



District of Columbia Water and Sewer Authority Board of Directors

Governance Committee

July 8, 2026 / 9:30 am

Microsoft Teams meeting

[Join the meeting now](#)

Meeting ID: 297 268 973 868 014 Passcode: eQ9zv68d

Call in (audio only) [202-753-6714, 996712434#](#)

Phone Conference ID: 996 712 434#

1. **Call to Order** _____ Howard Gibbs, Chairperson
2. **Roll Call** _____ Debra Mathis, Acting Board Secretary
3. [FY 2026 Certified Business Utilization Status Update](#) _____ [Korey Gray, Vice President and Chief Procurement Officer](#)
4. [Government Affairs Update](#) _____ [Barbara Mitchell, Director and Associate General Counsel](#)
5. [Blue Drop Quarterly Update](#) _____ [Chris Peot, Blue Drop President](#)
6. **Executive Session*** _____ Howard Gibbs
7. **Adjournment** _____ Howard Gibbs

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.

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.



FY 2026 Certified Business Utilization Status Update

Presented to the Governance Committee
Howard Gibbs, Chairperson
July 11, 2026



FY 26 Certified Business Utilization Update

Purpose

To update the Board of Directors, via the Governance Committee on DC Water's certified business utilization performance, highlighting the tracking, spending, and inclusion metrics achieved with certified firms and local businesses for the period from October 2025 through June 2026.



FY 26 Certified Business Utilization Update

Contents

Section	Slide Number
Purpose	2
Executive Summary	4
Overview of DC Water’s Compliance Programs	5
FY 2026 Summary of Performance Results	7
Benchmarking	9
Review of Challenges and Initiatives	10
Appendix	16



FY 26 Certified Business Utilization Update

Executive Summary

DC Water has maintained an aggressive posture toward equitable procurement from October 2025 through June 2026. During this nine-month period, the Authority managed over **\$1.01 billion in total action value across 36 procurement actions**.

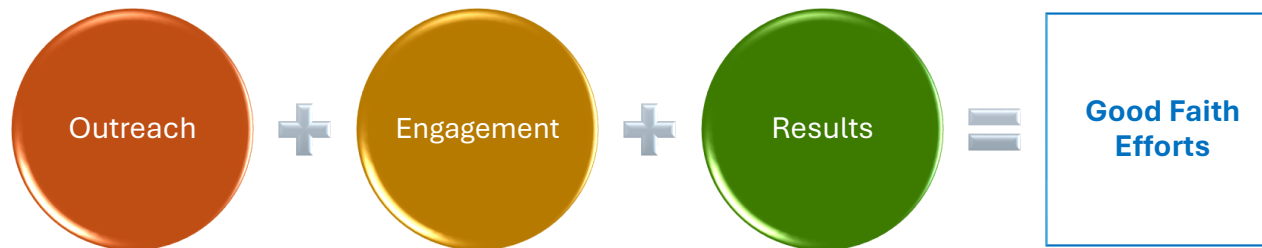
While combined Disadvantaged Business Enterprise (DBE) and Women Business Enterprise (WBE) utilization reached **34.8%**, exceeding our overarching 34% agency benchmark, individual statutory sub-categories face localized challenges due to shifting regulatory landscapes and macroeconomic pressures.



FY 26 Certified Business Utilization Update

Good Faith Efforts

- The “standard” of compliance.
- Intentional steps taken by DC Water and project contractors to achieve the DBE/WBE Goals which, by their scope, intensity and usefulness, demonstrate the actions to meet or exceed the contract goal prior to award or throughout the duration of the contract.





FY 26 Certified Business Utilization Update

DC Water Compliance Process





FY 26 Certified Business Utilization Update

FY 2026 Performance Metrics Dashboard

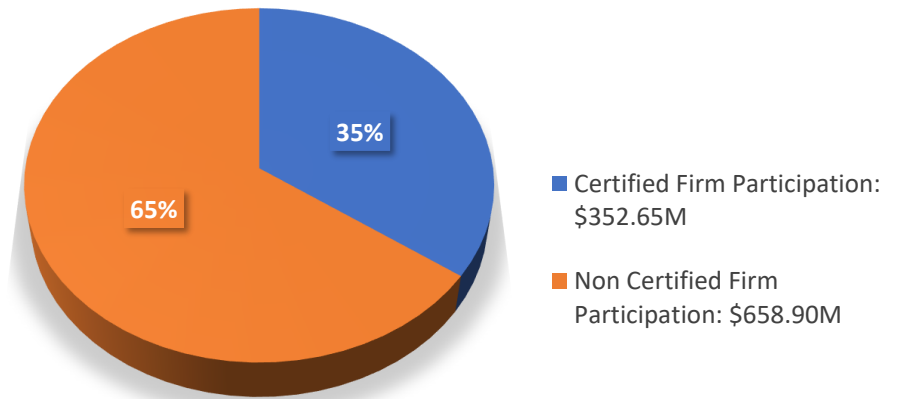
General Procurement Overview

- Total Number of Actions: 36
- Total Contract Value: \$1,011,561,797.57
 - % of Actions executed: 100%

