE/WBE
Mar, 2024	Wastewater Program Management	RFP	TBD	Program Management	DBE/WBE

– continued

Procurement continued

Goods and Services Procurement:

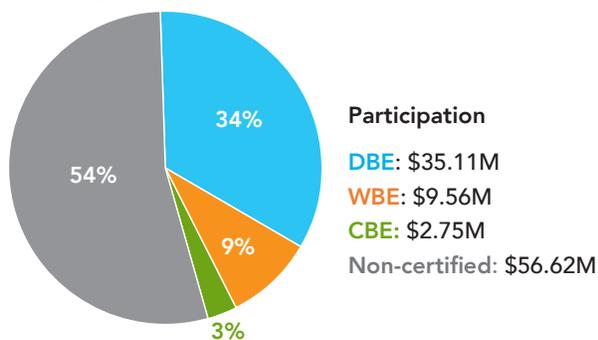
Planned Solicitation	Project Title	Solicitation Type	Estimated Total Contract Value	Eligible Inclusion Program
Jan, 2024	Investment Advisory Services	RFP	<\$1M	LSBE
Jan, 2024	Gas Monitoring Services	RFI	>1M	LSBE
Jan, 2024	Banking & P-card Services	RFP	<\$1M	N/A
Jan, 2024	Ferric Chloride	RFP	>\$10M	DBE/WBE
Jan, 2024	Annual Maintenance, Repair and Calibration of Instrumentation Control and Electrical Equipment	RFP	>\$1M	LSBE
Feb, 2024	Internal Audit Services	RFP	>\$1M	DBE/WBE
Feb, 2024	Uniforms	RFP	>\$1M	DBE/WBE
Feb, 2024	Staff Model Health Maintenance Organization	RFP	>\$5M	N/A
Mar, 2024	Third Party Administrator	RFP	<\$1M	LSBE

Contract Compliance

During this reporting period, nine different procurement actions were approved, including five new awards, two extensions/ option years, and two task order issuances. The value of the eligible procurement actions for this period totaled \$104.05 million. Of this total, the planned certified firm participation is \$47.43 million (in prime and subcontracting opportunities).

The following graph summarizes the certified firm participation:

**Certified Firm Participation
January 2024 Awards**



Highlights:

- Three Mentor Protégé relationships were established between prime contractors and certified DBE's this reporting period.
- Awards this period include two task orders issued under the Small Diameter Water Main Replacement Phase 16 B. The combined certified firm participation is expected to be 34 percent DBE and 9 percent WBE.
- An Option Year was exercised for a project governed by the Green infrastructure MOU. The prime contractor for this task order is a District based Certified Business Enterprise (CBE). Moreover, the total CBE participation for this task order is 100 percent.



As of this report, DC Water Contractors filled 1 new position. This position was filled with a resident from the user jurisdiction (Prince George's County).

Lead Free DC Activators Program: Six-month evaluations were completed for all Activators. These evaluations will assist LFDC Group with identifying candidates for permanent employment opportunities. The LFDC group and DC Water Works are currently developing transition plans for the Activators post program completion (May 2024).



Fleet, Facilities, Safety, Security and Emergency Management

Shared Services Metrics

Metric	Target	Sept-23	Oct-23	Nov-23	Dec-23
Security: Camera operational uptime	90%	95%	96%	96%	97%
Security: Smart card readers operational uptime	90%	95%	97%	97%	97%
Security: Percent of security investigations completed within 21 days	95%	100%	100%	100%	100%
Facilities: Preventive Maintenance Completion Rate	90%	82%	90%	73%	58%
Facilities: Service Request Completion Rate	90%	61%	61%	66%	78%
Fleet: Preventive Maintenance (PM) on Schedule	96%	74%	94%	86%	83%
Fleet: Priority Vehicles/Equipment (In-Service)	96%	72%	79%	80%	81%
Safety: DC Water Employee Recordable Incident Rate (RIR) (FY)	< 4.9	3	0	0	1
Safety: DC Water Employee Lost Time Incident (LTI) (FY)	< 1.7	2.2	0	0	0
Safety: Contractor/ROCIP Recordable Incident Rate (RIR) (FY)	< 2.5	1.5	0	1.3	0.9
Safety: Contractor/ROCIP Lost Time Incident (LTI) (FY)	< 1.1	0.2	0	0	0

Facilities: Facilities: The PM metric for the month of December dropped to 58 percent from October's 73 percent, however, total PM's completed in December (291) was a significant increase over PM's completed in November (206). The total number of PM's for the month of December was high due to end of quarter coinciding with end of year. Facilities is working with the Maximo team to even out the number of PM's in a given month to avoid the peaks and valleys in demand, to smooth out the resource needs from month to month. The SR metric for December increased to 78 percent over November's 66 percent. There were a few high priority projects that required focused attention from multiple shops, this and the holiday season impacted available resources for PM and SR response.

