



District of Columbia Water and Sewer Authority Board of Directors

324th Meeting of the Board of Directors

Thursday, November 6, 2025 / 8:30am

This meeting will be available for viewing via Microsoft Teams: [Join the meeting now](#)

- I. **Call to Order** Unique Morris-Hughes, Chairperson
- II. **Swear-in of Prince George's County Board Member Nominees**
- III. **Roll Call** Michelle Rhodd, Board Secretary
- IV. **[Approval of the October 7, and October 29, 2025 Meeting Minutes](#)**
- V. **Chairperson's Overview**
- VI. **Committee Reports**
 - 1. [Governance Committee \(Unique Morris-Hughes\)](#)
 - 2. [Finance and Budget Committee \(Anthony Giancola\)](#)
 - 3. [Audit and Risk Committee \(Christopher Herrington\)](#)
 - 4. [DC Retail Water and Sewer Rates Committee \(Howard Gibbs\)](#)
- VII. **[CEO and General Manager's Report \(David L. Gadis\)](#)**
- VIII. **DC Water Billing and Disconnection Modernization** Barbara Mitchell
Amendment Act of 2025
- IX. **[Blue Drop Update](#)** [Matt Brown and Chris Peot](#)
- X. **Executive Session*** Unique Morris-Hughes
- XI. **Adjournment** Unique Morris-Hughes

This meeting is governed by the Open Meetings Act. Please address any questions or complaints arising under this meeting to the Office of Open Government at opengovoffice@dc.gov.

*The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss certain matters, including but not limited to: matters prohibited from public disclosure pursuant to a court order or law under DC Official Code § 2-575(b)(1); terms for negotiating a contract, including an employment contract, under DC Official Code § 2-575(b)(2); obtain legal advice and preserve attorney-client privilege or settlement terms under DC Official Code § 2-575(b)(4)(A); collective bargaining negotiations under DC Official Code § 2-575(b)(5); facility security matters under DC Official Code § 2-575(b)(8); disciplinary matters under DC Official Code § 2-575(b)(9); personnel matters under DC Official Code § 2-575(b)(10); third-party proprietary matters under DC Official Code § 2-575(b)(11); train and develop Board members and staff under DC Official Codes § 2-575(b)(12); adjudication action under DC Official Code § 2-575(b)(13); civil or criminal matters or violations of laws or regulations where disclosure to the public may harm the investigation under DC Official Code § 2-575(b)(14); and other matters provided under the Act.

Upcoming Committee Meetings | via Microsoft Teams

- November 12th @ 9:30 am Human Resources and Labor Relations Committee
- November 13th @ 1:00 pm Executive Committee
- November 18th @ 9:30 am DC Retail Water and Sewer Rates Committee
- November 18th @ 11:00 am Finance and Budget Committee
- November 20th @ 9:30 am Environmental Quality and Operations Committee

Next Board of Directors' Meeting | In-person

December 4, 2025 @ 9:30 am

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**323RD BOARD OF DIRECTORS MEETING
MINUTES OF THE MEETING
OCTOBER 7, 2025
(Via Microsoft Teams)**

DIRECTORS PRESENT

District of Columbia Members

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

Montgomery County Members

1. Fariba Kassiri, Principal
2. Amy Stevens, Alternate

Fairfax County Member

1. Christopher Herrington, Principal

DC WATER STAFF

1. David L. 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 & Interim COO
4. Kirsten Williams, Chief Administrative Officer and EVP
5. Michelle Rhodd, Secretary to the Board

The 323rd 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 9:37 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 Dr. Unique Morris-Hughes asked for a motion to approve the minutes of the meeting held on September 4, 2025.

Upon a motion duly made the Board of Directors approved the minutes of the meeting on September 4, 2025, as presented.

II. CHAIRPERSON'S OVERVIEW

Dr. Morris-Hughes began her remarks by accepting the resignation of Montgomery County Alternate Board member Jeffrey Seltzer. She expressed appreciation for Mr. Seltzer's contributions and insights during his brief service for the Authority.

She also highlighted the upcoming Tunnel Boring Machine (TBM) naming ceremony on October 30, 2025, and encouraged Board members to attend. The event represents a major milestone for the Clean Rivers Project and will include a blessing ceremony for Mary, the first of two TBMs that will mine the Potomac River tunnel.

On October 28, 2025, DC Water will host a procurement fair, providing an opportunity to learn more about upcoming projects and gain insight into DC Water's procurement process.

Dr. Morris-Hughes also underscored the importance of Board members completing the annual risk assessment survey and noted the upcoming Board retreat.

III. COMMITTEE REPORTS

*Meetings of the Human Resources & Labor Relations Committee with Union Presidents
Reported by Howard Gibbs*

The Human Resources & Labor Relations Committee with Union Presidents met on September 10, 2025.

Committee Chair Jed Ross informed union presidents that future communications will outline expectations for agenda item submissions, including speaker names and item details to promote meeting efficiency and allow for increased meeting preparation.

Jonathan Shanks, President of AFGE 872, noted that a test of the sick leave code had been completed. Sean Brown, Vice President, Employment, Labor and HR compliance, advised that the code would be implemented by June or July of 2025. Subsequently, Shawn Brown, Vice President, Employment, Labor, and HR Compliance advised that the code update was delayed and under legal review. Mr. Shanks raised concerns that

employees are penalized under the current system by requiring sick leave to be coded as scheduled or unscheduled. Mr. Brown explained the test of the new code was successful in May of 2025, but due to the impact on overtime calculations and potential to conflict with the master compensation agreement, a legal review was necessary. Mr. Ross asked that the unions be updated on the expected date that the legal review will be completed, within two weeks.

Mr. Shanks also spoke on the lack of advance notice for policy changes, asking that the unions receive advance copies of policies sent for review and redlined copies of updated policies. The Committee discussed the policies for which the unions are seeking advance notice, the length of notice period requested, and how much time was needed for the advance notice and redline changes. Mr. Brown reported that updated policies were provided to the unions on June 10, 2025, and sent multiple times. Mr. Ross suggested establishing a codified process for policy updates, notice, bargaining identification, and timeframe.

Mr. Shanks raised a concern about a failure to meet regarding changes to health care and other benefits, noting that the collective agreement allows the unions an option to meet to discuss rate changes and opportunities to improve existing benefits. Mr. Brown explained that, as the new rate sheet has not been finalized, a meeting with the union presidents will be set once it is received. He noted that the last benefits meeting was held on September 18, 2024, and this year was on target for a similar timeline. Mr. Ross asked the unions to compile their benefits concerns in a written report. Amber Jackson, Chief People Officer and EVP, People and Talent, encouraged the unions to raise all benefits concerns as they arise and noted that in many cases, it is not possible to demand changes to benefits included in packages offered by third-party vendors.

Mr. Shanks and Jermaine Quattlebaum, President of AFGE 631, raised concerns about union representatives being blocked from attending neutral-party hearings and fitness-for-duty hearings on behalf of workers. Mr. Quattlebaum noted that while his representative was no longer an Authority employee, the individual had been assisting with neutral party hearings for 17 years and was authorized by the union to represent workers as a consultant in these hearings. Mr. Brown noted that only employees, elected union officials, and the affected employee can attend internal neutral-party hearings due to confidentiality rules, and further noted that representation by elected union officials is always permitted and, in the absence of an elected union official, another DC Water union employee may step in. Mr. Ross advised having written agreements from members to approve this representation and inquired whether the unions had filed any written requests with respect to the selected representatives. Mr. Shanks stated they had not as they were awaiting a response from the Human Resources and Labor Relations Committee. Mr. Ross will consult with Management for clarification on where outside consultants can provide union representation.

Finally, Mr. Shanks reported that leave was being denied to some workers even when it was requested up to three months in advance. When leave was granted, it was sometimes classified as unscheduled, which had a negative impact on the employee's record. Ms. Jackson acknowledged that Management was aware of the issue and Kirsten Williams, Chief Administration Officer and EVP, had provided guidance on how to avoid the unscheduled leave issue. Mr. Ross advised employees to track all leave requests to document problems that may arise and asked that the issue be brought back to the Committee if it persists after the process has been updated.

Ms. Jackson then provided an HR report update, highlighting the ongoing success of the employee wellness program, which had strong engagement levels. She also reported that the Authority, in partnership with the Department of Employment Services Pathway to Public Service program, had hired a recent college graduate as an apprentice in the Strategy Performance cluster.

CEO and General Manager David Gadis expressed appreciation to the People and Talent and Marketing Communication team for organizing employee town halls.

The Committee recommended two action items to the Board for approval and held an executive session to discuss labor contract negotiation strategies under D.C. Official Code § 2-575(b)(2).

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

The Evaluation Committee met on September 19 and 22, 2025, to discuss a personnel matter under D.C. Official Code § 2-575(b)(10).

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

The Environmental Quality and Operations Committee met on September 18, 2025.

First, Nicholas Passarelli, Vice President, Wastewater Treatment Operations, briefed the Committee on the performance of the Blue Plains Advanced Wastewater Treatment Plant (BPAWTP). All parameters were within the NPDES permit requirements for August 2025. Due to a dry August, the tunnel systems and wet weather treatment were not required to capture any flow. On-site energy generation from the combined heat and power facility and solar panels for the month was 25% of the average treatment plant consumption. 12,123 wet tons of biosolids were produced in August; 1,404 tons were sold through the Blue Drop's Bloom program while the remaining 10,719 wet tons were managed through land application contracts.

Next, Seth Chard, Senior Manager, Green Infrastructure Clean Rivers Project, provided the Clean Rivers Quarterly update. The Potomac River tunnel construction continues with starter tunnel excavation at West Potomac Park and delivery of the tunnel boring machine components. Shaft construction at CSO 20 and 22 is also underway. Of 43 permeable alleys planned for Rock Creek Green Infrastructure Project C, six have been completed. Early work has been awarded for the Piney Branch Tunnel, with tree removal and roadway relocation scheduled for this fall. An extensive tree replacement plan is included in the scope. The Potomac Interceptor Program currently includes high-priority slip lining and rehabilitation of the most severely deteriorated sections, and an emergency culvert repair was completed following severe scouring and pipe exposure after the storm on July 31, 2025.

Moussa Wone, Chief Engineer and Vice President of Engineering and Clean Rivers, then delivered the quarterly Capital Improvement Program (CIP) update, beginning with a status update for the water, sewer, and process facilities CIPs. The District Department of Transportation recently denied a continuing waiver request for the public inconvenience fee, which will cost the Lead Free DC Program alone an additional \$20 million per year. Dr. Wone reported that of the \$650 million baseline, \$366 million has been spent to date, with projections to reach \$520 million or 80% by the end of the fiscal year. Of 52 KPIs, nine are complete and 31 fall outside the threshold, largely due to project bundling and collaborative delivery. The KPI framework will be updated for FY 2026.

William Elledge, Director of Capital Water Program and Lead Free DC, provided a Lead Free DC update beginning with the program KPIs. The program has completed over 9,856 lead service line replacements since its inception, equating to 23% of the goal. Postponed bid packages tied to federal funding uncertainty and a temporary contracting pause in June and July are responsible for a slight slowdown in replacements. Mr. Elledge also shared a number of positive customer feedback examples. Small-diameter water main work will reach about 70% of the goal this year, with targets expected to be reached in FYs 2026 and 2027.

Finally, Ryu Suzuki, Director of Wastewater Engineering, presented an update on the recently completed emergency repair of the Anacostia Force Main following a sinkhole discovered on July 20, 2025. The repair of the critical pipeline, which conveys WSSC flow with no redundancy, was challenging, involving work in live flow conditions and around-the-clock coordination with WSSC to manage flows. Mr. Suzuki noted that approximately 2,000 feet of the force main remain at high risk, and further high-priority repairs are being planned.

The Committee recommended eight joint-use action items to the Board for approval.

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

The Finance and Budget Committee met on September 25, 2025.

Matthew Brown, Chief Financial Officer and EVP Finance, Compliance and Procurement and Interim COO, and Pade Zuokemefa, Budget Manager, presented the financial report for the period ending August 30, 2025.

Matthew Brown noted that with 92% of the fiscal year complete, there are favorable variances overall in revenues, expenditures, and capital disbursements. The development of the proposed 2027 budget is ongoing, and processes for the year-end closing are underway. Total operating revenues were 907.9 million or 95.4% of the budget. Operating expenditures totaled \$615.6 million or 78.1% of the budget. Chair Giancola observed that the \$11 million overtime budget for the next fiscal year should address the overage experienced in 2025 while stressing the need to ensure adequate staffing to reduce overtime usage. He also commended the Authority for a more aggressive investment strategy, which resulted in a new record for annual interest income.

The Q3 CIP quarterly update was provided by Paul Guttridge, Director, Shared Services and Asset Management, beginning with a review of the Process Facilities Program. The update included a review of the water program and a note that the condition of many valves is a significant concern to ensure the large mains can be isolated when needed. Committee Chair Anthony Giancola inquired as to the number of valves that need repair or whether the authority has a program to exercise the valves and provide preventative maintenance. Mr. Guttridge indicated the water distribution system has 1,195 valves of 16-inch diameter and larger, and discussed the priority program to replace the valves and provide regular valve maintenance, which will be included in the upcoming budget.

CIP quarterly spending through the end of August 2025 is \$366 million and projected to reach \$520 million or 80% of the \$650 million baseline by year end.

Mr. Giancola noted that Mr. Guttridge reported that the new projection is an 83% execution rate for the CIP.

Next, Tanya DeLeon, Risk Manager, provided the Rolling Owner Controlled Insurance Program (ROCIP) VI and Owner Controlled Insurance Program (OCIP) updates, noting that these programs protect DC Water from financial and reputational harm as the team manages coverage claims and lost control of projects. DC Water requires a qualified firm to provide continuous safety support for its ROCIP, OCIP, and Potomac River Tunnel

projects. The contract supplies safety advisors to review construction safety programs to ensure all sites meet OSHA standards.

Ms. DeLeon asked the committee to recommend to the Board the approval of safety services associated with the ROCIP and OCIP and Potomac River Tunnel programs in the amount of \$1,033,741 million.

John Pappajohn, Director, Procurement, Goods & Services, reviewed the fact sheet related to the ROCIP extension request for the period of November 1, 2025, to November 1, 2026.

The Committee recommended one action item to the Board.

Following the committee reports, Dr. Morris-Hughes asked board members if they had questions or comments. Board member Alexander McPhail asked whether there is any recourse for the Authority with respect to the public inconvenience fee no longer being waived for the Authority. Chief Executive Officer David Gadis stated that the issue is not closed or finalized, as DC Water would continue to seek a resolution, and noted that the Authority had already requested a waiver but the request was denied. Dr. Wone confirmed that the fee is only charged for street inconvenience that lasts more than 29 days and any work completed within the 29 days is exempt, so the contractor is scheduling their work to complete tasks within the exempt period. Working within this timeframe on lead service line replacement projects was challenging.

In response to a question by Board member Amy Stevens, Matthew Brown noted that the values for capital disbursements and quarterly spending differed because expenditures are reported on the capital side, but the value does not include like accruals.

IV. CEO AND GENERAL MANAGER'S REPORT

CEO and General Manager David Gadis began his report by recognizing the customer service group in recognition of National Customer Service Week. He noted that the team receives about 11,000 calls a month from customers who have issues that require a resolution. Customer service representatives do a fantastic job of solving those issues with an excellent call resolution time.

Mr. Gadis presented four updates for the Board, each relating to one or more of the Authority's organizational imperatives.

The Authority's Water Resilience Task Force, led by Dr. Rabia M. Chaudhry, visited two water reuse sites within the region in the past month. On September 5, the team visited the Upper Occoquan Service Authority (UOSA), which supplies one million customers in Northern Virginia, and the Occoquan Watershed Monitoring Laboratory, which is operated

by Virginia Tech and provides a model for stakeholder collaboration on water supply resilience. On September 19, they visited the Patuxent Water Reclamation Facility in Crofton, Maryland. There, they learned about the challenges Anne Arundel County faces from being reliant on groundwater and how their demonstration site offers a continual loop of to clean and reused water. While the demonstration site is operating with a low volume of water, the principles are scalable and offer another potential tool to establish water resiliency.