Certified Firm Participation

- Total DBE Firms Engaged: 67
- Total DBE Participation Value: \$297,871,854.33 (29.4%)
- Total WBE Firms Engaged: 32
- Total WBE Participation Value: \$54,786,841.85 (5.4%)
- Combined Certified Firm Participation (DBE + WBE): 34.8% (*Exceeds the 34.0% macro goal*)

FY '26 Certified Firm Participation (Oct '25 thru June '26)





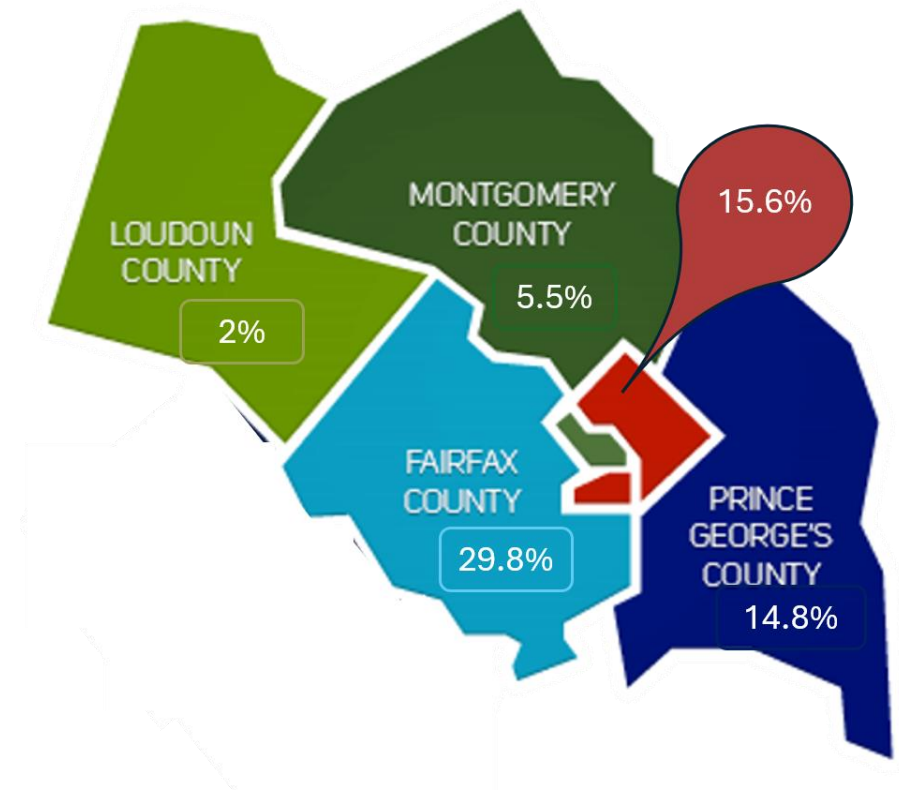
FY 26 Certified Business Utilization Update

FY 2026 Performance Metrics Dashboard

- Total Certified Primes Awarded: 7

Pipeline and Market Expansion

- Total New Firms to DC Water (Certified & Non-Certified): 13
- Total Local Firms Awarded Work (Certified & Non-Certified): 90
- Total Local Firm Participation Value: \$569,628,260.00
(Representing 56.3% of total contract volume)





FY 26 Certified Business Utilization Update

Regional Benchmarking Analysis

DC Water’s program benchmark of 34% remains highly competitive when evaluated alongside neighboring municipal utility programs and local procurement agencies.

Agency/Jurisdiction	Target Goal %	Current DC Water Context
DC Water	34.0%	Achieving 34.8% combined utilization over the current FY26 tracking period.
DSLBD (District Department of Small & Local Business Development)	35.0%	DSLBD mandates a 35% Certified Business Enterprise (CBE) subcontracting minimum on contracts over \$250k.
WSSC Water (Washington Suburban Sanitary Commission)	32%	Achieving 32% on combined projects. WSSC utilizes project-by-project availability targets rather than an agency-wide blanket mandate.
AlexRenew (Alexandria Renew Enterprises)	5.5%	Aligns primarily with state clean water revolving fund baselines and federal small business goals.



