



**306<sup>TH</sup> BOARD OF DIRECTORS MEETING  
MINUTES OF THE MEETING  
MARCH 7, 2024**

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**DIRECTORS PRESENT**

**District of Columbia Members**

1. Keith Anderson, Chairperson
2. Rachna Bhatt, Principal
2. Anthony Giancola, Principal
3. Howard Gibbs, Principal
4. Jed Ross, Alternate
5. Richard Jackson, Principal

**Prince George's County Members**

1. Floyd Holt, Principal
2. Jared M. McCarthy, Alternate
3. Andrea Crooms, Alternate

**Montgomery County Members**

1. Jon Monger, Principal
2. Fariba Kassiri, Principal
3. 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 Executive Vice President Government and Legal Affairs
3. Matthew T. Brown, Chief Financial Officer, and Executive Vice President Finance, Procurement and Compliance
4. Wayne Griffith, Chief Administration Officer and Executive Vice President
5. Jeffrey F. Thompson, Chief Operating Officer and Executive Vice President
6. Michelle Rhodd, Secretary to the Board

The 306<sup>th</sup> meeting of the District of Columbia Water and Sewer Authority's Board of Directors was called to order by Chairperson Keith Anderson at 9:30 AM. The meeting was held via Microsoft Teams and streamed live at [www.dewater.com](http://www.dewater.com). Board Secretary Michelle Rhodd called the roll, and a quorum was established.

## **I. APPROVE MINUTES**

Chairperson Keith Anderson asked for a motion to approve the minutes of the February 1, 2024, Board meeting.

**Upon a motion duly made and seconded, the Board of Directors approved the minutes of the February 1, 2024, Board meeting with a correction in the minutes of the Special Meeting of the Governance Committee.**

## **II. CHAIRPERSON'S OVERVIEW**

Mr. Anderson thanked board member Rachna Bhatt for serving as the Interim Chairperson over the past few months. He also thanked the Board and DC Water staff for their hard work and service.

Mr. Anderson acknowledged new board member Richard Jackson and asked him to share some of his background.

## **III. COMMITTEE REPORTS**

*Environmental Quality and Operations Committee*  
*Sarah Motsch*

Environmental Quality and Operations Committee Chairperson Sarah Motsch reported on the Committee's February 28 meeting. Nicholas Passarelli provided the Blue Plains Advanced Wastewater Treatment Plant Performance update. All parameters were within the National Pollution Discharge Elimination Standard permit limits. The tunnel systems and wet weather treatment captured 531 million gallons with 117 million gallons overflowed due to a large 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. 3,483 wet tons of biosolids were sold as Bloom in January, towards an FY24 goal of 65,000 tons.

The Committee received a fire hydrant update from Sylvia Okogi, Acting Senior Manager, Water Operations. DC Water is meeting the out-of-service level of 1% or less, established in the Memorandum of Understanding with the DC Fire and Emergency Medical Services Department.

The Committee also received a quarterly update from Maureen Schmelling, Director, Water Quality, DC Water, on the status of DC Water's water quality monitoring program. DC Water is in compliance with the Lead and Copper Rule and Total Coliform Rule.

David Parker, Vice President, Engineering & Technical Services presented an update on the status of Capital Improvement Program (CIP) projects and Key Performance Indicators (KPIs) through the 1st Quarter of FY24. Projected disbursements are on track to meet the baseline budget of \$448.6M and of the 36 schedule KPIs 3 have been achieved within the threshold. A summary of progress on projects in the service areas in the CIP was presented. 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 highlighted. Specific updates included the response to the Anacostia Main Interceptor sink hole, Lead Free DC, Potomac Interceptor Manhole 31 rehabilitation and the Partial denitrification – Anammox pilot.

Matthew Brown, Chief Financial Officer and EVP Finance, Compliance and Procurement presented the proposed Capital Improvement Program (CIP) Budget for FY24-FY33. Following which the Committee made a recommendation to move the \$7.74 billion CIP budget forward to the full Board for approval in March 2024. The process and schedule for budget approval was presented including the upcoming public outreach and subsequent board approval of the FY25 and 26 rates in July.

*Finance and Budget Committee*  
*Anthony Giancola*

Finance and Budget Committee Chairperson Anthony Giancola reported on the Committee's February 22 meeting. 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.

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. 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.

Mr. Brown updated the Committee on 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.

Director of CIP Infrastructure Management Paul Guttridge presented the quarterly CIP update to the Committee, including budget status, key performance indicators, and progress highlights across the service areas.

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 and reviewed the budget approval process.

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 reminded the Committee that the rate-making material is on a dedicated web page, which illustrates DC Water's continued commitment to being transparent about the budget process to its ratepayers and stakeholders. He also discussed various outreach efforts, including town halls, public hearings, and publication channels.

Mr. Giancola commended the team for its efforts, followed by the Committee's recommendation to move all the proposed budgets to the full Board for approval.