In September, DC Water also completed emergency repairs on a critical section of the Anacostia Force Main (AFM) to address a failure near the Anacostia River in July. Mr. Gadis noted that the AFM is a vital piece of regional infrastructure conveying approximately one-third of WSSC's wastewater flow to BPAWTP with no redundancy and no way to reroute the wastewater if a break occurs, nor enough storage to hold up to 200 million gallons per day of wastewater. With repairs complete, the next task is to rehabilitate other vulnerable segments of the 6.25 miles of pipeline to ensure long-term reliability and resilience.

Next, Mr. Gadis highlighted an employee appreciation tailgate event on September 17 to remind staff of how they drive daily success and are appreciated for what they do on a day-to-day basis. Washington football legends Chris Samuels and Josh Morgan joined the celebration. Mr. Gadis recognized and thanked board members Alexander McPhail and Howard Gibbs for attending the event. He also thanked the event planning committee for the successful event.

Finally, Mr. Gadis noted that on September 18 he had the honor of participating in an executive panel discussion at the Maryland District of Columbia Utilities Association's annual fall conference. The conference theme was people, policies, and partnerships, and the panel discussion related to these areas through the lens of the regional considerations and explored the fine line that utilities and municipalities face in balancing the need to ensure adequate resources while maintaining affordability for customers. The forum also addressed the mutual potential benefits of greater collaborations across water, gas, and energy sectors.

Following Mr. Gadis' report, Mr. Giancola asked for confirmation that the outstanding high-priority audit items from 2017 and the fleet management item from 2023 were completed. Wayne Griffith, Chief of Staff and EVP, Strategy and Performance, confirmed that they were completed after the time the report was drafted.

V. CONSENT ITEMS (JOINT USE)

1. Approval to Exercise and Fund Option Year 6 of Contract No. 17-PR-HCM-44, Vision Insurance. National Vision Administrators. LLC – **Resolution No. 25-48**

(Recommended by the Human Resources and Labor Relations Committee 09-10- 25)

2. Approval to Exercise and Fund Option Years 4 and 5 of Contract No. 10121, Repair and Rehabilitation of Various Process Assets, Electric Motor & Contracting – **Resolution No. 25-49** (Recommended by the Environmental Quality and Operations Committee 09-18-25)
3. Approval to Exercise and Fund Option Year 4 of Contract No. 10161, AVEVA SCADA Software Licenses and Support, Insource Software Solutions, Inc. – **Resolution No. 25-50** (Recommended by the Environmental Quality and Operations Committee 09-18-25)
4. Approval to Add Additional Funding to Option Year 2 of Contract No. 10436, Janitorial Services, Phoenix Services, LLC – **Resolution No. 25-51** (Recommended by the Environmental Quality and Operations Committee 09-18- 25)
5. Approval to Execute the Award of One Base Year and Three Option Years of Contract No. 10539, Annual Maintenance of Electrical Control Equipment (Low Voltage, MC Dean Inc. – **Resolution No. 25-52** (Recommended by the Environmental Quality and Operations Committee 09-18-25)
6. Approval to Execute Change Order No. 01 of Contract No. 220080A, Major Sewer Assessment. Arcadis, District of Columbia – **Resolution No. 25-53** (Recommended by the Environmental Quality and Operations Committee 09-18- 25)
7. Approval to Execute Change Order No. 04 of Contract No. 220010, Inspection and Cleaning for Local Sewers, RedZone Robotics, Inc. – **Resolution No. 25-54** (Recommended by the Environmental Quality and Operations Committee 09-18- 25)
8. Approval to Fund Direct Purchase of Critical Equipment for the Rehabilitation and Replacement of Digesters 1, 2 & 4 Mixers, OVIVO USA LLC – **Resolution No. 25-55** (Recommended by the Environmental Quality and Operations Committee 09-18-25)
9. Approval to Execute Change Order No. 02 of Contract No. 200090, Headworks Influent and Effluent Structures Rehabilitation, Ulliman Schutte Construction, LLC – **Resolution No. 25-56** (Recommended by the Environmental Quality and Operations Committee 09-18-25)
10. Approval to Exercise Option Year 5 of Contract No. 10395, Rolling Owner Controlled Insurance Program (ROCIP) V and VI – Safety Services, Safety

Management Group – **Resolution No. 25-57** (Recommended by the Finance and Budget Committee 09-25-25)

Upon a motion duly made, the Board of Directors voted to approve Joint Use Resolutions No. 25-48 through 25-57 as presented.

VI. Other Business

Mr. Giancola asked whether new Board members would be given a tour of DC Water facilities. Dr. Morris-Hughes confirmed a tour was pending and noted that a new member orientation was held on October 6, 2025. Dr. McPhail noted feeling very welcome during the orientation. Dr. Ortiz highlighted the enormous amount of information he was provided and lauded the great work of the Authority. Dr. Morris-Hughes invited existing Board members to join the upcoming facilities tour.

Board member Christopher Herrington raised concerns about recent conversations with the Army with respect to the Washington Aqueduct and suggested that a special meeting of the Governance Committee be scheduled before the retreat to resolve the roles and responsibilities for suburban Board members when discussing water supply issues. He also asked for a briefing on the recent employee engagement survey.

Ms. Jackson will provide a high-level brief on the results of the survey.

Dr. Morris-Hughes noted a Governance Committee meeting was scheduled for October 8 and the issue raised by Mr. Herrington could be addressed at that time as well and also at the Board retreat. She noted she could arrange an additional meeting before the retreat if needed. She could also hold an executive session to further discuss the concerns around the Washington Aqueduct, but this matter could also be discussed in the Governance Committee meeting.

VII. ADJOURN

Hearing no further business, the meeting adjourned at 10:37 a.m.

Follow-Up Action:

1. Amber Jackson to provide an update on the employee engagement survey results.

Michelle Rhodd
Secretary to the Board of Directors



**SPECIAL MEETING OF THE BOARD OF DIRECTORS
MINUTES OF THE MEETING
OCTOBER 29, 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
7. Alex McPhail, Alternate
8. Jimmy Ortiz, Alternate
9. Rob Hawkins, Alternate

Montgomery County Members

1. Fariba Kassiri, Principal
2. Amy Stevens, Alternate

Fairfax County Members

1. Christopher Herrington, Principal
2. Sarah Motsch, Alternate

DC WATER STAFF

1. David L. Gadis, CEO and General Manager
2. Amber Jackson, Chief Legal Officer, & EVP Legal and Government Affairs & Interim Chief Legal Officer
3. Barbara Mitchell, Associate General Counsel and Director of Government & Legal Affairs
4. Matthew Brown, Chief Financial Officer and EVP, Finance, Procurement, and Compliance & Interim COO
5. Kirsten Williams, Chief Administrative Officer & EVP

6. Michelle Rhodd, Secretary to the Board

The special meeting of the District of Columbia Water and Sewer Authority's Board of Directors was called to order by Board Chair Dr. Unique Morris-Hughes at 1:02 p.m. The meeting was held via Microsoft Teams. Board Secretary Michelle Rhodd called the roll, and a quorum was established.

I. CHAIRPERSON'S OVERVIEW

Board Chair, Dr. Unique Morris-Hughes began her remarks with a review of the agenda, noting that the special meeting was convened to ensure adequate time for thoughtful discussion and consideration of these items. The next regularly scheduled Board of Directors meeting, which is also the board retreat, has a full agenda.

She highlighted the upcoming tunnel boring machine arrival celebration as an opportunity to explore the heart of the DC Water Potomac River project and underscore the importance of water resilience.

II. COMMITTEE REPORTS

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

The Environmental Quality and Operations Committee met on October 16, 2025.

Nicholas Passarelli, Vice President of Wastewater and Permit Operations, presented a summary of the performance of Blue Plains Advanced Wastewater Treatment Plant (BPAWTP) for September 2025. All weekly and monthly NPDES permit requirements were met for the month. September was a moderately wet month with 3.7 inches of rain, and 116 million gallons were captured with no overflows. On-site electrical generation was 15% of the average treatment consumption, a drop of 10% from the typical amount due to simultaneous motor failures at the combined heat and power plant. The motors are now back in operation.

Mr. Passarelli reported that 11,611 wet tons of biosolids were produced in September 2025. Of this, approximately 3,482 tons were sold as Class A biosolids under the Blue Drop bloom program, and the remaining 8,183 tons were managed through land application contracts.

Next, Francis Cooper, Director of the Enterprise Program Management Office, provided an update on the Non-Revenue Water (NRW) Initiative.

As of the end of FY 2025, real and apparent NRW account for approximately 36% of supplied water. Mr. Cooper discussed activities to reduce NRW through risk management strategies, process improvements, and the adoption of new technologies to investigate real and apparent NRW using a coordinated, data-driven approach. Mr. Collier stated that the goal is to reduce NRW to below 10%, while the industry standard is 10% to 18%. To support these efforts, the Enterprise Project Management Office plans to develop performance dashboards, formalize NRW policies and procedures, and maintain regular Board engagements on NRW progress.

Next, Chris Peot, Director, Resource Recovery, discussed the Authority's thermal hydrolysis and anaerobic digester project. This is a rare municipal project that has produced both non-financial returns and significant economic benefits. The \$470 million Cambi system is a model for other utilities and significantly cheaper than alternative solutions. Annual savings have averaged \$21 million per year and total over \$200 million over the 10-year life cycle. The expected payback time of the project is 14 years. It has reduced DC Water's carbon footprint by one-third.

Matthew Brown, Chief Financial Officer and EVP, Finance, Procurement, and Compliance & Interim COO, discussed the FY 2026 to FY 2035 Capital Improvement Program (CIP), which he noted reflects the Authority's commitment to addressing aging infrastructure, system resilience, and funding for condition assessments of the Authority's assets. Paul Guttridge, Director, CIP Infrastructure Management, further discussed the Authority's progressive design-build approach.

The meeting concluded with a discussion of factors impacting major programs, including spending cuts, material tariffs and labor availability, which are being tracked. A recent change by the Department of Transportation removing DC Water's exemption from the public inconvenience fee will cost the Authority approximately \$15 million a year.

The proposed CIP will be presented to the Board of Directors in January of 2026 for approval in March 2026.

An executive session was held, and the action item discussed in the executive session was moved to the full Board.

Meeting of the Evaluation Committee Report

Reported by Dr. Unique Morris-Hughes, Evaluation Committee Chair

The Evaluation Committee met on October 27, 2025, to discuss a personnel matter under D.C. Official Code § 2-575(b)(10).

III. ANACOSTIA SEWAGE BACKUP UPDATE

Mr. Brown provided an update on a sewage overflow affecting Anacostia High School and some surrounding residences.

Mr. Brown began with an overview of a December 2023 sinkhole repair over a large sewer at Fairlawn Avenue and 16th Street, which involved establishing a bypass to access the sewer to perform rehabilitation. On October 26, 2025, residents in the block where the bypass was situated began reporting sewage backups in their basements. This was identified as the result of a pump failure. The prime contractor and pumping contractor attended the site and mobilized Servpro to begin cleaning the affected homes. Residents were provided with hotel accommodations and \$200 gift cards to cover the cost of food and incidentals while cleanup was completed.

On October 27, 2025, Anacostia High School reported a sewage backup that the school had already begun to address using its environmental mitigation services team. Servpro was mobilized for mitigation and has completed that work, with air quality testing scheduled for October 29, 2025. Students have been temporarily relocated to classrooms established at nearby Kramer Middle School. DC Water is continuing work to identify the cause of the pump failure and address the needs of affected residents and the school.

Board member Jed Ross advised ensuring DC Water is prepared for any implications of damage to the school. Mr. Brown noted that the pumping work was completed by a contractor who was not involved in the construction. The mitigation work is therefore a non-ROCIP issue and will be handled through procurement, legal, and risk management as well as the project engineer.

IV. EXECUTIVE SESSION

The Board moved into executive session to discuss a personnel matter under D.C. Official Code § 2-575(b)(10).

V. CONSENT ITEMS (JOINT USE)

1. Approval to Purchase Land and Subsequently Proceed with the Property Acquisition, Sales Contract for Unimproved Land – **Resolution No. 25-58** (Recommended by the Environmental and Operational Committee 10/16/25)

Board member Christopher Herrington asked for a separate vote on the two joint-use resolutions.

Mr. Herrington asked whether the parcel of land had been identified and if not, whether there was an opportunity to postpone the item to receive an update on Blue Drop revenue. He expressed hesitance toward acquiring property without that update and without knowing whether the land would be owned by Blue Drop or DC Water.

Mr. Gibbs stated that the item had been discussed in the Environmental Quality and Operations Committee and explained that a piece of land had been identified as suitable for the intended purpose but was no longer available.

Board member Anthony Giancola inquired whether it was premature to include a price in the proposal if the site has not been identified. The Board has not received a Blue Drop briefing in some time, though DC Water has a representative on the Blue Drop board.

Mr. Brown noted that the property will house a facility to store excess wet tons of biosolids for future sale. Other jurisdictions may be permitted to also establish facilities on the site. The purpose of the resolution is to pre-approve the purchase of a suitable plot for a capped value to allow the Authority to move quickly when a location is identified. A suitable site must be large enough to provide the necessary distance around the storage facility to meet environmental regulations. The funds for the property will be provided by Blue Drop and transferred to DC Water. The property will be a joint-use facility owned by DC Water.

Mr. Herrington stated that he supports the purpose of the land purchase and the intent of the resolution but could not support the resolution due to longstanding unanswered questions about Blue Drop revenue.

Dr. Morris-Hughes confirmed that Blue Drop revenue will be addressed at a future Board meeting.

Upon a motion duly made the Board of Directors voted to approve Joint Use Resolution No. 25-58 as presented with seven board members in favor and one board member opposed.

2. Approval of CEO and General Manager's Performance Evaluation, Salary Increase, Bonus, and Amendments to Employment Agreement – **Resolution No. 25-59** (Recommended by the Evaluation Committee 10/27/25)

Upon a motion made the Board of Directors voted to approve Joint Use Resolution No. 25-59 as presented with seven board members in favor and one board member opposed.

VI. WATER SUPPLY RESILIENCE PRESENTATION

Matt Ries, Vice President, Strategy and Performance, presented the water supply resilience action item beginning with the problem statement, which highlights DC Water's immediate vulnerability to any disruption of the Potomac River or the Washington Aqueduct. This would result in a national security emergency and massive economic impact to the region.

Dr. Ries noted an upcoming opportunity for Mayor Bowser to discuss the resolution at the November 3, 2025, Clean Rivers event and for the Chair to further the discussion at the November 19, 2025, Pure Water DC launch event.

The resolution outlines DC Water's approach to developing a set of solutions to address water resilience vulnerability, which includes identifying a second source of water and the capacity to store additional water inventory. Finding a second source includes exploration of the possibility of water reuse from the Blue Plains facility.

The resolution allocates up to \$21 million, budgeted in the Board-approved CIP, to use over the course of three years. Dr. Ries noted that these funds are 100% from district ratepayers.

He also outlined tangible actions required by the CEO in the resolution, which include engaging on a regional basis with other water supply partners and leading the regional response in the short to medium term. Dr. Ries highlighted ongoing activities through the Army Corps of Engineers and funded by the Water Resources Development Act to consider long-term solutions, but noted these initiatives leave a gap for the short to medium term. The \$21 million represents seed funding to explore, pilot, and scale technologies and consider possible approaches to water reuse.

VI. OTHER BUSINESS

DC Water Billing and Disconnection Modernization Amendment Act of 2025

Dr. Morris-Hughes tabled discussion on this item for the next Board meeting.

VII. CONSENT ITEMS (NON-JOINT USE)

1. Approval of DC Water Actions to Address Water Supply Resilience – **Resolution No. 25-60** (Pending Approval of the District of Columbia Members of the Board 10/29/25)

Upon a motion duly made the District of Columbia Board of Directors voted to approve Non-Joint Use Resolution No. 25-60 as presented.

VIII. ADJOURN

There being no further business to come before the meeting, the meeting adjourned at 2:03 p.m.