FY 26 Certified Business Utilization Update

Challenges to Certified Firm Participation

1. Backlogs in Agency Recertification Protocols

- **Elimination of Group-Based Presumptions:** The DOT and EPA permanently removed the 40-year-old automatic "rebuttable presumption" that women and minority-owned firms are inherently socially or economically disadvantaged.
- **Certification Backlogs:** Partner certifying agencies are experiencing extensive backlogs. DC Water cannot formally count un-certified or lapsed firms toward participation credits, artificially depressing recorded utilization metrics despite active engagement.
- **Mandatory Individualized Case-by-Case Proof:** Every new applicant and all 41,000+ currently certified DBEs must now submit extensive personal narratives and financial disclosures proving specific, individualized social and economic barriers.
- **Massive Decertification Pipeline:** Under the federal Interim Final Rule (IFR), regional Unified Certification Programs (UCPs) are required to audit and reevaluate all existing firms. Firms unable to clear the new hurdle face immediate decertification without traditional hearing rights.
- **Increased Legal and Fraud Risk:** New executive actions impose strict contract clauses tying compliance to the False Claims Act. Local entities and contractors face severe financial penalties if they certify or utilize "discriminatory" or non-compliant supplier frameworks.
- **Erosion of Federal Support Networks:** The elimination and defunding of parallel support structures like the Minority Business Development Agency (MBDA) strips local certified firms of the technical assistance required to navigate complex new paperwork.



FY 26 Certified Business Utilization Update

Challenges to Certified Firm Participation

2. Evolving Federal and Local Executive Orders

- **Challenge:** Shifting compliance definitions regarding federal domestic sourcing mandates place administrative and logistical strain on small DBE/WBE firms trying to source certified materials.

3. Capacity and Capital Constraints

- **Challenge:** High interest rates and rigorous commercial bonding requirements restrict small local firms from scaling rapidly enough to bid as Primes.



FY 26 Certified Business Utilization Update

Proactive Strategic Initiatives

Supporting the utilization of local and certified businesses remains a foundational pillar of DC Water's Business Development Plan.

To address these operational hurdles, DC Water is considering the following measures:

- **Regional Engagement:** Expand the use of DC Water's Local and Small Business Enterprise (LSBE) Program, to encourage broader regional participation.
- **Prime-to-Prime Mentorship Framework:** Continue to encourage prime contractors to assist local sub-contractors with operational underwriting or bonding.
- **Enhanced Outreach and Mentorship:** Expand DC Water's mentor-protégé programs to help certified firms build scale, joint venture capabilities, and secure surety bonds.
- **Consortium Bidding:** Providing frameworks for smaller certified firms to form **joint ventures/consortia** to collectively meet strict bonding and capacity requirements.



FY 26 Certified Business Utilization Update

Appendix



Acronyms and Definitions

- **CBE** – Certified Business Enterprise – The unique certification for District based local and local small business enterprises from the Department of Small and local Business Development
- **Certified Firms:** For the purposes of this report, certified firms collectively refers to CBEs, LSBEs, DBEs and WBEs.
- **CFR:** Code of Federal Regulations.
- **DBE** – Disadvantaged Business enterprise: An entity owned or controlled by a socially and economically disadvantaged individual.
- **EPA** – Environmental Protection Administration.
- **Exempt Awards** – Non Competitive purchases and awards as identified in Section 5332 of the DC Water Procurement Regulations.
- **Fair Share Objective** – A goal based on the capacity and availability of qualified, certified DBEs and WBEs in the relevant geographic market for the grant recipient in the procurement categories of construction, equipment, services, and supplies compared to the number of all qualified entities in the same market for the same procurement categories.
- **LBE** –Local Business Enterprise - A local business enterprise as certified by the District of Columbia or a user jurisdiction.
- **LSBE** – Local Small Business Enterprise - A local small business enterprise as certified by the District of Columbia or a user jurisdiction.
- **MBE** – Minority Business Enterprise – For the purposes of the DC Water Business Development Plan – a Disadvantaged Business Enterprise.
- **SBE**- for the purpose of the DC Water LBE and LSBE Program – a small business enterprise as certified by the District of Columbia or user jurisdiction.
- **User Jurisdiction** – DC Water’s user jurisdiction consisting of the District of Columbia, Fairfax County, Loudoun County, Montgomery County, Prince George’s County.
- **WBE** – Women Owned Business Enterprise: for the purpose of the federal mandated program and fair share objectives, a business which is certified as such by a state, federal agency, or a business which is at least 51% owned by a woman or women, who also controls and operates it.



FY 26 Certified Business Utilization Update

OUR PROGRAMS

Since the implementation of the Business Development Plan in 2020, DC Water administers its Local Small Business Enterprise preference program (LSBE Program) for discretionary projects under \$1 Million, a separate Disadvantaged and Women Business Enterprises utilization program for non-federal projects over \$1 Million, and a Fair Share Objective, which establishes utilization goals for certified firms on federally assisted projects.

