



**319TH BOARD OF DIRECTORS MEETING
MINUTES OF THE MEETING
MAY 1, 2025
(Via Microsoft Teams)**

DIRECTORS PRESENT

District of Columbia Members

1. Unique Morris-Hughes, Principal, Chair
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
2. Jared McCarthy, Principal
3. 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. Lola Oyeyemi, Vice President, Budget and Finance
4. Jeffrey Thompson, Chief Operating Officer and EVP

5. Kirsten Williams, Chief Administrative Officer and EVP
6. Michelle Rhodd, Secretary to the Board

The 319th meeting of the District of Columbia Water and Sewer Authority's Board of Directors was called to order by Chair Dr. Unique Morris-Hughes at 9:35 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

Board Chair Morris-Hughes asked for a motion to approve the minutes of the meeting on April 3, 2025.

Upon a motion duly made, the Board of Directors approved the minutes of the April 3, 2025, meeting as presented.

II. CHAIRPERSON'S OVERVIEW

Dr. Morris-Hughes reported on the April 22, Special Executive Committee meeting. She informed the other Board members that the Executive Committee discussed the formation of an ad hoc evaluation committee to assess the performance of the CEO. Additionally, the Committee met in executive session to obtain legal advice, and preserve attorney-client privilege or settlement terms under D.C. Official Code § 2-575(b)(4)(A).

Dr. Morris-Hughes noted that the meeting was productive. Executive Committee meetings will be held regularly going forward to maintain this productivity.

III. COMMITTEE REPORTS

*Meeting of the Governance Committee
Reported by Jonathan Butler*

Governance Chair Jonathan Butler reported on the meeting held on April 9. Hamza Masud, Senior Program Manager, Government Affairs, provided an update on activities completed by the Government Affairs Committee. The Government Relations team addressed DC Water's \$51 million funding gap resulting from the passing of H.R. 1968, the Full-Year Continuing Appropriations and Extensions Act, 2025, which included a provision reverting DC Water's spending levels to FY2024 levels midway through FY2025. The team also supported the passage of Bill S.1077, called the "DC Fix," through the Senate, which would restore funding to FY2025 levels, and collaborated with strategic consultants to ensure continuous engagement with congressional offices.

Regarding water supply security, the team coordinated with the offices of the Mayor and Congresswoman Eleanor Holmes Norton to advocate for water supply security and the importance of a second source of water and responded to inquiries on federal staffing reductions at the Washington Aqueduct.

Matthew Brown, Chief Financial Officer and EVP, Finance, Procurement and Compliance, noted that the issue with the \$51 million shortfall is not related to DC Water's revenue; it is a limit on spending authority. He confirmed that DC Water is in compliance with these limits and has built contingencies into the 2025 budget to accommodate these adjustments.

Mr. Masud discussed participation in meetings with the Deputy Mayor's Office for Planning and Economic Development (DMPED) to discuss the Memorial Stadium Campus and efforts to safeguard DC Water's critical assets.

At the annual performance oversight hearing before the Council of the District of Columbia, key issues were federal appropriations, operational efficiency, financial accountability, and customer support and crisis response. Another key issue was the Authority's high customer delinquency level of \$35 million and the plan to begin disconnections where appropriate. DC Water is also working with the Office of the Attorney General to ensure that residents have every opportunity to exercise their rights and take action against landlords who are not paying utility bills.

The Government Affairs team has been actively involved in critical policy discussions regarding proposed Maryland legislation aimed at regulating per- and polyfluoroalkyl substances (PFAS) concentrations in sewage sludge (biosolids) permits. DC Water continues to advocate for a science-based approach to PFAS legislation.

*Meeting of the Environmental Quality and Operations Committee Report
Reported by Howard Gibbs*

Environmental Quality and Operations Vice-Chair Howard Gibbs reported on the meeting held on April 17. Nicholas Passarelli, Vice President, Wastewater Operations, summarized the performance of Blue Plains Advanced Wastewater Treatment Plant (BPAWTP) for March 2025. The average flow through to complete treatment was 266 million gallons per day (MGD) and the peak daily flow was 338 MGD. All weekly and monthly NPDES permit requirements were met for March 2025.

