

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

**Wednesday, February 18, 2015
Laurel, Maryland**

Chair Omar M. Boulware called the meeting to order at 10:38 a.m., in the Auditorium of the Washington Suburban Sanitary Commission (hereinafter "WSSC") Richard G. Hocevar ("RGH") Building, 14501 Sweitzer Lane, Laurel, Maryland, 20707, with due notice having been given to all members of the Commission and the public. In addition to Chair Boulware, Commissioners Adrienne A. Mandel (Vice Chair), Gene W. Counihan, Chris Lawson, Roscoe M. Moore, Jr. and Mary Hopkins Navies, were present at the meeting, reflecting the presence of a quorum. Also in attendance were WSSC General Manager and Chief Executive Officer Jerry N. Johnson, General Counsel Jerome K. Blask, and Corporate Secretary Sheila R. Finlayson, Esq., who recorded the minutes of the meeting. Other members of WSSC management were also called upon, during certain portions of the meeting, to provide information to the Commission.

PLEDGE OF ALLEGIANCE

Chair Boulware opened the meeting by welcoming everyone and asking Commissioner Navies to lead the pledge of allegiance.

AGENDA APPROVAL

Commissioner Counihan moved to adopt the Commission's Public Meeting Agenda of February 18, 2015, as drafted, to which Commissioner Mandel seconded the motion. The motion carried unanimously with six affirmative votes.

APPROVAL OF MINUTES

Commissioner Mandel moved to approve the open session minutes of the January 27, 2015 Commission Meeting, as drafted. Commissioner Lawson seconded the motion. The motion carried unanimously with six affirmative votes.

WSSC RETIREES

Richard Baker, Executive Director of the WSSC Employees' Retirement Plan, recognized the following WSSC Retirees for the month of February 2015: Robert Buckley, Utility Technician III, Utility Services North Group, retired with 39 years and 8 months of service; William Gray, Property Management Technician I, Property Management Group, retired with 26 years and 11 months of service; and, Jeffrey Ellis, Facility Technician II,

Seneca/Damascus/Hyattstown Group, retired with 25 years and 7 months of service.

COMMUNICATIONS VIDEOS

Communications and Community Relations Director Jim Neustadt presented two videos: "Bi-County Water Tunnel," a 15-year project that involved the construction of a 5.3 mile water pipeline/tunnel that connects Montgomery County to Prince George's County and has the capacity to carry 100 million gallons of water a day, is now in operation; and "Employees Making A Difference," which featured two WSSC employees, Utility Services Unit Coordinators Rutland Jones and Ronald Butler, whose dedicated commitment to their respective roles, combined with their innovative thinking in introducing a video inspection system for WSSC water pipes (i.e., "WSSC C-Snake") has made a huge positive impact on WSSC's operations and bottom-line.

COMMISSIONER COMMENTS

Dr. Moore paid tribute to Black History Month by providing an overview of the reason behind the celebration, its significance and what it means to him.

PUBLIC COMMENTS

There were no comments from members of the public.

GENERAL MANAGER'S REPORT

General Manager ("GM") Jerry Johnson was recognized to provide his monthly report. The General Manager's full report can be found in the corresponding segment of the archived meeting video and the written "General Manager's Report" provided in the meeting materials, and both are referred to for that purpose. However, highlights are as follows:

Call Center answer rate at 96% for the month, which he noted was due to the current staff augmentation program that began in January 2015.

All plants and facilities are in compliance with zero drinking water violations.

WSSC experienced 408 water main breaks over the past month. Water main construction is behind due to extreme weather and shifting of

working crews from installing mains to repairing them as a result of large volume of breaks. Sewer construction continues to lag primarily due to permitting issues.

Two public hearings on the preliminary proposed FY 2016 budget were held in both Counties during the month; very little turnout - record for public comments closes today.

Children's Water Festival drawing, which would normally be held today, has been postponed until later this month.

Disparity Study continues to move forward; expect to conduct interviews on February 20th.

WSSC received significant media coverage (local and national) concerning a water main break on January 27th that caused a large sinkhole and significant flooding in Bladensburg, Maryland/Edmonston Road; seven homes affected. WSSC was onsite managing the media and working with homeowners to assess property damage.

Management was recently alerted by WSSC police personnel about a scam affecting WSSC customers whereby customers were being contacted by scam artists offering fraudulent water discounts; WSSC immediately issued press releases and notified customers via the WSSC website and social media. WSSC has also been diligent in alerting customers about inspecting their gas appliances in wake of recent scare and heightened number of carbon monoxide poisoning cases in the Counties.