I. LSBE Program

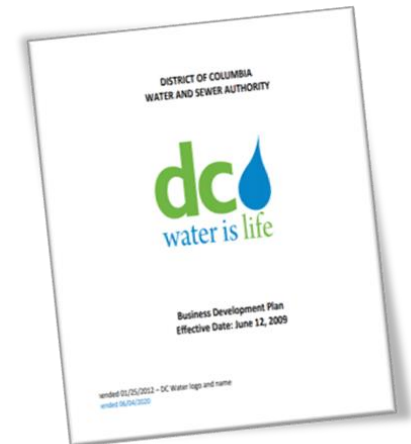
- A geographic preference program (up to 10 points or 10%).
- Applies to procurements under \$1 Million.

II. DC Water DBE/WBE Program

- Establishes utilization goals for Disadvantaged Business Enterprises (DBE) and Women Business Enterprises (WBE).
 - Established by DC Water (every 3 years) and accepted by the Board
- Sets Project specific goals for DBE/WBE utilization
- Institution of Ten (10) Affirmative Steps to ensure DBE/WBEs have equitable access to the available procurements.

III. Fair Share Objectives

- Establishes utilization goals for Disadvantaged Business Enterprises (DBE) and Women Business Enterprises (WBE).
 - Established by DC Water (every 3 years) and accepted by the EPA
 - DC Water has the highest goals in EPA's Region 3 (DC, DE, MD, PA, VA, & WV)
- Institution of Six (6) Affirmative Steps to ensure DBE/WBEs have equitable access to the available procurements.



Thank You



Governance Committee Meeting

Government Affairs Update

July 08, 2026

09:30 AM – 11:00 AM



Presentation Overview

- **District Engagement**

- PIF & Stormwater Fees
- Elections
- Disconnection Bill
- Strengthening Air Amendment Act of 2025
- Aqueduct Tour

- **Federal & Regional Engagement**

- Congressional Hearing
- Water Infrastructure Funding Advocacy
- Potomac Interceptor Muddy Branch Community Meeting



District Engagement



Public Inconvenience Fees (PIF) & Stormwater Fees

- **Background**

- DC Council FY 2027 budget proposes increases to Public Inconvenience Fee (PIF) and stormwater fees, both of which will appear on DC Water customer bills alongside DC Water rate adjustments.
- Combined impact of DC Water rates + proposed fees: ~\$11/month increase per average residential bill (~7.5%)
- Portion attributable to PIF + Stormwater passthrough charges: **~\$3.64/month (~2.5%)**

- **DC Water Position / Recommendation**

- **April 29:** Government Affairs prepared and sent draft questions to Councilmember Allen to ask Director of District Department of Transportation during Budget Oversight Hearing regarding PIF.
- **May 21:** Meeting with Councilmember Allen to discuss the PIF and stormwater fee increases.
- **June 18:** DC Water Board members met with Councilmember Allen to discuss the fee structure and related concerns.
- **June 19:** Letter sent to the Council Chair and Councilmembers regarding PIF and stormwater fee increases.
- **June 22:** Government Affairs engaged Councilmembers and the Chair's office at the Wilson Building to seek relief from the BSA's proposed PIF and stormwater fee impacts on ratepayers.
- The consensus appears to be in support of revenue neutral proposals. Councilmember Allen begins coordinating with Chairman Mendelson regarding next steps.
- **June 23:** Amendment to Local Budget Act (LBA): Council voted on Amendments to Local Budget Act (LBA): It should be noted that the Council's modification to the Mayor's budget resulted in the **~\$150 Million deficit** according to the Chief Financial Officer. To that end the Council is using \$150 million to close that gap. This is why the Council is not open to "backfilling" the PIF at any level — they are already over budget by \$150 million. Amendment to the LBA directs the first \$150M in FY26 excess local funds, as reflected in the June 2026, Sept 2026, or Dec 2026 quarterly revenue estimates, to the Fiscal Stabilization Reserve Account to restore funds transferred from that account to the General Fund in FY26 for use in FY27. To that end GA is pushing for revenue neutral approaches (e.g. sunset PIF, or any excess funds collected over the estimated PIF revenues would be transferred to DC Water to offset rates)
- **June 30:** Government Affairs met with Chairman Mendelson to discuss the PIF and Stormwater Fees concerns.
- **July 07:** BSA vote likely to take place.



District of Columbia & Maryland Primary Election Update

- **2026 Primary Elections – DC & Maryland Key Outcomes**
- **Washington, DC:** Mayoral primary won by Councilmember Janeese Lewis George; key Council and Delegate races reshaped as Robert White secured the Democratic nomination for DC’s non-voting U.S. House delegate, while multiple Council seats advanced under ranked-choice voting, reinforcing a strong progressive shift in DC governance.
- **Maryland:** Governor’s race sees incumbent Wes Moore advanced as Democratic nominee, while down-ballot primaries highlight competitive and high-spending contests, particularly in suburban congressional districts (MD-5 and MD-6) and key legislative races that will shape Annapolis and the state’s congressional delegation.

For additional details, please see the election documents prepared by the Government Affairs team.