Fleet: Preventative Maintenance completion rate is 83 percent. Of the 12 units scheduled for service, 10 units were brought in for service and returned to the operation. 58 unscheduled units came into the shop for minor services such as oil changes, flat tires, no starts, etc.

Fleet's Priority One Vehicle Availability is 81 percent. 199 of 246 priority one vehicles remain operational and in service.

Fleet continues to steadily improve in all areas of service and repair, documentation, and certifications. Leveraging mobile service trucks for roadside assistance has improved response time for units on the road. Departmental collaboration continues to increase and improve as we work to upgrade our fleet and procure new units. There are 28 new units from FY22 and FY23 still pending delivery resulting from manufacturer and supply chain delays.

Fleet management began collecting penalties under the performance-based contract with Transdev in October 2023. Penalties are charged when service levels fall outside of the agreed upon metrics and thresholds. To date, the Authority will be refunded over \$25,000 from the contractor for low performance and we continue to see improvements in responsiveness and service which is the goal.


Customer Experience
Customer Assistance Programs (CAP)

The team continues outreach efforts, sharing assistance opportunities with applicable customers during varying interactions. To encourage participation, in December, we sent postcards to customers who received assistance in FY22 and FY23, reminding them to reapply. We are hoping to receive increased participation in the months to come. The CAP and CAP 2 participation rates are comparable to previous years. So far, we have not received customer participation in the CAP 3 program. DOEE processes eligibility and approvals, and due to staffing changes, they are working to overcome learning curves that would increase efficiency.

Program	FY2023 Enrolled	FY2023 Dollars	Dec. Enrolled	Dec. Dollars	# FY24 Enrolled	FY2024 Dollars	FY2024 Budget
CAP I	4,744	\$2,399,001	618	\$91,524	1,491	\$259,489	\$2,600,000
CAP II	351	\$139,714	58	\$7,398	141	\$18,573	\$300,000
CAP III	36	\$6,342	-	\$-	-	\$-	\$50,000
Non-Profit CRIAC Relief	182	\$875,585	0	\$-	64	\$58,058	\$913,312
DC Water Cares Residential (RAP)	2,816	\$2,930,302	343	\$174,508	726	\$443,295	\$1,106,683
Low-Income Housing Water Assistance Program	-	\$0	0	\$-	111	\$120,838	N/A
Homeowners Assistance Fund	293	\$256,835	-	\$-	23	\$11,043	N/A



Customer Experience

Customer Care

Through the daily dedication of the team, the department is working to ensure monthly metrics are achieved. The Genesys Pure Cloud Automated Call Distribution (ACD) system implementation in November still has some post-care items being resolved by the combined team, including IT, Customer Care, and Voxai (System Programming Vendor). These remaining items have posed constraints that did not allow the team to meet some targets. We missed the target of answering 85 percent of calls in 40 seconds by 5 percent and the 3 percent Abandoned Rate target by 3 percent. Issue resolution should be completed in January. We anticipate that the January results will be impacted.

We are still working to increase AMI transmissions and reduce the number of estimated reads so fewer accounts will fall to manual reading. The associated target was missed by 1.5 percent. Coordination with IT to pilot new technology opportunities will allow MTU transmission to reach the DCU and increase the number of AMI reads. Additionally, we are meeting with the engineering team to strategize on reducing the timeline gap between the project end and the MTU programming. The Meter team will dedicate resources to immediately go to locations the week after project completion.

In February, DC Water will switch to a new platform to process payments. The change was brought on to reduce costs and gain efficiencies. The Authority will start assessing the processing fee on all credit/debit card payments. The fee for residential accounts will be \$1.95 per (up to) \$500 transaction and 2.65 percent for non-residential accounts (no transaction limit). E-check payments are processed at no cost, and DC Water's marketing and communications highlight this option. Customer awareness communications begin in January and will continue beyond the project completion date.

