



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
306th MEETING OF THE BOARD OF DIRECTORS
Thursday, March 7, 2024
9:30 am

This Board Meeting can be viewed via livestream: <https://dcwater.com/watch-board-meetings>

- I. **Call to Order (Keith Anderson, Chairman)**
- II. **Roll Call (Michelle Rhodd, Board Secretary)**
- III. **[Approval of the February 1, 2024 Meeting Minutes](#)**
- IV. **Chairperson's Overview**
- V. **Committee Reports**
 - 1. [Environmental Quality and Operations Committee \(Sarah Motsch\)](#)
 - 2. [Finance and Budget Committee \(Anthony Giancola\)](#)
 - 3. [Special Meeting of the Governance Committee \(Christopher Herrington\)](#)
 - 4. [DC Retail Water and Sewer Rates Committee \(Howard Gibbs\)](#)
- VI. **Issues of General Interest**
- VII. **[CEO and General Manager's Report \(David L. Gadis\)](#)**
- VIII. **[Summary of Resolutions and Contracts \(FYI\)](#)**
- IX. **Consent Items (Joint Use)**
 - 1. [Approval of the FY 2023 – FY 2033 Proposed Capital Improvement Program – Resolution No. 24-06](#) (Recommended by the Environmental Quality and Operations Committee 02-15-24; the Finance and Budget Committee 02-22-24; and the DC Retail Water and Sewer Rates Committee 02-27-24)
 - 2. [Approval to Amend Fiscal Year 2024 Operating Budget – Resolution No. 24-07](#) (Recommended by the Finance and Budget Committee 02-22-24)
 - 3. [Approval to Amend Fiscal Year 2024 Revenue Budget – Resolution No. 24-08](#) (Recommendation by the Finance and Budget Committee 02-22-24)
 - 4. [Approval of Proposed Fiscal Year 2025 Operating Budget – Resolution No. 24-09](#) (Recommended by the Finance and Budget Committee 02-22-24)
 - 5. [Approval of Fiscal Year 2024 – 2033 Financial Plan – Resolution No. 24-10](#) (Recommended by the Finance and Budget Committee 02-22-24)
 - 6. [Approval of Official Intent to Reimburse Fiscal Years 2024 and 2025 Capital Expenditures with Proceeds of a Borrowing - Resolution No. 24-11](#) (Recommended by the Finance and Budget Committee 02-22-24)

7. [Approval of Transfers from the Rate Stabilization Fund to the Authority General Fund in FY2024 and FY2025 Operating Budgets – Resolution No. 24-12](#) (Recommended by the Finance and Budget Committee 02-22-24)

X. Consent Items (Non-Joint Use)

1. [Approval to Participate in the District Department of Transportation Metro Branch Trail Project Under the Terms of the 2002 Memorandum of Understanding Between District of Columbia Department of Transportation and DC Water – Resolution No. 24-13](#) (Recommended by the Environmental Quality and Operations Committee 02-15-24)
2. [Approval to Execute Change Order No. 003 of Contract No. 200030, Small Diameter Water Main Replacement-16A, Capitol Paving of D.C., Inc. – Resolution No. 24-14](#) (Recommended by the Environmental Quality and Operations Committee 02-15-24)
3. [Approval of Proposed Fiscal Years 2025 and 2026 Retail Metered Water and Sewer Rates, Right-of-Way \(ROW\), Payment-in-Lieu of Taxes \(PILOT\) Fee, Clean Rivers Impervious Area Charge \(CRAIC\), Retail Groundwater Sanitary Sewer Service Rate and High Flow Filter Backwash Sewer Rate – Resolution No. 24-15](#) (Recommended by the DC Retail Water and Sewer Rates Committee 02-27-24)
4. [Approval to Publish Notice of Proposed Rulemaking to Establish the New Customer Assistance Program, CAP Plus \(CAP+\) for Low-Income Residential Customers - Resolution No. 24-16](#) (Recommended by the DC Retail Water and Sewer Rates Committee 02-27-24)

XI. Executive Session¹ (Keith Anderson, Chairman)

XII. Adjournment (Keith Anderson, Chairman)

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.

Upcoming Committee Meetings | via Microsoft Teams

- March 21st @ 9:30 am Environmental Quality & Operations Committee
- March 26th @ 9:30 am DC Retail Water and Sewer Rates Committee
- March 28th @ 9:30 am Finance & Budget Committee

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 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.



**305TH BOARD OF DIRECTORS MEETING
MINUTES OF THE MEETING
FEBRUARY 1, 2024
(Via Microsoft Teams)**

DIRECTORS PRESENT

District of Columbia Members

1. Rachna Bhatt, Chairperson
2. Anthony Giancola, Principal
3. Howard Gibbs, Principal
4. Jed Ross, Alternate

Prince George's County Members

1. Floyd Holt, Principal
2. Jared McCarthy, Alternate

Montgomery County Members

1. Jon Monger, Principal
2. Steven Shofar, Alternate

Fairfax County Members

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

DC WATER STAFF

1. David Gadis, CEO 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
 4. Jeffrey Thompson, Chief Operating Officer and EVP
 5. Michelle Rhodd, Secretary to the Board
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The 305th meeting of the District of Columbia Water and Sewer Authority's Board of Directors was called to order by Chairperson Rachna Bhatt at 9:31 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

Chairperson Bhatt asked for a motion to approve the minutes of the January 4, 2024, meeting.

Upon a motion duly made and seconded, the Board of Directors approved the minutes of the January 4, 2024, meeting as presented.

II. CHAIRPERSON'S OVERVIEW

Chairperson Bhatt thanked Matt Brown Chief Financial Officer, Finance, Procurement and Compliance and EVP and his team for their work on the informative budget workshop. She also thanked the Board members for their engagement during the workshop.

III. COMMITTEE REPORTS

*Governance Committee Report
Reported by Christopher Herrington*

Governance Committee Chairperson Christopher Herrington reported that the Committee met on January 10, 2024, via Microsoft Teams. Chris Peot, Interim President of Blue Drop, provided an overview of Blue Drop performance for FY23. Mr. Peot informed the Committee that FY23 was a record sale of Bloom sales. Sixty-four thousand seven hundred seventy tons of Bloom were sold, which was 112% of the 58,000-ton goal. PFAS levels in Bloom were tested and were found to be of very low risk. The amount present in the product is about 1/10 of the amount found in household dust or 1/2,000 of what is allowable in food packaging.

Mr. Peot advised the Committee that typically, material runs out in the Spring, which creates an issue for market availability. Storage options are being investigated in order to control inventory and have materials when there is demand in the market. Mr. Peot went on to state that the greatest value of Bloom is its savings from outsourcing contracts. In FY23, Blue Drop saved \$2.5 million, and partners in Maryland and Virginia saved \$1 million and \$408,000, respectively.

Additionally, Mr. Peot reported that in FY23 renewable energy credit (REC) sales totaled \$4.4M. Maryland, DC, and Pennsylvania have high baselines for renewable energy REC prices. MD prices have plateaued, but DC and PA prices should continue to rise.

During his report on HQO Events, Mr. Poet reported that 63 HQO Events were held in FY23, surpassing the goal of 50 events, meaning that 126% of the goal was attained. When a full-time event coordinator was hired margins thinned and the number of events increased. Pricing was re-established based on feedback from a consultant and the events goal for FY24 was increased.

Mr. Poet provided an update on other revenues. He noted that additional revenues included cell towers, which brought in \$282,000 or 81% of the budgeted goal. This also included an IP of \$278,000, or 49% of the budgeted goal. Mr. Poet reported a deficit due to the renegotiation of one of the IP plans.

In his update on Blue Drop's year-end financial position, Mr. Poet reported that the year-end financial position reflected \$7.5 million in income and \$4.1 million in expenses for a net revenue of \$3.3 million. The FY24 budget was also presented. More REC demand is expected, along with increased prices. An increase in Bloom sales is also expected. The projected revenue for FY24 is \$5.1 million.

Mr. Herrington noted that staff clarified that all Blue Drop revenues not going toward expenses were being held until the allocation towards the Intermunicipal Agreement (IMA) is resolved.

Next, Korey Gray, Vice President, Contract Compliance and Business Development, presented the FY23 Certified Business Utilization Annual Report. DC Water's Business Development Program addresses certified business utilization across three program areas: The Local Small Business Enterprise (LSBE) Program for projects under \$1 million, the DC Water Disadvantaged Business Enterprises (DBE)/Women Business Enterprises (WBE) Program for non-federal projects over \$3 million, and the EPA-defined Fair Share Objectives for projects that receive federal funding.

The overall certified business goals for FY23 were 32 percent for DBE and 6 percent for WBE for goods and services. For construction, 32 percent was DBE, and 6 percent was WBE. For architectural and engineering projects, 28 percent DBE and 6 percent WBE. A key component of DC Water's Certified Business Utilization effort is its good faith efforts that govern the interactions between DC Water, contractors, and certified firms during the life of the projects. DC Water defines good faith as outreach plus engagement plus results. Those results were seen as certified firms meeting 38.1 percent or \$155 million of the awards and task orders from DC Water, meeting the utilization goal for FY23. There were 26 large goods and services awards totaling \$65 million. Thirty-one certified DBE and WBE firms participated in these projects, and the overall participation in these projects was 47.1 percent. There were 15 architectural and engineering projects awarded in FY23, totaling \$171 million, of which 60 certified DBE and WBE firms participated for an overall certified firm participation of 35.9 percent. There were 15 construction projects awarded in FY23, totaling \$146 million, of which 92 certified DBE and WBE firms participated for an overall certified firm participation of 39.6 percent.

Mr. Gray summarized steps taken by DC Water to engage local firms. In FY23, 60 percent of contracts were awarded to firms within DC Water's user jurisdiction. Of these 97 contracts, or \$127 million, were awarded to Montgomery County; 25 contracts, or \$10 million, were awarded to Prince George's County; 56, or \$53 million, were awarded to Fairfax County; and, 31 contracts for \$38 million were awarded to Louden County. Outside DC Water's user jurisdiction, there were 92 awards for \$165 million. Demographic data, kept by DC Water even though the programs are not race-based, was presented for Committee consideration. In total, 62 percent of contracts and sub-contracts were awarded to minority-owned firms in FY23. More than 180 certified firms were awarded work on DC Water projects in FY23, of which 12 certified firms were prime contractors.

The Committee met in executive session to discuss the CEO delegation policy. The Committee will hold a special meeting on February 22, 2024.

*Human Resources and Labor Relations Committee Report
Reported by Steven Shofar*

Human Resources and Labor Relations Committee Chairperson Steven Shofar reported on the Committee meeting held on January 10, 2024, with the Union Presidents. The Committee was asked to consider and recommend Board approval for Action Item (Joint Use) Contract No. 10402 which would add additional funding to Human Capital Strategy development.

The Committee was informed that Joel Grosser, Director of Procurement, Goods, and Services, will retire from DC Water.

Barbara Milton, President AFGE Local 631, presented information on several topics. The first topic, paid parental leave, was discussed in executive session as it was currently under litigation. In response to his request to share his union's concerns about the paid parental leave matter, Jonathan Shanks, President AFGE Local 8782, was advised to send written comments to management.

The second topic was engineering PE license, on which Ms. Milton expressed concern about changes to engineer working divisions without finalization of job descriptions to address licensing exemptions. Ms. Milton stated she requested a copy of the impacted job descriptions did not receive them. George Spears, Vice President of Labor Relations and Compliance noted that legal counsel represented both parties, and there was a difference of opinion about the exemptions. An initial draft of the impacted positions was provided to the unions, and the DC Water team continues to make revisions. Updated revisions of the job descriptions will be shared shortly. Communications with the unions have and continue to take place to address ongoing concerns.

The third topic was the job classification and compensation review. Ms. Milton shared the Union's distrust of the current DC Water administration, especially in light of a recent email from the CEO and General Manager regarding paid parental leave. The email noted

that unions received the benefit and that AFGE 631 declined the terms. In light of this mistrust, Ms. Milton requested a guarantee that current employees would not be demoted in the job reclassification process, which has created anxiety amongst the union members. Mr. Spears referenced DC Water's track record on staff retention, including maintaining staff during Covid, to illustrate that there is no need for such a guarantee, and the Authority's intention to apply the same approach in the job reclassification review. Mr. Spears added that a guarantee could not be given that there would be no demotions, but the Authority values its union partners and relies on the knowledge and experience of the current staff members are critical to DC Water. Affected employees in the positions being considered will be consulted about their positions as decisions are made.

Mr. Shanks expressed concern about staffing levels in the Fleet Department, especially surrounding vehicle maintenance turnaround time frames. He requested this be made a priority by management. Wayne Griffith, Chief Administrative Officer, stated that Fleet Management remains a priority, and investments were made to reflect the commitment. He noted the transition to a brand-new facility, the new fleet contract implemented leasing vehicles to prevent service gaps, and additional funding approved by the Board to continue advancing fleet operations further demonstrates the Authority's commitment to, and prioritization of, Fleet Management.

In response to Mr. Shofar's question about tracking out-of-service vehicles, Mr. Griffith stated he would review the matter and return to the Committee with a response.

*Environment Quality and Operations Committee Report
Reported by Sarah Motsch*

Environmental Quality and Operations Committee Chairperson Sarah Motsch reported on the Committee meeting that was held on January 18, 2024. Nicholas Passarelli, VP, Wastewater Operations, briefed the Committee on the performance of the Blue Plains Advanced Wastewater Treatment Plant. All parameters were within the National Pollution Discharge Elimination Standard permit limits. The average flow to complete treatment was 291 million gallons per day for December. The tunnel systems and wet weather treatment captured over 500 million gallons with 50 million gallons overflowed due to a rain event. Onsite energy generation from the Combined Heat and Power facility and solar panels for the month was 23% of the average treatment plant consumption. 2,200 wet tons of biosolids were sold as Bloom in December, towards an FY24 goal of 65,000 tons. Moussa Wone, Vice President of DC Clean Rivers Project, presented the Clean Rivers Project quarterly update. In the last 6 years more than 16 billion gallons have been captured by the Anacostia River Tunnel System, along with over 10,000 tons of trash.

The Potomac River Tunnel contract was awarded to CBNA-Halmar Clean Rivers JV with mobilization expected to begin by the end of January and completion in February 2030.

The remaining Rock Creek CSO Projects include the Piney Branch Tunnel and Green Infrastructure Projects C and D. A total of 92 acres of green infrastructure is required, of which 42 acres are complete. The Piney Branch Tunnel will capture drainage from 2,300

acres, holding up to 4.2 million gallons and reducing the number of annual average overflows from 25 to 1, a 96% reduction in volume. Tunnel construction is scheduled to start by May 2026 with place in operation by November 2029. Currently an Environmental Assessment is underway in conjunction with the National Park Service and additional soil borings are scheduled to assess ground conditions. Public outreach efforts are ongoing for all tunnel systems with resident, business and councilmembers coordination critical to project success. Overall DC Clean Rivers program is \$42.6M under approved budget.

Matthew Brown, Chief Financial Officer and EVP Finance, Procurement and Compliance, presented an overview of the budget proposal. The budget approval timeline requires committee recommendations in February and full board approval in March. In April the budget will be submitted to Congress via DC and the ratemaking process will begin with full board adoption of rates in July. The proposed operating budget is \$788.2 million, and the proposed 10-year CIP is \$7.74 billion which is \$792 million more than the current approved plan. The budget includes a multi-year rate proposal of 4.8% increase for FY 2025, and 6.5% increase for FY 2026. Multiple capital budget scenarios were considered during this budget cycle. The 10-year CIP would grow from the proposed budget of \$7.7 billion to \$9.1 billion for the Full Asset Management scenario. The average household monthly charge by FY 2033 is estimated at \$229.50 under the proposed budget and \$253.26 under the full asset management scenario. An overview of the jurisdictional cost shares was provided as established by the 2012 Intermunicipal Agreement.

David Parker, Vice President of Engineering, DC Water, presented the Capital Improvement Program (CIP) Budget Overview that included service area budget and project detail. The CIP budget includes fully funding DC Clean Rivers, \$732 million allocation for Lead Free DC, funding for more than 150 miles of small diameter water main replacements, \$3.5 billion investment in aging water and sewer system infrastructure, \$1.3 billion for major Blue Plains rehabilitation, \$357 million for Washington Aqueduct's infrastructure and \$347 million for capital equipment. Water and Sewer linear infrastructure replacement and rehabilitation rates were highlighted, with the remaining useful life of those systems at 36 years and 21 years respectively. With the current investment rates the systems will not reach target age until 2066 and 2117. Project locations are selected based on Risk and equity considerations. A discussion of risks that were being monitored but not budgeted included the Washington Aqueduct Capital Program Uncertainties, regulatory risks, climate change, Anacostia River sediment contamination, and cured-in-place pipe curing methods. The presentation concluded with reporting of opportunities for optimization and revenue including capturing federal and industry funding, Blue Plains PdNA, resource recovery, a Blue Plains microgrid, diversifying bloom products, and CIP execution improvements.

*Retail Water and Sewer Rates Committee
Reported by Howard Gibbs*

Retail Rates Committee Chair Howard Gibbs reported on the Committee meeting held on January 23, 2024. Chief Financial Officer Matthew Brown presented the Monthly Report as of December 31, 2023. Overall, revenue was favorable to the budget. Collections for the Residential, Commercial, and Multi-Family category were approximately \$7.8 million above budget. All other categories were favorable to budget, with the exception of the Other Revenue Category which was 25.7% below the budget due to lower revenue from the Developers Fee, System Availability Fee, and the Washington Aqueduct Backwash. Total delinquent accounts increased in both dollar amount and number with over half of the delinquent amounts in the Multi-Family Category.

Meisha Thomas, Director of Customer Care, presented the proposal to expand the DC Water Cares assistance programs (CAP) that is part of the Proposed FY 2025 Budget. Currently, DC Water has several affordability programs including CAP, CAP2, CAP3, and non-profit CRIAC relief programs, along with Residential Assistance, Homeowners' Assistance, and Low-Income Household Water Assistance. She described the programs that are proposed:

- CAP+: Proposed to begin in FY25 with a Budget of \$500,000 and covering 20% MHI and lower which is the CAP benefits plus an additional two CCFs of water and sewer services, a \$35.00 additional benefit.
- Leak Assessment Program: Proposed to begin in FY25 with a budget of \$500,000.
- Payment Plan Incentive Program: Beginning on June 1, 2024, and ending on September 30, 2025, with a Budget of \$2 million each year from the Rate Stabilization Fund. The program is intended to reduce outstanding balances for residential customers with balances aged 60 days or greater or a total balance higher than \$500.
- Retroactive Enrollment: Proposed to begin on October 1, 2024, for CAP, CAP2, and CAP+ customers. Customer assistance start date would be backdated up to three months before the listed enrollment date. The maximum retro date is October 1st. The budget for retroactive enrollment would be \$1 million.

Approval of the proposed programs would lead to the recognition of all the EPA programs by DC Water Cares. Ms. Thomas requested that the Committee recommend the program expansion to the Board at the February meeting.

Mr. Brown discussed Board resolution #11-10, DC Water's rate-setting policies. DC Water put forth a two-year rate proposal scheduled for presentation to the Board on March 7, 2024. Mr. Brown confirmed that DC Water adhered to the established Board Policy.

John Davis of Raftelis, presented an overview of the Cost of Service Study. This study is prepared concurrently with the internal rate setting process. Study Objectives focused on determining if rate revenue covers expenditures, ensuring rates equitably cover the cost of service, and exploring alternative rate structures to meet DC Water's priority objectives. The Revenue Sufficiency Analysis took into consideration CAP expansion, increased capital budget, the stabilized post-COVID consumption data, and O&M budget increase for FY25 and found the proposed rate increase would cover FY25-26 expenditures, maintain reserve funds, ensure adequate debt service coverage, and align with the Board's objective of 350 days cash on hand.

The Cost of Service Analysis considers equity and affordability with emphasis on service-based charges that are not taxes but cost recovery. He provided the Residential Customer Bill, showing that the average household residential customer bill would increase 4.8% in FY25 and 6.5% in FY26. The CAP residential customer bill would increase 4.7% in FY25 and 5.8% in FY26. The Alternative Rate Structures regarding stormwater costs and indicating that this change is not included in the current proposal. Next steps include presenting the rate proposal to the Board on March 7, 2024, with public meetings (Town Halls) in May and the Cost of Service study report to be submitted to the Mayor and Council and posted on DC Water's website on March 4, 2024.

Mr. Brown said that the Committee would be asked to recommend the approval of the rates for the rate setting process and the expansion of the customer service programs to the Board at the next meeting. The Independent Rate Consultant will present a review of the rates at the next committee meeting. The Public Hearing is scheduled for May 9, 2024, and DC Water staff will prepare responses to public hearing comments from May 16 to May 31. The Committee is to be presented with a final proposal on June 25, 2024, and will be requested to recommend the proposal for Board approval on July 3, 2024.

*Joint Meeting of the – DC Retail Water and Sewer Rates Committee & Finance and Budget Committee Report
Reported by Howard Gibbs*

Retail Rates Committee Co-Chair Howard Gibbs reported on the Joint Meeting of the DC Retail Water and Sewer Rates Committee & the Finance and Budget Committee on January 23, 2024. Matthew Brown, Chief Financial Officer, Procurement and Compliance presented the Proposed FY 2025 Budget and Two-Year Rates, which included the Proposed Operating Budget of \$788.2 million; Ten-Year Capital Improvement Program (CIP) of \$7.74 billion; and proposed rate increases of 4.8% for FY 2025, and 6.5% for FY 2026. Mr. Brown reported that budget briefings were conducted with Wholesale Customers and the Office of the People's Counsel in January.

Mr. Brown went on to report that DC Water will continue to offer some of the most robust customer assistance programs in the nation to advance equity and affordability for retail customers. The EPA recognizes five categories of customer assistance programs, and DC Water offers four of these currently. DC Water is proposing a leak assessment so that

it will have programs in all five categories. He discussed that proposed customer program as well as other proposed expansions like the new CAP+ program.

Next, Lola Oyeyemi, Vice President Budget, presented a detailed overview of the Proposed Revised FY 2024 Operating Budget of \$737.6 million, and the Proposed FY 2025 Operating Budget of \$788.2 million. She highlighted that debt service costs are one of the largest cost drivers in the budget. She noted that the revised FY 2024 budget of \$737.6 million remains at the Board-approved level but includes the reprogramming of \$10.3 million from debt service to CFCI (Cash Finance Capital Improvement) to reduce borrowing for the capital program.

Ms. Oyeyemi provided a deep dive into the Proposed FY 2025 Operating Budget cost categories including personnel costs, contractual services, chemicals & supplies, utilities, and Non-O&M costs. She informed that the current union agreement expired on September 30, 2023 and any changes negotiated could impact the budget.

