



# District of Columbia Water and Sewer Authority

## Board of Directors

### Governance Committee

January 21, 2026 / 9:30am

Microsoft Teams meeting  
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Meeting ID: 218 057 366 614 11 Passcode: Ug2wh6SJ

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Phone Conference ID: 794 440 706#

1. **Call to Order** \_\_\_\_\_ Unique Morris-Hughes, Chairperson
2. **Roll Call** \_\_\_\_\_ Michelle Rhodd, Board Secretary
3. **Blue Drop Quarterly Update** \_\_\_\_\_ [Chris Peot, President Blue Drop](#)
4. **Executive Session\*** \_\_\_\_\_ Unique Morris Hughes
5. **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](mailto:opengovoffice@dc.gov).

1The 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 D.C. Official Code § 2-575(b)(1); terms for negotiating a contract, including an employment contract, under D.C. Official Code § 2-575(b)(2); obtain legal advice and preserve attorney-client privilege or settlement terms under D.C. Official Code § 2-575(b)(4)(A); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security matters under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2-575(b)(10); third-party proprietary matters under D.C. Official Code § 2-575(b)(11); train and develop Board members and staff under D.C. Official Codes § 2-575(b)(12); adjudication action under D.C. 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 D.C. Official Code § 2-575(b)(14); and other matters provided under the Act.



# Blue Drop Quarterly Update

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Chris Peot, President  
Blue Drop



## Bloom Sales Update

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- Farms sales are up and orders continue to come in
- Soil blenders are ordering more material – in anticipation of the spring season
- Big resellers are ordering more blends – need to increase production capacity
- The new curing pad will allow us to cure and blend more to meet this demand



# Bloom Sales Q1 Ahead of Schedule – 129% of goal

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FY26 Goals	Fresh Eq Tons	Q1	Q2	Q3	Q4*	Total
Farms	7,500	18,500	17,500	3,500	47000	
Soil Blender	1,300	1,100	500	800	3700	
Contractors	900	1,200	1,200	1,300	4600	
Landscapers	450	300	300	500	1550	
Resellers	800	1,050	2,200	900	4950	
<b>TOTAL</b>	<b>10,950</b>	<b>22,150</b>	<b>21,700</b>	<b>7,000</b>	<b>61,800</b>	
FY26 Actuals	Segment	Q1	Q2	Q3	Q4	Total
Farms	12,686	0	0	0	12,686	
Soil Blender	294	0	0	0	294	
Contractors	9	0	0	0	9	
Landscapers	432	0	0	0	432	
Resellers	1,002	0	0	0	1,002	
<b>TOTAL</b>	<b>14,423</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,423</b>	



## New Curing Pad Update

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Curing pad is complete - just a few punchlist items (lighting sensors and solar connection). New windrow turner on the way as well. Estimate 10,000 tons per year of Fresh Bloom will convert to cured Bloom, a new high value product.



## Bloom Regulatory Update: PFAS

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Working with legislators and regulators to ensure workable limits in MD. There is a draft bill we have not yet seen, but we believe the numbers will be 25 ppb combined PFOS and PFOA, for a 12-month rolling average. We are averaging around 15 ppb PFOS and 2 ppb PFOA. These limits would establish that biosolids application is unrestricted under 25 ppb.

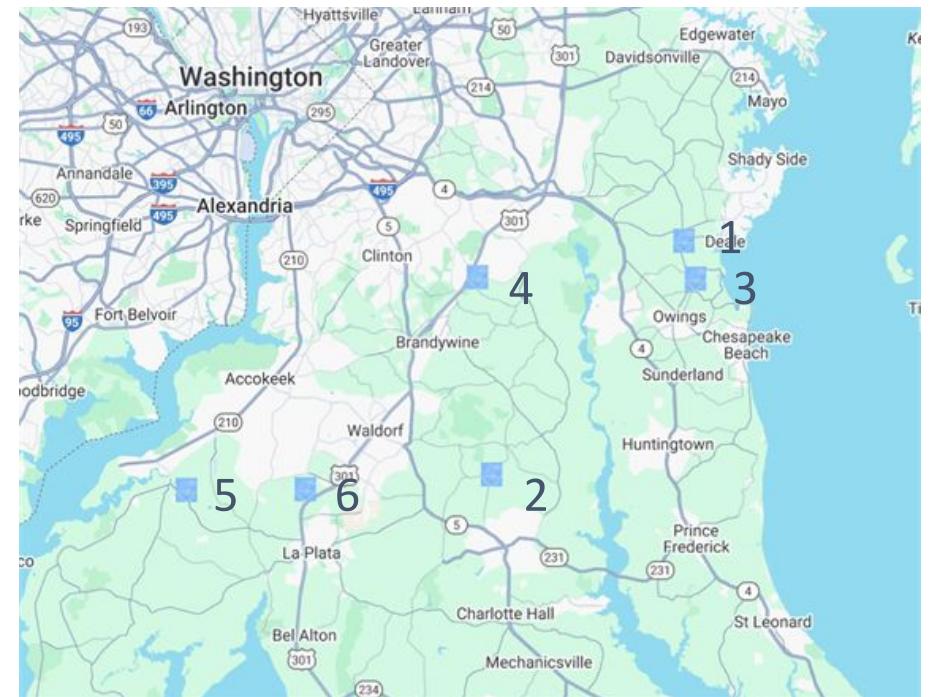
Virginia to follow suit next year, but will likely do a survey of plants for the first year to establish background levels. Working with Virginia Biosolids Council (VBC) and Virginia Association of Municipal Wastewater Agencies (VAMWA) to ensure we have a voice.

