



**322ND BOARD OF DIRECTORS MEETING
MINUTES OF THE MEETING
SEPTEMBER 4, 2025
(Via Microsoft Teams)**

DIRECTORS PRESENT

District of Columbia Members

1. Unique Morris-Hughes, Principal, Chair
2. Rachna Bhutani Bhatt, Principal
3. Anthony Giancola, Principal
4. Howard Gibbs, Principal
5. Richard Jackson, Principal
6. Jedd Ross, Principal
7. Alex McPhail, Alternate
8. Jimmy Ortiz, Alternate
9. Rob Hawkins, Alternate

Montgomery County Members

1. Jon Monger, Principal
2. Fariba Kassiri, Principal
3. Jeff 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 and EVP, Finance, Procurement, and Compliance
4. Kirsten Williams, Chief Administrative Officer and EVP
5. Michelle Rhodd, Secretary to the Board

The 322nd 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. SWEARING IN OF NEW BOARD MEMBER

The meeting opened with the swearing in of new board member Robert Hawkins.

II. APPROVE MINUTES

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

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

III. CHAIRPERSON'S OVERVIEW

Dr. Morris-Hughes began her remarks by accepting the resignation of Montgomery County Principal Board member Jon Monger, effective September 5. She thanked Mr. Monger for his commitment to DC Water and his engagement in the work of the Board and its committees. Members of the Board shared their appreciation and best wishes for Mr. Monger, who expressed gratitude to the team and Dr. Morris-Hughes' leadership.

Dr. Morris-Hughes advised that the meeting would include two executive sessions, with one to occur immediately after the CEO's report and the second after the approval of the consent agenda items.

IV. COMMITTEE REPORTS

*Meetings of the Evaluation Committee Report
Reported by Unique Morris-Hughes*

The Evaluation Committee met on July 11, August 28, and September 3, 2025, to discuss personnel matters pursuant to the Open Meetings Amendment Act of 2010 § 2-575(b)(10). Additional meetings are planned, and a more substantive update to the Board will follow.

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

The Environmental Quality and Operations Committee met on July 17, 2025.

First, Nicholas Passarelli, Vice President, Wastewater Treatment Operations, briefed the Committee on the performance of the Blue Plains Advanced Wastewater Treatment Plant. All parameters were within the national pollution discharge elimination standard permit limits. The tunnel systems and wet weather treatment captured 266 million gallons with no overflows. On-site energy generation was 24% of the average consumption. A total of 16,234 wet tons of biosolids was sold as Bloom, and the remaining 90,388 wet tons were managed through land application contracts.

Next, Ryu Suzuki, Director of Sewer and Wastewater Engineering, reported on the High-Priority Program for the Linear Sewer System that has suffered from decades of underinvestment, leading to significant infrastructure deterioration.

In the past two years, nine emergency or high-priority repairs were executed on large trunk sewers partly due to increased identification of risks through the pipe condition assessment program. Following an initial emergency response to stabilize and make the affected area safe, a high-priority project will facilitate an accelerated long-term repair. If there is no emergency but the infrastructure shows signs of severe deterioration, a planned capital project is a third tier of response.

The Committee recommended four joint-use and three non-joint-use action items to the full Board for approval and met in an executive session pursuant to the Open Meetings Amendment Act of 2010 § 2-575(b)(2) 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.

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

The Audit and Risk Committee met on July 24, 2025.

The meeting began with an Enterprise Risk Management (ERM) update. The ERM team continues advancing the bottoms-up approach with Authority departments being educated via roadshows on how to identify departmental risks. Staffing challenges since the initial rollout caused some delays, but the team remains on track to meet the current goal for completion by the end of this fiscal year. Departmental roadshows in five of the seven clusters have been completed, and the ERM refresher training course has been mandated for all non-union employees and incorporated into this fiscal year's compliance suite training.

