



**313TH BOARD OF DIRECTORS MEETING
MINUTES OF THE MEETING
NOVEMBER 7, 2024
(Via Microsoft Teams)**

DIRECTORS PRESENT

District of Columbia Members

1. Rachna Bhatt, Acting Chairperson
2. Anthony Giancola, Principal
3. Howard Gibbs, Principal
4. Richard Jackson, Principal
5. Jed Ross, Alternate

Prince George's County Members

1. Floyd Holt, Principal
2. Jared McCarthy, Principal
3. Andrea Crooms, Alternate
4. Jonathan Butler, Alternate

Montgomery County Members

1. Jon Monger, Principal
2. Fariba Kassiri, Principal
3. Jeffrey Seltzer, Alternate
4. Amy Stevens, Alternate

Fairfax County Member

1. Christopher Herrington, Principal
2. Sarah Motsch, Alternate

DC WATER STAFF

1. David Gadis, Chief Executive Officer, and General Manager
2. Marc Battle, Chief Legal Officer and EVP, Government and Legal Affairs
3. Matthew Brown, Chief Financial Officer Finance and EVP, Finance Procurement and Compliance
4. Wayne Griffith, Chief Administration Officer, and EVP
5. Jeffrey Thompson, Chief Operating Officer, and EVP

6. Michelle Rhodd, Secretary to the Board

The 313th meeting of the District of Columbia Water and Sewer Authority's Board of Directors was called to order by Acting Chairperson Rachna Bhatt at 9:41 a.m. The meeting was held via Microsoft Teams and streamed live at dcwater.com. Board Secretary Michelle Rhodd called the roll, and a quorum was established.

I. APPROVE MINUTES

Acting Chairperson Rachna Bhatt asked for a motion to approve the minutes of the October 3, 2024, meeting.

Upon a motion made the Board of Directors approved the minutes of the meeting on October 3, 2024, as presented.

II. CHAIRPERSON'S OVERVIEW

Ms. Bhatt opened the meeting and thanked the Board for participating in the recent Board retreat. She advised the board members that a post-retreat survey would be distributed to gather the Board's feedback.

III. COMMITTEE REPORTS

*Governance Committee Report
Reported by Christopher Herrington*

Governance Committee Chairperson Christopher Herrington reported on the meeting held on October 9.

Korey Gray, Vice President, Contract Compliance and Business Development, presented the FY24 DC Water Works program update. Water Works aims to fill 75% of new jobs with local residents and includes wrap-around support services. The program also includes a skills training and development component to prepare local residents for job opportunities identified by contractors, including an apprenticeship program creating pathways for in-house hires.

One hundred and nineteen local residents were placed in jobs, achieving 85.7% local hire participation. Twenty-seven firms participated in local hiring, and the majority of hires were from the District of Columbia and surrounding areas -- 102 local residents hired and 17 from outside the user jurisdiction. Interim Board Chair Rachna Bhatt expressed disappointment about the number of labor positions filled by people outside the user jurisdiction. To which Mr. Gray explained that some work is performed outside the district, and contractors hire where the work is located. Mr. Gray agreed to provide more clarity

on the numbers in future reports, including a breakdown of labor positions by construction, labor, and goods and services to better understand the hiring distribution.

Mr. Gray discussed the DC Water Apprenticeship Program, which provides a direct pathway to employment with DC Water. The program includes classroom experience and on-the-job learning. Two cohorts ran in FY 2024, with 70% to 85% of apprentices graduating on time and continuing their careers with DC Water.

In his update on the Lead Free DC program, Mr. Gray reported that the first cohort completed the program with 14 out of 15 participants retained. The second cohort started in August with 12 participants, all from the District of Columbia. The program includes initial training with the Department of Employment Services, followed by soft skills training, financial literacy, and on-the-job learning with the Lead Free DC team. Participants are paid during the training period.

Next, Mr. Gray introduced the high school youth internship program, a pilot initiative in partnership with the Department of Employment Services and DC Public Schools. Four interns participated, three have completed the program, two are continuing to college and one was placed with the Lead Free DC Activator Training Program. The program aims to provide hands-on experience and career pathways for high school students. The program ensures continued support for interns, helping them build careers with DC Water or pursue their interests. The goal is to keep them engaged with the DC Water family beyond the internship period.