Michelle Rhodd
Secretary to the Board of Directors



**MINUTES OF THE MEETING
GOVERNANCE COMMITTEE**

OCTOBER 8, 2025
(via Microsoft Teams)

COMMITTEE MEMBERS PRESENT

1. Dr. Unique Morris-Hughes, Chairperson
2. Anthony Giancola, District of Columbia
3. Christopher Herrington, Fairfax County
4. Rachna Bhatt, District of Columbia
5. Jed Ross, District of Columbia
6. Robert Hawkins, District of Columbia
7. Dr. Jimmy Ortiz, District of Columbia

DC WATER STAFF

1. David Gadis, CEO and General Manager
2. Marc Battle, Chief Legal Officer and EVP
3. Matthew Brown, Chief Financial Officer and EVP
4. Kirsten Williams, Chief Administrative Officer and EVP
5. Michelle Rhodd, Secretary to the Board

I. CALL TO ORDER

Chairperson Dr. Unique Morris-Hughes called the Governance Committee meeting to order at 9:36 a.m. via Microsoft Teams. Board Secretary Michelle Rhodd called the roll for attendance.

II. EXECUTIVE SESSION

After a motion and majority vote, the Committee moved into an executive session to consult with an attorney to obtain legal advice and to preserve the attorney-client privilege between an attorney and a public body pursuant to DC Code 2-575 (4)(A) of the Open Meeting Act of 2010.

ADJOURNMENT

The Committee reconvened in open session and hearing no further business, the meeting adjourned the meeting at 11:09 p.m.



**MINUTES OF THE MEETING
FINANCE AND BUDGET COMMITTEE
OCTOBER 23, 2025
(Via Microsoft Teams)**

COMMITTEE MEMBERS PRESENT

1. Anthony Giancola, Principal, Chair, District of Columbia
2. Sarah Motsch, Alternate, Fairfax County
3. Fariba Kassiri, Principal, Montgomery County

OTHER BOARD MEMBER PRESENT

1. Unique Morris-Hughes, Principal, District of Columbia

DC WATER STAFF

1. David Gadis, Chief Executive Officer and General Manager
2. Matthew T. Brown, Chief Finance Officer and Interim Chief Operating Officer
3. Amber Jackson, Chief People Officer, and Executive Vice-President & Interim
Chef Legal Officer
4. Kirsten Williams, Chief Administrative Officer and EVP, Administration
5. Michelle Rhodd, Secretary to the Board

Anthony Giancola, Chair, called the meeting to order at 10:00 AM. The meeting was conducted via MS Teams. Secretary to the Board Michelle Rhodd called the roll.

I. MONTHLY REPORT TO THE FINANCE AND BUDGET COMMITTEE

Lola Oyeyemi, Vice President, Budget, presented the September 2025 Financial Report, highlighting that the fiscal year ended with favorable variances in revenues, expenditures, and capital disbursements. Based on preliminary numbers, the Authority ended the year with operating revenues approximately \$978.5 million or 2.8 percent above the revised budget; operating expenditures were \$737.0 million or 6.5 percent below budget; and capital disbursements were \$584.1 million or 18.6 percent below budget.

The Finance team continues to complete year-end closing activities in preparation for the financial audit and the Green Bond Attestation and is on track to complete these activities in December 2025. Work has begun on the FY 2027 operating budget and the ten-year

capital budget requests, and the two-year rate proposals in preparation for presentation to the Board in January 2026.

Total operating revenues for the year were \$978.5 million or 102.8 percent of the budget. There were significant favorable variances in the Residential/Commercial/Multi-Family category, due to higher consumption and CRIAC receipts, and the Federal and Wholesale categories as these customers made all quarterly payments within the year. There were unfavorable variances in the DC Housing Authority category due to lower consumption. Further analysis by the Customer Care team revealed a high number of vacant properties within the Housing Authority's category and found that some occupants were moved to residential and multi-family houses due to ongoing renovations.

Ms. Oyeyemi reported that despite the current shutdown, the federal government made the first-quarter payment of \$18.9 million on October 2, 2025. This represents approximately 74 percent of the quarterly amount due. Finance is monitoring federal payments while the shutdown continues. Matthew Brown, Chief Finance Officer and Interim Chief Operating Officer, highlighted the accuracy of the Rates and Revenues team's forecast in comparison to the goal of being within 5 percent of total revenues, noting that the total receipts was about \$8 million higher than the mid-year projections.

Total operating expenditure for the year was \$737.0 million or 93.5 percent of the budget. Ms. Oyeyemi noted that the Authority did not meet the goal of being within 5 percent of the budget due to the spending mandate early in the calendar year which required a reduction of \$51.2 million in expenditures to align with the FY 2024 budget level. She stated that the spending restriction has been lifted, and spending continues to be monitored to make the best use of ratepayers' funds. There was a favorable variance in personnel services due to a vacancy rate of 12 percent based on the total number of authorized positions, or 6.2 percent based on positions under recruitment. The contractual services category was also below budget, mainly due to the spending restrictions that impacted temporary staffing, consulting, and other strategic initiatives.

Committee Chair Giancola observed that vacancy rate reporting continues to use the value for positions under recruitment. He requested a list of positions currently being recruited and those that are vacant but not under recruitment. Ms. Oyeyemi confirmed that the report will be provided and further explained that the vacancy rate was impacted by the spending restriction, which required departments to submit justification for any hires through a waiver request process. Mr. Brown noted that most of the cost reduction was accomplished through debt service savings and utilization of CFCI, enabling the Authority to minimize the impact of restrictions on essential operations.

Ms. Oyeyemi reported that the Capital Disbursements for the year were \$584.1 million or 81.4 percent of the budget, with the Capital Projects category ending at 83.3 percent of the budget. Details of the Capital Improvement Plan performance will be provided next month by the Engineering Cluster.

Mr. Giancola requested an update about the Washington Aqueduct not spending all of the funding provided by the Authority. Mr. Brown discussed efforts to better understand the Aqueduct's capital program. He noted that the Aqueduct interprets the Anti-Deficiency Act in a way that requires having all funds available up front for contracts. When it was discovered that the Aqueduct was holding tens of millions of dollars of unused funding, DC Water requested that the Aqueduct reduce its billing and use existing liquidity to fund its current and pending projects. Mr. Brown highlighted the Aqueduct's role in providing the District's drinking water and plans to continue collaborating on improvements to the Aqueduct's capital plan. Ms. Oyeyemi clarified that the Aqueduct had billed for only three quarters instead of four to address the funding backlog.

The total cash balance at the end of the year was \$784.1 million, including the Rate Stabilization Fund (RSF) balance of \$40.6 million, operating reserves and other reserves. The total operating interest income for the year was \$14.8 million, compared to the annual budget of \$9.5 million.

Delinquent accounts totaled \$33.4 million for 11,414 accounts at the end of the year. Multi-family accounts accounted for 46.0 percent of the balance, a significant reduction through the efforts of the Customer Care team. Overtime at year-end was approximately 120.2 percent of the budget, primarily due to higher spending in the water and sewer area for emergencies and increased inspection work. Developer deposits totaled \$34.3 million in credit balances (liability) and \$11.3 million in debit balances (receivables). In FY 2025, approximately 250 accounts were processed for approximately \$3.1 million in permit refunds.

Ms. Oyeyemi ended with a quarterly update on Accounts Payable performance. At year-end, 96 percent of invoices were paid within 30 days. This was just below the goal of 97 percent, due to the processing of year-end invoices. The team continues to work toward efficiencies to meet the target in the next fiscal year.

In response to a question from Mr. Giancola, Ms. Oyeyemi provided an audit update, stating that the year-end closeout was complete and the auditors are performing testing and other audit work with a goal to finalize the audit for presentation to the Audit Committee in January 2026. Mr. Brown confirmed that a bond review will take place in the spring to coincide with a refinancing transaction.

II. FY 2026 COMMITTEE WORKPLAN

Ms. Oyeyemi began the FY 2026 Workplan review by highlighting several of the Finance team's accomplishments in FY 2025, including reaffirmation of the Authority's bond ratings with all rating agencies, a 27th consecutive unqualified audit opinion, publication of streamlined budget documents, elimination of 45 hard-to-fill positions to reduce high vacancy rates and save \$5.7 million, and earning the second consecutive Triple Crown award from the Government Finance Officers Association, which included the 25th consecutive Distinguished Budget Presentation Award for the approved FY 2026 budget.

Upcoming work for the Finance Committee includes the standard agenda items, quarterly CIP reports from the Engineering team, annual insurance renewal and an update on the ROCIP program. The mid-year projections will be provided in the third quarter with recommendations for the use of any net cash position that may be available.

The FY 2027 budget cycle will include a two-year rate proposal that will be communicated to ratepayers via town halls and public outreach. The FY 2027 budget will be delivered to the Board in January 2026, followed by a 60-day review process and adoption by the full Board in the second quarter before the public outreach and public hearing processes begin in the third quarter.

Ms. Oyeyemi reviewed the major upcoming contract actions and expiring dates for the Risk Management Advisory Services, Financial Advisory Services and the Bond and Disclosure Counsel Services. There is a potential bond issuance for the refunding of approximately \$260 million of Series 2016 callable bonds. She highlighted the financial metrics in the monthly reports and asked the Committee for feedback on the workplan.

III. AGENDA FOR THE NOVEMBER 2025 COMMITTEE MEETING

The agenda for the meeting on November 18, 2025, includes the October 2025 Financial Report, Capital Improvement Program Quarterly Update, and any other items the Committee wishes to discuss.

IV. FOLLOW-UP ITEM

- a. Provide list of position titles for vacancies that are actively being recruited and those that are not being recruited. (Mr. Giancola)

V. ADJOURNMENT

The meeting adjourned at 10:25 AM.



**MINUTES OF THE MEETING
AUDIT AND RISK COMMITTEE
OCTOBER 23, 2025
(via Microsoft Teams)**

COMMITTEE MEMBERS PRESENT

1. Christopher Herrington, Principal, Fairfax County, Chair
2. Jed Ross, Principal, District of Columbia, Vice Chair
3. Sarah Motsch, Alternate, Fairfax County
4. Anthony Giancola, Principal, District of Columbia
5. Amy Stevens, Alternate, Montgomery County

OTHER BOARD MEMBERS PRESENT

1. Unique Morris-Hughes, Principal, District of Columbia

DC WATER STAFF

1. Amber Jackson, Chief People Officer, and Executive Vice-President & Interim Chief Legal Officer
2. Matthew Brown, Chief Finance Officer and EVP, Finance, Procurement, & Compliance & Interim COO
3. Kirsten Williams, Chief Administration Officer and EVP
4. Michelle Rhodd, Secretary to the Board

INTERNAL AUDIT STAFF

1. Tiffany McCoy, Cherry Bekaert
2. Rachel Drishinski, Cherry Bekaert
3. Chris Leffler, Cherry Bekaert

Christopher Herrington, Chair, called the meeting to order at 11:00 AM. The meeting was conducted via MS Teams. Secretary to the Board Michelle Rhodd called the roll.

I. ENTERPRISE RISK MANAGEMENT (ERM) UPDATE

Francis Cooper, Director of the Enterprise Program Management Office, and Chris M. Collier, Vice President, Water Operations, provided the ERM update.

Non-Revenue Water Initiative

Non-revenue water (NRW) represents revenue losses due to both apparent (non-physical revenue losses) and real (physical volumes lost) losses, which is derived by calculating the difference between water supplied and water billed. As of the end of FY 2025, NRW accounts for approximately 36% of supplied water.

Mr. Collier stated that the goal is to reduce NRW to below 10%, while the industry standard is 10% to 18%. He noted that some of the calculated NRW may not be real losses. The apparent and real loss analysis will aim to identify which portion of the loss is real.

In response to a question from Committee member Anthony Giancola, Mr. Collier estimated it will take up to three years to mitigate NRW related to metering issues, with the possibility of reducing that timeline to one and a half years to two years with adequate funding and resources. He stated that the metering issues must be addressed first to provide guidance on how to go through the rest of the pressure zones to identify apparent versus real losses.

Mr. Collier noted the Authority's lack of confidence that the metering at the Washington Aqueduct is 100% accurate with respect to the amount of water leaving the facility. To address this, the Authority will be installing its own meter within the Aqueduct to accurately record flows and match these values with the amount delivered to customers. He expressed hope that the new meter will reduce apparent losses.

Further investigation of real losses will entail leak detection, the valve and hydrogen assessment program, billing investigations, and assessment of the mains. He clarified that the first goal is to reduce the NRW to 15% before aiming for a target of below 10%. He also noted that the provided figures are from the FY 2024 audit, as the FY 2025 figures are pending completion of the year-end water audit. Chair Herrington shared that in his experience from work in Texas, 12% to 14% for large utilities is a reasonable goal for water loss.

In response to a question from Committee Chair Christopher Herrington, Mr. Cooper confirmed that, based on the current data validity score of 51 out of 100, it is estimated that real losses account for approximately 90% of losses.

Mr. Cooper discussed planned activities, including technological investments for leak detection technologies and the integration of AI. In 2025, DC Water deployed Gutermann acoustic leak detection correlators to optimize field crews' accuracy in leak detection, increasing leak detection accuracy by 65% since June 2025. Gutermann's non-destructive technology and FIDO's AI-enabled acoustics approach are the currently recommended leak detection technologies for the Authority.

Mr. Cooper then reviewed future activities for NWR reduction, including improving unmetered connections and overall infrastructure assets, advancing the 1.5% per year valve-replacement rate, upgrading the condition assessment program for large diameter transmission mains, and improving collaboration across customer care, engineering, operations, and permit operations. Further steps may include using an AWWA-leveraged performance dashboard, building NWR-centric policies, improving SOPs, and process improvements for metering. Mr. Cooper also highlighted a goal to improve Board engagement through the Enterprise Risk Management Committee to build an action plan for full remediation.

Mr. Herrington confirmed the importance of Board engagement to the Authority's risk management strategy, noting improved participation in this year's risk assessment survey, with nine of eleven Board members responding.

Bottoms-Up Approach Update

Mr. Cooper provided an update on the Authority's bottoms-up approach, noting that a top-down approach, where risk management is driven by the Board through the senior executive team to the depths of the organization, was implemented in 2023. In March 2025, the Authority began the groundwork for a bottoms-up approach, which brings risk from an operational and a tactical level up through the governance structure to the Board.

In April 2025, departmental roadshows introduced the approach to the rank and file of the organization. In August 2025, ERM refresher training was rolled out. The goal to complete all training and roadshows by September 2025 has been met, and a similar approach will be used to introduce the recently acquired Origami module to support full engagement across the organization.

ERM Training Update

ERM 101 training reached 98% of non-union employees with compliance suite training, while the four training sessions for ERM 201 reached 116 of 291 employees of Grade 17 and above. ERM 202 training sessions planned for Q2. Training for the Board will be delivered first to the Audit and Risk Committee, then to the broader Board if requested. The next step in the implementation of the bottoms-up approach is to establish an ERM annual report to share with the Board and external resources as needed.

Mr. Herrington inquired about the timeline for Board ERM training. Mr. Cooper noted that the Board Secretary and Board Chair will help determine whether the training will be delivered to the full Board or only to the Audit and Risk Committee.

II. FY 2025 INTERNAL AUDIT PLAN

A. FY 2025 INTERNAL AUDIT PLAN STATUS UPDATE

Tiffany McCoy of Cherry Bekaert reviewed the internal audit plan, beginning with an update on FY 2025.

In Q4 2025, the Strategic Plan Monitoring Audit and the External SCADA Environment Penetration Testing Audit were completed. Audit fieldwork for the Budget Monitoring Audit, the Contract Compliance Audit, and the Third-Party Vendor Management was also completed and is being finalized with Management in preparation for a report to the Committee in January 2026. The FY 2026 Risk Assessment is also complete.

B. STATUS UPDATE ON PRIOR AUDIT FINDINGS

Rachel Drishinski, Cherry Bekaert provided the prior open audit findings quarterly update. Seven prior audit findings were closed in the last quarter: two high risk, three moderate risk, and two low risk. The closed findings were from the FY 2017 Entity Level Assessment and the FY 2025 Facilities Work Order Management Audit. Additionally, two of the oldest engagements were closed, the FY 2017 Entity Level Assessment and the FY 2023 Payroll and Timekeeping Audit.

Only two engagements remain from prior to FY 2025, both from FY 2023.

There are seven open high-risk prior audit findings: one from the FY 2023 Fleet Management Audit, two from the FY 2025 Facilities Work Order Management Audit, and four from the FY 2025 Safety Audit. The target completion date for the Fleet Management item has been extended from September 30, 2025, to December 31, 2025.

