



**315TH BOARD OF DIRECTORS MEETING
MINUTES OF THE MEETING
JANUARY 13, 2025
(Via Microsoft Teams)**

DIRECTORS PRESENT

District of Columbia Members

1. Unique Morris-Hughes, Chair
2. Rachna Bhatt, Principal
3. Howard Gibbs, Principal
4. Richard Jackson, Principal
5. Jedd Ross, Principal

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

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 315th meeting of the District of Columbia Water and Sewer Authority's Board of Directors was called to order by Chairperson Unique Morris-Hughes at 9:34 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

Chairperson Unique Morris-Hughes asked for a motion to approve the minutes of the December 5, 2024, meeting.

Upon a motion duly made the Board of Directors approved the minutes of the December 5, 2024, meeting as presented.

II. CHAIRPERSON'S OVERVIEW

Chairperson Morris-Hughes thanked board member Rachna Bhatt for serving as Acting Board Chairperson over the past few months. Dr. Morris-Hughes noted that while she is the first woman officially appointed to serve as Board Chair, Ms. Bhatt was the first to lead the Board. Next, Dr. Morris-Hughes welcomed Jed Ross as a principal member of the Board.

Dr. Morris-Hughes noted that her first action as Chair is to review the current committee structure and assignments to best leverage Board member time and talents. She discussed the Board's role in supporting the collective efforts of DC Water employees in serving the DC Mayor's office and DC residents.

III. COMMITTEE REPORTS

*Emergency Meeting of the Executive Committee Report
Reported by Rachna Bhatt*

Executive Committee Chair Rachna Bhatt reported on the Committee's December 6 meeting. The Committee met in executive session to discuss a legal, confidential, or privileged matter under D.C. Official Code § 2-575(b)(4)(A) and a personnel matter under D.C. Official Code § 2-575(b)(10).

*Finance and Budget Committee Report
Reported by Jonathan Butler*

Finance and Budget Committee Vice-Chair Jonathan Butler presented a summary of the committee meeting held on December 17, 2024.

Lola Oyeyemi presented the November 2024 financial report. At the end of the reporting period, 16.7 percent of the fiscal year was completed. Total operating revenue was approximately \$176.8 million or 19.1 percent of the budget, with variances primarily in the Residential, Commercial, and Multi-Family category due to higher consumption. Ms. Oyeyemi reported that the Authority received partial payment from the district government, no payment from the DC Housing Authority, and the federal government and wholesale customers made quarterly payments in October and November 2024, respectively.

Year-to-date operating expenses were approximately \$104.6 million or 13.3 percent of the budget. The vacancy rate was 8.7 percent based on the authorized headcount. Capital disbursements were \$81.0 million or 11.1 percent of the budget, which is 55 percent higher than spending for the same period last year. Increased spending is anticipated as planned projects progress throughout the year. Delinquent accounts increased in number and value to \$35.4 million for 11,854 accounts or 9.2 percent of total customer accounts. Multi-family customers accounted for 55 percent of this total.

Committee Chair Anthony Giancola inquired if there was a plan to address the growth in delinquent accounts. Wayne Griffith, Chief Administration Officer, stated that there is a collaborative effort between Legal Affairs, Finance and Budget, and Customer Service to develop strategies to resolve these accounts efficiently.

Mr. Butler asked whether improved revenue is anticipated should federal government employees return to the office. Matthew Brown, Chief Financial Officer, stated that a potential return to work would result in higher consumption. He noted that revenue from the federal government is based on forecasted billing and a true-up process adjusts for any discrepancies.

Tanya DeLeon, Risk Manager, provided an update on the Rolling Owner Controlled Insurance Program (ROCIP) and Owner Controlled Insurance Program (OCIP), highlighting the program's crucial role in protecting the Authority from financial and reputational damage. She emphasized the program's benefits for minority and small business owners who may struggle to meet required insurance levels independently allowing them to take advantage of the Authority's competitive wholesale rates. To date, approximately \$32.3 million has been saved through avoided costs and about 261 projects have been covered, including 3,001 contractors enrolled on projects valued at approximately \$6 billion.

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

Environmental Quality and Operations Committee Vice Chair Howard Gibbs presented a summary of the committee meeting held on December 19, 2024.