Mr. Gray announced a new initiative, the High School Engagement and Workforce Development Program, in partnership with the Office of Marketing and Communications and external partners. The program targets Anacostia High School and IDEA Public Charter School, aiming to develop curriculum and provide internships and pre-apprenticeship opportunities. Participants will be identified through applications, with a focus on juniors and seniors maintaining a 2.0 GPA and good standing. The program will start with up to 10 participants in its first year. The program aims to create pathways for employment, ensuring that training and education lead to career opportunities. Interns and pre-apprentices will receive paid training and support to transition into careers at DC Water or with contractors.

Barbara Mitchell Associate General Counsel and Interim Director of Government Affairs provided an update on the EPA's finalization of the Lead and Copper Rule, which requires drinking water systems across the country to identify and replace lead pipes within ten years.

*Environmental Quality and Operations Committee Report
Reported by Sarah Motsch*

Environmental Quality and Operations Committee Chairperson Sarah Motsch reported on the meeting held on October 17.

Nicholas Passarelli, VP, Wastewater Operations, summarized the performance of the Blue Plains Advanced Wastewater Treatment Plant (BPAWTP) noting that all parameters were within the national pollution discharge elimination standards permit limits. The tunnel systems and wet weather treatment facilities captured 130 million gallons with no overflows. Onsite energy generation from the Combined Heat and Power (CHP) facility and solar panels was 26% of the average consumption. Approximately 2,100 wet tons of biosolids were sold as Bloom, working toward a goal of 65,000 tons for the fiscal year. To date, 55,000 tons have been marketed.

William Elledge, Director, Engineering & Technical Services, presented an update on the service line material identification pilot program. The program is investigating multiple cheaper and faster methods of service line material identification that do not require disruptive test pit excavation. The Lead and Copper Rule Improvements (LCRI) require DC Water to replace 10% of the service lines that are either verified lead, suspected lead, suspected non-lead, or no information, to be compliant; this equates to around 9,000 replacements per year. In contrast DC Water estimates only 34,000 lead service lines remain to be replaced, with an annual replacement goal of 3,400. Therefore, it is critical to verify suspected non-lead pipes as quickly as possible. Four technologies were identified for the pilot, and two have been approved to move forward for additional accuracy testing; Electro Scan's "Swordfish", and EDT's Service Line Material Identification Testing (SMIT)

The Committee recommended three action items to Board for approval

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

DC Retail Water and Sewer Rates Acting Committee Chair Howard Gibbs reported on the meeting held on October 22.

Chief Financial Officer Matthew Brown presented the monthly financial report for September 30, 2024. Overall, revenue was slightly favorable to budget by approximately 2.7%. Accounts delinquent over 90 days increased by dollar amount and the number of accounts, with the Multi-family category accounting for approximately 54% of these delinquencies. Mr. Brown reviewed the Developer Deposits report that now summarizes deposit balances owing for both over and under 10 years.

Meisha Thomas, Director of Customer Care, presented the results of the FY24 Voice of the Customer Satisfaction Survey administered by Walker Information Systems, a third-

party survey vendor. The survey showed a 76% favorability rating, which was slightly down from 2022. Blueprint 2.0 sets a favorability target of 82% for 2024 and 85% by 2029.

Mr. Brown reviewed the Committee's proposed work plan for 2025, which will include the 2025 Potomac Interceptor Cost of Service Study and the 2025 Cost of Service Study to Establish Miscellaneous Fees and Charges.

*Finance and Budget Committee Report
Reported by Anthony Giancola*

Finance and Budget Committee Chairperson Anthony Giancola reported on the meeting held on October 24.

Mr. Brown discussed the recent TD Bank investigation and settlement over money laundering allegations and noted that bonds issued by TD Bank had been downgraded from an A1+ to A1. Finance is tracking the impact of this downgrade.

Lola Oyeyemi, VP Budget, presented the September 2024 Financial Report, which was the final report for FY24. Based on preliminary numbers, the Authority ended the year with estimated revenues of approximately 2.7% above budget, estimated operating expenditures approximately 2.2% below budget, and capital disbursements approximately 6.1% below budget. These results are consistent with projections.