Ms. Drishinski also provided a status update on the FY 2017 to FY 2024 prior audit findings. The FY 2023 Work Order Management finding action plan will not be implemented until 2028, while the FY 2023 Fleet Management Audit findings will be completed by October 31, 2025, and December 31, 2025, respectively.

Mr. Herrington noted the significant progress in closing older audit items.

With respect to FY 2025 findings, from the four completed audits there are 28 findings, of which eight have been closed.

Finally, Ms. Drishinski noted Management's goal of eight months for internal audit follow-up remediation actions. As of 2025, the average remediation time is well below the target at approximately five months.

C. HOTLINE UPDATE

Ms. McCoy provided the Fraud, Waste, and Abuse Hotline update.

In FY 2025, 19 allegations were received. Fifteen of the reported cases have been closed, and four remain open for investigation.

D. RISK ASSESSMENT RESULTS AND PROPOSED FY 2026 AUDIT PLAN

Ms. McCoy provided the report.

The risk assessment process proceeded in four phases: survey, analysis, an internal audit plan, and reporting. Surveys were issued to Board and Authority employees, and there was good participation from both groups. The results were synthesized based on responses provided by Management. Based on the assessed risks, Management priorities, and resources, audits were ranked and prioritized to address the greatest risks holistically. Ms. McCoy stated that ad hoc requests can be raised during the year based on Management's needs.

Risk assessment criteria included consideration for both the likelihood and the impact of a risk, each of which could be rated low, medium, or high.

The top risks identified by the Board were related to the following categories:

- Financials & Reporting
- Legal & Regulatory Compliance
- People/Culture (Talent Acquisition & Employee Quality and Knowledge)
- Operational
- Cybersecurity
- Governance Reporting & Communication

The top risks identified by the DC Water leadership were related to the following categories:

- Financials & Reporting
- Legal & Regulatory Compliance
- People/Culture (Talent Acquisition & Employee Quality and Knowledge)
- Pressure to Perform
- Reputational Risk

Ms. McCoy highlighted the similarities and differences in the lists and advised the Committee to reflect on where the Board and staff may be out of alignment. She also noted the list of departments that did not participate in the survey.

The overall top identified risk themes were: Financials & Reporting, Legal & Regulatory Compliance, People/Culture (Talent Acquisition & Employee Quality and Knowledge), and Pressure to Perform.

In response to a question from Mr. Herrington, Ms. McCoy confirmed that the survey was issued to all employees identified as key persons to provide insight.

In response to a question from Committee member Sarah Motsch, Ms. McCoy stated that she would provide more information on staff's selection of Pressure to Perform as a key risk, noting definitions related to this risk include the risk associated with the level of expectations from key internal or external parties, where low is no or little expectations, moderate is reasonable expectations, and high is unreasonable or a significant amount of expectations from the two groups.

Mr. Herrington highlighted the Board's focus on operational and cybersecurity risks, which staff did not identify as key risk areas. He suggested that the Board might be focused on new stories about cyber threats to utilities in the United States, while staff may feel these risks are being well addressed. He questioned whether the Board was missing something in terms of identifying operational risks that staff did not. Mr. Cooper observed that the results are common as staff tend to be closer to the operational controls that are in place and often focus on risks beyond staff's control.

Mr. Herrington also noted that the Board identified the theme of Governance Reporting & Communication as a risk area while staff did not, stating that only 12 of 27 members of DC Water leadership responded.

With respect to staff's emphasis on performance expectations, Dr. Matt Ries, Vice President, Strategy and Performance, noted that the perspective of those whose day-to-day job is to perform on programs and projects differs from the Board's view, where there is less pressure to perform.

Finally, Mr. Herrington inquired whether the overall risk identification process is working as intended and whether staff and the Board are getting what they need from the process. Committee member Jed Ross stated that the process is effective and the categories are relevant. Mr. Cooper stated that the Authority has been working toward this process since 2023 in response to a FY 2017 audit finding and has benefited from the visibility that ERM is getting with the Board and from the Board's support. He highlighted investments in staff and technology to continue to

improve and mature ERM processes. Dr. Ries also noted the evolution of ERM since CEO David Gadis joined the Authority in 2018, and opportunities to leverage the survey results to enhance internal awareness. Committee member Jimmy Ortiz highlighted the value of the ERM tools for new members of the Board. Board Chair Dr. Unique Morris-Hughes stated that the discussion was exactly what she had hoped for from the process and confirmed she would work to encourage a better staff response next year.

Ms. McCoy then reviewed the FY 2026 Internal Audit Plan, which continues to include cycle audits for areas with a higher volume of transactions, ad hoc audits for issues that have been escalated by leadership, and Management assessments, which are advisory opportunities for a preliminary evaluation to help assess maturity and provide recommendations.

Finally, Ms. McCoy provided an overview of the engagement planned for FY 2026, highlighting the justification for some proposed engagements. The Cloud Security Audit was an ad hoc request for FY 2025 that is scheduled in the 2026 plan. The Operational Technology Resiliency Audit was recommended to help facilitate preparation before conducting the Internal SCADA Environment Assessment.

The Customer Billing and Collections Audit is a cycle audit of a high-transaction area. This year, a Procurement Contracting and Contract Compliance Audit will be added to the internal audit scope.

With respect to the People and Talent area, a Recruitment, Performance Evaluation, Compensation Analysis & Training/LMS Assessment will be performed to address issues raised by both Board and staff survey results.

An Asset Management Lifecycle Audit will review how the Authority handles its assets, and a new Work Order Management Audit will focus on the Department of Maintenance Services. To address a request from Emergency Management, the Emergency Management Policy Gap Analysis will provide support with the high volume of policies assigned to the unit.

The Physical Security – HQO and Fort Reno Audit is a cycle audit focused on two locations that differ from those reviewed in the last engagement. Finally, the Legal Operational Audit was identified to review the different areas the Legal Department is responsible for across the organization.

Mr. Herrington expressed appreciation for the Emergency Management Audit, noting that in his own organization, some new deficiencies are always identified and mitigated in these audits.

Ms. McCoy requested that Cherry Bekaert be provided with two points of contact for each engagement going forward.

III. EXECUTIVE SESSION

The Committee met in executive session to discuss facility security matters under D.C. Official Code § 2-575(b)(8).

IV. ADJOURNMENT

The meeting adjourned at 12:27 PM.



**MINUTES OF THE MEETING
DC RETAIL WATER AND SEWER RATES COMMITTEE
OCTOBER 28, 2025
(via Microsoft Teams)**

COMMITTEE MEMBERS PRESENT

1. Howard Gibbs, Vice Chairperson, Principal
2. Anthony Giancola, Principal
3. Unique Morris-Hughes, Principal
4. Richard Jackson, Principal
5. Jed Ross, Principal
6. Robert Hawkins, Alternate
7. Alexander McPhail, Alternate
8. Jimmy Ortiz, Alternate

DC WATER STAFF

1. David L. Gadis, Chief Executive Officer and General Manager
2. Matthew Brown, Chief Financial Officer and Interim Chief Operating Officer
3. Kirsten Williams, Chief Administrative Officer and EVP
4. Barbara Mitchell, Associate General Counsel and Director of Government and Legal Affairs
5. Michelle Rhodd, Secretary to the Board

The DC Retail Water and Sewer Rates Committee meeting was called to order by Howard Gibbs, Vice Chairperson, at 9:30 AM. Board Secretary Michelle Rhodd called the roll.

Vice Chairperson Gibbs requested that the Committee be given a briefing at a future meeting on the proposed legislation by Councilmember Allen.

I. MONTHLY REPORT TO THE DC RETAIL WATER AND SEWER RATES COMMITTEE

Syed Khalil, Vice President, Rates and Revenue, presented the monthly report for the period ending September 30, 2025, highlighting that the fiscal year ended with favorable variances in revenues overall. The cash receipts totaled \$978.5 million or 102.8 percent of the FY2025 Revised Budget of \$951.9 million. He also noted the accuracy of Rates

and Revenue team's forecast in comparison to the target of five percent of total revenue, the actual total receipts were \$8.2 million higher than the mid-year projection.

The receipts for the Residential, Commercial and Multi-family categories were favorable at \$576.8 million or 105.3 percent of the revised budget. The higher receipts were partly due to higher CRIAC receipts in the Residential, Commercial and Multi-family categories than the budget. The Multi-family consumption was also higher than the budget. The Federal and Wholesale customers made all quarterly payments within the year. The receipts for the District Government were slightly lower than anticipated mainly due to lower consumption. The D.C. Housing Authority had unfavorable variance due to lower consumption, which was due to declining occupancy, redevelopment of some properties, and the movement of some properties to Residential and Multi-family categories.

Mr. Khalil reported that despite the current shutdown, the federal government made a first-quarter payment of \$18.9 million on October 2, 2025. This represents 76.5 percent of the quarterly amount due. This will be reported in next month's report. Finance is monitoring federal payments while the shutdown continues.

Delinquent accounts increased by \$0.8 million overall in September compared to August. This includes a \$1.9 million increase in Commercial category, a one million decrease for Multi-family category, and a \$0.1 million decrease for Residential category. The large delinquency increase in Commercial category is due to a matter where Georgetown University moved a meter, resulting in the meter not being read for an extended period. Georgetown University is disputing the \$2.1 million past charges. In response to the Board member's question regarding the Georgetown University delinquency, Meisha Thomas, Director of Customer Care, explained that the University was back billed for all water consumption recorded on a meter that had been relocated during construction without DC Water's knowledge. Although no penalty was assessed, the University had been informed that back-billing would occur. The charges included all applicable consumption-based fees, such as Water, Sewer usage, Water System Replacement Fee and PILOT/ROW fees.

Mr. Khalil reviewed progress on Developer Deposits, noting that 12 accounts were refunded in September 2025 for an approximate total of fifty four thousand dollars. In FY2025, a total of \$3.1 million were refunded to 250 accounts.

II. DC WATER CARES PROGRAM UPDATE

Meisha Thomas, Director of Customer Care, presented an overview of the FY2025 DC Water Cares Assistance Programs and collection activity performance.

Ms. Thomas noted that DC Water's Customer Assistance Program (CAPs) align with all five of the Environmental Protection Agency's recognized customer programs and include

options for bill discounts, flexible payment terms, lifeline rates for the first four cubic feet (CCFs) of water, temporary assistance through the SPLASH program, and water efficiency measures supported by the new Leak Assessment Program.

The new CAP+ program provides a discount on the first six CCFs of Water and Sewer usage, in addition to the discounts provided to CAP1 program customers. DC Water funds CAP+, CAP1, and CAP2, while CAP3 and Non-Profit CRIAC are funded by the District Government.

In FY 2025, 4,503 customers were enrolled in CAP programs and received \$3.8 million in assistance. The Customer Care Department is reviewing past data to find ways to increase CAP enrollment. These measures will include a flyer distributed to customers who were in a CAP program in the last three years to encourage re-enrollment. The Department of Energy and Environment is creating an auto-enrollment program for FY 2027 to include customers who receive assistance through the Supplemental Nutrition Assistance Program or Temporary Assistance for Needy Families.

The Residential Leak Assessment and Repair Program launched in FY 2025 with \$500,000 in funding from DC Water has a remaining balance of \$287,000. The Authority has committed another \$500,000 for FY 2026. The program identifies residences enrolled in CAP programs that have high water usage and dispatches a plumber to assess the site for addressable leaks. The customer is provided with the assessment report and contact information for two plumbers authorized to perform repair work for the Authority. Customer feedback on the program has been very positive. For FY 2025, 281 customers received assessments and 113 completed repairs.

A request for proposal will be issued in FY 2026 to identify more plumbers to participate in the program, with a goal of leveraging economies of scale to receive higher discounts from participating plumbers.

Committee member Alexander McPhail inquired why fewer than half of the customers who received assessments followed through with repair work. Ms. Thomas stated that the it is on the customer to follow through with calling the plumber for repairs but in the new year, there are plans to begin issuing a series of reminders to customers to increase the completion rate. She confirmed that the plumber who provides the assessment does not complete the repair work in order to minimize the risk of assessment plumbers inflating the need for repairs. Committee member Jimmy Ortiz inquired whether it is possible for the Authority to make the repair appointments to increase follow-through. Ms. Thomas stated that this is a possibility if the option is permitted in the program MOU. It was noted that completing repairs is a benefit to the customers because it reduces their monthly bills.

Ms. Thomas then reviewed the Payment Plan Incentive Program, which was initiated in FY 2024 to run through FY 2026. The program allows customers with bills of over \$500 and 60 days late to set up a payment plan where, after every three consecutive months

of payments, the Authority will credit 40% of the payments made toward the account balance. She noted that customers continue to be eligible for the 40% adjustment after each three months of payments. For FY 2026, the Board authorized that the adjustment would be increased to 50%. In FY 2025, 2,250 accounts totaling approximately \$601,000 received adjustments through the program.

The donor-supported SPLASH program provides emergency assistance to eligible customers and is administered by the Greater Washington Urban League. In FY 2025, 240 customers received SPLASH assistance for a total of \$81,007, of which \$67,129 was offset by donations. The donation goal for FY 2026 is \$100,000.

Ms. Thomas then provided an update on the Authority's collections activities, beginning with a review of the collection actions occurring from the first day a bill is late through to over 60 days past due.

For FY 2025, 5,320 delinquent accounts were resolved totaling approximately \$9.5 million in collected arrears. Over 19,000 customers created installment plans while approximately 12,500 defaulted. Past due reminders were sent to 162,000 customers, 54,000 received disconnection notices, and nearly 13,000 disconnections were performed in the field. Liens were placed on nearly 70,000 properties.

The top three most effective collection activities included disconnections, payment plans, and participating in DC Office of Tax and Revenue's Tax Sales, through which 354 accounts are pending to be resolved by adding DC Water's bill to the sale proceeds.

Ms. Thomas shared a new report identifying the cost to perform collections, which totaled just over \$2 million for FY 2025.

There were a total of 12,695 disconnections for all rate classes in FY 2025 and 143 for Multi-family residences, of which 46 were still disconnected as of September 30, 2025, and 11 were restored without authorization. Ms. Thomas noted that 25 of the 46 still disconnected have no usage and are likely vacant, while those that restored water without authorization were subsequently turned off and charged a fine per the new tiered fee structure.

III. DC RETAIL WATER AND SEWER RATES COMMITTEE WORKPLAN

Mr. Khalil reviewed the proposed Committee workplan for FY 2026, which includes Establishment of Retail Rates, Fees & Charges for FY 2027 & FY 2028, 2025 Cost of Service Study for Water, Sewer, CRIAC, Groundwater and High Flow Filter for Backwash rates, and 2026 Cost of Service Study to Amend System Availability Fee (SAF).

Dr. McPhail requested that the Committee be provided with the scope for the Cost of Service Study and a comparison of Retail rates over the last five years.

IV. AGENDA FOR NOVEMBER 18, 2025, COMMITTEE MEETING

The meeting on November 18, 2025, will include the monthly update, the Committee workplan, and any other items the Committee wishes to discuss.

V. ADJOURNMENT

The meeting adjourned at 10:23 AM.

Follow-up Items:

1. Provide the Retail Water and Sewer Rates Committee with the scope for the 2025 cost of service study for water and sewer and a comparison of Retail rates for the last five years (Mr. McPhail).
2. Provide briefing on the proposed legislation by Councilmember Allen (Vice Chairperson, Mr. Gibbs).

dc

CEO's Report

NOVEMBER
2025



ACCOUNTABILITY TRUST TEAMWORK CUSTOMER FOCUS SAFETY WELL-BEING

Inside

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dc Highlights

Chair Morris-Hughes, and members of the Board, it is my pleasure to present you with the CEO's Monthly Report for November 2025. This report captures the highlights of the team's efforts over the past month, across the five cascading imperatives of the Blueprint 2.0 strategic plan: **Equitable, Sustainable, Resilient, Reliable, and Healthy, Safe and Well**. There are also individual reports from Finance and Procurement; Administrative; Customer Experience; Information Technology; Operations and Engineering; and People and Talent, as well as the monthly update from Internal Audit.



Office of the People's Counsel Water Summit



On Monday, September 29, DC Water attended the first-ever Water Summit hosted by the Office of the People's Counsel (OPC). The Authority attended in a strong and coordinated manner. A thank you note, from the OPC appreciated "that DC Water came ready to serve and engage. That commitment not only strengthened the event, but helped us deliver real value to the community."

