



**321ST BOARD OF DIRECTORS MEETING
MINUTES OF THE MEETING
JULY 3, 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. Jedd Ross, Principal
7. Alexander McPhail, Alternate
8. Jimmy Ortiz, Alternate

Montgomery County Members

1. Fariba Kassiri, Principal
2. Jeffrey Seltzer, Alternate
3. 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 and EVP, Finance, 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 321st 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 9:41 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. SWEARING IN OF NEW BOARD MEMBERS

The meeting opened with the swearing-in of new board members Alexander McPhail and Jimmy Ortiz. Evan Blakenberger and Vita Rangel of the Mayor's Office of Talent and Appointments (MOTA) conducted the swearing-in.

APPROVE MINUTES

Board Chair Unique Morris-Hughes asked for a motion to approve the minutes of the meeting held on June 5, 2025.

Upon a motion duly made, the Board of Directors approved the minutes of the June 5, 2025, meeting as presented.

II. CHAIRPERSON'S OVERVIEW

Dr. Morris-Hughes began her remarks with a reminder that the Board would not meet in August and would resume regular board meetings on September 4, 2025.

She also noted that developing a water resilience strategy is a key item she would like to accomplish as Board Chair. The newly formed Water Resiliency Task Force will oversee the process and report to the Board.

Next, Dr. Morris-Hughes discussed the resignation of Prince George's County Alternate Board member Jonathan Butler, effective July 1, 2025. She thanked him for his commitment to DC Water and exemplary leadership on the Board. Several members of the Board shared their gratitude and best wishes for Mr. Butler, who thanked the Board, senior leadership, and CEO David Gadis for their support.

III. COMMITTEE REPORTS

*Meeting of the Environmental Quality and Operations Committee Report
Reported by Sarah Motsch*

Environmental Quality and Operations Chair Sarah Motsch reported on the meeting held on June 18.

Nicholas Passarelli, Vice President, Wastewater Treatment Operations, reported that Blue Plains met all NPDES permit requirements for May 2025, treating an average daily flow of 318 million gallons (MGD) with a peak flow recorded of 506 MGD on May 14. The

tunnel system captured 521 million gallons of flows with no overflows. For May, 25 percent of the electricity used at Blue Plains was generated onsite, achieving power savings of \$2,033,600 for FY2025 through January. Biosolids production totaled 16,234 tons, with 6,847 tons sold through Blue Drop's Bloom program.

The Committee recommended six joint-use and one non-joint-use action items to the full Board for approval.

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

DC Retail Water and Sewer Rates Chair Rachna Bhatt reported on the meeting held on June 24, 2025.

Matthew Brown, Chief Finance Officer and EVP, presented the monthly financial report for the period ending May 31, 2025. He reported that the Authority's revenue was favorable to the revised budget by approximately 1.7 percent or \$11.2 million. The largest positive variance was in the Residential, Commercial, and Multi-Family category, driven by higher consumption and Clean Rivers Impervious Area Charge (CRIAC) revenue. Unfavorable variances were reported in the District Government and DC Housing Authority categories. By fiscal year end, revenues are projected to be within 2 percent of the budget, resulting in a modest surplus to be allocated by the Board. Delinquent accounts over 90 days decreased in dollar amount to \$34.6 million, with the Multi-Family category accounting for about 53 percent of the delinquent balance.

Next, Syed Khalil, Vice President of Rates and Revenue, presented proposed amendments to DC Water's miscellaneous fees and charges for committee recommendation to the full Board. A cost-of-service study is conducted every three years. The most recent one was completed by Raftelis, a third-party consultant, to ensure objectivity. The study analyzed three types of fees: budget-based, cost of service-based, and inflation-based. These miscellaneous fees are designed to recover the cost of staff time, materials, and technology. Key fee schedule updates include converting reimbursable developer fees to fixed fees, expanding ProjectDox fees for specific project scenarios, and introducing new meter relocation fees.

Ogechi Okpechi, Director of Permit Operations, shared the new developer deposit fee structure, which was presented to the DC Building Industry Association with no objection and aims to simplify the process and reduce reimbursement delays caused by the current reimbursable fee model.

The Committee recommended approval to publish the notice of final rulemaking for miscellaneous fees and charges adjustments effective October 1, 2025.

Ms. Bhatt expressed appreciation for the updated developer deposit structure, noting that the Authority identified a policy that was creating bottlenecks and transitioned to a new model, demonstrating flexibility that is not common in a large organization.