The year-end delinquent accounts balance was approximately \$33.9 million for 11,832 delinquent accounts. Overtime was over budget by approximately 26%. Mr. Giancola noted that inflation and a change in investment policy resulted in a significant increase in income. He highlighted the performance of the developer deposits team to get down to just over \$26 million in deposits held by the Authority. He also noted the high cost of overtime and advised that the Authority may need to budget more for this item going forward.

Mr. Brown reviewed the Committee's proposed work plan for 2025 and highlighted the 26th consecutive unqualified audit opinion on the financial statements. The Authority maintained its AAA, Aa I and AA+ bond ratings. The FY 2025 operating expenditure budget, 10-year capital program, and 10-year financial plan were completed, and customers were provided lower two-year rates for FY 2025 and FY 2026 compared to previous forecasts. The Customer Assistance Program was expanded with a new payment plan incentive and leak assessment program.

Mr. Brown highlighted the achievement of winning the coveted Triple Crown award from the Government Finance Officers Association for the Authority's audit, budget and annual financial report.

Chris Collier, Vice President, Water Operations, provided a detailed overtime analysis. Mr. Giancola noted that the most significant increase was over the last year and inquired

whether there was a single event that led to this increase. Chief Executive Officer and General Manager David Gadis noted that there had been several boil water issues due to the management of the Washington Aqueduct facility that drastically increased overtime. Mr. Collier informed the Committee that he is working with the Finance team and People and Talent team to create five new full time employees (FTEs) to address the workload and discussed the training pathway for new staff in Operations.

Ms. Bhatt congratulated Mr. Brown on winning the Triple Crown and asked whether the Authority was reimbursed for special events. Mr. Brown stated that the Authority was reimbursed in some cases so long as time was tracked and coded.

*Audit and Risk Committee Report
Reported by Floyd Holt*

Audit and Risk Committee Chairperson Floyd Holt reported on the meeting held on October 24.

Francis Cooper, Director of the Enterprise Program Management Office (EPMO), discussed the transition to the Authority's new internal auditor, Cherry Bekaert. Christian Fuellgraf of Cherry Bekaert introduced his team and provided an overview of Cherry Bekaert and its core services.

Dan Whelan of RSM presented an audit update, noting that all audits had been completed and the transition process with Cherry Bekaert was going very well. Sophie Tomeo with RSM reviewed the Open High-Risk Findings dashboard, which included four items: the Department of Water Operations (DWO) Work Order Management Audit, the Fleet Management Audit, the Genesys ITGC Review, and Internal and External Penetration Testing.

Emily Lowein with RSM reviewed the open high-risk prior audit findings, noting that none were open from before 2023. There were four items in "pending testing" status, and four open audit findings from the FY 2023 audit. Of all prior audit findings from FY 2017 to FY 2023, 94% were closed.

Stephanie McKee with RSM presented a training and recruiting audit update. She reported that the average time to hire for a position was 58.7 days. There were 78 total active vacancies as of June 2024 and the total active headcount was 1,219 employees. There were two moderate risk findings as a result of the audit.

Samantha Bement with RSM presented the Fraud, Waste, and Abuse Hotline update. The call volume was low at just three calls in Q4. All previous calls for the year had been closed out. Of the three new calls, two were related to policy issues and one was a workplace violence issue. None of the new calls were related to fraud, waste, or abuse.

Ms. Bement reviewed the risk assessment survey results and Ms. Tomeo reviewed the nine risk themes identified during the risk assessment and noted some themes were interdependent. Ms. Tomeo also reviewed the results of the Board and DC Leadership survey. There was alignment on the following top three enterprise-wide risks identified by both survey groups: Operational – Reliability (e.g., single source of water, asset failure, aging infrastructure); Financial – Revenue erosion and expenditure increase; and Technological – Cybersecurity

Ms. Tomeo reviewed the FY 2025 audit plan, beginning with those items that were completed as cycle audits. The next planned cycle audit is SCADA penetration Testing.