Key Performance Indicators

Metric	Target/ Service Level	Oct 23	Nov 23	Dec 23
% of bills issued on time (w/in 5 days)	97%	97.5%	97.1%	97.8%
% unbilled	< 2%	1.7%	1.9%	1.3%
Estimated bills as a percent of meters read	< 4%	4.8%	4.5%	5.5%
# of bill investigations (Disputes)	trend only	783	362	311
% of OPC inquiries resolved within 14 days	98%	100%	100%	100%
% of calls answered in 40 Seconds (Call Center)	85%	93%	86%	80%
Monthly call volume served (Call Center)	trend only	10,574	10,620	10,495
Average Wait Time (minutes)	<0:30	0:19	0:25	0:35
Abandon rate	3%	1%	3%	6%
Emergency dispatch <= 10 Min (ECC)	> 92%	100%	100%	100%

Highlights

The IT Department, in collaboration with Customer Services, has upgraded and migrated to a new Call Center application, Genesys Pure Cloud. The previous system was implemented during the COVID pandemic, and while it provided Customer Service the ability to work remotely, it still lacked features needed to take the Customer experience to the next level. The new system is Software as a service (SaaS) based and will incorporate features such as Chatbots and AI technology to better serve the customer all through a basic web browser anywhere in the US. Huge thanks to both the IT and Customer Service teams for their hard work, dedication and late nights to implement this system while running a 24x7 operation.

IT Monthly Report

SR/WO Type	SL Target / SLA	Oct 23	Nov 23	Dec 23
Number of tickets submitted	Trend only	1141	856	831
Number of open tickets	Trend only	67	39	25
Helpdesk SLA	96%	98.9	99.30	97.60%
Number of active projects	Trend only	14	11	11
Number of completed projects	Trend only	12	15	15
On schedule performance	90%	93.62	93.62	93.62
On budget performance	90%	97.92	97.92	97.92
% AMI transmission	95%	91.99	91.84	91.55%


Operations and Engineering

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

Key Performance Indicators

Metric	Target/Service Level	Sept-23	Oct-23	Nov-23	Dec-23
Wastewater Operations					
NPDES Permit Compliance , percent number of days	100%	100%	100%	100%	100%
Air Permit Compliance, percent number of days	100%	100%	100%	100%	100%
Biosolids Class A Exceptional Quality (EQ) Compliance, percent number of days	100%	100%	100%	100%	100%
Tunnel Dewatering Compliance, percent of events tunnel dewatered within 59 hours of end of rainfall	100%	100%	100%	100%	100%
Renewable Electrical Energy Generated On Site, percent of total use at Blue Plains AWTP	>20%	23%	26%	26%	23%
Reactive Maintenance , percent of total maintenance hours	<20%	32%	27%	29%	32%
Critical Asset Availability , percent of total critical assets at the Blue Plains AWTP	>95%	97%	97%	97%	99%
Sewer Operations					
Combined Sewer System (CSS) structures (all outfalls, regulators, tide gates) inspections	100%	100%	100%	100%	100%
* Municipal Separate Stormwater System (MS4) requirement to clean all catch basins in the MS4 Permit Area at least once annually (Jul 01- Jun 30)	14,700	168	169	170	188
* Inspection of catch basins in the CSO Anacostia tributary area at least twice per year (Jan 1- Dec 31)	11,400	2381	7282	9721	11511
* NPDES Permit to Clean and Inspect 85% of 10,700 CSS Area C/B (Jan 1- Dec 31)	9,095	2651	4648	8027	10351
Miles per month Sewer Cleaning and Inspection to meet 1,400 Miles of Small Diameter (<12 inches) in 10Yr Cycle	>12	10.33	22.8	3.4	10
Sewer Backup (Investigation to Resolution) Within 24 Hours Excluding Line Breaks	>95%	100%	100%	100%	100%
Number of SSO's	Report	3	2	2	7
SSO's to Body of Water	Report	1	1	2	2
SSO's per 100 miles of pipe (YTD) (AWWA 2021 Utility Benchmarking Report)	2	3.27	.015	.30	.84
SSO's per 100 miles of pipe (Water Body) (YTD)	Information Only	.46	.076	.23	.38
Combined Sewer System Overflows	0	1	0	0	0