WSSC has planned a number of activities in celebration of Black History Month, including brown bag lunch series and a wax figure display in the lobby of WSSC Headquarters of a prominent local activist during the Civil Rights Movement, Clarence Mitchell, who fought tirelessly for the rights of African-Americans in Maryland and, in particular Prince George's County.

Mid-Year Budget Report. Chief Financial Officer (CFO) Yvette Downs highlighted items contained in the mid-year report provided in the Commission meeting materials/GM Report.

Following discussion, the General Manager and Chief Executive Officer's Report was received as information.

INTERNAL AUDIT REPORT

Monthly Activity Report. Internal Audit Director Maxene Bardwell reported on the monthly activities of the Internal Audit Office (IAO) for the period of January 5, 2015 through February 6, 2015. The fiscal year-to-date System Development Charge (SDC) Audits remain same as last reported with no adjustments during this period. Twelve SDC audit requests are in process with nine active and three inactive. With respect to Fiscal Year 2015 Audit projects - Auditors performing preliminary work for the Regulatory Services Group Operational Audit and conducting field work for the Technical Services Group Special Audit. For Fiscal Year 2014 Carryover Audit Projects, fieldwork completed for the Blue Plains Audit; auditors waiting on responses from DC Water. Exit conference has been held for the Customer Relations Group Operational Audit. Auditors are performing preliminary work on the Construction Contracts Change Orders Special Audit and the Lead Auditor is preparing the final report for the Physical Inventory Observation Audit. Under internal audit follow-up activities, one management action item was closed since the last status report and a review is underway for the ten implemented-pending Internal Audit verification action items. No management action plans are delinquent.

Hotline. As of February 6, 2015, six hotline cases have been closed; with four in progress and three new.

External Auditors. The external auditors BCA Watson Rice, LLC are expected to commence work in March 2015.

Audit Committee Meeting. Next quarterly meeting of the Audit Committee will be held this afternoon during Commission's afternoon open session.

Board of Ethics. Ethics Officer Kim Neal provided an overview of the Ethic's Office activities for January 2015. The Board of Ethics held its regularly-scheduled meeting on January 8, 2015; several open and closed items were reviewed. The Ethics Officer provided Code of Ethics training to 22 new employees on January 20, 2015. 2014 Annual Ethics Training for total workforce at 98% completion rate.

Following discussion, the Internal Audit Office and Ethics Office Monthly Reports were received as information.

OTHER REPORTS/BRIEFINGS

FINANCE

Approval of Transmittal of Fiscal Year (FY) 2016 Proposed Budget to Counties. CFO Yvette Downs indicated that the WSSC preliminary proposed FY 2016 operating and capital budget was presented to the Commission in December 2014 and management is now seeking approval to transmit the proposed budget to the Prince George's and Montgomery County governments in accordance with State Law.

Section 17-202 of the Maryland Public Utilities Article requires WSSC to prepare and submit a proposed operating and capital budget to the two County Executives by March 1 of each year. Two hearings were held in Montgomery and Prince George's County on February 4 and February 5, 2015, respectively, with comments and written testimony received from the public. No changes have been made to the proposed budget from the preliminary version submitted back in December 2014 for public hearing purposes.

The proposed budget document for FY 2016, totaling \$1.4 billion, recommends a 1.0% average rate increase which is below the Spending Affordability Guidelines approved by the Counties. In addition, the FY 2016 budget proposes changes to the Ready to Serve (RTS) Charge, including recalibration of the account maintenance fee and a two-year phased-in implementation of an infrastructure investment fee. The rate increase coupled with the changes to the RTS charge will add approximately \$4.02 per month to the bill of a customer who uses 160 gallons of water per day. The budget also provides for a Customer Affordability Program (CAP) to assist economically-disadvantaged customers with their water and sewer bills. It also funds the rehabilitation of 57 miles of sewer main, including trunk sewer mains and lateral lines; inspection of 20 miles of Pre-stressed Concrete Cylinder Pipe (PCCP); funding for compliance with the Consent Decree; and, an increase of 18 work years, along with a pool of funds for salary enhancements.

Following discussion, on motion made by Commissioner Counihan and seconded by Commissioner Lawson, the Commission unanimously approved, by a vote of six-to-zero, the transmittal of the Proposed WSSC Operating and Capital Budget for Fiscal Year 2016 to the two County Governments of Prince George's and Montgomery County, as recommended by management.

CONSENT CALENDAR

Contracts for Approval

The Chair indicated that Commissioners had an opportunity to review the contracts provided in the advance board materials, and included on the Meeting's Consent Calendar for approval, and that the Vice Chair requested that Architect and Engineering Contract BD4144A05 (Change Order No. 2) and Utility Services Contract PM0013A07 (Change Order No. 3) be removed from the Consent Calendar. The Chair inquired as to whether Commissioners would like any other contracts removed from the Consent Calendar prior to the vote, to which there were none. The Chair then called for a vote to approve the Consent Calendar, as amended.