Emergency Meeting of the Human Resources and Labor Relations Committee Report Reported by Jed Ross

Human Resources and Labor Relations Committee Chair Jed Ross reported on the emergency meeting held on October 31. The Committee reviewed the Master Compensation Agreement and recommended moving the Agreement to the Board for approval.

IV. CEO AND GENERAL MANAGER'S REPORT

In his CEO report, Mr. Gadis provided an update on the leadership transitions the People and Talent Department. Keith Lindsey, Chief of Staff, assumed the role of Interim Chief People Officer while Amber Jackson, Assistant General Counsel, Office of Government & Legal Affairs has accepted the position as Vice President of Employment, Labor, and Compliance.

On October 23, Ward 6 Councilmember Charles Allen, and Chair of the DC Council Committee on Transportation and Environment, joined DC Water staff -- Marc Battle, Barbara Mitchell, William Elledge, and Hamza Masud -- for a tour of the Lead Free replacement activity. The visit provided an opportunity for the DC Water team to discuss the significance of the program. It also helped illustrate challenges from construction, funding, and operational standpoints, and the overall complexity of the project. Councilmember Allen was impressed with the innovative technology used to accelerate the replacement process with minimal disruption of infrastructure. The Lead Free Mandate Bill is expected to be voted on by the full Council by the end of 2024.

Earlier in October, President Joe Biden set a 10-year nation-wide deadline for replacing lead pipes in US cities. To date, more than 7,000 lead service lines have been replaced. The recent memorandum of understanding with the District Department of Transportation will further expedite the process through coordinated permitting efforts.

On October 14, four DC Water employees were deployed to Asheville, North Carolina, to support water and wastewater recovery efforts. The team received appreciation from residents for their assistance.

Board member Anthony Giancola inquired whether DC Water representatives had asked Councilmember Allen about underfunding of the Lead Free DC program. Mr. Gadis noted that the topic was not raised as the current phase for the first 28,000 identified lead services lines, is fully funded. The focus now is on 2030 to 2037 for the remaining additional 14,000 lead service lines.

Mr. Giancola inquired whether the Lead Free Mandate Bill being considered by Council includes a deadline for the Authority. Mr. Gadis stated that this is not the case.

Mr. Giancola inquired about why the fleet priority equipment in service value on Page 9 of the CEO's Report appeared to go from 85% to 63%, but the bottom narrative on fleet justification implies that priority one vehicle availability was 84%. He asked why those numbers appear inconsistent. Mr. Gadis stated he would follow up with more information on this metric.

V. CONSENT ITEMS (JOINT USE)

1. Approval to Award Base Year and Two Option Years of Contract No. 10491, Calcium Hydroxide, W.K. Merriman, Inc. – **Resolution No. 24-77** (Recommended by the Environmental Quality and Operations Committee 10-17-24)
2. Approval to Award Base Year and One Option Year of Contract No. 250030, On Call Structural Rehabilitation, Structural Preservation Systems, LLC – **Resolution No. 24-78** (Recommended by the Environmental Quality and Operations Committee 10-17-24)
3. Adoption of Master Agreement on Compensation between District of Columbia Water and Sewer Authority and the Unions Comprising Compensation Unit 31 (AFGE Locals 631, 872 and 2553; AFSCME Local 2091; and NAGE Local R3-06) – **Resolution No. 24-79** (Recommended by the Human Resources and Labor Relations Committee 10-31-24)

Upon a motion duly made, the Board of Directors voted to approve Joint Use Resolutions 24-77 through 24-79 as presented.

VI. Consent Items (Non-Joint Use)

1. Approval to Execute Change Order No. 002 of Contract No. 220160, Major Sewer Rehabilitation 1-5 Northeast Boundary, Spiniello Companies – **Resolution No. 24-**

80 (Recommended by the Environmental Quality and Operations Committee 10-17-24)

Upon a motion duly made, the Board of Directors voted to approve Joint Use Resolution 24-80 as presented.

VII. ADJOURN

There being no further business to come before the Board, the meeting adjourned at 10:31 a.m.

Michelle Rhodd

Michelle Rhodd

Secretary to the Board of Directors

Follow-up actions:

Mr. Gadis will investigate the apparent inconsistency in fleet equipment in service in the CEO's report.