Board member Anthony Giancola expressed concern about budgeting 7% percent for vacancies when, historically, DC Water has had a higher rate of vacancies. He suggested including a 9% vacancy rate in the budget and adjusting the rates accordingly over time. Next, Mr. Brown spoke about the Proposed FY 2024 to 2033 CIP of \$7.74 billion which was an increase of \$792 million over the Board-approved CIP and the FY 2025 capital equipment budget of \$31.5 million. He noted that an additional \$3.3 billion will be borrowed over the next 10 years to advance capital programs. Mr. Brown then provided additional details on the proposed Revised FY 2024 Operating Revenues of \$890.6 million and the proposed FY 2025 Operating Revenues of \$926.3 million and details of the diversified sources of revenues.

Mr. Brown reviewed the Ten-Year Financial Plan and its use as a fiscal roadmap to meet financial goals and targets. He also, discussed the Intent to Reimburse Capital Expenditures, which is a requirement in the Master Indenture that requires Board approval to allow DC Water to reimburse itself for capital expenditures with debt proceeds. The combined amount requested for FY 2024 and FY 2025 is \$325.0 million. Mr. Brown reiterated the importance of public communication and the need to be as transparent as possible with rate payers, the Office of the People's Counsel, the other stakeholders about DC Water, and the proposed budget and how rate revenue is spent. Communication with the public will be ongoing, including town hall meetings and the publication of budget and rate materials on the website.

Mr. Brown completed his report with a reminder that the Committee's the respective recommendations and actions will occur in February with final budget adoption by the full Board on March 7.

*Finance and Budget Committee Report
Reported by Anthony Giancola*

Finance and Budget Committee Chairperson Anthony Giancola reported that the Committee met on January 23, 2024 and reviewed the December 2023 Financial Report, which reflected the completion of the first quarter of the fiscal year. At the end of the first quarter of FY 2024, total operating revenues were at \$226.3 million or 25.8 percent of the budget. Operating expenditures were below budget at \$156.3 million, or 21.2 percent. Capital disbursements were \$107.7 million, or 17.8 percent of the budget. Lola Oyeyemi, VP Budget, informed the Committee that the 2023 Financial Audit was completed, and DC Water received an unmodified “clean” opinion again. An update on the audit will be presented at the Audit and Risk Committee. She congratulated the Finance staff for their work on the completed audit and ongoing activities to complete the Office of Management and Budget Uniform Guidance Audit and the Green Bond Attestation.

Total operating revenues were above budget, due mainly to Residential, Commercial, and Multi-Family customers. This was due to higher receipts in the first few months of the fiscal year, coupled with higher water consumption compared to budget. Cash investments totaled \$706 million at the end of December, including \$35.6 million in the Rate Stabilization Fund and additional reserve account balances. The year-to-date interest income was \$2.6 million. The delinquent accounts balance increased to \$29.9 million for 10,536 accounts. The high overtime costs in some departments were mainly due to increased emergency responses during the winter season, increased demand for operating the tunnel dewatering pump station crane during wet weather conditions, additional shift coverage due to staff out on medical leave, and support of the year-end close and payroll activities. The Developer deposits credit balance was \$44.9 million, while the debit balance was \$11 million at the end of December 2023.

*Audit and Risk Committee Report
Reported by Floyd Holt*

Audit and Risk Committee Vice Chairperson Floyd Holt reported that the Committee met on January 25, 2024. Genes Malasy, Controller, provided a briefing on DC Water’s FY23 financial statements. DC Water received an unmodified (“clean”) audit opinion for the 26th year in a row. This year marked the third audit completed in the new Oracle financial system. DC Water’s net position is increasing as it continues to grow and invest in infrastructure. The net position increased by \$266.2 million (9.3%) this year to a total of \$3.1 billion.

The KPMG external audit team provided an overview of the results of the FY23 audit. KPMG issued an unmodified opinion on December 21, 2023. There were no material weaknesses or significant deficiencies reported. Likewise, there were no instances of non-compliance reported. There were no uncorrected financial statement misstatements in the Authority’s books and records, or financial statement presentation identified in

FY23. There were three corrected audit misstatements that were discussed and explained.

Francis Cooper, Director EPMO, gave a briefing on the Authority's Enterprise Risk Management (ERM) program. Mr. Cooper discussed the reasoning behind the ERM program and reminded the Committee of the steps taken thus far to implement the program. DC Water developed a strong foundation for enterprise risk management as a response to an internal audit finding. It was noted that although Deloitte helped with the implementation of the Origami Risk and Policy tool, they are currently not involved in the process. The current plan is for Deloitte to continue to be involved from an advisory capacity moving forward. Risk deep dives were conducted for two enterprise risks – Revenue Erosion & Expenditure Increase and New & Changing Regulations. The deep dive process aims to facilitate conversation to allow for better understanding, awareness, and communication around the risk topic while also supporting development of risk responses. ERM's role in identifying and managing risks that could impact achieving strategic imperatives will be featured in the annual ESG+R Report that will be published in March 2024.

The RSM internal audit team shared an update regarding the FY24 audit plan progress. The internal audit plan is currently on track with the proposed timeline. One project was completed during Q1 and four projects are in progress for Q2. There are two open high risk audit findings currently, both from audits completed during FY23. Neither have come due, and both are making appropriate progress to their respective target dates. 92% of all prior audit findings from FY17 – FY23 are currently closed. Management has increased the target closure rate to 95%. An audit of the P-Card and Expense Reimbursement processes was conducted during Q1 of FY24. The scope of the audit was shown to the Committee, and a breakdown of P-Card expenditures by merchant category code was presented. The report resulted in three low risk findings. There have been seven calls to the Fraud, Waste, and Abuse hotline in FY24. Sophie Tomeo, RSM, noted that at the time of meeting material submission, only five calls had been received, but two additional calls had been made in the following week. All seven calls received during the fiscal year have been closed at this time with only one call requiring corrective action.

IV. CEO AND GENERAL MANAGER'S REPORT

CEO and General Manager David began his report with an update on the boil water advisory that was issued on January 9. Mr. Gadis explained that DC Water experienced an unexpected loss of water supply that caused a drop in pressure in the Authority's water distribution system. When the system drops below 20 PSI, the EPA regulations requires the Authority to issue a precautionary boil water advisory. The Water Quality team collected water samples from seven different locations within the impacted area late on Friday evening, which enabled the Authority to do a second round of tests on Saturday to ensure the water was safe for consumption leading to the lifting of the advisory on Sunday. A subsequent investigation found that the loss of pressure was caused by the Washington Aqueduct (the Aqueduct) activating a valve. Mr. Gadis informed the Board

that he expressed his concern about the incident to the General Manager of the Aqueduct as well as his desire that their teams work together in the future to prevent a similar event. Mr. Gadis thanked staff across the Authority who worked around the clock to resolve the issue.

Mr. Gadis informed the Board that he would begin a series of visits with DC Council members to offer a 2024 State of the Utility update and ask for their support for the Authority's funding request during the Budget process. Meetings were completed with Council members Christina Henderson, Charles Alan, and the staff of Robert White.

Next, Mr. Gadis reported on the January 15 sewer backup that caused flooding in some homes along the 4000 block of Southern Avenue. The flooding stemmed from repairs that WSSC made in the area the previous week. This area is near the Prince George's County border, and the District homes are served by sewer lines that run across the border into WSSC's system. Mr. Gadis thanked WSSC for their assistance to resolve the matter. He stated that he remained in contact with WSSC throughout the event and deployed members of DC Water's Community Outreach Team to engage with impacted customers and address ongoing concerns. There were a few customers who expressed concern about the initial response to the incident, as crews were not dispatched until the following morning. It is believed that weather conditions contributed to DC Water's response time. A review of the event was conducted and changes were being implemented to ensure a similar event does not happen again. In addition, Customer Service Teams and Field Crews will be given refresher training on how to address customers during escalated times.

On January 23, DC Water hosted the Emerging Leaders class at its headquarters. Wayne Griffith, Chief Administrative Officer, welcomed the students and offered an overview of DC Water and its community impact. Mr. Gadis explained the goal of the program and noted that of the 19 students across EPA Region 3, three students were DC Water employees.

Chairperson Bhatt thanked Mr. Gadis for his leadership in addressing the boil water issue and working with the Aqueduct to prevent similar events in the future.

V. CONSENT ITEMS (JOINT USE)

Approval to Add Additional Funding to Task Order No. 2 of Contract No. 10402, Human Capital Transformation Services, Accenture LLP – Resolution No. 24-05 (Recommended by the Human Resources and Labor Relations Committee 01-08-24)

Upon a motion duly made and seconded, the Board of Directors voted and unanimously approved the resolutions as presented.

VI. ADJOURN

There being no further business to come before the Board, Ms. Bhatt adjourned the meeting at 10:30 a.m.

Michelle Rhodd
Secretary to the Board of Directors



**MINUTES OF THE MEETING
ENVIRONMENTAL QUALITY AND OPERATIONS COMMITTEE
FEBRUARY 15, 2024
(via Microsoft Teams)**

COMMITTEE MEMBERS PRESENT

1. Sarah Motsch, Chairperson
2. Howard Gibbs, Principal, District of Columbia
3. Steven Shofar, Alternate, Montgomery County
4. Jared McCarthy, Alternate, Prince George's County
5. Andrea Crooms, Alternate, Prince George's County
6. Christopher Herrington, Principal, Fairfax County

DC WATER STAFF PRESENT

1. Marc Battle, Chief Legal Officer and EVP, Government and Legal Affairs
2. Matthew T. Brown, Chief Financial Officer and EVP, Finance, Procurement and Compliance
3. Wayne Griffith, Chief Administration Officer and EVP
4. Jeffrey Thompson, Chief Operating Officer and EVP
5. Michelle Rhodd, Secretary to the Board

Sarah Motsch called the meeting to order at 9:30 AM. Michelle Rhodd, Board Secretary, conducted a roll call of the Committee members and staff present for the meeting.

I. BPAWTP PERFORMANCE UPDATE

Nicholas Passarelli, Vice President, Wastewater Operations presented a summary of the performance of Blue Plains Advanced Wastewater Treatment Plant (BPAWTP) performance for January 2024. Specific details of the presentation can be found on pages 3 to 8 of the EQ & Ops Meeting package 02.15.2024 (subsequently will be referred to as "meeting package"). The average flow through to complete treatment was 332 million gallons per day (MGD) for the month; this was an increase from December (291 MGD),

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due to the significant amount rainfall during January. All NPDES permit requirements were met.

Mr. Passarelli discussed the performance of the Anacostia tunnel system and wet weather treatment at BPAWTP for the month. It was noted that there was a large rainfall event on January 9th and 10th that filled the tunnel system, resulting in 117 million gallons of overflows. The combined wet weather flows captured by the tunnel system was 531 million gallons. Total precipitation for the month was 6 inches.

Mr. Passarelli discussed electrical energy use and onsite generation at BPAWTP. Onsite energy generation from the Combined Heat and Power (CHP) facility and solar panels for the month was 23% of the average consumption at BPAWTP. The CHP Facility generated an average of 8 megawatts, of which 6.7 megawatts were transferred to the Blue Plains grid. The solar system generated 0.2 megawatts, which is lower than normal but expected due to the cloudy days during the month. Electricity consumption increased in January due to the extra pumping by the Tunnel Dewatering Pumping Station. Electrical consumption for the month was 29.7 megawatts for the month. The total purchased power from PEPCO averaged 22.9 megawatts.

Mr. Passarelli discussed biosolids production and Bloom marketing for the BPAWTP. During January, 12,462 wet tons of biosolids were produced, 3,483 tons were sold as Bloom and the remaining 8,979 tons were land applied through existing land application contracts. Progress continues to be made to achieve Bloom marketing goals for FY24, to date 18,630 tons have been marketed compared to the goal of 65,000 tons for FY24.

II. FIRE HYDRANTS UPDATE

Sylvia Okogi, Acting Senior Manager, Water Operations presented the quarterly update on DC Water's fire hydrants. Ms. Okogi noted that DC Water is meeting the out-of-service (OOS) level of 1% or less, established in the Memorandum of Understanding (MOU) with the District of Columbia Fire and Emergency Medical Services Department (DC FEMS). As of February 1st, 44 of the approximately 9,840 public hydrants in the water system were OOS. This equates to 0.15% of all public hydrants. It was noted that 15 of the 44 OOS hydrants were defective requiring repair or replacement. Ms. Okogi presented a map, showing the locations of OOS hydrants across the system.

Committee member Howard Gibbs noted that a hydrant was observed in the system that was missing the color band, which is usually applied to hydrants to denote the amount of flow available at each hydrant. Howard Gibbs, Committee member, queried why a hydrant may be missing the color band. Ms. Okogi clarified that when new hydrants are installed, there can sometimes be a lag between installation of the hydrant and when records are updated to reflect the amount of flow at the specific location. Ms. Okogi requested the location of the specific hydrant in question and will follow up with the Committee to provide

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details on the status of the specific hydrant. Mr. Gibbs said he did not recall the exact location but would provide this if they were able to come across this again.

III. WATER QUALITY MONITORING UPDATE

Maureen Schmelling, Director, Water Quality, DC Water, presented the quarterly update on the status of DC Water's water quality monitoring program. It was reported that the report for the second semester of sampling (period July through December) for the Lead and Copper rule was submitted to the EPA and none of the samples tested showed results greater than the action level of 15 parts per billion for lead. Ms. Schmelling discussed sampling for the revised total coliform rule, there was one detect sample in November and zero detects in samples collected in December and January. With these results DC Water is well below the EPA compliance level of 5% of samples testing positive for coliforms.

IV. CIP QUARTERLY UPDATE

David Parker, Vice President, Engineering presented an update on the status of Capital Improvement Program (CIP) projects and Key Performance Indicators (KPIs) through the 1st Quarter of FY24. The period covers October through December 2023. A graph was presented which summarized actual disbursements for the CIP compared to baseline and current projections. The total baseline budget for FY24 is \$448.6 million. Through the first quarter, actual CIP disbursements were \$98 million, which is 22% of the total baseline budget for FY24.

Mr. Parker noted that there are 36 schedule KPIs for projects in the CIP for FY24. The KPIs are typically the start and completion dates for projects in the design and construction phases. Through the 1st Quarter, six KPIs were due – three were completed and three are forecast to be completed outside of the threshold. Progress will continue to be monitored on KPIs through the fiscal year.

Mr. Parker provided a summary of progress on projects in the service areas in the CIP. Service areas discussed included the Non-Process Facilities, DC Clean Rivers, Wastewater Treatment, Stormwater, and Sanitary Sewer and Water areas. Specific details of projects in the planning, design and constructions phases were discussed. For the Wastewater Treatment area, Mr. Parker discussed the Partial denitrification – Anammox (PdNA) pilot project at BPAWTP, for which the design has been completed and preparation for bidding of the construction phase is ongoing. The construction will be bid on through the Miscellaneous Facility Upgrades (MFU) contracts.

Mr. Parker discussed linear projects in the Sanitary Sewer and Stormwater service areas. For the Sanitary Sewer service area, numerous projects are in the design phase including four cured-in-place pipe (CIPP) projects in the District and the Glover Park Sewer project which will be executed using a collaborative delivery approach. There are several projects

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in the construction phase including the rehabilitation of Manhole 31-30 which is 60% complete, the Soapstone Valley Park Sewer rehabilitation project which is 85% complete, and construction has commenced on the Piney Branch and Northeast Boundary Trunk Sewer rehabilitation projects.

Mr. Parker discussed the emergency repairs for the Anacostia Main Interceptor (AMI). The AMI is a 54-inch diameter gravity sewer that conveys flows from ward 7 to DC Water's Poplar Point Sewer Pumping Station. The crown of the pipe failed in December 2023, resulting in the soil cover above the pipe entering the sewer. The emergency repair is being executed in two phases - the first phase is complete and includes temporary bypass pumping and temporary repair of the collapsed pipe. The second phase will include heavy cleaning of the debris from the collapsed pipe and relining of approximately 1,460 feet of the sewer.

Mr. Gibbs enquired about the location of where the pipe collapse occurred. Mr. Parker clarified that the collapse occurred off I-295 along Fairlawn Ave, SE near Anacostia High School on a small neighborhood road.

Referencing slide 23 of the meeting package, where it was noted that the 54-inch sewer was last inspected between August 2022 and February 2023, Committee member Christopher Herrington queried whether the defect in the pipe was identified during the inspection. Mr. Parker responded that the pipe is an old pipe, constructed in 1915 of concrete masonry without any steel reinforcement. As part of the pipe condition assessment, inspectors look for evidence of exposed reinforcement and visible signs of deterioration. As the pipe doesn't have reinforcement, indications of the extent of corrosion in the pipe were not detected. If other tools of assessment to detect the dimensions of the pipe had been employed, the loss of pipe wall thickness at the top of the pipe might have been detected. There was previously a sinkhole near the location of the pipe collapse which was repaired a couple of years ago. As a result of this recent history of the pipe, a larger extent of the pipe will be rehabilitated.

Mr. Herrington asked whether the AMI would've been considered for proactive rehabilitation work as part of the schedule in the asset management plan. Mr. Parker responded that a project for the rehabilitation of this section of the AMI had been shortlisted for inclusion in the five-year CIP planning period, but there is no ongoing active project at this time.

Mr. Herrington asked what the cost difference would've been if the work completed as part of the emergency repairs had been executed as a CIP project. Mr. Parker noted that the costs of emergency activities – temporary bypass pumping, installation of trench boxes and heavy cleaning of the main would not have been incurred if the pipe had not collapsed. The rough estimate of the costs for these activities is in the order of \$3 million.

Mr. Parker discussed projects in the Water service area including the Lead-Free DC (LFDC) Program. It was noted that a third of the planned mileage for Small Diameter Water Main Replacements for FY24 has been constructed to date. In addition, there are five projects in the planning phase and several in the design phase.

For the LFDC Program, it was noted that the 5,000th lead service line replacement was completed since the start of the program in October 2019. Through the first quarter of FY24, 492 lead service line replacements were completed and two construction packages were bid on and awarded. Multiple outreach efforts were held to inform the public on the various LFDC programs. In addition, funding in the amount of \$2.8 million was secured from the District of Columbia government for the Lead Pipe Replacement Assistance Program (LPRAP). This program targets private side replacements. Mr. Parker noted that a draft of the Lead and Copper Rule Improvements was published by the EPA in November 2023. As part of the proposed rule, utilities will be required to achieve 100% of lead service line replacements within 10 years of the rulemaking. Mr. Parker noted that the LFDC program are ahead of the curve in managing lead service line replacements compared to other utilities.

Mr. Herrington asked how KPI metrics are adjusted for CIP projects that receive DC Water-initiated change orders. Mr. Parker clarified that the KPIs would not be adjusted in that instance, rather the deviations from the baseline goals would be reported and the reasons would be documented. This method is preferred as this ensures DC Water pays closer attention to projects that deviate from the planned schedule and gives a better assessment of the status of projects in the CIP.

Mr. Herrington queried when construction of the PdNA pilot project at BPAWTP is expected to be completed and the project placed into service. Mr. Parker did not have this information on hand and estimated that the construction duration was anticipated to last about a year. Mr. Parker confirmed he would follow up with the Committee to provide a more complete response.

V. PROPOSED FY2024-FY2033 CAPITAL IMPROVEMENT PROGRAM

Matthew Brown, Chief Financial Officer and EVP presented the proposed Capital Improvement Program (CIP) Budget for FY24-FY33. It was noted that at the end of the presentation, the Committee would be asked to make a recommendation to move both the 10-year and lifetime CIP Budgets forward to the full Board for approval in March 2024.

Mr. Brown discussed the process and schedule for developing and approving the proposed CIP budget. A budget workshop was conducted with the Board in January and reviews by the Environmental Quality & Operations, Finance & Budget and the Retail Water & Sewer Rates Committees was held in January and February 2024. Further, briefings were held with wholesale customers and the District's Office of People's Counsel

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in January. On March 7th, 2024, the Board will approve the capital budget, operating budget, proposed two-year rates, financial plan and all other items associated with the budget. Townhalls on the rates are planned for the spring where the CIP will be discussed with retail customers in the District. Board adoption of the rates is planned for July 3rd, ahead of the commencement of Fiscal Year 2025 on October 1st.

Mr. Brown briefly discussed the Board's responsibility related to the approval of the budget as established in the D.C. Code. It was noted that the Board has the sole authority to adopt DC Water's budget and that seven affirmative board member votes are required to approve it. The budget is submitted to the District of Columbia Council, to be included in the Mayor's budget. The Mayor may not make any changes to the budget. By law, the DC Council may make comments or recommendations on the budget, but they have no authority to revise the Board's approval.

Mr. Brown presented the proposed 10-year CIP budget, showing projected annual disbursements in each fiscal year. The proposed FY24-FY33 CIP Budget is \$7.74 billion, which includes a revised budget for FY24 of \$514 million and the two years included in the proposed rates - \$732 million for FY25 and \$842 million for FY26. The proposed lifetime budget of \$16.08 billion covers total commitments for active projects prior to, during and beyond the 10-year budget period.

Christopher Herrington, Committee member inquired about the schedule for the townhalls to be conducted in the spring and whether the board will have the benefit of information from the townhalls prior to the adoption of the CIP budget on March 7th. Mr. Brown clarified that the intent of the townhalls is to provide information to customers for the rulemaking process associated with rate revisions and precede the public hearing for adoption of revised rates. In addition, an employee townhall will be held for the first time, for DC Water employees to better understand the DC Water's budget and rates.

Referencing slide 35 of the meeting package, Mr. Herrington inquired about plans for linear sewer infrastructure in the CIP budget and whether the proposed ramp up to 1% annual rehabilitation of small diameter sewer lines aligns with targets for achieving asset management goals for sewer infrastructure by the year 2117. Mr. Parker clarified that the increase to a rate of 1% annual rehabilitation of small diameter sewer lines is a slow creep towards the goal of reducing the average age of the infrastructure in the system. The annual rate of rehabilitation will need to increase to 2.5% to really address the issues of aging linear sewer infrastructure. Mr. Brown added that several alternative scenarios for increasing the rate of rehabilitation of linear sewer mains were presented to the Board. There is the continuous struggle between the need to balance potential impacts to rates for customers and address issues with aging assets. Mr. Brown stated that the proposed CIP budget will increase the rate of rehabilitation gradually.