B26-0443 - DC Water Billing and Disconnection Modernization Amendment Act of 2025

- **Mar 26, 2026:** Government Affairs participated in the hearing. A redlined version of the bill with proposed changes will be submitted to the Committee shortly. Committee expected to circulate revised bill language next week.
- Government Affairs is leading the review of redline version in coordination with Customer Care and Legal team.
- Review scope includes:
 - Operational feasibility (implementation, staffing, reporting, systems)
 - Legal and regulatory implications
 - Customer impacts (billing, disputes, payment plans, assistance programs)
 - Financial impacts (revenue risk, affordability)
 - Enforcement issues (liens, disconnections, receivership, interagency coordination)
- Government Affairs would welcome the Board's advice on the best way to engage Board members throughout the legislative process. As we continue to develop and refine the bill, ongoing input between Governance Meetings will help ensure our advocacy efforts align with the Board's priorities and expectations.



B26-0565 - Strengthening Air Pollution Permitting Amendment Act of 2026

- **Bill Overview:** Strengthens air pollution permitting and enforcement by closing regulatory gaps, increasing civil penalties, improving complaint response timelines, and expanding environmental remediation funding through the Air Quality Construction Permits Fund.
- **Impact to DC Water:** Potential implications for the Blue Plains Advanced Wastewater Treatment Plant and district-wide wastewater operations, particularly related to permitting requirements, odor controls, and continuous 24/7 operations.
- **DC Water Engagement (June 3, 2026):** Government Affairs met with Councilmember Parker, the bill sponsor, to discuss operational impacts on wastewater infrastructure and Blue Plains.
- **DC Water Testimony (June 4, 2026):** Vice President Nicholas Passarelli (Wastewater Operations) testified at the June 4 public hearing and responded to questions raised by Councilmember Allen.
- **DC Water Submission (June 19, 2026):** Government Affairs submitted formal written comments on B26-0565 to the Committee and Council colleagues.





- Executive Office of the Mayor reached out to Government Affairs requesting a DC Water facility tour for participants of the 2026 District Leadership Academy Summer Fellows Program. Government Affairs, in coordination with Stakeholder Engagement, is working to schedule and facilitate the visit on July 24.
- The Government Affairs team sent a letter to the Washington Aqueduct on May 8 requesting a facility tour. Discussions are ongoing to finalize a suitable date for the visit. Once the date is confirmed, the Secretary of the Board will provide formal communication.



Federal & Regional Engagement



Congressional Hearing & DC Water Follow-Up – Potomac Interceptor (May 20, 2026)

- **Hearing Overview:** Congressional oversight hearing titled “*Corrosion, Collapse, and Clean-Up: Examining the Potomac Interceptor Collapse*” to review the causes, emergency response, environmental impacts, and long-term infrastructure resilience following the interceptor failure.
- **DC Water Role:** Presented testimony on system failure response, emergency repairs, environmental coordination, and infrastructure rehabilitation strategy.
- **Follow-Up Action (June 16, 2026):** Government Affairs provided a response letter on June 16, 2026, to the Chairman of the Subcommittee on Oversight and Investigations, providing follow-up information committed during the hearing and additional clarifications for the Subcommittee’s ongoing review. No formal questions were submitted by the Subcommittee to DC Water.





FY27 Water Infrastructure Funding Advocacy Efforts

- **Water Policy Fly-In (April 2026):** Government Affairs participated in ongoing engagement during the Water Policy Conference fly-in, meeting directly with congressional staff to reinforce water infrastructure funding priorities.
 - Senator Angela Alsobrooks (MD)
 - Congressman Don Beyer (VA-08)
 - Senator Tim Kaine (VA)
 - Congressman Glenn Ivey (MD-04)
 - Congressman Jamie Raskin (MD-08)
 - Congresswoman Eleanor Holmes Norton (DC)
 - Congressman Steny Hoyer (MD-05)
 - Senator Chris Van Hollen (MD)
- AMWA, in collaboration with Current Strategies, has supported and drafted key advocacy letter calling for increased water infrastructure funding in FY27.
- **July 01:** Government Affairs support the initiative and have drafted the letter being sent by AMWA.
- **July 07:** Government Affairs transmitted a general funding request letter to Congresswoman Eleanor Holmes Norton.