Nicholas Passarelli briefed the committee on the performance of Blue Plains Advanced Wastewater Treatment Plant (BPAWTP) for November 2024. All parameters were within the national pollution discharge elimination standard permit limits. The tunnel systems and wet weather treatment captured 56 million gallons with no overflows. On-site energy generation was 24 percent of the plant's average consumption. A total of 3,000 wet tons of biosolids were sold as bloom, toward the FY24 goal of 70,000 tons.

Chris Collier, Vice President Water Operations provided the fire hydrant quarterly update. DC Water is meeting the out-of-service level of 1 percent or less.

Maureen Schmelling, Director, Water Quality presented a comprehensive update on water quality monitoring efforts. DC Water continues to comply with the total coliform rule and the lead and copper rule. Regulatory changes from the EPA, which will be implemented in 2028, include a reduction in the action level for lead from 15 ppb to 10 ppb and changes to the sampling method. DC Water has begun adapting its procedures ahead of the changes.

Mr. Collier and Ryu Suzuki, Director of Wastewater Engineering updated the Committee on the low-service area boil water advisory that occurred in early December when a 30-inch prestressed concrete cylinder pipe in Anacostia Park failed, leading to a low-pressure issue in the low-service area that affected about 2,800 customers. The boil water advisory was issued in the afternoon of December 3 and lifted by 6:00 a.m. on December 6. The main had been previously identified as high risk. The Engineering Department has started bringing on-call condition assessment contractors under the Water Program Management contract to assess the condition of about 4 miles of large-diameter water mains in FY2025.

Mr. Suzuki presented an update on an upcoming project for the Anacostia Area Sewer Rehabilitation, highlighting the need for urgent repairs and upgrades to this critical sewer infrastructure. The proposed plan includes a progressive design-build contract aimed at fully cleaning and structurally rehabilitating 3.7 miles of non-reinforced concrete pipe, with an estimated cost of approximately \$94 million. The Anacostia Force Main has a focused repair plan that includes installing automatic release valves in areas with known gas pockets with an estimated cost for these repairs of around \$15 million, significantly lower than the initial estimate of \$200 million for a complete overhaul. Fourteen miles of heavy clearing and rehabilitation of the East and West Outfall Sewers and North and South Interconnecting Branch Sewers are also scheduled at an estimated cost of \$454 million.

The Committee recommended moving four action items to the full Board for approval.

The Committee met in executive session to discuss, establish, or instruct the public body staff on negotiating the price and other material terms of a contract, in accordance with the Open Meetings Act of 2010 § 2-575(b)(2)

Governance Committee Report
Reported by Christopher Herrington

Christopher Herrington presented a summary of the committee meeting held on January 8.

Christopher Peot provided an FY24 review of Blue Drop program activities and the Committee discussed the redistribution of net revenues. 2024 was a successful year with an aggressive goal of approximately 70,000 tons of bloom sales, which was not met due to weather constraints. Mr. Peot discussed a plan to improve inventory control during wet weather to maximize the value of the asset. The total revenue for Bloom sales was \$542,000, representing a 40 percent increase over FY23 and savings to DC Water ratepayers of \$2.75 million. The construction industry is beginning to recognize the value and consistency of the Authority's Bloom product.

There was a significant increase in renewable energy credit (REC) prices, which rose from 50 cents per REC in 2018 to nearly \$30 per REC. The rise was driven by aggressive renewable portfolio standards in DC, Maryland, and Pennsylvania. Total revenue since FY17 for REC sales, Bloom sales, and avoided costs amounted to approximately \$14.4 million, \$2 million, and \$12.6 million, respectively.

The continued success of the HQO event space rentals has made it a premier event space in DC. Revenue from the event space rentals has increased. Additional revenue streams included cell tower leases and intellectual property sales. DC Water staff are exploring creative ways to increase revenue, particularly for cell tower leases.

Overall expenses for FY24 were approximately \$4.6 million, and income was approximately \$10.3 million, for a total profit of approximately \$5.7 million. Mr. Peot outlined a plan to redistribute the net revenue back to DC Water and IMA partners based on cost share percentages.

The Committee discussed the need to continue to explore additional land and storage facilities to maximize the ability to manage Bloom inventory during wet weather.