1. Mr. Herrington acknowledged the stresses on the CIP budget from the need to address the legislative mandates, fund the Lead-Free program, and still address

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the significant issues with the aging infrastructure across the system. Mr. Herrington queried if staff had thought about the allocations in the CIP budget being optimized to accelerate the implementation of the asset management plan, which will be fundamental to addressing the issues associated with aging infrastructure. Mr. Brown noted that DC Water will continue to seek out alternative sources of funding such as grants to help ease the burden on ratepayers. Mr. Brown mentioned that there is an indication that EPA grants are going to decline over the next few years both because of earmarks and the conservative level of government funding. Other levers such as packaging contracts in a way that we get the best possible cost and continuing to maintain the AAA bond rating will also help to reduce costs for customers. Mr. Parker added that DC Water will continue to prioritize addressing the needs of the most critical assets in the CIP. As the legislative mandates are addressed in future years, this will allow for funding to be allocated to projects in areas that have been underserved. The Committee recommended moving the Action Items for the FY24-FY33 CIP Budget to the full Board.

VI. ACTION ITEMS

JOINT USE

1. Approval of the FY 2023 – FY 2033 Proposed Capital Improvement Program (10-Year Disbursement Plan and Lifetime Budget)

NON-JOINT USE

1. Contract No. N/A - Metro Branch Trail from Piney Branch Road NW to Blair Rd NW – District of Department of Transportation (DDOT)
2. Contract No. 200030 – Small Diameter Water Main Replacement-16A – Capitol Paving of D.C., Inc

David Parker presented both Non-Joint Use Action Items.

For Action Item 1, Christopher Herrington, Committee member, queried why the project includes replacement of 0.4 miles of small diameter water mains and only 0.3 miles of pavement restoration. Mr. Parker clarified that the remaining 0.1 miles of pavement restoration will be covered by DDOT's scope on the project.

Howard Gibbs, Committee Chair, further enquired why DC Water is required to restore 0.3 miles of pavement on the Metro Branch Trail, if DDOT is rehabilitating the trail. William Elledge, Director, Engineering & Technical Services, DC Water clarified that when water mains are installed within the project limits of the DDOT project, DDOT will typically cover

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the costs of the pavement restoration. When DC Water's water mains are installed outside of the project limits of the DDOT project, DC Water typically covers the cost of pavement restoration for water main segments outside of the DDOT project limits.

For Action Item 2, Mr. Parker clarified that the requested change order is for an ongoing project. Part of the need for the change order was to address issues on water mains in the I-395 air rights tunnel near 3rd St, NW. These mains experienced two main breaks in the past two years. The change order will serve to rehabilitate these water mains and reduce the risk of failures in future.

The Committee recommended moving both Action Items to the full Board for approval.

VII. OTHER BUSINESS/EMERGING ISSUES

None

VIII. EXECUTIVE SESSION

None

IX. ADJOURNMENT

The meeting was adjourned at 10:32 am.



**FINANCE AND BUDGET COMMITTEE MEETING
MINUTES OF THE MEETING
February 22, 2024
(Via Microsoft Teams)**

COMMITTEE MEMBERS PRESENT

1. Anthony Giancola, Principal (Chairperson)
2. Sarah Motsch, Alternate, Fairfax County
3. Andrea Crooms, Alternate, Prince George's County

DC WATER STAFF

1. David Gadis, CEO and General Manager
2. Matthew T. Brown, Chief Financial Officer & EVP
3. Wayne Griffith, Chief Administration Officer & EVP
4. Jeffrey Thompson, Chief Operating Officer & EVP
5. Michelle Rhodd, Secretary to the Board
6. Lola Oyeyemi, Vice President, Budget
7. Ivan Boykin, Vice President, Finance
8. Paul Guttridge, Director, CIP Infrastructure Management

Anthony Giancola, Chairperson, called the meeting to order at 9:30 a.m. The meeting was conducted via MS Teams. Secretary to the Board Michelle Rhodd called the roll.

I. JANUARY 2024 FINANCIAL REPORT

Lola Oyeyemi, Vice President, Budget presented the January 2024 Financial Report. Total operating revenues were favorable to budget at \$319.4 million, or 36.4 percent of the annual budget; operating expenditures were \$213.7 million, or 29.0 percent of the budget; and capital disbursements were \$142.2 million or 23.5 percent of the budget. She reported that staff continues to work on various FY 2023 closeout activities. The Annual Comprehensive Financial Report and the Green Bond Report are anticipated to be completed in February. The IMA Operating & Maintenance Settlement and the Office of Management and Budget Uniform Guidance Audit will be completed in March.

Matthew Brown, Chief Financial Officer & EVP informed the Committee about the commercial paper program and rising interest rates. Ivan Boykin, Vice President, Finance,

explained that DC Water issued taxable commercial paper in 2008 for upgrades to the Washington Aqueduct and that the original amount remained outstanding. Historically, short-term rates were very low, but since 2023, rates have increased to 5.42 percent. To address this, the Authority plans to pay off the \$29.2 million commercial paper using a cash optimization strategy. DC Water will then reimburse eligible capital expenditures using bond proceeds to maintain the operating cash balance.

Ms. Oyeyemi went on to provide an update on the new retail payment processing system which is anticipated to go live in February 2024. Residential customers will be assessed a convenience fee of \$1.95 fee per transaction and Non-Residential customers will be assessed a 2.65 percent fee per transaction. Customers can still pay with ACH for free. She reported that the Payroll W2 Forms for 2023 have been mailed to all employees. Staff also held meetings with the Office of the People's Counsel and Wholesale Customers regarding the Budget and Proposed Rates. She further noted the DC Council Public Oversight Hearing for FY 2023 – FY 2024 Performance is scheduled for February 29, 2024.

Total operating revenues were at \$319.4 million, with a year-to-date favorable variance of \$19.4 million, mainly from higher water consumption than anticipated in the budget. Total operating expenses were \$213.7 million, with a year-to-date favorable variance of \$12.0 million, across several cost categories. The unfavorable variance for supplies is primarily due to increased costs of critical parts and a surge in parts demand at the Plant. In response to Mr. Giancola's previous request for the historical vacancy rates, Ms. Oyeyemi indicated that the average rates were 11-12 percent between FY 2021 and FY 2022 and 13 percent in FY 2023. The authorized vacancy rate at the end of January was 12.9 percent and active vacancy rate was 7.7 percent. Capital disbursements were \$142.2 million based on the approved budget, and a detailed project performance will be provided by Engineering at this meeting. Cash investments at the end of January were \$708.8 million, including the Rate Stabilization Fund (RSF) balance of \$35.6 million.

Ms. Oyeyemi reported that there was an increase in retail accounts receivable totaling \$30.8 million and a decline in the number of delinquent accounts at 10,322 accounts at the end of January. The largest category with outstanding balances is multi-family customers. Delinquent accounts remained at 8 percent of total accounts, while impervious-only accounts remained at 1 percent of total accounts.

II. CAPITAL IMPROVEMENT PROGRAM QUARTERLY UPDATE

Paul Guttridge, Director, CIP Infrastructure Management, provided a quarterly update on the Capital Improvement Program (CIP) which covered budget status, Key Performance Indicators (KPIs), and progress highlights across various service areas.

Mr. Guttridge presented an update on the status of Capital Improvement Program (CIP) projects and Key Performance Indicators (KPIs) through the 1st Quarter of FY24. The period covers October through December 2023. A graph was presented which summarized actual

disbursements for the CIP compared to baseline and current projections. The total baseline budget for FY24 is \$448.6 million. Through the first quarter, actual CIP disbursements were \$98 million, which is 22% of the total baseline budget for FY24.

Mr. Guttridge noted that there are 36 schedule KPIs for projects in the CIP for FY24. The KPIs are typically the start and completion dates for projects in the design and construction phases. Through the 1st Quarter, six KPIs were due – three were completed and three are forecast to be completed outside of the threshold. Progress will continue to be monitored on the three KPIs not completed.

Service Area updates were provided for Non-Process Facilities, the DC Clean Rivers Program, Blue Plains Advance Wastewater Treatment Plant, Combined Sewer System, Sanitary, Stormwater Linear, Water Linear and the Lead-Free DC Program. Mr. Guttridge highlighted ongoing projects, emergency repairs, and milestones achieved in each area. Notably, the Anacostia Main Interceptor emergency repair involved addressing a sinkhole discovered in December near Anacostia High School. Bypass pumping, stabilization, and temporary repairs are in progress, with an additional phase planned for cleaning and lining.

The Lead-Free DC Program celebrated reaching its 5000th replacement milestone in October 2019 and re-established District Government funding of \$2.8 million for the Lead Pipe Replacement Assistance Program (LPAP) program. The LFDC program is exceeding its annual replacement target. Potential lead and copper rule improvement legislation changes are being monitored and DC Water is ahead of the curve to comply based on the draft legislation. Committee Chair, Anthony Giancola, acknowledged the progress made and expressed interest in closely monitoring the program's execution.

III. PROPOSED FY 2025 BUDGET

Mr. Brown provided an overview of the Proposed FY 2025 budget and two-year rates. He outlined the budget components and sought the Committee's recommendation for approval to move the following items to the full Board: the Proposed Amended FY 2024 and Proposed FY 2025 Operating Budget, Proposed Amended FY 2024 Revenue Budget, the Proposed FY 2024 – FY 2033 Capital Improvement Program (CIP) including the Proposed FY 2025 Capital Budget, Proposed FY 2025 and FY 2026 Revenue Rates and Fees, Proposed FY 2024 – FY 2033 Financial Plan, the Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing, and a withdrawal from the Rate Stabilization Fund to fund a new Customer Assistance Program.

Mr. Brown reviewed the budget review process, which kicked off in September, meetings with the CEO and department leaders. After the budget was proposed DC Water held a Budget Workshop with the Board and briefed the Office of People's Counsel (OPC) and the Wholesale Customers.

Mr. Brown emphasized the importance of the Board's role in approving the budget, as outlined DC Water's establishment act. The Board has the sole authority to adopt DC Water's budget and seven affirmative board member votes are required to approve it. The budget is submitted to the District of Columbia Council and by law they may make comments and recommendations but may not change the budget. The Town Halls meetings to discuss the rate proposal will be held in April and will be a combination of in-person and remote meetings. The budgets are anticipated for adoption by the full Board on March 7, 2024, and the Public Hearing is scheduled for May 9, 2024. The adoption of the two-year rates by the full Board will be on July 3, 2024.

Mr. Brown highlighted the various components and drivers of the Proposed FY 2025 Operating Budget of \$788.2 million and the Proposed 10-Year Capital Improvement Program Budget of \$7.74 billion. The multi-year rate proposal for FY 2025 and FY 2026 is a 4.8 percent increase for FY25 and 6.5 percent increase for FY26 for the average household customer. He explained that these rate increases are lower than previous forecasts due primarily to the timing of bond issuance and higher than anticipated consumption. Mr. Brown explained the value of tap water compared to bottled water. He stated that bottled water is significantly more expensive at an average of \$1.23 per gallon compared to tap water from DC Water which costs \$0.02 per gallon. He also shared that tap water is the environmental choice as recent study shows that microplastics have been found in bottled water.

Next, Mr. Brown noted that rates are going to continue to increase as we invest in infrastructure renewal through the capital program. DC Water has some of the most robust customer assistance programs in the country and offers various programs in all the five categories recognized by EPA – bill discount, flexible terms, lifeline rate, temporary assistance, and water efficiency. He went on to explain the new CAP programs being recommended. These are the CAP+ for households with up to 20 percent Median Household Income (MHI), Payment Plan Incentive Program to provide credits to arrears for customers who meet the terms of their payment plan and Leak Assessment program which will provide water audits to help customers identify the source of leaks and high bills,

Mr. Brown reviewed the details of the sources and uses of funds for FY 2025 operating and the ten-year capital program. The Proposed FY 2024 – FY 2033 CIP disbursement budget of \$7.74 billion includes a reduction of \$89.9 million in FY 2024 and an overall increase of \$792 million over the approved level. The CIP funds the federally mandated Clean Rivers program anticipated to be completed by 2030, advances the Lead-Free DC program to remove all lead service lines in the District and increases spending for the water and sewer infrastructure.

Mr. Brown reviewed the details of the proposed operating budget. He explained that the FY 2024 budget is being amended with a budget reprogramming of \$10.4 million from debt service to the Cash Financed Capital Improvement (CFCI) due to the timing of bond issuance. The proposed FY 2025 operating budget is \$788.2 million and is an increase of \$50.7 million compared to FY 2024 across all cost categories including debt service cost to

fund the capital program. He also addressed potential risks and opportunities including the new legislation before the DC Council that will prohibit disconnects. This new legislation if adopted will have a significant impact on DC Water's revenues and the rates being proposed will not be sufficient to generate sufficient revenues to cover costs.

Mr. Brown reviewed the multi-year rate considerations explaining that funds are necessary to fund the operating and capital needs. One of the fastest growing expenditure categories is debt service for the capital program which has grown at an average of six percent since 2016. He highlighted the ongoing efforts to balance infrastructure investment and affordability. He went on to review the breakdown of the revised FY 2024 operating revenues of \$890.6 million and proposed FY 2025 operating revenues of \$926.3 million across the various customer categories. The proposed increase of \$35.7 million includes the volumetric rate and Clean River Impervious Area Charge (CRIAC) adjustments while some other fees, like the Waster System Replacement Fee and the Metering fee remain the same for the rate.

Next, Mr. Brown highlighted the significance of the 10-year financial plan which is to ensure that DC Water maintains its high bond ratings to help keep borrowing costs low. The financial metrics include days of cash on hand, coverage ratio and debt service as a percent of revenues. The board policy requires a minimum of 250 days of cash with a goal of 350 days. He explained that the current balance is 267 days. The Intent to Reimburse Capital Expenditures with Proceeds of Borrowing were explained. DC Water initially pays cash for capital expenditures and reimburses itself reimburses with drawdown from the bond proceeds. The estimated borrowing for FY 2024 and FY 2025 combined is approximately \$325 million.

Mr. Brown went over the management recommendations and action items for the various committees. He reported that the Environmental Quality & Operations Committee took action on the proposed 10-year CIP on February 15 and the Rates Committee is expected to review the actions at its meeting later this month. He went over the management recommendations for the Proposed Revised FY 2024 Operating Budget of \$737.6 million to reprogram \$10.3 million in debt service savings to CFCI for pay-as-you-go; Proposed FY 2025 Operating Budget of \$788.2 million; Proposed Revised FY 2024 Operating Revenue Budget of \$892.6 million, a \$12 million upward revision for retail revenue (\$10 million) and the RSF withdrawal (\$2 million for FY 2024); and an additional RSF withdrawal of \$2 million for FY 2025.

Mr. Brown reminded the Committee that all the rate-making materials are available on a dedicated webpage which demonstrates DC Water's continued commitment to be transparent about the budget process with its ratepayers and stakeholders. He went over the public outreach efforts which include the Town Halls, public hearing and various publication channels.

In closing, Mr. Brown expressed gratitude to staff involved in the budget formulation process highlighting the extensive collaboration between Finance, Engineering and all departments since summer 2023. He also thanked the members of the Committee for their time and representation of customers in the District of Columbia. He extended appreciation to Mr. Gadis and the entire Senior Executive Team for their guidance throughout the budget process.

Mr. Giancola acknowledged the comprehensive work involved in the budget process and commended the team for their efforts. The Committee then recommended moving all the proposed action items to the full Board for approval.

IV. AGENDA FOR MARCH 2024 COMMITTEE MEETING

Mr. Brown reviewed the agenda for the March meeting.

V. ADJOURN

There being no further business, the meeting adjourned at 10:21 a.m.



**SPECIAL MEETING OF THE GOVERNANCE COMMITTEE
MINUTES OF THE MEETING**

February 22, 2024
(via Microsoft Teams)

COMMITTEE MEMBERS PRESENT

1. Christopher Herrington, Chairperson
2. Rachna Bhatt, Principal, District of Columbia
3. Jon Monger, Principal, Montgomery County
4. Andrea Crooms, Alternate, Prince George's County

DC WATER STAFF

1. David 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
4. Michelle Rhodd, Secretary to the Board

The Special Meeting of the Governance Committee was called to order by Christopher Herrington, Chairperson, at 11:02 AM. The meeting was held via Microsoft Teams. Board Secretary Michelle Rhodd called the roll.

I. EXECUTIVE SESSION

The Committee moved into executive session pursuant to the Open Meetings Amendment Act of 2010 to obtain legal advice and preserve attorney-client privilege under DC Official Code § 2-575(b)(4)(A).

II. ADJOURNMENT

There being no further business, the meeting was adjourned at 12:14 PM.



**MINUTES OF THE MEETING
RETAIL WATER AND SEWER RATES COMMITTEE
February 27th, 2024
(Via Microsoft Teams)**

COMMITTEE MEMBERS PRESENT

1. Howard Gibbs, Chair
2. Rachna Bhatt, Principal
3. Jed Ross, Alternative

DC WATER STAFF

1. David L. Gadis, CEO and General Manager
2. Matthew T. Brown, Chief Financial Officer and EVP
3. Marc Battle, Chief Legal Officer and EVP
4. Wayne Griffin, Chief Administration Officer and EVP
5. Jeff Thompson, Chief Operating Officer and EVP
6. Michelle Rhodd, Board Secretary

The DC Retail Water and Sewer Rates Committee meeting was called to order by Howard Gibbs, Chairperson, at 9:31 AM. Board Secretary Michelle Rhodd called the roll.

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

Matthew Brown, CFO and EVP, presented the monthly financial report through January. The report included a favorable variance of about \$19.7 million (6.6% overall) against budget. Mr. Brown highlighted both favorable and unfavorable variances. The unfavorable variances were in the District Government and Other Revenue categories, caused mainly by lower than anticipated consumption by the District Government and reduced revenue from Developer fees and the Washington Aqueduct backwash fee. However, Residential, Multi-Family, Commercial, Housing Authority, PILOT, and Right-of-Way categories have favorable results compared to the budget due to higher consumption. The Federal and Wholesale categories were also favorable to the budget.

Mr. Brown noted an increase in the dollar amount for the 90-day delinquencies with a decrease in the number of accounts. The largest category with an unfavorable variance is Multi-Family.

The discussion briefly touched on delinquent accounts, of which delinquent impervious only accounts are 27 percent of total impervious only accounts. The committee inquired about the ability to levy liens, and Mr. Brown explained that such actions were a last resort, with various steps taken before disconnecting services or placing liens. He mentioned pending legislation in the DC Council related to collection procedures.

The discussion concluded with additional details on customer delinquencies. Mr. Brown highlighted progress in addressing developer deposits and acknowledged the efforts of Staff.

II. INDEPENDENT REVIEW OF PROPOSED FY 2025 & 2026

Mr. Robert Ryall from Arcadis presented the Independent Rate Review. He thanked the Committee for their time and acknowledged his colleagues, Fernando Pasquel and Jeff Yeschick. His presentation highlighted the recent financial performance of DC Water, the proposed Budget and Rates for FY 2025 and FY 2026, a bill impact assessment, an analysis of customer affordability programs, a policy review, an examination of the rate model, and a review of the proposed Water is Life Amendment Act. He also provided conclusions and recommendations.

Mr. Ryall explained that Arcadis is an independent entity that was not involved in developing the proposed rates or affordability programs.

He further explained that DC Water's revenues showed a steady increase in receipts post-COVID-19, and its metrics like cash reserves and debt service coverage exceeded policy targets. The proposed rates for FY 2025 and FY 2026, with 8% and 6% overall revenue increases, were reasonably developed based on industry principles.

Mr. Gibbs inquired about the impact of rate increases on customers based on median household income during the meeting. Mr. Ryall responded, acknowledging the difficulty in predicting income changes for FY25. He assured the Committee that the rate increases would be well below the industry's affordability threshold of 4.5%.

The presentation continued with a comparison of DC Water's Customer Assistance Programs with those of other utilities, highlighting the robustness and effectiveness of DC Water's programs in providing significant bill reductions. Mr. Ryall mentioned the addition of three new programs – CAP Plus, the Leak Assessment Program, and the Payment Plan Incentive Program – to further support customers.

Regarding the proposed Water is Life Amendment Act, Mr. Ryall presented an analysis of its potential impacts, noting the expansion of the definition of Residential properties

and the prohibition of water service disconnections for non-payment. He told the Committee that if the bill was enacted DC Water would likely face revenue shortfalls and may not meet Board Financial Policies. He stated that revenue reductions could result in credit downgrades and higher borrowing requirements and would require paying customers to subsidize delinquencies.

In conclusion, Mr. Ryall affirmed that DC Water's proposed rates for fiscal years 2025 and 2026 were reasonably developed, adhered to industry principles, and aligned with Board policies. He emphasized the affordability of the rates and the effectiveness of Customer Assistance Programs. The presentation concluded with recommendations, including a suggestion for a parcel analysis to validate the Equivalent Residential Unit (ERU) basis, a review of the expiring water system replacement fee, and continued monitoring of declining water sales.

III. DC WATER CARES PROGRAM EXPANSION

Meisha D. Thomas, Director of Customer Care, presented information on the proposed expansion of the DC Water Cares program. Ms. Thomas discussed the new CAP Plus, Leak Assessment, and Payment Plan Incentive programs. She stated that the Committee would be asked to recommend the approval of these items for the Board.

Ms. Thomas elaborated on the proposed budget requests for the CAP Plus, Leak Assessment, and Payment Plan Incentive Programs. Ms. Thomas said that CAP Plus is expected to provide greater assistance to customers with 20% MHI, offering an additional \$39 monthly credit. The proposed budget for the Leak Assessment Program is \$500,000, aiming to identify and address leaks in customers' properties. The Payment Plan Incentive Program, with a proposed budget of \$4 million over two years, targets residential customers who are 60 days or more past due, offering a bridge to affordability through partner payment plans. The Rate Stabilization Fund will fund this program with \$2 million in FY24 and \$2 million in FY25.

There were discussions about logistics of the Leak Assessment Program. Ms. Thomas emphasized the ongoing discussions with Risk Management and the Office of General Counsel to ensure proper documentation for customer consent of the work done. Ms. Thomas acknowledged the concerns and stated that the considerations would be kept in mind moving forward.

The presentation concluded with Ms. Thomas' updates on the Residential Assistance Program, which is set to end in fiscal year 2024 after all of the program funds were spent. The program is being replaced with the Payment Plan Incentive Program.

The Committee recommended the action item to the Board for approval.

IV. PROPOSED FY 2025 & FY 2026 RATES, CHARGES & FEES

Mr. Brown reviewed the proposed rates, seeking the Committee's recommendation to the Board for adoption. He discussed the budget approval process, Cost of Service Principles and the development of the proposed rates, and the Financial Plan. He discussed the multi-year rate proposal that was introduced to the Board at the Budget Workshop on January 4, 2024, along with the budget and proposed rates. He also spoke about the benefits of two-year rates, emphasizing better revenue certainty, budget discipline, and transparency.