DC Water Community Project Funding Requests - WRDA & Appropriations

Agency	Account	Recipient	Project	Location	House Amount	Requestor
Environmental Protection Agency (EPA)	STAG—Clean Water State Revolving Fund	District of Columbia Water and Sewer Authority	Potomac Interceptor Rehabilitation	DC	\$ 746,868	Norton
Environmental Protection Agency (EPA)	STAG—Clean Water State Revolving Fund	District of Columbia Water and Sewer Authority	Pipeline Rehabilitation	MD	\$ 746,868	Raskin
Environmental Protection Agency (EPA)	STAG—Clean Water State Revolving Fund	District of Columbia Water and Sewer Authority	Potomac Interceptor Redundancy	VA	\$ 746,868	Beyer
Army Corps of Engineers (Civil)	Investigations	U.S. Army Corps of Engineers	Washington Aqueduct Backup Water Supply, DC	DC	\$ 425,000	Energy & Water Appropriations
FEMA	Federal Assistance-PDM	Government of the District of Columbia	Blue Plains Floodwall Construction	DC	\$ 1,007,060	Homeland Security Appropriations

The Water Resources Development Act of 2026 text has been released with the following DC mentions:

- Page 281 - authorizes \$201,000,000 for environmental infrastructure (an increase from \$1,000,000 that's been authorized since 1992) and updates the language to include "distribution systems" along with "stormwater management."
- Page 329 - authorizes the Secretary to carry out a "second phase of the study focused on the identification of a secondary water source and additional water storage capability or other long-term and large-scale backup water supply solutions necessary to meaningfully reduce to structural water supply risk of the region."
- Markup was scheduled for July 1, but has now been postponed.

dc water is life® Muddy Branch – Potomac Interceptor Community Meeting

- June 11, 2026: DC Water hosted a virtual community meeting to inform stakeholders about emergency rehabilitation work at Muddy Branch near Pennyfield Lock (Potomac, MD). The project addresses identified structural deterioration, including corrosion and exposed rebar, requiring immediate repair. The scope includes rehabilitation of approximately 1,700 linear feet of the Potomac Interceptor, with mobilization beginning June 15, 2026. The affected segment conveys approximately 6 million gallons of wastewater per day under dry weather conditions and is a critical component of the system.
- June 26: The Government Affairs team has responded to a request from the Senator Van Hollen’s office seeking information on Potomac Interceptor segments PI-02 and PI-03 to support the Senator’s earmark request process.





Thank you

Government Affairs



Blue Drop Quarterly Update

DC Water Board — DC Water Board Governance Committee

Chris Peot, President | Blue Drop

June 2026



Diversified Revenue Streams

Revenue stream	FY26 YTD	Prior year
REC sales	\$4.6M	\$4.9M
Bloom sales	\$300K	\$420K
Products & IP revenue	\$521K +53%	\$341K
Event rentals at HQO	\$173K	\$310K
Cell tower revenue	\$139K	\$134K

Products & IP revenue grew 53% year-over-year — the fastest-growing line in the portfolio. IP revenue goes back to the Blue Plains research program.

IP patent royalty revenue

- Collected revenue since 2019 for several patents licensed for sale
 - Digestivore
 - inDense
 - DEMON
 - migrate
- And for annamox seed – a starter inoculate seed for other wastewater treatment plant’s nutrient removal processes
- Made royalty payments to the named inventors
- Net revenue is dedicated to further Blue Plains research. Blue Plains research staff proposes primary sludge fermentation for phosphorus and odor control and polymer dose optimization at belt filter presses using AI driven photo recognition. Both have strong business cases based on savings and permit compliance.



Bloom — Celebrating A Decade of Growth

3

\$2.1M in Bloom contractual savings delivered to DC Water this year

FY26 Q1–Q2 • 46,000+ fresh tons beneficially reused, diverted from costly disposal

~\$300K

Bloom sales revenue YTD

145

Active customers

farms · landscapers · resellers · homeowners

>11,000 tons

Bloom sold in April

New record for the month

- ▶ New curing pad expanded winter storage, facilitated drier blends and built-up spring inventory – leading April 2026 sales to be second highest one-month sales on record (more than 11k tons sold and delivered)
- ▶ Bloom 10th Anniversary celebration planned this August, bringing together customers, partners, staff and other collaborators to toast a decade of finding worth from waste
- ▶ Marketing highlights include upcoming Axios DC feature, WTOP Bloom coverage nominated for local Emmy