Mr. Passarelli provided an update on the performance of the Anacostia tunnel system and wet weather treatment, noting that 153 million gallons were captured in the tunnel with no combined sewer overflows (CSOs) during the month. March saw 2.5 inches of rainfall and 25% of the electricity used at BPAWTP was generated on-site. The total

electrical consumption at BPAWTP was 28.8 MW, of which 21.9 MW were purchased from PEPCO. Cumulative power savings for FY2025 (through December) totaled \$1,034,800 due to on-site generation.

Regarding biosolids processing and Bloom production, Mr. Passarelli reported that 11,479 wet tons of biosolids were produced in March 2025, of which approximately 9,480 tons were sold as Class A biosolids under the Blue Drop Bloom program, bringing the fiscal year-to-date total to 23,396 tons against a goal of 70,000 tons. The remaining 1,999 tons were managed through land application contracts.

Ecudemio Gutierrez II, Director of Safety, presented the FY2025 second quarter update, highlighting the continued progress of DC Water's safety performance. Over the past three years, DC Water has observed consistent reductions in both lost time incidents and recordable injuries across its operations. As part of FY2025 initiatives, Mr. Gutierrez introduced a new safety culture campaign titled "Change One Thing."

Key metrics presented included the Recordable Incident Rate, which was below the target of 5.4; the Lost Time Incident Rate, which was below the target of 2.1; the Contractor Recordable Incident Rate, which was targeted at <2.4, with rates stabilizing after an initial uptick earlier in the fiscal year; and the Contractor Lost Time Incident Rate, which was maintained below the target of 1.0.

Nija Ali, Director of Fleet Management, presented an update on the new performance metrics implemented for FY2025 in response to the outsourcing of fleet repair and maintenance services that began in March 2023. Three primary metrics were introduced.

Committee member Howard Gibbs asked about DC Water's ability to influence contractor performance. Ms. Ali clarified that DC Water maintains direct oversight, with managers co-located at the maintenance facility and empowered to intervene promptly while real-time monitoring through the FleetWave management system allows staff to track performance, address delays, and reassign technicians on-site as needed.

Meeting of the DC Retail Water and Sewer Rates Committee Report Reported by Rachna Bhatt

DC Retail Water and Sewer Rates Chair Rachna Bhatt reported on the meeting held on April 22. Matthew Brown, Chief Financial Officer and EVP, Finance, Procurement and Compliance, presented the monthly report for the period ending March 31, 2025. The Authority's year-to-date revenue exceeded the revised budget by approximately 1.8 percent, or \$8.7 million with the largest favorable variance in the Residential, Commercial, and Multi-Family category driven by higher Clean Rivers Impervious Area charge (CRIAC) revenue. An unfavorable variance was reported for the DC Housing Authority

due to a late payment. The All Other category was ahead of budget due to a Blue Drop payment. The system availability fee (SAF) was experiencing a negative variance of approximately 60%.

At the Stakeholder Alliance meeting held on April 21, 2025, a question was raised regarding the federal government's contribution to CRIAC. Mr. Brown clarified that the CRIAC is paid by all customers and that the federal government's share is approximately \$21 million this year. In response to Chairperson Bhatt's question, Mr. Brown confirmed that neither the District nor the federal government pays for the CRIAC on rights-of-way.

Delinquent accounts slightly increased in dollar value but slightly decreased in number of accounts. The Multifamily category accounts for 54 percent of the 90-day balance owed. Continued progress was made toward clearing the backlog of Developer Deposits, with 30 accounts processed for a total of approximately \$245,000 in refunds during this month.

Mr. Brown introduced the Miscellaneous Fee Cost of Service (COS) study completed by Raftelis. John Davis and Vanessa Bryant of Raftelis presented an overview of the study, beginning with the study objective to conduct a comprehensive review using calculations based on budget, cost of service, and inflation. Miscellaneous fees are charged to recover costs for staff time, materials, and technology. Major changes in the COS study include adjusting reimbursable developer fees to fixed fees, expanding ProjectDox fees to include more specific fees for various situations, and adding new meter relocation fees.