# dc<sup>water</sup> Land Search Update

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Authorized by DC Water to retain \$2.5M for Bloom program land purchase. Money to be transferred to DC Water for their purchase, resolving ownership questions from IMA partners.

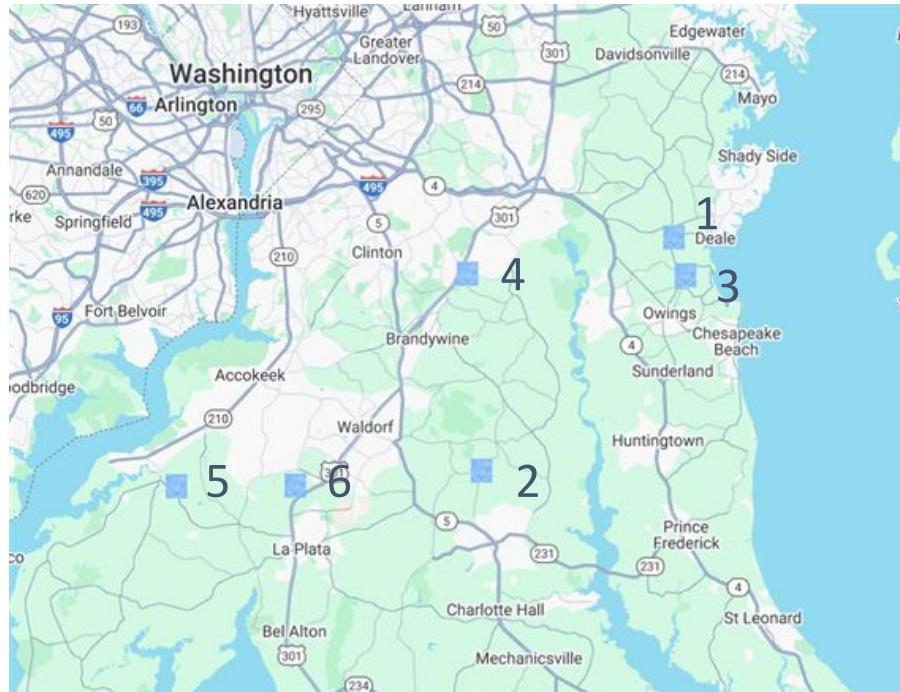
Working with a realtor specializing in agricultural land. Currently looking at 6 sites.





## Land Site Descriptions

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1. Tracys Landing, 107 acres, \$2M - NO
  - on market for 9 yrs, family dispute
2. Waldorf, 210 acres, \$1.95M - NO
  - good size but small cleared site, less than 1000' from closest residence
3. Friendship, 40 acres, \$600K - NO
  - all wooded and hilly
4. Upper Marlboro, 36 acres, \$600K - NO
  - all wooded, no easement
5. La Plata, 35 acres, \$550K - NO
  - conservation easement
6. La Plata, 125 acres, \$1.3M - YES
  - good site, close (35 minutes from the plant), near our current farm customers, suitable for Bloom site



## New REC Sources – Brentwood Reservoir

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Brentwood Solar - started generating power this fall. DC Water signed a solar use agreement (lease) that brings in an annual fee and a percentage of the SRECs, estimated at \$150K/yr. Solar for All project - DC Water sees none of the power.