REC and Bloom Revenue for FY26

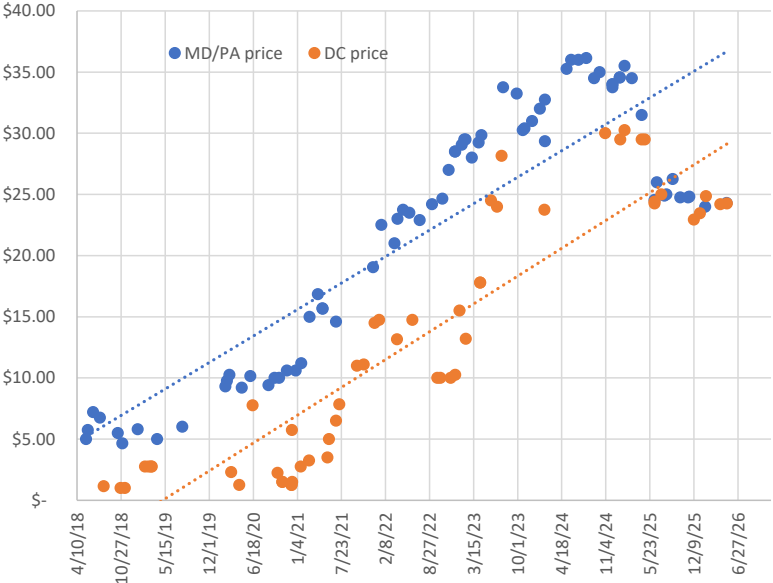
RECs

\$4.5M FY26 REC revenue to date
104% of our \$4.36M FY26 goal

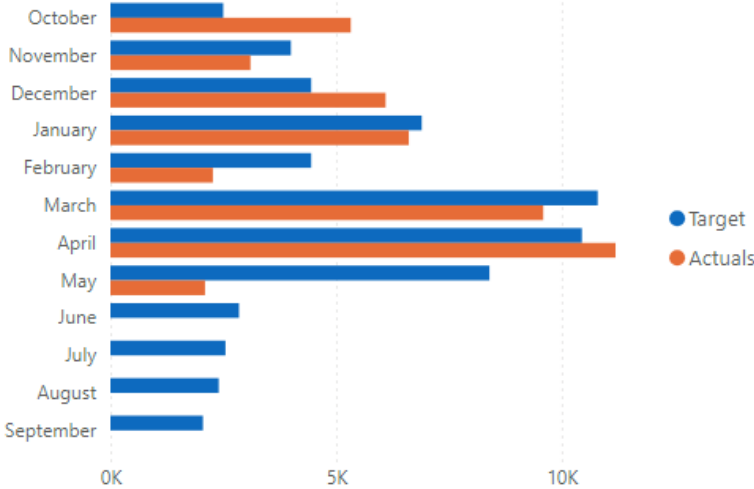
Bloom

\$282K in FY26 Bloom Revenue to date (thru May)
\$2.1M savings in FY26 (vs. \$64.80/ton)
46,356 tons sold thru May (75% of 61K goal after 66% of yr)

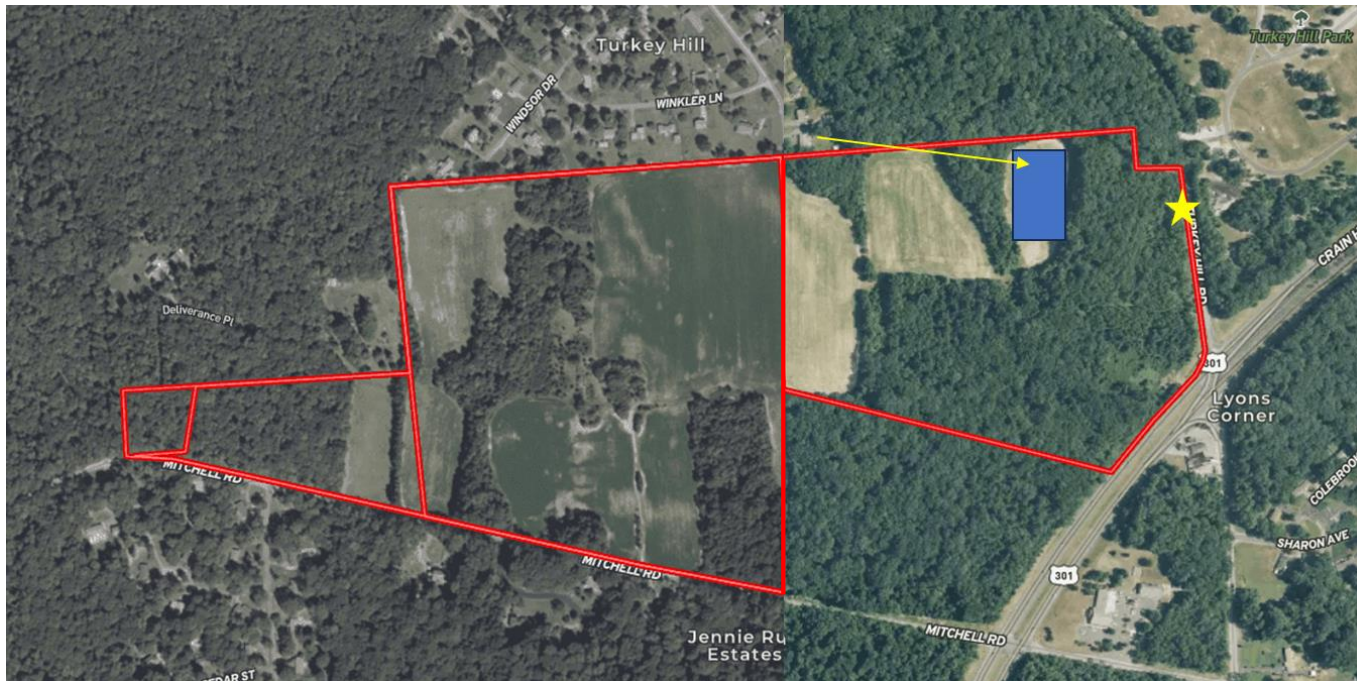
REC Pricing Trends



Bloom Target Vs. Actuals



dc Farm Purchase Update



- Turkey Hill Road property is purchased
- Awaiting the deed from the county
- We have a written offer on the Mitchell Road property
- Investigating preservation in the Ag Reserve for one-time payments
- We have a 90-day study period to examine the potential for the site
- Working with Charles County, College of Southern Maryland, and others
- Well within the approved budget for purchase