Ms. Bryant summarized the proposed engineering and permitting fees. The total target revenue for the Permit Operations Department is \$8.79 million, a \$3 million increase over the prior study as the Permit Operations team now includes 18 inspectors from the Department of Engineering and Technical Services. A significant proposed change is the introduction of fixed developer fees to replace the current reimbursable inspection fee that covers both inspection work. The fixed fees will cover all inspection work, including inspections of pipe installations, reporting and sketches, travel time, project research, and supervisor time. Ogechi Okpechi, Director of Permit Operations, confirmed that DC Water will continue to collect deposits against damages to cover accidental damage on job sites.

New fees for meter relocations will reflect the actual work performed, enhance operational efficiency, and support more accurate tracking of project costs. ProjectDox fees will be based on ProjectDox software usage for project reviews by the Department of Building and are to ensure that they are consistently collected.

Ms. Bryant also discussed the Fats/Oils/Grease, Cross Connection and Backflow Prevention fee update, which is driven by changes that include an increase in costs associated with the development of a new certification online portal to help identify repairs and track repair progress.

Ms. Bryant next discussed COS-based fee calculations, with a focus on high strength fees. High-strength wastewater differs from standard domestic wastewater and requires additional chemicals and electricity to treat. The high-strength waste fee will increase from \$77 to \$91 per Kgal.

Regarding inflation-based fee calculations, miscellaneous service fees will be increased by 6%, based on CPI data for the DC Metro Region for FY2026 to FY2028, adding approximately \$300,000 in annual revenue. Chair Bhatt noted that while end users face penalties, contractors involved in the installations also contribute to service theft. Ms. Okpechi mentioned that conversations with the developer community have begun to address this issue, aiming to ensure developers are informed about contractors who fail to adhere to DC Water's standards and have enabled service theft.

System Availability Fees were also reviewed to ensure they recover the cost of maintaining capacity in DC Water's treatment and distribution/collection system and to provide service to new customers.

Mr. Brown then introduced the COS study update for the Potomac Interceptor (PI) for FY2026 to FY2028 completed by Amawalk Consulting, noting that DC Water conveys wastewater through its PI for the Town of Vienna, Dulles International Airport, the National Park Service and the Department of Navy (collectively referred to as the "Small PI Users"). Ed Markus and Shan Lin of Amawalk Consulting presented the report, noting that the study includes a true-up analysis for 2022–2024 and proposed rates for 2026–2028 (the forecast period). Ms. Lin provided an overview of the methodology used for calculating COS for the study while Mr. Markus reported that the actual COS for 2022–2024 was \$10,728,088. This was an increase of 13.9 percent over the COS for the preceding period of 2019–2021, which was \$9,419,393.

*Meeting of the Finance and Budget Committee Report
Reported by Jonathan Butler*

Finance and Budget Vice-Chair Jonathan Butler reported on the meeting held on April 24. Lola Oyeyemi, Vice President, Budget, presented the March 2025 financial report, beginning with an update on federal funding for DC Water. The Water Infrastructure Finance and Innovation Act (WIFIA) loan is active with approximately \$95 million disbursed through April 10, 2025. The Bipartisan Infrastructure Law awards are also currently active to support various projects including Lead Free DC and there is approximately \$632,000 remaining from the Diesel Emissions Reduction Act (DERA) funding and no known restrictions on using the balance. The Building Resilient Infrastructure and Communities (BRIC) grant for the flood wall is currently inactive. While the funding for the flood wall Phase 1 will not be impacted, the Federal Emergency

Management Agency (FEMA) will not fund Phase 2 of the project unless DC Water submits a letter describing the impact of a project delay.

Regarding the financial report, total operating revenues were \$483.6 million, operating expenditures were \$341.0 million, and capital disbursements were \$260.9 million as of the end of March 2025. FY2024 year-end closeout items were completed, including settlements and audits.

Total operating revenues had a favorable variance of \$8.7 million. Total operating expenses had a favorable variance of \$16.7 million. There were significant variances in the Combined Sewer Overflow and Sanitary Sewer categories. Cash investments totaled \$564.3 million while the developer deposit credit balances (liability) totaled \$36.9 million and debit balances (receivable) totaled \$11.2 million.