In partnership with the internal auditors, the ERM team will initiate the annual enterprise risk assessment process to identify and prioritize the top risks facing the organization. Surveys and interviews will be conducted in August and September at the director and

vice president level across the different clusters to gain an understanding of existing risk management practices and enterprise risks.

Mr. Herrington reminded the Board that its participation in the process via the Board survey on Authority risks is essential.

Next, internal auditors from Cherry Bekaert provided an internal audit plan update. A total of eight audits, one management assessment, and the FY 2026 risk assessment will be performed this fiscal year.

The first two audits on work order management and safety, as well as the AI policy governance management assessment, are complete. Four high-risk audit findings from the safety audit were discussed.

To the finding that training records are not being maintained, Management noted that the training courses are being conducted and monitored, but the absence of training records does not allow for confirmation of participation. Finding 2 revealed that the training matrix has not been recently updated, and the required safety training entries are not accurate for all positions on the matrix. Finding 3 revealed that there is no user-access monitoring process in place for the safety risk system, and Finding 4 revealed that corrective actions are not monitored to verify their timely resolution.

The strategic plan monitoring audit is in the fieldwork phase to be completed in August. There are currently 10 open high-risk audit findings, one from FY 2017, one from FY 2023, and eight from FY 2025. During the last quarter, four prior audit findings were closed, and 98% of all prior audit findings from FY 2017 and FY 2024 are now closed. Management's target closure rate is 95%.

For FY 2025, Cherry Bekaert has received management action plans for 21 open findings and will begin working with Management to monitor those new findings through closeout.

Mr. Herrington noted that one of the 2017 findings was only recently closed out, which was of concern to Board members, but staff understand these concerns and are taking them seriously.

The meeting concluded with a hotline update. There were nine calls to the Fraud, Waste and Abuse Hotline for the year to date. Two calls recorded represent the same case, and six of the reported cases have been closed. Three of the cases, covering two incidents, remain open pending further investigation.

*Meeting of the Strategic Management Committee Report
Reported by Richard Jackson*

The Strategic Management Committee met on September 2, 2025.

Dr. Matt Ries, Vice President Strategy and Performance, reviewed the Committee's purpose and approach to strategic management at DC Water, noting that the strategic goals and metrics are flexible and can be adjusted as conditions change while the organizational imperatives and themes remain consistent.

Dr. Ries also reviewed results from DC Water's annual Strategic Management Maturity Assessment, which is used by the Authority to quantitatively assess strategic maturity on an annual basis. Committee member Christopher Harrington requested additional information about the maturity scales and standard deviation of the scoring of the eight divisions. Dr. Ries will provide that information to the committee.

Dr. Ries concluded his briefing with reference to the FY 2024 Blueprint 2.0 annual report, stating that he anticipates engaging the Board in FY 2026 for the next iteration of the strategic plan for release when the Blueprint 2.0 timeframe is completed at the end of FY 2026.

Committee member Anthony Giancola noted a desire to tie future strategic goals to the capital improvement program (CIP) and to provide input for the organization's priorities. Committee member Committee member Jeff Seltzer also requested further information about resource constraints to help with strategic plan analysis. Dr. Ries noted that this type of input about how the Board engages and what information they are looking for will be helpful in developing the Board's input process for the next strategic plan.

The Committee met in executive session and reached consensus to advance contract No. 10541 to the full Board for approval.

Mr. Herrington asked about the 5-15 reports submittal completion rates and the number of reportable goals for each imperative as reported in the annual report. Dr. Ries noted that these numbers have improved in FY 2025 and will reflect a gradual increase in strategic management maturity.

In response to Mr. Herrington's observations about narratives and associated metrics, Dr. Ries acknowledged that the annual report has a combination of qualitative descriptions and quantitative metrics

V. CEO AND GENERAL MANAGER'S REPORT

CEO and General Manager David Gadis began his report by highlighting an August 7, 2025, meeting with Washington Aqueduct leadership, including Baltimore District Commander Colonel Pera, General Manager Rudy Chow, and Chief of Staff Trina

Littlejohn, to explore ways to further improve operational coordination and efficiency and discuss the Authority's needs as a wholesale customer with exclusive dependency for water supply to the District of Columbia. Additionally, time was spent collaborating and calibrating the needed investments to ensure service delivery and reliability and to explore ways to address the vulnerability of having dependency on the Aqueduct's treatment plants.