Final MD & VA PFAS Legislation: 3 Tiers for Land Application ⁷

Maryland — SB 719 / HB 925

Tier 1 (< 25 ppb): Unrestricted land application — Bloom qualifies today.

Tier 2 (25–50 ppb): Additional state oversight required. Reduced application rates apply: 3 dt/ac. Notification of local govt/owner/adjoining landowner 14 days prior to land application.

Tier 3 (≥ 50 ppb): Prohibited from agricultural use (effective Oct. 2027).

Notes: Also directs MDE to strengthen industrial pretreatment requirements, targeting PFAS at its source.

Virginia — SB 386 / HB 1443

Tier 1 (< 25 ppb): Unrestricted land application — Bloom qualifies today.

Tier 2 (25–50 ppb): Reduced application rates apply: 3 dt/ac.

Tier 3 (≥ 50 ppb): Prohibited from land application beginning July 2027.

Notes: **Landowner notification of PFAS results for the 40 1633A analytes two weeks prior to land application; does not apply to blends.** Establishes a study work group to evaluate PFAS in biosolids and report recommendations by November 2027.

- How does this affect Bloom?
 - Bloom is well below regulatory thresholds — **14.3 ppb** combined vs. the proposed **25 ppb** limit
 - Bloom can still be applied unrestricted in Maryland; in Virginia, our hauling contractor and blenders will need to comply with the Landowner notification of PFAS results for the 40 1633A analytes two weeks prior to land application. However, this does not apply to our blended products sold directly in VA.

dc HQO Events Update

5

35

Events booked (FY26)

15,400+

Guests hosted & booked

\$428K

Total event book of business

\$173K

Revenue recognized YTD

- ▶ Police Week 2026 drew 4,000+ guests across two days — our largest event to date
- ▶ NACWA Water Week reception hosted 1,034 guests, showcasing HQ-O to the national water sector
- ▶ Diverse calendar — galas, weddings, government summits, and nonprofit fundraisers
- ▶ HQO is becoming a premier Navy Yard waterfront event destination

dc IMA Partner FY25 Rate Payer Credit

In March, Blue Drop sent net revenue back to DC Water, and DC Water credited the IMA partners their portion on the Blue Plains Q3 operating bill in addition to saving \$3M on biosolids contracting costs in FY25.

FY25 Net Revenue Credit Calculation					
	Bloom	RECs	total		
revenue	\$ 354,565	\$ 5,697,418			
expenses		\$ (43,128)			
net revenue	\$ 354,565	\$ 5,654,290	\$ 6,008,855	total net Bloom and REC revenue to date	
			\$ 2,500,000	Bloom land purchase budget	
			\$ 506,057	Blue Drop 6 month operating budget	
			\$ 506,057	Blue Drop 6 months reserve	
			\$ 2,496,742	transfer FY25 net revenue to DC Water	
		41.52%	\$ 1,036,647	DC credit	
		42.58%	\$ 1,063,113	MD credit	
		10.17%	\$ 253,919	Fairfax credit	
		5.02%	\$ 125,336	Loudoun credit	
		0.71%	\$ 17,727	Potomac Interceptor	

dc Governance & Stewardship

7

- ▶ Maintaining accountant recommended operating cash in reserve
- ▶ Revenue diversified across six healthy streams, reducing reliance on any single source
- ▶ Profitable, growing, and reinvesting in owned assets — delivering on our mission and our mandate

Profitable. Diversified. Investing in the future.

dc Governance & Stewardship

7

- ▶ Initiated Blue Drop's FY26 financial audit — reinforcing transparency and accountability to the Board
 - ▶ Met with audit team 2nd week of June
 - ▶ Began transfer of requested documents
 - ▶ Report due before the end of the FY
- ▶ Requested and awaiting assignment of Governance Committee member to the Blue Drop board
- ▶ Growing, generating savings and revenue, reinvesting, and providing tangible operational savings for all IMA partners - delivering on our mission and our mandate

dc IMA Partner Requested Audit

Blue Drop financial audit is under way, coordinated by COG and performed by CLA. Report expected before the end of the FY.



Questions and Discussion

Chris Peot, President
Blue Drop