The OPC expressed admiration for the leadership and dedication of **Emanuel Briggs** (Director, Community Affairs / Administrative) and his team. I am grateful for Mr. Briggs' and his team's ability to juggle multiple engagements, while still providing outstanding customer service at each stop along the way. Additionally, **Marcus McKenzie** (Senior Manager, CIS and Performance Control / Customer Care) participated in a utility panel and conducted a separate presentation highlighting our world-class suite of Customer Assistance Programs to support our most vulnerable households.

I would like to thank the entire team for adding such value to the OPC Water Summit.



Hosting His Excellency Abdullah Al-Abdulkarim, President of the Saudi Water Authority



On October 7, I had the honor of hosting His Excellency Abdullah Al-Abdulkarim, President of the Saudi Water Authority, along with his delegation. Their visit to DC Water marked the final stop of their U.S. tour, which took place from October 1 – 7. The visit began with a guided tour of our Blue Plains Advanced Wastewater Treatment Plant, led by **Nick Passarelli** (Vice President, Wastewater Operations) and **Omar Jadouo** (Senior Specialist, Process Engineer).

After the tour, the delegation visited HQO, where I, along with members of our Senior Executive Team, delivered a presentation highlighting key aspects of DC Water's operations – including our governance structure, rate framework, strategic performance and innovation, and customer care. These were areas of particular interest to our guests.

Special thanks to **Schannette Grant** (Vice President, Stakeholder Engagement/OMAC) and her team, along with **Anthony Nelson** (Executive Assistant, OMAC), for their exceptional coordination of this important visit.

Resilient
WEFTEC Presentation with Anna Murray

On Sunday, September 28, it was my honor to present and share the stage with Anna Murray, of Australia's Barwon Water, at the Water Environment Federations Technical Exposition and Conference (WEFTEC). The session was part of the Leading Utilities of the World series and aimed at executive leadership across the sector.

My remarks centered around our twin priorities of establishing a second source of drinking water, and protecting the first source, with smart infrastructure to reduce non-revenue water loss. My presentation and remarks were very well received, and generated many questions from attendees.



dc Highlights



Team Blue Wave Shines at WEFTEC



While at WEFTEC, our Operations Challenge team competed in numerous events against other utilities from around the country. I am proud to share that Team Blue Wave had another outstanding performance, placing first overall in the Collections competition among the many utilities competing against them. Although DC Water did not place in the top three overall, our performance was exceptionally competitive, and the team took great pride in the Collections victory.

I would like to thank our coach / captain, **Gregory Stephens** (Foreman, Pumping Operations / Engineering and Operations) for his coaching, leadership and enthusiasm that has made Team Blue Wave among the very best in class.

Healthy, Safe and Well

LFDC Celebrates 10,000th Lead Service Line Replacement



I'm thrilled to share that DC Water has reached a major milestone in our Lead Free DC (LFDC) program – completing our 10,000th lead service line replacement since the program launched in 2019. In just six years, we've completed nearly 25 percent of the estimated replacements needed across the District – an incredible pace that reflects the power of collaboration and community commitment.

To mark this momentous occasion, Washington football legend and NFL Hall of Famer Darrell Green joined me and our DC Water team to surprise our honorary 10,000th customer, Ms. Brittny Gartrell, with a special celebration. Ms. Gartrell, who participated through our Block-by-Block program, received a signed football and DC Water memorabilia during the event, which was also covered by local media.

This achievement is a testament to the dedication and tireless work of our DC Water crews, contractors, and the LFDC team, as well as the strong partnerships we've built with local government and our community. We're especially grateful to the thousands of customers who have participated in the program and helped us move closer to a lead-free future.



Divisions

The CEO report includes service level based key performance indicators. These are indicators for which the teams have established or confirmed response and resolution times in which to perform the related work. This is assisting us in identifying productivity and resource needs as well as benchmarking ourselves against other utilities. It is important to note that where teams may not meet the Service Level Targets set for a specific metric, it does not mean the work is not getting accomplished. The teams are doing a tremendous job and continue to strive to meet high performance expectations.

The data in the CEOs Monthly Report reflects the most recent information available at the time of production and printing.



Finance, Procurement, and Compliance

Financial Metrics

Metric	Target	June-25	July-25	Aug-25	Sept-25
Operating Cash Balance (Millions \$)	\$329.1	\$383.5	\$377.1	\$363.5	\$333.7
Delinquent Account Receivables (%) †	3.30%	4.40%	4.18%	4.12%	4.16%
On-time Vendor Payments (%) ****	97%	97%	97%	96%	96%
Investment Earnings Data (Millions \$)	\$9.5	\$10.9	\$12.2	\$13.6	\$14.8
Core Investment Yield Data (%) - Merrill Lynch 1-3 Year Treasury Index *		3.8%	4.0%	3.7%	3.7%
Core Investment Yield Data (%) - Actual Monthly Yield ††	3.82%	4.4%	4.5%	3.6%	4.1%
Short Term Investment Yield Data (%) - Merrill Lynch 3-Month Treasury Index *		4.3%	4.3%	4.1%	3.9%
Short Term Investment Yield Data (%) - Actual Monthly Yield ††	4.06%	3.8%	3.9%	4.1%	3.9%
Days of Cash on Hand** and ***	282**	381	372	358	331***

Notes:

* Represent annual Treasury Index targets developed and provided by the Authority's investment advisor.

** 282 days of cash is the Board policy requirement for annual days of operating reserves excluding the Rate Stabilization Fund.

***331 days of cash is made up of 36 days in the Rate Stabilization Fund and 295 days in the operating cash balance. As part of the March 2022 debt issuance, the Authority is required to spend bond proceeds to reimburse itself for capital expenditures from the concentration account within three years. Finance reimbursed \$105 million before the three year requirement date (March 2022 to March 2025)

**** On time payment percent decreased to 96 percent due to some untimely invoice approvals. Departments have experienced delays in approving invoices. At year-end purchase order modification requests are contributing to longer processing times.

Metrics Explanations:

† Delinquent account receivables as a percentage of 12-month rolling average retail revenue. The delinquent account receivables increased due to the impact of COVID-19.

†† Investment earnings lag the benchmarks. We are in a rising interest rate environment. As lower yielding investments are sold and reinvested, performance is expected to improve.

Finance Highlights

FY 2025 Financial Performance

The information presented here are preliminary estimates that could change based on year-end financial transactions and the annual financial statement audit. The FY 2025 year-end closeout activities, including preparation for the financial statements audit in accordance with United States Generally Accepted Principles, is currently underway and are expected to be completed in late December 2025.

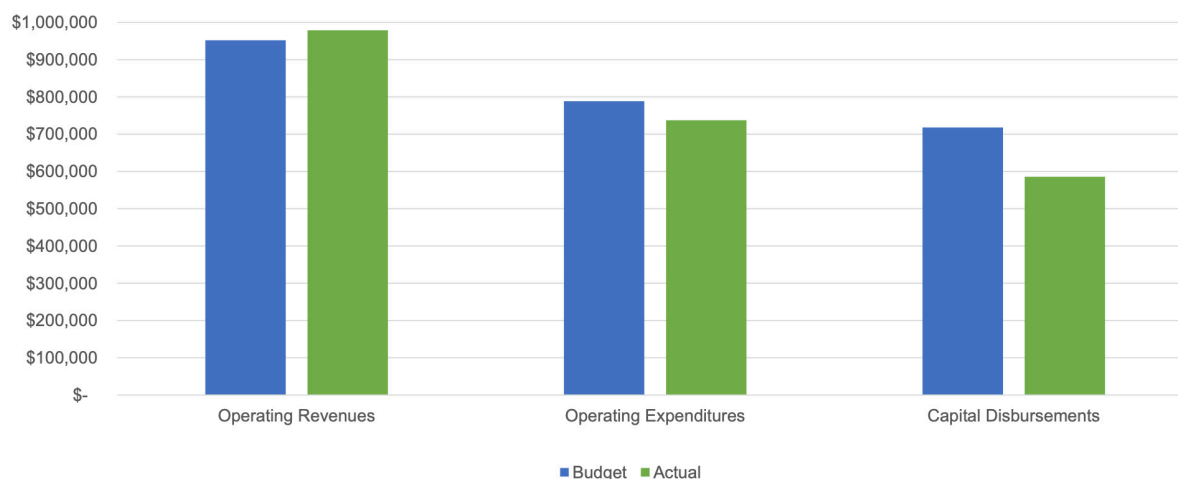
DC Water ended FY 2025 favorably with actual revenues above budget and estimated operating expenditures and capital disbursements below budget. Total operating expenditures were \$737.0 million or 93.5 percent of the revised budget and capital disbursements were \$584.1 million or 81.4 percent of the revised budget. We met the \$51 million spending mandate for overall operating expenditure, and the spending restrictions put in place have been lifted. We will continue to be prudent in administering the budget by focusing resources on our core objectives, delivering value, and aligning with our strategic plan.

Total operating revenues were \$978.5 million or 102.8 percent of the revised budget. The higher receipts are partly due to higher CRIAC in the Residential, Commercial and Multi-family categories and higher consumption for the Multi-family category as compared to the revised budget. The September 2025 receipts for Residential, Commercial and Multi-family were higher by \$11.3 million, as compared to the revised monthly budget of \$45.7 million. The receipts also include the Blue Drop contribution of the District's share of \$4.9 million.



Finance, Procurement, and Compliance

FY 2025 Year to Date Performance Budget vs. Actuals (\$000's)



Procurement and Business Development

In September, the DC Water Board approved six procurement actions. The total value of the eligible procurement actions was \$13.59 million. Of this total, the planned certified firm participation is \$3.6 million (in prime and subcontracting opportunities).

Highlights

Certified Firm Participation

- In September, six certified firms won awards (contracts and subcontracts) on DC Water projects. DC Water continues to be on pace to meet its construction and services goals for certified business utilization.
- One certified firm won an award as a prime contractor with DC Water.
- One firm won its first (sub)contract with DC Water.

Process Improvement

- Procurement and Compliance are continuing to work with the EPMD to review, revise, and update the department's processes and procedures.
- Procurement is working with the CIP Infrastructure Management Team (Engineering) on reprogramming FY '26 funding for Oracle Primavera (Unifier).
- Procurement and Compliance continued its team building activities and participated in its second DC Water site tour. Hosted by Kevin Jhingory, the team visited Fort Reno and surrounding sites.
- Met with IBM to discuss options for Maximo sustained support beyond April 2027. The IBM product team is preparing a proposal for sustained support until April 2028.
- Procurement assisted the Finance Department with updates on Subscription Based IT Arrangements (SBITA) for FY25 in support of GASB 96.
- G&S produced 48 POs and MM produced 310 POs in the month of September.

Outreach and Engagement

- Washington Gas "Biz Pitch" Event. DC Water participated in the September 16th event, which was mock competition between eight business owners who presented their firms to a panel of judges. DC Water staff served as a judge, alongside representatives from Accenture, Pepco / Exelon, and Washington Gas. The second part of the event featured networking with small construction and supplier firms from the region.
- DDOT Small Business Resource Fair. DC Water participated in the September 18th event, hosted by the District Department of Transportation. In total, the team met with nearly 25 firms who are interested in pursuing DC Water procurement opportunities.
- GWHCC "Savor the Night". On September 23, 2025, the Greater Washington Hispanic Chamber of Commerce (GWHCC) held its annual "Savor the Night" event, which was held at DC Water. DC Water staff participated, including delivering brief remarks, as well as, networked with several of the attendees.
- Continued our "Vendor Day" contractor engagement efforts. During this reporting period, meetings were held with six new and existing contractors interested in capital procurement and Goods and Service opportunities.



Finance, Procurement, and Compliance

Procurement and Business Development – continued

Upcoming Business Opportunities: All current and planned solicitations are available at dcwater.com/procurement. Those upcoming in the next three months are shown below.

Goods and Services:

Project Title	Description	Solicitation Type	Contract Type	Contract Term	Estimated Total Contract Value	Inclusion Program	Planned Solicitation Month and Year
Belt Press Overhaul Project	Equipment Upgrade and Installation for 10 belt presses	Request For Information	Master Service Agreement	1 year	\$1-\$5M	TBD	September, 2025
Boat Repair	Marine Vessel Maintenance and Repair Services	Request For Quote	Contract	1 year	< \$1M	DBE/WBE	September, 2025
Fleet Management Information System	Fleet Management Information System for the management of the DC Water Fleet	Request For Proposal	Master Service Agreement	5 years	\$1-\$5M	DBE/WBE	September, 2025
Fleet Vehicle Procurement for 2026 vehicles	Fleet vehicle purchases for 2026 to support DC Water departments with new or replacement vehicles	Request For Proposal	Master Service Agreement	1 year	\$1-\$5M	DBE/WBE	September, 2025
ROCIP VI and OCIP Insurance Premiums	Insurance Broker that provides coverage for capital construction contractors and subcontractors	Request For Proposal	Master Service Agreement	3 Years Base + Option Years	>\$1M	DBE/WBE	September, 2025
Emergency Alerting System	Emergency Alerting Systems for DC Water employees and residents. Outage and Incident Reporting Platform	Request For Proposal	Master Service Agreement	5 years	\$1-\$5M	DBE/WBE	September, 2025
Electric Energy Services and Electricity Generation and Transmission	Qualified firm to provide on-going need for retail electricity services	Request For Proposal	Master Service Agreement	3 Year Base + Option Years	>\$1M	DBE/WBE	September, 2025
Uniforms	Work Uniforms and Accessories	Request For Proposal	Master Purchase Agreement	5 years	\$1-\$5M	DBE/WBE	November, 2025
HVAC Maintenance & Repair Services	Provide maintenance and repairs to all HVAC systems throughout the Authority	Request For Proposal	Master Purchase Agreement	5 years	\$1-\$5M	DBE/WBE	November, 2025
IT Application Development Services	Multiple awards of MSAs for Task Order based development services	Request For Proposal	Master Service Agreement	3-year Base + Option years	\$1-\$5M	DBE/WBE	November, 2025

– procurement continued



Finance, Procurement, and Compliance

Procurement and Business Development – continued

Capital Projects:

Planned Solicitation	Project Title / Description	Solicitation Type	Contract Type	Estimated Contract / Program Value	Inclusion Program
Sep-25	Small Diameter Water Main (SDWM) Replacement - 19C: ~ 3.55 miles of small diameter water mains ranging from four inch to twelve inches and associated valves and appurtenances.	Competitive Task Order	Construction MSA for Qualified Contractors	\$14M - \$16M	DBE/ WBE
Sep-25	Green Infrastructure Maintenance Contract The purpose of the contract is to maintain DC Water-constructed Green Infrastructure (GI) facilities installed pursuant to the Long-Term Control Plan Consent Decree and other facilities installed to comply with District stormwater regulations as part of Clean Rivers construction projects.	RFQ/RFP	Cost Reimbursement Maintenance Services	TBD	DBE/ WBE
Sep-25	230030.15 Lead Service Line Replacement Contract: Construction Package 22 This Task Order will support the LFDC Capital Improvement Project and Emergency Repair Replacement (CIPERR) program for both the private and public side work	Competitive Task Order	Construction MSA for Qualified Contractors	TBD	DBE/ WBE
Oct-25	Small Diameter Water Main (SDWM) Replacement - 19B: ~ 3.55 miles of small diameter water mains ranging from four inch to twelve inches and associated valves and appurtenances.	Competitive Task Order	Construction MSA for Qualified Contractors	\$14M - \$16M	DBE/ WBE
Oct-25	Small Diameter Water Main (SDWM) Contract 3 Small diameter water mains include those 12-inches in diameter and smaller. Project includes public and private side lead service lines, valves, hydrants, various appurtenances, and restoration of public and private space. Design-Builder will need to provide various public outreach efforts associated with the project.	RFQ/RFP	Progressive Design Build (PDB)	\$66M - \$71M	DBE/ WBE

– procurement continued



Finance, Procurement, and Compliance

Procurement and Business Development – Capital Projects continued

Planned Solicitation	Project Title / Description	Solicitation Type	Contract Type	Estimated Contract / Program Value	Inclusion Program
Oct-25	On-Demand Operations Support (New MFU) MSA Contract This procurement will solicit qualified contractors for multiple contracts to perform miscellaneous upgrades to sewer, wastewater, and water facilities, including but not limited to process equipment, piping systems, electrical, mechanical, instrumentation and controls. Some of the major items of work include response to high priority, critical, and emergency work and other specialized services.	RFQ	Construction MSA	TBD	DBE/WBE
Nov-25	Collaborative Facilities Upgrades (CFU) PDB - Multi Award: This procurement will solicit qualified Progressive Design Build (PDB) contractors for multiple contracts. A single RFQ will identify a short list of qualified providers followed by RFP(s) for technical proposals. The scope of the contracts includes various upgrades to vertical sewer facilities, vertical stormwater facilities, and upgrades to infrastructure within the Blue Plains Advanced Wastewater Treatment Plant to enhance reliability, resilience and operational integrity. Each contract will have specific assigned scopes of work for specific facilities, with additional contract capacity reserved for on-demand, urgent, and emergency work.	RFQ/RFP	Progressive Design Build (PDB)	Up to \$500M	DBE/WBE



As of this report, DC Water Contractors have filled 87 new positions in FY 2025. Seventy-six of those positions, or 87 percent, have been filled by local residents. The table below highlights the total new hires for FY 2025.