Key Performance Indicators continued –


Operations and Engineering

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

Key Performance Indicators continued

Metric	Target/Service Level	Sept-23	Oct-23	Nov-23	Dec-23
Pumping Operations					
Firm Pumping Capacity Maintained	100%	100%	100%	100%	100%
Reactive Maintenance	<20%	15%	14%	8%	7%
Critical Asset Availability	>95%	98%	98%	99%	98%
Water Operations					
Safe Drinking Water Compliance	100%	100%	100%	100%	100%
Total Fire Hydrants Replaced	>21/Month	15	20	18	15
Hydrant Flow Tests (Non-Winter Months)	>180	68	118	125	61
Fire Hydrant Operational Rate	99%	99.8%	99.86%	99%	99%
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%	84.4%	81.25%	93.3%	92.68%
Water Main Breaks	<28/Month	11	26	68	52
Water Main Break Rate /100 Miles (National Average is 25)	25	25.52	26.71	29.25	27.33
% of Hydrant Leaks in inventory that are not leaking	>90%	99%	99%	99%	99%
Permit Operations					
Overall On-time completion of Permit Reviews	90%	93%	91%	94%	93%

* Month-to-Month Cumulative Total for Catch Basin Inspection and Cleaning

Explanation of Missed Targets**Wastewater Operations Reactive Maintenance (<20 percent)**

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 the last four fiscal years for assets at the Blue Plains Advanced Wastewater Treatment Plant. The goal is to remain on the reduction path towards a benchmark that is applicable for Blue Plains.

Sewer Cleaning & Inspection (>12 miles)

Miles per month Sewer Cleaning and Inspection to meet 1,400 Miles of Small Diameter (<12 inches) in 10Yr Cycle. The operation performed contract close-out on previous year's activities. The team was also focused on current FY contract administration and planning. Field activities are expected to ramp up December 2023.

– continued

Explanation of Missed Targets – continued

Total Fire Hydrants Replaced (>20/Month)

The department did not meet the target due to a shift in priorities as the team worked to address the uptick in emergency water main repairs (winter season increase). We will reprioritize the monthly target when the winter season ends.

Hydrant Flow Test >180

The department is in the process of conducting interviews to bring in the necessary personnel. The Department is short two engineers and a field crew.

DC Water Capital Improvement Program – Projects in Construction

Potomac interceptor MH 31-30 Rehabilitation is in construction – 60% complete.

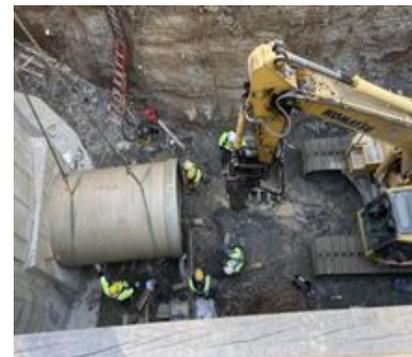
- Started formwork for new MH31 pipe intrusion bulkheads for future installation of new 66" and 78" HOBAS pipes.
- Continued installation of rockfall containment fencing.
- Continued excavation of open pit and trenches for installation of new MH30.59 & new MH31 as well as the new HOBAS pipe in between.
- Continued exposing previously installed steel slipline section of the PI at new MH30.59
- Continued Envision Certification coordination.
- Completed removal of MH31 structural formwork.
- Completed the structural concrete wall installation at new MH31 on 11/09/2023
- Completed installation of temporary pipe support at new MH30.59
- Completed Installation of cast-in-place roof planks for new MH31
- Completed first section of 78" HOBAS pipe in new MH31



Overview of the open excavation from the new MH30.59 looking down to the new MH31



MH31 Leak Test



Installation of first segment of new 78" HOBAS Pipe in new MH31

Key Performance Indicators (KPI) Benchmark

KPI Owner	KPI	KPI Definition	Business Relevance	Quantifiable Target	Status	Reporting Frequency	Blueprint 2.0 Strategic Imperative	Notes
HRBP	Active Vacancy Rate	"Rolling 12 months' average of monthly active vacancy rate calculated as: (Positions under recruit on 1st of month) / (Positions under recruit on 1st of month + Active Employees on 1st of the month"	This KPI measures the organization's vacancy rate resulting from employee turnover and the addition of new positions.	6%	9.5%	Monthly	Reliable	
Labor Relations	Temporary Alternative Duty Program (TAD)	Percentage of Workers' Compensation claims eligible for placement into TAD program	The more claims eligible for TAD program will reduce overall Workers' Compensation costs and claim exposure for the Authority, leading to realized financial savings	50% of WC claims eligible for TAD program	71%	Monthly	Healthy, Safe, and Well	Measured based on fiscal year.
Talent Acquisition	Time to Hire	Time to hire is a Recruitment KPI metric used to measure the amount of time it takes an organization to fill a job opening from the time it was posted to the time a candidate accepts an offer.	Measuring time to hire helps organizations to evaluate the efficiency of their recruitment process, identify bottlenecks, and make improvements to the process. A shorter time to hire can translate into a more effective recruitment process, as well as better candidate experience. A long time to hire can negatively impact an organization's ability to attract and retain top talent. Delayed hiring can result in lost productivity, decreased employee morale, and increased costs associated with job vacancies.	60 days	59.5	Monthly	Sustainable	Measured monthly based on fiscal year.

