



**MINUTES OF THE MEETING
FINANCE AND BUDGET COMMITTEE
JANUARY 28, 2025
(Via Microsoft Teams)**

COMMITTEE MEMBERS PRESENT

1. Anthony Giancola, Chair, District of Columbia
2. Jonathan Butler, Vice Chair, Prince George's County
3. Richard Jackson, Principal, District of Columbia
4. Sarah Motsch, Alternate, Fairfax County

OTHER BOARD MEMBER PRESENT

1. Unique Morris-Hughes, Board Chair

DC WATER STAFF

1. David Gadis, Chief Executive Officer, and General Manager
2. Matthew T. Brown, Chief Financial Officer and EVP, Finance, Procurement and Compliance
3. Marc K. Battle, Chief Legal Officer and EVP, Government and Legal Affairs
4. Wayne Griffith, Chief Administration Officer and EVP
5. Jeffrey Thompson, Chief Operating Officer and EVP
6. Lola Oyeyemi, Vice President, Budget
7. Debra Mathis, Assistant Board Secretary

The DC Water Finance and Budget Committee meeting was called to order by Anthony Giancola, Chairperson, at 11:02 AM. Assistant Board Secretary Debra Mathis called the roll.

I. MONTHLY REPORT TO THE FINANCE AND BUDGET COMMITTEE

Lola Oyeyemi, Vice President of Budget, presented the monthly financial report for December 2024 by exception.

As of the end of the first quarter of FY 2025, total operating revenues were \$247.6 million or 26.7 percent of budget, operating expenditures were \$171.3 million or 21.7 percent of budget, and capital disbursements were \$177.2 million or 19.7 percent of budget.

Ms. Oyeyemi informed the Committee that in January, the auditor presented its findings to the Audit and Risk Committee with the issuance of an unmodified “clean” opinion for DC Water’s FY 2024 financial statement. She congratulated the Finance staff for their work on the completed audit. There are ongoing FY 2024 activities to complete the Office of Management and Budget Uniform Guidance Audit, Annual Comprehensive Financial Report, and the Green Bond Attestation.

The favorable year-to-date variance for operating revenues were mainly from the Residential, Commercial, and Multi-Family customer category due to higher water consumption compared to budget. The unfavorable variance in the DC Housing Authority category was as a result of nonpayment of its November billing in December.

Total operating expenditures were \$171.3 million or 21.7 percent of the FY 2025 Budget. There were no significant variances in operating expenses. Ms. Oyeyemi noted an increase to overtime costs during the first quarter to handle emergency responses, like watermain breaks, during the winter season. The vacancy rate at the end of December was 7.5 percent. The capital disbursements totaled \$144.1 million or 19.7 percent of the budget. A detailed quarterly CIP update will be presented at the February 2025 Committee meeting.

Cash investments, including the Rate Stabilization Fund balance of \$35.6 million and unspent bond proceeds, totaled \$594.98 million. The interest income for December was \$1.0 million, with a year-to-date total of \$3.4 million. The delinquent account balance increased by \$1.0 million to \$36.4 million for 12,161 accounts, with the multi-family category comprising 55.0 percent. Ms. Oyeyemi noted staff will continue to work with Customer Care department and management to seek opportunities to address the increased customer delinquencies.

Total overtime costs are \$2.9 million, mainly due to increased emergency responses during the winter season. Ms. Oyeyemi noted that overtime costs were expected to exceed the FY 2025 budget and would be offset by vacancy savings. She reminded the Committee that the budget of \$9.1 million was based on FY 2023 trends and the Proposed FY 2026 overtime budget was increased to \$11 million consistent with the trend in FY 2024.

The Developer Deposit credit balance was \$37.29 million while the debit balance was \$10.98 million. Total refund requests processed since December 2024 were seven, a total of \$76,110.29 in refunds. At the end of the first quarter, Accounts Payable performance met the target of 97 percent of invoices paid within 30 days.

II. AGENDA FOR THE FEBRUARY 2025 COMMITTEE MEETING

The agenda for the February 2025 committee meeting includes the monthly financial report, a quarterly CIP update, and committee recommendation to the board of the FY 2026 Budget.

III. ADJOURNMENT

The meeting adjourned at 11:12 AM.

FOLLOW-UP ACTIONS

1. Provide the FY 2024 Auditor's Management Letter to the Finance & Budget committee members. **(Mr. Giancola)**
2. Provide a status update on the developing Federal Grants' changes at the February Committee meeting. **(Mr. Giancola)**