Location	# of New Hires
District of Columbia	23
Prince George's County	31
Montgomery County	2
Fairfax County	9
Loudoun County	0
Outside the User Jurisdiction	11



Fleet, Facilities, Safety, Security and Emergency Management

Administration Metrics

Metric	Target	Aug-25	Sept-25
FACILITIES: Preventive Maintenance Completion Rate	90%	98%	98%
FACILITIES: Service Request Completion Rate	90%	91%	90%
FLEET: Priority One Vehicles In-Service	90%	84%	84%
FLEET: Technician Resource Allocation	50-90%	56%	50%
FLEET: Technician Productivity	81%	78%	79%
SAFETY: DC Water Employee Recordable Incident Rate (RIR) (FY)	< 2.5	2.54	2.32
SAFETY: DC Water Employee Lost Time Incident (LTI) (FY)	< 1.1	1.72	1.49
SAFETY: Contractor/ROCIIP Recordable Incident Rate (RIR) (FY)	< 2.4	1.1	0.9
SAFETY: Contractor/ROCIIP Lost Time Incident (LTI) (FY)	< 1.0	0.4	0.4
SECURITY: Security Camera operational uptime	90%	96%	97%
SECURITY: Smart card readers operational uptime	90%	97%	97%
SECURITY: Percent of security investigations completed within 21 days	95%	100%	100%

Fleet Metric 1: Priority One Unit Availability measures the percentage of units available to meet the organization's operational mission. The target is 90 percent. In September, 84 percent of P1 vehicles were available for operation. It is important to note that through our robust replacement and disposal strategy, we began FY25 with 247 P1 units and ended this fiscal year with 168 P1 units. However, the rate at which we service vehicles has remained the same. The expectation is that technicians will continue to spend at least 50 percent of their hours focused on serving P1 vehicles..

Fleet Metric 2: Priority 1 Assignment ensures the technician resources are allotted appropriately to the immediate service and repair of P1 units. In this period 51 percent of the technician hours were allocated to P1 vehicles, (prior month 59 percent). The target is at least 50 percent to support the goal of minimizing unit downtime. Technician's remaining hours are split between servicing P2 & P3 units, representing 70 percent of the fleet.

Fleet Metric 3: Productivity tracks technicians on productive versus nonproductive activities, which may be defined as lunch, breaks, and on-site but unassigned duties while clocked in. In this period 78 percent of the technician hours were classed as productive, (Prior month 77 percent). This variation can be explained that anything above 81 percent implies that technicians may be working through breaks/lunch, etc. Taking scheduled breaks is a mandatory, safety requirement, especially when operating heavy machinery. Any drop may be interpreted as idle, non-productive time, and potential lack of supervision. The target is 81 percent ensuring the balance of productive work vs necessary breaks etc.

While focusing on routine maintenance, 73 units were brought in for unscheduled service resulting in oil and filter changes, battery and safety checks, fluid top offs and repair of seasonal equipment. Fleet responded to 50 roadside assistance calls and 42 fuel requests. Additionally, 10 units were sent to auction, **generating \$74,336 in revenue.**


To boost awareness of our DC Water Cares Assistance programs, we:

- Delivered 15,502 flyers via Lead-Free DC Activators.
- Emailed customers about the Leak Assessment and Repair Program.
- Promoted assistance during customer calls and emails.
- Added bill messages to residential customers to ask them to enroll in CAP.

Update on Utility Assistance Enrollment:

Due to a temporary pause in LIHEAP funding, DOEE will not accept new utility assistance enrollments until November 1, 2025. To prevent customers from being penalized by this delay, CAP assistance applications submitted in November will be retroactively enrolled starting from October. Any eligibility approvals received after November will be processed according to the terms outlined in the MOU.

Customer Assistance Programs (CAP)

Program	FY2024 Enrolled	FY2024 Dollars	Sept. Enrolled	Sept. Dollars	# FY25 Enrolled	FY2025 Dollars	FY2025 Budget
CAP +	0	\$0	40	\$197,909	2,174	\$1,537,636	\$1,700,000
CAP I	4,411	\$2,586,698	33	\$142,909	1,863	\$1,225,594	\$3,000,000
CAP II	360	\$160,586	5	\$13,021	238	\$102,654	\$300,000
CAP III	29	\$4,714	2	\$687	54	\$5,749	\$5,570
Non Profit CRIAC Relief	185	\$997,487	37	\$204,982	174	\$900,902	\$900,902

Residential Leak Assessment and Repair Programs (RLAAP and RLRAP)

The program was successful and well received by the customers.

- Most of the leaks repaired were related to toilets, faucets, and hose bibs.
- Many customers with high bills have established payment arrangements, qualifying them for the Payment Plan Incentive program.
- On average, the program has reduced water usage by approximately 5.50 CCF per account.

Participation Update as of 9/30/2025

Program	Eligible	RLAAP Paid Assessments	Paid Assessment Cost	RLRAP Paid Repairs	Paid Repair Costs
CAP+	373	138	\$106,500	53	\$51,725
CAP	303	130	\$97,500	54	\$48,385
CAP2	34	11	\$8,250	6	\$3,750
CAP3*	0	1	\$750	0	\$0
Total	710	280	\$213,000	113	\$103,860

Funding Update as of 9/30/25:

DC Water funds the Leak Assessment - Leak Assessment Program remaining balance - \$287,000

DC Government funds the Leak Repair - Leak Repair Program remaining balance - \$21,140 (after 15% overhead \$5,561.00)

*Completed CAP3 customer assessment in error (Aug-2025). Repair was not completed.



Key Performance Indicators

Metric	Target/ Service Level	July 25	Aug 25	Sept 25
% of bills issued on time (w/in 5 days)	97%	99.3%	99.12%	99.3%
% unbilled	< 2%	0.2%	0.5%	0.2%
Estimated bills as a percent of meters read	< 4.5%	4.87%	4.88%	4.77%
# of bill investigations (Disputes)	trend only	196	212	191
(NEW) % Bill Investigations/Dispute Resolution <= 30 Days	80%	90%	90%	85%
% of calls answered in 60 Seconds (Call Center) (revised)	75%	54%	82%	81%
Monthly call volume served (Call Center)	trend only	12,196	10,971	11,337
Average Wait Time (minutes) (revised)	<0:50	1:55	:37	:39
Abandon rate	3%	6%	2%	2%
Emergency dispatch <= 10 Min (ECC)	> 92%	100%	100%	100%

The team worked hard in FY25 to meet customer expectations as demonstrated in our monthly metrics. We continue to review processes and outcomes to identify improvements and ways to increase customer self service

- Estimated Bills as a Percentage of Meters Read: The result was 0.27 percent below the target. In response to system challenges, the Meter Operations team is implementing initiatives to enhance AMI performance, relocate meters outdoors, and encourage customer compliance. This metric and justification will move to Meter Operations/Water Operations section of the report in FY26.

The Payment Plan Incentive Program participant and payment distribution:

(Starting in FY26, the incentive increases from 40 percent to 50 percent)

The Payment Plan Incentive Program

Adjustment Year	No. Accounts that Received Credits*	Adjustments
FY 2024	470	\$122,307
FY 2025	2250	\$601,461
FY 2026+	114	\$35,091

*This is the total number of distributions. (New accounts with no previous credits - 53.)

+ FY26 adjustments reflect the conclusion of a 3-month payment cycle that ended in September but was adjusted in October. This 40 percent incentive adjustment.

IT Monthly Report

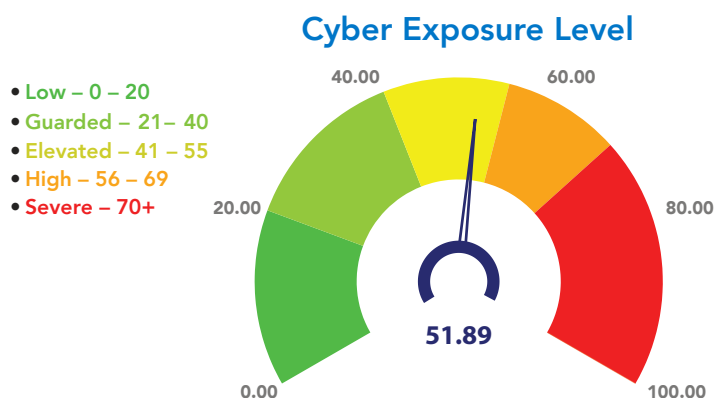
Metric	Target	July 25	Aug 25	Sept 25
Number of tickets submitted	Trend only	1183	883	1035
Number of open tickets	Trend only	70	29	50
SLA Compliance Rate	96%	99.50%	97.60%	100%
Number of active projects	Trend only	14	12	12
Number of completed projects	Trend only	3	4	4
On schedule performance	90%	92.86%	91.67%	91.67%
On budget performance	90%	100%	91.67%	100%
Cyber Awareness Training Compliance	97%	96%	95%	94%

Cyber Security Risk Profile

September Highlights:

Cyber Exposure Level: Our current exposure score is 51.89, placing us in the Elevated Risk category. This suggests a moderate potential for cyber threats, primarily due to the release of recent patches addressing known vulnerabilities. We anticipate a decline in the exposure score once all mandatory patches have been successfully implemented. At this time, no active threats have been identified.

Cyber Risk Level: This indicates that 100 percent of the assessed systems were classified as having a Low – Medium Risk. This level of risk suggests that while there is some potential for harm or negative impact, it is minimal. Although risks are present, they are not severe and can typically be managed with standard precautions and controls.



Operations and Engineering

Water Services, Sewer and Pumping Operations, Wastewater Treatment, Engineering, DC Clean Rivers

Key Performance Indicators

Metric	Target/Service Level	June-25	July-25	Aug-25	Sept-25
Wastewater Operations					
NPDES Permit Compliance , percent number of days	100%	100%	100%	100%	100%
Air Permit Compliance, percent number of days	100%	100%	100%	100%	100%
Biosolids Class A Exceptional Quality (EQ) Compliance, percent number of days	100%	100%	100%	100%	100%
Tunnel Dewatering Compliance, percent of events tunnel dewatered within 59 hours of end of rainfall	100%	100%	100%	100%	100%
Renewable Electrical Energy Generated On Site, percent of total use at Blue Plains AWTP	>20%	24%	23%	25%	15%
Reactive Maintenance , percent of total maintenance hours	<20%	28%	34%	30%	29%
Critical Asset Availability , percent of total critical assets at the Blue Plains AWTP	>95%	96%	96%	96%	95%
Sewer Operations					
Combined Sewer System (CSS) structures (all outfalls, regulators, tide gates) inspections	100%	100%	100%	100%	100%
* Municipal Separate Stormwater System (MS4) requirement to clean all catch basins in the MS4 Permit Area at least once annually (Jul 01- Jun 30)	14,700	14,642	14,922	15,024	15,108
* Inspection of catch basins in the CSO Anacostia tributary area at least twice per year (Jan 1- Dec 31)	11,400	4,820	6,051	7,922	9,725
* NPDES Permit to Clean and Inspect 85% of 10,700 CSS Area C/B (Jan 1- Dec 31)	9,095	6,320	7,093	7,730	8,917
Miles per month Sewer Cleaning and Inspection to meet 1,400 Miles of Small Diameter (<12 inches) in 10Yr Cycle	>12	17	8.2	7.8	13
Sewer Backup (Investigation to Resolution) Within 24 Hours Excluding Line Breaks	>95%	100%	100%	100%	100%
Number of SSOs	Report	3	4	4	3
SSOs to Body of Water	Report	1	2	4	2
SSOs per 100 miles of pipe (YTD) (AWWA 2021 Utility Benchmarking Report)	2	1.82	2.1	2.4	2.6
SSOs per 100 miles of pipe (Water Body) (YTD)	Information Only	0.6	0.76	0.98	1.2
Combined Sewer System Overflows	0	0	0	0	0

* Month-to-Month Cumulative Total for Catch Basin Inspection and Cleaning

Key Performance Indicators continued –

operations and Engineering

Water Services, Sewer and Pumping Operations, Wastewater Treatment, Engineering, DC Clean Rivers

Key Performance Indicators continued

Metric	Target/Service Level	June-25	July-25	Aug-25	Sept-25
Pumping Operations					
Firm Pumping Capacity Maintained	100%	100%	100%	100%	100%
Reactive Maintenance	<20%	11%	21%	22%	20%
Critical Asset Availability	>95%	98%	98%	98%	98%
Water Operations					
Safe Drinking Water Compliance	100%	100%	100%	100%	100%
Total Fire Hydrants Replaced	>21/Month	7	29	24	11
Approved Hydrant Flow Tests (Non-Winter Months)	>180	119	112	198	185
Fire Hydrant Operational Rate	99%	99.89%	99.92	99.91%	99.9%
Priority 5 Emergency Water Service work orders completed w/in 24 hrs	>90%	100%	100%	100%	100%
Water Quality Complaint Resolution (within 48 hours)	>90%	93%	86%	84%	85%
Water Main Breaks	<28/Month	19	25	26	17
Water Main Break Rate /100 Miles (National Average is 25)	25	49.49	47.34	47.57	46.95
% of Hydrant Leaks in inventory that are not leaking	>90%	99%	99%	99%	99%
Permit Operations					
Overall On-time completion of Permit Reviews	90%	98%	99%	99.5%	100%
Lead Free DC					
Lead Service Line Replacements	100%*	69%	53%	67%	82%
Material Verifications	100%*	61%	79%	35%	62%
Right-of-Entry Authorizations	100%*	104%	78%	84%	235%
Payment Time	30 Days	23.4	23.5	26.7	27
Public Events & Presentations	N/A	14	14	9	19

* Target is to complete 100% of the planned activity in each month

Explanation of Missed Targets

Wastewater Operations Reactive Maintenance (<20 percent): DC Water has adopted a manufacturing industry best practice benchmark of less than 20% reactive maintenance hours as a percentage of total maintenance hours. To our knowledge, there is no similar benchmark used in the public water utility sector. Blue Plains manages around 45,000 assets within our asset management/maintenance management system, and this stringent industrial benchmark is tracked as a marker for continuous improvement. Over the last four fiscal years, we have observed a descending trend in the percentage of total reactive maintenance hours, measured at an annual average, at the Blue Plains Advanced Wastewater Treatment Plant. The goal is to remain on the reduction path towards a benchmark that is appropriate for Blue Plains.

Total Fire Hydrants Replaced: In September, eleven hydrants were replaced. The team prioritized replacing defective valves to support critical projects leading to a reduction in hydrant replacement.

Water Quality Complaints Resolution: In September, Water Quality & Technology resolved forty out of forty-seven complaints within 48 hours. Follow-up testing conducted one week after the initial system flushing showed that seven locations did not reach target levels. A second round of flushing remedied issues at four sites. The remaining three locations are situated near ends of pressure zones or park boundaries with high water usage; notably, one complaint originated in an existing water quality problem area.

Lead Service Line Replacements: In September, LFDC completed 377 LSRs. Authorization to resume work on two previously paused contracts was received on July 29. Since then, production has increased month-over-month.



