318TH BOARD OF DIRECTORS MEETING
MINUTES OF THE MEETING
APRIL 3, 2025
(Via Microsoft Teams)

DIRECTORS PRESENT

District of Columbia Members

1. Unique Morris-Hughes, Chairperson
2. Rachna Bhatt, Principal
3. Anthony Giancola, Principal
4. Howard Gibbs, Principal
5. Richard Jackson, Principal
6. Jed Ross, Principal

Prince George's County Members

1. Floyd Holt, Principal

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, Procurement and Compliance
4. Jeffrey Thompson, Chief Operating Officer and EVP
5. Kirsten Williams, Chief Administrative Officer and EVP
6. Michelle Rhodd, Secretary to the Board

The 318th meeting of the District of Columbia Water and Sewer Authority's Board of Directors was called to order by Chair Unique Morris-Hughes at 9:42 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

Chair Morris-Hughes asked for a motion to approve the minutes of the meetings on March 6, 2025.

> **Upon a motion duly made the Board of Directors approved the minutes of the March 6, 2025, meeting as presented.**

II. CHAIRPERSON'S OVERVIEW

Board Chair Morris-Hughes began her remarks with an acknowledgement of Women's History Month and her role as the first female Board Chair for DC Water. She noted that board member Rachna Bhatt, in her role as interim chair, shared that honor, and highlighted the contributions of the many women who work for the Authority at all levels. She also highlighted the contributions of the DC Water Women of Water business research group.

Dr. Morris-Hughes also discussed the 2025 Board committee assignments that were recently shared with Board members. She noted that the assignments were made with an effort to honor Board member preferences, but in some cases, chairs were assigned based on the skills and experience that would be beneficial to the committee.

Dr. Morris-Hughes noted that she reviewed the CEO's FY 2025 goals, which were developed by the Executive Committee and Mr. Gadis. She informed the Board that she approved the goals, and she invited Board members to reach out her with questions or comments.

The May retreat will be condensed to a one-day meeting of the Strategic Management Committee, and a two-day full Board retreat will be scheduled for the fall.

III. COMMITTEE REPORTS

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

Human Resources and Labor Relations Chair Jed Ross reported on the meeting held on March 12.

Chief People Officer and Executive Vice President of People and Talent Amber Jackson provided an update on the employee pulse survey. The survey response period was extended to allow employees more time to complete it. When the survey is complete, a consultant will distill the survey responses and present the qualitative and quantitative data to the CEO and senior executive team. The Committee discussed ways to ensure employees who do not have access to a computer at work are able to participate in the survey.

Employee Appreciation Day on March 7 was recognized with breakfasts across the Authority to provide employee engagement opportunities.

Mercer's compensation study for non-union employees is ongoing, while Human Resources is updating job descriptions for both union and non-union personnel. Of the total 462 union and non-union job descriptions used by the Authority, 226 have been updated so far. The update is scheduled for completion by September 30, 2025. Adjustments will be made to ensure all related positions are aligned with market benchmarks.

Several positions were filled in January and February, bringing the total active employee headcount to 1,226 as of February 28. There are 56 vacant positions not being actively recruited while 62 are actively being recruited, for a total of 135 vacant positions. The People and Talent team continues to assess the need for each vacant position to ensure efficient use of resources.

Ms. Jackson discussed the Authority's tuition assistance/reimbursement program, which provides up to $5,000 per year for full-time employees.

The Supervisory Control and Data Acquisition (SCADA) Department has been transferred from the COO Division to the CIO Division and the Meter Operations Department has been transferred from the CAO Division to Water Operations under the COO Division.

Meeting of the Retail Water and Sewer Rates Committee Report
Reported by Howard Gibbs

DC Water Retail Water and Sewer Rates Committee Vice Chair Howard Gibbs reported on the meeting held on March 25.

Chief Financial Officer Matthew Brown presented the monthly report for February, noting that revenue was favorable to budget by 2.4 percent. Revenue in the Residential/Commercial/Multi-Family category was higher than budgeted, driven by CRIAC. The Water System Replacement Fee was ahead of budget by approximately $1 million. The All-Other category was also ahead of budget due to a Blue Drop payment, of which $4.9 million is the District of Columbia's portion.

Delinquent accounts over 90 days decreased by dollar amount but increased slightly by number of accounts to $35.2 million, with the Multi-family category accounting for approximately 54 percent of the balance.

Director, Customer Care Meisha Thomas provided an update on the FY25 Residential Leak Assessment Assistance Program (RLAAP) and the Residential Leak Repair Assistance Program (RLRAP), which were developed to identify customers in need of leak repairs and provide cost-free repairs to eligible infrastructure.

Mr. Brown reviewed the committee workplan for April which includes the Potomac Interceptor Cost of Service Study, and the Cost of Service Study to Establish Miscellaneous Fees and Charges. Work has started on the cost of service study for the rate proposal in January 2026.

Meeting of the Finance & Budget Committee Report
Reported by Anthony Giancola

Finance and Budget Chair Anthony Giancola reported on the meeting held on March 27.

Mr. Brown presented the February financial report. With approximately 42 percent of the fiscal year completed, total operating revenues were favorable to budget at $425.4 million, or 44.7 percent of the revised budget; operating expenditures were $285.7 million, or 36.2 percent of the budget; and capital disbursements were $219.6 million, or 30.6 percent of the budget.

Mr. Brown also noted that the Authority is taking a conservative approach to expenditures in the current budget consistent with the federal actions as communicated to the Board. There may be additional underspending in personnel and contractual services as management continues to prioritize spending for core operations and capital projects.