## New REC Sources – Ames Place

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Ames Place (DC Water Sewer Services) - Roof mounted, \$20K/yr SREC revenue and \$7k/yr in savings. Evaluating parking lot coverage for next CIP project.



## Coming Soon RECs – Curing Pad

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Curing Pad - Construction done, just two punch list items to resolve (solar connection and lighting). \$220K/yr in SRECs and \$80K/yr in power savings.



## Coming Soon RECs – Ft Reno Reservoir

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Ft Reno Reservoir - ~ 1MW power generation, with an estimated \$450K/yr in SRECs and \$175K/yr in power savings.

RFP complete and awarded to New Columbia Solar, a local DC company.

Design/construction work to begin soon.



## Coming Soon RECs – CHP Cooling

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Three systems in our Combined Heat and Power (CHP) system use our wastewater effluent for cooling. We registered them and recently completed answering questions from the DC PSC. Will generate approximately \$100K/yr in RECs, eligible for sale in DC and MD.

# dc<sup>o</sup> HQO Events Update

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## FY26 Q1 Focus

FY26 Q1 centered on cost optimization, pricing alignment, and strengthening operational infrastructure to support sustainable growth.



### Cost & Vendor Management

- Issued RFQs for contracted services across key operational areas
- Received strong market response, including proposals with potential cost savings
- Q2 will focus on vetting, selection, and transition planning to ensure service quality and compliance

### Pricing Strategy

- Implemented FY26 pricing increases, aligned with District comparables
- Adjustments support cost recovery and long-term financial sustainability, consistent with FY26 financial planning assumptions

### Marketing & Sales Support

- Engaged a contracted Marketing Coordinator to strengthen marketing execution and pipeline development
- Focus areas include visibility, lead nurturing, and increased utilization—particularly weekday and daytime events



## Governance, Operations & Forward-Looking Opportunities

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### Governance & Operational Alignment

- HQO Stakeholder Alignment Meeting held to clarify roles, constraints, and operating principles related to rent-free and mission-aligned events
- Ongoing coordination will continue through established governance and approval channels

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### Boardroom Usage

- Boardroom use has been approved with a defined approval workflow in place
- This restores access to a key revenue-generating asset while ensuring proper oversight and compliance

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### Strategic Expansion

- Selected to operate the 200 Tingey Street location
- Represents incremental revenue opportunity and a platform to establish scalable operating standards for future site expansion

## Outlook

With pricing aligned, cost-saving opportunities identified, governance clarified, and new revenue channels emerging, HQO is positioned to strengthen performance as FY26 progresses.



## Other Revenue Sources

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Revenue	Annual Goal	Current	% of total
Blue Plains IP	\$340,929	\$402,226	118%
Cell Towers	\$ 179,972	\$32,386.50	18%
RECs	\$4,360,650	\$2,799,490	64%



## IMA Partner FY25 Rate Payer Credit Estimate

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In January, Blue Drop will send net revenue back to DC Water, and DC Water will credit the IMA partners their portion on the Blue Plains Q3 operating bill in addition to saving \$3M on biosolids contracting costs. Below is an estimate.

FY25 Net Revenue Credit Calculation			
	Bloom	RECs	total
revenue	\$ 354,564	\$ 5,713,634	
expenses	\$ -	\$ (43,128)	
net revenue	\$ 354,564	\$ 5,756,762	\$ 6,111,326
			total net Bloom and REC revenue to date
		\$ 2,500,000	Bloom land purchase budget
		\$ 1,011,949	Blue Drop operating budget & reserve
		\$ 2,599,377	transfer FY25 net revenue to DC Water
	43.06%	\$ 1,119,292	DC credit
	41.96%	\$ 1,090,698	MD credit
	9.68%	\$ 251,620	Fairfax credit
	4.63%	\$ 120,351	Loudoun credit



## **Supporting Our Community, One Drop at a Time**

The DC Water SPLASH program, which stands for Serving People, Lending A Supporting Hand, is here to help our community members facing financial hardships. This incredible initiative provides up to \$350 in assistance to ensure that everyone has access to essential water and sewer services during tough times.

**Blue Drop will again proudly made a \$15,000 contribution this year to the DC Water SPLASH fund.**

# dc Blue Drop Guiding Principles

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Board resolution #16-90 dated November 3<sup>rd</sup>, 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.



Blue Drop is succeeding in its stated goals of innovating, leading the industry, and reducing costs for all rate payers.

Chris Peot, President  
Blue Drop