DC Water Capital Improvement Program

Water, Sewer, Blue Plains, Lead Free DC and DC Clean Rivers



- LFDC completed 377 LSRs in September. Authorization to resume work on two paused contracts was issued 7/29. While production has increased month over month as a result, time spent rescheduling appointments and re-engaging construction crews prevented production rates from achieving the FY25 goal.
- LFDC completed 3,203+ LSRs in FY25; over 1,000 more than in FY24.

- Achieved the milestone of 10,000 program replacements to date.
- Two new construction packages were awarded and are expected to begin work this calendar year.
- Collaboration on shared paving opportunities has resulted in \$1.08M in savings to date.
- In September, outreach operations resulted in over 28,000 touchpoints with over 16,000 in-person engagements.
- LFDC participated in 19 stakeholder engagement events in September including 12 Community Events, two CBO Engagements, two ANC Presentations (2E & 3F), and three Agency & Elected Official Briefings.



Current Project Status

Potomac River Tunnel Contract B – Tunnel System Construction:

- Potomac River Tunnel is an 18' diameter, 5.5-mile-long tunnel designed to provide additional storage & conveyance for the sewer system & to reduce CSO discharges into the Potomac River.

- Rock excavation at both shafts at the West Potomac Park site continue. North TBM components have been delivered to the site. Foundation pile installation has been completed. Setup of office trailers is complete. Setup of the slurry treatment plant and high-voltage substation continues. On-site assembly of the North TBM has started.
- CSO-020: Site configuration for parking and miscellaneous storage has been completed.
- CSO-022: Relocation of the NPS pedestrian and bicycle trail is complete. An overhead protection system for the trail has been installed. Secant pile installation for shaft SOE is roughly 50% complete.
- CSO-028: Secant pile installation at the Ventilation Vault is complete. Backfilling the canal slope and preparing the pad for Shaft secant pile SOE installation is underway.
- CSO-029: Work has started and is ongoing with tree removal, site clearing and site setup.

Piney Branch Tunnel: (A minimum 4.2-million-gallon tunnel to control CSO 049, the largest CSO to Rock Creek)

- Preconstruction services are ongoing and include preparing contract documents as well as negotiations related to the Guaranteed Maximum Price (GMP) which was received on August 29, 2025.
- The Early Work Package – Notice to Proceed with construction services (Early Work Package Amendment 1) was issued on August 8, 2025. Work includes tree removal, roadway relocation, site setup, and design of temporary support of excavation.
- Clean Rivers continues to coordinate with NPS to procure the Special Use Permit, approval is subject to the Federal Government reopening. Clean Rivers is assessing schedule risk associated with the shutdown.



DC Water Capital Improvement Program

Water, Sewer, Blue Plains, Lead Free DC and DC Clean Rivers

Featured Project of the Month

Emergency Pipe Repair at Cabin John's Potomac Interceptor

On August 1, 2025, a torrential rainstorm severely eroded the protective cover over the Potomac Interceptor (PI) near Cabin John, exposing both the PI and the adjacent Washington Suburban Sanitary Commission (WSSC) pipe. This marks the third such event at this location, each more intense than the last. The pipes, situated atop the Cabin John Creek culvert beneath a National Park Service (NPS) trail, were left vulnerable to further erosion – posing a serious risk to the nearby Potomac River, the region's primary water intake.

Before



After



DC Water swiftly engaged the National Park Service (NPS) and WSSC to coordinate emergency permits and repairs. A conceptual design was developed and submitted to both NPS and the emergency contractor. Given the shared impact, DC Water and WSSC negotiated a cost-sharing agreement, allowing a single contractor to address both pipe systems. With approvals secured, the contractor was mobilized within two weeks to stabilize the site before another storm could strike.

This rapid response showcased exceptional interagency coordination, innovative design, and operational agility. The project was presented to IMA-RC TechSec on August 26 and is on track for completion by mid-September.





DC Water Capital Improvement Program

Water, Sewer, Blue Plains, Lead Free DC and DC Clean Rivers

Featured Project of the Month

Flow Conversion at Potomac Interceptor MH-31

The DC Water Rehabilitation of MH-31 to MH-30 Project involved the replacement of the Potomac Interceptor for approximately 150' upstream and 150' downstream of MH-31 in Great Falls VA. This section of the PI receives flow from Loudon County and Fairfax County as well as flow from Montgomery County in Maryland. The final step of the project before site restoration is converting flow from the existing Potomac Interceptor to the new infrastructure.

Throughout the month of September, the crews onsite rehabilitating the infrastructure around MH-31 began converting flow within new manholes MH-31, MH-31.5 and MH-30.59. This process consisted of cutting and removing the existing pipeline while under active flow. Crews completed the flow conversion on September 29, 2025, within the anticipated 4-week duration.

The work was completed safely and mitigated errant odors to the local community using the existing Site 31 Odor Control Facility (OCF) and temporary ferric dosing. Remaining work includes placing concrete covers on the new manholes, connecting the OCF to the new infrastructure, backfill and site restoration.



Flow Conversion at MH-31



Flow Conversion at MH-30.59



Removal of 54" RCP at MH-31



Flow Conversion at MH-31

dc People and Talent

Highlights & Initiatives

Employee Engagement

On September 24th, the People & Talent division hosted a successful Open House event aimed at enhancing colleagues' engagement and showcasing our diverse support services. This event provided an opportunity for colleagues to connect with various teams within the department, including Benefits, Compensation, Human Resources Business Partner (HRBP), Labor Relations & Compliance, Learning & Development, and Talent Acquisition.

Attendees were encouraged to explore resources, ask questions, and enjoy a welcoming atmosphere with games, light refreshments, and prize giveaways. The open house was designed not only to inform but also to foster connections among colleagues, enhancing their understanding of the resources available to support their journey at DC Water. A feedback survey was distributed on October 6th to gather insights from participants and continue improving future events.





People and Talent

People and Talent Metrics

People and Talent have developed Cluster specific score cards measuring various items across talent management, employee/labor relations, compliance and employee engagement. The metrics are aligned with BluePrint 2.0, the Authority's strategic initiatives and the HCM Strategy.

Metric	Target	July-25	Aug-25	Sept-25
Vacancies	N/A	144	153	154
FTEs	N/A	1136	1129	1128
*Vacancy Rate ¹	6%	11.39%	11.93%	12.01%
Temporary Alternative Duty Program (TAD) ²	50% of WC claims eligible for TAD program	84%	86%	86%

*Reflects recommended position eliminations in the approved FY26 Budget.
This formula is currently under review.

Metric	Q1	Q2	Q3
Self-Identified Veterans (Active)+++	28	29	26
Female Workforce (Active)++++	22.8%	22.9%	22.8%

Key Performance Indicators (KPI Benchmark)

KPI Definition	Business Relevance
² Percentage of Workers' Compensation claims eligible for placement into TAD program	The more claims eligible for TAD program will reduce overall Workers' Compensation costs and claim exposure for the Authority, leading to realized financial savings.

Annual Turnover Metrics					
Year	2020	2021	2022	2023	2024
Involuntary (Dismissal, Medical Disqualification)	0.58%	1.01%	0.78%	1.97%	1.92%
Voluntary (Resignation, Retirement)	4.08%	4.15%	5.77%	5.55%	5.93%
Other (Death)	0.25%	0.55%	0.10%	0.09%	0.26%
Total Turnover Rate	4.92%	5.71%	6.65%	7.61%	8.11%

NOTE: AWWA Turnover Benchmark: 7%



Key Performance Indicators by Cluster

Cluster	Metric	Aug-25	Sept-25
Learning & Development	Total cost of tuition assistance/reimbursement	\$17,069.29	\$14,423.63
	Total # of employees participating in tuition assistance/reimbursement	8	9
	Total # of employees seeking associates degree	1	0
	Total # of employees seeking a bachelor's degree	1	1
	Total # of employees seeking a master's degree	5	3
	Total # of employees seeking a doctorate degree	0	0
	Total # of employees seeking a certification	1	4
	Total # of employees participating in external training	0	1
Talent Acquisition	Hires	3 (1 external, 2 internal)	9 (4 external, 5 internal)
	Positions Under Recruitment*	71 (only 37 of 71 positions are moving through the recruitment process during the hiring freeze)	78 (56 of 78 positions are moving through the recruitment process)
Separations	Separations	8	10
	Term Reasons	• 4 voluntary (resignations) • 4 involuntary (dismissals)	• 7 voluntary (5 resignations & 2 retirements) • 3 involuntary (dismissals)
Benefits – Retirement Plan Participation	457(b) Pre-Tax	872 Employees Participated	874 Employees Participated
	457(b) Roth	125 Employees Participated	123 Employees Participated



Government and Legal Affairs

General Litigation includes cases filed by and against DC Water. DGLA tracks all ongoing litigation and provides quarterly updates.*

	1st Quarter	2nd Quarter	3rd Quarter	4rd Quarter	FY 2025 YTD
Cases Managed	35	32	33	33	49
New Cases	3	3	4	11	21
Cases Closed	6	3	10	5	24
Amount Demanded of DC Water in Closed Cases	\$1,184,637.55	\$2,950,000.00	\$4,227,500.00	\$780,000.00	\$9,142,137.55
Amount Paid by DC Water in Closed Cases	\$80,000.00	\$15,000.00	\$126,500.00	\$194,000.00	\$415,500.00

*This data is current as of 9/30/25.

Revenue Recovery Cases

Currently, DGLA is managing 179 open foreclosure cases and 101 active bankruptcy cases. In FY 2025, \$1,578,372.78 was collected in receivership cases.

FY 25 Receivership Review*

Active Receiverships Appointed by Court	11 (ongoing)
Payment Plans Established	27
Pending Hearing to Appoint Receivership	0

*Receivership data is updated quarterly. This data is current as of 6/30/25.

Freedom of Information Act

DGLA manages requests from the public for information as required by the DC Freedom of Information Act (FOIA). FOIA requests received in September 2025 related to a wide range of issues, including various records of disconnection of service.

FOIA Data

Open Requests	77
Requests Opened this Month	10
Requests Closed this Month	2

Other Legal Matters

Type of Legal Matter	# Reviewed/ Processed
Contracts	6
Agreements	4
Easements	4
Subpoenas	0

Internal Audit CEO Report October 2025

This timeline represents the FY 2025 audit plan and the status of each project. The Cherry Bekaert Internal Audit team is executing the FY 2025 internal audit plan, following up on prior audit findings and monitoring the hotline.

FY2025 Timeline

	Oct – 24	Nov – 24	Dec – 24	Jan – 25	Feb – 25	Mar – 25	Apr – 25	May – 25	Jun – 25	Jul – 25	Aug – 25	Sept – 25	Oct – 25	Status
•Work Order Management Audit - Facilities														Completed
•AI Policy Governance Assessment														Completed
•Safety Audit														Completed
•Strategic Plan Monitoring Audit														Completed
•SCADA Penetration Testing (in-person)														Moved FY2027
•Data Governance and Reporting Assessment														Canceled
•Budget Monitoring Audit														Completed*
•Contract Compliance Audit														Completed*
•Third-party Vendor Management Audit														Completed*
•Cloud Security Audit														Moved FY2026
•FY 2026 Risk Assessment														Completed
•Ongoing Follow-up Procedures														Ongoing
•Ongoing Hotline Monitoring														Ongoing

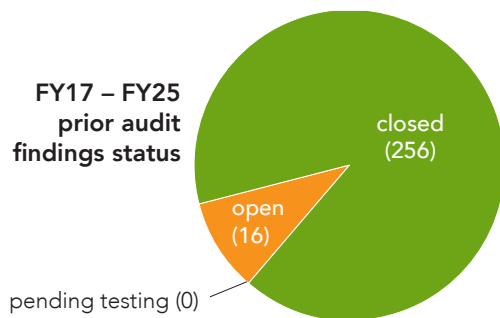
Open Prior Audit Findings

Audit Report / Subject	Issue Date	Open
Work Order Management Audit - DWO	7/27/2023	1
Fleet Management Audit	10/27/2023	2
Work Order Management Audit	4/11/2025	71
Safety Audit	6/18/2025	6
		total
		16

7 Findings Closed this month:

- Four FY25 Facilities Work Order Management Audit Findings
- One FY25 Safety Audit Finding
- One FY23 Payroll & Timekeeping Audit Finding
- One FY17 Entity Level Review

 At least one original remediation target date has been extended.



In total, 94 percent of all prior audit findings from FY17-FY25 are closed. Management's target closure rate is 95 percent.

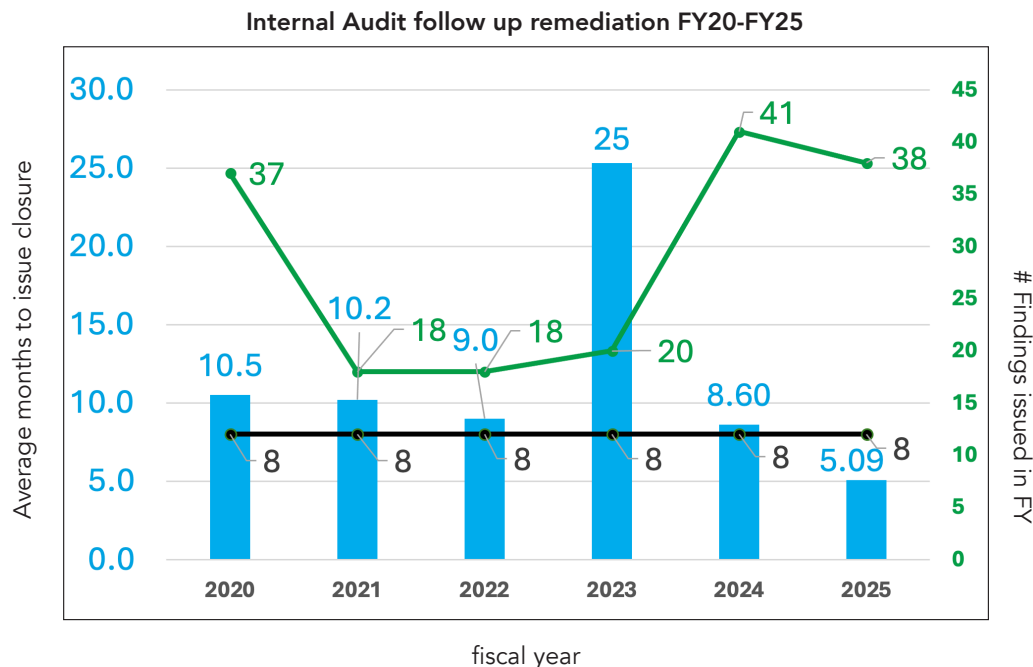
FY23-FY24 Open High Risk Prior Audit Findings*

	Audit FY	Issue Date	Audit Report	High Risk Open Finding	Original Target Date	New Target Date	# Extensions
1	2023	10/26/2023	Fleet Management Audit	Lack of current policies and procedures	9/1/2024	12/31/2025	2
				Fleet has drafted a RACI and 15 Authority wide Fleet policies. Legal provided commentary on the Fleet policies submitted and as a result the department has requested an extension to allow time to implement edits identified during Legal's review. The extension will allow time for these changes to be made in collaboration with the Union and for Legal to conduct a final review of the updated policies and standard operating procedures.			
2	2025	4/15/2025	Work Order Management-Facilities Audit	Unaudited Maximo User Access Listing	11/30/2025		
				Lack of Current Asset Retirement and Disposal Standard Operating Procedures (SOPs)	3/31/2026		
				Facilities team is currently working towards completing the set action plans.			
3	2025	6/18/2025	Safety Audit	Training records not being maintained	9/30/2026		
				Training matrix not routinely updated	1/31/2026		
				User access not monitored for SRS	12/31/2025		
				Lack of monitoring for corrective actions	1/31/2026		
				Safety team is currently working towards completing the set action plans.			

*Note: The audit findings reported above represent open findings through the FY25 Audit Plan year.

Time to closure by fiscal year

The below graphs illustrate the average number of quarters from audit finding issuance to audit finding closure year-over-year as of October 2025. Management has made significant improvements to achieve timelier audit finding closure as illustrated by the decline from FY23 to FY24.