On August 14, 2025, Mr. Gadis participated in an interview with a team from Deloitte and the *Wall Street Journal's Sustainability Journal* and *Risk and Compliance Journal*, which reach a combined 100,000 subscribers. Board Chair Dr. Unique Morris-Hughes also contributed to the Authority's response with a separate interview held on August 12, 2025, covering the Board's role in sustainability and ERM strategies. Topics included major initiatives such as Clean Rivers, the need for a second source of drinking water, and preparations for potential threats such as cyberattacks.

On July 29, 2025, the third Stakeholder Alliance meeting since the group was reactivated was held under the leadership of Schannette Grant, Vice President, Stakeholder Engagement and Marketing and Communications. Adam Baron, Program Manager for Hazard Mitigation and Administration, provided an overview of DC Water's hazard mitigation planning efforts. The Alliance also received a presentation from Dr. Rabia Chaudhry, Director of Water Supply Resilience Strategy and Performance, on water resilience and why a second source is so critical.

Mr. Gadis noted that there was an audible reaction from Alliance members when he shared that Washington, DC, is the only major metropolitan city in the United States without a second source of drinking water.

The week of August 16, 2025, kicked off employee town hall meetings hosted by People and Talent in collaboration with the Office of Marketing Communications. Management shared updates and addressed key topics such as recent leadership changes, the FY 2026 budget outlook, and the results of our employee engagement survey.

Mr. Gadis then shared some good news on the Authority's revenue bonds and reviewed the process for closing the bonds. Matt Brown, Chief Financial Officer and EVP, Finance, Procurement and Compliance and the finance team attended the bond closing on August 12, 2025, to sign off on bond purchase agreements that will generate \$325 million in revenue bonds for DC Water. Of these, \$150 million are green bonds for the Clean Rivers Project, and the remaining \$175 million is for general CIP projects. The team was also able to refinance old revenue bonds at a lower rate, saving about \$7 million over the next 20 years.

Mr. Herrington asked when the results of the employee engagement would be available. Amber Jackson, Chief People Officer and Executive Vice-President, People and Talent, replied that the report would be shared with Mr. Gadis and then the board members through the Human Resources and Labor Relations Committee.

Mr. Giancola expressed disappointment with how vacancy rates are reported in the CEO's report, which used active recruitment vacancies to determine a rate of 6.7% for July when the real vacancy rate is about 12.67%. He asked whether a clarifying footnote could be added. Mr. Gadis replied that he will continue to work to ensure transparency in how vacancy rates are reported.

In response to a comment from Mr. Giancola, Mr. Gadis further discussed the lack of awareness about Washington's dependency on a single source of water, noting that many of the Authority's assets are not visible to customers and there is an assumption that water will always be available from the tap.

Following the CEO's Report, the Board moved into an executive session at 10:14 a.m. 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).

The Board reconvened in open session at 10:35 a.m. to take action on the Consent Items.

VI. CONSENT ITEMS (JOINT USE)

1. Approval to Add Funding to Option Year Seven and Exercise and Add Funding to Option Year Eight of Contract No. 16-PR-PRO-451 Uniform Services, Cintas Corporation – **Resolution No. 25-40** (Recommended by the Environmental Quality and Operations Committee 07-17-25)
2. Approval to Exercise and Fund Option Year Seven of Contract No., 19-PR-DET-221 Capital Project Contract Management Software, Oracle America, Inc. – **Resolution No. 25-41** (Recommended by the Environmental Quality and Operations Committee 07-17-25)
3. Approval to Execute the Award of Three Base Years of Contract No. 105231 Grit Disposal Services, Waste Management of Virginia – **Resolution No. 25-42** (Recommended by the Environmental Quality and Operations Committee 07-17-25)
4. Approval to Execute the Award of Construction Contract No. 2501901 Heavy Sewer Cleaning and Inspection, Doetsch Environmental Services – **Resolution No. 25-43** (Recommended by the Environmental Quality and Operations Committee 07-17-25)
5. Approval to Extend a Land Purchase Offer and Subsequently Proceed with the Property Acquisition, Sales Contract for Unimproved Land in Loudoun County and/or Fairfax County – **Resolution No. 25-44** (Pending Board Recommendation 09-04-25)