Mr. Brown outlined the rates process that would follow Board action in March, including town halls, a public hearing, and formal public comments. The Committee was asked to recommend the rate proposal and the Ten-Year Financial Plan to the Board. He also discussed the budget process including submission to the US Congress through the District of Columbia's budget.

Mr. Brown reminded the committee about the proposed rate increases for the average household customer of 4.8% for FY2025 and 6.5% for FY2026. He also highlighted the cost and environmental benefits of tap water, including the reduction of plastic waste into the area rivers.

Mr. Brown discussed the importance of customer affordability, including proposing rates that the majority of customers could afford while offering affordability programs for household customers who cannot. Mr. Brown also discussed the proposed customer assistance program expansions.

The Committee was informed about upcoming town halls to discuss the proposed rates planned for April. Mr. Brown explained to the Committee that the events would be a combination of in-person and virtual events to allow ratepayers to learn about the budget and rate proposal and also an opportunity to promote the various customer assistance programs.

Mr. Brown explained the rate proposal and that revenues are used for operations for capital investments. Capital expenditures will grow rapidly over the next several years and are a driver of rates in the proposal and over the ten-year period. He explained that rates are adopted by the Board every two years. The Ten-year Financial Plan provides transparency about the rates that will be necessary to pay for anticipated operating and capital spending.

Mr. Brown reminded the committee that about 27 percent of revenues are used for debt service for borrowing to invest infrastructure improvements. He stated that despite historic

levels of EPA funding, the amount received over 10 years is less than what's spent in a single year and that most of the burden for infrastructure reinvestment falls on ratepayers.

Mr. Brown presented a work plan outlining the schedule for rate adoption and public engagement, leading to the Board adoption of the rates on July 3rd.

Mr. Brown notified the committee that the Finance and Budget Committee has recommended a withdrawal of \$2 million from the Rate Stabilization Fund to fund a new customer assistance program.

The Committee recommended the Water and Sewer Rates, Fees, and Financial Plan to the Board for adoption.

V. WATER AND SEWER RATES COMMITTEE WORKPLAN

The Retail Water and Sewer Rates Committee work plan was discussed. The focus was on the rate adoption schedule and the upcoming activities outlined in the work plan.

The independent review will be submitted to the District of Columbia Council and the Mayor. On March 7th, the full Board is expected to approve all items related to the budget. The Notice of Proposed Rulemaking (NOPR) and the DC Register Publication are scheduled for March 22nd, marking the beginning of the outreach and public comment period.

Mr. Brown acknowledged the upcoming busy period, with the public hearing set for May 9th and the Committee record hearing closing on May 16th. Mr. Brown stated that after receiving comments on the rates, the team would prepare written responses, considering each recommendation. The final recommendation for rates is planned to be presented to the Committee on June 25th for adoption by the Board on July 3rd.

VI. AGENDA FOR MARCH 26, 2024, COMMITTEE MEETING

The agenda for the next Committee meeting was presented.

VII. ADJOURNMENT

Chairperson Howard Gibbs adjourned the meeting at 10:57 am.



CEO's Report

MARCH
2024



ACCOUNTABILITY TRUST TEAMWORK CUSTOMER FOCUS SAFETY WELL-BEING

Inside

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dc Highlights

Interim Chair Bhatt, and members of the Board, it is my pleasure to present you with the CEO's Monthly Report for March 2024. 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; Shared Services; Customer Experience; Information Technology; Operations and Engineering; and People and Talent, as well as the monthly update from Internal Audit.



Update on Implementation of Charges for Credit Card Payments

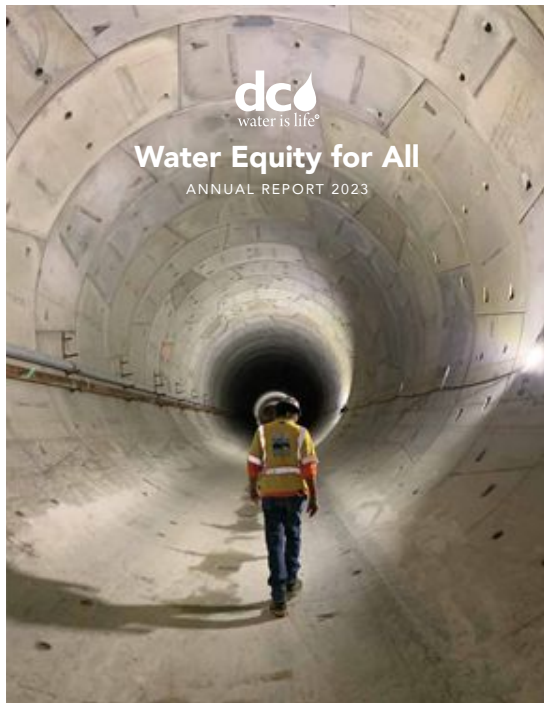
Credit card processing costs are increasing quickly, and all retail customers – whether they use credit cards or not – have been paying for credit card fees in their rates. Going forward, those who use credit cards will bear those costs, and there will always be a free payment option for customers.

There is a positive development that I want to share: We were able to negotiate an increased per transaction cap amount with our payment processor. The transaction fee of \$1.95 for residential customers remains the same, but the transaction limit is lifted from \$500 to \$1,200.

This will provide a better customer experience where our residential customers who are making payments between \$500 and \$1,200 will not need to process multiple transactions. Additionally, this change will not cost the customers or DC Water.

We have announced the new credit card charge to customers in many ways, including our website, on bill inserts, and in a press release. Additionally, there is bill messaging educating customers on the changes, we have included coverage in What's on Tap, and on the 'My DC Water' payment application.

2023 Annual Report Released



I am very pleased to share that the Authority released our 2023 Annual Report in late January, publishing the document to our website and printing a limited run for our government partners, Board members and community stakeholders.

The theme of this year's report is "Water Equity for All," and throughout the report, we share stories on the programs and people delivering equity at each community touchpoint.

For our customers, we deliver equity through our robust DC Water Cares suite of Customer Assistance Programs to close the affordability gap for our most financially vulnerable customers.

For our workforce, we offer a leadership team that resembles the community it serves, and the employees they lead. We have closed the pay gap that once existed between women and men at DC Water.

For our community, we are changing lives through the Lead Free DC program, which is eliminating lead service lines at free or discounted rates. In 2023, DC Water completed the Northeast Boundary Tunnel (NEBT), the final segment of the Anacostia River Tunnel (ART) system. The ART system is reducing combined sewer overflows to the Anacostia by 98 percent in a typical year and will soon make the Anacostia swimmable and fishable again.

dc Highlights



2023 Annual Report Released - continued

All Board members will receive a printed copy of the Annual Report, I encourage each of you to review the report and celebrate the many successes each of you have contributed to over the past year.

I would like to thank **Scott Ellinwood** (Senior Manager, Communications / OMAC) and **Dennis Samson** (Multimedia Specialist / OMAC) for leading the production of the Annual Report and the entire Office of Marketing and Communications.



Kirsten Williams Featured in NACWA Panel on 'Expanding Public Connection with Water'

On Thursday, February 15, **Kirsten Williams** (Chief Communications and Stakeholder Engagement Officer and EVP / Marketing and Communications) served as a featured panelist for 'Claiming the High Ground and Expanding the Public's Conscious Connection with Water,' at the 2024 National Association of Clean Water Agencies (NACWA) Winter Conference.

The session explored how trailblazing clean water agencies, like DC Water, are successfully expanding the public's connection with water, and how those strategies are helping claim the high ground for clean water. The panel launched the programming component of the Conference.

Ms. Williams appeared alongside Jean Block, CEO of Little Rock Water Reclamation Authority, and Kristen Atha, Director of Public Utilities for Columbus, Ohio, and outlined some of the tools and tactics that have helped the Authority overcome the trust deficit created by the early 2000s lead crisis in the District.



Councilmember Parker's Disconnection Legislation Circulated

In the September 22, 2023, edition of the Highlights memo, I updated Board members that the Center for Biological Diversity was lobbying the DC Council to limit the ability of utilities, including DC Water, to collect past-due amounts owed by customers.

On Thursday, February 1, Councilmember Zachary Parker (D-Ward 5) circulated a draft bill, the 'Water is Life Amendment Act of 2024'. This bill, if passed, would limit DC Water's ability to disconnect service for nonpayment at residential properties, and is modeled on similar legislation passed in Chicago, in 2022.

DC Water opposes any legislation that would limit our ability to collect revenue, and I have instructed **Marc Battle** (Chief Legal and Ethics Officer and EVP / Governmental and Legal Affairs) to vigorously defend that stance with Council members.

Pursuant to DC Code § 34–2202.11, we believe such a change violates bondholder agreements, as well as the "District of Columbia Water and Sewer Authority Independence Preservation Act," which became law in 2008. We are also making the case that a disconnect ban is unnecessary because of the robust DC Water Cares suite of customer assistance programs available through enrollment.

dc Highlights

Resilient

Advancing Blue Mandatory Performance Management Trainings Began February 12

People and Talent is offering in-person and virtual trainings for employees on Advancing Blue, the Authority's performance management system. The trainings review the updated process with employees, including the move to a five-point rating system, and establishing performance goals using Specific, Measurable, Achievable, Relevant, and Time-Bound (SMART) criteria, and a hands-on demonstration of entering and approving performance goals in the Oracle Cloud system.

New to performance evaluations in FY24 are cultural goals that promote and leverage collaborations and inclusion, improve employee resilience and accountability, demonstrate adaptability, drive innovation, or contribute to employee coaching and skill development. The trainings will remain available, on demand, through the end of February.

I would like to thank **Joy Dorsey** (Chief People Officer and EVP / People and Talent) and **Conrad Samuels** (Vice President, Transformation and Operations / People and Talent), and their teams, for the thoughtful enhancements to our performance management system, and making the trainings available to all employees, around the clock.

Healthy, Safe and Well



Bloom Hosting Free Webinar on Managing Soils for Landscaping Success and Sustainability

On Thursday, February 29, Bloom will host a free online seminar featuring horticulturalist Ron Alexander, president of R. Alexander Associates. Mr. Alexander has 40 years of expertise in all aspects of biosolids-based composting, marketing and utilization, and this presentation on 'Managing Site Specific Soils for Landscaping Success and Sustainability' is accredited for continuing education by the American Society of Landscape Architects.

During his presentation, Mr. Alexander will review concepts on soil improvements, the effects of soil compaction, site assessments and soil preparation, and the benefits of soil amending.

I appreciate the highly creative approach that **Chris Peot** (President / Blue Drop) and **Victoria Alleyne** (Bloom Sales Manager / Blue Drop) have taken in developing effective sales content and informing new audiences and potential sales growth.

The Board meeting will be held after the session

DC Water Hosts Second National Science Foundation Workshop

In late January, DC Water hosted a workshop at HQO that gathered regional watershed leaders to inform ongoing research on innovative approaches to improving water quality. This was the second workshop on this topic after DC Water hosted the first in October 2022.

Dr. Matt Ries (Vice President, Strategy and Performance) is serving as an Industrial Advisor to a University of Maryland Clark School of Engineering research program that is developing a game theory model to demonstrate how water markets can be used to optimize resources to improve water quality.

The Anacostia watershed is being used as an example "test bed" for the modeling approach. DC Water helped convened a diverse group of stakeholders to provide input to the research program. This included representatives from the University of Maryland engineering research team and College of Information Studies; DOEE; Maryland Department of the Environment; Montgomery County and Prince George's County (invited); Chesapeake Bay Program; US EPA Headquarters; Metropolitan Washington Council of Governments; and ICPRB. This second workshop completes the stakeholder engagement activities for the program which will conclude in 2024.



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 CEO's Monthly Report reflects the most recent information available at the time of production and printing.



Finance, Procurement, and Compliance

Financial Metrics

Metric	Target	Oct-23	Nov-23	Dec-23	Jan-23
Operating Cash Balance (millions \$)	\$296.6	\$308.0	\$366.9	\$333.4	\$332.6
Delinquent Account Receivables (%)†	3.30%	3.97%	3.99%	4.17%	4.22%
On-time Vendor Payments (%)††	97%	97%	97%	97%	97%
Investment Earnings Data (Thousands \$)	\$7.0	\$0.9	\$1.7	\$2.6	\$3.5
Core Investment Yield Data (%) - Merrill Lynch 1-3 Year Treasury Index *		5.1%	4.8%	4.3%	4.3%
Core Investment Yield Data (%) - Actual Monthly Yield †††	4.39%	4.4%	4.4%	4.2%	4.3%
Short Term Investment Yield Data (%) - Merrill Lynch 3-Month Treasury Index *		5.4%	5.3%	5.1%	5.3%
Short Term Investment Yield Data (%) - Actual Monthly Yield †††	5.03%	3.0%	2.6%	3.0%	3.0%
Days of Cash on Hand** and ***	267*	340	404	318	316***

Notes:

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

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

***316 days of cash is made up of 30 days in the Rate Stabilization Fund and 286 days in the operating cash balance.

Metrics Explanations:

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

†† The vendor payments goal may fluctuate slightly as we continue to research and resolve payments.

††† 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.

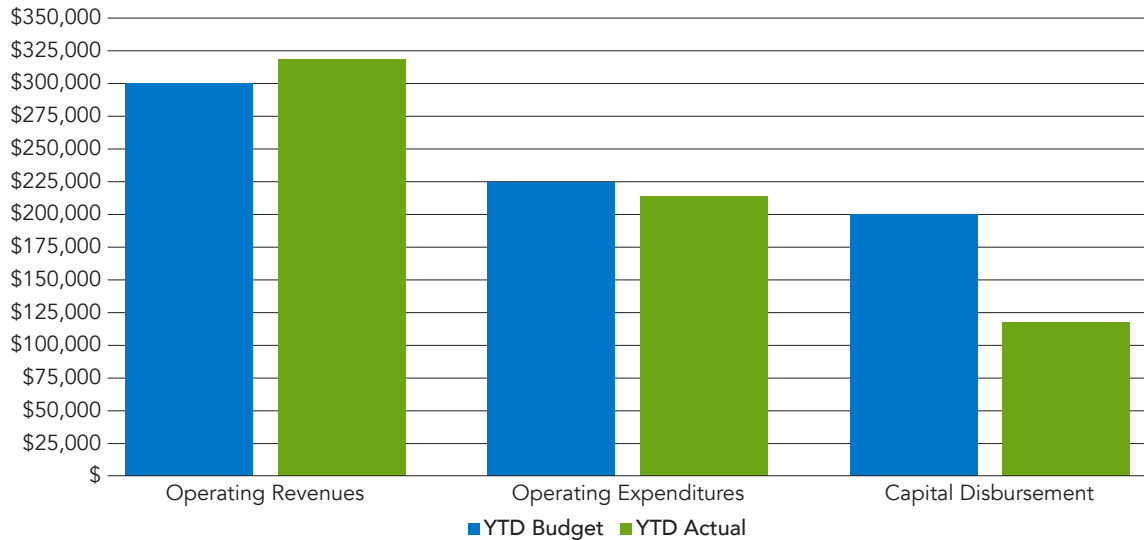
Finance Highlights

FY 2024 Financial Performance

As of January 31, 2024, with approximately 33 percent of the fiscal year completed, DC Water is on track with the budget. Total operating revenues were \$319.4 million or 36.4 percent of the budget. The higher receipts were mainly due to higher consumption in Residential, Commercial, and Multi-family categories as compared to the budget. Besides, the DC Fire Protection Fee of \$2.88 million was paid earlier by the District Government in January although it is due in February 2024.

Total operating expenditures were \$213.7 million or 29.0 percent and capital disbursements were \$142.1 million or 23.5 percent of the respective budgets.

FY 2024 Year to Date Performance Budget vs. Actuals (\$000's)



FY 2025 Budget Process

DC Water delivered its FY 2025 budget proposal comprising of the annual operating expenditure, two-year rates and revenues, ten-year capital improvement program (CIP) and ten-year financial plan to the Board of Directors on January 4, 2024.

This year’s budget proposal includes the FY 2025 Operating Expenditure budget of \$788.2 million and the 10-year Capital Improvement Program (Disbursements of \$7.74 billion and Lifetime Project of \$16.1 billion).

The proposed rate increases for the average household customer are 4.8 percent in FY 2025 and 6.4 percent in FY 2026 and are lower as compared to last year’s forecast of 7.0 percent and 6.8 percent respectively. The multi-year rate proposal includes the Water and Sewer rates increase of 8.0 percent for FY 2025 and 6.0 percent for FY 2026, proposed CRIAC of \$21.23 per ERU in FY 2025 and \$24.23 per ERU in FY 2026, and proposed PILOT Fee of \$0.61 per Ccf for FY 2025 and \$0.62 per Ccf for FY 2026. The proposed Groundwater Rate is \$3.50 for FY 2025 and \$3.76 for FY 2026 and the proposed High Flow Filter Backwash Sewer Rate is \$3.32 for FY 2025 and \$3.54 for FY 2026. The Customer Metering Fee remains at \$7.75 for 5/8” meters and Water System Replacement Fee remains at \$6.30 for 5/8” meters.

Over the past two months, management conducted detailed review of its budget recommendation including discussion of alternative budget and rate proposals with the various Board Committees, Wholesale Customers, and the DC Office of the People’s Counsel.

The Board will vote on and adopt the budgets and two-year rates on March 7, 2024. Management and staff will then conduct extensive public outreach efforts which includes town hall meetings and public hearing activities during Spring and Summer 2024.

Management appreciates the collaborative efforts between all departments and the Budget, Rates and Revenue, and Finance teams. Their dedication and continued focus on the impact on our ratepayers was evident throughout the process and culminated in the seamless review, prioritization and decision-making process by the Senior Executive Team and the Board members. Detailed information about the budget proposals can be found at dcwater.com/ratemaking-process.

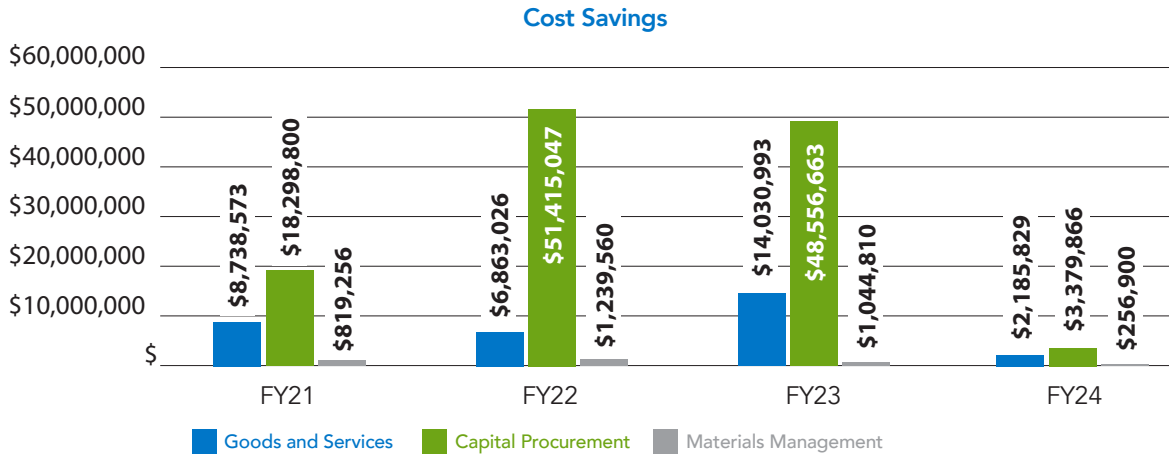


Finance, Procurement, and Compliance

Procurement

Cost Savings (negotiated savings and cost avoidance):

The chart below shows the cost savings from FY 2020 to FY 2024 year-to-date achieved by Procurement through the competitive solicitation process in the Capital Project and Goods/Service solicitations and the cost avoidance achieved in the Materials Management through the inventory optimization. Procurement achieved the total savings of \$63,632,466 in FY 2023 exceeding FY 2022 savings of \$59,517,633.



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

Capital Procurement

Planned Solicitation	Project Title	Solicitation Type	Estimated Total Contract Value	Delivery Type	Eligible Inclusion Program
Feb, 2024	Service Life Restoration Program (SLRP)-4	IFB	\$15M - \$16M	Bid Build	DBE/WBE
Feb, 2024	Green Infrastructure: Rock Creek Project "C" Construction	RFP	\$10 M - \$15M	TBD	TBD
Feb, 2024	Biosolids Curing Pad and Solar PV	IFB	\$8M - \$10M	Bid Build	DBE/WBE
Feb, 2024	Soldiers' Home Transmission Main	IFB	\$4M - \$5M	Bid Build	DBE/WBE
Feb, 2024	Water Condition Assessment Contract	RFP	\$3M - \$5M	Professional Service	DBE/WBE
Feb, 2024	Construction of Flood Seawall Segment A, B, D	RFP	\$24M - \$26M	Design Build	DBE/WBE
Feb, 2024	Local Inspection Services	RFP	\$12M	Professional Service	DBE/WBE
Feb, 2024	Pre-Dewatering Centrifuges Nos. 1 & 12	IFB	\$5M - \$6.5M	Bid Build	DBE/WBE
Feb, 2024	Emergency Bypass for Pumping Stations	RFI	TBD	TBD	TBD



Finance, Procurement, and Compliance

Procurement

Capital Procurement – continued

Planned Solicitation	Project Title	Solicitation Type	Estimated Total Contract Value	Delivery Type	Eligible Inclusion Program
Feb, 2024	Bryant Street Pump Station	RFP	TBD	Program Management	DBE/WBE
Mar, 2024	LFDC Task Order 09, Work Packages 18	IFB	\$55M - \$60M	Bid Build	DBE/WBE
Mar, 2024	Blue Plains SB-1 Warehouse - CMF Building	IFB	\$6M - \$8M	Bid Build	DBE/WBE
Mar, 2024	SDWMR-18A	IFB	\$8M - \$10M	Bid Build	DBE/WBE
Mar, 2024	PI Program Delivery Consultant	RFP	\$30M	TBD	TBD
Mar, 2024	Primary Treatment Facilities Ph II	RFP	TBD	Professional Service	DBE/WBE
Mar, 2024	COF Building	RFP	\$2M - \$4M	Bid Build	DBE/WBE
Mar, 2024	COF/IT Electrical System Upgrade	IFB	\$9M - \$11M	Bid Build	DBE/WBE
Mar, 2024	Wastewater Program Management	RFP	\$90 M	Program Management	DBE/WBE
Mar, 2024	Plant Wide Storm Drainage Improvements	IFB	\$3M - \$4M	Bid Build	DBE/WBE
Mar, 2024	PDNA	IFB	\$8M - \$10M	Bid Build	DBE/WBE
Apr, 2024	Piney Branch Tunnel Construction	RFP	TBD	Design Build	TBD
Apr, 2024	Lead Free DC Lead Service Line Replacement Construction Packages 19	IFB	\$76M	Bid Build	DBE/WBE
Apr, 2024	Ft. Stanton Reservoir No. 1 Rehabilitation	IFB	\$4M - \$5M	Bid Build	DBE/WBE
Apr, 2024	SDWMR-18B	IFB	\$8M - \$10M	Bid Build	DBE/WBE
Apr, 2024	Sanitary Sewer Rehabilitation Area #3 & Area #8	IFB	\$9M - \$10M	Bid Build	DBE/WBE
Apr, 2024	Sewer Water Program Manager	RFP	\$30M	Program Management	DBE/WBE
Apr, 2024	On-Call Structural Repair	RFP	TBD	TBD	TBD
Apr, 2024	Demolition and Construction of Floatable Debris Dock	RFP	\$2 M	Design Build	TBD

Procurement continued

Goods and Service:

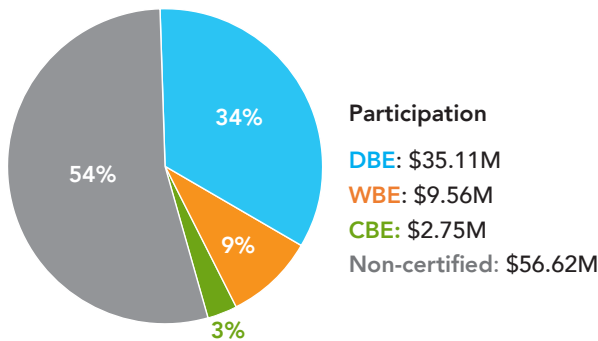
Planned Solicitation	Project Title	Solicitation Type	Estimated Total Contract Value	Eligible Inclusion Program
Feb, 2024	Internal Audit Services	RFP	>\$1M	DBE/WBE
Feb, 2024	Uniforms	RFP	>\$1M	DBE/WBE
Feb, 2024	Staff Model Health Maintenance Organization	RFP	>\$5M	N/A
Mar, 2024	Third Party Administrator	RFP	<\$1M	LSBE
Apr, 2024	Group Vision Insurance	RFP	<\$1M	LSBE
Apr, 2024	Sodium Hypochlorite	RFx	>\$12M	DBE/WBE
Apr, 2024	Sodium Bisulfite	RFx	>\$5M	DBE/WBE

Contract Compliance

During this reporting period, nine different procurement actions were approved, including five new awards, two extensions / option years, and two task order issuances. The value of the eligible procurement actions for this period totaled \$104.05 million. Of this total, the planned certified firm participation is \$47.43 million (in prime and subcontracting opportunities).