*Meeting of the Finance and Budget Committee
Reported by Anthony Giancola*

Finance and Budget Chair Anthony Giancola reported on the meeting held on June 26.

Lola Oyeyemi, Vice President of Budget, presented the Financial Report for the period ending May 31, 2025. As of the end of May 2025, with approximately 67 percent of the fiscal year completed, total operating revenues were \$663.9 million or 69.7 percent of the budget; operating expenditures were \$452.6 million or 57.4 percent of the budget; and capital disbursements were \$350.5 million or 48.8 percent of the budget. Cash investments totaled \$585.35 million, and operating interest income for the year was ahead of the \$4.7 million budget, with \$1.3 million earned in May, for a total of \$9.7 million earned year to date. Mr. Giancola noted the strong effort of the team to clear the developer deposit backlog and bring the project to a neutral point where the balance will remain relatively consistent.

Next, Mr. Brown presented the FY2025 mid-year projections and recommendations, discussing the annual process to forecast revenues and expenditures and seeking a committee recommendation for the Board for the allocation of projected year-end funds. The current projection is for expenditures to be \$51.4 million below the revised budget.

Ms. Oyeyemi reviewed the capital disbursement projections provided by the engineering department and team in May. Disbursements are projected to be \$648 million, or 90 percent of the budget. The \$52.1 million spending reduction comprises \$5 million projected cash surplus to allow for consumption decline, \$27.6 million to PAYGO to reduce future borrowing, \$2 million to the FY2025 Ending Cash Balance to carry over to FY2026 for permit refunds, and 17.5 million to Ending Cash Balance to increase Days of Cash on Hand from 267 to 282 days.

Mr. Giancola emphasized that boosting cash reserves sends a strong positive signal to bonding agencies that DC Water is performing sound fiscal management.

Committee member Sarah Motsch inquired about the ratio between allocations to the Rate Stabilization Fund and PAYGO to reduce future borrowing. Mr. Brown noted that it was a judgment call to add funds where to provide the best value to the organization, but there were other considerations, including federal government revenue, potential consumption impacts, and reducing the amount of debt.

Tanya DeLeon, Risk Manager, provided the July 1, 2025, insurance renewal update, which was consistent with the Board authorization to proceed to renew the policy at an amount not to exceed \$5.6 million.

Ivan Boykin, Vice President, Finance, presented a request for the committee's recommendation to the full Board to approve the proposed plan of finance and related documents. Mr. Brown provided Management's recommendations.

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

IV. CEO AND GENERAL MANAGER'S REPORT

CEO and General Manager David Gadis began his report by recognizing and welcoming Dr. Jimmy Ortiz and Dr. Alex McPhail, highlighting their extensive experience in communications, environmental engineering, government relations, and business administration. He also thanked Jonathan Butler for his service to the Board.

On June 23, Mr. Gadis delivered welcoming remarks at the official kickoff of the Water Resiliency Task Force and met with the task force chair, Dr. Rabia Chaudhry, to communicate the urgency of the search for a second source of water for the District.

On June 12 DC Water issued a precautionary boil water advisory when a pump station lost power, leading to pump failures and a subsequent loss of system pressure. Mr. Gadis noted that boil water advisories are unfortunately unavoidable for any utility, particularly those with aging infrastructure, but noted that DC Water's unified, cohesive response to these situations ensured swift restoration of service.

Board member Anthony Giancola expressed interest in the impact of the clean rivers tunnels and asked for a performance update. Mr. Gadis reported that in May, the region received 7.7 inches of rainfall, and there were no sewer overflows that reached the Anacostia River. The system captured 520 million gallons of combined sewage in May, and to date has prevented 18.7 billion gallons of sewage and 11,653 tons of trash from entering the river. Mr. Gadis thanked the Vice President of the Clean Rivers Project, Dr. Moussa Wone, and his team for the outstanding work.

In mid-June, Mr. Brown and his team concluded a successful round of meetings with three major financial ratings firms: Moody's, Fitch, and Standard and Poor's, to demonstrate the Authority's financial tools and experience in navigating fiscal challenges.

Mr. Gadis announced that Joseph Edwards, Chief Information Officer and EVP, had submitted his resignation from the Authority to pursue another opportunity, and noted that

Mr. Edwards had earned the complete respect of his peers and colleagues since joining the Authority 21 years ago as a contractor and 14 years ago as an employee.