Whereupon, a motion was made by Commissioner Mandel, and seconded by Commissioner Lawson, to adopt Resolution 2015-2074, as amended, approving the one remaining contract on the Consent Calendar for the February 18, 2015 Commission Meeting, as follows:

A. Engineering and Construction (Construction Contract)

2. CP6009A11, Fort Washington Forest No. 1 Wastewater Pumping Station Augmentation, to Rivers Construction Group, LTD, in the amount of \$1,287,800.00.

The motion carried unanimously by a vote of six-to-zero.

Following discussion on Architect and Engineering (A/E) Contract BD4144A05, Change Order No. 2, Howard Duckett Dam Upgrade Design Services During Construction, Amendment No. 2, a motion was made by Commissioner Mandel, and seconded by Commissioner Counihan, to approve A/E Contract BD4144A05, Change Order No. 2/Amendment No. 2, for the Duckett Dam Upgrade Design Services During Construction, to URS Corporation, in the amount of \$230,131.00, for a total amount of \$1,960,301.08, as recommended by management. The motion carried unanimously with six affirmative votes.

Following discussion on Utility Services Contract PM0013A07, Change Order No. 3, Option Term I, Pre-stressed Concrete Cylinder Pipe (PCCP) Inspection and Engineering Services Basic Ordering Agreement; a motion was made by Commissioner Mandel, and seconded by Commissioner Counihan, to approve Utility Services Contract PM0013A07, Change Order No. 3/Option Term I, Pre-stressed Concrete Cylinder Pipe (PCCP) Inspection and Engineering Services Basic Ordering Agreement to Pure Engineering Services, Inc., in the amount of \$4,000,000.00, for a total contract amount of \$11,000,000.00, and increasing the contract completion (March 15, 2015) by 107 non-compensable calendar days, for a new contract completion of June 30, 2015, as recommended by management. The motion carried unanimously with six affirmative votes.

ADDITIONAL BRIEFINGS

2015 Legislative Agenda Update. Intergovernmental Relations Office (IRO) Director Michael Stroud provided an update of the IRO activities over the past month. He also provided an update on the WSSC-sponsored and non-sponsored bills being proposed for the 2015 Legislative Session and various meetings he's had with legislators relating to the bills. Both MC/PG 106-15 (WSSC - Independent Review Board - Refunds) and MC/PG 108-15 (WSSC - Members Annual Salary) have been withdrawn. MC/PG 107-15 (WSSC - Customer Affordability Program) is still moving forward. A newly filed late bill - MC/PG 116-15 (WSSC Polybutylene Connection Pipe Replacement Loan Program) has been introduced by Delegate Jay Walker; management plans to meet with Delegate Walker to gain more insight and information on this bill and share WSSC's concerns.

Mr. Stroud also requested that the Commission take action in support of management's recommended positions on other non-sponsored legislation affecting WSSC. Such proposed legislation along with management's recommended positions are included in the Commission meeting materials and incorporated herein by reference. Discussion details can also be found in the corresponding segment of the archived meeting video.

On motion of Commissioner Mandel, seconded by Commissioner Navies, the Commission voted unanimously six-to-zero, to adopt management's recommended positions on the following proposed non-WSSC sponsored legislation pending before the 2015 Maryland General Assembly:

- **Senate Bill 98 - Support**
- **House Bill 156 - Support**
- **Senate Bill 133 - Support**
- **Senate Bill 401 - Support**
- **House Bill 341 - Support**
- **House Bill 169 - Support**
- **Senate Bill 211 - Support**
- **House Bill 283 - Oppose**
- **Senate Bill 319 - Oppose**

The Commission received the report of the Intergovernmental Relations Office on the 2015 WSSC Legislative Agenda, as information.

COMMISSION OFFICE

Corporate Secretary Report. Corporate Secretary Sheila Finlayson provided an overview of her activities for the month, which included an update on her attendance, along with her EA, at the Society of Corporate Secretaries and Governance Professionals Annual "Essentials" Conference in Florida from January 28-30, 2015.

The Commission received the Corporate Secretary's report as information.

WSSC Employees' Retirement Plan Board of Trustees. Commissioner Moore reported that the next meeting of the Board of Trustees will be held on February 25, 2015 and that a report will be provided at the March Commission Meeting.

The Commission received the report of the WSSC Employees' Retirement Plan Board, as delivered by Commissioner/Trustee Moore, as information.