The following graph summarizes the certified firm participation:

**Certified Firm Participation
January 2024 Awards**



Highlights:

- Three Mentor Protégé relationships were established between prime contractors and certified DBE's this reporting period.
- Awards this period include two task orders issued under the Small Diameter Water Main Replacement Phase 16 B. The combined certified firm participation is expected to be 34 percent DBE and 9 percent WBE.
- An Option Year was exercised for a project governed by the Green infrastructure MOU. The prime contractor for this task order is a District based Certified Business Enterprise (CBE). Moreover, the total CBE participation for this task order is 100 percent.



As of this report, DC Water Contractors filled one new position. This position was filled with a resident from the user jurisdiction (Prince George's County).

Lead Free DC Activators Program: Six-month evaluations were completed for all Activators. These evaluations will assist LFDC Group with identifying candidates for permanent employment opportunities. The LFDC group and DC Water Works are currently developing transition plans for the Activators post program completion (May 2024).



Fleet, Facilities, Safety, Security and Emergency Management

Shared Services Metrics

Metric	Target	Oct-23	Nov-23	Dec-23	Jan-23
Security: Camera operational uptime	90%	96%	96%	97%	96%
Security: Smart card readers operational uptime	90%	97%	97%	97%	97%
Security: Percent of security investigations completed within 21 days	95%	100%	100%	100%	100%
Facilities: Preventive Maintenance Completion Rate	90%	90%	73%	58%	79%
Facilities: Service Request Completion Rate	90%	61%	66%	78%	71%
Fleet: Preventive Maintenance (PM) on Schedule	96%	94%	86%	83%	83%
Fleet: Priority Vehicles/Equipment (In-Service)	96%	79%	80%	81%	84%
Safety: DC Water Employee Recordable Incident Rate (RIR) (FY)	< 4.9	0	0	1	1
Safety: DC Water Employee Lost Time Incident (LTI) (FY)	< 1.7	0	0	0	0.2
Safety: Contractor/ROCIP Recordable Incident Rate (RIR) (FY)	< 2.5	0	1.3	0.9	0.7
Safety: Contractor/ROCIP Lost Time Incident (LTI) (FY)	< 1.1	0	0	0	0

Facilities:

The preventive maintenance (PM) metric for the month of January rose to 79 percent from December's 58 percent with PM's completed totaling 204. While the target completion rate is 90 percent, a 79 percent completion rate during this busy month is respectable. The service request (SR) completion rate for January decreased slightly to 71 percent, however completion total was up to 175 SR completed (35 more than December). Service requests were up (245 in January vs 180 in December) which may be attributable to multiple days of extremely cold weather in January. Facilities has three job offers tendered for existing vacant positions that have been successfully recruited and only 2 relatively recent vacant positions. People & Talent has been a great partner over the past year in helping Facilities to getting close to full strength.

dc Customer Experience

Customer Assistance Programs (CAP)

The team continues outreach efforts, sharing assistance opportunities with applicable customers during varying interactions. The CAP, CAP 2, and RAP participation rates are comparable to previous years. So far, we have not received customer participation in the CAP 3 program.

Program	FY2023 Enrolled	FY2023 Dollars	Jan. Enrolled	Jan. Dollars	# FY24 Enrolled	FY2024 Dollars	FY2024 Budget
CAP I	4,744	\$2,399,001	545	\$138,954	2,036	\$398,443	\$2,600,000
CAP II	351	\$139,714	42	\$9,619	183	\$28,192	\$300,000
CAP III	36	\$6,342	-	\$-	-	\$-	\$50,000
Non-Profit CRIAC Relief	182	\$875,585	10	\$38,999	74	\$97,057	\$913,312
DC Water Cares Residential (RAP)	2,816	\$2,930,302	370	\$179,352	1,096	\$622,647	\$1,105,135
Low-Income Housing Water Assistance Program	-	\$0	531	\$162,278	642	\$283,116	N/A
Homeowners Assistance Fund	293	\$256,835	-	\$-	23	\$11,043	N/A





Customer Care

The team worked to meet metrics, but due to uncontrollable events, we missed Estimated Bills as a Percentage of Meters Read and Percent of Calls Answered within 40 Seconds.

The constraints relative to estimated bills stemmed from inclement weather affecting MTU transmission, DCU outages, and meter exchanges through the Lead-Free DC (LFDC) and Small Diameter Watermain (SDWM) projects. The team missed the metric by 2.4 percent. To address the impact of SDWM and LFDC on our metrics, Customer Care and Engineering have collaborated to modify the LFDC and SDWM project scopes to include MTU installation and activation. This will ensure that the Customer Care team receives the changes promptly, and we can update the customer account to bill the transmitted usage. We will continue working towards this target but may not find relief until the new processes are implemented. We anticipate that we should see small victories with sustained success in FY25.

The target to answer 85 percent of our calls within 40 seconds was missed by 12 percent due to the post-implementation items, the Boiled Water Alert on January 19, 22, and 23, and vacancies due to promotions. We are in the process of recruiting and training and should see the benefit in April 2024.

In February, DC Water switched to a new platform to process payments. The change was brought on to reduce costs and gain efficiencies. The Authority will start assessing the processing fee on all credit/debit card payments. The fee for residential accounts will be \$1.95 per (up to) \$1200 transaction and 2.65 percent for non-residential accounts (no transaction limit). E-check payments are processed at no cost, and DC Water's marketing and communications highlight this option. Customer awareness communications began in January and will continue beyond the project completion date.

Key Performance Indicators

Metric	Target/Service Level	Nov 23	Dec 23	Jan 23
% of bills issued on time (w/in 5 days)	97%	97.1%	97.8%	98.3%
% unbilled	< 2%	1.9%	1.3%	1.2%
Estimated bills as a percent of meters read	< 4%	4.5%	5.5%	6.4%
# of bill investigations (Disputes)	trend only	362	311	316
% of OPC inquiries resolved within 14 days	98%	100%	100%	100%
% of calls answered in 40 Seconds (Call Center)	85%	86%	80%	73%*
Monthly call volume served (Call Center)	trend only	10,620	10,495	11,647
Average Wait Time (minutes)	<0:30	0:25	0:35	0:52*
Abandon rate	3%	3%	6%	3%
Emergency dispatch <= 10 Min (ECC)	> 92%	100%	100%	94%

* Post Implementation Issues - Recognition failure; calls were transferred to the agents because the IVR system could not understand what they were saying.

Increased calls due to the Boiled Water Alert on January 19, 22, and 23.

Highlights

The Department of Information Technology is planning a series of monthly lunch and learn sessions. The sessions will be focused on current and new technology coming to DC Water, and intended to keep employees, and their devices, up-to-date and working as efficiently as possible.

Early sessions in the series are projected to cover Windows 11, updated versions of Microsoft Teams and Outlook, GIS tools, machine learning / artificial intelligence, and remote access tools. Class schedules and registration information will be announced in late February.

I would like to thank **Joe Edwards** (Acting Vice President / Information Technology) for thinking ahead to better serve and support our technology users, as they adapt to the latest and most powerful digital tools at the Authority.

IT Monthly Report

SR/WO Type	SL Target / SLA	Nov 23	Dec 23	Jan 23
Number of tickets submitted	Trend only	856	831	1278*
Number of open tickets	Trend only	39	25	28
Helpdesk SLA	96%	99.30	97.60%	99.36%
Number of active projects	Trend only	11	11	12
Number of completed projects	Trend only	15	15	4
On schedule performance	90%	93.62	93.62	93.62
On budget performance	90%	97.92	97.92	97.92
% AMI transmission	95%	91.84	91.55%	91.58%**

* Increase in tickets was caused by our internal PC and iPhone upgrades. Tickets are not only generated by users that are experiencing issues, but also, any work being done by the technicians also gets a ticket generated to them.

** For the AMI transmission rate, we are testing a new technology that will allow us to reach units that we currently cannot read or has inconsistent reads. Testing began mid-February with the vendor. Once testing is successful, we will roll the devices out to other devices that fall in this category. In addition, we have quite a few MTU units offline due to construction. We will take the number of units down due to construction, provide that number and update the percentages. Lastly, a small number of DCU's have failed batteries. We have a project to replace them in the field which is due to start mid-April and is estimated to be completed in three weeks. Due to some of these units being on poles, we must coordinate the work with DDOT to get the permits to replace the units


Operations and Engineering

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

Key Performance Indicators

Metric	Target/Service Level	Oct-23	Nov-23	Dec-23	Jan-24
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%	26%	26%	23%	23%
Reactive Maintenance , percent of total maintenance hours	<20%	27%	29%	32%	29%
Critical Asset Availability , percent of total critical assets at the Blue Plains AWTP	>95%	97%	97%	99%	99%
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	169	170	188	951
* Inspection of catch basins in the CSO Anacostia tributary area at least twice per year (Jan 1- Dec 31)	11,400	7282	9721	11511	0
* NPDES Permit to Clean and Inspect 85% of 10,700 CSS Area C/B (Jan 1- Dec 31)	9,095	4648	8027	10351	32
Miles per month Sewer Cleaning and Inspection to meet 1,400 Miles of Small Diameter (<12 inches) in 10Yr Cycle	>12	22.8	3.4	10	14.6
Sewer Backup (Investigation to Resolution) Within 24 Hours Excluding Line Breaks	>95%	100%	100%	100%	100%
Number of SSO's	Report	2	2	7	2
SSO's to Body of Water	Report	1	2	2	1
SSO's per 100 miles of pipe (YTD) (AWWA 2021 Utility Benchmarking Report)	2	.015	.30	.84	.99
SSO's per 100 miles of pipe (Water Body) (YTD)	Information Only	.076	.23	.38	.46
Combined Sewer System Overflows	0	0	0	0	0

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	Oct-23	Nov-23	Dec-23	Jan-24
Pumping Operations					
Firm Pumping Capacity Maintained	100%	100%	100%	100%	100%
Reactive Maintenance	<20%	14%	8%	7%	13%
Critical Asset Availability	>95%	98%	99%	98%	98%
Water Operations					
Safe Drinking Water Compliance	100%	100%	100%	100%	100%
Total Fire Hydrants Replaced	>21/Month	20	18	15	15
Hydrant Flow Tests (Non-Winter Months)	>180	118	125	61	156
Fire Hydrant Operational Rate	99%	99.86%	99%	99%	99.85%
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%	81.25%	93.3%	92.68%	92%
Water Main Breaks	<28/Month	26	68	52	146
Water Main Break Rate /100 Miles (National Average is 25)	25	26.71	29.25	27.33	36.49
% of Hydrant Leaks in inventory that are not leaking	>90%	99%	99%	99%	99%
Permit Operations					
Overall On-time completion of Permit Reviews	85%	91%	94%	93%	91%

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

Explanation of Missed Targets**Wastewater Operations Reactive Maintenance (<20 percent)**

DC Water has adopted a manufacturing industry best practice benchmark of less than 20 percent reactive maintenance hours as percent 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. We observe a descending trend of percent of total reactive maintenance hours, measured as annual average the last four fiscal years for assets at the Blue Plains Advanced Wastewater Treatment Plant. The goal is to remain on the reduction path towards a benchmark that is applicable for Blue Plains.

Total Fire Hydrants Replaced (>20 / month)

The department did not meet the target due to a shift in priorities as the team worked to address the uptick in emergency water main repairs (winter season increase). We will reprioritize the monthly target when the winter season ends

Hydrant Flow Test (>180)

The Department is short two engineers and a field crew. We are in the process of conducting interviews to bring in the necessary personnel.

– continued

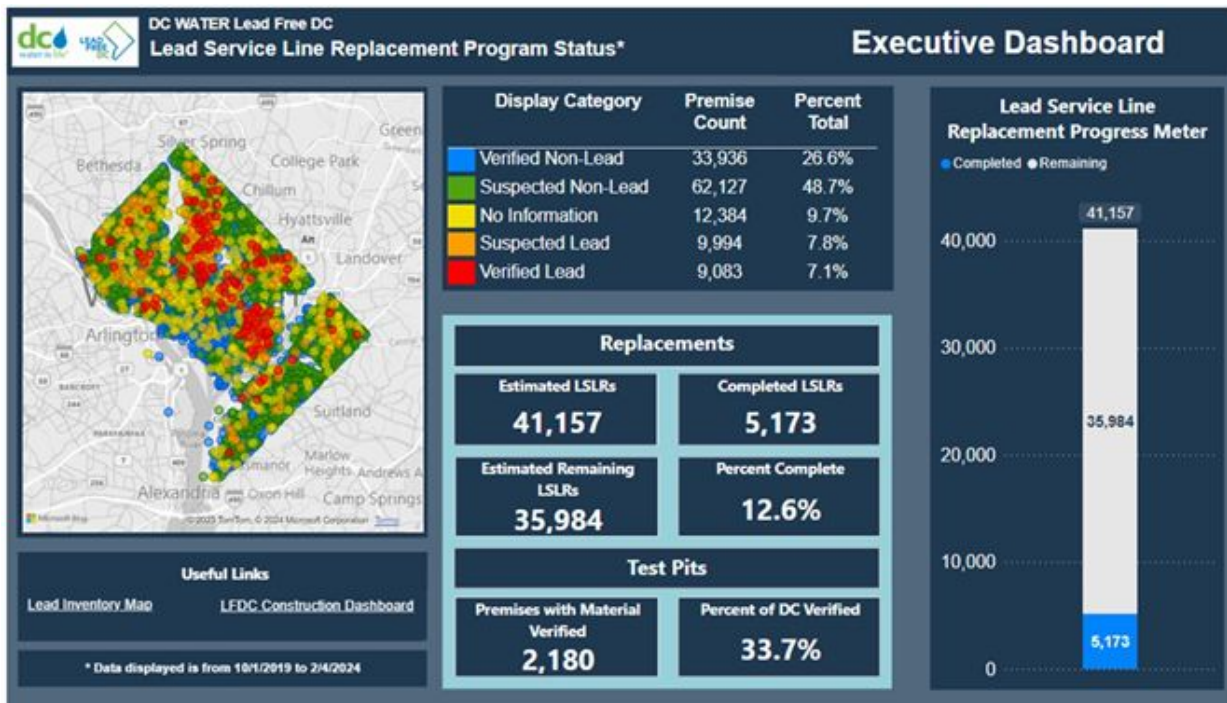
dc operations and Engineering

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

DC Water Capital Improvement Program – Projects in Construction



- LFDC has replaced 623 LSLs in FY24 through January 2024.
- Construction on CIPPER Block-by-Block Packages 5-8 continued. Work on Packages 9 & 10 began in January.
- DC Water is continuing to prepare draft mandate legislation language for submission to the Council by the end of February.



Projects – Current Status

- Northeast Boundary Tunnel (NEBT) is a 23’ diameter, 5-mile-long tunnel providing CSO control and flood mitigation in northeast DC. The tunnel was placed in service on September 15, 2023, ahead of the March 23, 2025, Consent Decree deadline.
- Site restoration, removal of temporary utilities and final paving of roadways ongoing.
- Contract is expected to be completed within the CIP budget.

Updates on Critical Projects

Piney Branch Tunnel:

- Minimum 4.2-million-gallon tunnel to control CSO 049, the largest CSO to Rock Creek.
- DC Water is working with the National Park Service to finalize the environmental assessment for the project.

Featured Projects of the Month – Stormwater Pump Station Upgrades

Portland Street Stormwater Pump Station Upgrade
Construction started in August under the MFU7 contract. This work increases the station capacity and includes upgrades to the pumps, piping and valves, force main, HVAC, structural elements, and electrical and instrumentation equipment. Substantial completion is expected by August 2024. Nighttime underground road work upsizing the discharge lines and installing HVAC ducting has been completed. Pepco coordination for replacing the electrical service feed is ongoing. A path forward has been identified to allow construction to continue using the existing service feed while the design and installation of a new duct bank and service is completed.



Portland Street Pump Station at South Capital Street underpass at Malcolm X Ave, SE.

1st and D Street Stormwater Pump Station Rehabilitation construction is underway beginning with lead abatement activities inside the station. The work will upgrade the pumps, piping, valves, electrical and I&C systems; replace the HVAC ducting and equipment and dry flood harden the station. Substantial completion is expected in April 2025.



Lead paint removal ongoing at 1st & D Stormwater pump station.

Kenilworth Stormwater Pump Station Rehabilitation has been released to MFU7 and all equipment has been delivered. Physical construction starting with lead abatement is anticipated to begin in March now that delivery of critical materials including electrical equipment has been achieved. The rehabilitation includes the installation of new pumps, piping, valves, electrical and I&C equipment, ventilation, and incoming Pepco service feed. Substantial completion is expected in January 2025.



Kenilworth Pump Station entrance hatch along overpass near Benning Road.



Key Performance Indicators (KPI) Benchmark

KPI Owner	KPI	KPI Definition	Business Relevance	Quantifiable Target	Status
HRBP	Active Vacancy Rate	"Rolling 12 months' average of monthly active vacancy rate calculated as: (Positions under recruit on 1st of month) / (Positions under recruit on 1st of month + Active Employees on 1st of the month"	This KPI measures the organization's vacancy rate resulting from employee turnover and the addition of new positions.	6%	7.7%
Labor Relations	Temporary Alternative Duty Program (TAD)	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	50% of WC claims eligible for TAD program	71%
Talent Acquisition	Time to Hire	Time to hire is a Recruitment KPI metric used to measure the amount of time it takes an organization to fill a job opening from the time it was posted to the time a candidate accepts an offer.	Measuring time to hire helps organizations to evaluate the efficiency of their recruitment process, identify bottlenecks, and make improvements to the process. A shorter time to hire can translate into a more effective recruitment process, as well as better candidate experience. A long time to hire can negatively impact an organization's ability to attract and retain top talent. Delayed hiring can result in lost productivity, decreased employee morale, and increased costs associated with job vacancies.	60 days	60.2
Talent Acquisition	Self Identified Veterans (Active)	US Armed Services	This KPI is linked to workforce Diversity, Equity and Inclusion and growing the percentage of veterans in the workforce, with a focus on increasing the representation of veterans within the workforce.	TBD	26
Talent Acquisition	Female Workforce (Active)	Number of Female employees in the current workforce. Calculation - Number of female employees in the active workforce divided by the total number of employees in the active workforce at a specific point and time.	This KPI is linked to workforce Diversity, Equity and Inclusion and growing the percentage of women in the workforce, with a focus on increasing the representation of women in non traditional roles.	TBD	259 or 22.4%

Internal audit plan FY2024 timeline

This timeline represents the FY 2024 audit plan and the status of each project. Annually the Internal Audit team, RSM, conducts a risk assessment and presents the results and the audit plan to the Audit & Risk Committee in October.



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	7/27/2023	DWO Work Order Management Audit	Failure to capture work order labor and materials data	8/31/24	N/A	0
				<i>DWO has defined work activities that require material data capturing and developed business processes for capturing both required labor hour and material data capture that have been socialized with DWO branches. Starting December 1st, DWO began monitoring data integrity biweekly to monitor effectiveness of new process adoption. Any changes necessary to business processes based on what they are seeing during this monitoring period will be implemented before April 2024.</i>			
2	2023	10/26/2023	Fleet Management Audit	Lack of current policies and procedures	9/1/24	N/A	0
				<i>Fleet is leveraging a writer that has interviewed staff, created a glossary of terms, is looking through current industry best practices, and drafted a scope with phased timeline for policy development. The SOP for District inspections has already been documented. Fleet has submitted milestones to Internal Audit for tracking towards final target date in September that include drafting a RACI and determining Fleet policy needs, finalizing draft of 10 Authority-wide Fleet policies, and submitting policies to review (Legal, Labor Relations, People & Talent).</i>			

Open Prior Audit Findings

Audit Report / Subject	Issue Date	Open
Contract Compliance Audit	7/22/2021	1
Payroll & Timekeeping Audit	7/23/2023	2
Work Order Management Audit – DWO	7/23/2023	3
Fleet Management Audit	10/27/2023	5
		total 11

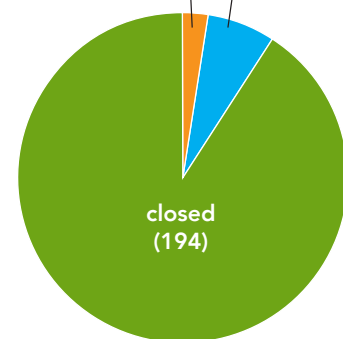
█ At least one original remediation target date has been extended

In total, 92 percent of all prior audit findings from FY17 – FY23 are closed. Management's target closure rate is 95 percent.

