



**MINUTES OF THE MEETING
FINANCE AND BUDGET COMMITTEE
MARCH 27, 2025
(Via Microsoft Teams)**

COMMITTEE MEMBERS PRESENT

1. Anthony Giancola, Chair, District of Columbia
2. Jonathan Butler, Vice Chair, Prince George's County
3. Sarah Motsch, Alternate, Fairfax County

BOARD MEMBERS PRESENT

1. Dr. Unique Morris-Hughes, Board Chair

DC WATER STAFF

1. David Gadis, Chief Executive Officer, and General Manager
2. Matthew T. Brown, Chief Financial Officer & EVP
3. Kirsten B. Williams, Chief Administration Officer & EVP
4. Jeffrey Thompson, Chief Operating Officer & EVP
5. Gregory Hope, VP & Deputy General Counsel
6. Michelle Rhodd, Board Secretary

The DC Finance and Budget Committee meeting was called to order by Anthony Giancola, Chairperson, at 9:30 AM. Board Secretary Michelle Rhodd called the roll.

I. MONTHLY REPORT TO THE FINANCE AND BUDGET COMMITTEE

Matthew T. Brown, Chief Financial Officer & EVP, presented the monthly financial report for the period ending February 28, 2025.

At the end of February 2025, with approximately 42 percent of the fiscal year completed, total operating revenues were \$425.4 million, or 44.7 percent of the revised budget; operating expenditures were \$285.7 million, or 36.2 percent of the revised budget; and capital disbursements were \$219.6 million, or 30.6 percent of the revised budget.

Mr. Brown provided a status update on the FY 2024 year-end closeout, noting that the Annual Comprehensive Financial Report and Green Bond Report are complete and available online, the IMA Operating and Maintenance Settlement has been completed

and provided to the IMA partners, and the Office of Management and Budget (OMB) Uniform Guidance Audit is expected for completion in March 2025.

Jonathan Butler requested clarification about the presentation of favorable and unfavorable variances in the report, and the very large year-to-date variance for capital disbursements. Mr. Brown explained that the information shows both the amount and percentage variances and that future reports will be updated. He stated that a large variance in capital disbursements is not unusual as tracking of this metric is quite uneven on a month-by-month basis, while a quarterly or annual view is more informative. Chairperson Giancola concurred and added that expenditures may be uneven month-to-month due to timing of invoices from contractors and the current phase of each project. Chairperson Giancola suggested adding a footnote to the table to provide additional detail.

Mr. Brown reviewed operating revenues, which are approximately 2.4 percent ahead of the revised budget with a favorable variance of 1.4 percent in the Residential / Commercial / Multi-Family category, largely due to CRIAC. The 12.6 percent favorable variance in the All Other revenue category is primarily due to the District's \$4.9 million share of the Blue Drop rebate. Mr. Brown noted that a proposal would be provided to the District members of the Board to help determine how the Blue Drop revenue will be used.

Total operating expenses were \$285.7 million, with a year-to-date favorable variance of \$10.9 million or 3.7 percent of the budget. Mr. Brown noted the favorable variance in personnel services is mainly due to the filling of staff positions, and a 5 percent favorable variance in contractual services is in line with budget. There is a 5.5 percent favorable variance in debt service due to the refinancing and the timing of the new money issuance this year as previously reported. He also noted that the Authority is taking a conservative approach to expenditures in the current budget consistent with the federal actions as communicated to the Board. Mr. Brown noted that there may be additional underspending in personnel and contractual services as management continues to prioritize spending for core operations and capital projects.

Capital disbursements totaled \$219.6 million, or 21.6 percent of budget, and a detailed project performance will be provided by Engineering in May 2025. Cash investments, including the Rate Stabilization Fund balance of \$35.6 million and other reserves, totaled \$372.6 million.

Mr. Brown stated that as part of its debt issuance, the Authority is required to spend bond proceeds within three years. The operating cash balance will increase by \$100 million in the next month as previous capital expenditures are reimbursed, but the cash balance will decrease as more capital costs are incurred over the next several months. By the end

of the fiscal year, DC Water anticipates being closer to the target of 267 days of cash. The year-to-date operating interest income was about \$6 million through February and ahead of the budget.

Retail account delinquencies fell slightly in February in dollar value and increased somewhat by the number of delinquent accounts, which was \$35.2 million for 11,839 accounts. Multi-family customers continue to account for the largest portion of delinquencies at 54 percent. Developer deposit accounts continue to be processed, with 27 rebates issued in February for approximately \$342,000, which was an increase over the prior month in which 17 accounts were completed.

Chairperson Giancola asked if DC Water was scheduled to attend a budget hearing in 2026. Mr. Brown noted that the Authority will hold rate hearings next year as part of the rate-setting process. DC Water did brief the Wholesale Customers and the Office of People's Counsel on the FY2026 Budget.

II. Agenda for the April 2025 Committee Meeting

The April 24, 2025 agenda includes the March 2025 Financial Report.

III. EXECUTIVE SESSION

An executive session was not held.

IV. ADJOURNMENT

Chairperson Anthony Giancola adjourned the meeting at 9:50 AM.