Personnel and Governance. Commissioner Mandel provided an update of the Committee's activities for the month, noting that the Committee continues to monitor personnel activities involving the Commission Office direct reports.

The Commission received the Personnel and Governance Committee report, as information.

Legislation. Commissioner Counihan indicated that he had nothing further to add outside of the report provided by the IRO Director. The Chair commented on the recent phone meeting he and Commissioner Counihan had with Senator Rosapepe to discuss customer issues, noting that the meeting went well and was very informative. Vice Chair Mandel is also scheduled to meet with Delegate Carr on Friday at WSSC (on behalf of the Montgomery County Commissioners) to discuss issues involving some of his constituents in Montgomery County ("Friends of Ten Mile Creek" environmental group).

The Commission received the report of the Legislation Committee, as information.

Audit. The Chair indicated that the Quarterly Audit Committee Meeting will be held today in the Commissioners' Conference Room during the afternoon open session.

The Chair then announced that the morning business has concluded and called for a motion to go into Closed. Following the vote, the Commission will take a short recess and reconvene in Closed Session in the Commissioners' Conference Room.

CLOSED SESSION

Whereby at 12:32 p.m., Commissioner Counihan moved that the Commission go into Closed Session pursuant to Maryland Code Annotated, General Provisions Article: Section 3-305(b)(13) to approve the January 27, 2015 Closed Session Minutes; Section 3-305(b)(7) to consult with counsel to obtain legal advice on pending and/or threatened litigation; and, Section 3-305(b)(1) to discuss personnel matters.

Commissioner Lawson seconded the motion. The motion carried unanimously with six affirmative votes.

Chair Boulware declared the meeting was Closed (12:32 p.m.). The Chair then called for a recess. The meeting reconvened in Closed Session at 1:10 p.m.

ATTENDEES: Chair Omar Boulware; Vice Chair Adrienne Mandel; Commissioners Gene Counihan, Chris Lawson, Roscoe Moore, Jr. and Mary Hopkins Navies. **Staff present:** General Manager Jerry

Johnson, General Counsel Jerry Blask, Corporate Secretary Sheila Finlayson and Chief Engineer Gary Gumm.

Closed Session Minutes - On motion made by Commissioner Mandel and properly seconded by Commissioner Navies, the Commission unanimously voted six-to-zero, to adopt the closed session minutes of its January 27, 2015 Commission Meeting, as drafted.

Pending Litigation/Legal Advice - Commissioners were briefed by the General Counsel on pending litigation and other confidential/privileged legal matters affecting the Commission, including updates on meetings with the Maryland Department of the Environment (MDE), Department of Justice (DOJ), U.S. Environmental Protection Agency (EPA) and respective environmental groups, on a potential extension of the Consent Decree; continued discussions with the National Park Service (NPS) on gaining access to WSSC property controlled by the NPS; and, the status of negotiations with the MDE relating to the Clean Water Act lawsuit filed by the Potomac Riverkeeper environmental group. The Commission also received information on a termination for convenience claim and the status of the proposed three party agreement between WSSC, Prince George's County and respective developer for the Virginia Manor Road Water Main Relocation Project in Prince George's County, which apparently is nearing finalization with all parties in agreement of proposed terms.

Personnel Matters - The Corporate Secretary and General Counsel were excused at 1:38 p.m. while the Commission met in executive session with the General Manager and Chief Engineer to discuss personnel matters. The General Manager and Chief Engineer were excused at 2:05 p.m. while Commissioners continued to meet in executive session without management.

Commissioner Lawson departed the meeting at 2:05 p.m.

At 2:20 p.m., Commissioner Navies moved to end the Closed Session. Commissioner Moore seconded the motion. The motion carried with five affirmative votes, one absent (Commissioner Lawson absent from vote).

Commissioner Moore then departed the meeting at 2:20 p.m.

OPEN SESSION RESUMED

The Chair announced that there was general consensus by the Commission to conduct the remaining regular Commission Meetings for Fiscal Year 2015 with a start time of 10:00 a.m.

Audit Committee Meeting. The Commission officially convened as an Audit Committee at 2:27 p.m. to conduct its third quarterly meeting of the Audit Committee. Business related to the Audit Committee concluded at 2:50 p.m. Minutes of this proceeding were recorded separately and can be found in the Audit Committee Minutes, incorporated herein by reference.

ADJOURNMENT

There being no additional business, the Chair called for a motion to adjourn, to which Commissioner Navies moved to adjourn the meeting. Commissioner Mandel seconded the motion. The motion carried with four affirmative votes.

At 2:52 p.m., the meeting was declared adjourned.

Respectfully submitted,

//signed//

Sheila R. Finlayson, Esq.
Corporate Secretary