*Note that the audit findings reported above represent open findings through the FY23 Audit Plan year

FY17 – FY23 prior audit findings status

pending testing (5) open (11)



"Pending Testing" indicates that Management represents that the Action Plan is completed, but Internal Audit has not yet performed testing to validate the status.





**Summary of Resolutions and Contracts
306th Meeting of the DC Water Board of Directors
Thursday, March 7, 2024**

Joint-Use Contracts

Resolution No. 24-06 Approval of the FY 2023 – FY 2033 Proposed Capital Improvement Program (Recommended by the Environmental Quality and Operations Committee 02-15-24; the Finance and Budget Committee 02-22-24; and the DC Retail Water and Sewer Rates Committee 02-27-24)

Resolution No. 24-07 Approval to Amend Fiscal Year 2024 Operating Budget (Recommended by the Finance and Budget Committee 02-22-24)

Resolution No. 24-08 Approval to Amend Fiscal Year 2024 Revenue Budget (Recommended by the Finance and Budget Committee 02-22-24)

Resolution No. 24-09 Approval of Proposed Fiscal Year 2025 Operating Budget (Recommended by the Finance and Budget Committee 02-22-24)

Resolution No. 24-10 Approval of Fiscal Year 2024 – 2033 Financial Plan (Recommended by the Finance and Budget Committee 02-22-24)

Resolution No. 24-11 Approval of Official Intent to Reimburse Fiscal Years 2024 and 2025 Capital Expenditures with Proceeds of a Borrowing (Recommended by the Finance and Budget Committee 02-22-24)

Resolution No. 24-12 Approval of Transfers from the Rate Stabilization Fund to the Authority General Fund in FY2024 and FY2025 Operating Budgets (Recommended by the Finance and Budget Committee 02-22-24)

Non-Joint Use Contracts

Resolution No. 24-13 Approval to Participate in the District Department of Transportation Metro Branch Trail Project Under the Terms of the 2002 Memorandum of Understanding Between District of Columbia Department of Transportation and DC Water. The purpose of DC Water's participation is to replace small diameter water mains that have experienced failure, or have a history of low water pressure, or water quality issues within the District of Columbia. The amount is not-to-exceed \$2,151,500.00. (Recommended by the Environmental Quality and Operations Committee 02-15-24)

Resolution No. 24-14 Approval to Execute Change Order No. 003 of Contract No. 200030, Small Diameter Water Main Replacement-16A, Capitol Paving of D.C., Inc. The purpose of this modification is to clean and line approximately 2200 linear feet of the existing ductile iron water main located on Quebec PI NW between Fordham Road NW to University Avenue NW due to reported water quality and contaminated soil issues that have been deemed critical. The amount of this modification is \$2,042,049.00. (Recommended by the Environmental Quality and Operations Committee 02-15-24)

Resolution No. 24-15 Approval of Proposed Fiscal Years 2025 and 2026 Retail Metered Water and Sewer Rates, Right-of-Way (ROW), Payment-in-Lieu of Taxes (PILOT) Fee, Clean Rivers Impervious Area Charge (CRAIC), Retail Groundwater Sanitary Sewer Service Rate and High Flow Filter Backwash Sewer Rate (Recommended by the DC Retail Water and Sewer Rates Committee 02-27-24)

Resolution No. 24-16 Approval to Publish Notice of Proposed Rulemaking to Establish the New Customer Assistance Program, CAP Plus (CAP+) for Low-Income Residential Customers. (Recommended by the DC Retail Water and Sewer Rates Committee 02-27-24)

Presented and Adopted: March 7, 2024
Subject: Approval of Proposed Fiscal Year 2024 - 2033 Capital Improvement Program

#24-06
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

The Board of Directors (“Board”) of the District of Columbia Water and Sewer Authority, (“DC Water”) at its meeting on March 7, 2024 upon consideration of a joint-use matter, decided by a vote of ____ () in favor and ____ () opposed, to take the following action with respect to the Fiscal Year 2024 - 2033 Capital Improvement Program.

WHEREAS, pursuant to Resolution #10-76, dated July 1, 2010, the Board’s Rate Stabilization Fund Policy requires an annually updated 10-Year Financial Plan, which includes a 10-Year Capital Disbursement Plan; and

WHEREAS, on March 2, 2023, through Resolution #23-14, the Board approved the Proposed Fiscal Year (FY) 2023 - 2032 Capital Improvement Program, which includes the FY 2023 - 2032 Capital Disbursement Plan and related Lifetime Budget; and

WHEREAS, on January 4, 2024, during the FY 2025 Budget Workshop, the Chief Executive Officer and General Manager, Chief Financial Officer and Executive Vice President, Finance, Procurement & Compliance, and Vice President, Engineering briefed Board members on the FY 2024 - 2033 Capital Improvement Program, which includes the proposed Revised FY 2024 CIP Disbursement Budget of \$514,726,712, the proposed 10-Year Disbursement Plan totaling \$7,743,235,326 and the proposed Lifetime Budget of \$16,082,284,099 and

WHEREAS, on January 18, 2024, the Environmental Quality and Operations Committee reviewed the budget proposals and discussed in detail the budget scenarios, budget drivers, budget assumptions, risks and customer impacts; and

WHEREAS, on January 23, 2024, the Finance & Budget Committee and the DC Retail Water and Sewer Rates Committee, in a joint meeting, reviewed the budget proposals and discussed in detail the budget scenarios, budget drivers, budget assumptions, risks, and customer impacts; and

WHEREAS, on February 15, 2024, the Environmental Quality and Operations Committee, reviewed the budget proposals, and discussed in detail the budget drivers and risks, and recommended that the Board adopt the FY 2024 - 2033 Capital Improvement Program, which includes the proposed Revised FY 2024 CIP Disbursement

Budget of \$514,726,712, proposed 10-Year Capital Disbursement Plan totaling \$7,743,235,326, and related Lifetime Budget, totaling \$16,082,284,099; and

WHEREAS, on February 22, 2024, the Finance & Budget Committee, reviewed the budget proposals and discussed in detail the budget drivers and budget assumptions, and recommended that the Board adopt the FY 2024 - 2033 Capital Improvement Program, which includes the proposed Revised FY 2024 CIP Disbursement Budget of \$514,726,712, proposed 10-Year Capital Disbursement Plan totaling \$7,743,235,326, and related Lifetime Budget, totaling \$16,082,284,099; and

WHEREAS, on February 27, 2024, the DC Retail Water and Sewer Rates Committee reviewed the budget proposals and discussed in detail the budget drivers, assumptions, and customer impacts.

NOW THEREFORE, BE IT RESOLVED THAT:

The Board hereby approves and adopts DC Water's FY 2024 - 2033 Capital Improvement Program, which includes the Revised FY 2024 CIP Disbursement Budget of \$514,726,712, Fiscal Year 2024 – 2033 Capital Improvement Program Disbursement Plan totaling \$7,743,235,326, and related Lifetime Budget totaling \$16,082,284,099; provided in Attachment A-1 and as further detailed in the Chief Executive Officer and General Manager's Proposed Fiscal Year 2025 Budget and accompanying materials presented on January 4, 2024.

This resolution is effective immediately.

Secretary to the Board of Directors

Presented and Adopted: March 7, 2024
Subject: Approval to Amend Fiscal Year 2024 Operating Budget

#24- 07
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

The Board of Directors (“Board”) of the District of Columbia Water and Sewer Authority, (“DC Water”) at the Board meeting on March 7, 2024, upon consideration of a joint-use matter, decided by a vote of () in favor and () opposed, to take the following action with respect to the Amended Fiscal Year 2024 Operating Budget.

WHEREAS, on March 2, 2023, through Resolution #23-13, the Board approved DC Water’s Fiscal Year 2024 Operating Budget that totaled \$737,566,811; and

WHEREAS, during the Fiscal Year 2025 Budget Workshop on January 4, 2024, the Chief Executive Officer and General Manager and Chief Financial Officer and Executive Vice President, Finance, Procurement and Compliance briefed Board members on the proposed amendment of DC Water’s Fiscal Year 2024 Operating Budget to reallocate \$10,318,201 from debt services to Cash Financed Capital Improvements (CFCI) and maintain the Approved Fiscal Year 2024 Operating Budget at \$737,566,811; and

WHEREAS, on January 23, 2024, the Finance and Budget Committee in a joint session with the Retail and Rates Committee, during which management presented proposed amendment of DC Water’s FY 2024 Operating Budget, to reallocate \$10,318,201 from debt service, due to a planned debt that was not issued in FY 2023, coupled with the release of the 1998 debt service reserves, to CFCI for PAYGO to reduce future borrowing costs and maintain the Approved Fiscal Year 2024 Operating Budget at \$737,566,811; and

WHEREAS, on February 22, 2024, the Finance and Budget Committee was further briefed on the proposed amendment of DC Water’s FY 2024 Operating Budget, to reallocate \$10,318,201 from debt service due to a planned debt that was not issued in FY 2023, coupled with the release of the 1998 debt service reserves, to CFCI for PAYGO to reduce future borrowing costs and maintain the Approved Fiscal Year 2024 Operating Budget at \$737,566,811; and

WHEREAS, on February 22, 2024, the Finance and Budget Committee after further consideration and discussion, recommended Board approval of the proposed amendment of DC Water’s FY 2024 Operating Budget as presented by management.

NOW THEREFORE BE IT RESOLVED THAT:

The Board hereby approves and adopts the amendment of DC Water's Fiscal Year 2024 Operating Budget to reallocate \$10,318,201 from debt service to the Cash Financed Capital Improvements Fund for PAYGO to reduce future borrowing costs and maintain the Approved Fiscal Year 2024 Operating Budget at \$737,566,811.

This resolution is effective immediately.

Secretary to the Board of Directors

Presented and Adopted: March 7, 2024
Subject: Approval to Amend Fiscal Year 2024 Revenue Budget

#24-08
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority, ("DC Water") at the Board meeting on March 7, 2024, upon consideration of a joint-use matter, decided by a vote of ____ () in favor and ____ () opposed, to take the following action with respect to the Amended Fiscal Year 2024 Revenue Budget.

WHEREAS, on March 2, 2023, through Resolution #23-15, the Board approved the Fiscal Year 2023-2032 Ten Year Financial Plan, which included the Fiscal Year 2024 Revenue Budget (Operating Receipts) of \$878,515,674; and

WHEREAS, on January 23, 2024, the Finance & Budget Committee and Retail Water and Sewer Rate Committee met to consider revisions to the Fiscal Year 2024 year-end forecasts for revenue, operating expenditure, capital disbursements and net cash position and their impact on the projected Fiscal Year Revenue Budget; and.

WHEREAS, the General Manager proposed revising the Fiscal Year 2024 Revenue Budget (as shown below) for approval by the Board due to increases in Retail Revenue based on projected higher consumption, decreases in Other Revenue, and the transfer of \$2 Million from the Rate Stabilization Fund to the Authority General Fund for the new proposed Payment Plan Incentive Program as reflected in the Financial Plan for FY 2024-2033.

	Approved FY 2024 Revenue Budget	Revised FY 2024 Revenue Budget	Increase/ Decrease
Retail Revenue	\$ 694,880,846	\$ 705,362,252	\$ 10,481,406
Wholesale Revenue	\$ 106,519,069	\$ 106,519,069	\$ -
Other Revenue	\$ 77,114,759	\$ 76,678,473	\$ (436,286)
Rate Stabilization Fund	\$ -	\$ 2,000,000	\$ 2,000,000
Total Revenue Budget	\$ 878,514,674	\$ 890,559,794	\$ 12,045,120

WHEREAS, on February 22, 2024, the Finance & Budget Committee met to consider the final proposal to amend the Fiscal Year 2024 year-end forecasts and recommended the Board approve the amendments to the Fiscal Year 2024 Revenue Budget to \$890,559,794.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board hereby approves and adopts the amended FY 2024 Revenue Budget to increase it to \$890,559,794 as presented in the Fiscal Year 2023-2032 Ten Year Financial Plan.
2. This resolution is effective immediately.

Secretary to the Board of Directors

Presented and Adopted: March 7, 2024
Subject: Approval of Proposed Fiscal Year 2025 Operating Budget

#24-09
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

The Board of Directors (“Board”) of the District of Columbia Water and Sewer Authority, (“DC Water”) at the Board meeting on March 7, 2024, upon consideration of a joint-use matter, decided by a vote of ____ () in favor and ____ () opposed, to take the following action with respect to the Proposed Fiscal Year 2025 Operating Budget.

WHEREAS, during the Fiscal Year 2025 Budget Workshop on January 4, 2024, the Chief Executive Officer and General Manager, Chief Financial Officer and Executive Vice President, Finance, Procurement and Compliance, and members of the Senior Executive Team (SET) briefed Board members on the Proposed Fiscal Year 2025 Operating Budget that totaled \$788,241,048; and

WHEREAS, on January 23, 2024, the Finance and Budget Committee in a joint session with the DC Retail Water and Sewer Rates Committee met to review the Proposed Fiscal Year 2025 Operating Budget and discussed in detail, the alternative budget and rate scenarios, budget drivers, budget assumptions, risks and customer impacts; and

WHEREAS, on February 22, 2024, the Finance and Budget Committee further reviewed the budget proposals and discussed in detail the budget drivers, strategic budget decisions, budget assumptions, risks and customer impact, and recommended the Board adopt the Proposed Fiscal Year 2025 Operating Budget that totals \$788,241,048, including \$15,000 for representation and \$15,000 for official meetings.

NOW THEREFORE BE IT RESOLVED THAT:

The Board hereby approves and adopts DC Water’s Proposed Fiscal Year 2025 Operating Budget totaling \$788,241,048, including \$15,000 for representation and \$15,000 for official meetings, and as further detailed in the Proposed Fiscal Year 2025 Operating Budget presented on January 4, 2024 and accompanying materials.

This resolution is effective immediately.

Secretary to the Board of Directors

Presented and Adopted: March 7, 2024

SUBJECT: Approval of Fiscal Year 2024-2033 Ten-Year Financial Plan

**#24-10
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The Board of Directors (“Board”) of the District of Columbia Water and Sewer Authority (“DC Water”) at the Board meeting held on March 7, 2024, upon consideration of a joint-use matter decided by a vote of ___ () in favor and ___ () opposed, to take the following action with respect to the Fiscal Year 2024-2033 Ten Year Financial Plan.

WHEREAS, prudent utility financial management requires a long-term financial plan that integrates common elements of the ten-year capital improvement program, future capital financing plans, projected operating and maintenance budgets, revenue requirements and projected rate increases to support long-term capital and operating needs; and

WHEREAS, the Board, in Resolutions 11-10, dated January 6, 2011 and 23-58, dated October 5, 2023 (Board Policies), adopted a series of financial policies in the areas of capital financing, long-term financial planning, and rate-setting to assure the short-term and long-term financial health of DC Water; and

WHEREAS, adherence to these financial policies has allowed the DC Water to receive strong bond ratings that will reduce debt service costs over the ten-year planning period; and

WHEREAS, consistent with the Board Policies and management financial targets, the General Manager has prepared a ten-year financial plan in conjunction with and based on the assumptions in the proposed FY 2025 Operating and Capital Budgets; and

WHEREAS, the proposed Fiscal Year 2024-2033 Ten Year Financial Plan is consistent with projections in the attached Schedules A, B and C of this Resolution; and

WHEREAS, on February 22, 2024, and February 27, 2024, the Finance and Budget Committee and the DC Retail Water and Sewer Rates Committee, respectively, met, reviewed and recommended the Board adopt the Fiscal Year 2024-2033 Ten Year Financial Plan as recommended by the General Manager.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board hereby adopts and approves the proposed Fiscal Year 2024-2033 Ten Year Financial Plan that is consistent with the projections in the attached Schedule A, B and C and the proposed Fiscal Year 2025 Operating and Capital Budgets.

This resolution is effective immediately.

Secretary to the Board of Directors

**District of Columbia Water & Sewer Authority
FY 2024 – FY 2033 Financial Plan**

OPERATING	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
<i>Retail</i>	728,792	755,456	799,250	854,603	911,660	980,556	1,043,786	1,090,013	1,154,059	1,204,514
<i>Wholesale</i>	106,519	114,248	120,905	125,741	130,771	136,001	141,441	147,099	152,983	159,102
<i>Other</i>	53,249	54,557	57,301	62,364	67,922	70,592	69,584	70,092	65,216	64,505
<i>RSF</i>	2,000	2,000	-	-	-	-	-	-	-	-
Operating Receipts ⁽¹⁾	\$ 890,560	\$ 926,261	\$ 977,455	\$ 1,042,708	\$ 1,110,352	\$ 1,187,149	\$ 1,254,812	\$ 1,307,204	\$ 1,372,258	\$ 1,428,121
Operating Expenses	425,383	444,207	464,947	482,959	501,685	521,151	541,388	562,427	584,299	607,038
Debt Service	221,635	249,495	277,000	307,289	340,180	372,492	402,816	425,524	446,587	462,941
Cash Financed Capital Improvement	\$ 58,575	\$ 60,436	\$ 71,932	\$ 76,914	\$ 82,049	\$ 88,250	\$ 93,941	\$ 98,101	\$ 103,865	\$ 108,406
Net Revenues After Debt Service	\$ 184,967	\$ 172,123	\$ 163,576	\$ 175,546	\$ 186,439	\$ 205,256	\$ 216,667	\$ 221,152	\$ 237,507	\$ 249,736
Operating Reserve-Beg Balance	286,889	296,600	309,600	324,600	337,600	351,600	365,600	380,600	395,600	411,600
Other Misc (Disbursements)/Receipts										
Wholesale/Federal True Up	(15,256)	(21,513)	(15,100)	-	-	-	-	-	-	-
Project Billing Refunds	(2,000)	(2,000)	-	-	-	-	-	-	-	-
Transfers to RSF										
Pay-Go Financing	(158,000)	(135,609)	(133,476)	(162,546)	(172,439)	(191,256)	(201,667)	(206,152)	(221,507)	(233,736)
Operating Reserve - Ending Balance	\$ 296,600	\$ 309,600	\$ 324,600	\$ 337,600	\$ 351,600	\$ 365,600	\$ 380,600	\$ 395,600	\$ 411,600	\$ 427,600
Rate Stabilization Fund Balance RSF ⁽²⁾	\$ 33,644	\$ 31,644	\$ 31,644	\$ 31,644	\$ 31,644	\$ 31,644	\$ 31,644	\$ 31,644	\$ 31,644	\$ 31,644
Senior Debt Service Coverage	818%	753%	651%	607%	635%	628%	589%	616%	591%	579%
Combined Debt Service Coverage	213%	193%	188%	190%	186%	186%	183%	181%	182%	183%
Actual/Projected Water/Sewer Rate Increases	3.25%	8.00%	6.00%	8.00%	9.00%	9.00%	8.50%	9.00%	8.50%	6.50%
Operating Receipts \$ Increase/Decrease										
Retail	26,565	26,664	43,794	55,353	57,057	68,896	63,230	46,227	64,047	50,455
Wholesale	1,269	7,729	6,657	4,836	5,030	5,231	5,440	5,658	5,884	6,119
Operating Receipts % Increase/Decrease										
Retail	3.8%	3.7%	5.8%	6.9%	6.7%	7.6%	6.4%	4.4%	5.9%	4.4%
Wholesale	1.2%	7.3%	5.8%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

⁽¹⁾ Includes interest earnings on senior lien revenue bonds' debt service reserve fund

⁽²⁾ \$2.0 million withdrawal from Rate Stabilization Fund in FY 2024 for new Payment Plan Incentive Program, leaving a balance of \$33.644 million

⁽²⁾ FY 2025 planned transfer of \$0.0 million to Rate Stabilization Fund and \$2.0 million utilization will keep the total fund balance at \$31.644 million.

**District of Columbia Water & Sewer Authority
Average Residential Customer Monthly Bill
FY 2024 - 2033**

	Units	FY 2023	Current FY 2024	Proposed FY 2025	Proposed FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	86.07	\$ 89.03	\$ 95.93	\$ 101.77	\$ 109.90	\$ 119.80	\$ 130.60	\$ 141.72	\$ 154.46	\$ 167.59	\$ 178.49
DC Water Clean Rivers IAC ⁽²⁾	ERU	18.14	21.86	21.23	24.23	26.99	28.28	31.13	32.73	29.37	29.40	29.41
DC Water Customer Metering Fee	5/8"	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75
DC Water Water System Replacement Fee ⁽⁴⁾	5/8"	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 118.26	\$ 124.94	\$ 131.21	\$ 140.05	\$ 150.94	\$ 162.13	\$ 175.78	\$ 188.50	\$ 197.88	\$ 211.04	\$ 221.95
Increase / Decrease		\$ 6.89	\$ 6.68	\$ 6.27	\$ 8.84	\$ 10.89	\$ 11.19	\$ 13.65	\$ 12.72	\$ 9.38	\$ 13.16	\$ 10.91
Percent Increase in DC Water Portion of Bill		6.2%	5.6%	5.0%	6.7%	7.8%	7.4%	8.4%	7.2%	5.0%	6.7%	5.2%
District of Columbia PILOT Fee ⁽¹⁾	Ccf	3.20	3.31	3.31	3.36	3.41	3.47	3.52	3.58	3.63	3.69	3.74
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf	1.03	1.03	1.03	1.08	1.08	1.08	1.14	1.14	1.14	1.14	1.14
District of Columbia Stormwater Fee ⁽³⁾	ERU	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 6.90	\$ 7.01	\$ 7.01	\$ 7.11	\$ 7.16	\$ 7.22	\$ 7.33	\$ 7.39	\$ 7.44	\$ 7.50	\$ 7.55
Total Amount Appearing on DC Water Bill		\$ 125.16	\$ 131.95	\$ 138.22	\$ 147.16	\$ 158.10	\$ 169.35	\$ 183.11	\$ 195.89	\$ 205.32	\$ 218.54	\$ 229.50
Increase / Decrease Over Prior Year		\$ 7.05	\$ 6.79	\$ 6.27	\$ 8.94	\$ 10.94	\$ 11.25	\$ 13.76	\$ 12.78	\$ 9.43	\$ 13.22	\$ 10.96
Percent increase in Total Bill		5.97%	5.43%	4.75%	6.47%	7.43%	7.12%	8.13%	6.98%	4.81%	6.44%	5.02%

(1) Assumes average monthly consumption of 5.42 Ccf, or (4,054 gallons)

(2) Assumes average 1 Equivalent Residential Unit (ERU)

(3) District Department of Energy & Environment stormwater fee of \$2.67 effective November 1, 2010

(4) DC Water "Water System Replacement Fee" of \$6.30 for 5/8" meter size effective October 1, 2015

District of Columbia Water & Sewer Authority
Retail Rates, Charges and Fees
FY 2025 - FY 2026

	Units	Current FY 2024	Proposed FY 2025	Proposed FY 2026
DC Water Retail Rates – Water:				
Residential – Lifeline (0- 4 Ccf)	Ccf	\$4.38	\$5.21	\$5.78
Residential – (> 4 Ccf)	Ccf	5.70	6.81	7.60
Multi-family	Ccf	5.00	5.82	6.47
Non-Residential	Ccf	5.89	7.03	7.84
DC Water Retail Rates – Sewer	Ccf	11.70	12.07	12.52
DC Water Clean Rivers IAC	ERU	21.86	21.23	24.23
DC Water Customer Metering Fee	5/8”	7.75	7.75	7.75
DC Water System Replacement Fee	5/8”	6.30	6.30	6.30
District of Columbia PILOT Fee	Ccf	0.61	0.61	0.62
District of Columbia Right of Way Fee	Ccf	0.19	0.19	0.20
District of Columbia Stormwater Fee	ERU	2.67	2.67	2.67

Presented and Adopted: March 7, 2024

SUBJECT: Approval of Official Intent to Reimburse Fiscal Years 2024 and 2025 Capital Expenditures with Proceeds of a Borrowing

**#24-11
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The Board of Directors (“Board”) of the District of Columbia Water and Sewer Authority, (“DC Water”) at the Board meeting held on March 7, 2024, upon consideration of a joint-use matter, decided by a vote of ____ () in favor and ____ () opposed, to take the following action with respect to Approval of Official Intent to Reimburse Fiscal Year 2024 and 2025 Capital Expenditures with Proceeds of a Borrowing.