Ms. Oyeyemi provided an update on the Clean Rivers Project, reporting that DC Water would receive remaining balance of \$4.6 million for a total of \$8 million this year.

Board member Christopher Herrington noted DC Water's hiring freeze and staff travel restriction and inquired about what additional measures on the rates or capital side may be considered to address the spending limit. Chief Executive Officer David Gadis explained there are several additional levers that could be pulled to get to the required \$51 million savings, and emphasized a commitment to ensuring employees are not affected by the spending limit.

*Meeting of the Audit and Risk Committee Report
Reported by Christopher Herrington*

Audit and Risk Chair Christopher Herrington reported on the meeting held on April 24. Francis Cooper, Director of the Enterprise Program Management Office, began with a timeline of the implementation of the bottoms-up approach to ERM updates. Beginning in March 2025, Authority departments have been educated via roadshows on how to identify department risks. In May, refresher trainings will commence for ERM 201 and 202 to support use of the Origami system to engage the ERM team and ERM governance structures with newly identified risks and mitigation strategies.

A top-down approach was first implemented to look at strategic risks with the Board and senior management, while the bottoms-up approach is designed to identify more tactical, operation- and department-based risks and opportunities, leveraging an ISO 31000 approach.

Tiffany McCoy of Cherry Bekaert reviewed the internal audit plan and progress for 2025 to date, which included a total of eight audits and one management assessment. The 2026 risk assessment will be performed in this fiscal year.

The first two audits, Work Order Management and AI Policy Governance Assessment, are complete. The Work Order Management included a facilities services audit that yielded 14 findings. For each of the five high-risk findings, Ms. McCoy presented a review of the finding and a recommendation for remediation.

Finding 1 revealed 55 names on Maximo's 19 Facilities employee person groups, but six were not listed in the FY2025 Q1 employee database and five appeared to have the wrong level of access. Finding 2 revealed a lack of documentation procedures for asset retirement and disposal. Finding 3 identified instances of non-compliance with standard operating procedures by leaving certain required fields empty. Finding 4 identified a gap in the monitoring and documentation of defective batches of parts and their corresponding suppliers. Finding 5 noted that the auditors were unable to obtain policies pertaining to vendor management or procurement or to review DC Water's contract with Maximo.

The report for the AI Policy Governance Assessment was provided to management on April 7 and is awaiting management feedback prior to finalizing the report. The Safety Audit is in the fieldwork phase and will be completed in May. At the request of management, an internal and external SCADA Penetration Audit was conducted. The external audit was completed the week of March 24 and the report is near completion. The internal audit is underway. A Strategic Plan Monitoring Audit to evaluate the process around strategic planning has begun, and testing will resume next week. The Data Governance and Reporting Management Assessment will be rescheduled to FY2026 and the Board-approved Third-Party Vendor Management Audit will be scheduled in its place.

There are currently three open high-risk audit findings: one from FY2023, one from FY2019, and one from FY2017. During the last quarter, 13 prior audit findings were moved to "closed" or "pending validation." 96 percent of all prior audit findings from FY2017 to FY2024 are closed. Management's target closure rate is 95 percent.

Seven allegations were reported to the Fraud, Waste, and Abuse Hotline. Five of the reported cases have been closed and two remain open, pending further investigation.

IV. CEO AND GENERAL MANAGER'S REPORT

CEO and General Manager David Gadis began his report by recognizing the team deployed for 15 days to support Asheville, North Carolina's emergency recovery efforts after Hurricane Helene.

The revitalized Stakeholder Alliance Group held its first meeting on April 21. The meeting provided an opportunity to introduce DC Water to Alliance members, present on matters facing the Authority, and hear directly from customers. Alliance members were provided an overview of the Capital Improvement Program, the Clean Rivers Project, the Lead Free DC Program and the essential role of water infrastructure.

On April 4, FEMA announced it would end the BRIC grant program and pull back \$750 million in FY2025 funding, canceling pending applications and pausing some previously approved work. DC Water used BRIC funding for projects including the continuing construction of the flood wall at Blue Plains to protect the facility from a 500-year flood.