*Management goal is eight months from issue to closure

Data before FY2023 was provided by RSM





Blue Drop Update

Chris Peot, Interim President

Blue Drop



Blue Drop Topic Discussions

2

1. Short history
2. Financial summary
3. Revenue plan
4. Rebates to the IMA partners



Blue Drop Formation, Board Approval, and Initial Funding

3

- November 2016 - Blue Drop established as not-for-profit by Joint Use Resolution #16-90 by a unanimous vote of the DC Water Board
- November 2016 – DC Water files articles of incorporation for Blue Drop with the District
- May 2017 – IMA Operating Agreement #6 signed outlining the use of funds from the biosolids management program
- 2017 through 2019 DC Water funds Blue Drop through a combination of in-kind support and direct funding
- May 2019 – Blue Drop becomes net-positive

dc Blue Drop Guiding Principles

4

Board resolution #16-90 dated November 3rd, 2016

WHEREAS, the Board has directed the General Manager/CEO to find innovative ways to generate revenue from new sources to help mitigate the rate of increase in rates, fees and charges that are necessary to recover the cost of providing services; and

WHEREAS, DC Water **holds or is seeking patent rights for several inventions** in the United States and in other countries for technologies and processes that were developed from research and operation of its facilities; and

WHEREAS, DC Water makes Bloom™, a soil conditioner made from exceptional quality Class A biosolids produced from operations at Blue Plains; and

WHEREAS, DC Water conducts other operations, including but not limited to laboratory services and fleet maintenance that can be provided to other agencies, persons and entities for a fee; and

WHEREAS, DC Water is committed to **maximizing value from every element of its operations** for the benefit of the environment, its ratepayers and customers; and

WHEREAS, the General Manager/CEO has indicated that Blue Drop will be organized to achieve the following purposes:

- 1) **Provide relief from rising rates, fees, and charges** to DC Water's customers in the District of Columbia, to other participating jurisdictions as defined in D.C. Code § 34-2202.01(5), and to users of the joint-use sewage facilities as defined in D.C. Code § 34.2202.01(4);
- 2) **Advance and promote innovative strategies and technologies** in the treatment and delivery of potable water, the treatment and collection of wastewater, and related products and services;
- 3) Improve the state of the water and wastewater treatment sectors by **sharing knowledge, research, and expertise throughout the country and the world**;
- 4) **Promote resource recovery and conservation**; and

WHEREAS, the Board expects that the Blue Drop entity will be able to **respond rapidly and efficiently to changing market dynamics**; and

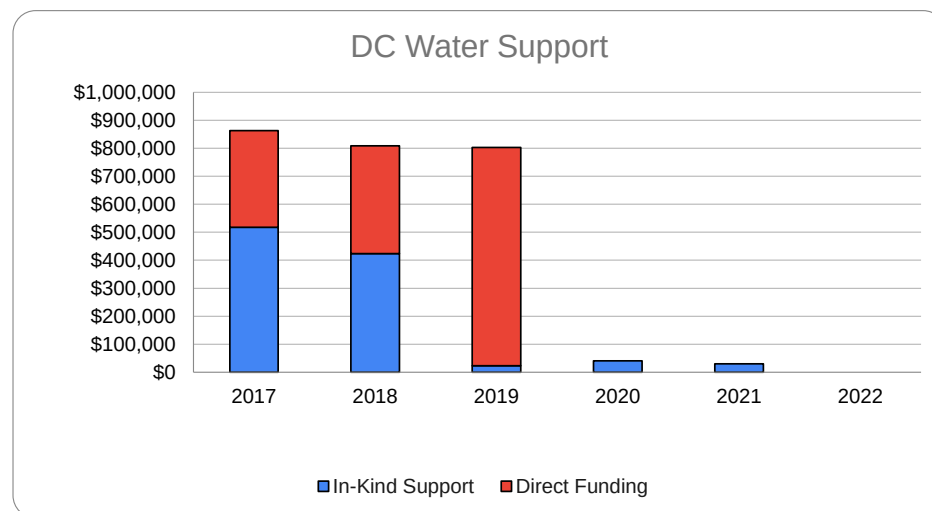
WHEREAS, the Board has determined that Blue Drop should be part of DC Water's plan to manage its finances and to perform its statutory responsibilities.

Nonprofit LLC. The LLC shall be managed and operated as a nonprofit entity.

dc Blue Drop Start-Up Funding

5

- Direct funding from DC Water to Blue Drop
 - Total DC Water support to Blue Drop since 2017 is \$2.55 million, \$1.5 million in direct funding
 - Direct funding support to Blue Drop ended in 2019
 - DC funds only
- All expenses for existing Blue Drop programs since 2019 covered by program revenues – it is self sustaining
- Wholesale customer have not contributed to Blue Drop start up or on-going costs, but they do realize operational savings from managing Bloom at Blue Drop
- In addition to the operational savings, all IMA partners receive net revenue generated from joint use funded facilities back in the form of a credit on their Blue Plains operating bill





Cost Savings and Revenue Generation at Blue Drop

6



dc Bloom Specialty Fertilizer and Blended Products

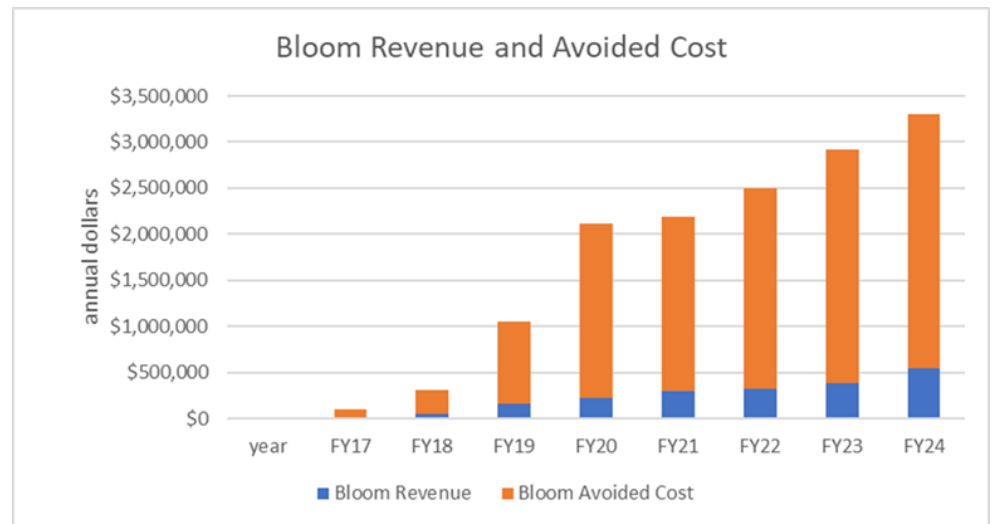
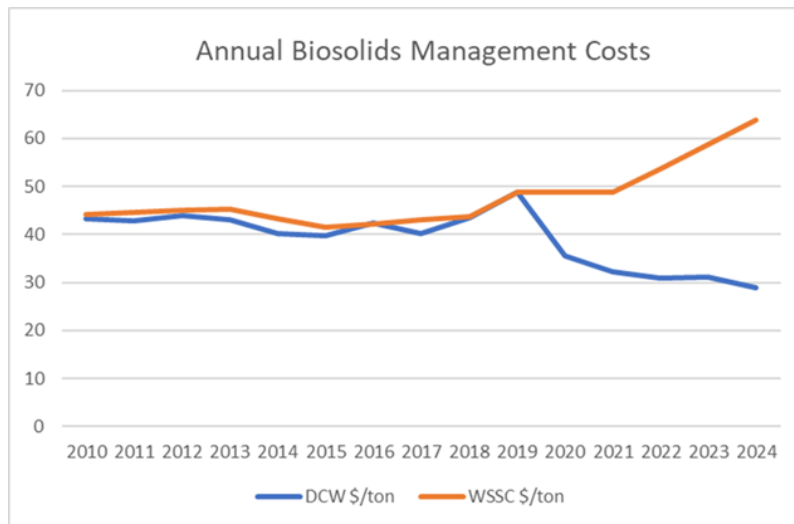
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Savings from Blue Drop Management of Bloom

8



IMA partners savings since 2017 (\$12.6M) are as follows: MD - \$5.3M, VA - \$2.1M, DC - \$5.2M



REC and Bloom Sales and Savings

9

	REC Revenue	Bloom Revenue	Bloom Avoided Cost
year	\$	\$	\$
FY17		\$ 15,607	\$ 85,839
FY18	\$ 427,191	\$ 46,908	\$ 257,994
FY19	\$ 528,572	\$ 161,362	\$ 887,491
FY20	\$ 510,024	\$ 220,534	\$ 1,895,960
FY21	\$ 1,526,625	\$ 296,818	\$ 1,992,799
FY22	\$ 3,313,187	\$ 323,077	\$ 2,178,011
FY23	\$ 3,059,713	\$ 387,312	\$ 2,534,880
FY24	\$ 5,025,680	\$ 542,078	\$ 2,757,159
FY25	<u>\$ 5,733,184</u>	<u>\$ 443,795</u>	<u>\$ 3,073,442</u>
totals	\$ 20,124,176	\$ 2,437,491	\$ 15,663,575

dc Year End Financials

10

- Blue Drop is audited annually after the end of the FY by an independent, third-party audit firm

EXPENSES

Last fiscal year ▾

Spending for FY24

\$4,636,052 ⓘ 100%

↑ Up 12% from FY 23



- Cost of Goods Sold
- Compensation
- Professional Fees
- Administration
- Other

[View all spending](#)

⋮

PROFIT & LOSS

Last fiscal year ▾

Net profit for FY24

\$5,710,558 ⓘ 100%

↑ Up 71% from FY 23

\$10,346,609

Income


\$4,636,052

Expenses


[See profit and loss report](#)

⋮

dc Revenue Plan

11

- Blue Drop is a non-profit organization
- Mission includes working to reduce costs for ratepayers
- 95% of the revenue is from Blue Plains Resource Recovery Department - Bloom and RECs
- Blue Plains is a regional facility
- Generated from MJUF equipment - funded by all the IMA partners (DC 43%, MD 42%, VA 15%)
- Blue Drop provided net revenue to DC Water, and DC Water credited the IMA partners on Blue Plains O&M bill
- Joint use revenue only, with expenses reconciled



Net Revenue Rebates to IMA Partners on BP Bill

12

FY2017 thru FY2024 net revenue IMA rebates

- DC - \$4.5 million
- MD - \$3.4 million
- Fairfax County - \$788 thousand
- Loudoun County - \$370 thousand

Based on IMA cost share percentages – DC rebate is higher because of Bloom marketing cost recovery (\$1.3 million on DCW biosolids costs since FY17)



Origin of Revenue Discussions with IMA Partners

13

- COG Financial Working Group formed to discuss questions about Blue Drop from IMA partners
- Consistent with IMA, Blue Drop proposed using revenue to fund opportunities for greater operational savings for all IMA partners
- Blue Drop has provided documents to COG for distribution
- IMA partners have requested an independent audit of Blue Drop
- COG is coordinating this initial work with an independent auditor



Documents Provided By Blue Drop

14

Documents Shared by Blue Drop, LLC Prior to 27 January 2023 Briefing for IMA Parties		
	Document Name	Document Description
1	20-PR-WWT-32 OY2 MOD2 Blue Drop signed.pdf	Approval of Bloom Marketing agreement option year 2
2	20-PR-WWT-32 FY20 Bloom Sales and Marketing Agreement 20200316 - for GM execution.pdf	Bloom marketing and sales agreement 2019
3	2016.11.03 DCW Board Resolutions.pdf	Board resolution authorizing the creation of Blue Drop
4	Amended Shared Services Executed.pdf	Amendment to Blue Drop – DC Water shared services agreement 2018
5	Blue Drop - IMA Update January-2023.pdf	Update to IMA on Blue Drop – January 2023
6	Blue Drop 2021 FS.pdf	2021 audited financials
7	Blue Drop 2022 FS.pdf	2022 audited financials
8	Blue Drop Financial Statements September 2022.pdf	Sample monthly Blue Drop financial statement
9	Operating Agreement FINAL.03 Blue Drop Operating Agreement (signed).pdf	Blue Drop operating agreement
10	Second Amendment to the Contribution Agreement DC Water - Blue Drop (FINAL 9-20-2018).pdf	Amended Contribution agreement
11	September 14, 2016 Governance Committee Meeting Materials.pdf	Blue Drop presentation to Governance Committee 2016
12	Shared Services Agreement (Executed).pdf	Original Shared services agreement between Blue Drop and DC Water
13	Board Approved Resolutions Nos 20-19 through 20-37 04-02-2020_website	Board approved resolutions from November 2019 including authorization to establish Blue Drop
14	First Amendment to the Contribution Agreement DC Water - Blue Drop (Executed)	First amendment to Contribution agreement
15	Blue Drop FY22 Q2 Update	Sample quarterly Blue Drop update for Blue Drop Board and DC Water Governance Committee

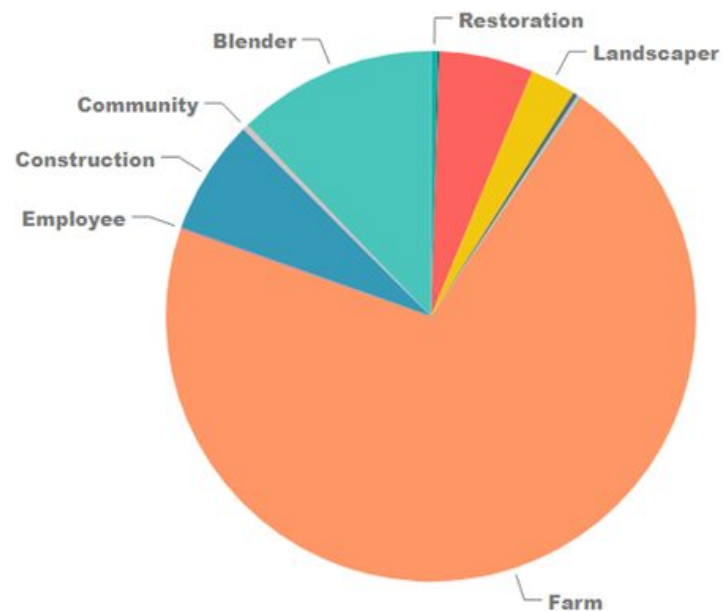


Example of Future Plans to Generate Additional Operational Savings

- The biosolids program moved beyond disposal decades ago
- In recent years, DC Water has moved beyond beneficial reuse
- Now treat our biosolids like an asset rather than a liability
- More opportunity for further savings and revenue

Dewatered Solids

BY CATEGORY





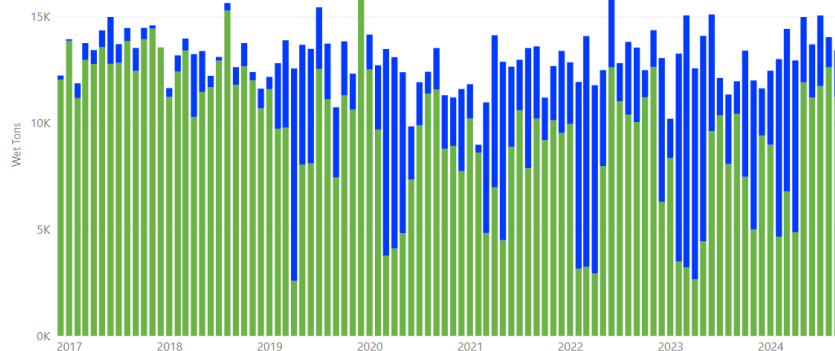
Bloom Sales Have Plateaued – Need Storage

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- Very weather dependent and we have seasonal demand
- In the spring, we have more demand than product and we miss out on sales
- In the winter, we have more product than demand and we have to pay for storage

Total Production of Class A Biosolids and Beneficial Reuse by Type

Land Application Marketing as Bloom



Progress Towards Bloom Marketing Goals (wet to...

Bloom sale Sales Goal



dc Inventory Control Plan

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- Need to implement a plan for inventory control
- DC Water storage for the material could reduce costs and generate more revenue
- Land purchase would provide for storage and processing building
 - Use revenue generated from the biosolids program
 - Funds transferred from Blue Drop to DC Water for purchase
 - Land purchased would be a Blue Plains MJUF
 - Recently received Board authorization to proceed

Blue Drop is succeeding in it's stated goal of innovating, leading the industry, and reducing costs for all rate payers.