– continued

Key Performance Indicators (KPI) Benchmark – continued

KPI Owner	KPI	KPI Definition	Business Relevance	Quantifiable Target	Status	Reporting Frequency	Blueprint 2.0 Strategic Imperative	Notes
Talent Acquisition	Self Identified Veterans	US Armed Services	This KPI is linked to workforce Diversity, Equity and Inclusion and growing the percentage of veterans in the workforce, with a focus on increasing the representation of veterans within the workforce.	TBD	26	Monthly	Equitable	
Talent Acquisition	Female Workforce (Active)	Number of Female employees in the current workforce. Calculation - Number of female employees in the active workforce divided by the total number of employees in the active workforce at a specific point and time.	This KPI is linked to workforce Diversity, Equity and Inclusion and growing the percentage of women in the workforce, with a focus on increasing the representation of women in non traditional roles.	TBD	259 or 22.4%	Monthly	Equitable	



Internal audit plan FY2024 timeline

This timeline represents the FY 2024 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.



Open high risk prior audit findings

Audit FY	Issue Date	Audit Report	High Risk Open Finding	Original Target Date	New Target Date	# Extensions	
1	2023	7/27/2023	DWO Work Order Management Audit	Failure to capture work order labor and materials data	8/31/24	N/A	0
<p><i>DWO has defined work activities that require material data capturing and developed business processes for capturing both required labor hour and material data capture that have been socialized with DWO branches. Starting December 1st, DWO began monitoring data integrity biweekly to monitor effectiveness of new process adoption. Any changes necessary to business processes based on what they are seeing during this monitoring period will be implemented before April 2024.</i></p>							
2	2023	10/26/2023	Fleet Management Audit	Lack of current policies and procedures	9/1/24	N/A	0
<p><i>Fleet is leveraging a writer that has interviewed staff, created a glossary of terms, is looking through current industry best practices, and drafted a scope with phased timeline for policy development. The SOP for District inspections has already been documented. Fleet has submitted milestones to Internal Audit for tracking towards final target date in September that include drafting a RACI and determining Fleet policy needs, finalizing draft of 10 Authority-wide Fleet policies, and submitting policies to review (Legal, Labor Relations, People & Talent).</i></p>							

***Open Prior Audit Findings**

Audit Report / Subject	Issue Date	Open
Contract Compliance Audit	7/22/2021	1
Payroll & Timekeeping Audit	7/23/2023	3
Work Order Management Audit – DWO	7/23/2023	3
Fleet Management Audit	10/27/2023	5
		total 12

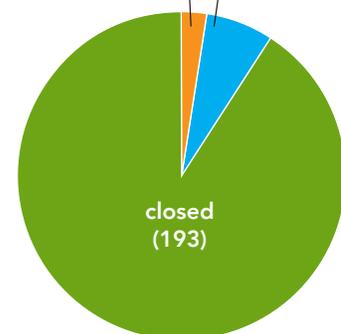
█ At least one original remediation target date has been extended

In total, 92 percent of all prior audit findings from FY17 – FY23 are closed. Management’s target closure rate is 95 percent.

*Note that the audit findings reported above represent open findings through the FY23 Audit Plan year

FY17 – FY23 prior audit findings status

pending testing (5) open (12)



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







**Summary of Resolutions and Contracts
305th Meeting of the DC Water Board of Directors
Thursday, February 1, 2024**

Joint-Use Contracts

Resolution No. 24-05 Approval to Add Additional Funding to Task Order No. 2 of Contract No. 10402, Human Capital Transformation Services, Accenture LLP. The purpose of this request is to address further development aspects of the Human Capital Strategy (HCS). This work consists of the development of requirements and advisory services for a compensation assessment study. The total estimated cost of this request is \$175,000.