Fitch Ratings has affirmed that DC Water's revenue bonds remain rated AA and AA+ with a stable outlook, reflecting continued confidence in the Authority's financial health and long-term planning. Fitch noted that DC Water has enough budget flexibility to temporarily reduce some expenditures to address the current spending limits imposed by H.R. 1968.

On April 8, Mr. Gadis delivered opening remarks at the National Water Policy Fly-In morning session. Items discussed including shared challenges, opportunities, and building new collaborations. The following day, DC Water hosted an invitation-only event, Delivering Tomorrow's Solutions Today.

Mr. Giancola asked several clarifying questions on Mr. Gadis' report. Mr. Gadis affirmed that outreach would continue to ensure customers are aware of the Authority's Customer Assistance programs, noting that participation is consistent with peers. Ms. Williams discussed continuing marketing efforts to ensure customers know about available assistance to prevent disconnections. Mr. Gadis added that DC Water had received awards for its outreach.

Mr. Giancola requested that the People and Talent report be updated with a footnote listing actual FTEs and total vacancies.

Mr. Gadis responded to Mr. Giancola with clarification of the increasing annual staff turnover rate, explaining that the marketplace is increasingly competitive and DC Water staff are well-trained and highly valued by other firms. He noted that retention and building the succession program are major priorities.

Regarding the Internal Audit report, Mr. Giancola requested an update on the open high-risk finding from FY2017. Wayne Griffith, Chief of Staff and EVP, Strategy and Performance, noted that the internal team was approaching completion of the entity-level finding and an update on the status of the Safety Plan would be provided to the Board.

Mr. Herrington inquired about the \$50 million in capital funding for the Washington Aqueduct not allocated to specific projects and asked whether the amount was intended to provide flexibility. Mr. Gadis explained that DC Water has limited insight into the Washington Aqueduct and was working to improve that situation as DC Water finances more than 80 percent of the Aqueduct's operation.

V. CONSENT ITEMS (JOINT USE)

1. Approval to Add Funding to Base Year 3 of Contract No. 10314, Scaffolding Rental, Erection, and Dismantling, East Coast Rigging – **Resolution No. 25-16** (Recommended by the Environmental Quality and Operations Committee 04-17-25)
2. Approval to Execute a Master Service Agreement for Two Base Years and Three Option Years, Contract No. 250140, Emergency Master Service Agreement for Potomac Interceptor Program, Garney Companies, Inc. – **Resolution No. 25-17** (Recommended by the Environmental Quality and Operations Committee 04-17-25)
3. Approval to Exercise and Fund Option Years 1 – 3 of Contract No. 10331, Fleet Maintenance and Repair Services First Vehicle Services, Inc – **Resolution No. 25-18** (Recommended by the Environmental Quality and Operations Committee 04-17-25)

Upon a motion duly made, the Board of Directors voted to approve the Joint Use Resolution No. 25-16 through 25-18 as presented.

VI. CONSENT ITEMS (NON-JOINT USE)

1. Approval to Execute Change Order No. 01 and Exercise Two Option Years of Contract No. 220040, Sanitary Sewer Lateral Replacement Contract, Anchor Construction Corporation – **Resolution No. 25-19** (Recommended by the Environmental Quality and Operations Committee 04-17-25)
2. Approval to Execute Change Order No. 01 and Exercise One Option Year of Contract No. 220110, Water Infrastructure Rehabilitation and Replacement Contract FY23-FY25, Capitol Paving of DC, Inc. – **Resolution No. 25-20** (Recommended by the Environmental Quality and Operations Committee 04-17-25)
3. Approval to Publish Notice of Proposed Rulemaking for Proposed Amended Miscellaneous Fees & Charges – **Resolution No. 25-21** (Recommended by the DC Retail Water and Sewer Rates Committee 04-24-25)

Upon a motion duly made, the Board of Directors voted to approve the Non-Joint Use Resolution No. 25-19 through 25-21 as presented.

VII. ADJOURN

There being no further business to come before the Board, the meeting adjourned at 10:55 a.m.

Michelle Rhodd

Michelle Rhodd
Secretary to the Board