



**MINUTES OF THE MEETING  
FINANCE AND BUDGET COMMITTEE  
APRIL 24, 2025  
(Via Microsoft Teams)**

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**COMMITTEE MEMBERS PRESENT**

1. Anthony Giancola, Principal, Chair
2. Jonathan Butler, Alternate, Vice Chair
3. Richard Jackson, Principal, District of Columbia
4. Sarah Motsch, Alternate, Fairfax County
5. Fariba Kassiri, Principal, Montgomery County

**OTHER BOARD MEMBER PRESENT**

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

**DC WATER STAFF**

1. Matthew Brown, Chief Financial Officer & EVP, Finance, Procurement and Compliance
2. Marc Battle, Chief Legal Officer & EVP Government and Legal Affairs
3. Kirsten Williams, Chief Administration Officer & EVP
4. Jeffrey Thompson, Chief Operating Officer & EVP
5. Lola Oyeyemi, Vice President, Budget
6. Michelle Rhodd, Secretary to the Board

Anthony Giancola, Chair, called the meeting to order at 9:35 AM. The meeting was conducted via MS Teams. The 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 March 2025 financial report, beginning with an update on federal funding for DC Water.

*Federal Funding Update*

Ms. Oyeyemi reported that:

- The Water Infrastructure Finance and Innovation Act (WIFIA) loan is active and approximately \$95 million has been disbursed through April 10, 2025;

- The Bipartisan Infrastructure Law (BIL) awards are also currently active to support various projects including Lead Free DC;
- There is approximately \$632,000 remaining from the Diesel Emissions Reduction Act (DERA) funding and no known restrictions on using the balance, DC is waiting on the next allotments to be released;
- The Building Resilient Infrastructure and Communities (BRIC) grant for the Flood Wall is currently inactive. While the funding for the Flood Wall Phase 1 will not be impacted, the Federal Emergency Management Agency (FEMA) will not fund Phase 2 of the project unless DC Water submits a letter describing the impact of a project delay. Mr. Jonathan Butler asked if there was a deadline for the letter to be submitted to FEMA. Mr. Matthew Brown stated that a letter has already been submitted to the Homeland Security and Emergency Management Agency (HSEMA). The next step is a letter to FEMA, Congresswoman Eleanor Holmes Norton, or both. Ms. Kirsten Williams noted that a letter to the Congresswoman was in progress;
- The Clean Rivers appropriation is currently inactive. DC Water has only received \$3.6 million, and the Congress will need a new Continuing Resolution (CR), or final budget passed for DC Water to receive an additional \$4.4 million;
- The Build America Bonds Subsidy (BABs) is currently active with \$2.4 million out of the \$4.9 million direct pay subsidy due in March 2025 currently pending but expected to be paid by May 2025; and
- The law requiring DC Water to spend at 2024 levels is still in place and requires the Authority to reduce its FY 2025 Operating Budget by approximately \$51 million.

The Budget Department is working on the year-end projections and has implemented spending controls, including a freeze on hiring and travel as well as restrictions for temporary staffing and various consultant support for non-critical services.

### *Finance Report*

As of the end of March 2025, with approximately 50 percent of the fiscal year completed, total operating revenues were \$483.6 million, or 50.8 percent of the budget; operating expenditures were \$341.0 million, or 43.3 percent of the budget; and capital disbursements were \$260.9 million, or 36.4 percent of the budget.

Ms. Oyeyemi informed the Committee that the FY 2024 year-end closeout items were completed, including the Intermunicipal Agreement (IMA) Operating & Maintenance and Multi-Jurisdictional Use Facilities (MJUF) settlements, and the Office of Management and Budget (OMB) Uniform Guidance Audit. KPMG issued an unmodified audit opinion on March 18, 2025. Management will provide the upcoming annual insurance renewal in May and the FY 2025 year-end projections in June.

Total operating revenues were \$483.6 million, with a year-to-date favorable variance of \$8.7 million mainly in the Residential/Commercial/Multi-Family categories due to higher-than-anticipated Clean Rivers Impervious Area Charge (CRIAC) receipts. The DC Housing Authority made its March payment in April, which will be reflected in the next report. The All Other Revenue category included \$5.4 million for DC Water's share of the Blue Drop contribution payment.

Total operating expenses were \$341.0 million, with a year-to-date favorable variance of \$16.7 million. Ms. Oyeyemi noted that the year-to-date favorability in personnel services was due to the hiring freeze and underspending in this category is anticipated at year end. Spending in the Water Purchases reflects the cost of water from the Washington Aqueduct. Debt Service is favorable to the budget due to lower variable interest rate than anticipated in the budget.

Ms. Oyeyemi explained that significant variance in the Combined Sewer Overflow category reflects a delay in the administrative closeout, which includes the retainage for the Northeast Boundary Tunnel for the Clean Rivers Project that will be completed in the second half of the year. The Sanitary Sewer category is also below budget due to delayed invoicing for the Potomac Interceptor. Higher disbursements in the Water category reflect the progression of the Lead Free DC project. A detailed project performance report will be provided by Engineering at the next meeting.

Cash investments, including the Rate Stabilization Fund balance of \$35.6 million, totaled \$564.3 million. The operating interest income for the year to date was ahead of the budget at nearly \$7 million compared to the budget of \$4.7 million. Delinquent accounts totaled \$35.7 million at the end of March 2025 which reflects a slight reduction in the number of accounts. The multi-family accounts represent 54 percent of the total delinquencies.

Ms. Oyeyemi reviewed additional items included in the appendix of the report, including the Overtime by Department report and the Developer Deposits report. At the end of March 2025, Developer Deposit credit balances (liability) totaled \$36.9 million and debit balances (receivable) totaled \$11.2 million. The Permit Office processed 30 developer accounts in March, for a total of \$244,691 in refunds. For FY 2025 to date, the Accounts Payable Department achieved the Authority's target of 97 percent of invoices paid within 30 days, which is a one percent improvement over FY 2024.

## **II. AGENDA FOR THE MAY 2025 COMMITTEE MEETING**

The agenda for May 27, 2025, includes the April 2025 financial report, the Capital Improvement Program quarterly update, and property and casualty insurance renewals.

### **III. ADJOURNMENT**

The meeting adjourned at 9:51 AM.