WHEREAS, on February 22, 2024, the Finance and Budget Committee met to consider the proposed Original Intent to reimburse FY 2024 and FY 2024 capital expenditures from proceeds of a borrowing; and

WHEREAS, DC Water intends to acquire, construct and equip improvements to the “System,” which shall be considered “Costs of the System” as both terms are defined in the Master Indenture of Trust between DC Water and Wells Fargo Bank, N.A., dated April 1, 1998, including, but not limited to the items and List of Projects set forth in Exhibit A hereto (collectively, the “Projects”); and

WHEREAS, DC Water intends to utilize the proceeds of tax-exempt bonds, taxable bonds or notes (the “bonds”) or other debt in an amount not currently expected to exceed \$325,000,000 to pay the costs of capital projects; and

WHEREAS, DC Water’s plans for the Projects have advanced and DC Water expects to advance its own funds to pay capital expenditures related to the Projects (“Expenditures”) prior to incurring indebtedness and to receive reimbursement for such Expenditures from proceeds of tax-exempt bonds or notes or taxable debt, or both; and

WHEREAS, on February 22, 2024, the Finance and Budget Committee further reviewed the Projects and intended expenditures and recommended the Board adopt and approve the proposed Official Intent.

NOW THEREFORE BE IT RESOLVED THAT:

1. DC Water utilizes the proceeds of tax-exempt bonds, taxable bonds or notes (the "Bonds") or other debt in an amount not currently expected to exceed \$325,000,000 to pay costs of the Projects.
2. The Board approves the General Manager's "Official Intent" to use the proceeds of the Bonds to reimburse Expenditures with respect to the Projects made on or after the date that is 60 days prior to the date of this Resolution. DC Water reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Bonds or other debt.
3. Each Expenditure was or will be, unless otherwise supported by the opinion of bond counsel, either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Bonds, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of DC Water so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of DC Water.
4. The Board authorizes the General Manager to make a reimbursement allocation, which is a written allocation by DC Water that evidences DC Water's use of proceeds of the Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. DC Water recognizes that exceptions are available for certain "preliminary expenditures," costs of issuance, certain de minimis amounts, expenditures by "small issuers" and expenditures for any construction, the completion of which is expected to require at least five years.
5. The Board adopts this resolution confirming the DC Water's "Official Intent" within the meaning of Treasury Regulations 26 CFR § 1.150-2 promulgated under the Internal Revenue Code of 1986, as amended.
6. This resolution is effective immediately.

Secretary to the Board of Directors

Exhibit A - List of Projects

Blue Plains Plantwide Projects
Blue Plains Enhanced Nitrogen Removal Facilities
Blue Plains Liquid and Solids Processing Projects
Sanitary Sewer System Projects
Combined Sewer System Projects
DC Clean Rivers Project
Stormwater Sewer System Projects
Water Pumping, Distribution and Storage Projects
Metering and Capital Equipment
Washington Aqueduct Projects

Presented and Adopted: March 7, 2024

SUBJECT: Approval of Transfers from the Rate Stabilization Fund to the Authority General Fund in FY2024 and FY2025 Operating Budgets

**#24-12
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("DC Water") at the Board meeting held on March 7, 2024, upon consideration of a joint-use matter decided by a vote of _____ () in favor and _____ () opposed, to take the following action with respect to transfers from the Rate Stabilization Fund to the Authority General Fund in FY2024 and FY2025 Operating Budgets.

WHEREAS, the Board, through Resolutions #11-10, dated January 6, 2011, and #23-58, dated October 5, 2023, adopted a series of financial policies in the areas of capital financing, long-term financial planning, and rate-setting to assure the short-term and long-term financial health of DC Water; and

WHEREAS, the Board, through Resolution #23-61, dated October 5, 2023, adopted and approved the Revised Rate Stabilization Fund Policy; and

WHEREAS, on January 23, 2024, the Finance and Budget Committee in a joint session with the DC Retail Water and Sewer Rates Committee met to review the Proposed Fiscal Year 2025 Operating Budget and discussed in detail, the alternative budget and rate scenarios, and Customer Assistance Programs, including the new Payment Plan Incentive Program; and

WHEREAS, the General Manager presented the proposal to transfer \$2 Million from the Rate Stabilization Fund in FY 2024 and FY 2024 to fund the new Payment Plan Incentive Program, which will assist residential customers with a balance of \$500 for 60 days or more would receive credits to pay their outstanding arrears by providing credit calculated based on 40% of the monthly payment of monthly charges and payment plan installment payment; and

WHEREAS, on February 22, 2024, the Finance and Budget Committee further reviewed the budget proposals and discussed in detail the budget drivers, strategic budget decisions, budget assumptions, risks and customer impact, and proposed funding to support the new Payment Plan Incentive Program that would begin on June 1, 2024 and will end on September 30, 2025 as presented below; and

The details of transfers from Rate Stabilization Fund for FY 2024 and FY 2025 are listed below:

RSF Transfer in FY 2024:

FY 2023 Rate Stabilization Fund Balance	\$35,643,912
RSF Transfer to FY 2024 Authority General Fund	<u>\$ 2,000,000</u>
FY 2024 Rate Stabilization Fund Balance	\$33,643,912

RSF Transfer in FY 2025:

FY 2024 Rate Stabilization Fund Balance	\$33,643,912
RSF Transfer to FY 2025 Authority General Fund	<u>\$ 2,000,000</u>
FY 2025 Rate Stabilization Fund Balance	\$31,643,912

WHEREAS, the Finance and Budget Committee considered the General Manager’s proposed new Payment Plan Incentive Program and recommended for Board approval to transfer \$2 million from Rate Stabilization Fund to the Authority General Fund in FY 2024 and FY 2025 for new Payment Plan Incentive Program, leaving a balance in the Rate Stabilization Fund of \$33,643,912 in FY 2024 and \$31,643,912 in FY 2025, as presented in the Fiscal Year 2024-2033 Ten Year Financial Plan; and

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board hereby approves and adopts the proposed transfer of \$2 Million from the Rate Stabilization Fund to the Authority General Fund in FY 2024 and FY 2025 Operating Budgets for the new Payment Plan Incentive Program that begins on June 1, 2024 and will end on September 30, 2025.
2. This resolution is effective immediately.

Secretary to the Board of Directors

Presented and Approved: March 7, 2024

SUBJECT: Approval to Participate in the District of Columbia Department of Transportation (DDOT) Metro Branch Trail Project Under the Terms of the 2002 Memorandum of Understanding between DDOT and DC Water

**#24-13
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors (“Board”) of the District of Columbia Water and Sewer Authority (“the Authority”) at its meeting on March 7, 2024 upon consideration of a non-joint use matter, decided by a vote of ____ () In favor and ____ () opposed to execute the Approval to Participate in the District of Columbia Transportation (DDOT) Metro Branch Trail Project Under the Terms of the 2002 Memorandum of Understanding between DDOT and DC Water.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute the Approval to Participate in the District of Columbia Transportation (DDOT) Metro Branch Trail Project Under the Terms of the 2002 Memorandum of Understanding between DDOT and DC Water. The purpose of DC Water’s participation is to replace small diameter water mains that have experienced failure, or have a history of low water pressure, or water quality issues within the District of Columbia. The amount is not-to-exceed \$2,151,500.00.

This Resolution is effective immediately.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS FACT SHEET**

ACTION REQUESTED

PARTICIPATION IN DDOT PROJECT:

**DDOT – Metro Branch Trail from Piney Branch Road NW to Blair Rd NW
(Non-Joint Use)**

Approval to participate in DDOT’s Metro Branch Trail project under the terms of the 2002 Memorandum of Understanding (MOU) between District of Columbia Department of Transportation (DDOT) and DC Water for an amount up to \$2,151,500.00. This amount exceeds the General Manager’s approval authority.

PARTY INFORMATION

PARTY:	SUBS:	PARTICIPATION:
District Department of Transportation 55 M Street, SE, Suite 400, Washington, DC 20003	DBE and WBE fair share objectives will follow DDOT goals.	

DESCRIPTION AND PURPOSE

MOU Value, Not-To-Exceed:	\$2,151,500.00
MOU Time:	730 Days (2 Years)
Anticipated MOU Start Date:	July 15, 2025
Anticipated MOU Completion Date:	July 15, 2027

Purpose of DC Water’s Participation:

Replacement of small diameter water mains that have experienced failures, or have a history of low water pressure, or water quality issues within the District of Columbia.

Scope of DC Water’s Participation:

- Replace 0.40 miles of water mains ranging from six (6) inches to twelve (12) inches and associated valves and appurtenances.
- Replace copper water services two (2) inch and smaller in public and private space.
- Replace curb stop/curb stop box, meter box and penetration through building wall and connection to first fitting inside the building including installation of a shut-off valve and pressure reducing valve.
- Provide permanent pavement and surface restoration for 0.31 miles of the 0.40 miles within the project scope.

Federal Grant Status:

- Although the work scope is generally eligible for grant funding, grant funding was not applied to the project because it was procured through DDOT.

AGREEMENT INFORMATION

Contract Type:	MOU	Award Based On:	N/A
Commodity:	Design and Construction	Contract Number:	N/A

BUDGET INFORMATION

Funding:	Capital	Department:	Engineering and Technical Services
Service Area:	Water	Department Head:	William Elledge
Project:	KI		

ESTIMATED USER SHARE INFORMATION


User	Share %	Dollar Amount
District of Columbia	100.00%	\$ 2,151,500.00
Federal Funds	0.00%	\$
Washington Suburban Sanitary Commission	0.00%	\$
Fairfax County	0.00%	\$
Loudoun County & Potomac Interceptor	0.00%	\$
Total Estimated Dollar Amount	100.00%	\$ 2,151,500.00

Jeffrey F. Thompson
 Digitally signed by Jeffrey F. Thompson
 Date: 2024.02.05 15:04:43 -05'00'

 Jeffrey F. Thompson Date
 Chief Operating Officer and EVP

Matthew T. Brown
 Digitally signed by Matthew T. Brown
 Date: 2024.02.12 12:32:50 -05'00'

 Matthew T. Brown Date
 Chief Financial Officer and EVP
 Finance, Procurement and Compliance


 Digitally signed by Dan Bae
 DN: C=US, E=dan.bae@dcwater.com, O=District of Columbia Water and Sewer Authority, OU=VP of Procurement & Compliance, CN=Dan Bae
 Date: 2024.02.06 09:13:41 -05'00'

 Dan Bae Date
 VP of Procurement

David Gadis
 Digitally signed by David Gadis
 Date: 2024.02.29 11:28:00 -05'00'

 David L. Gadis Date
 Chief Executive Officer and General Manager

Presented and Approved: March 7, 2024

SUBJECT: Approval to Execute Change Order No. 003 of Contract No. 200030, Small Diameter Water Main Replacement-16A, Capitol Paving of D.C., Inc.

**#24-14
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors (“Board”) of the District of Columbia Water and Sewer Authority (“the Authority”) at its meeting on March 7, 2024 upon consideration of a non-joint use matter, decided by a vote of ____ () in favor and ____ () opposed to approve the execution of Change Order No. 003 of Contract No. 200030, Capitol Paving of D.C., Inc.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute Change Order No. 003 of Contract No. 200030, Capitol Paving of D.C., Inc. The purpose of this modification is to clean and line approximately 2200 linear feet of the existing ductile iron water main located on Quebec PI NW between Fordham Road NW to University Avenue NW due to reported water quality and contaminated soil issues that have been deemed critical. The amount of this modification is \$2,042,049.00.

This Resolution is effective immediately.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

CONSTRUCTION CONTRACT CHANGE ORDER:

**Small Diameter Water Main Replacement-16A
(Non-Joint Use)**

Approval to execute a Change Order No. 003 for \$2,042,049.00. The modification exceeds the Chief Executive Officer and General Manager's approval authority.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME:	*SUBS:	PARTICIPATION:
Capitol Paving of D.C., Inc. 2211 Channing St NE Washington, DC 20018	E&R Minority Supplier LLC Sterling, VA DBE	2.0%

*The project is still on pace to meet the overall utilization goals of 31.8% DBE and 6% WBE.

DESCRIPTION AND PURPOSE

Original Contract Value:	\$14,157,282.00
Total of Previous Change Orders:	\$ 94,594.16
Current Contract Value:	\$14,251,876.16
Value of this Change Order:	\$ 2,042,049.00
Current Contract Value, including this CO:	\$16,293,925.16
Original Contract Time:	565 Days (1 Years, 6 Months)
Time extension, this CO:	0 Days
Total CO contract time extension:	0 Days
Contract Start Date (NTP):	03-29-2023
Anticipated Contract Completion Date:	02-26-2026
Cumulative CO % of Original Contract:	14%
Contract completion %:	23%

Purpose of the Contract:

Replacement of small diameter water mains that have experienced failures, or have a history of low water pressure, or water quality issues across various locations within the District of Columbia.

Original Contract Scope:

- Replace 3.82 miles of small diameter water mains associated valves and appurtenances.
- Replace copper water services two (2) inches in diameter and smaller in public and private space as needed.
- Replacement curb stop / curb stop box, meter box and penetration through building wall and connection to first fitting inside the building including installation of a shut-off valve and pressure reducing valve.
- Provide permanent pavement and surface restoration.

Previous Change Order Scope:

- Connected the existing 3-inch water services to the proposed water main at 3956 and 3917 Pennsylvania Avenue SE.
- Excavated and removed the installed watermain, appurtenances and fittings, and backfill.

Current Change Order Scope:

- Due to reported water quality and contaminated soil issues that are deemed critical, lining of the existing water main on Quebec St NW between Fordham Rd NW to University Avenue NW is required.

- Clean and line utilizing the cured in-place pipe (CIPP) method at each intersection on Quebec St NW, covering approximately 2200 linear feet.
- Clean and line approximately 2200 linear feet of ductile iron water main using six access pits.
- Full replacement of valves and fire hydrants.
- A temporary bypass system will be set up so that customers will continue to have water service during construction.
- Due to two water main breaks in the past two years and the significant risk of another break in the I-395 Air Rights Tunnel which resulted in a sink hole, water outages, and severe DDOT travel conflicts, it is deemed essential to line the existing 1200 linear feet water main in the I-395 Air Rights Tunnel.
 - Clean and line utilizing the cured in-place pipe (CIPP) method lining approximately 1200 linear feet of existing 8" water main in the I-395 Air Rights Tunnel by 3rd St between K St NW and H St NW.
 - Clean and line approximately 1200 linear feet of 8" water main using three access pits.
 - Full replacement of valves and fire hydrants.

Federal Grant Status:

- Although this construction contract is funded in part by a Federal Grant, the change order is not eligible for grant funding.

PROCUREMENT INFORMATION


Contract Type:	Unit Price	Award Based On:	Lowest responsive, responsible bidder
Commodity:	Construction	Contract Number:	200030
Contractor Market:	Open Market		


BUDGET INFORMATION


Funding:	Capital	Department:	Engineering and Technical Services
Service Area:	Water	Department Head:	William Elledge
Project:	HX, F1		


ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	100.00%	\$ 2,042,049.00
Federal Funds	0.00%	\$ 0.00
Washington Suburban Sanitary Commission	0.00%	\$ 0.00
Fairfax County	0.00%	\$ 0.00
Loudoun County & Potomac Interceptor	0.00%	\$ 0.00
Total Estimated Dollar Amount	100.00%	\$ 2,042,049.00


 Digitally signed by Jeffrey F. Thompson
 Date: 2024.02.05 15:04:14 -05'00' / _____
 Jeffrey F. Thompson Date
 Chief Operating Officer and EVP


 Digitally signed by Matthew T. Brown
 Date: 2024.02.12 12:32:24 -05'00' / _____
 Matthew T. Brown Date
 Chief Financial Officer and EVP
 Finance, Procurement and Compliance


 Digitally signed by Dan Bae
 DN: C=US, E=dan.bae@dcwater.com, O=District of Columbia Water and Sewer Authority, OU=VP of Procurement & Compliance, CN=Dan Bae
 Date: 2024.02.06 09:12:41 -05'00' / _____
 Dan Bae Date
 VP of Procurement


 Digitally signed by David Gadis
 Date: 2024.02.29 11:28:38 -05'00' / _____
 David L. Gadis Date
 Chief Executive Officer and General Manager

Presented and Adopted: March 7, 2024

SUBJECT: Approval of Proposed Fiscal Years 2025 and 2026 Retail Metered Water and Sewer Service Rates, Right-of-Way (ROW), Payment-in-Lieu of Taxes (PILOT) Fee, Clean Rivers Impervious Area Charge (CRIAC), Retail Groundwater Sanitary Sewer Service Rate and High Flow Filter Backwash Sewer Rate

**#24-15
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The District members of the Board of Directors (“Board”) of the District of Columbia Water and Sewer Authority (“DC Water”) at the Board meeting held on March 7, 2024 upon consideration of a non-joint use matter, decided by a vote of ___ () in favor and ___ () opposed, to approve the following action with respect to the proposed Fiscal Year 2025 and Fiscal Year 2026 Retail Metered Water and Sewer Rates, Clean Rivers Impervious Area Charge (IAC), Right-of-Way Occupancy Fee (ROW), Payment In Lieu of Taxes Fee (PILOT), Retail Groundwater Sanitary Sewer Service Rate and High Flow Filter Backwash Sewer Rate.