*Special Meeting of the Governance Committee  
Christopher Herrington*

Governance Committee Chairperson Christopher Herrington reported on the Special Meeting of the Governance Committee that was held on February 22. The Committee continued the discussion of the Delegation of Authority which was started at its January 10 meeting. The Committee met in executive session to discuss the Legal team's recommendations to the Authority's existing Delegation of Authority. The Committee provided feedback to those recommendations.

Mr. Herrington went on to report that at the Governance Committee's April meeting, the Committee will review the final edits and forward a resolution to the Board for consideration and approval.

*DC Retail Water and Sewer Rates Committee  
Howard Gibbs*

DC Retail Water and Sewer Rates Committee Chairperson Howard Gibbs reported on the Committee's February 27 meeting. Chief Financial Officer and Executive Vice President Matt Brown presented the Monthly Report as of January 31, 2024. Overall, revenue was favorable to the budget by about 6.6%. All categories were favorable to budget except for the District Government and the Other Revenue Category. The Other category was 3.1% below the budget due to lower revenue from the Developers Fee, System Availability Fee, and the Washington Aqueduct Backwash. Total delinquent accounts increased in dollar amount but decreased in number; over half of the delinquent amounts are in the Multi-Family Category.

Robert Ryall from Arcadis briefed the Committee on the independent review of proposed FY2025 & FY2026 rate charges. Arcadis reviewed study objectives and procedures and DC Water's recent financial performance, the proposed budgets and rates for FY 2025 and FY 2026, a bill impact assessment, DC Water's customer affordability programs, the rate model, the proposed Water is Life Amendment Act, and finally recommendations. Rate increases were proposed due to capital investment needs, as reflected in the 10-year Capital Improvement Program (CIP) budget of \$7.7 billion, as well as growing operating costs that are projected to increase by 20% from 2023 to 2026. DC Water's proposed rates for FY 2025 and FY 2026, with 8% and 6% overall revenue increases, were deemed reasonable. DC Water's rates were slightly higher than but comparable to other utilities, and affordability compared to median household income was found to be similar to the national average.

Mr. Ryall discussed the impact of rate increases on customers and evaluated Affordability Programs. Overall, the study found that the bill reduction from DC Water's CAP program lowered the bill more than other utilities in the survey. DC Water's Customer Assistance Programs were compared with other utilities, highlighting effectiveness of the existing and the addition of new programs.

The proposed Water is Life Amendment Act was analyzed for potential impacts, including revenue loss due to expanded definitions and prohibition of water service disconnections. Mr. Ryall expressed concern about the Act's potential consequences on increased customer delinquencies, possible bond rating downgrades, and additional borrowing costs.

Overall, 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. Recommendations from the report included a suggestion for a new parcel analysis, review of Water System Replacement fee, and continued monitoring of declining water sales.

Meisha Thomas, Director of Customer Care, presented expansion plans for the DC Water Cares program which are the addition of CAP Plus, the leak assessment program, and the Payment Plan Incentive Program. CAP Plus applicants will receive benefits equivalent to CAP benefits plus an additional two CCFs of water and sewer service, an additional benefit of \$39 per month. Budget requests include \$500,000 for CAP Plus, \$500,000 for the Leak Assessment Program, and \$4 million over two years for the Payment Plan Incentive Program.

Ms. Thomas emphasized ongoing discussions with Risk Management and the Office of General Counsel to ensure proper documentation for customer consent of the work completed. 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 updates on the Residential Assistance Program, which is set to end in fiscal year 2024 and to be replaced with the Payment Plan Incentive Program. The Committee recommended moving forward with the proposed customer assistance program expansions.

Mr. Brown presented the rate proposal to the Committee for recommendation and adoption by the Board. The Presentation covered the Budget Approval Process, Cost of Service Principles, and Proposed Financial Plan. Mr. Brown discussed the multi-year rate proposal highlighting benefits of multi-year rates like revenue certainty and transparency. Mr. Brown outlined the rate approval process including town halls, a public hearing, and formal comments. He discussed the budget approval process including Board adoption and submission to US Congress through the District of Columbia's budget. Mr. Brown emphasized the transparency of the budget and ratemaking process and mentioned the website where information is available as well as a rate calculator that will allow for customers to understand the impact of the proposed rates on their household or business. He provided a discussion of the proposed rates, their alignment with the budget, and the rate consideration process.

Mr. Brown presented the work plan for rate adoption and public engagement leading to Board adoption on July 3rd. The Committee recommended the Water and Sewer Rates, Fees, and Financial Plan to the Board for adoption at the next meeting.

The Retail Water and Sewer Rates Committee discussed the work plan focusing on rate adoption schedule and upcoming activities. The Board is expected to approve all budget-related items on March 7th. The Notice of Proposed Rulemaking and DC Register Publication scheduled for March 22nd, initiating the outreach and public comment period. The Public Hearing will take place on May 9th with the Committee record hearing closing on May 16th. DC Water will prepare written responses to all comments received. The final recommendation will be presented to the Committee on June 25th for adoption by the Board on July 3rd.