Retail account delinquencies fell slightly in February in dollar value and increased by the number of delinquent accounts, to which was $35.2 million for 11,839 accounts. Multi-family customers continue to account for the largest portion of delinquencies at 54 percent. Developer deposit accounts continue to be processed, with 27 rebates issued in February for approximately $342,000.

IV. CEO AND GENERAL MANAGER'S REPORT

CEO and General Manager David Gadis began his report with a discussion of main water breaks over the winter. There were 389 water main breaks with 215 in January alone due to the sustained cold weather. On some days, as many as 10 to 20 breaks were under repair concurrently. Mr. Gadis acknowledged the work of frontline employees.

The Authority is closely monitoring consumption data and factors affecting consumption. Year-over-year consumption has been down.

On March 24, Mr. Brown and Vice President, Finance Ivan Boykin met with Fitch Ratings. Fitch recently placed the District of Columbia on a ratings watch due to language in the continuing resolutions provision that reduces budgets from the approved FY25 level to the LF24 level. Moody is considering a downgrade of the District's bond rating.

Mr. Brown and Mr. Boykin emphasized the Authority's budget resilience and management's proactive steps to prioritize spending on core operations and capital improvements. Fitch will review DC Water's credit in light of these federal actions. The Authority is also still waiting for answers on previously approved FY25 funding for the District.

On March 14 the US Senate approved a spending bill that delayed the government shutdown and a standalone bill that will restore previously approved FY25 funding to the District. The CEO's team has been in strategic discussions to create contingency plans in case the US House of Representatives does not approve legislation to restore District funding. Steps taken to date include a hiring freeze, a freeze on training and travel funding, reducing contractual and temporary staff, and restricting overtime where possible.

The Tap and Be Heard employee survey received responses from 664 participants, or 58 percent of staff.

Mr. Gadis noted the following staffing changes: Wayne Griffith was appointed Chief of Staff and EVP of Strategy and Performance, Kirsten Williams transitioned into the Chief Administration Officer and EVP role, Amber Jackson was promoted to Chief People Officer and EVP, and Shaun Brown stepped into the Vice President Labor Relations role.

Mr. Giancola inquired about the impact of a change in the Authority's Moody and Fitch bond ratings, and his hope that the congressional delegation is articulating this to the Speaker of the House. Mr. Brown noted that the ratings watch was for the District of Columbia, not DC Water.

Mr. Herrington asked if there were any updates on the Washington Aqueduct continuation of operations plan. Mr. Gadis noted that there were no updates.

Board member Jeffrey Seltzer inquired about the recent petroleum spill in a tributary. It was noted that the spill was downstream of where the Aqueduct draws its water supply and would not impact water quality. Mr. Gadis noted that the spill is an example of why it is so important for the District of Columbia to secure a second source of water.

V. CONSENT ITEMS (JOINT USE)

1. Approval of Revised Delegation of Authority to the CEO & General Manager – **Resolution No. 25–15** (Recommended by the Governance Committee 01-08-25)

Dr. Morris-Hughes thanked the Board for their patience while she reviewed the Delegation of Authority to the CEO & General Manager policy that was referred to the Board by the Governance Committee. She then went on to highlight provisions of the Delegation of Authority that she believed should be amended to reflect practices in place in DC Government agencies. The amendments included:

- Sections 203 (5) and (7) to allow the CEO to accept loans, gifts, grants of money, materials, or property of any kind if the value of the gift, loan, or grant is less than $10 million. In the previous version of the policy, this amount was limited to $1 million; and
- Section 203 (12), the CEO was given authority to refund overcharges, not to exceed $50,000, for services, facilities, or commodities furnished or supplied by DC Water. In the prior revision, this amount was limited to $25,000.

In response to Dr. Morris-Hughes' recommended changes, Board member Jed Ross suggested that Sections 203 (5) and (7) should not refer to loans as loans are different in nature than gifts in that repayment is required. Board member Rachna Bhatt suggested bifurcating the points to separate loans and gifts. Mr. Gadis noted that Section 203 (8) provides limits for accepting loans.

Mr. Herrington noted that a lot of work was done by the Governance Committee on the Delegation of Authority Dr. Morris-Hughes reviewed. He expressed concern that the proposed amendments were not shared with the Committee or the Board with sufficient time to allow input ahead of the Board meeting. Dr. Morris-Hughes noted that since the amendments were limited to changes to dollar amounts and being sensitive to the delay in the Board's consideration of the document, she did not want to further delay the vote on the document by sending it back to the Governance Committee. Doing so would mean that the matter would not come before the Board again until later in the year. Mr. Herrington clarified that the amounts were particularly germane as they stipulate at what point the Board delegates its authority.

There was discussion regarding whether it was prudent to limit the amount of a gift or grant, the difference in nature between a gift and a grant and the administrative requirements surrounding some grants.

Following discussion, a motion was made to amend the Delegation of Authority to stipulate that all instances of the words “loan” or “loans” be struck from Sections 203 (5) and (7).

> **Upon a motion duly made, the Board of Directors voted to approve the Joint Use Resolution No. 25-15 as amended to remove the words “loan” or “loans” from Sections 203 (5) and (7).**

VI. EXECUTIVE SESSION

The Board moved to executive session to discuss third-party proprietary matters, including trade secrets and commercial or financial information pursuant to DC Official Code § 2-575(11).

VII. ADJOURN

There being no further business to come before the Board, the meeting adjourned at 11:33 a.m.

Michelle Rhodd

Michelle Rhodd
Secretary to the Board of Directors