WHEREAS, pursuant to Resolution 11-10, dated January 6, 2011, the Board has adopted a revised rate setting policy that calls for rates, charges and fees that, together with other revenue sources, yield a reliable and predictable stream of revenues and will generate sufficient revenues to pay for DC Water’s projected operating and capital expenses; and

WHEREAS, the Board has adopted various financial policies that require revenues to ensure compliance with Board policies regarding maintenance of senior debt coverage and cash reserves; and

WHEREAS, pursuant to Resolution 13-79, dated July 3, 2013 and Resolution 17-52, dated September 7, 2017, DC Water established three classes of customers: residential, multi-family and non-residential, as promulgated in Section 4104 of Title 21 of the District of Columbia Municipal Regulations (DCMR); and

WHEREAS, on February 27, 2024, the DC Retail Water and Sewer Rates Committee met to consider the proposed rate, charges and fees changes for Fiscal Year (“FY”) 2025 and FY 2026; and

WHEREAS, the DC Retail Water and Sewer Rates Committee recommended that the Board consider for public comment, a combined retail water and sewer rate increase of \$1.20 per one hundred cubic feet (“Ccf”) (\$1.61 per 1,000 gallons) for the first 4 Ccf of Residential customer’s water use (Lifeline) for FY 2025 and \$1.02 per Ccf (\$1.36 per 1,000 gallons) for the first 4 Ccf of Residential customer’s water use (Lifeline) for FY 2026; and

WHEREAS, the proposed increase in the Lifeline (Residential customer’s first 4 Ccf of water usage) retail metered water and sewer rates will result in a combined water and sewer rate of \$17.28 per Ccf (\$23.10 per 1,000 gallons) of metered water and sewer use for FY 2025 and a combined water and sewer rate of \$18.30 per Ccf (\$24.47 per 1,000 gallons) for FY 2026; and

WHEREAS, the DC Retail Water and Sewer Rates Committee recommended that the Board consider for public comment, a combined retail water and sewer rate increase of \$1.48 per Ccf (\$1.98 per 1,000 gallons) for water usage greater than 4 Ccf for Residential customers for FY 2025 and a combined retail water and sewer rate increase of \$1.24 per Ccf (\$1.66 per 1,000 gallons) for water usage greater than 4 Ccf for Residential customers for FY 2026; and

WHEREAS, the proposed increase for water usage greater than 4 Ccf and the sewer rates for Residential customers will result in a combined water and sewer rate of \$18.88 per Ccf (\$25.24 per 1,000 gallons) of metered water and sewer use for FY 2025 and a combined water and sewer rate of \$20.12 per Ccf (\$26.90 per 1,000 gallons) of metered water and sewer use for FY 2026; and

WHEREAS, the DC Retail Water and Sewer Rates Committee recommended that the Board consider for public comment, a combined retail water and sewer rate increase of \$1.19 per Ccf (\$1.60 per 1,000 gallons) for Multi-family customers for FY 2025 and a combined retail water and sewer rate increase of \$1.10 per Ccf (\$1.47 per 1,000 gallons) for Multi-family customers for FY 2026; and

WHEREAS, the proposed increase in the water and sewer rates for Multi-family customers will result in a combined water and sewer rate of \$17.89 per Ccf (\$23.92 per 1,000 gallons) of metered water and sewer use for FY 2025 and a combined water and sewer rate of \$18.99 per Ccf (\$25.39 per 1,000 gallons) of metered water and sewer use for FY 2026; and

WHEREAS, the DC Retail Water and Sewer Rates Committee recommended that the Board consider for public comment, a combined retail water and sewer rate increase of \$1.51 per Ccf (\$2.02 per 1,000 gallons) for Non-Residential customers for FY 2025 and a combined retail rate increase of \$1.26 per Ccf (\$1.68 per 1,000 gallons) for Non-Residential customers for FY 2026; and

WHEREAS, the proposed increase in the water and sewer rates for Non-Residential customers will result in a combined water and sewer rate of \$19.10 per Ccf (\$25.53 per

1,000 gallons) of metered water and sewer use for FY 2025 and a combined water and sewer rate of \$20.36 per Ccf (\$27.22 per 1,000 gallons) of metered water and sewer use for FY 2026; and

WHEREAS, the DC Retail Water and Sewer Rates Committee recommended that the Board consider for public comment a decrease in the monthly Clean Rivers Impervious Area Charge of \$0.63 per Equivalent Residential Unit (“ERU”) for FY 2025 and an increase in the monthly Clean Rivers Impervious Area Charge of \$3.00 per ERU for FY 2026 to recover the \$3.27 Billion costs of the Combined Sewer Overflow Long-Term Control Plan (CSO-LTCP); and

WHEREAS, the DC Retail Water and Sewer Rates Committee recommended that the Board maintain the ROW fee at the current amount of \$0.19 per Ccf (\$0.25 per 1,000 gallons) of water used for FY 2025 and consider for public comment, an increase in the Row fee of \$0.01 per Ccf (\$0.02 per 1000 gallons) for FY 2026 to recover the full cost of the District of Columbia government charges; and

WHEREAS, the DC Retail Water and Sewer Rates Committee recommended that the Board maintain the Pilot fee at the current amount of \$0.61 per Ccf (\$0.82 per 1000 gallons) of water used for FY 2025 and consider for public comment, an increase in the PILOT fee of \$0.01 per Ccf (\$0.01 per 1,000 gallons) for FY 2026 to recover the full cost of the District of Columbia government charges; and

WHEREAS, the DC Retail Water and Sewer Rates Committee recommended that the Board maintain the retail groundwater sanitary sewer service rate of \$3.50 per Ccf (\$4.68 per 1,000 gallons) for FY 2025 and consider for public comment, and an increase in the retail groundwater sanitary sewer service rate of \$0.26 per Ccf (\$0.35 per 1,000 gallons) for FY 2026; and

WHEREAS, the DC Retail Water and Sewer Rates Committee recommended that the Board consider for public comment, an increase in the high flow filter backwash sewer rate of \$0.02 per Ccf (\$0.03 per 1,000 gallons) for FY 2025 and an increase in the high flow filter backwash sewer rate of \$0.22 per Ccf (\$0.29 per 1,000 gallons) for FY 2026; and

WHEREAS, adoption of these rate and fee changes would increase the monthly bill of the average Residential customer using 5.42 Ccf (or 4,054 gallons) by approximately \$6.27 per month or \$75.24 per year for FY 2025 and by approximately \$8.94 per month or \$107.28 per year for FY 2026; and

WHEREAS, the total revenues for FY 2025 and FY2026 are projected at \$926.26 million and \$977.46 million respectively; and

WHEREAS, DC Water’s retail revenue projections for Fiscal Year 2025 reflects an approximate \$26.28 million increase; and

WHEREAS, DC Water’s retail revenue projections for Fiscal Year 2026 reflect an approximate \$43.45 million increase; and

WHEREAS, on February 27, 2024, the DC Retail Water and Sewer Rates Committee recommended the Board approve the publication of the Notice of Proposed Rulemaking for the proposed rate and fee increases for public comment.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board finds that DC Water’s projected expenditures require that it propose, for public comment, the rate and fee increases as described below:

Retail Metered Water Service Rates

- a. An increase in the rate for metered water services:

	FY 2024		FY 2025		FY 2026		FY 2025 vs. FY2024 Incr. /(Decr.)		FY 2026 vs. FY2025 Incr. /(Decr.)	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential – Lifeline (0- 4 Ccf)	\$4.38	\$5.86	\$5.21	\$6.97	\$5.78	\$7.73	\$0.83	\$1.11	\$0.57	\$0.76
Residential – (> 4 Ccf)	\$5.70	\$7.62	\$6.81	\$9.10	\$7.60	\$10.16	\$1.11	\$1.48	\$0.79	\$1.06
Multi-family	\$5.00	\$6.68	\$5.82	\$7.78	\$6.47	\$8.65	\$0.82	\$1.10	\$0.65	\$0.87
Non-Residential	\$5.89	\$7.88	\$7.03	\$9.40	\$7.84	\$10.48	\$1.14	\$1.52	\$0.81	\$1.08

Retail Sewer Service Rates

- b. An increase in the rate for sanitary sewer services:

	FY 2024		FY 2025		FY 2026		FY 2025 vs. FY2024 Incr. /(Decr.)		FY 2026 vs. FY2025 Incr. /(Decr.)	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential Customers	\$11.70	\$15.64	\$12.07	\$16.14	\$12.52	\$16.74	\$0.37	\$0.50	\$0.45	\$0.60
Multi-family	\$11.70	\$15.64	\$12.07	\$16.14	\$12.52	\$16.74	\$0.37	\$0.50	\$0.45	\$0.60
Non-Residential	\$11.70	\$15.64	\$12.07	\$16.14	\$12.52	\$16.74	\$0.37	\$0.50	\$0.45	\$0.60

Clean Rivers Impervious Area Charge (CRIAC)

- c. A decrease in the annual Clean Rivers Impervious Area Charge (CRIAC) from \$262.32 to \$254.76 per Equivalent Residential Unit (ERU) in FY 2025 and an increase in the annual Clean Rivers Impervious Area Charge (CRIAC) from \$254.76 to \$290.76 per Equivalent Residential Unit (ERU) in FY 2026.

The charge per ERU will be billed monthly at:

Clean River Impervious Area Charge (CRIAC)

	FY 2024	FY 2025	FY 2026	FY 2025 vs. FY2024 Incr. /(Decr.)	FY 2026 vs. FY2025 Incr. /(Decr.)
	ERU	ERU	ERU	ERU	ERU
Residential Customers	\$21.86	\$21.23	\$24.23	(\$0.63)	\$3.00
Multi-family	\$21.86	\$21.23	\$24.23	(\$0.63)	\$3.00
Non-Residential	\$21.86	\$21.23	\$24.23	(\$0.63)	\$3.00

**District of Columbia Pass Through Charge
Right-of-Way Occupancy / PILOT Fee**

- d. There is no increase in the **Right-of-Way Occupancy Fee** in FY 2025; and an increase in the Right-of-Way Occupancy Fee for FY 2026:

ROW

	FY 2024		FY 2025		FY 2026		FY 2025 vs. FY2024 Incr. /(Decr.)		FY 2026 vs. FY2025 Incr. /(Decr.)	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential Customers	\$0.19	\$0.25	\$0.19	\$0.25	\$0.20	\$0.27	\$0.00	\$0.00	\$0.01	\$0.02
Multi-family	\$0.19	\$0.25	\$0.19	\$0.25	\$0.20	\$0.27	\$0.00	\$0.00	\$0.01	\$0.02
Non-Residential	\$0.19	\$0.25	\$0.19	\$0.25	\$0.20	\$0.27	\$0.00	\$0.00	\$0.01	\$0.02

- e. An increase in the **Payment-in-Lieu of Taxes Fee** for FY 2025 and FY 2026:

PILOT

	FY 2024		FY 2025		FY 2026		FY 2025 vs. FY2024 Incr. /(Decr.)		FY 2026 vs. FY2025 Incr. /(Decr.)	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential Customers	\$0.61	\$0.82	\$0.61	\$0.82	\$0.62	\$0.83	\$0.00	\$0.00	\$0.01	\$0.01
Multi-family	\$0.61	\$0.82	\$0.61	\$0.82	\$0.62	\$0.83	\$0.00	\$0.00	\$0.01	\$0.01
Non-Residential	\$0.61	\$0.82	\$0.61	\$0.82	\$0.62	\$0.83	\$0.00	\$0.00	\$0.01	\$0.01

- f. There is no increase in the retail groundwater sewer service rate for FY 2025.
There is an increase in the retail groundwater sewer service rate for FY 2026:

Groundwater

FY 2024		FY 2025		FY 2026		FY 2025 vs. FY2024		FY 2026 vs. FY2025	
Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
\$3.50	\$4.68	\$3.50	\$4.68	\$3.76	\$5.03	\$0.00	\$0.00	\$0.26	\$0.35

- g. An increase in the high flow filter backwash sewer rate for FY 2025 and FY 2026:

High Flow Filter Backwash Wastewater retail Sewer Rate

FY 2024		FY 2025		FY 2026		FY 2025 vs. FY2024		FY 2026 vs. FY2025	
Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
\$3.30	\$4.41	\$3.32	\$4.44	\$3.54	\$4.73	\$0.02	\$0.03	\$0.22	\$0.29

2. The General Manager is authorized to take all steps necessary in his judgment and as otherwise required to publish the Notice of Proposed Rulemaking and Notice of Public Hearing to provide notice of the proposed rate adjustments and fees and receive public comments and testimony at the public hearing in accordance with D.C. Official Code § 34-2202.16(b), 21 DCMR Chapter 40, and the District of Columbia's Administrative Procedures Act.
3. This resolution is effective immediately.

Secretary to the Board of Directors

Presented and Adopted: March 7, 2024

SUBJECT: Approval to Publish Notice of Proposed Rulemaking to Establish the New Customer Assistance Program, CAP Plus (CAP+) for Low-Income Residential Customers

**#24-16
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The District members of the Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("DC Water") at the Board meeting held on March 7, 2024 upon consideration of a non-joint use matter, decided by a vote of ____ () in favor and ____ () opposed, to approve the following action with respect to the proposal to establish the new Customer Assistance Program, CAP Plus (CAP+) for Low-Income Residential Customers.

WHEREAS, on January 23, 2024, the DC Retail Water and Sewer Rates Committee met to consider a proposed DC Water Cares Program Expansion, which included the proposed new Customer Assistance Program, CAP Plus (CAP+) assistance program for low-income residential customers; and

WHEREAS, on January 23, 2024, the General Manager presented the new CAP+ Program, that would assist customers with greater affordability needs based on 20% median household income (MHI). The eligible customers will receive all CAP benefits plus two (2) CCF of water and sewer credits, which would begin on October 1, 2024 (FY 2025); and

WHEREAS, on February 27, 2024, the DC Retail Water and Sewer Rates Committee met to consider expanding the DC Water Cares programs by amending the Customer Assistance Programs regulations to establish a new Customer Assistance Program, CAP Plus (CAP+) assistance program for low-income residential customers; and

WHEREAS, on February 27, 2024, the General Manager presented the new CAP+ assistance program that will assist customers with greater affordability needs based on 20% area median income (AMI), now known as the Washington Metropolitan Statistical Area Median Family Income (MFI) for the District of Columbia. The eligible customers will receive all CAP benefits plus two (2) CCF of water and sewer credits. The start date of this program will be October 1, 2024 (FY2025); and

WHEREAS, on February 27, 2024, DC Retail Water and Sewer Retail Rates Committee, after having evaluated the new Customer Assistance Program, CAP+

assistance program for low- income residential customers, and the recommendation of the General Manager, recommended that the Board approve the publication of the Notice of Proposed Rulemaking for immediate implementation and public comment.

WHEREAS, after consideration of the recommendations of the DC Retail Water and Sewer Rates Committee and the recommendation of the General Manager, the District members of the Board of Directors, upon further consideration and discussion, agreed to approve for publication the Notice of Proposed Rulemaking for the amendments to the Customer Assistance Program regulations, as provided in attachment A, to establish the rules for the new Customer assistance Program, CAP+ assistance program for low-income residential customers.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board hereby approves the publication of the Notice of Proposed Rulemaking (NOPR) to amend 21 DCMR 4102 Customer Assistance Program as recommended by the DC Retail Water and Sewer Rates Committee and the General Manager to establish the new Customer Assistance Program, CAP+ assistance program for low-income residential customers.
2. The General Manager shall amend the Customer Assistance Programs regulations as provided in Attachment A.
3. The General Manager is authorized to take all steps necessary in his judgment and as otherwise required, to initiate the public comment process and shall publish the Notice of the Proposed Rulemaking and Notice of Public Hearing in accordance with the District of Columbia Administrative Procedure Act and implementing rules.
4. This resolution is effective immediately.

Secretary to the Board of Directors

Attachment A

DC Water's CAP Expansion – Proposed Rulemaking Effective October 1, 2024

4102 CUSTOMER ASSISTANCE PROGRAMS

4102.1 CUSTOMER ASSISTANCE PROGRAM PLUS (CAP+)

- (a) Participation in the Customer Assistance Program (CAP+) shall be limited to a single-family or individually-metered Residential Customer that meets the following eligibility requirements:
 - (1) The applicant is responsible for paying for water and sewer services and/or the Clean Rivers Impervious Surface Area Charge (CRIAC); and
 - (2) The Department of Energy & Environment (DOEE) has determined that the CAP+ applicant's annual household income is below twenty percent (20%) of the Washington Metropolitan Statistical Area Median Family Income (MFI) for the District of Columbia, previously referred to as the Area Median Income (AMI) for the District of Columbia, not capped by the United States median low-income limit.
- (b) An approved CAP+ customer shall receive the following benefits:
 - (1) Exemption from water service charges, sewer service charges, Payment-in-Lieu of Taxes (PILOT) fees and Right-of-Way (ROW) fees for the first Six Hundred Cubic Feet (6 Ccf) per month of water used. If the customer uses less than Six Hundred Cubic Feet (6 Ccf) of water in any month, the exemption will apply based on the amount of that month's billed water usage;
 - (2) Credit of one hundred percent (100%) off of the monthly billed Water System Replacement Fee; and
 - (3) Credit of fifty percent (50%) off of the monthly billed CRIAC.
- (c) Upon DC Water's receipt of notice from DOEE that the CAP+ applicant meets the financial eligibility requirements, DC Water shall apply the CAP+ benefits to the CAP+ customer's account from the date that DOEE accepts a completed CAP application to the end of the fiscal year in which the application was submitted.
- (d) To continue receiving CAP+ benefits without interruptions, the CAP+ customer must submit a renewal CAP application to DOEE in accordance with the Utility Discount Program renewal deadline. A CAP+ customer that

submits their renewal CAP application after this period, and is subsequently approved by DOEE, will receive CAP benefits as of the date of the application.

4102.2 CUSTOMER ASSISTANCE PROGRAM (CAP)

- (a) Participation in the Customer Assistance Program (CAP) shall be limited to a single-family or individually-metered Residential Customer that meets the following eligibility requirements:
 - (1) The applicant maintains an active DC Water account and is responsible for paying for water and sewer services and/or the Clean Rivers Impervious Surface Area Charge (CRIAC); and
 - (2) The Department of Energy & Environment (DOEE) has determined that the CAP applicant's annual household income is at or above twenty percent (20%) of the Washington Metropolitan Statistical Area Median Family Income (MFI) for the District of Columbia and below sixty percent (60%) of the State Median Income (SMI) for the District of Columbia.
- (b) An approved CAP customer shall receive the following benefits:
 - (1) Exemption from water service charges, sewer service charges, Payment-in-Lieu of Taxes (PILOT) fees and Right-of-Way (ROW) fees for the first Four Hundred Cubic Feet (4 Ccf) per month of water used. If the customer uses less than Four Hundred Cubic Feet (4 Ccf) of water in any month, the exemption will apply based on the amount of that month's billed water usage;
 - (2) Credit of one hundred percent (100%) off of the monthly billed Water System Replacement Fee; and
 - (3) Credit of fifty percent (50%) off of the monthly billed CRIAC.
- (c) Upon DC Water's receipt of notice from DOEE that the CAP applicant meets the financial eligibility requirements, DC Water shall apply the CAP discounts to the CAP customer's account from the date that DOEE accepts a completed CAP application to the end of the fiscal year in which the application was submitted.
- (d) To continue receiving CAP benefits without interruptions, the CAP customer must submit a renewal CAP application to DOEE in accordance with the Utility Discount Program renewal deadline. A CAP customer that submits their renewal CAP application after this period, and is subsequently approved by DOEE, will receive CAP benefits as of the date of the application.

4102.3 CUSTOMER ASSISTANCE PROGRAM II (CAP2)

- (a) Participation in the CAP2 Program shall be limited to a single-family or individually-metered Residential Customer that meets the following eligibility requirements:
 - (1) The applicant maintains an active DC Water account and is responsible for paying for water and sewer services and/or the CRIAC; and
 - (2) DOEE has determined that the CAP2 applicant's annual household income is equal to or above the household income-eligibility limits for the District's LIHEAP of sixty percent (60%) of the SMI for the District of Columbia and below eighty percent (80%) of the Washington Metropolitan Statistical Area Median Family Income (MFI), previously referred to as the Area Median Income (AMI) for the District of Columbia, not capped by the United States median low-income limit.
- (b) An approved CAP customer shall receive the following benefits:
 - (1) Exemption from water service charges, sewer service charges, Payment-in-Lieu of Taxes (PILOT) fees and Right-of-Way (ROW) fees for the first Four Hundred Cubic Feet (4 Ccf) per month of water used. If the customer uses less than Four Hundred Cubic Feet (4 Ccf) of water in any month, the exemption will apply based on the amount of that month's billed water usage;
 - (2) Credit of one hundred percent (100%) off of the monthly billed Water System Replacement Fee; and
 - (3) Credit of seventy-five percent (75%) off of the monthly billed CRIAC.
- (c) Upon DC Water's receipt of notice from DOEE that the CAP2 customer meets the financial eligibility requirements, DC Water shall provide the CAP2 benefits for not more than the entire fiscal year, beginning October 1st and terminating on September 30th, subject to the availability of budgeted funds.
 - (1) Approved CAP2 customers that submitted a complete application to DOEE before November 1st, shall receive CAP2 benefits retroactive to October 1st and terminating on September 30th of that fiscal year.
 - (2) Approved CAP2 customers that submitted a complete application on or after November 1st, shall receive CAP2 benefits as of the date of submittal and terminating on September 30th of that fiscal year.
 - (3) Customers shall reapply each year for CAP2 benefits to receive CAP2 benefits.
- (d) If DC Water determines that the remaining budgeted funds are insufficient to provide CAP2 benefits, DC Water may:

- (1) Suspend the process for accepting CAP2 applicants; or
 - (2) Suspend or adjust providing CAP2 benefits to CAP2 recipients.
- 4102.4 Eligibility for the CAP+, CAP and CAP2 Programs shall be determined by DOEE based on the income eligibility criteria provided in § 4102.1(a)(2), § 4102.2(a)(2), and § 4102.3(a)(2).
- 4102.5 DOEE CUSTOMER ASSISTANCE PROGRAM III FOR SINGLE-FAMILY AND INDIVIDUALLY METERED HOUSEHOLDS
- (a) DC Water shall apply DOEE Customer Assistance Program III (CAP3) benefits to an eligible single-family or individually-metered Residential Customer's account in accordance with the following:
 - (1) The applicant maintains an active DC Water account and is responsible for paying for water and sewer services and/or the CRIAC;
 - (2) DOEE has notified DC Water that the customer has met the requirements of applicable laws and regulations and is eligible to receive the CAP3 benefits;
 - (3) DOEE has notified DC Water of the amount of the CAP3 benefits to be applied to the CAP3 customer's account; and
 - (4) DOEE has transferred funds to DC Water for the benefits applied to the customer's account.
 - (b) DC Water shall stop applying CAP3 benefits to a CAP3 customer's account upon receipt of notice from DOEE that the customer is no longer eligible for the CAP3 benefits, or receipt of notice from DOEE regarding the unavailability of funds.
 - (c) If DC Water determines that the remaining budgeted funds are insufficient to provide CAP3 benefits, DC Water may:
 - (1) Suspend the process for accepting CAP3 applicants; or
 - (2) Suspend providing CAP3 benefits to CAP3 recipients.
- 4102.6 DOEE CLEAN RIVERS IMPERVIOUS SURFACE AREA CHARGE RELIEF PROGRAM FOR NONPROFIT ORGANIZATIONS
- (a) DC Water shall apply DOEE CRIAC Relief Program for Nonprofit Organizations (CRIAC Nonprofit Relief Program) benefits to an eligible non-profit organization's account in accordance with the following:

- (1) The applicant maintains an active DC Water account and is responsible for paying for the CRIAC charges;
 - (2) DOEE has notified DC Water that the customer has met the requirements of applicable laws and regulations and is eligible to receive CRIAC Nonprofit Relief Program benefits;
 - (3) DOEE has notified DC Water of the amount of the benefits to be applied to the nonprofit organization's account each billing period; and
 - (4) DOEE has transferred funds to DC Water for the CRIAC Nonprofit Relief Program benefits applied to the customer's account.
- (b) DC Water shall stop applying CRIAC Nonprofit Relief Program benefits to a customer's account upon notice from DOEE that the customer is no longer eligible for the CRIAC Nonprofit Relief Program benefits.
- (c) If DC Water determines that the remaining budgeted funds are insufficient to provide CRIAC Nonprofit Relief Program benefits, DC Water may:
- (1) Suspend the process for accepting CRIAC Nonprofit Relief Program applicants; or
 - (2) Suspend or adjust providing CRIAC Nonprofit Relief Program benefits to CRIAC Nonprofit Relief Program recipients.
- 4102.7 Nothing in this section shall be interpreted to mean that the benefits provided through DC Water's CAP+, CAP or CAP2 Programs or DOEE's CAP3 or CRIAC Nonprofit Relief Programs are an entitlement, continuing or otherwise.
- 4102.8 For the purposes of this section, the term "SMI" means the state median income as determined on an annual basis by the U.S. Department of Health and Human Services (HHS).
- 4102.9 For the purposes of this section, the term "FMI" means the Washington Metropolitan Statistical Area Median Family Income previously referred to as "AMI," which means the Area Median Income (AMI), and alternately referred to as the HUD Area Median Family Income (HAMFI), determined on an annual basis by the U.S. Department of Housing and Urban Development (HUD).
- 4102.10 [RESERVED]

All persons desiring to comment on this Notice of Proposed Rulemaking should submit comments in writing not later than May 16, 2024. Comments should be submitted to Michelle Rhodd, Secretary to the Board, District of Columbia Water and Sewer Authority, 1385 Canal Street, S.E., Washington, D.C. 20003 or by email to Michelle.Rhodd@dcwater.com. Copies of the Notice of Proposed Rulemaking may be obtained from DC Water at the same address or by contacting Ms. Rhodd at (202) 787-2331.