Korey Gray VP, & Chief Procurement Officer presented the Certified Business Utilization (CBU) report for FY24. The CBU offers three certified business utilization programs offering preference points for local and small businesses for projects under \$1 million, a

disadvantaged business enterprise (DBEs), and women-owned business enterprises (WBEs) program for non-federally funded projects over \$1 million, and a Fair Share Objectives program for federally funded projects. Good faith efforts include outreach, engagement, and achieving results throughout the project lifecycle to ensure the success of certified firms. The compliance process involves monitoring projects from goal setting through to final payments. In FY24, DC Water achieved 38.65 percent utilization of certified firms, rewarding approximately \$520 million to DBEs and WBEs out of approximately \$1.33 billion total awards. About 59 percent of work was awarded within user jurisdictions.

The Committee concluded its meeting with a discussion of the revised delegation of authority to the CEO & General Manager from the Board. Marc Battle, Chief Legal Officer, and Executive Vice-President, Government & Legal Affairs provided an overview of the delegation of powers granted by the Council of the District of Columbia to DC Water and the Board's delegation of some of those responsibilities to the General Manager. The Committee reviewed an amended resolution which clarified and filled gaps in the delegation of authority previously executed by the General Manager. Gregory Hope, Vice-President & Deputy General Counsel reviewed the draft resolution which outlined the Committee's recommended edits.

The Committee agreed to recommend the resolution to the Board for approval.

IV. CEO AND GENERAL MANAGER'S REPORT

CEO and General Manager David Gadis began his report by welcoming new Board Chairperson Unique Morris-Hughes and thanked Ms. Bhatt for her leadership as Acting Board Chair over the past few months.

Mr. Gadis reported on the December 3 leak in a 30-inch main and another in a 16-inch main. In response to the leaks the Authority issued a Boil Water Advisory for customers in the affected zone in consultation with EPA Region 3, DC Homeland Security and Emergency Management. Water service was returned to many customers later on December 3. Mr. Gadis noted that the District's aging infrastructure is likely to lead to additional boil water events, but the Authority continues to improve response times in resolving these issues.

Next, Mr. Gadis briefed the Board on the Authority's second collaborative delivery workshop which took place on December 3. The workshop drew more than 150 individuals. Mr. Gadis thanked Korey Gray and Jeffrey Thompson, Chief Operations Officer for their role in building the collaborative delivery program.

Mr. Gadis reported that on December 17, he received the American Council of Engineering Companies of Metropolitan Washington (ACEC-MW) 2024 Engineering Industry Leadership Award at the Engineering Excellence Awards Gala. The award recognizes excellence in public service employees who collaborate with the engineering industry, and champion best practices, innovation, resilience, and community building. Mr. Gadis noted that the award is shared with Team Blue, the best team in the water sector.

V. CONSENT ITEMS (NON-JOINT USE)

1. Approval to Execute Supplemental Agreement No. 1 of Contract No. DCFA-519, Lead Free DC Program Management & Construction Management (PMCM), Lead Free group, Joint Venture – Ramboll Engineering, PC and CDM Smith, Inc. – **Resolution No. 25-00** (Recommended by the Environmental Quality and Operations Committee 12/19/24)
2. Approval to Execute Change Order No. 004 of Contract No. 220160, Major Sewer Rehabilitation 1-5 Northeast Boundary, Spiniello Companies – **Resolution No. 25-01** (Recommended by the Environmental Quality and Operations Committee 12/19/24)
3. Approval to Extend and Add Funding to Contract No. 10246, IT Software Contract, Voxai Solutions, Inc. (DBE) – **Resolution No. 25-02** (Recommended by the Environmental Quality and Operations Committee 12/19/24)
4. Approval to Add Funding to Contract No. 10345, Tank Reservoir Cleaning Services, Jet Blast Inc. – **Resolution No. 25-03** (Recommended by the Environmental Quality and Operations Committee 12/19/24)

Upon a motion duly made the Board of Directors voted to approve Joint Use resolutions as presented.

VI. EXECUTIVE SESSION

The Board met in executive session to discuss, establish, or instruct the public body's staff or negotiating agents concerning the position to be taken in negotiating the price and other material terms of a contract pursuant to the Open Meetings Act of 2010 § 2-575(b)(2).

VII. ADJOURN

There being no further business to come before the Board, the meeting adjourned at 10:38 a.m.

Michelle Rhodd

Michelle Rhodd
Secretary to the Board of Directors