Non-Joint Use Contracts

No Action Items

Presented and Approved: February 1, 2024

**SUBJECT: Approval to Add Additional Funding to Task Order No. 2
of Contract No. 10402, Human Capital Transformation
Services, Accenture LLP**

**#24-05
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 February 1, 2024 upon consideration of a joint use matter, decided by a vote of ___ () in favor and ___ () opposed to approve additional funding for Task Order No. 2 of Contract No. 10402, Accenture LLP.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to add additional funding to Task Order No. 2 of Contract No. 10402, Accenture LLP. The purpose of this request is to address further development aspects of the Human Capital Strategy (HCS). This work consists of development of requirements and advisory services for a compensation assessment study. The total estimated cost of this request is \$175,000.

This Resolution is effective immediately.

Secretary to the Board of Directors

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

ACTION REQUESTED

**GOODS AND SERVICES CONTRACT
Human Capital Transformation Services
(Joint-Use Indirect)**

Approval to add additional funding for Task Order #2, Human Capital Strategy Development, in the amount of \$175,000.00.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: Accenture LLP 800 N Glebe Rd Arlington, VA 22203	SUBS: N/A	SUBS: N/A
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DESCRIPTION AND PURPOSE

Original Contract Value:	\$0.00
Original Contract Date:	02-22-2023 – 02-21-2024
Number of Option Years:	2
Prior Task Order 2 Value:	\$930,000.00
Prior Task Order 2 Dates:	08-07-2023 – 02-02-2024
Task Order 2: Add funding Value:	\$175,000.00
Task Order 2: Add funding Dates:	02-05-2024 – 04-31-2024

Purpose of the Request:

DC Water’s People & Talent Department requires additional funding to address further development aspects of the Human Capital Strategy (HCS). Additional work in the HCS consists of development of requirements and advisory services for a compensation assessment study, estimated at \$175,000.00. The compensation assessment study will be performed by a 3rd party and funding will be addressed at that time.

Contract Scope:

Accenture has partnered with DC Water to develop a Human Capital Strategy for the enterprise to provide a roadmap to address long -term and short-term goals that will allow DC Water to understand our current state, where we want to be and how a people strategy can enable us to get there. The scope of services also includes organizational re-design and change management, human resources (HR) function, compensation & benefits, HR technologies and analytics and talent management and employee learning and development. A detailed human capital strategy roadmap for addressing all remaining capability areas in the Human Capital Transformation services is being developed.

Spending Previous Year:

Cumulative Task Order Value:	08-07-2023 – 12/15/2023: \$930,000.00
Cumulative Task Order Spending:	08-07-2023 – 12/15/2023: \$584,000.00

Contractor’s Past Performance:

According to the COTR, the Contractor’s quality of products and services, timeliness of deliverables; conformance to DC Water’s policies, procedures and contract terms; and invoicing, all meet expectations and requirements.

PROCUREMENT INFORMATION

Contract Type:	Goods and Services	Award Based On:	Highest Rated Offeror
Commodity:	Service	Contract Number:	10402
Contractor Market:	Open Market with Preference Points for LBE and LSBE Participation		

BUDGET INFORMATION

Funding:	Operating	Department:	People & Talent
Service Area:	DC Water	Department Head:	Joy J. Dorsey

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	71.19%	\$124,582.50
Washington Suburban Sanitary Commission	21.21%	\$37,117.50
Fairfax County	4.86%	\$8,505.00
Loudoun County	2.38%	\$4,165.00
Potomac Interceptor	0.36%	\$630.00
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$175,000.00

 / 12.19.2023
 Joy J. Dorsey Date
 Chief People Officer and EVP of People and Talent

 Digitally signed by Dan Bae
 DN: C=US, E=dan.bae@dcwater.com,
 O=District of Columbia Water and Sewer
 Authority, OU=VP of Procurement &
 Compliance, CN=Dan Bae
 Date: 2023.12.19 13:48:32 -0500
 Date
 Dan Bae
 VP of Procurement

Matthew T. Digitally signed by Matthew T.
 Brown
 Date: 2023.12.19 16:59:31
 -05'00'
 Date
 Matthew T. Brown
 CFO and EVP of Finance, Procurement and Compliance

 / 1/24/2024
 Date
 David L. Gadis
 CEO and General Manager