Mr. Giancola noted he wished to address three items that could be answered in due course. First, he highlighted two key performance indicators (KPIs) for operations and engineering in the CEO's report. The Reactive Maintenance KPI has a target of below 20 percent but has been above that for the last quarter, while the NPDES Permit to Clean and Inspect 85 percent of the CSS Area KPI was tracking well below the target of 9,095. Mr. Giancola inquired whether staffing was sufficient in these areas, noting there is a hiring freeze.

Next, Mr. Giancola noted that the People and Talent Metrics table reports a vacancy rate of 5.7 percent, but the actual vacancies per the FTEs in May indicated a rate of 11.7 percent. He asked that a footnote be added to the table to clarify how the vacancy rate is calculated.

Finally, he referred to the table of open high-risk internal audit findings, noting that one item from the 2017 audit had been extended many times and still did not have a target completion date.

Mr. Gadis stated that he would respond to each of the raised items and noted that personnel were still being hired as positions were refilled as needed.

V. CONSENT ITEMS (JOINT USE)

1. Approval to Add Option Year No. 3 to Contract No. 10272, Annual Maintenance and Repair of High Voltage Electrical Equipment, U.S. Electrical Testing, LLC – **Resolution No. 25-28** (Recommended by the Environmental Quality and Operations Committee 06-18-25)
2. Approval to Exercise Option Year No. 7 of Contract No. 10240, Electric Energy Services and Associated Energy Generation and Transmission Services, Constellation New Energy, Inc. – **Resolution No. 25-29** (Recommended by the Environmental Quality and Operations Committee 06-18-25)
3. Approval to Award a Base Year and Four Option Years of Contract No. 10516, Trimble Unity Enterprise Application, Trimble, Inc. – **Resolution No. 25-30** (Recommended by the Environmental Quality and Operations Committee 06-18-25)
4. Approval to Modify the User Share for Implementation of the Trimble Unity Maintain Asset Management System, Engineering Program Management Consultant 2G, Contract No. DCFA #541-WSA, Water Smart Alliance (an

AtkinsRealis-Stantec Partnership) – **Resolution No. 25-31** (Recommended by the Environmental Quality and Operations Committee 06-18-25)

5. Approval to Execute Four Master Service Agreements Under the Task Order Based Linear Water and Sewer Rehabilitation Program Master Service Agreement. Contract No. 250100. Multiple Vendors – **Resolution No. 25-32** (Recommended by the Environmental Quality and Operations Committee 06-18-25)
6. Approval to Transfer of the Projected FY 2025 Net Cash Surplus of \$52,101,838 to PAYGO, Rate Stabilization Fund and Ending Cash Balance for Permit Refunds and to Increase Days of Cash on Hand in FY 2026 – **Resolution No. 25-33** (Recommended by the Finance and Budget Committee 06-26-25)
7. Approving the Extension of the Credit Facility for the Series 20148 Bonds – **Resolution No. 25-34** (Recommended by the Finance and Budget Committee 06-26-25)
8. Approving the Substantially Final Form of Certain Documents, Authorizing the Sale and Setting Terms and Details of Series 2025A/B Bonds – **Resolution No. 25-35** (Recommended by the Finance and Budget Committee 06-26-25)
9. Approving the Substantially Final Form of Certain Documents, Authorizing the Sale and Setting Terms and Details of Series 2025C Bonds – **Resolution No. 25-36** (Recommended by the Finance and Budget Committee 06-26-25)

Upon a motion duly made, the Board of Directors voted to approve Joint Use Resolutions No. 25-28 through 25-36 as presented.

VI. CONSENT ITEMS (NON-JOINT USE)

1. Approval to Execute Construction Manager at Risk Early Work Package Amendment No. 1 of Contract No. 240040, Division RC-T – Piney Branch Tunnel, Clark Construction Group – **Resolution No. 25-37** (Recommended by the Environmental Quality and Operations Committee 06-18-25)
2. Approval to Publish Notice of Final Rulemaking for New and Amended Fees and Charges – **Resolution No. 25-38** (Recommended by the DC Retail Water and Sewer Rates Committee 06-24-25)
3. Approval to Award Contract Nos. 10439 and 10447 for Liquidity Support of Variable Rate Demand Bonds, T.D. Bank, N.A. and Bank of America, N.A. – **Resolution No. 25-39** (Recommended by the Finance and Budget Committee 06-26-25)

Upon a motion duly made, the Board of Directors voted to approve the Non-Joint Use Resolution No. 25-37 through 25-39 as presented.

VII. ADJOURN

There being no further business to come before the Board, the meeting adjourned at 10:25 a.m.

Michelle Rhodd

Michelle Rhodd

Secretary to the Board of Directors