#### **IV. ISSUES OF GENERAL INTEREST**

Mr. Herrington noted that the Potomac Interceptor break raised concerns about potential groundwater contamination for Fairfax County residents who rely on groundwater for drinking water supply. He commended DC Water staff for helping to coordinate meetings and outreach efforts with Fairfax County and impacted residents. Mr. Herrington remarked that as part of DC Water's continued process improvement, there were lessons learned to enhance response and coordination efforts. Overall, the DC Water staff gave an above-and-beyond response.

Mr. Giancola congratulated the DC Water staff on a well-done presentation at the DC Council Committee of Transportation and Environment meeting. He stated that the presentation clearly outlined the Lead-Free Program's financing limitations in the next six years.

#### **V. CEO AND GENERAL MANAGER'S REPORT**

CEO and General Manager David Gadis thanked board member Rachna Batt for her interim service as Board Chairperson following the retirement of former Board Chair Tommy Wells. Mr. Gadis welcomed new Board Chairperson Keith Anderson and reviewed his background. Mr. Gadis also welcomed new board member Richard Jackson, Director of the DC Department of Energy and Environment, who would serve as a Principal member representing the District of Columbia. Mr. Gadis noted that Mr. Jackson's extensive experience and expertise in chemical and environmental engineering would be of great value to the Authority and the Board. Mr. Gadis also thanked Mr. Jackson for co-presenting with him during the recent DC Council Committee on Transportation and Environment Oversight Hearing.

Mr. Gadis provided an update on the Substantiable Equitable imperative. He provided an overview of the February 29th, the DC Council Committee on Transportation and

Environment held the annual Reforms' Oversight hearing for DC Water and several other agencies. Mr. Gadis provided a State of the Utility update and a review of DC Water's major 2023 accomplishments, emphasizing the Authority's award-winning equity programs. Mr. Gadis reported that he responded to questions from Committee Chair Charles Allen and Councilmember Zachary Parker on various topics, including the Authority's bill dispute process, Lead-Free DC, the Clean Rivers project, the Authority's improved performance, and the recent warm water advisories. Mr. Gadis encouraged the Board to view the hearing on the video recording in the Council's archive. The offices of Government and Legal Affairs, in partnership with the offices of Marketing and Communications, Finance, Administrative, Operations, and Engineering, collaborated to develop data-driven testimony that effectively anticipated and addressed the questions from the Council members.

Mr. Gadis went on to report that DC Water completed the well water sampling and testing it had conducted on behalf of the City of Great Falls, Virginia near the manhole rehabilitation project on the Potomac Interceptor. There was no evidence of failure of the section of pipe, and the resulting sinkhole had no adverse effect on groundwater in the area. The Fairfax County Health Department concurred with this conclusion and would take over the sampling and communications about the well water quality.

The DC Water contractor continued to optimize the bypass pumping system set up to convey flow around the collapsed section of the Potomac Interceptor. The team also evaluated options to install a temporary pipe in place of the collapsed pipe to convey overflows beyond the bypass pump's capacity. Mr. Gadis thanked Mr. Herrington for his engagement on the issue. He further stated Mr. Herrington's knowledge, experience, and local insights were invaluable and ensured DC Water's positive and successful collaboration with Fairfax County leadership and residents.

On February 12th, in-person, virtual, and pre-recorded staff training sessions were held on the advancement of the Blue Performance Management System. Important changes included converting to a five-point rating system and establishing specific, measurable, achievable, relevant, time-bound, and SMART criteria and first-hand training in the Oracle Cloud system. As of February 28th, over 86% of employees completed required training. All staff must complete the training by March 14 and finalize their goals for the 2024 evaluation cycle.

Mr. Gadis briefed the Board on the Land Use Master Plan program. DC Water has eight major campuses and over 3.5 million square feet of building space, dozens of satellite locations, and over 150 buildings in Washington, DC, accommodating over 1,300 employees. In alignment with and support of Blueprint 2.0, the Authority refocused the land use program to meet the challenges of highlighted wellness demands, still evolving



post-pandemic work environments, and regulatory requirements driven by climate change.

DC Waters contracted with McKissick to update and enhance the 10-year land use master plan. The master planning team would organize departmental and personnel resource data and comprehensive information on campuses and facilities to capture significant land-use changes. The 10-year master plan would present the existing structure of the organization, existing and potential campuses, facilities, and resources and provide recommendations for new facilities, renovations, and modifications to meet the ever-changing needs of the Authority's operations.

The facilities department and the McKissick team will meet with every member of the senior leadership team and key members of the leadership team in the organization to understand the specific personnel and space requirements. The space requirements would inform the master plan and meet the needs of Team Blue for the next 10 years and beyond. The completed master plan would guide and recommend capital improvement projects and other safety and wellness improvements throughout the campuses. The \$2.3 million overhaul of the 10-year land use master plan would be performed in campus-focused phases through the remainder of 2024 and 2025.

## **VI. 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)
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 the 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)

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

## **VII. 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)

**Upon a motion duly made and seconded, the Board of Directors voted and unanimously approved the non-joint use resolution as presented.**

**VIII. ADJOURN**

There being no further business before the Board, the meeting at adjourned at 10:26 AM.

*Michelle Rhodd*

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Michelle Rhodd  
Secretary to the Board of Directors