Upon a motion duly made the Board of Directors voted to approve Joint Use Resolutions No. 25-40 through 25-44 as presented.

VII. CONSENT ITEMS (NON-JOINT USE)

1. Approval to Amend the Memorandum of Understanding between DC Water and the District of Columbia Department of Transportation to Extend the Current Term and Increase the Contract Amount Lead Free DC Permitting Services – **Resolution No. 25-45** (Recommended by the Environmental Quality and Operations Committee 07-17-25)
2. Approval to Exercise Option Year 3 of Contract No. 10118, Excavation Spoils Disposal Services, Rodgers Brothers Custodial Service – **Resolution No. 25-46** (Recommended by the Environmental Quality and Operations Committee 07-17-25)
3. Approval to Execute the Award of Contract No. 10541, Water Supply Resilience Strategic Advisory Services, ARUP – **Resolution No. 25-47** (Recommended by the Strategic Management Committee 09-02-25)

Board member Alex McPhail commented on Resolution No. 25-47, noting it is unusual to see this type of contract in connection with lead service line replacement and the contract is for a large value. He asked about how many people the contract employs, what the terms of reference are for the team, how the Authority evaluates their work, whether the contractors provide reports, and what the qualifications are of the individuals hired to fulfill the contract. Does the District Department of Transportation (DDOT) have any financial interest in the contract? How was the price determined, and can the people working with the contractors provide some feedback on the contractors' work?

Mr. Brown replied that the contract is based on a memorandum of understanding (MOU) negotiation with the DDOT modeled on the approach used in the Clean Rivers program. There is a long-standing MOU in place with DDOT to provide the third-party reviews for that program at a cost of between \$300,000 and \$400,000 a year. Mr. Brown noted additional complexity with the Lead Free DC Program as there are locations where every household in the District has lead service lines, which requires extensive permitting. The relationship with DDOT aims to provide certainty to complete the program on time and reduce the risk and associated costs of implementing the program.

He noted that the contract is a time and materials contract with no fixed fee and that the original amount included in the MOU of just under \$1 million has had zero expenditures. The MOU also allows DDOT to enter into a multi-year agreement in order to hire people to work on a dedicated basis for DC Water's projects. It includes provision for access to

the blocks for a longer period of time to allow block closures from 7:00 a.m. to 7:00 p.m., enabling the work to be performed efficiently.

About 15 to 20 people will be hired for the contract. The cost includes staff and management of the consultant hired by DDOT, as well as mileage for inspectors and operational time. Performance on the contract will be assessed through the timeliness of reviews, and the MOU specifies monthly meetings to monitor the consultant's work. Staff will primarily be inspectors trained in road restoration and permit reviews. No work has been performed on the contract to date. Mr. Brown also confirmed that DDOT was not receiving compensation to manage the contract.

Mr. Brown noted that the contract value is \$25 million over five years, and any overages must be approved by the Board.

Upon a motion duly made the District of Columbia members of the Board of Directors voted to approve the Non-Joint Use Resolution No. 25–45 through 25-47 as presented.

Following the votes on the Consent Items, the Board moved into executive session at 10:50 a.m. to discuss a personnel matter under D.C. Official Code § 2-575(b)(10).

VIII. ADJOURN

The Board reconvened in open session at 11:29 a.m. and, hearing no further business, the meeting adjourned at 11:31 a.m.

Michelle Rhodd

Michelle Rhodd

Secretary to the Board of Directors